



Quarterly Update

- First quarter 2023 deal activity in the aerospace and defense sector was steady from the prior period. Strategics, such as Transdigm Group (NYSE: TDG), were the most active.
- Transdigm Group announced its agreement to acquire Calspan Corporation for \$725 million. Calspan specializes in engineering, testing, evaluation and research for aerospace, automotive, and safety products.
- Industry-wide consolidation in the aerospace and defense industry is likely to continue. First quarter 2023 activity was centered on defense equipment as well as MRO for fixed-wing and rotorcraft.
- Through the first quarter of 2023, EdgePoint's Airframe and Engine OEM sub-index outperformed the S&P 500. Component Manufacturer and Defense sub-indices have traded in-line with the broader market.
- March Manufacturing PMI registered 46.3 percent, 1.4 percentage points lower than the 47.7 percent recorded in February, the fourth month of manufacturing sector contraction after a 30-month period of expansion.
- EdgePoint expects the sector to remain active in 2023. Key issues to watch include rising geopolitical tensions and the federal government's budget proposal.

Recent Industrials Transactions (Selected)

JML OPTICAL
Custom Optics • Precision for Production
a portfolio company of

Five Points
CAPITAL

has been acquired by

THORLABS

SMEDE-SON STEEL
& Supply Company, Inc.
Established 1924

has been acquired by

CREDO
PRIVATE CAPITAL

and

LEELANAU
PRIVATE CAPITAL

SURPLUS CITY
HVAC & SUPPLIES

has been acquired by

FOXHOLE
GROUP

PI PRINZ
IZANT
CORPORATE FINANCIAL SERVICES GROUP

has been
recapitalized by

INDUSTRIAL GROWTH PARTNERS

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



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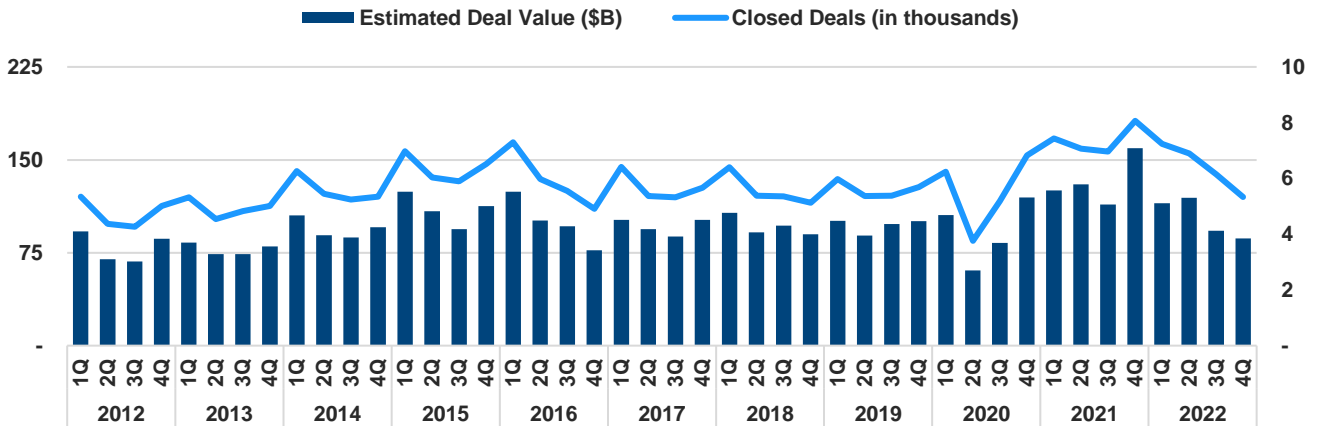
Industrials: Aerospace & Defense | March 2023

Recent Aerospace & Defense Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Trust International Group LLC	Mar 27	EDGE Group PJSC	EMEA	Strategic
BLR Aerospace, LLC	Mar 21	Ducommun Incorporated	United States	Strategic
General Robotics Ltd.	Mar 16	Sig Sauer, Inc.	EMEA	Strategic
Calspan Corporation	Mar 14	TransDigm Group Incorporated	United States	Strategic
ZIN Technologies, Inc.	Mar 13	Voyager Space Holdings, Inc.	United States	Strategic
DataPath, Inc.	Mar 9	Gilat Satellite Networks Ltd.	United States	Strategic
Ace Aeronautics, LLC	Mar 8	International Defense & Aerospace Group, LLC	United States	Strategic
Linearizer Communications Group	Mar 6	MACOM Technology Solutions Holdings, Inc.	United States	Strategic
Herley Industries, Inc.	Mar 6	Cobham Advanced Electronic Solutions Inc.	United States	Financial-Backed Strategic
Recapitalization of Aerospace Technology Global	Mar 3	AeroSpace Technology of Korea Inc.	APAC	Strategic
Ford Aerospace Limited	Mar 2	SPIROL International Corporation	EMEA	Strategic
Constant Aviation, LLC	Feb 22	Flexjet, LLC.	United States	Strategic
Launcher Inc.	Feb 21	Vast	United States	Strategic
Milrem AS	Feb 15	EDGE Group PJSC	EMEA	Strategic
Worldwide Aircraft Services, Inc.	Feb 6	Air T, Inc.	United States	Strategic
Western Jet Aviation, Inc.	Feb 2	StandardAero, Inc.	United States	Financial-Backed Strategic
Helicópteros do Brasil S.A.	Jan 23	Airbus Helicopters SAS	EMEA	Strategic
Global Technology & Management Resources, Inc.	Jan 18	Castellum, Inc.	United States	Strategic
IF Armor International, LLC	Jan 17	The Armored Group, LLC	United States	Strategic
Barrett Firearms Manufacturing, Inc.	Jan 16	Nioa Nominees Pty. Limited	United States	Strategic
Dzyne Technologies Incorporated	Jan 5	Highlander Partners, L.P.	United States	Financial
New Matco, Inc.	Jan 4	National Machine Company	United States	Strategic
Blackhawk Modifications, Inc.	Jan 3	AVEX, Inc.	United States	Financial-Backed Strategic

Source: S&P Capital IQ (March 31, 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)

Industrials: Aerospace & Defense | March 2023

EdgePoint Public Comparable Index Constituents

Aerospace and Defense

Airframe and Engine OEMs

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E	LTM	LTM	3-Yr. CAGR		
Airbus SE	\$ 91,645	17.8%	12.8%	\$ 7,534	\$ 8,784	11.6x	10.4x	\$ 58,763	12.7%	-5.9%	\$ 123.28	97.8%
The Boeing Company	168,680	8.7%	2.5%	1,647	5,439	81.6x	31.0x	66,608	6.9%	-4.5%	212.43	96.0%
General Electric Company	118,425	24.2%	11.0%	8,454	6,924	12.2x	17.1x	76,555	3.2%	-5.3%	95.60	99.9%
Rolls-Royce Holdings plc	15,945	20.4%	9.5%	1,285	1,767	9.9x	9.0x	13,520	20.5%	-6.6%	1.49	93.1%
Safran SA	58,712	47.8%	19.0%	3,746	4,414	15.0x	13.3x	19,674	28.6%	-8.0%	136.54	98.7%
Median		20.4%	11.0%	3,746	5,439	12.2x	13.3x	58,763	12.7%	-5.9%	123.28	97.8%
Mean		23.8%	11.0%	4,533	5,466	26.1x	16.2x	47,024	14.4%	-6.1%	113.87	97.1%

Component Manufacturers

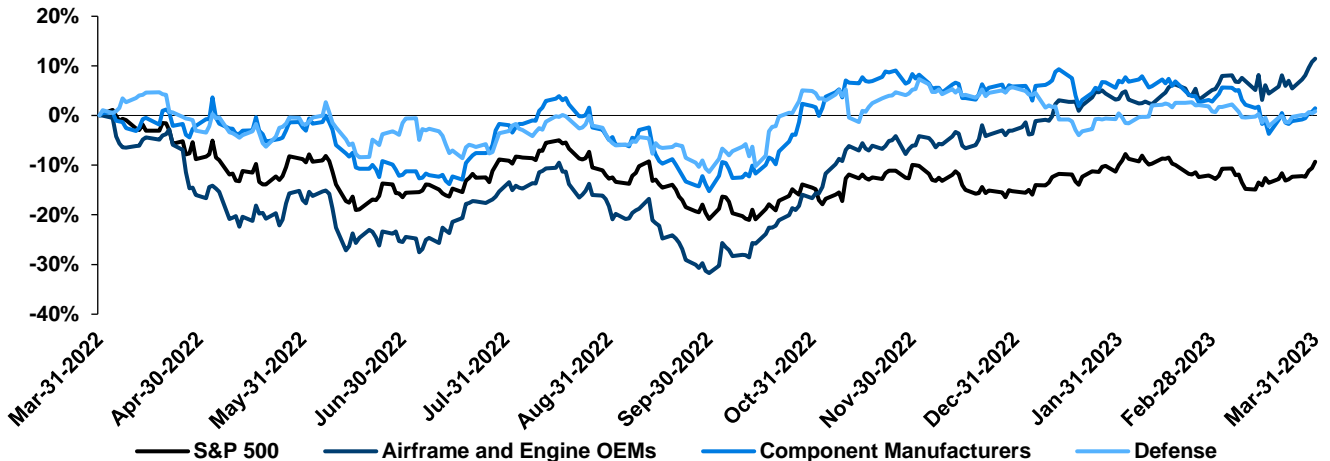
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E	LTM	LTM	3-Yr. CAGR		
Allegheny Technologies Incorporated	\$ 6,401	18.6%	14.1%	\$ 542	\$ 601	11.1x	10.7x	\$ 3,836	37.0%	-2.4%	\$ 39.46	91.1%
Astronics Corporation	596	12.2%	-1.3%	(7)	45	NM	13.1x	535	20.2%	-11.5%	13.36	83.6%
Honeywell International Inc.	138,751	32.8%	23.3%	8,274	9,364	16.2x	14.8x	35,466	3.1%	-1.1%	191.12	86.5%
Moog Inc.	4,092	27.1%	11.8%	361	422	10.5x	9.7x	3,072	6.2%	1.0%	100.75	98.1%
Parker-Hannifin Corporation	56,366	28.2%	21.3%	3,657	4,178	14.8x	13.5x	17,182	12.4%	6.6%	336.11	92.2%
Triumph Group, Inc.	2,245	26.7%	10.9%	149	199	13.4x	11.3x	1,372	-10.9%	-23.6%	11.59	43.3%
Woodward, Inc.	6,577	21.5%	13.2%	324	416	18.8x	15.8x	2,460	9.3%	-6.1%	97.37	77.1%
Median		26.7%	13.2%	361	422	14.1x	13.1x	3,072	9.3%	-2.4%	97.37	86.5%
Mean		23.9%	13.3%	1,900	2,175	14.1x	12.7x	9,132	11.1%	-5.3%	112.82	81.7%

Defense Contractors

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E	LTM	LTM	3-Yr. CAGR		
BAE Systems plc	\$ 34,000	66.2%	11.9%	\$ 2,521	\$ 3,198	11.7x	10.6x	\$ 21,258	8.9%	5.1%	\$ 9.83	99.1%
General Dynamics Corporation	73,453	16.8%	13.9%	5,485	5,375	12.5x	13.7x	39,407	2.4%	0.0%	228.21	88.8%
L3Harris Technologies, Inc.	44,390	28.9%	16.8%	2,867	3,538	14.6x	12.5x	17,062	-4.2%	-2.7%	196.24	74.1%
Lockheed Martin Corporation	134,418	12.7%	13.1%	8,620	9,814	14.9x	13.7x	65,984	-1.6%	3.3%	472.73	94.7%
Northrop Grumman Corporation	82,659	20.4%	21.0%	7,680	5,343	10.2x	15.4x	36,602	2.6%	2.6%	461.72	83.0%
Raytheon Technologies Corporation	172,011	20.4%	16.9%	11,324	13,247	14.6x	13.0x	67,074	4.2%	13.9%	97.93	90.0%
Median		20.4%	15.4%	6,583	5,359	13.5x	13.3x	38,005	2.5%	3.0%	212.23	89.4%
Mean		27.6%	15.6%	6,416	6,753	13.1x	13.2x	41,231	2.1%	3.7%	244.44	88.3%

Source: S&P Capital IQ (March 31, 2023)

EdgePoint Comparable Index Trailing Twelve Months Stock Performance

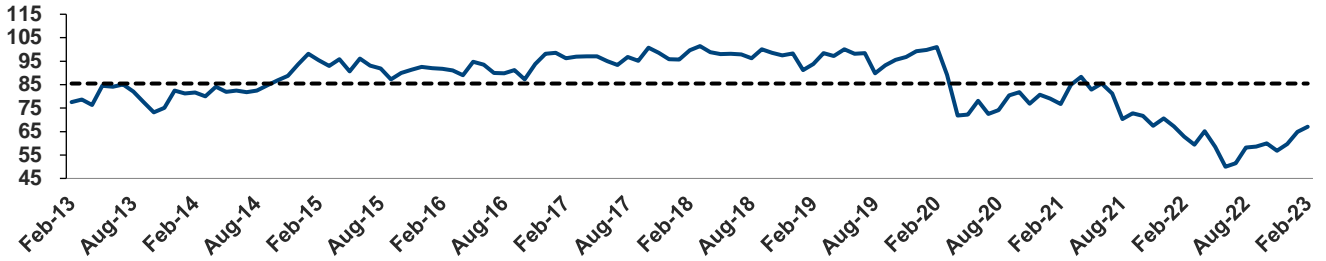


Source: S&P Capital IQ (March 31, 2023)

Industrials: Aerospace & Defense | March 2023

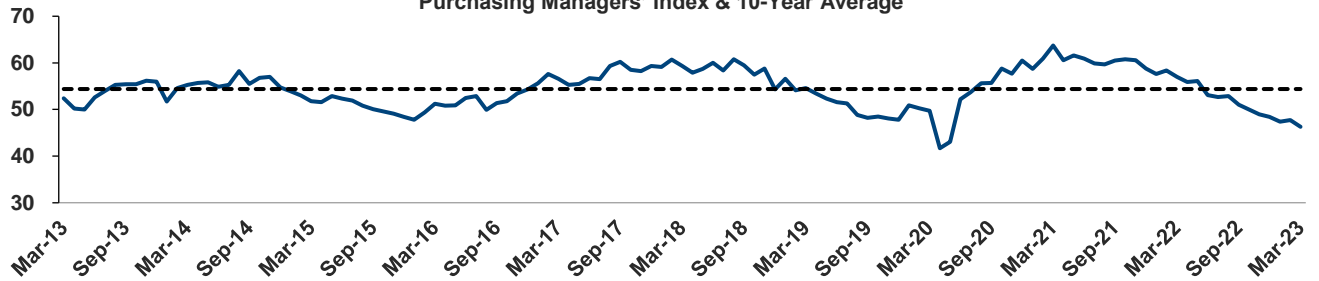
Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



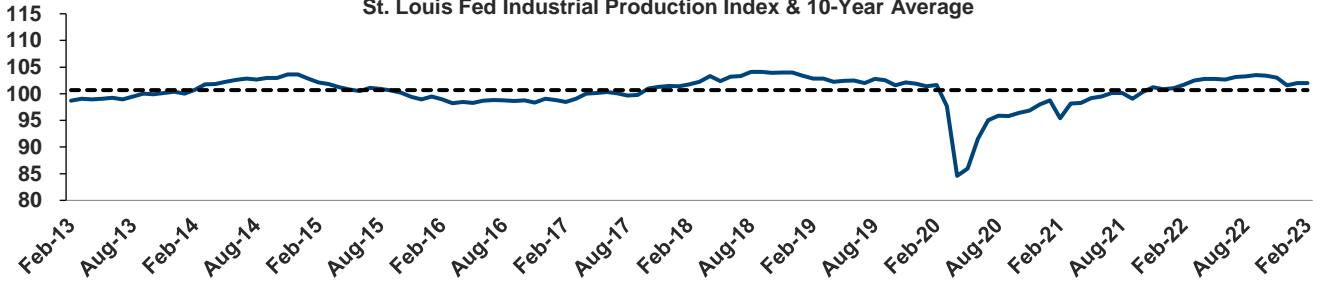
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



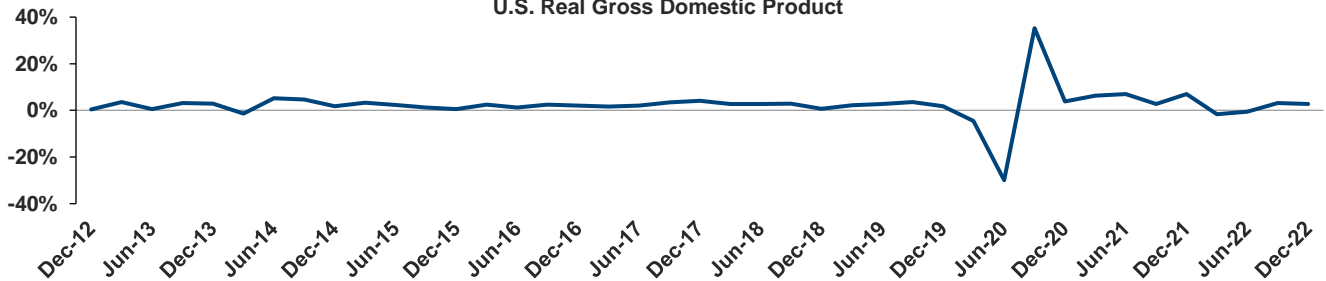
Source: Institute for Supply Management

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