



### Quarterly Update

- Aerospace and defense transactions continued to slow in the third quarter of 2022. Strategic acquirers were more active than financial sponsors.
- Motion control technologies manufacturer, Parker-Hannifin, acquired the previously publicly traded and leading air component manufacturer, Meggitt PLC, for over \$6.9 billion. Meggitt will now operate under Parker's aerospace division. During this same period, Parker Hannifin divested its wheel and brake division to Kaman.
- EdgePoint's Aerospace and Defense Index indicated that the defense and component subsectors began to outperform the market. Airframe & engine OEMs continue to underperform the market.
- Acquirers, primarily strategics, continue to pursue acquisitions in the aerospace & defense industry, particularly focusing on manufacturers of aerospace components and assemblies.
- The ISM Purchasing Manager's Index fell in September to 50.9, which marks it as the slowest growth since 2020.
- EdgePoint expects deal activity to remain steady for the rest of 2022. Key issues to watch include the mid-term elections, jobless claims, and inflation.

### Recent Industrials Transactions (Selected)



**For more information and insights, please contact the EdgePoint Industrials Group:**



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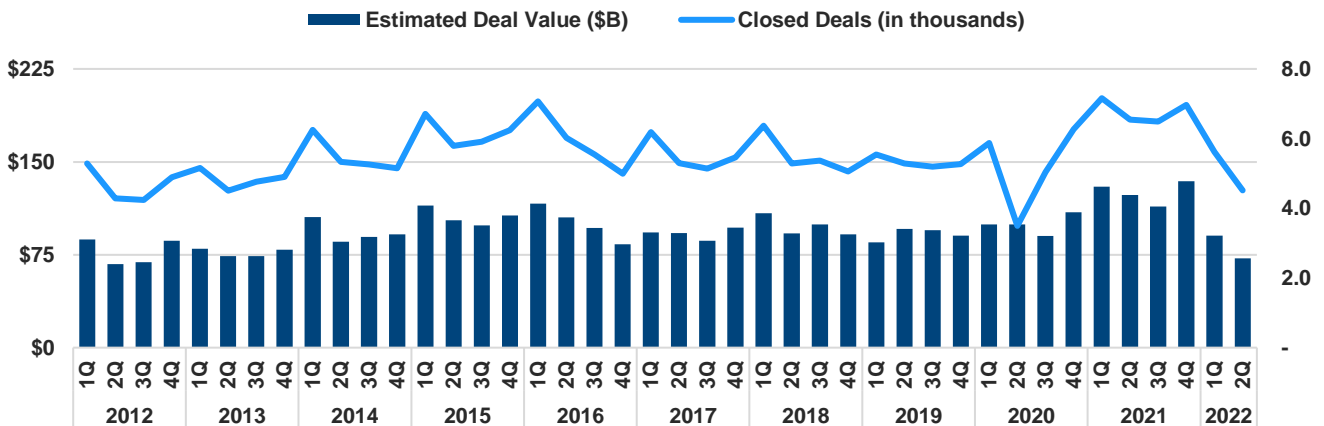
# Industrials: Aerospace & Defense | September 2022

## Recent Aerospace & Defense Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Pearson Engineering Limited/Responsive Engineering Limited	Sep 28	Rafael Advanced Defense Systems	EMEA	Strategic
EMI Solutions, Inc.	Sep 27	Mobix Labs, Inc.	US	Strategic
Groupe ROSSI AERO, SAS	Sep 19	Mecachrome France SAS	EMEA	Financial-Backed Strategic
Aircraft Wheel and Brake Division of Parker-Hannifin Corporation	Sep 16	Kaman Corporation	US	Strategic
Siz Technologies, Inc.	Sep 13	Antenna Research Associates, Inc.	US	Financial-Backed Strategic
All assets of Masten Space Systems, Inc.	Sep 13	Astrobotic Technology, Inc.	US	Financial-Backed Strategic
Meggitt PLC	Sep 12	Parker-Hannifin Corporation	EMEA	Strategic
Pacific Contours Corporation	Sep 7	PCX Aerostructures, LLC	US	Financial-Backed Strategic
NuSpace, Inc.	Sep 2	PCX Aerostructures, LLC	US	Financial-Backed Strategic
WeAre Group	Aug 30	Mecachrome France SAS	EMEA	Financial-Backed Strategic
Trac Precision Machining Limited	Aug 22	RCapital Partners LLP	EMEA	Financial
Sensor Systems, Inc.	Aug 10	Electronic Technologies Group, Inc.	US	Strategic
ACATEC S.L.	Aug 4	Ace Capital Partners; Aerofund, FCPR	EMEA	Financial
Interstellar Technologies Inc.	Aug 1	Satudora Holdings Co.,Ltd.	APAC	Strategic
Aerostar International, Inc.	Jul 29	TCOM Holdings, LLC	US	Strategic
Composite thermo-compression activity of TECALEMIT AEROC	Jul 29	Airbus Atlantic Sas	EMEA	Strategic
Styles Aviation, Inc.	Jul 27	GracoRoberts	US	Financial-Backed Strategic
Acom Welding LTD.	Jul 26	Aerospace Welding Minneapolis, Inc.	Canada	Strategic
Inster Tecnología y Comunicaciones S.A.	Jul 6	OESÍA NETWORKS, S.L.	EMEA	Financial-Backed Strategic

Source: S&P Capital IQ (September 30, 2022)

## Global Lower-Middle Market Quarterly Deal Flow



Lower-middle market refers to deals valued at \$100 million or less

Source: Pitchbook (August 12, 2022)

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## EdgePoint Public Comparable Index Constituents

### Aerospace and Defense

#### Airframe and Engine OEMs

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E		LTM	3-Yr. CAGR		
Airbus SE	\$ 65,928	17.9%	12.5%	\$ 6,824	\$ 7,722	9.9x	8.6x	\$ 54,696	-5.9%	-9.1%	\$ 87.16	73.4%
The Boeing Company	117,748	6.0%	0.2%	119	4,254	236.0x	27.7x	60,743	-1.5%	-13.0%	121.08	51.8%
General Electric Company	86,892	25.5%	10.5%	7,827	8,737	9.8x	9.9x	74,559	-0.4%	-7.9%	61.91	53.3%
Rolls-Royce Holdings plc	13,033	20.4%	8.7%	1,239	1,403	8.3x	8.9x	14,167	6.2%	-10.2%	0.78	43.0%
Safran SA	40,037	50.0%	18.4%	3,312	3,386	12.4x	11.8x	17,977	17.3%	-10.7%	92.18	76.4%
<b>Median</b>		<b>20.4%</b>	<b>10.5%</b>	<b>3,312</b>	<b>4,254</b>	<b>9.9x</b>	<b>9.9x</b>	<b>54,696</b>	<b>-0.4%</b>	<b>-10.2%</b>	<b>87.16</b>	<b>53.3%</b>
<b>Mean</b>		<b>24.0%</b>	<b>10.1%</b>	<b>3,864</b>	<b>5,100</b>	<b>55.3x</b>	<b>13.4x</b>	<b>44,428</b>	<b>3.2%</b>	<b>-10.2%</b>	<b>72.62</b>	<b>59.6%</b>

#### Component Manufacturers

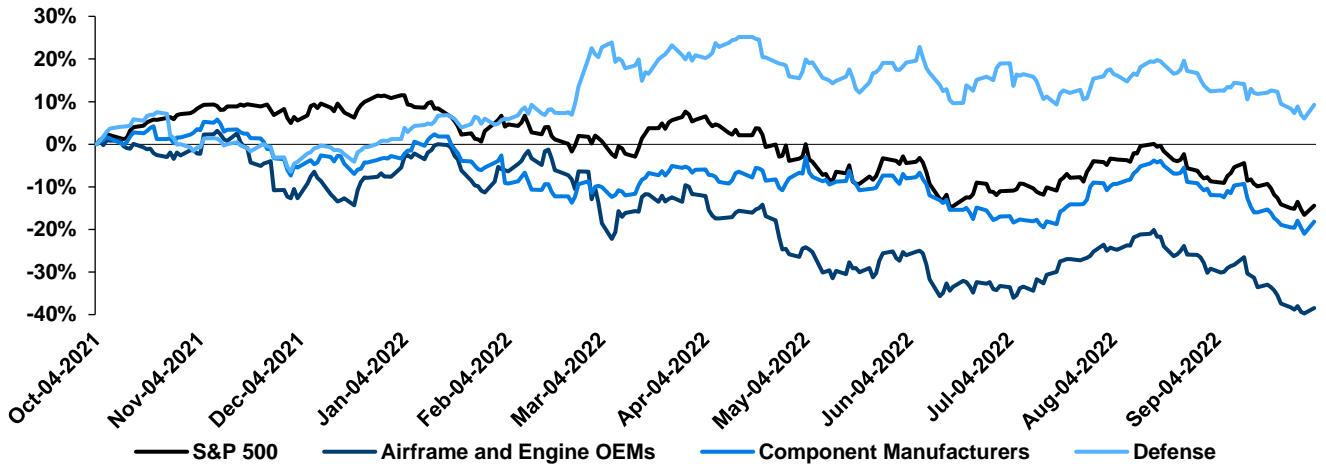
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E		LTM	3-Yr. CAGR		
Allegheny Technologies Incorporated	\$ 5,049	16.8%	13.8%	\$ 453	\$ 567	10.3x	8.9x	\$ 3,285	28.1%	-7.4%	\$ 26.61	79.9%
Astronics Corporation	395	11.9%	-2.4%	(11)	13	NM	29.5x	473	8.0%	-16.5%	7.86	52.6%
Honeywell International Inc.	124,558	32.1%	24.3%	8,375	8,907	14.3x	14.0x	34,459	1.5%	-3.7%	166.97	73.1%
Moog Inc.	3,118	27.2%	11.3%	338	378	8.5x	8.3x	2,992	5.6%	1.8%	70.35	78.2%
Triumph Group, Inc.	2,013	25.5%	11.2%	158	165	11.4x	12.2x	1,413	-20.2%	-24.3%	8.59	30.8%
Woodward, Inc.	5,521	22.6%	14.9%	346	377	15.0x	14.6x	2,313	4.8%	-7.1%	80.26	62.2%
<b>Median</b>		<b>24.1%</b>	<b>12.5%</b>	<b>342</b>	<b>377</b>	<b>11.4x</b>	<b>13.1x</b>	<b>2,653</b>	<b>5.2%</b>	<b>-7.3%</b>	<b>48.48</b>	<b>67.7%</b>
<b>Mean</b>		<b>22.7%</b>	<b>12.2%</b>	<b>1,610</b>	<b>1,735</b>	<b>11.9x</b>	<b>14.6x</b>	<b>7,489</b>	<b>4.6%</b>	<b>-9.6%</b>	<b>60.11</b>	<b>62.8%</b>

#### Defense Contractors

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2022E		LTM	3-Yr. CAGR		
BAE Systems plc	\$ 33,446	62.9%	10.7%	\$ 2,592	\$ 3,407	11.8x	9.7x	\$ 24,207	2.5%	4.7%	\$ 8.80	92.2%
General Dynamics Corporation	69,023	17.0%	13.7%	5,280	5,147	12.2x	13.4x	38,441	-0.2%	0.1%	212.17	83.2%
L3Harris Technologies, Inc.	47,255	30.2%	20.9%	3,517	3,722	12.8x	12.7x	16,817	-8.4%	0.0%	207.83	74.3%
Lockheed Martin Corporation	112,295	13.4%	11.1%	7,152	9,785	14.9x	11.5x	64,167	-4.0%	3.7%	386.29	80.5%
Northrop Grumman Corporation	86,097	20.9%	25.1%	8,757	4,919	9.3x	17.4x	34,957	-7.0%	2.1%	470.32	91.2%
Raytheon Technologies Corporation	150,304	20.2%	17.3%	11,269	12,203	12.7x	12.3x	65,287	4.8%	4.7%	81.86	77.2%
<b>Median</b>		<b>20.6%</b>	<b>15.5%</b>	<b>6,216</b>	<b>5,033</b>	<b>12.4x</b>	<b>12.5x</b>	<b>36,699</b>	<b>-2.1%</b>	<b>2.9%</b>	<b>210.00</b>	<b>81.8%</b>
<b>Mean</b>		<b>27.4%</b>	<b>16.5%</b>	<b>6,428</b>	<b>6,530</b>	<b>12.3x</b>	<b>12.8x</b>	<b>40,646</b>	<b>-2.1%</b>	<b>2.6%</b>	<b>227.88</b>	<b>83.1%</b>

Source: S&P Capital IQ (September 30, 2022)

## EdgePoint Comparable Index Trailing Twelve Months Stock Performance

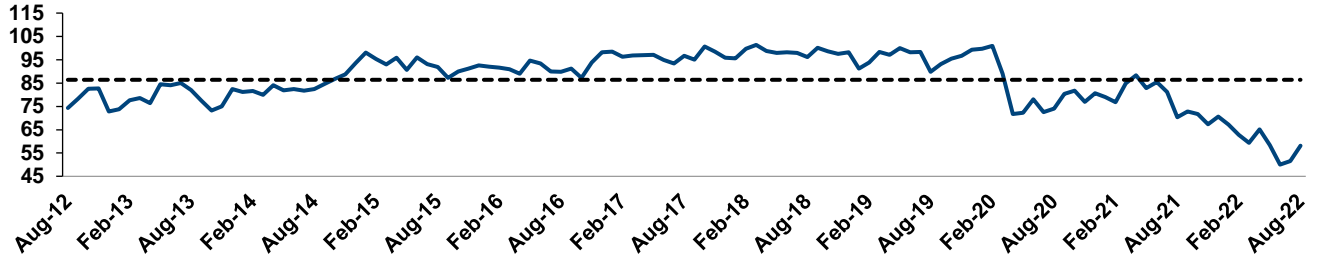


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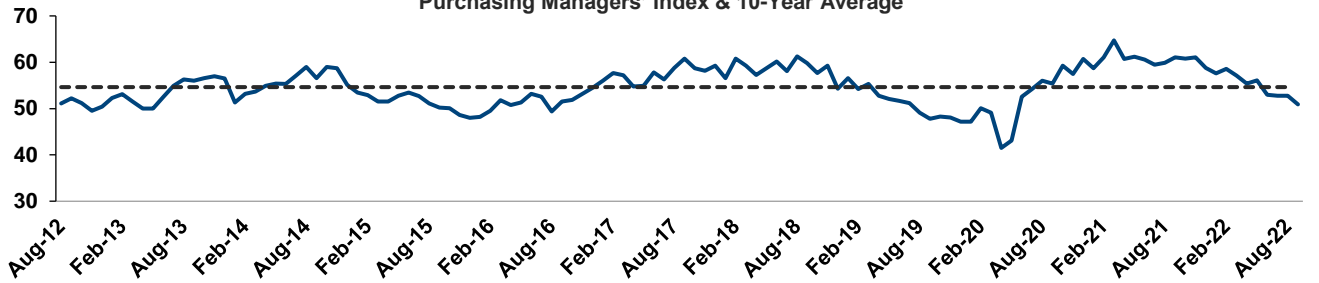
## Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



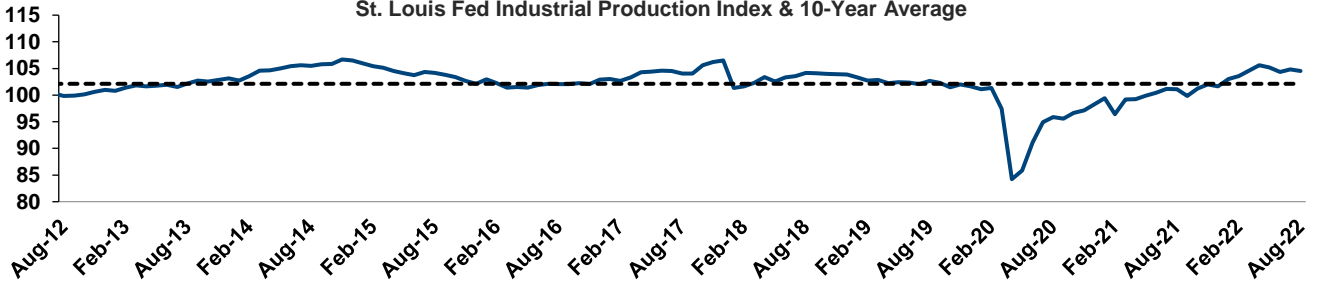
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



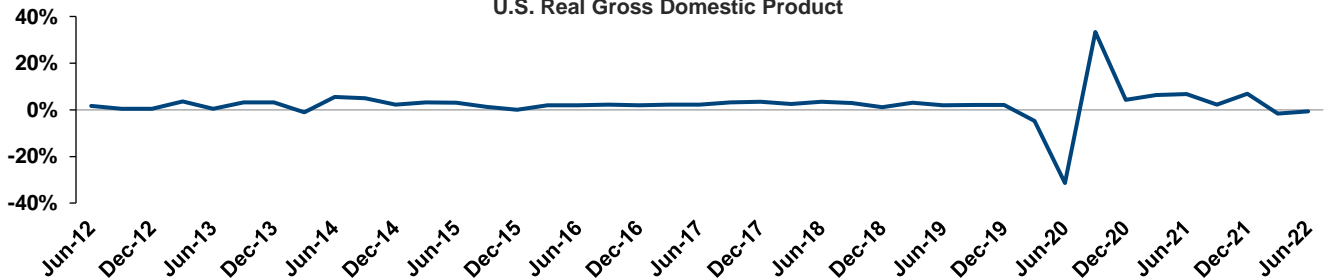
Source: Institute for Supply Management

St. Louis Fed Industrial Production Index & 10-Year Average



Source: The Federal Reserve Bank of St. Louis

U.S. Real Gross Domestic Product



Source: Bureau of Economic Analysis