



INDUSTRIALS: AEROSPACE AND DEFENSE

- The Aerospace and Defense sector demonstrated strong deal volume in the further quarter of 2021. Aircraft Fasteners International, a portfolio company of Audax Management, has been particularly active. The Company recently acquired Unical Defense, its 8th acquisition in the last three years.
- Airframe and engine OEMs, significantly outperformed the broader market throughout 2021, spurred by the increase in commercial and business travel during the first half of the year. Component manufacturers and government/defense-related businesses failed to keep pace with the S&P 500, underperforming the market for the year.
- Despite recent volatility, the aerospace and defense sector has continued to experience strong deal volume driven by strategic and financial-backed acquirers. EdgePoint expects this trend to continue into 2022, accelerating as vacation and business travel accelerate following the peak of the COVID-19 Omicron variant.

RECENT SELECT TRANSACTIONS

Target	Date	Buyers / Investors	Region	Strategic / Financial
Allegient Defense, Inc.	Dec 21	NowVertical Group Inc.	US	Strategic
Panel Products Inc.	Dec 14	Orbit International Corp.	US	Strategic
Transition Robotics Inc.	Dec 8	Delhivery Limited	US	Strategic
Unical Defense, Inc	Nov 29	Aircraft Fasteners International, LLC	US	Financial Backed Strategic
EMT Ingenieurgesellschaft Dipl.-Ing. Hartmut Euer mbH	Nov 23	Rheinmetall Technical publications G	EMEA	Strategic
Metalcraft Technologies, Inc.	Nov 17	AURELIUS Equity Opportunities SE	US	Financial Backed Strategic
Citadel Defense Company	Nov 8	BlueHalo	US	Financial Backed Strategic
Storm Aircraft	Nov 3	Avionav Sarl	EMEA	Strategic
Advantage Aviation Inc	Oct 19	Leading Edge Avionics, Inc.	US	Strategic
Jaunt Air Mobility LLC	Oct 11	The AIRO Group, Inc.	US	Strategic
Valley Tech Systems, Inc.	Oct 4	Voyager Space Holdings, Inc.	US	Strategic
AERO Vodochody AEROSPACE a.s.	Sep 30	Hsc Aerojet Zartkoruen Mukodo Res	EMEA	Strategic
Systema Technologies, Inc.	Sep 23	Karman Missile & Space Systems	US	Financial Backed Strategic
XTI Aircraft Company	Sep 22	Xeriant, Inc.	US	Financial Backed Strategic
Jennings Aeronautics, Inc.	Sep 14	UAVFACTORY LTD.	US	Financial Backed Strategic
Figeac Aero Société Anonyme	Sep 9	Ace Capital Partners	EMEA	Financial

For more information and insight please contact the EdgePoint Industrials team:

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EdgePoint Public Comparable Index Constituents

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	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Airbus SE	\$ 86,585	19.1%	14.0%	\$ 7,706	\$ 7,177	10.7x	12.1x	\$ 54,906	0.8%	-3.7%	\$ 112.36	92.9%
The Boeing Company	160,914	5.0%	-2.1%	(1,329)	4,241	NM	37.9x	62,797	3.3%	-13.7%	201.32	72.3%
General Electric Company	150,283	18.7%	9.2%	7,228	7,788	18.1x	19.3x	78,622	-3.0%	-8.3%	94.47	81.3%
Rolls-Royce Holdings plc	15,404	10.6%	-2.2%	(251)	1,395	NM	11.0x	11,310	-21.3%	-10.1%	1.23	75.9%
Safran SA	49,127	47.4%	15.0%	2,194	2,896	20.9x	17.0x	14,655	-32.9%	-6.4%	107.66	84.3%
Mean		20.2%	6.8%	3,110	4,699	16.6x	19.5x	44,458	-10.6%	-8.4%	103.4	81.3%

Component Manufacturers

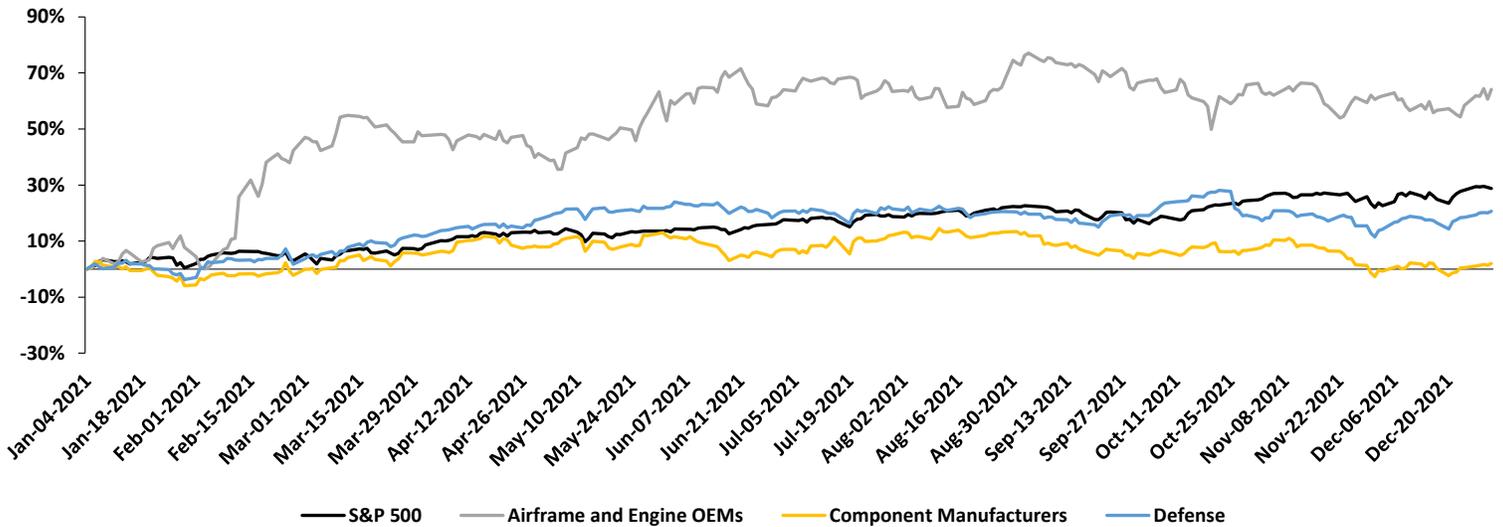
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E		LTM	3-Yr. CAGR		
Allegheny Technologies Incorporated	\$ 3,452	9.8%	7.5%	\$ 202	\$ 270	15.3x	12.8x	\$ 2,693	-19.4%	-11.8%	\$ 15.93	63.6%
Astronics Corporation	552	14.0%	-0.3%	(1)	8	91.5x	65.2x	444	-24.3%	-16.8%	12.00	57.3%
Honeywell International Inc.	153,947	32.3%	25.2%	8,730	8,760	17.0x	17.6x	34,635	4.2%	-6.9%	208.51	88.0%
Meggitt PLC	6,571	30.7%	-4.8%	(70)	302	NM	21.7x	1,447	-31.8%	-9.9%	7.38	87.2%
Moog Inc.	3,518	27.2%	11.6%	331	323	9.7x	10.9x	2,852	-1.1%	1.7%	80.97	88.1%
Triumph Group, Inc.	2,613	25.2%	14.4%	238	151	11.0x	17.3x	1,647	-30.6%	-21.2%	18.53	75.5%
Woodward, Inc.	7,262	24.5%	17.1%	384	433	18.0x	16.8x	2,246	-10.0%	-1.2%	109.46	83.7%
Mean		23.4%	10.1%	1,402	1,464	27.1x	23.2x	6,566	-16.2%	-9.4%	64.68	77.7%

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	2020E		LTM	3-Yr. CAGR		
BAE Systems plc	\$ 21,420	64.6%	12.4%	\$ 2,405	\$ 2,757	7.8x	7.8x	\$ 19,436	3.3%	5.7%	\$ 5.50	91.4%
General Dynamics Corporation	70,282	16.9%	13.7%	5,302	5,044	12.4x	13.9x	38,658	1.2%	4.3%	208.47	99.2%
L3Harris Technologies, Inc.	48,685	30.2%	20.5%	3,716	3,796	12.5x	12.8x	18,124	-24.6%	0.0%	213.24	86.7%
Lockheed Martin Corporation	106,964	13.4%	13.2%	8,777	10,375	11.7x	10.3x	66,347	3.3%	7.6%	355.41	89.5%
Northrop Grumman Corporation	71,457	21.0%	15.3%	5,692	6,134	11.5x	11.6x	37,240	5.5%	9.3%	387.07	94.9%
Raytheon Technologies Corporation	155,993	18.4%	17.3%	11,009	10,412	13.4x	15.0x	63,763	22.9%	-0.2%	86.06	93.2%
Mean		27.4%	15.4%	6,150	6,420	11.6x	11.9x	40,595	1.9%	4.5%	\$209.29	92.5%

Source: S&P CapIQ (As of December 31, 2021)

Trailing Twelve Months Stock Performance

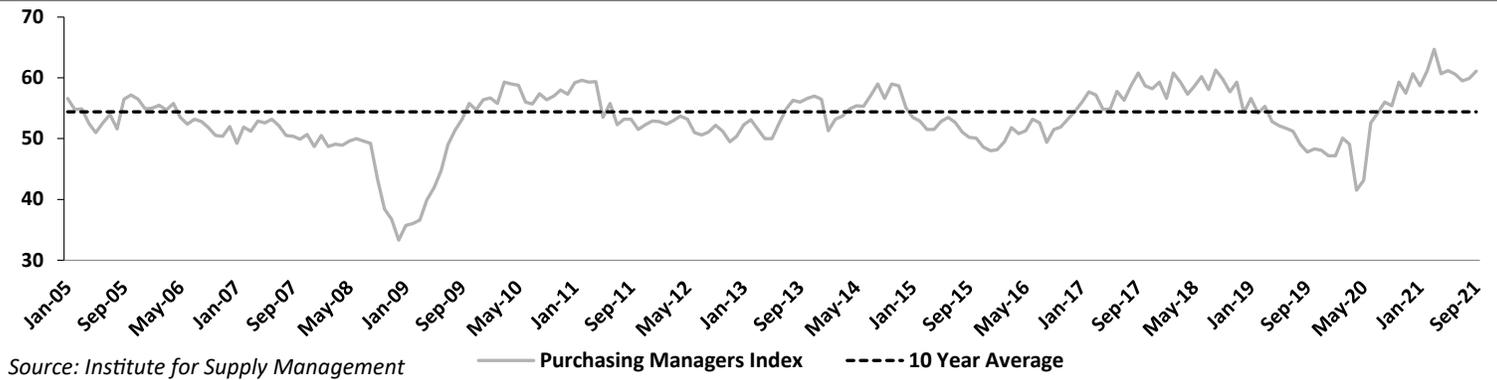


Source: S&P CapIQ (As of December 30, 2021)

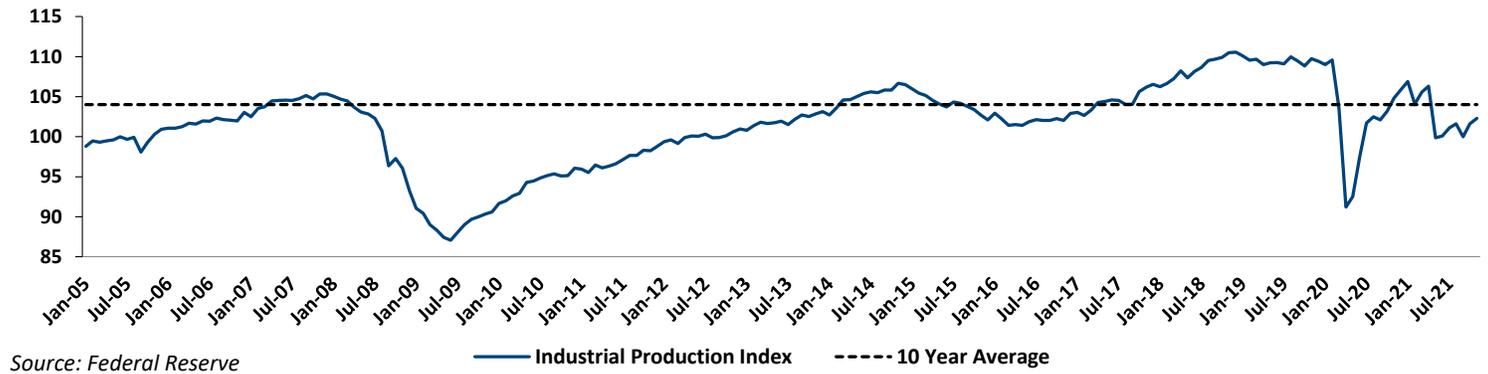
Consumer Confidence Index (2005 - YTD 2021)



Purchasing Managers Index (2005 - YTD 2021)



Industrial Production Index (2005 - YTD 2021)



U.S. Real GDP Growth (2005 - YTD 2021)

