



Quarterly Update

- As the aerospace industry continues its recovery to pre-pandemic levels, commercial suppliers are waiting for optimal sale windows.
- Nearly 100 platforms touching commercial aerospace were acquired by PE firms in 2018 and 2019, and many are approaching the end of their desired hold periods.
- EdgePoint expects robust aerospace M&A activity over the next 12-24 months.
- The outlook on build rates for OEM production has stabilized and there is consensus that rates will rise, though to what level remains unclear.
- Positive momentum in OEM production and rate have yielded more positive discussions on aerospace deals, as the focus is when EBITDA recovers rather than when build rates bottom out.
- Transactions with true intellectual property and proprietary products are receiving premium valuations.
- Labor shortages continue to hamper companies' ability to grow and meet forecasts, which impacts exit timing for platforms.

Recent Industrials Transactions (Selected)

MPS
MULTI PARTS
has been recapitalized by
RADIAL

JML OPTICAL
Custom Optics - Prototype to Production
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

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



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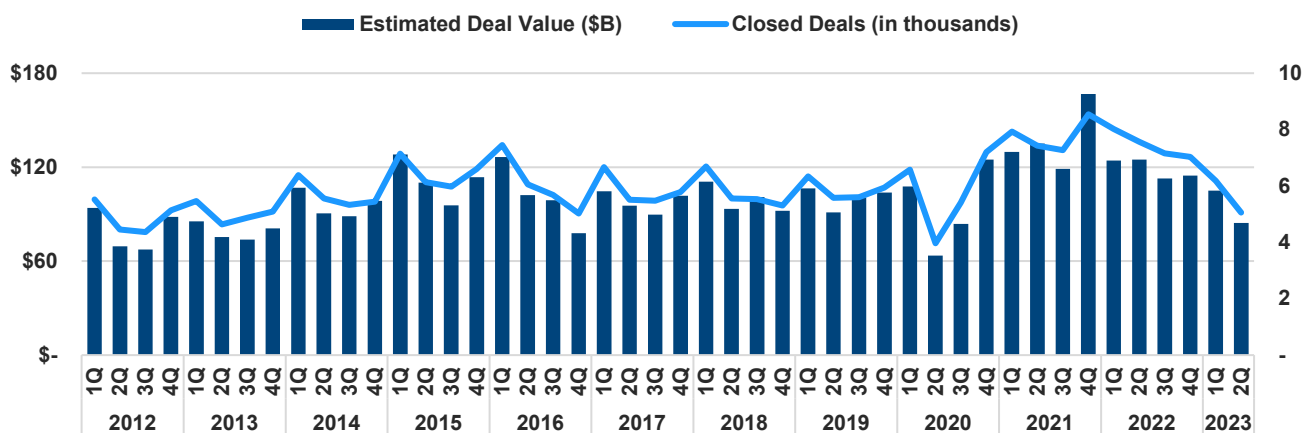
Aerospace & Defense | October 2023

Recent Aerospace & Defense Transactions (Selected)

Target	Date	Buyer / Investor	Region (Target)	Buyer / Investor Type
Datron World Communications, Inc.	Sep 30	Cyberlux Corporation	United States	Strategic
VTG LLC	Sep 19	A&M Capital Partners	United States	Financial
Tone Commander Systems	Sep 19	Patton Electronics Company, Inc.	United States	Strategic
EO Vista, LLC	Sep 15	General Atomics	United States	Strategic
Xceliron Corp.	Sep 14	CERATIZIT S.A.	United States	Strategic
Performance Plastics, Inc.	Sep 8	Rock West Composites, Inc.	United States	Strategic
Fortbrand Services LLC	Sep 7	Basalt Infrastructure Partners LLC	United States	Financial
PRKK L.L.C.	Sep 6	Systems Planning and Analysis, Inc.	United States	Financial-Backed Strategic
Clearpath Robotics Inc.	Sep 5	Rockwell Automation, Inc.	Canada	Strategic
Fluid Power, Inc.	Sep 5	O2 Aero Acquisitions, LLC	United States	Financial
GCR Inc.	Aug 30	Modaxo Inc.	United States	Strategic
Sinterfire, Inc.	Aug 25	CBC Global Ammunition	United States	Strategic
Free Space Inc.	Aug 24	SCOUT Space Inc.	United States	Strategic
Exo-Space, Inc.	Aug 21	Sidus Space, Inc.	United States	Strategic
Ball Aerospace & Technologies Corp.	Aug 17	BAE Systems, Inc.	United States	Strategic
Phillips Machine & Welding Co., Inc.	Aug 16	Concurrent Technologies Inc.	United States	Strategic
Dishon Limited	Aug 16	Thrust Capital Partners	Canada	Financial
Louis Berger Services, Inc.	Aug 7	Versar, Inc.	United States	Financial-Backed Strategic
Aethercomm, Inc.	Aug 7	Frontgrade Technologies	United States	Financial-Backed Strategic
Empire Products, Inc.	Aug 2	The Day & Zimmermann Group, Inc.	United States	Strategic
Flying Colours Corp.	Aug 2	Flexjet, LLC.	Canada	Financial-Backed Strategic
Summit Aviation, Inc.	Aug 1	TransMedics Group, Inc.	United States	Strategic

Source: S&P Capital IQ (October 2, 2023)

Global Lower-Middle Market Quarterly Deal Flow



- Though global lower-middle market deal activity is down from historical levels, aerospace & defense M&A activity is stabilizing while earnings and valuation metrics have ticked up due to increase in air travel, aircraft orders, and defense spending

Source: Pitchbook (October 2, 2023); Lower-middle market refers to deals valued at \$100 million or less

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EdgePoint Public Comparable Index Constituents

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	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Airbus SE	\$ 93,861	17.0%	11.5%	\$ 7,082	\$ 8,612	12.5x	10.9x	\$ 61,616	17.8%	1.7%	\$ 124.32	89.6%	
The Boeing Company	120,185	24.7%	11.4%	9,254	7,712	11.5x	15.6x	80,938	23.2%	-2.0%	107.76	91.4%	
General Electric Company	20,706	21.7%	11.1%	1,712	2,225	9.9x	9.3x	15,443	32.5%	2.4%	2.12	91.0%	
Rolls-Royce Holdings plc	61,230	46.8%	18.6%	4,117	4,413	14.1x	13.9x	22,128	29.3%	0.4%	144.80	94.3%	
Median		23.2%	11.5%	5,600	6,062	12.0x	12.4x	41,872	26.3%	1.1%	116.04	91.2%	
Mean		27.5%	13.2%	5,541	5,740	12.0x	12.4x	45,031	25.7%	0.6%	94.75	91.6%	

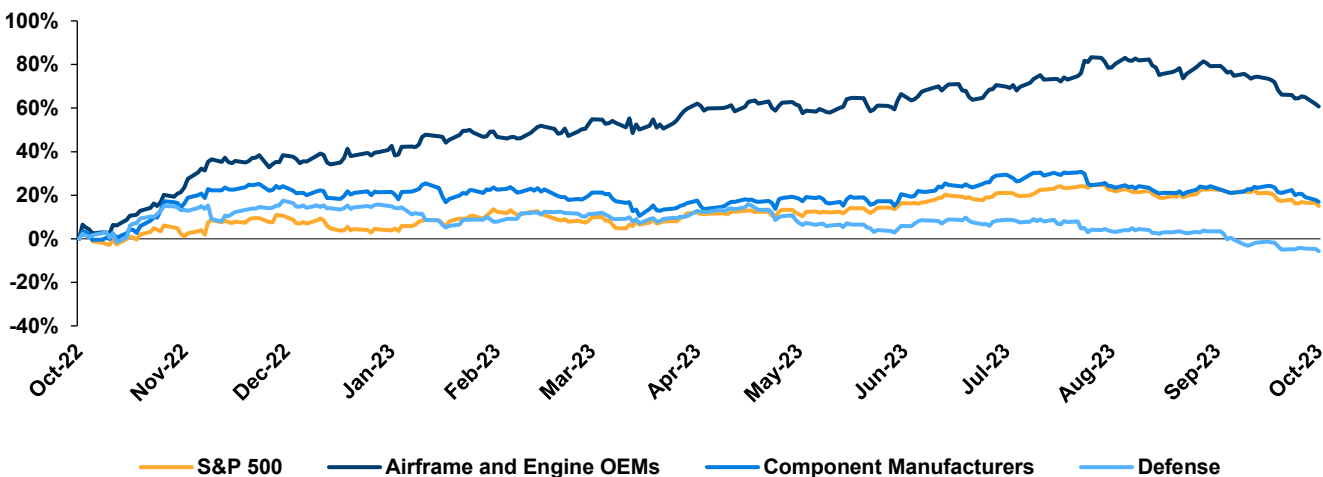
Component Manufacturers

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Allegheny Technologies Incorporated	\$ 6,849	18.7%	13.5%	\$ 559	\$ 585	11.8x	11.7x	\$ 4,127	25.6%	3.1%	\$ 40.66	84.8%	
Honeywell International Inc.	134,467	33.7%	23.9%	8,656	9,486	15.0x	14.2x	36,147	4.9%	1.5%	181.14	82.0%	
Moog Inc.	4,589	26.5%	11.4%	368	419	11.6x	11.0x	3,215	7.5%	3.0%	111.28	93.0%	
Parker-Hannifin Corporation	61,515	34.5%	22.6%	4,308	4,797	13.7x	12.8x	19,065	20.2%	11.7%	381.95	89.2%	
Triumph Group, Inc.	2,108	29.3%	14.3%	195	209	10.3x	10.1x	1,357	-3.9%	-20.1%	7.51	56.3%	
Woodward, Inc.	8,093	22.4%	12.8%	356	509	20.7x	15.9x	2,778	20.1%	0.9%	122.98	92.4%	
Median		27.9%	13.9%	463	547	12.7x	12.3x	3,671	13.8%	2.3%	117.13	87.0%	
Mean		27.5%	16.4%	2,407	2,667	13.8x	12.6x	11,115	12.4%	0.0%	140.92	83.0%	

Defense Contractors

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
BAE Systems plc	\$ 34,407	63.1%	12.3%	\$ 2,776	\$ 3,278	10.8x	10.5x	\$ 22,516	13.0%	6.2%	\$ 10.15	95.3%	
General Dynamics Corporation	70,494	16.1%	12.4%	5,081	5,329	12.9x	13.2x	40,859	6.3%	2.0%	220.74	85.9%	
L3Harris Technologies, Inc.	41,277	27.2%	15.3%	2,760	3,474	14.1x	11.9x	17,988	7.0%	-9.2%	169.28	66.4%	
Lockheed Martin Corporation	115,569	12.8%	15.3%	10,301	9,894	10.8x	11.7x	67,393	5.0%	2.3%	403.83	79.5%	
Northrop Grumman Corporation	79,771	20.2%	19.1%	7,243	5,338	10.4x	14.9x	37,881	8.4%	3.0%	434.31	78.1%	
Raytheon Technologies Corporation	135,626	20.4%	17.1%	12,088	12,934	10.8x	10.5x	70,573	8.1%	13.3%	70.58	64.8%	
Median		20.3%	15.3%	6,162	5,333	10.8x	11.8x	39,370	7.5%	2.6%	195.01	78.8%	
Mean		26.7%	15.3%	6,708	6,708	11.6x	12.1x	42,868	8.0%	2.9%	218.15	78.3%	

EdgePoint Public Comparable Index Trailing Twelve Months Stock Performance



Source: S&P Capital IQ (October 3, 2023)