



Quarterly Update

- Precision Manufacturing deal volume has remained steady at the start of 2023. Strategic and financial-backed acquirers were particularly active, especially in pursuing industrial valve and precision machining businesses.
- Notably, Flowserve Corporation (NYSE:FLS) announced it will acquire Velan Inc. (TSX:VLN) for nearly \$245 million. Velan is a manufacturer of steel valves across various industrial markets, including oil & gas, marine, nuclear power, mining, and chemicals.
- EdgePoint's Precision Manufacturing Index has performed consistent with the overall market in early 2023, rising slightly in January and remaining steady in February.
- The Industrial Production Index declined slightly in October but remains above the 10-year average.
- EdgePoint expects Precision Manufacturing deal volume to increase throughout 2023. Key issues to watch include Congress's handling of the U.S. debt ceiling and the effect of the Fed's interest rate policy on economic growth and unemployment.

Recent Industrials Transactions (Selected)

JML OPTICAL
Custom Optics • Precision Optics
a portfolio company of
Five Points CAPITAL
has been acquired by
THORLABS

SMEDE-SON STEEL
Established 1954
& Supply Company, Inc.
has been acquired by
CREDO
PRIVATE CAPITAL
and
LEELANAU
PRIVATE CAPITAL

SURPLUS CITY
HVAC & SUPPLIES
has been acquired by
FOXHOLE
GROUP

PI PRINCE IZANT
CUSTOMER FOCUSED. SOLUTION DRIVEN.
has been
recapitalized by
INDUSTRIAL GROWTH PARTNERS

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



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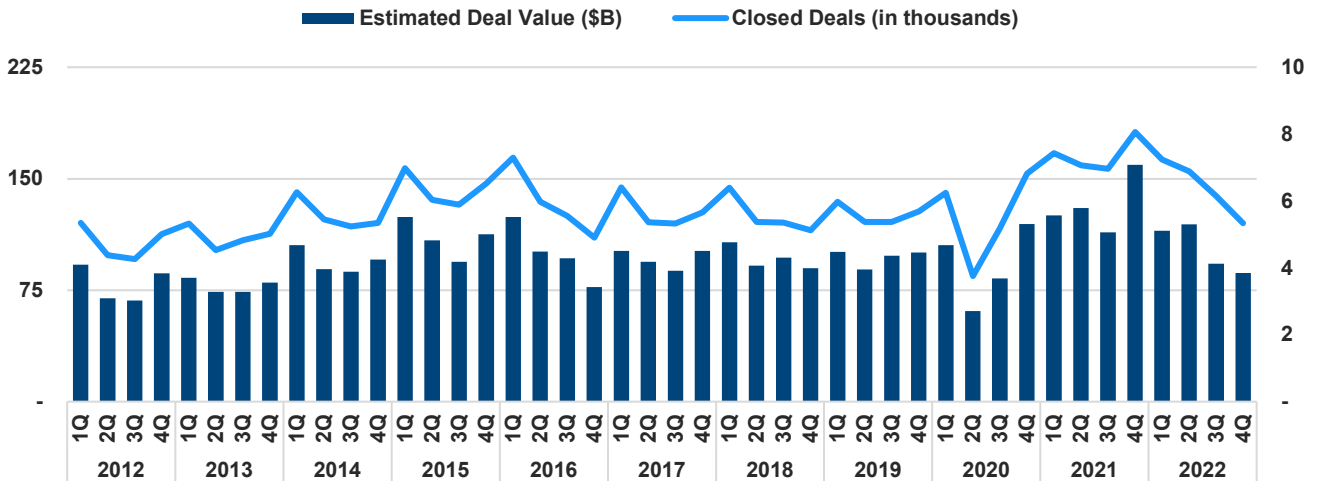
Industrials: Precision Manufacturing | February 2023

Recent Precision Manufacturing Transactions (Selected)

Target	Date	Buyer / Investor	Region (Target)	Buyer / Investor Type
Jet Gasket & Seal Company	Feb 28	Marco Rubber & Plastics, LLC	United States	Financial-Backed Strategic
D&R Machine Company, Inc.	Feb 28	Cadrex Manufacturing Solutions	United States	Financial-Backed Strategic
Flowtrend, Inc.	Feb 24	Flow Control Holdings, LLC	United States	Financial-Backed Strategic
Crestchic Plc	Feb 22	Aggreko Limited	EMEA	Financial-Backed Strategic
Enduro Composites, Inc.	Feb 20	Hill & Smith PLC	United States	Strategic
Gem Manufacturing Co., Inc.	Feb 14	CORE Industrial Partners	United States	Financial
Velan Inc.	Feb 10	Flowserve Corporation	Canada	Strategic
Precision Shapes, Inc.	Feb 8	Prince Industries, Inc.	United States	Financial-Backed Strategic
Ihara Science Corporation	Feb 8	NIM Co., Ltd.	APAC	Strategic
DKH Metaalbewerking B.V.	Feb 6	Andra Tech Group B.V.	EMEA	Financial-Backed Strategic
Clark Manufacturing Company	Feb 1	Century, Inc.	United States	Financial-Backed Strategic
CMT Materials, Inc.	Feb 1	ESCO Technologies Inc.	United States	Strategic
Nadella S.p.A.	Jan 30	The Timken Company	EMEA	Strategic
Garlock Pipeline Technologies, Inc.	Jan 30	Branford Castle Partners, L.P	United States	Financial
Schultes Precision Manufacturing, Inc.	Jan 30	Helios Technologies, Inc.	United States	Strategic
Mid-State Bolt and Nut Co., Inc.	Jan 27	Derry Enterprises, Inc.	United States	Strategic
Cameron Tool Company, LLC	Jan 27	Tool Tech LLC	United States	Strategic
Storage Solutions, Inc.	Jan 25	Jungheinrich Aktiengesellschaft	United States	Strategic
Cotta Transmission Company, LLC	Jan 19	Salt Creek Capital	United States	Financial
Swiss Precision Turning, Inc.	Jan 17	Geokon, Incorporated	United States	Strategic
Saje Enterprises, Inc.	Jan 17	The Heico Companies LLC	United States	Financial
Edge Precision Manufacturing	Jan 9	Zeon Corporation	United States	Strategic
Metal-Fab, Inc.	Jan 3	Olympic Steel, Inc.	United States	Strategic
Resolute Industrial, LLC	Dec 28	Aggreko, LLC	United States	Financial-Backed Strategic
Metal Forming and Coining, LLC	Dec 27	Veritas Capital	United States	Financial
T & T Machine Inc.	Dec 19	Precision Manufacturing Enterprise	United States	Strategic
Recapitalization of Nidec Okk Corporation	Dec 12	Nidec Corporation	APAC	Strategic
Centric Machining Solutions LLC	Dec 2	Continuum Equity Partners	United States	Financial

Source: S&P Capital IQ (February 28, 2023)

Global Lower-Middle Market Quarterly Deal Flow



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

Source: Pitchbook (January 31, 2023)

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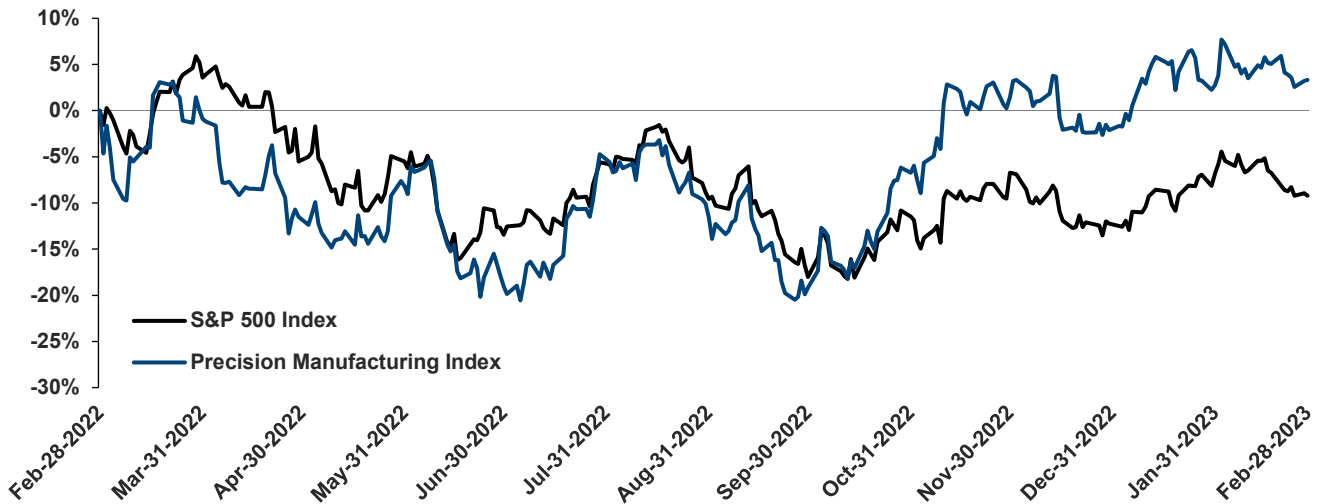
EdgePoint Public Comparable Index Constituents

Precision Manufacturing Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E	LTM	LTM	3-Yr. CAGR	Price	
AB SKF	\$ 103,801	25.4%	12.4%	\$ 12,039	\$ 14,210	8.4x	7.3x	\$ 96,933	18.6%	4.1%	\$ 199.35	93.0%
Atlas Copco AB	632,116	42.0%	25.9%	36,549	37,898	16.7x	16.1x	141,325	27.4%	10.8%	124.68	91.4%
Celestica Inc.	2,555	8.8%	5.7%	415	494	4.8x	4.0x	7,250	28.7%	7.2%	17.63	92.6%
Cummins Inc.	41,548	24.0%	13.5%	3,787	4,737	9.6x	8.8x	28,074	16.9%	6.0%	243.08	93.7%
Enovis Corporation	3,413	56.5%	13.1%	205	260	19.5x	13.1x	1,563	9.6%	-22.3%	57.62	46.7%
ESCO Technologies Inc.	2,549	38.7%	18.6%	165	187	14.9x	13.6x	886	21.4%	6.5%	93.19	91.8%
Jabil Inc.	13,325	7.8%	7.0%	2,406	2,672	5.2x	5.0x	34,546	15.1%	9.5%	83.03	97.8%
Melrose Industries PLC	7,713	14.3%	7.0%	524	1,039	14.5x	9.1x	7,537	9.5%	-11.8%	1.50	88.5%
NN, Inc.	345	15.6%	5.6%	28	56	7.1x	7.5x	499	4.4%	0.6%	1.84	51.0%
NSK Ltd.	606,134	19.8%	9.0%	84,097	100,230	6.9x	6.0x	932,566	9.7%	2.1%	754.00	93.9%
Plexus Corp.	2,966	9.3%	6.6%	269	302	10.4x	9.8x	4,088	21.8%	7.9%	95.89	83.1%
RBC Bearings Incorporated	8,048	40.6%	29.6%	424	456	18.6x	17.7x	1,434	92.6%	25.6%	229.81	86.7%
The Timken Company	7,952	28.5%	18.3%	823	915	9.3x	8.7x	4,497	8.8%	5.9%	85.45	97.3%
Westinghouse Air Brake Technologies Corporation	22,679	30.9%	17.9%	1,496	1,686	14.4x	13.5x	8,362	6.9%	0.7%	104.33	97.4%
Median		24.7%	12.8%	673	977	10.0x	8.9x	7,394	16.0%	5.9%	94.5	92.2%
Mean		25.9%	13.6%	10,230	11,796	11.5x	10.0x	90,683	20.8%	3.8%	149.4	86.1%

Source: S&P Capital IQ (February 28, 2023)

EdgePoint Public Comparable Index Trailing Twelve Months Stock Performance

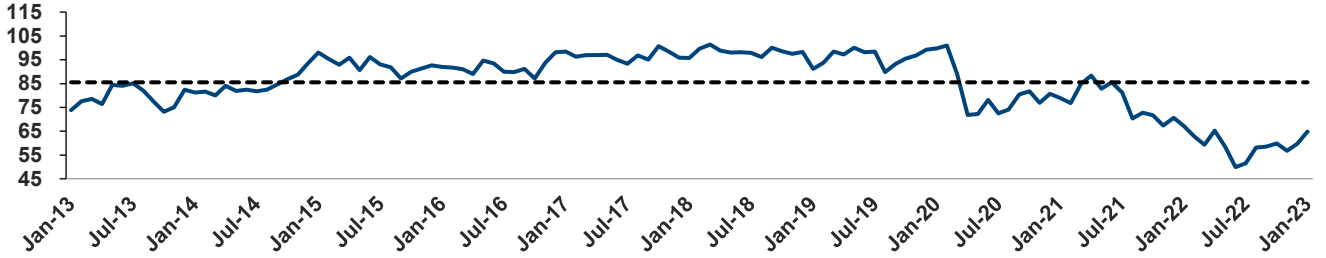


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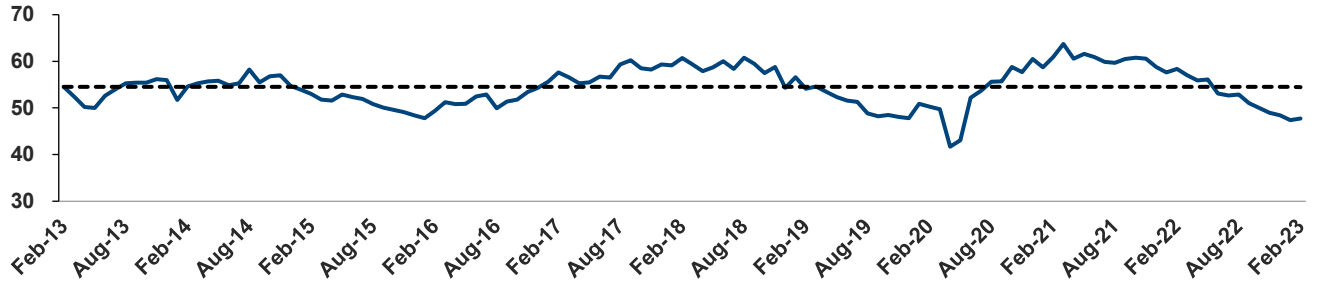
Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



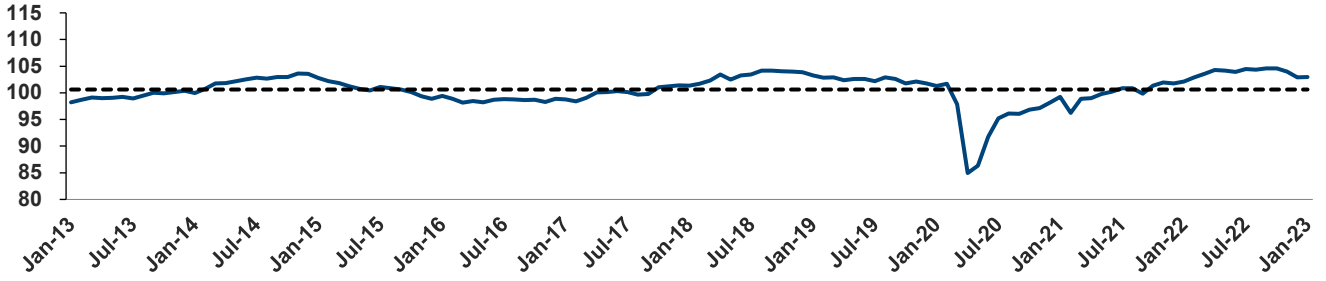
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



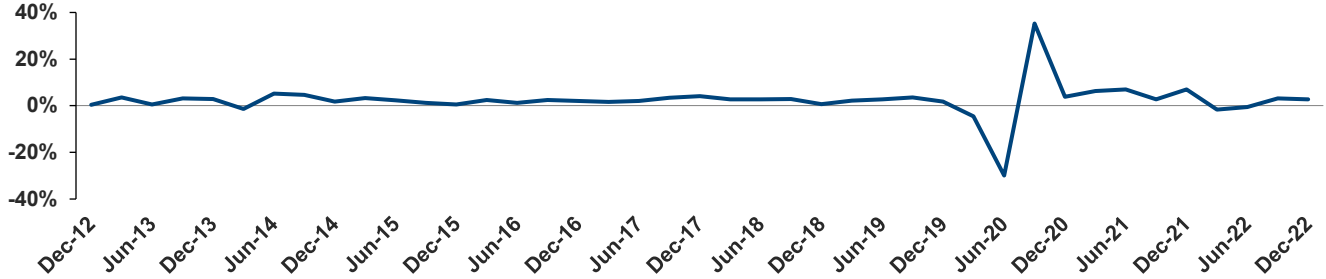
Source: Institute for Supply Management

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



Source: The Federal Reserve Bank of St. Louis

U.S. Real Gross Domestic Product Growth



Source: Bureau of Economic Analysis