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• INFORMATION •
MEMORANDUM

----- CREATED FOR -----

Gamma Engineering, Inc.

----- PRESENTED BY -----

EBB GROUP
M&A ADVISORS

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I

BUSINESS SUMMARY

Situated in Mansfield, Texas, Gamma Engineering, Inc. (hereafter “Gamma”) is an established manufacturer and supplier of fabricated aerospace components for the U.S. Department of Defense and major aerospace OEMs. As a family-run business, Gamma has maintained a consistent focus across its 45 years of operation: namely, servicing the aircraft and aerospace industries with state-of-the-art technology and processes, while also offering its employees a challenging, yet supportive work environment where they can develop and demonstrate expertise.



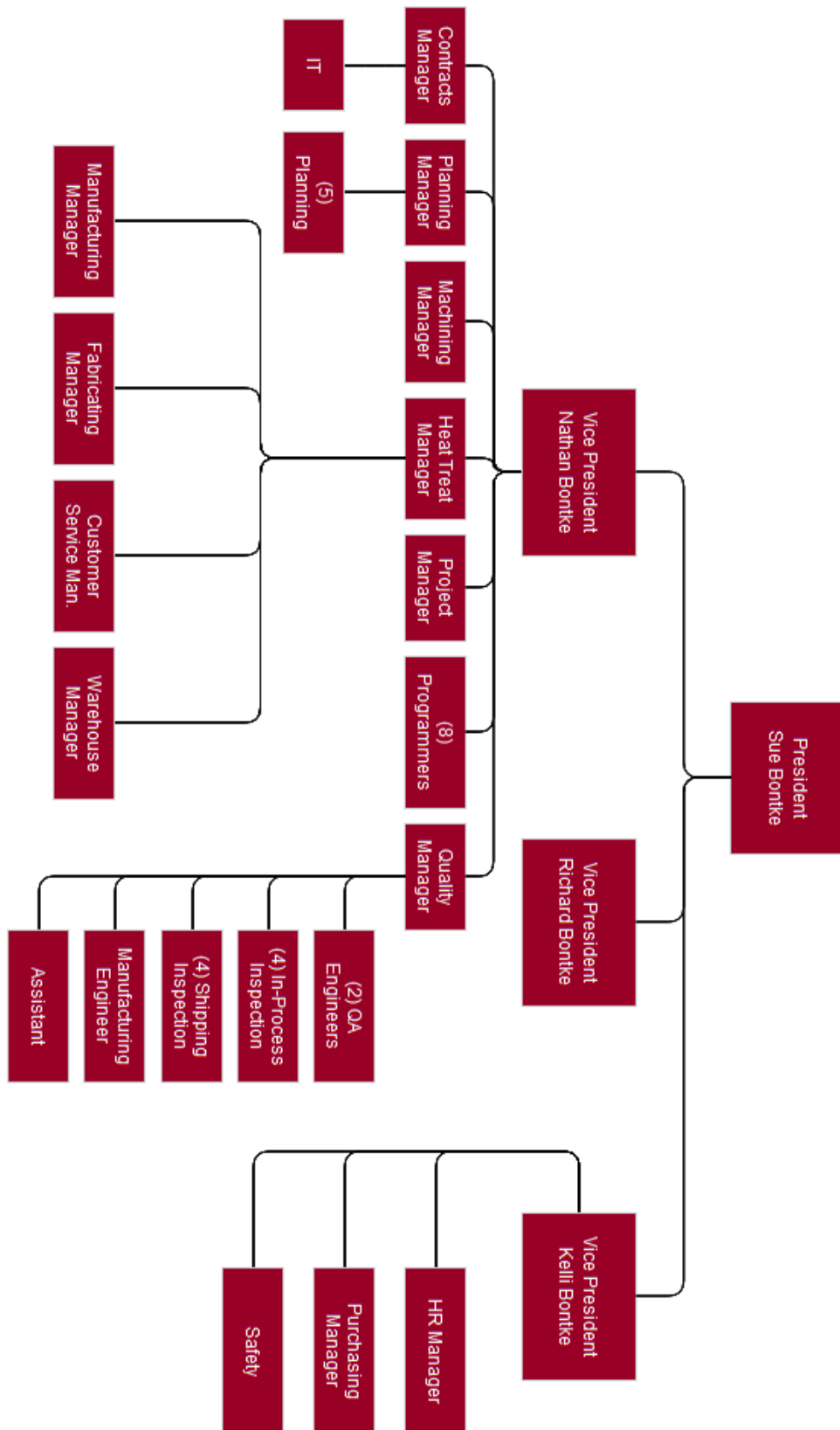
To satisfy these goals, Gamma has its 115+ employees manufacture and test parts in accordance with several quality certifications, including AS9100, NADCAP and ISO 9001. The company also continually invests in its facilities and equipment in order to fuel further growth. The firm’s emphasis on excellence has earned it several Supplier of the Year awards from such customers as Lockheed Martin and Triumph.

Gamma operates from a 100,000-square foot facility that features full-service, quality system certified manufacturing capabilities, tooling and expedite support services. In order to ensure that parts are manufactured and shipped efficiently, Gamma has segmented its facility into specialized work groups, such as the programming/tool design group and the precision machining group. This

arrangement, coupled with a floor control system and customized tracking software, enables the firm to quickly address clients' needs, as well as manage an extensive inventory of customer-supplied and Gamma-built tooling.

Gamma Engineering is organized as an "S" corporation with four shareholders who are all family members. The two most senior members would exit the business upon closing, while the remaining shareholders would stay on for a normal transition period. The organization structure (page 7) includes the four owners:

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II

PROCESSES & CAPABILITIES

Gamma performs several complex processes, including tooling design, complex sheet metal forming, multi-axis machining, heat treating, stretch forming, skin and extrusion stretching, subassembly, and other processes critical to the aircraft and aerospace industries.

In terms of machining, Gamma possesses 3-, 4-, and 5-axis CNC equipment capable of complex hog outs. The company can also perform hydro forming, draw forming, titanium hot forming, and brake forming, as well as aluminum heat treating and aging. The company is additionally capable of performing painting and finishing using primers, top coats, electrical bonding, and fuel tank coating. Gamma employs CATIA V5 for all tooling development and complex multi-axis CNC programming, alongside Calypso software and laser inspection, in order to meet all requirements for onsite testing and verification.

Moreover, Gamma provides storage, maintenance and tool control for customer-supplied tooling used in government contracts. The company currently houses several million dollars' worth of customer-owned tooling in its on-site warehouse.

III

INDUSTRIES & CUSTOMERS

Gamma's services are primarily oriented toward the aircraft and aerospace industries, with concentrations in both defense and commercial platforms (approximately 60/40 split). At present, Gamma supplies parts for several aircraft programs managed by Lockheed Martin (F-35 and F-16); Boeing (747, 787, 767 and 737), Bell Helicopter (V-22 and Huey) and Embraer Air (175). The top five platforms are F-35, V-22, F-16, 747 and 787, comprising 65% of 2015 revenues.

Gamma's top five customers are Triumph, Lockheed, Bell Helicopter, Boeing and Spirit Aero (comprising 85% of 2015 revenues). The company has long-standing relationships with Triumph, Lockheed, Bell and Boeing, with Spirit Aero coming on board in 2015. Most of Gamma's business is under long-term agreements or purchase orders. The company has a dedicated sales and quoting team.

Gamma believes that they have growth opportunities with both new and existing customers. In addition, partnering with a strong partner should lead to future growth opportunities.

IV FACILITIES & EQUIPMENT

Gamma is headquartered in Mansfield, Texas, a suburb that is about 30 minutes south of the Dallas/Fort Worth airport. The company's 100,000-square foot climate controlled facility is situated on seven acres of land and features room for expansion. The facility and land are owned by the corporation.



**Gamma –
Outside
Facility**

Image Source:
Google

**Gamma –
Inside Facility**

Image Source:
Gamma



Gamma possesses an impressive quantity of machining and forming equipment assets, and regularly invests in new tools. A current list of the firm's equipment and the respective acquisition prices is shown below.

Equipment	Quantity	Building No.	Acquisition Cost
Mazak 5 Axis 730	1	609	\$350,000
Mazak 730	1	609	\$350,000
Mazak Nexus 510 3 axis	2	609	\$150,000 (each)
Trumpf 200	2	613	\$180,000 (each)
Trumpf 500	1	613	\$150,000
Verson 19500 Ton Fluid bladder press	1	605	\$350,000
Lagan 250	1	605	\$150,000
Lagan 150	1	605	\$150,000
Lagan Press 350 ton	1	605	\$250,000
Heat Treat Furnace	3	605	\$200,000 (each)
Stretch Form Stretch form angle	1	605	\$150,000
Stretch Form Sheridan sheet stretch	1	605	\$300,000
Cyril Bath	1	605	\$1,000,000
2500 Ton Clearing	1	605	\$500,000
Baldwin 500 ton	1	605	\$100,000
Wire EDM Mitsubishi	1	609	\$100,000
Pullmax Brake Press	1	601	\$130,000
SNK RB200	1	613	\$1,400,000
Mori Seiki NMV 5000 Cell Machine	2	613	\$495,000 (each)
Mori Seiki NMV 5000 5 pallet	1	613	\$560,000
Mori Seiki NH6300	1	613	\$400,000
Duravertial 5100 Vertical Mach	4	613	\$360,000 (total)
SNK HPS 120B	2	613	\$1,400,000 (each)
SNK HPS 120B	1	613	\$1,200,000
SNK HPS 120B Auction	1	613	\$750,000
Mori Seiki NH400 Cell	1	613	\$650,000
Mori Seiki NV701111201	2	613	\$480,000 (each)
Mori Seiki NH401 Cell	1	613	\$500,000
Robo Drills	2	609	\$120,000 (each)
Mori Seiki (cryogenics)	2	613	\$450,000
Wire EDM	1	609	\$1,000,000
Mori Seiki	1	609	\$129,500
Miscellaneous Equipment	---	All	\$1,000,000

Gamma's many in-house processes and tools, previewed below, allow the company to be a complete provider of machined and formed aerospace structural parts.

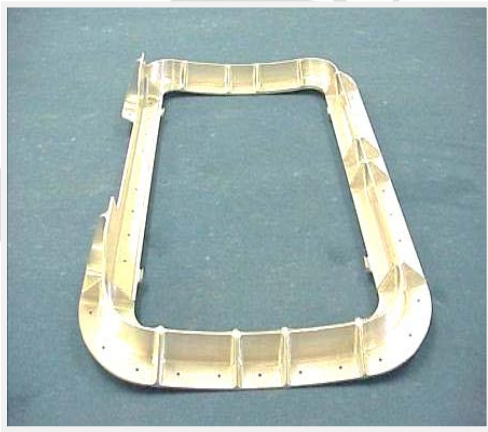
Three-Axis Machining Centers



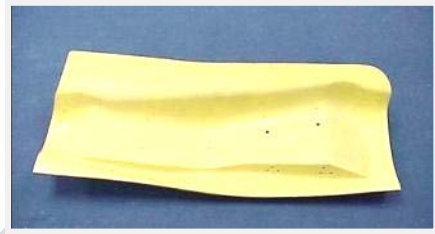
Four-Axis Machining Centers



Five-Axis Machining



Hydro Forming



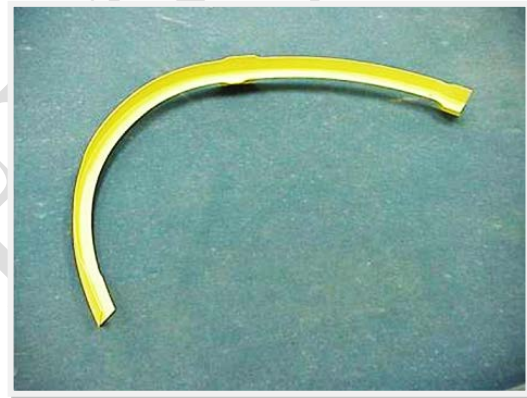
Draw Forming



Complex Contour Forming



Extrusion Stretch Forming



Large Contoured Stretch Forming



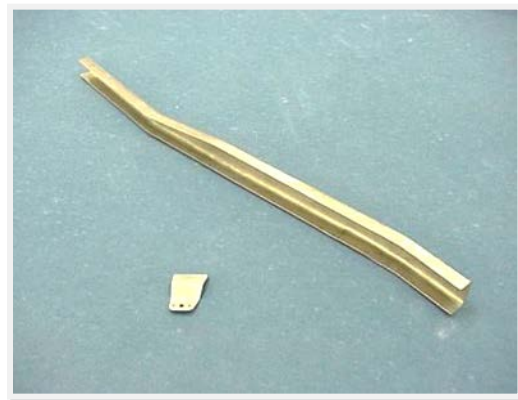
Bladder Press Forming



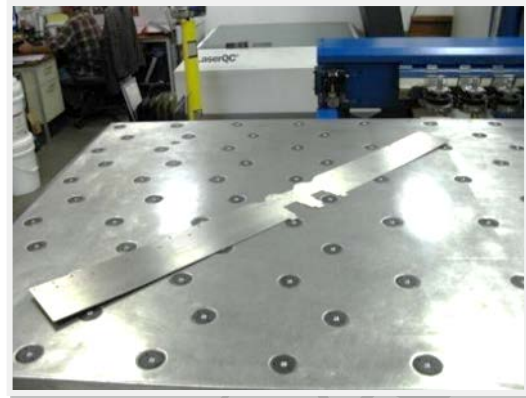
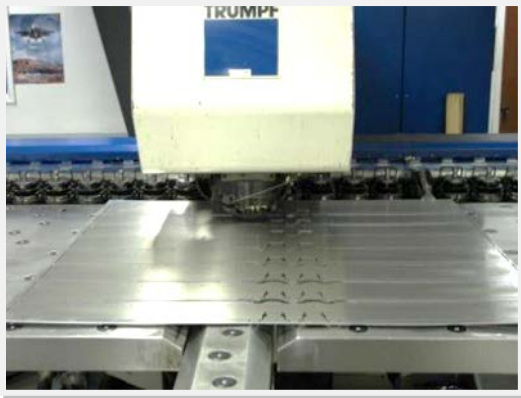
Five-Axis Okuma with Pallet Changer



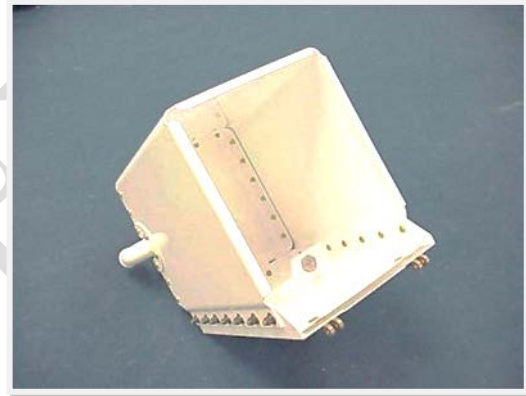
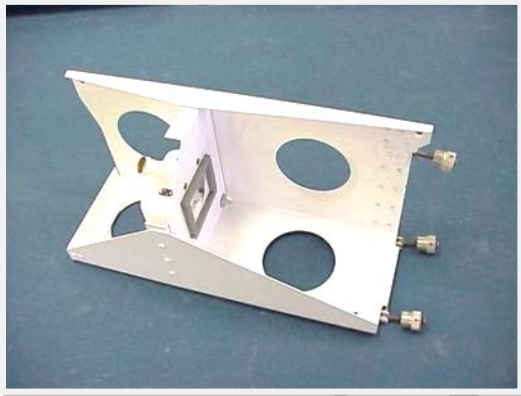
Titanium Hot Forming



CNC Punch Press



Mechanical Assembly



In-Process Inspection



VI

SUMMARY DATA

Operations

- * Monday thru Thursday: 24 hours, until noon on Fridays. Friday afternoon and weekends for high-need equipment.
- * 115 employees

Ownership/Management

- * Texas S-Corporation formed in 1971
- * 4 family members

Locations/Facilities

- * Mansfield, Texas
- * 100,000-square foot facility on 7 acres of property
- * Features a wide array of equipment for machining, forming, heat treating, assembly, painting, inspecting, testing and expediting, as well as on-site warehouse for storing customer-supplied and in-house toolings

Marketing

- * Company website: <http://www.gammaeng.com>
- * Company video: www.youtube.com/watch?v=2eMUgWYs1vE
- * Company has successfully relied on recurring customers, word-of-mouth and a dedicated sales and quoting team to drive growth