Aerospace & Defense

Market Intelligence

Q3 2024

AURIGNAC FINANCE

Member of Mergers Alliance

- Delivered every quarter to hundreds of seasoned professionals, offering dozens of appealing focuses every year, a constant follow-up of M&A operations (industrial, financial and fund-raising), an update of the indicators of major aerospace and defense players, our report aims at providing a market intelligence on the recent events of aerospace and defense market
- This market report is a testimony to the daily work carried out by a dedicated team of 5 people. Focusing on Aerospace and Defense markets, our team with our international partners from Mergers Alliance are closely interacting on a very regular basis with investors and corporates at a global level. These interactions and its deep involvement within these sectors allow us to better understand the global trends of the industry and to provide high-end quality advisory services to its clients that are benefitting from this knowledge

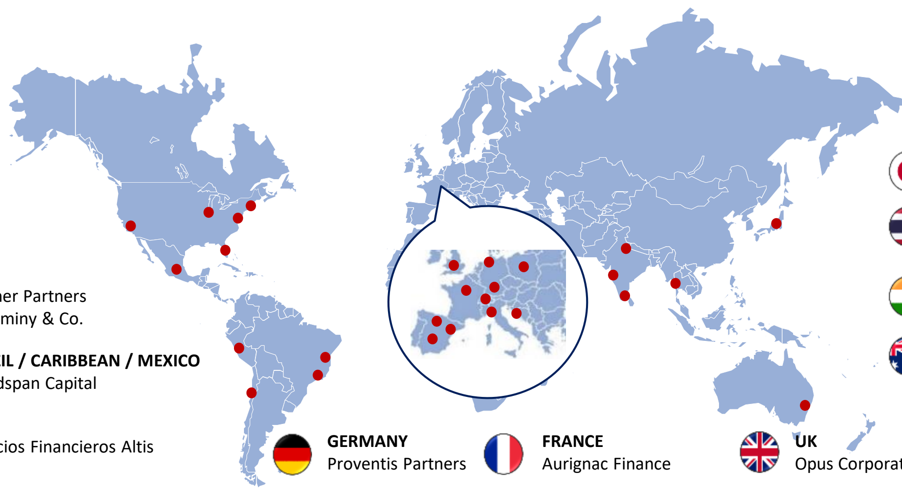
Global coverage

16
MEMBERS

+$5BN
OF TRANSACTION ADVISED IN 2023

128
OPERATIONS IN 2023

$40-60
AVERAGE ENTERPRISE VALUE



USA
Dresner Partners
Montminy & Co.

BRAZIL / CARIBBEAN / MEXICO
Broadspan Capital

CHILI
Servicios Financieros Altis

GERMANY
Proventis Partners

FRANCE
Aurignac Finance

UK
Opus Corporate Finance

SPAIN
Norgestion

ITALY
Ethica Corporate Finance

SWITZERLAND
Proventis Partners

POLAND
Ipopema

CROATIA
InterCapital

JAPAN
Tokyo Kyodo A.O.

THAILAND
Kronos Advisory

INDIA
Singhi Advisors

AUSTRALIA
Greenstone Partners

Mergers Alliance

This quarter at a glance

- **Rheinmetall's $950M acquisition of Loc Performance boosts its U.S. defense presence and vehicle production, while enhancing global synergies and positioning it more competitively against KNDS**
- **Eurosatory 2024 expanded significantly, driving defense innovation, while Farnborough 2024 showed slower growth, focusing on maintaining key partnerships**
- **Boeing's production issues are impacting Airbus by causing delays due to shortages of engines and cabin components, forcing Airbus to adjust its delivery targets**

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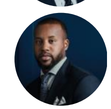
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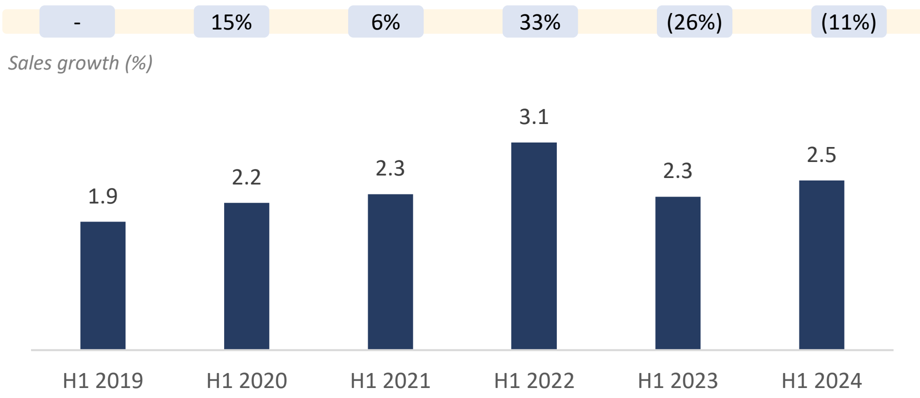
Summary

Extract Q3-2024

Dassault Aviation – H1 24 key figures and Q3 24 headlines

DASSAULT AVIATION

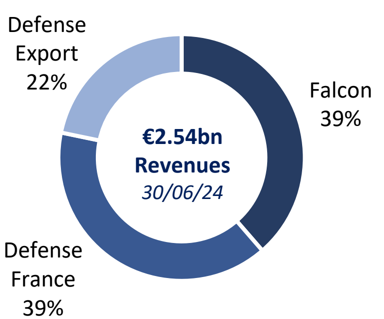
H1 19 – H1 24 Revenues - $bn



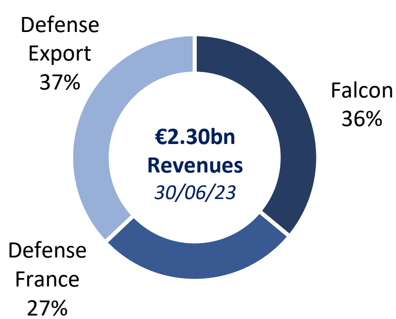
FY24 objectives

- **FY sales forecasts €6bn**
- **Hiring forecast of c.2,000 people (vs. 1,732 in 2023)**
- **Deliveries of 20 Rafale and 35 Falcon (vs. 13 and 26 in 2023)**

Consolidated H1 24 Revenues by Division



Consolidated H1 23 Revenues by Division



Q1 main headlines

- ***26.09.2024:*** Dassault Aviation announced the creation of a new subsidiary, Dassault Aviation MRO India (DAMROI), that will be established in Noida, India, to focus exclusively on the maintenance of Dassault combat aircraft
- ***30.08.2024:*** Serbia signed a €2.7 billion agreement to acquire 12 Rafale jets, parts, and services from Dassault Aviation, with the deal formalized in the presence of Presidents Emmanuel Macron and Aleksandar Vučić
- ***29.08.2024:*** Following a 12 Rafale order from Serbia, Dassault Aviation reached a new record of 507 Rafale ordered, of which 273 for export, securing a 10-year order backlog for the group
- ***01.07.2024:*** Dassault Aviation reached a record Rafale backlog of 223 aircraft by mid-2024, thanks to a new order from Indonesia, and delivered 6 Rafales to France along with 12 Falcon business jets, including the new Falcon 6X

Order intake

		H1 24	H1 23	H1 22	*Var.*
Rafale (in units)	**Deliveries**	6	4	7	*50%*
	Order intake	18	0	86	*n.a.*
	Backlog	223	160	165	*39%*
Falcon (in units)	**Deliveries**	12	4	14	*200%*
	Order intake	11	12	41	*(8%)*
	Backlog	83	90	82	*(8%)*

Sources: Dassault Aviation, Refinitiv, Press

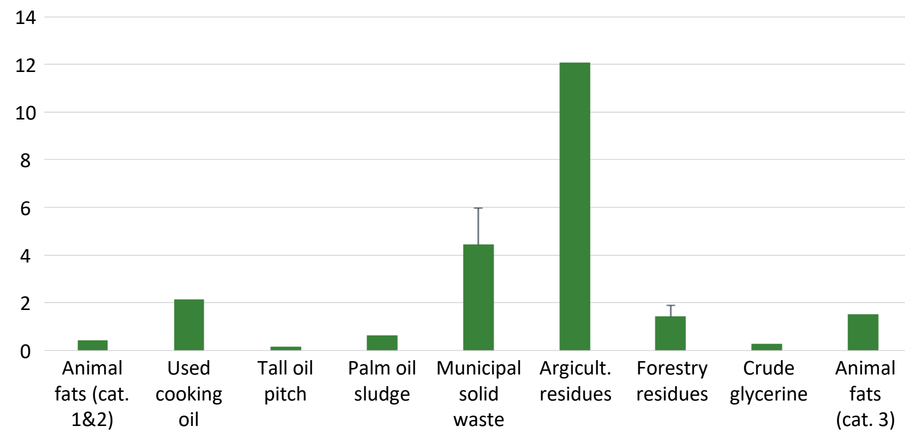
In-depth #1 – Future availability of biomass feedstocks in the EU to meet the 2035 ReFuel EU SAF Target

- After the **adoption of the ReFuel Aviation regulations in October 2023**, the ICCT has published an update on its 2021 analysis of feedstock availability for SAF in the EU
- This text clarifies eligibles feedstocks to reach SAF targets, i.e. **feedstocks from food and feed crops** as well as materials listed in the **Annex IX of the RED III**, such as **advanced biofuels, recycled carbon fuels, and synthetic fuels from non-biomass sources**
- This analysis focuses on the **"lowest-risk" feedstocks**, i.e. those from renewable sources:
  - **Waste Fats and Oils**: Used cooking oil (UCO) & inedible animal fats. The analysis estimates **1.5 Mt of domestic UCO & 0.57 Mt of inedible tallow available in the EU**
  - **Lignocellulosic Materials**: Estimates include **83.3 Mt of agricultural residues and 11.2 Mt of forestry residues available by 2030**. The analysis accounts for potential indirect emissions and assumes forestry residues availability remains constant
  - **Municipal Solid Waste (MSW)**: The analysis estimates 66.8 Mt of biogenic MSW in 2030, **adjusted to 29.2 Mt considering waste incineration's efficiency**
  - **Other Feedstocks**: Crude tall oil, crude glycerine, and palm oil mill effluent. **Estimates include 0.75 Mt of crude tall oil and 0.58 Mt of crude glycerine**, with some concerns about the sustainability and economic viability of these feedstock
- The analysis also considers ethanol from industrial flue gas as a recycled carbon aviation fuel, **estimating a potential of 1.84 Mt of flue gas ethanol**
- The update shows both:
  - **An increase in the estimation of existing feedstocks compared to 2021** thanks to changes in the reporting of UCO & reduced competition for lignocellulosic feedstocks
  - The **inclusion of new feedstocks** (Cat. 3 animal fats, crude glycerine & POME)

Estimated EU feedstock fuel yields and SAF production (materials listed in Annex IX)

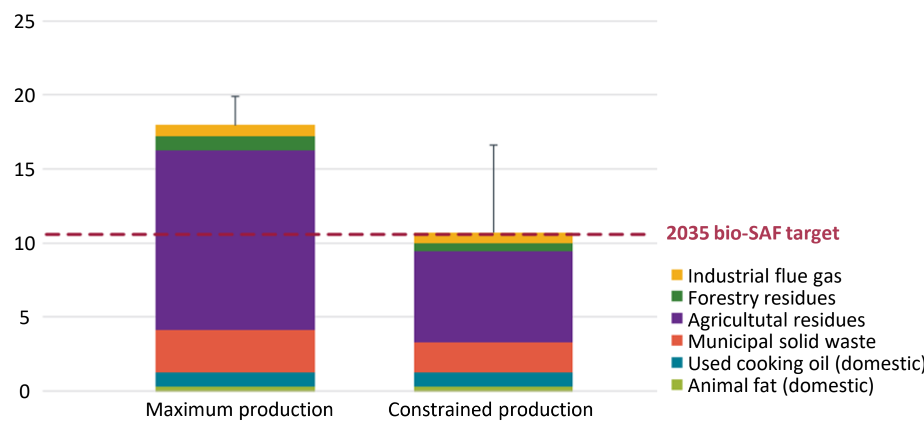
Feedstock	Conversion pathway	Yield (kg fuel/kg feedstock)	SAF production (Mt)	% 2035 jet fuel demand
Inedible tallow (domestic)	HEFA	0.83	0.28	0.5%
Inedible tallow (imported)	HEFA	0.83	0.04	0.1%
Used cooking oil (domestic)	HEFA	0.83	0.74	1.3%
Used cooking oil (imported)	HEFA	0.83	0.95	1.7%
Tall oil pitch	HEFA	0.83	0.11	0.2%
Palm oil sludge	HEFA	0.83	0.49	0.9%
Municipal solid waste	FT gasification	0.11	1.44 – 3.36	2.6 – 6.0%
Agricultural residues	FT gasification	0.19	9.14	16.4%
Forestry residues	FT gasification	0.22	0.81 – 1.08	1.5 – 1.9%
Crude glycerine	Alcohol-to-jet	0.50	0.22	0.4%
Animal fats (category 3)	HEFA	0.83	1.18	2.1%
Crude tall oil heads	HEFA	0.83	0.02	0.03%
Industrial flue gas	Alcohol-to-jet	0.40	0.55	1.0%

Maximum SAF production from eligible Reful EU feedstocks in 2035 – *billion units*



Note: Error bars show the potential production if municipal solid waste destined for incineration is diverted to SAF instead, and if industrial roundwood remains eligible under EU energy targets

Estimated 2035 SAF production from "lowest risk" feedstocks – *billion units*



Note: Constrained production assumes a maximum of one FT gasification plant deployed EU Member State by 2030 and a second plant by 2035. Maximum production assumes no constraints on production output. Error bars show the potential production if municipal solid waste destined for incineration is diverted into SAF instead, and if industrial roundwood remains an eligible biofuel.

Source: ICCT – Availability of biomass feedstocks in the EU

Eurosatory, established in 1967, is the premier international defense and security exhibition for land and air defense, held biennially in Paris. This year's event gathered industry leaders, military officials, and government representatives to showcase cutting-edge technologies and innovations. In light of the current geopolitical landscape, particularly the ongoing conflicts and evolving threats, this edition emphasized advancements in drones, mobile air defense systems, and armored vehicles, reflecting the need for defense solutions to address modern security challenges

Key Figures

€8.1Bn Total orders announced

2,028 exhibitors

355 official delegations

76,000 professionals' entries

c.40 country pavilions

634 international journalist

100+ conferences & 450 speakers

60+ countries represented

Highlights

Innovations and Product Launches

- **Leopard 2 A-RC 3.0 Tank:** The latest version of the Leopard 2 features an unmanned turret and a modular automatic loading system, capable of accommodating different calibers. This model enhances crew safety and allows for high ballistic protection, showcasing cutting-edge advancements in armored vehicle technology
- **GMARS (German Multiple Launch Rocket System):** Developed by Rheinmetall and Lockheed Martin, the GMARS is designed for improved mobility on land while retaining the firepower of traditional MLRS systems. Its design allows it to fit within European road regulations, addressing mobility challenges faced by military forces
- **Tatra Force 3rd Generation:** This new vehicle model boasts advanced safety features, improved interiors, and modern electronics, highlighting the evolution of military transport vehicles towards greater safety and functionality
- **Drailer Robot:** Arquus introduced the Drailer, a multi-mission ground robot designed for various operational scenarios, enhancing the capabilities of unmanned systems in military applications

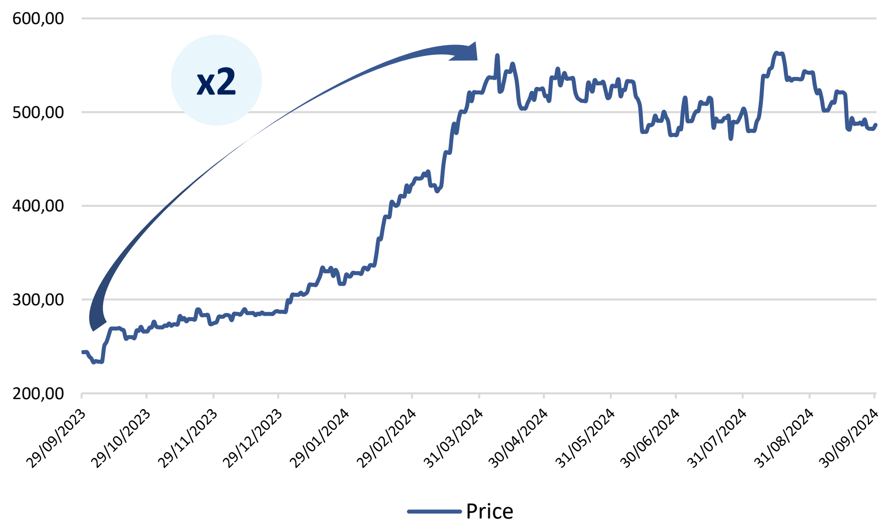
Demonstrations

- The exhibition featured numerous live demonstrations showcasing the operational capabilities of various military technologies, including:
  - The GMARS system was demonstrated, emphasizing its mobility and firepower, crucial for modern warfare scenarios
  - Demonstrations of unmanned systems, showcasing their integration into modern military operations

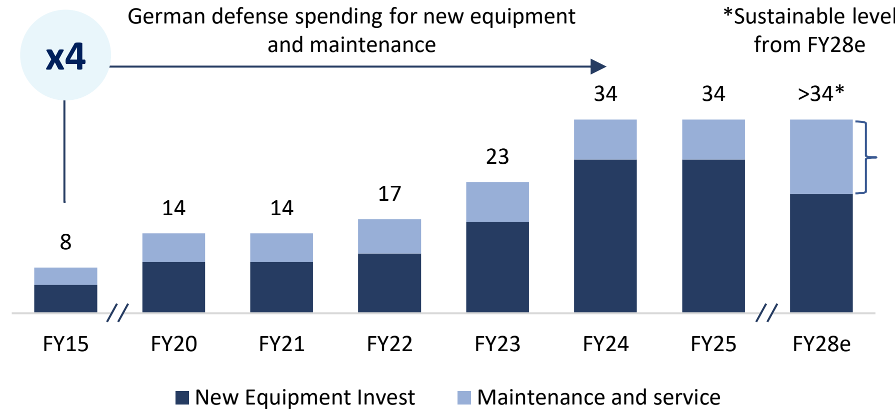
Sources: Eurosatory, Press

In-depth #6 – Rheinmetall: accelerated development in recent years through organic and external growth (2/2)

Rheinmetall stock price over the last 12 months (€)



Rheinmetall's addressable German budget has quadrupled in recent years (€bn)



Rheinmetall booked €28bn from German budget since Russian invasion in Ukraine and its order book reached a record of €48.6bn at the end of June 2024 boosted by German rearmament

Rheinmetall increased ammunition capacity on a global scale

Europe

- Construction of an artillery production facility for 200.000 rounds p.a
- 1,900 tons of explosives / 3,000 rocket engines and warheads
- Capacity increase powder

Capacity increase powder of Rheinmetall Expal Munitions	Construction of ammunition production incl. RDX(1) in Hungary	Construction of artillery production in Lithuania
Capacity increase of Rheinmetall Italia	Capacity increase powder in Romania with ROMARM	Construction of factories in Ukraine to produce ammunition

Rest of the world

Expansion in the USA through the acquisition of Loc Performance	Capacity increase of Rheinmetall Denel Munition	Capacity increase of Rheinmetall Nioa Munitions

The Group's medium-term sales potential by products

[1) : Research Department eXplosive
(2) : Infantry Fighting Vehicle

Sources: Rheinmetall, Pitchbook, Press

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