

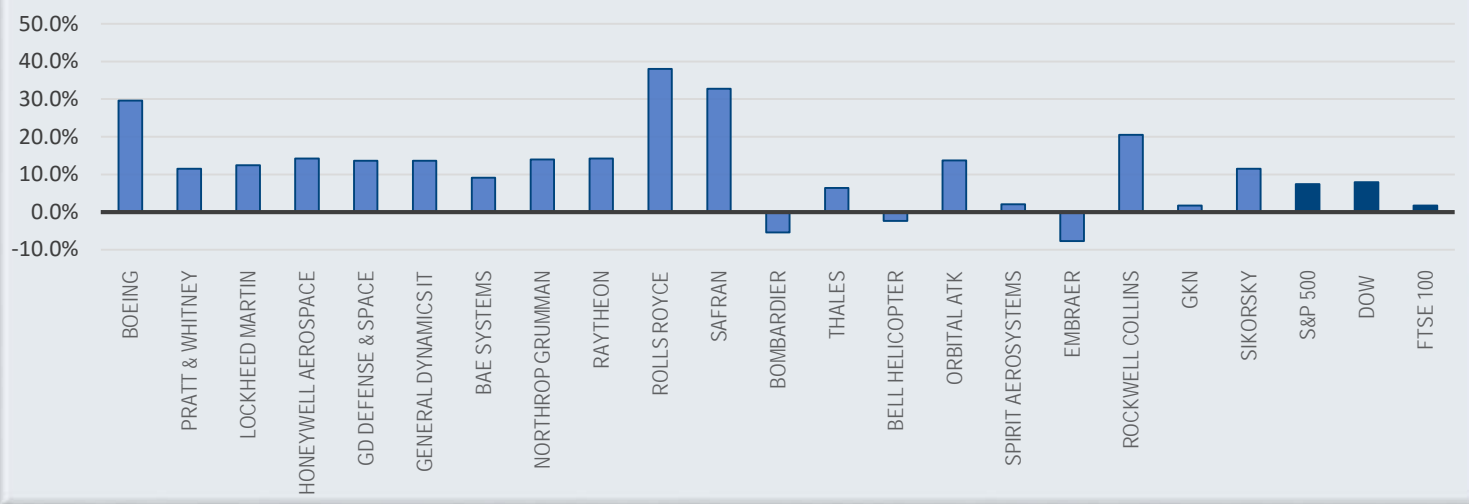


Global Aerospace & Defense Hiring Index

Welcome to the relaunched Aerospace Hiring index published by ZRG Partners. As there is nothing more constant than change, each quarter we will attempt to analyze changes in the industry and impart some analysis using data unavailable elsewhere. The last time this index was published was in 2014 and data was collected by a basic analysis of openings posted on each companies' website, and then categorizing by type and geography. We were then able to compare the data and trends over time. In this newsletter, we are introducing far more advanced comparisons for your review.

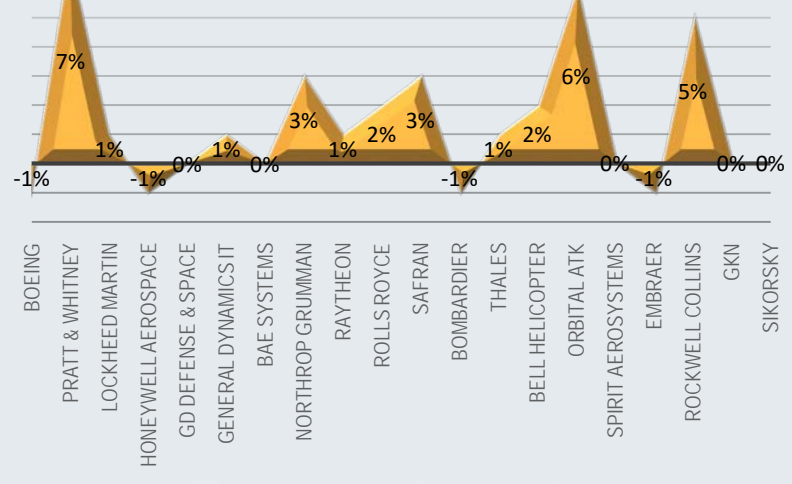
Data was collected on public websites: CNNMoney for stock information, Indeed for job openings and LinkedIn for headcount numbers. In looking at the companies in very general terms, aside from Bombardier, Embraer and Bell Helicopter Textron which are down, the stock price growth has outpaced the major indices as shown by below. The only caveat to interpreting this graph is that Rolls Royce and Safran went through significant alterations downward so that exactly 6 months ago they are were at minimums and should be seen more as regaining ground than growing as tremendously as the graph indicates; so their large stock price changes are outliers that should be ignored. The S&P, Dow and FTSE 100 all saw less than 10% growth in this time period, where most Aerospace & Defense companies saw greater than 10% growth.

Stock Price Change Last 6 Months

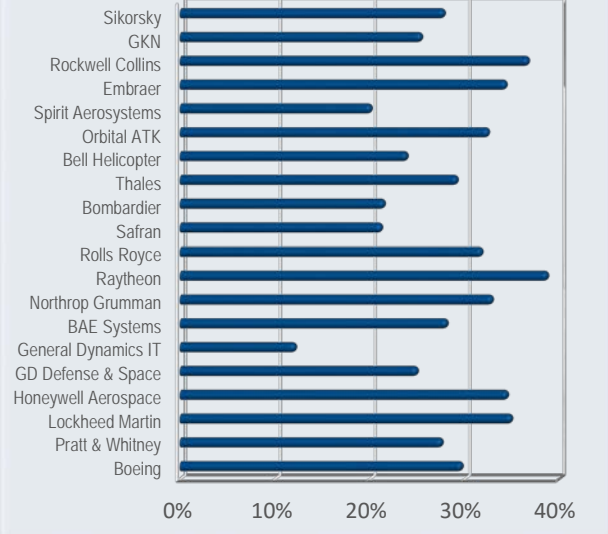


Given this robust outlook in the sector, we would expect overall employment gains. LinkedIn now lets users assess this data on individual companies although it is limited to just individuals who have and update their LinkedIn profiles. The graph below shows the percentage of growth of individuals with the title of Engineer in their profiles, which is quite positive. Also in order to review the below, we looked at the percentage of Engineers as related to the total Head Count (left). This graph was interesting to us as we look at which companies complete their own designs and those that are more often manufacturing to another's companies specifications.

Engineering Growth in the Past 6 Months by Company

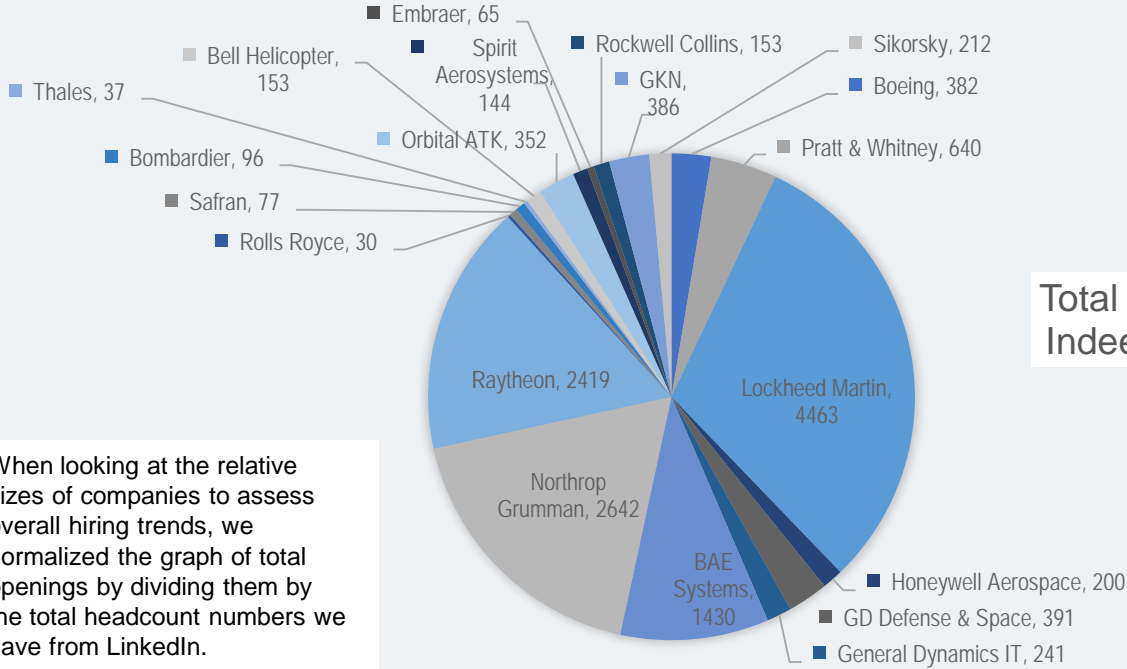


Engineers vs Total Head Count

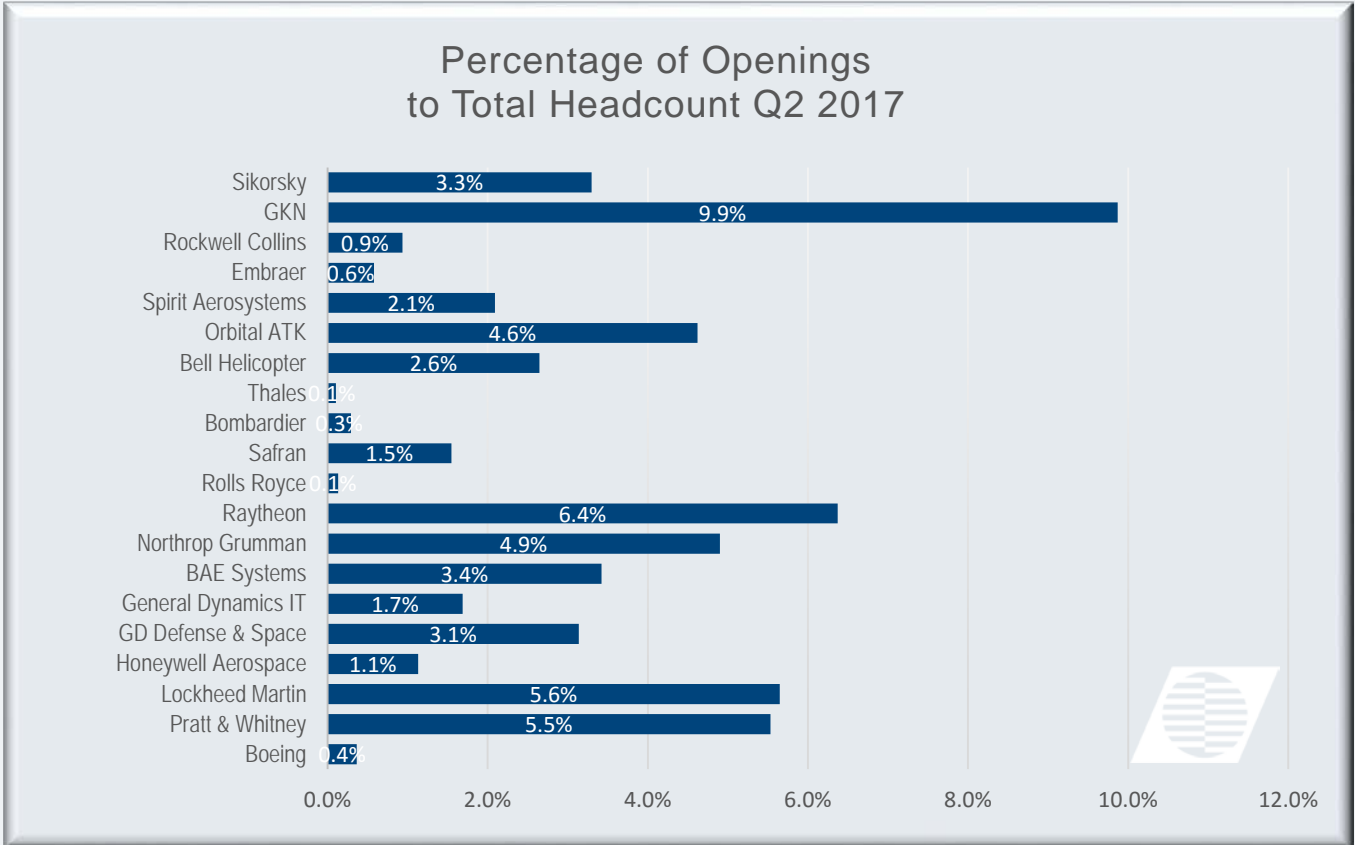


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Another source of interest was to start tracking hiring data by quarter and the below is presented as a baseline. We have seen the sectors' overall employment grow in the past 6 months. However, to assess the strength and persistence of hiring, we will use Indeed.com from now forward. This website is an aggregator of many other websites, and captures, to the best of its programming, all posted openings. The only negative is that sometimes significant duplicates are counted as distinct openings – overstating the numbers. The site is working to refine their software so that duplicates are flagged, but the below graph may still have been influenced and slightly overstated.

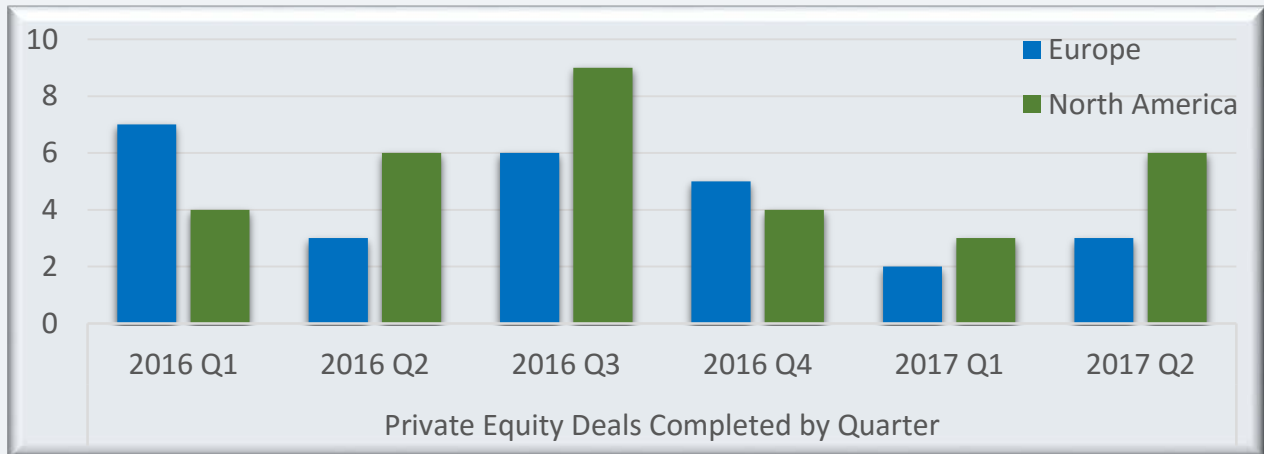


When looking at the relative sizes of companies to assess overall hiring trends, we normalized the graph of total openings by dividing them by the total headcount numbers we have from LinkedIn.



Aerospace & Defense Sector and Private Equity

As ZRG has a strong Private Equity practice that overlaps the Aerospace & Defense sector, we thought it worthwhile to look at activity in that space. The following graphic was developed using data from PitchBook. While the value of individual deals is not always reported, the number of deals can be counted and reviewed. In the last 18 months, there have been some notable public to private deals – Precision Cast Parts and several other large deals including Integral Aerospace, Sequa, and Hensoldt Sensors. There were more in North America, however not by many, over the total in Europe for the same 18 months.

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