

May 2024

# M&A Insider Report



Defense, Government & Intelligence

Physical & Cyber Security

Critical Infrastructure

Maritime Transport & Facilities

## FIRM OVERVIEW

- Founded in 1997 and headquartered in Northern VA; 25-year history of transaction success
- Comprised of 50+ financial professionals across five offices
- Team includes career investment bankers, CPAs, certified business valuation professionals and former industry executives



## INDUSTRY FOCUSED M&A

### Government Services



- Government Services and Products
- Federal Civilian Services
- State and Local Government

### Physical & Cyber Security



- Physical Security Services
- Integrators
- Cyber Security

### Critical Infrastructure



- Water & Wastewater
- Energy Infrastructure
- Critical Communications

### Maritime



- Vessels
- Tier Two & Three Services
- Ports & Facilities



## CORE BUSINESS

### Investment Banking *Strategic Advisory Services*

- Sell-Side M&A
- Buy-Side M&A
- Debt / Equity Placements
- Employee Stock Ownership Plans
- Leveraged Transactions
- Other Advisory Services

### Business Valuation *Valuations and Opinions*

- "Fair Value" Financial Reporting
- Equity Incentive Plans
- Fairness Opinions
- PEG Portfolio Valuations
- ESOP Transactions
- Estate and Gift

## 360 FINANCIAL COVERAGE

140+

Closed Transactions Since 2010

> 400

Annual Valuation Clients

> 25 yrs.

Track Record of Success

50+

Financial Professionals

>90%

Portion of Deals that are Sell-Side M&A

> \$8B

Total Transaction Value Since 2010

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*Major News Stories*

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**U.S. Economic Confidence Drops for Second Month in a Row**

- At the end of May, Gallup’s Economic Confidence Index sat at -34 on a scale from -100, meaning all those surveyed rated the economy as poor and getting worse, to 100, meaning they rated the economy as excellent and getting better.
- 46% of Americans viewed the economy as “poor” and 70% said it is “getting worse” as inflation remains high and continues to be one of the most important issues to Americans.

**OPEC+ Continues Collective Crude Production Cuts into 2025**

- OPEC+ agreed to extend production cuts of 1.7 million barrels per day into 2025. The cuts were originally set to expire at the end of 2024.
- In total eight top producers agreed to decrease output by 2.2 million barrels per day through the third quarter of 2024. Under this new policy the combined output will be 39.725 million barrels per day in 2025.

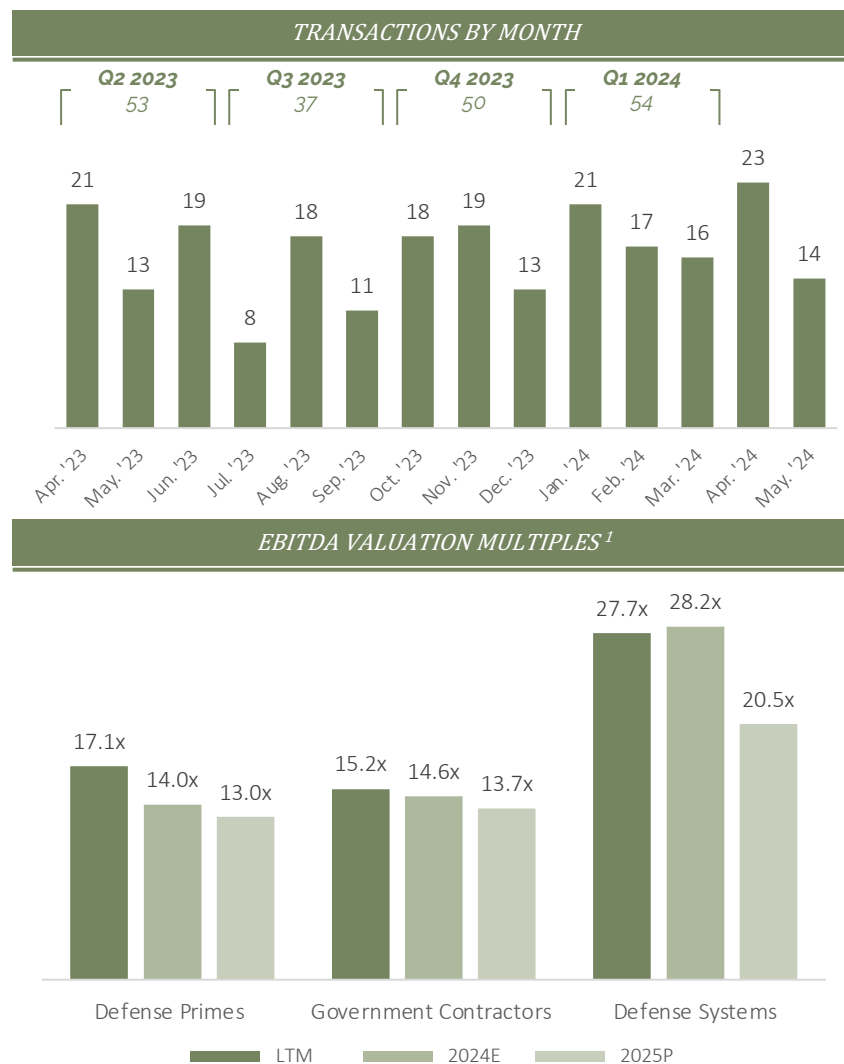
**Lag Effect of Fed Rate Hikes Coming Into Play**

- While core Personal Consumption Expenditures (PCE) has stubbornly come down since the Federal Reserve initially set out on its rate-hiking agenda, it has yet to reach the Fed’s target of 2% year-over-year inflation.
- Years of inflation have begun to cut into consumer spending meaningfully, which, alongside consumer savings rates of 3.6% falling below pre-pandemic levels (7.7% in February 2020), may lead to a softening in future consumer spending.

**Q1 GDP Revision and Stable Unemployment**

- A revised statement from the U.S. Commerce Department indicates that the U.S. had an annual real GDP growth rate of 1.3% in the first quarter of 2024, down 210 basis points from 3.4% in Q4 2023.
- Despite reduced GDP growth, the U.S. labor market remains strong and exceeded economist estimates by adding 272,000 new jobs in the month of May.

- In May, China's Ministry of Commerce placed sanctions on Boeing, General Atomics, and General Dynamics in response to these companies' sale of weapons to Taiwan. While the U.S. forbids these companies from selling weapons to China, the sanctions may hurt their civilian businesses. Additionally, China held large military exercises around the island after Taiwan's new president, Lai Ching-te, was sworn in on May 20. Lai has vowed to strengthen Taiwan's security by importing advanced weapon systems and has consistently reaffirmed Taiwan's independence in public statements.
- On May 22, The House of Representatives Armed Services Committee voted to forward an \$884 billion FY25 defense bill to the House floor. The bill conforms to last year's debt ceiling, which allowed a 1% increase over the \$874.2 billion defense budget for FY24. The bill omits 10 F-35 fighter jets requested by the Pentagon, blocks the Air Force's request for 20 updated F-22 fighters, and prolongs the service life of legacy technologies like the F-15 and B83 nuclear bomb.
- AP reported in late May that intelligence community contractor Rhombus Power used generative AI capabilities in a 2019 operation, known as Sable Spear, to track Chinese fentanyl trafficking using open-source intelligence. The use of AI allowed intelligence agencies to identify twice as many companies and 400% more people engaged in trafficking than human analysis alone. Rhombus has continued such work in recent years, helping to predict North Korean missile launches and to predict Russia's invasion of Ukraine 4 months in advance with 80% certainty.



Sources: Bloomberg, S&P Capital IQ, AP News, CNN World, DefenseNews

1. For composition of indices, see page 21

**Date:** 05/07/2024**EV:** ND**EV/EBITDA:** ND*Transaction Details*

Quintron Systems ("Quintron") provides secure communications technology solutions to the space and defense markets. The Company provides advanced Voice-over-IP communications technology in support of space launch operations to customers like NASA. The add-on expands the capabilities of SAS, a Godspeed capital platform, which now include space engineering, defense, and communications technology solutions.

**Date:** 05/15/2024**EV:** ND**EV/EBITDA:** ND*Transaction Details*

M Wave Design ("M Wave") supplies ferrite-based RF and Microwave components for aerospace, defense, and quantum computing applications. The company designs and manufactures passive waveguide and coaxial components, including isolators, circulators, adapters and terminations. M Wave's expertise in quantum computing will complement Quantic's current portfolio of products.

**Date:** 05/20/2024**EV:** ND**EV/EBITDA:** ND*Transaction Details*

Cognosante provides digital transformation and cloud modernization solutions for federal health, defense, intelligence, and civilian agencies. Cognosante's federal government clients run healthcare programs that support veterans and active-duty military. The Company's 1,500+ employees will be added to Accenture Federal Services' team of over 14,000.

**Date:** 05/22/2024**EV:** ND**EV/EBITDA:** ND*Transaction Details*

Fenix Group, Inc. provides tactical communications solutions, including the Banshee family of portable radios and Talon MANET radios. The Company's products will be rolled into the portfolio of a new business unit, Nokia Federal Solutions, which focuses on providing private cellular, edge computing, and other critical solutions to the U.S. government. Fenix and Nokia collaborated in 2021 to provide tactical private wireless communication for military applications.

**Date:** 05/27/2024**EV:** \$12.5M**EV/Revenue:** 0.7x*Transaction Details*

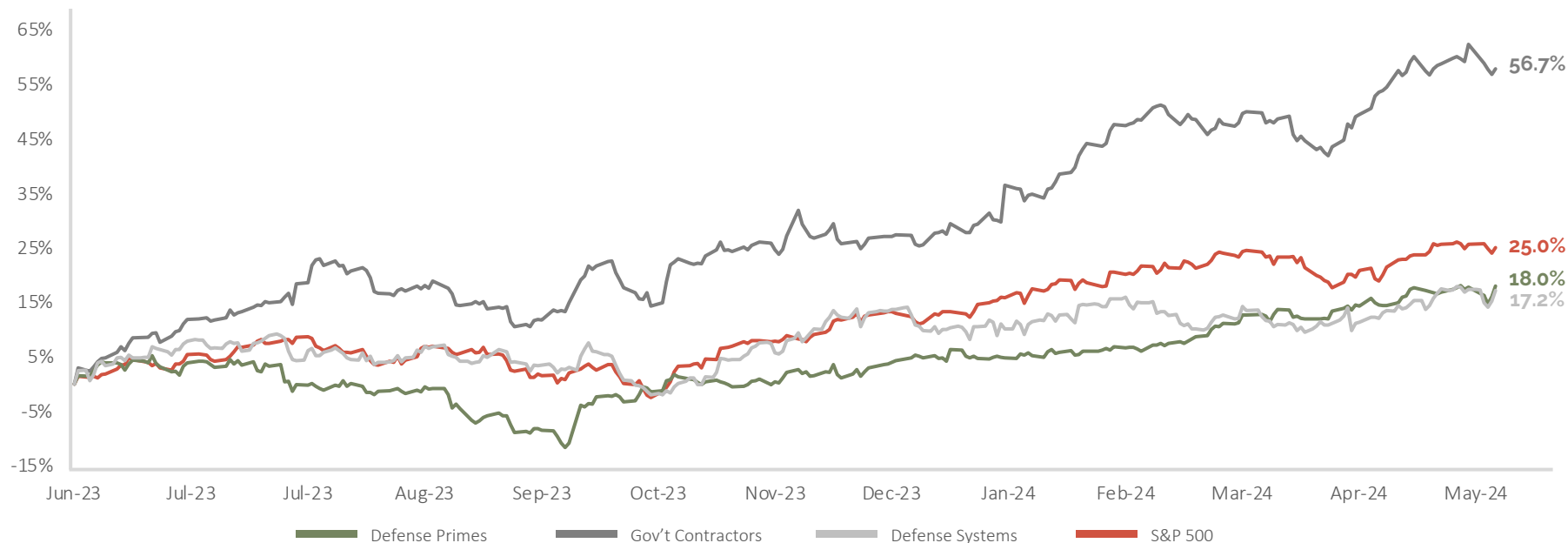
Allegient Defense, Inc. ("Allegient") provides systems engineering and technical assistance support to the U.S. DoD through data analysis and assessment of new technologies. Allegient has expertise in cloud computing, data analytics, AI/machine learning, directed energy, and autonomous aerial vehicles. Allegient and BCS will combine to form a new company known as BCS Allegient

**Date:** 05/28/2024**EV:** ND**EV/EBITDA:** ND*Transaction Details*

Apogee Engineering, LLC ("Apogee") delivers program management, technology integration and modernization, and cybersecurity solutions to the U.S. government. Apogee has experience with cutting edge terrestrial and space-based technologies and will be combined with Duotech Services, Inc. to form Bernhard Capital Partners' ("BCP") dedicated government services platform.

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$7,480	05/24/2024	02/29/2030	U.S. Air Force	Boeing	Mixed	Supply JDAM tail kits, spares, repairs, technical and sensor kits
\$861	05/08/2024	05/31/2026	U.S. Army	Lockheed Martin	Firm Fixed Price	Produce HIMARS and provide supporting services
\$819	05/13/2024	05/12/2029	U.S. Army	AMTEC	Firm Fixed Price	Supply training cartridges
\$738	05/30/2024	09/02/2029	U.S. Air Force	Leidos	IDIQ	Provide IT and telecommunications services within the National Capital Region
\$500	05/30/2024	09/02/2029	WHS	University of Maryland, College Park	IDIQ	Conduct research and development related to AI and automation for intelligence applications
\$480	05/30/2024	05/28/2029	U.S. Army	Palantir	Firm Fixed Price	Develop a Maven Smart System prototype
\$439	05/21/2024	09/30/2028	DLA	General Electric	Firm Fixed Price	Support workload augmentation and offload of F-110 engine modules supplies
\$197	05/20/2024	05/19/2024	DLA	Rockwell Collins	Mixed	Provide tactical airborne navigation systems spare parts
\$95	05/01/2024	03/31/2026	U.S. Army	General Atomics	Cost Plus Fixed Fee	Develop AI for the Smart Sensor Intelligence, Surveillance, and Reconnaissance prototype

Sources: DACIS, GOVConWire, U.S. Department of Defense

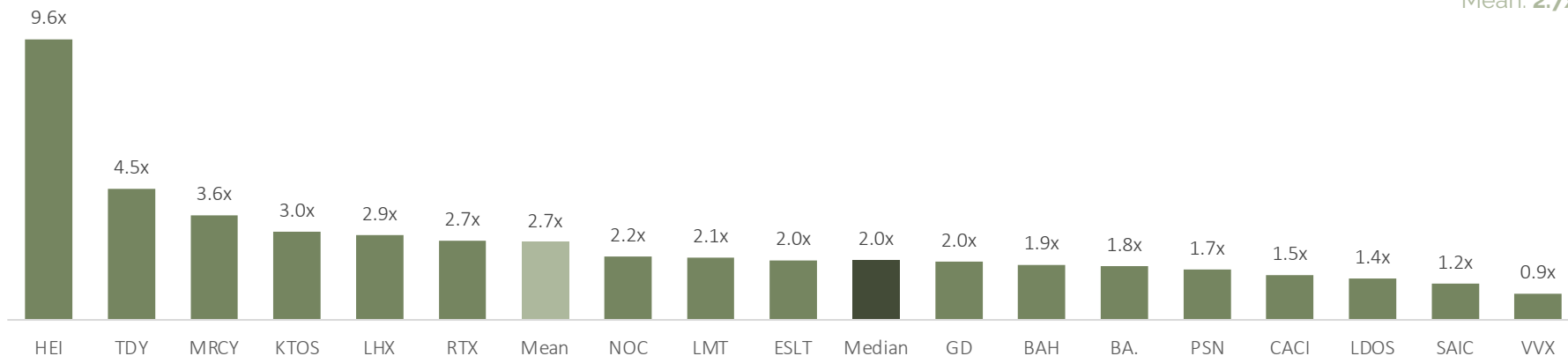
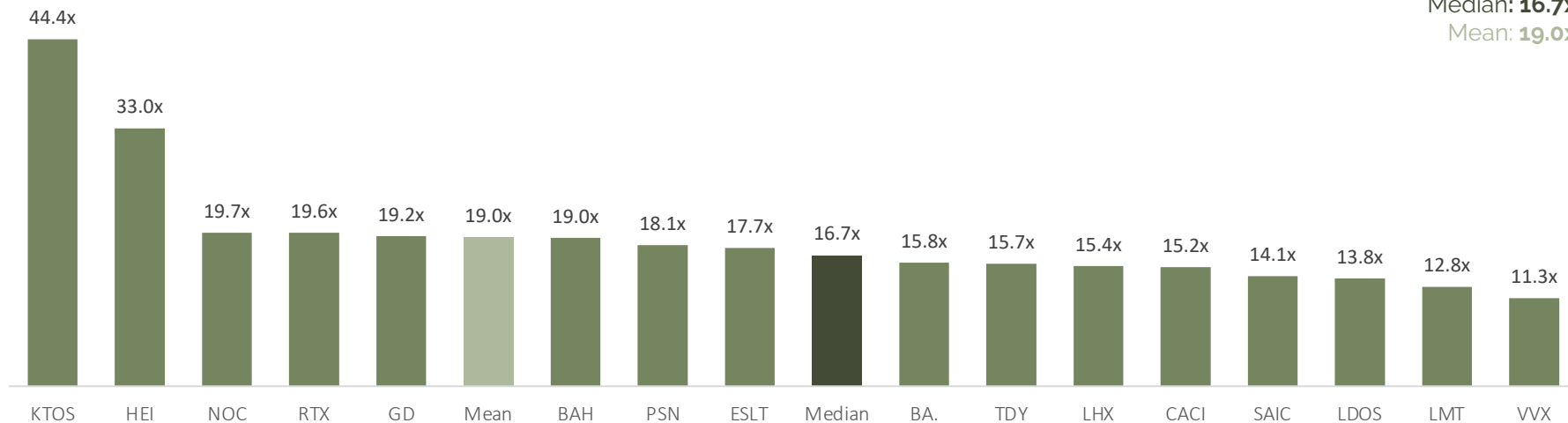
TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART<sup>1</sup>

### Market Commentary

- The McLean Group's Government Contractors index more than doubled the return of the market over the TTM period. Leidos led the index with a 78% annual return off strong earnings reports in the past four quarters.
- The Defense Primes and Defense Systems indices underperformed relative to the S&P 500 over the last twelve months. The Defense Primes index was dampened by laggards Lockheed Martin (+5% over the last year), and Northrup Grumman (+3%), but partially offset by strong results from General Dynamics (+46%) and BAE Systems (+47%). The Defense Systems Index had two companies deliver negative returns over the last year, Mercury Systems (-23%) and Elbit Systems (-4%), while Kratos delivered a +60% return at the positive extreme.
- The April CPI report showed signs of easing inflation, which the broader market responded positively to. Inflation increased 0.3% from March and 3.4% increase on a 12-month basis, on par with expectations. Core inflation was 3.6%, an all time low since April of 2021.



## LTM REVENUE VALUATION MULTIPLES

Median: **2.0x**Mean: **2.7x**LTM EBITDA VALUATION MULTIPLES<sup>1</sup>Median: **16.7x**Mean: **19.0x**

Sources: S&P Capital IQ, Bloomberg, Seeking Alpha  
 1. MRCY has been excluded from this analysis



## DEFENSE GOVERNMENT &amp; INTELLIGENCE

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Raytheon	107.81	183,400	78,960	12,714	16%	83,739	13,527	16%	2.32x	14.42x	2.19x	13.56x
Lockheed Martin	470.34	129,481	69,595	9,781	14%	72,212	10,187	14%	1.86x	13.24x	1.79x	12.71x
Northrop Grumman	450.77	81,459	41,092	5,634	14%	43,099	6,104	14%	1.98x	14.46x	1.89x	13.35x
General Dynamics	299.77	92,141	46,907	5,983	13%	48,826	6,492	13%	1.96x	15.40x	1.89x	14.19x
L3Harris	17.71	56,805	35,772	4,746	13%	38,433	5,168	13%	1.59x	11.97x	1.48x	10.99x
BAE Systems	224.83	55,941	21,202	3,883	18%	22,124	4,189	19%	2.64x	14.40x	2.53x	13.35x
<b>Average</b>	<b>\$261.87</b>	<b>\$99,871</b>	<b>\$48,921</b>	<b>\$7,124</b>	<b>15%</b>	<b>\$51,405</b>	<b>\$7,611</b>	<b>15%</b>	<b>2.06x</b>	<b>13.98x</b>	<b>1.96x</b>	<b>13.03x</b>
Gov't Contractors												
Leidos	147.05	24,479	15,956	1,680	11%	16,707	1,772	11%	1.53x	14.57x	1.47x	13.82x
Booz Allen Hamilton	152.21	22,760	10,604	1,165	11%	11,431	1,258	11%	2.15x	19.53x	1.99x	18.09x
CACI	424.48	11,318	7,656	842	11%	8,097	910	11%	1.48x	13.44x	1.40x	12.44x
SAIC	134.65	9,063	7,453	694	9%	7,682	726	9%	1.22x	13.05x	1.18x	12.48x
Parsons	76.15	9,178	5,655	498	9%	5,905	538	9%	1.62x	18.42x	1.55x	17.06x
V2X	48.11	2,678	4,079	304	7%	4,272	328	8%	0.66x	8.82x	0.63x	8.17x
<b>Average</b>	<b>\$163.78</b>	<b>\$13,246</b>	<b>\$8,567</b>	<b>\$864</b>	<b>10%</b>	<b>\$9,016</b>	<b>\$922</b>	<b>10%</b>	<b>1.44x</b>	<b>14.64x</b>	<b>1.37x</b>	<b>13.68x</b>

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

## DEFENSE GOVERNMENT &amp; INTELLIGENCE

	Stock Price	Enterprise	CY2024E			2025P			TEV/2024E		TEV/2025P	
	5/31/24	Value	Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
Teledyne Technologies	396.95	21,163	5,616	1,351	24%	5,922	1,475	25%	3.77x	15.67x	3.57x	14.35x
HEICO Corporation	221.77	29,464	3,976	1,038	26%	4,279	1,123	26%	7.41x	28.38x	6.89x	26.24x
Elbit Systems	189.30	9,825	6,463	617	10%	6,527	666	10%	1.52x	15.92x	1.51x	14.75x
Mercury Systems	30.95	2,395	855	48	6%	904	116	13%	2.80x	50.22x	2.65x	20.60x
Kratos Defense & Security	21.74	3,225	1,108	104	9%	1,236	122	10%	2.91x	30.93x	2.61x	26.35x
Average	\$172.14	\$13,214	\$3,604	\$632	15%	\$3,774	\$701	17%	3.68x	28.22x	3.44x	20.46x
Low	\$17.71	\$2,395	\$855	\$48	6%	\$904	\$116	8%	0.66x	8.82x	0.63x	8.17x
Mean	\$200.86	\$43,810	\$21,350	\$3,005	13%	\$22,435	\$3,218	14%	2.32x	18.40x	2.19x	15.44x
Median	\$152.21	\$22,760	\$7,656	\$1,165	11%	\$8,097	\$1,258	13%	1.96x	14.57x	1.89x	13.82x
High	\$470.34	\$183,400	\$78,960	\$12,714	26%	\$83,739	\$13,527	26%	7.41x	50.22x	6.89x	26.35x

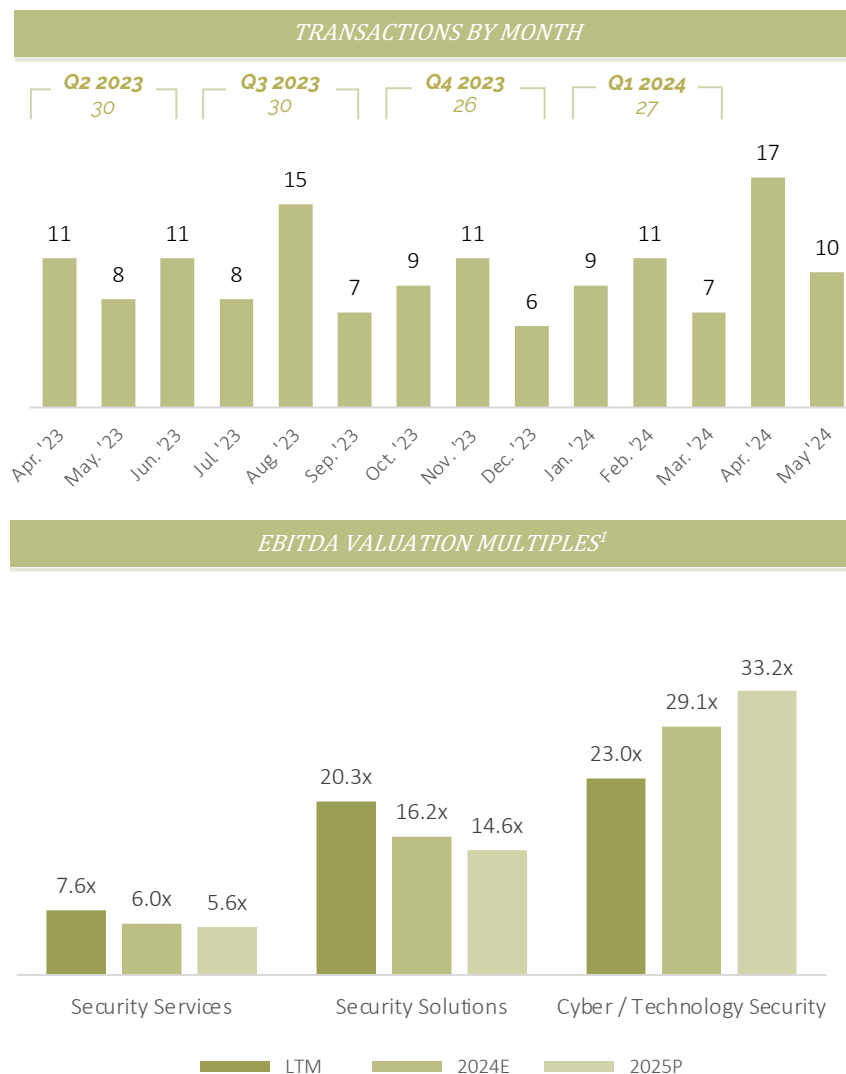
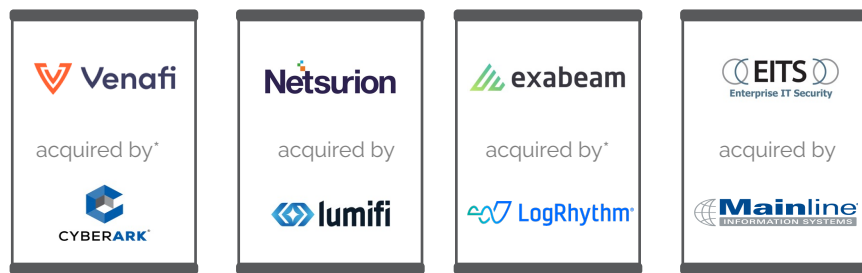
Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
05/01/2024	Altair	Research in Flight	Develops fluid dynamics software for aerospace and defense sectors	NA	NA	NA
05/07/2024	Special Aerospace Services	Quintron	Provides secure communications technology solutions to the space and defense markets	NA	NA	NA
05/09/2024	KKR	Cotiviti	Provides healthcare data analytics to commercial and government customers	NA	NA	NA
05/15/2024	Quantic	M Wave Design	Supplies ferrite-based RF and Microwave components for aerospace and quantum	NA	NA	NA
05/16/2024	Abt Global	Technology Solutions Provider	Delivers secure digital solutions to government customers	NA	NA	NA
5/20/2024	Valkyrie	Ship to Shore	Supplies corrosion-inhibiting adhesives to DoD customers	NA	NA	NA
05/20/2024	Accenture Federal Services	Cognosante	Provides cloud modernization services to government agencies	NA	NA	NA
05/21/2024	Macquarie Capital	Earth Resources Technology	Provides engineering and environmental solutions to the federal government	NA	NA	NA
05/22/2024	Nokia	Fenix Group	Provides radios and communications software to the U.S. military	NA	NA	NA
05/27/2024	BCS	Allegient Defense	Provides system engineering and tech support solutions to the DoD	\$12.5	NA	NA
05/28/2024	Bernhard Capital	Apogee Engineering	Delivers modernization and cybersecurity solutions to the U.S. government	NA	NA	NA
05/30/2024	Cerberus	Calspan's Hypersonic and Defense Test Systems Businesses	Delivers hypersonic test infrastructure to government and commercial clients	NA	NA	NA

Sources: S&P Capital IQ, DACIS, GovConWire  
 \*Announced, not closed

- Cyber threats remain an active problem for companies like Change Healthcare, which recently suffered a cyber attack resulting in the freezing of countless customer claims and was left without access to 100+ of their technology systems. The primary root of this attack can be explained by the dominant technology suppliers in the industry, which limits diversifiable risk and causes “single points of failure.” According to the Department of Health and Human Services, it can be noted that the healthcare sector has ongoing practices to find reliable backup suppliers to aid in protecting themselves against possible future breaches.
- A data breach, believed to have been conducted by China, put the banking information and names of UK military members at risk this month. The UK’s Ministry of Defense (MoD) stated that no personal information was believed to be copied in any way, but will still be taking numerous actions to ensure no sensitive information has been leaked.

### Select May Transactions



Sources: S&P Capital IQ, WSJ, Financial Times

1. For composition of indices, see page 21

\* Announced, not closed

## PHYSICAL &amp; CYBER SECURITY

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Security Services</b>												
Securitas	10.23	9,898	15,509	1,391	9%	16,053	1,477	9%	0.64x	7.11x	0.62x	6.70x
The Brink's Company	103.24	7,428	5,139	962	19%	5,392	1,045	19%	1.45x	7.72x	1.38x	7.11x
Prosegur	1.93	2,862	4,874	559	11%	5,097	608	12%	0.59x	5.11x	0.56x	4.71x
Loomis	27.68	2,393	2,924	610	21%	2,996	617	21%	0.82x	3.93x	0.80x	3.88x
<b>Average</b>	<b>\$35.77</b>	<b>\$5,645</b>	<b>\$7,112</b>	<b>\$881</b>	<b>15%</b>	<b>\$7,385</b>	<b>\$937</b>	<b>15%</b>	<b>0.87x</b>	<b>5.97x</b>	<b>0.84x</b>	<b>5.60x</b>
<b>Security Solutions</b>												
Honeywell International	202.19	146,610	38,480	10,086	26%	40,666	10,828	27%	3.81x	14.54x	3.61x	13.54x
Johnson Controls	71.91	60,863	28,043	4,456	16%	29,473	4,556	15%	2.17x	13.66x	2.07x	13.36x
Motorola Solutions	364.91	66,242	10,687	3,319	31%	11,318	3,569	32%	6.20x	19.96x	5.85x	18.56x
ADT	7.11	14,315	4,882	2,558	52%	5,151	2,707	53%	2.93x	5.60x	2.78x	5.29x
Allegion	121.82	12,425	3,739	906	24%	3,893	954	25%	3.32x	13.71x	3.19x	13.02x
Alarm.com Holdings	65.41	3,100	924	165	18%	974	181	19%	3.36x	18.74x	3.18x	17.11x
Napco Security Technologies	49.65	1,749	200	64	32%	227	83	36%	8.75x	27.35x	7.72x	21.19x
<b>Average</b>	<b>\$126.14</b>	<b>\$43,615</b>	<b>\$12,422</b>	<b>\$3,079</b>	<b>29%</b>	<b>\$13,100</b>	<b>\$3,268</b>	<b>29%</b>	<b>4.36x</b>	<b>16.22x</b>	<b>4.06x</b>	<b>14.58x</b>

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

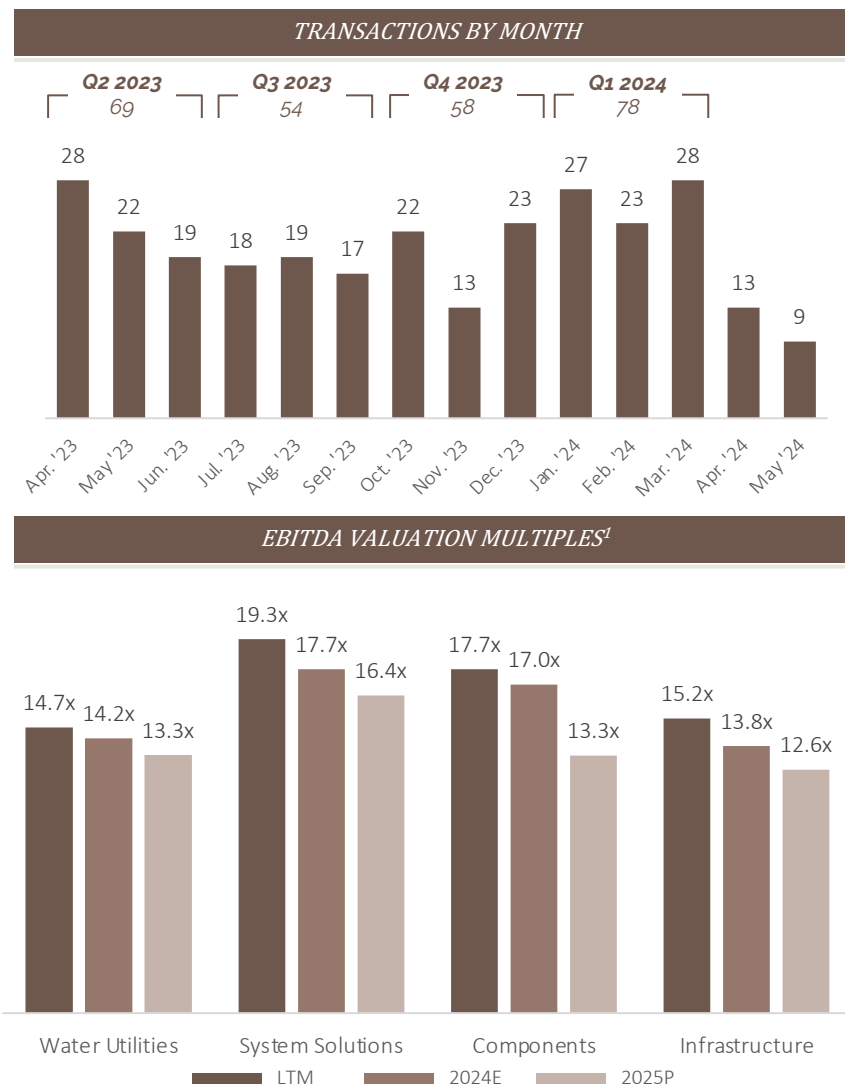
## PHYSICAL &amp; CYBER SECURITY

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Cyber Security</b>												
Palo Alto Networks	294.91	94,134	8,462	2,540	30%	9,785	2,932	30%	11.12x	37.06x	9.62x	32.11x
CrowdStrike	313.67	73,218	3,975	1,031	26%	5,026	1,396	28%	18.42x	NA	14.57x	52.46x
Fortinet	59.32	43,376	5,800	1,722	30%	6,565	1,966	30%	7.48x	25.20x	6.61x	22.07x
Zscaler	169.96	24,465	2,363	550	23%	2,908	704	24%	10.35x	44.45x	8.41x	34.75x
Cloudflare	67.69	22,721	1,654	299	18%	2,104	401	19%	13.73x	NA	10.80x	56.70x
Check Point	150.50	13,991	2,560	1,148	45%	2,700	1,220	45%	5.47x	12.19x	5.18x	11.47x
Okta	88.68	13,863	2,543	523	21%	2,854	598	21%	5.45x	26.53x	4.86x	23.18x
<b>Average</b>	<b>\$163.53</b>	<b>\$40,824</b>	<b>\$3,908</b>	<b>\$1,116</b>	<b>27%</b>	<b>\$4,563</b>	<b>\$1,317</b>	<b>28%</b>	<b>10.29x</b>	<b>29.08x</b>	<b>8.58x</b>	<b>33.25x</b>
<b>Low</b>	<b>\$1.93</b>	<b>\$1,749</b>	<b>\$200</b>	<b>\$64</b>	<b>9%</b>	<b>\$227</b>	<b>\$83</b>	<b>9%</b>	<b>0.59x</b>	<b>3.93x</b>	<b>0.56x</b>	<b>3.88x</b>
<b>Mean</b>	<b>\$120.60</b>	<b>\$34,092</b>	<b>\$7,931</b>	<b>\$1,827</b>	<b>25%</b>	<b>\$8,510</b>	<b>\$1,991</b>	<b>26%</b>	<b>5.89x</b>	<b>17.68x</b>	<b>5.10x</b>	<b>19.84x</b>
<b>Median</b>	<b>\$80.30</b>	<b>\$14,153</b>	<b>\$4,425</b>	<b>\$997</b>	<b>24%</b>	<b>\$5,062</b>	<b>\$1,132</b>	<b>24%</b>	<b>4.63x</b>	<b>14.13x</b>	<b>4.23x</b>	<b>15.32x</b>
<b>High</b>	<b>\$364.91</b>	<b>\$146,610</b>	<b>\$38,480</b>	<b>\$10,086</b>	<b>52%</b>	<b>\$40,666</b>	<b>\$10,828</b>	<b>53%</b>	<b>18.42x</b>	<b>44.45x</b>	<b>14.57x</b>	<b>56.70x</b>

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

- The American Water Works Associate, Association of Metropolitan Water Agencies, along with representative organizations from U.S. manufacturing and chemical industries filed a petition against the EPA’s recent ruling which seeks to limit the presence of PFAS in drinking water. The petition alleges that the Administration significantly underestimates the cost of with regulatory compliance on industry groups that will be required to install new treatment processes to meet the EPA’s 2029 deadline.
- In late April President Biden signed a national security memorandum to strengthen the resiliency of U.S. critical infrastructure. The memorandum grants the DHS oversight of critical infrastructure and requires it to periodically submit National Risk Management plans to summarize key findings. The memorandum was passed after the NSA, FBI, CISA, and TSA discovered that the Chinese-backed hacker group, known as “Volt Typhoon”, infiltrated aviation, maritime, pipeline, sewage, and water organizations.

### Select May Transactions



Source(s): Reuters, S&P Global, GWI

1. For composition of indices, see page 21

\*Announced not closed



## CRITICAL INFRASTRUCTURE

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Water Utilities</b>												
American Water Works	130.77	38,025	4,500	2,461	55%	4,730	2,710	57%	8.45x	15.45x	8.04x	14.03x
Essential Utilities	37.73	17,339	2,100	1,169	56%	2,412	1,323	55%	8.26x	14.83x	7.19x	13.11x
California Water Service	49.89	4,175	1,002	371	37%	961	333	35%	4.17x	11.24x	4.35x	12.55x
American States Water	73.59	3,644	599	233	39%	609	251	41%	6.08x	15.67x	5.99x	14.50x
SIW	54.71	3,529	703	287	41%	730	329	45%	5.02x	12.30x	4.84x	10.73x
Consolidated Water	27.10	390	144	29	20%	165	32	19%	2.70x	13.51x	2.36x	12.20x
Global Water Resources	12.92	418	52	26	50%	57	26	46%	8.08x	16.28x	7.34x	16.03x
<b>Average</b>	<b>\$55.24</b>	<b>9,646</b>	<b>1,300</b>	<b>654</b>	<b>42%</b>	<b>1,380</b>	<b>715</b>	<b>43%</b>	<b>6.11x</b>	<b>14.18x</b>	<b>5.73x</b>	<b>13.31x</b>
<b>System Solutions</b>												
Danaher	256.80	202,445	23,883	7,678	32%	25,991	8,562	33%	8.48x	26.37x	7.79x	23.65x
Dover	183.82	28,275	8,629	1,851	21%	8,967	1,980	22%	3.28x	15.28x	3.15x	14.28x
Xylem	141.02	35,625	8,560	1,735	20%	9,035	1,902	21%	4.16x	20.54x	3.94x	18.73x
IDEX	208.64	16,517	3,332	928	28%	3,506	1,007	29%	4.96x	17.81x	4.71x	16.40x
Pentair	81.38	15,608	4,220	1,007	24%	4,417	1,101	25%	3.70x	15.50x	3.53x	14.18x
A. O. Smith	83.64	12,110	3,991	873	22%	4,157	920	22%	3.03x	13.87x	2.91x	13.16x
Watts Water Technologies	199.13	6,688	2,268	452	20%	2,333	472	20%	2.95x	14.79x	2.87x	14.18x
<b>Average</b>	<b>\$164.92</b>	<b>45,324</b>	<b>7,840</b>	<b>2,075</b>	<b>24%</b>	<b>8,344</b>	<b>2,278</b>	<b>25%</b>	<b>4.36x</b>	<b>17.73x</b>	<b>4.13x</b>	<b>16.37x</b>

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

## CRITICAL INFRASTRUCTURE

Components	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	80.75	13,082	2,211	722	33%	2,320	773	33%	5.92x	18.12x	5.64x	16.91x
Flowserve	49.70	7,449	4,577	606	13%	4,778	670	14%	1.63x	12.28x	1.56x	11.12x
Franklin Electric	99.48	4,694	2,106	326	15%	2,211	342	15%	2.23x	14.42x	2.12x	13.71x
Mueller Water Products	18.56	3,189	1,293	262	20%	1,332	274	21%	2.47x	12.16x	2.39x	11.64x
The Gorman-Rupp	34.54	1,278	690	121	17%	720	125	17%	1.85x	10.59x	1.78x	10.25x
Energy Recovery	13.50	657	146	19	13%	175	41	23%	4.52x	34.17x	3.75x	16.05x
<b>Average</b>	<b>\$49.42</b>	<b>5,058</b>	<b>1,837</b>	<b>343</b>	<b>19%</b>	<b>1,923</b>	<b>371</b>	<b>21%</b>	<b>3.10x</b>	<b>16.96x</b>	<b>2.87x</b>	<b>13.28x</b>
<b>Infrastructure</b>												
AECOM	87.34	13,727	16,154	1,113	7%	16,700	1,195	7%	0.85x	12.33x	0.82x	11.49x
Tetra Tech	209.49	12,158	4,541	587	13%	4,670	655	14%	2.68x	20.70x	2.60x	18.57x
Clean Harbors	216.59	14,368	5,895	1,124	19%	6,263	1,233	20%	2.44x	12.78x	2.29x	11.65x
EMCOR Group	388.66	17,777	14,358	1,150	8%	15,463	1,231	8%	1.24x	15.46x	1.15x	14.45x
Arcosa	87.91	4,739	2,655	428	16%	2,877	475	17%	1.78x	11.08x	1.65x	9.97x
Primoris Services	54.76	4,097	5,963	395	7%	6,415	443	7%	0.69x	10.36x	0.64x	9.24x
<b>Average</b>	<b>\$174.13</b>	<b>11,144</b>	<b>8,261</b>	<b>800</b>	<b>12%</b>	<b>8,731</b>	<b>872</b>	<b>12%</b>	<b>1.61x</b>	<b>13.79x</b>	<b>1.53x</b>	<b>12.56x</b>
<b>Low</b>	<b>\$12.92</b>	<b>\$390</b>	<b>\$52</b>	<b>\$19</b>	<b>7%</b>	<b>\$57</b>	<b>\$26</b>	<b>7%</b>	<b>0.69x</b>	<b>10.36x</b>	<b>0.64x</b>	<b>9.24x</b>
<b>Mean</b>	<b>\$110.86</b>	<b>\$18,539</b>	<b>\$4,791</b>	<b>\$998</b>	<b>25%</b>	<b>\$5,077</b>	<b>\$1,093</b>	<b>26%</b>	<b>3.91x</b>	<b>15.69x</b>	<b>3.67x</b>	<b>13.95x</b>
<b>Median</b>	<b>\$82.51</b>	<b>\$9,780</b>	<b>\$2,993</b>	<b>\$597</b>	<b>20%</b>	<b>\$3,192</b>	<b>\$662</b>	<b>22%</b>	<b>3.16x</b>	<b>14.81x</b>	<b>3.03x</b>	<b>13.87x</b>
<b>High</b>	<b>\$388.66</b>	<b>\$202,445</b>	<b>\$23,883</b>	<b>\$7,678</b>	<b>56%</b>	<b>\$25,991</b>	<b>\$8,562</b>	<b>57%</b>	<b>8.48x</b>	<b>34.17x</b>	<b>8.04x</b>	<b>23.65x</b>

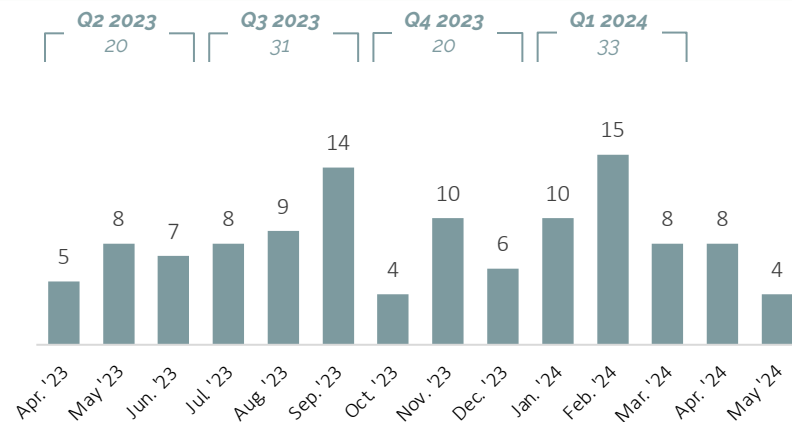
Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

- Ongoing geopolitical conflicts blocking the Red Sea have diverted vessels thousands of miles around historically reliable paths, elevating ocean freight rates as a result. Diversions have slowed shipping times and therefore decreased freight supply, which, alongside a pick-up in shipping demand amid the summer season, has congested ports globally. Port congestion decreases shipment schedule reliability, which may cause further complications in the maritime freight industry throughout the rest of the summer and into the fall.
- Experts expect volatility in fuel prices as OPEC member countries cut global oil production, requiring maritime companies to find new fuel sources. Domestic sources have increasingly stepped up to fill this void, which may help mitigate the price volatility induced by OPEC countries, namely Saudi Arabia.

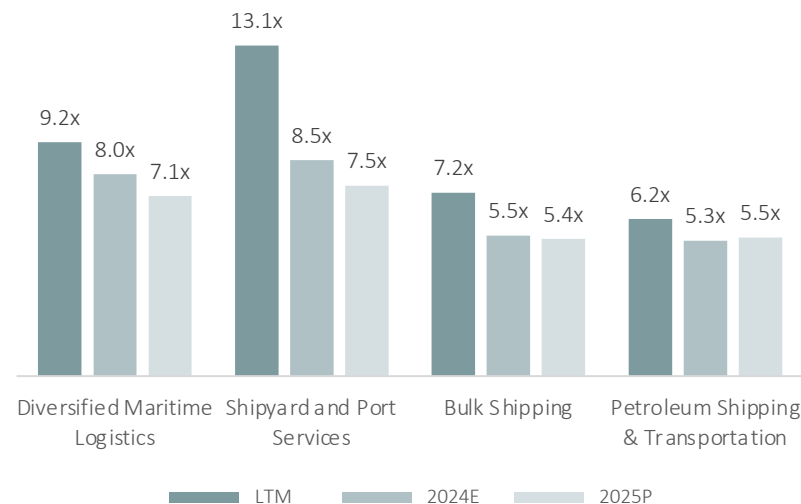
### Select May Transactions



### TRANSACTIONS BY MONTH



### EBITDA VALUATION MULTIPLES<sup>1</sup>



Sources: Wall Street Journal, DHL

1. For composition of indices, see page 21

\* Announced not closed

## MARITIME TRANSPORT &amp; FACILITIES

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Diversified Maritime Logistics</b>												
Algoma Central Corporation	10.38	719	559	154	28%	580	159	27%	1.29x	4.66x	1.24x	4.53x
Matson	128.20	5,054	3,199	521	NA	3,246	516	NA	1.58x	9.71x	1.56x	9.80x
Kirby Corporation	124.17	8,395	3,293	679	21%	3,507	772	22%	2.55x	12.36x	2.39x	10.88x
ArcBest Corporation	105.52	2,650	4,373	407	9%	4,703	502	11%	0.61x	6.52x	0.56x	5.28x
Diana Shipping	2.99	805	250	126	50%	282	158	56%	3.22x	6.38x	2.85x	5.08x
<b>Average</b>	<b>\$74.25</b>	<b>3,524</b>	<b>2,335</b>	<b>377</b>	<b>27%</b>	<b>2,464</b>	<b>421</b>	<b>29%</b>	<b>1.85x</b>	<b>7.93x</b>	<b>1.72x</b>	<b>7.12x</b>
<b>Shipyard &amp; Port Services</b>												
International Container	5.83	15,123	2,635	1,674	64%	2,791	1,773	64%	5.74x	9.03x	5.42x	8.53x
Great Lakes Dredge & Dock	9.15	1,057	754	133	18%	805	145	18%	1.40x	7.95x	1.31x	7.32x
Tidewater	103.33	5,893	1,416	640	45%	1,639	799	49%	4.16x	9.21x	3.60x	7.38x
Orion Group	10.78	464	786	49	6%	857	57	7%	0.59x	9.56x	0.54x	8.09x
DEME Group	176.55	5,068	4,011	737	18%	4,329	809	19%	1.26x	6.88x	1.17x	6.27x
<b>Average</b>	<b>\$61.13</b>	<b>5,521</b>	<b>1,920</b>	<b>646</b>	<b>30%</b>	<b>2,084</b>	<b>716</b>	<b>31%</b>	<b>2.63x</b>	<b>8.53x</b>	<b>2.41x</b>	<b>7.52x</b>
<b>Dry Bulk Shipping</b>												
Costamare	16.01	3,703	1,148	643	56%	966	618	64%	3.23x	5.76x	3.83x	5.99x
Star Bulk Carriers	27.08	4,055	1,081	658	61%	1,152	762	66%	3.75x	6.16x	3.52x	5.32x
Golden Ocean Group Limited	14.39	4,192	792	565	71%	782	596	76%	5.29x	7.42x	5.36x	7.03x
Danaos Corporation	96.77	1,904	996	747	75%	874	629	72%	1.91x	2.55x	2.18x	3.03x
Global Ship Lease	29.91	1,604	695	484	70%	656	443	67%	2.31x	3.32x	2.44x	3.62x

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

## MARITIME TRANSPORT &amp; FACILITIES

	Stock Price 5/31/24	Enterprise Value	CY2024E			2025P			TEV/2024E		TEV/2025P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Dry Bulk Shipping</b>												
Safe Bulkers	5.67	1,052	285	185	65%	323	173	53%	3.69x	5.69x	3.25x	6.09x
Pangaea Logistics Solutions	8.27	596	449	85	19%	554	105	19%	1.33x	6.99x	1.08x	5.66x
Genco Shipping & Trading	22.52	1,080	321	167	52%	301	163	54%	3.37x	6.45x	3.59x	6.64x
<b>Average</b>	<b>\$27.58</b>	<b>2,273</b>	<b>721</b>	<b>442</b>	<b>59%</b>	<b>701</b>	<b>436</b>	<b>59%</b>	<b>3.11x</b>	<b>5.54x</b>	<b>3.16x</b>	<b>5.42x</b>
<b>Petroleum Products Transportation</b>												
Scorpio Tankers	82.07	5,219	1,380	957	69%	1,268	840	66%	3.78x	5.46x	4.11x	6.21x
International Seaways	64.42	3,686	1,053	713	68%	1,004	682	68%	3.50x	5.17x	3.67x	5.40x
Teekay Tankers	72.83	2,191	818	550	67%	789	498	63%	2.68x	3.98x	2.78x	4.40x
DHT Holdings	12.10	2,281	457	364	80%	507	414	82%	4.99x	6.27x	4.50x	5.52x
Nordic American Tankers	4.14	1,112	274	183	67%	308	216	70%	4.06x	6.07x	3.61x	5.15x
Ardmore Shipping	22.41	996	299	204	68%	237	157	66%	3.33x	4.89x	4.19x	6.34x
<b>Average</b>	<b>\$43.00</b>	<b>2,581</b>	<b>714</b>	<b>495</b>	<b>70%</b>	<b>686</b>	<b>468</b>	<b>69%</b>	<b>3.72x</b>	<b>5.31x</b>	<b>3.81x</b>	<b>5.50x</b>
<b>Low</b>	<b>\$2.99</b>	<b>\$464</b>	<b>\$250</b>	<b>\$49</b>	<b>6%</b>	<b>\$237</b>	<b>\$57</b>	<b>7%</b>	<b>0.59x</b>	<b>2.55x</b>	<b>0.54x</b>	<b>3.03x</b>
<b>Mean</b>	<b>\$48.15</b>	<b>\$3,287</b>	<b>\$1,305</b>	<b>\$484</b>	<b>50%</b>	<b>\$1,353</b>	<b>\$499</b>	<b>50%</b>	<b>2.90x</b>	<b>6.60x</b>	<b>2.86x</b>	<b>6.23x</b>
<b>Median</b>	<b>\$22.47</b>	<b>\$2,236</b>	<b>\$805</b>	<b>\$502</b>	<b>61%</b>	<b>\$831</b>	<b>\$500</b>	<b>63%</b>	<b>3.22x</b>	<b>6.33x</b>	<b>3.05x</b>	<b>6.04x</b>
<b>High</b>	<b>\$176.55</b>	<b>\$15,123</b>	<b>\$4,373</b>	<b>\$1,674</b>	<b>80%</b>	<b>\$4,703</b>	<b>\$1,773</b>	<b>82%</b>	<b>5.74x</b>	<b>12.36x</b>	<b>5.42x</b>	<b>10.88x</b>

Sources: S&P Capital IQ  
\$USD, Millions besides Stock Price

## Defense, Government &amp; Intelligence

## Defense Primes

Raytheon	RTX
Lockheed Martin	LMT
Northrop Grumman	NOC
General Dynamics	GD
L3Harris Technologies	LHX
BAE	BA.

## Government Contractors

Leidos	LDOS
Booz Allen Hamilton	BAH
CACI International	CACI
SAIC	SAIC
Parsons	PSN
V2X	VVX

## Defense Systems

HEICO	HEI
Teledyne Technologies	TDY
Elbit Systems	ESLT
Mercury Systems	MRCY
Kratos Defense & Security	KTOS

## Physical &amp; Cyber Security

## Security Services

Securitas AB	SECU B
The Brink's Company	BCO
Prosegur	PSG
Loomis AB	LOOMIS

## Security Solutions

Honeywell International	HON
Johnson Controls International	JCI
Motorola Solutions	MSI
ADT	ADT
Allegion	ALLE
Alarm.com Holdings	ALRM
Napco Security Technologies	NSSC

## Cyber Security

Palo Alto Networks	PANW
CrowdStrike	CRWD
Fortinet	FTNT
Zscaler	ZS
Cloudflare	NET
Check Point	CHKP
Okta	OKTA

## Critical Infrastructure

## Water Utilities

American Water Works	AWK
Essential Utilities	WTRG
California Water Service	CWT
American States Water	AWR
SJW Group	SJW
Consolidated Water	CWCO
Global Water Resources	GWRS

## System Solutions

Danaher	DHR
Dover	DOV
Xylem	XYL
IDEX	IEX
Pentair	PNR
A. O. Smith	AOS
Watts Water Technologies	WTS

## Components

Graco	GGG
Flowserve	FLS
Franklin Electric	FELE
Badger Meter	BMI
SPX FLOW	FLOW
Mueller Water Products	MWA
The Gorman-Rupp	GRC
Energy Recovery	ERII

## Infrastructure

AECOM	ACM
Tetra Tech	TTEK
Clean Harbors	CLH
EMCOR Group	EME
Arcosa	ACA
Primoris Services	PRIM

## Maritime Transport &amp; Facilities

## Diversified Maritime Logistics

Algoma Central	ALC
Matson	MATX
Kirby	KEX
ArcBest	ARCB
Diana Shipping	DSX

## Shipyard &amp; Port Services

International Container Serv.	ICT
Great Lakes Dredge & Dock	GLDD
Tidewater	TDW
Orion Group	ORN
DEME Group NV	DEME

## Dry Bulk Shipping

Costamare	CMRE
Star Bulk Carriers	SBLK
Golden Ocean Group	GOGL
Danaos	DAC
Global Ship Lease	GSL
Safe Bulkers	SB
Eagle Bulk Shipping	EGLE
Genco Shipping & Trading	GNK

## Petroleum Products Transportation

Scorpio Tankers	STNG
International Seaways	INSW
Teekay Tankers	TNK
DHT Holdings	DHT
Nordic American Tankers	NAT
Ardmore Shipping	ASC



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