



Quarterly Update

- Driven primarily by strategic and financial-backed strategic acquirers, Precision Manufacturing deal volume accelerated in the second quarter of 2022.
- Strategic acquirers primarily sought geographic add-ons and businesses with complementary capabilities or product offerings.
- EdgePoint's Precision Manufacturing Index has underperformed the broader market by as much as 15% over the last twelve months.
- The first quarter GDP report showed negative growth for the first time since the onset of the COVID-19 global pandemic and just the second time since 2014. While underlying domestic consumption remained strong, negative growth in the second quarter would indicate a technical recession in the first half of 2022.
- EdgePoint continues to see strong seller and buyer interest in the Precision Manufacturing subsector and expects strong deal volume to continue into 2023. Key issues to watch include the persistence of inflation, rising oil prices, and the Federal Reserve's evolving views on interest rate increases.

Recent Industrials Transactions (Selected)



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



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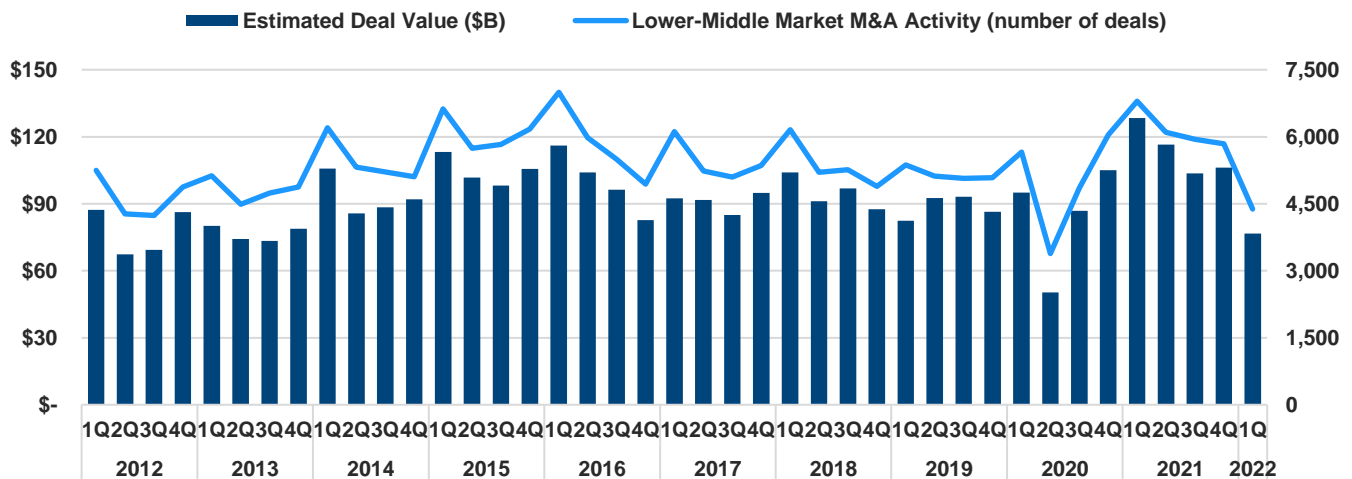
Industrials: Precision Manufacturing | May 2022

Recent Chemicals & Coatings Transactions (Selected)

Target	Date	Buyer / Investor	Region (Target)	Buyer / Investor Type
FPH Group Inc.	May 31	Allied Motion Technologies Inc.	Canada	Strategic
Pure Water Solutions of America, LLC	May 31	Quench USA, Inc.	United States	Strategic
Bahr Modultechnik Holding GmbH	May 30	IMI plc	EMEA	Strategic
LBY MECA	May 25	ACI Groupe	EMEA	Financial-Backed Strategic
Eratech Pte Ltd	May 24	Avitools Singapore Pte. Ltd.	APAC	Strategic
EAS Batteries GmbH	May 24	Power By Britishvolt Limited	EMEA	Strategic
Conveyor Products & Solutions Pty Ltd	May 24	Fenner Australia Pty Ltd	United States	Strategic
ThinGap, Inc.	May 24	Allied Motion Technologies Inc.	EMEA	Strategic
Specialty Enterprises, LLC	May 23	CNH Industrial N.V.	United States	Financial-Backed Strategic
Diversified Precision Products, Inc. (nka:SJL Inve	May 23	Arch Cutting Tools Corp.	United States	Financial-Backed Strategic
Herramientas Preziss S.L.	May 20	Sandvik AB (publ)	EMEA	Strategic
Precision Roll Solutions, LLC	May 20	Guardian Capital Partners	United States	Financial
Grafotronic AB	May 19	AGIC Capital	EMEA	Financial
Assets Of Talon Products, LLC	May 19	Atkore Inc.	United States	Strategic
HNC Group A/S	May 18	Alligo AB (publ)	EMEA	Strategic
Electro Chemical Engineering & Manufacturing Cc	May 17	Knight Material Technologies	United States	Financial-Backed Strategic
KITO Corporation	May 16	Lifting Holdings BidCo, Inc.	APAC	Strategic
Metalcraft of GA, Inc.	May 16	Ashland Industries, Inc.	United States	Strategic
Zwart Systems Inc.	May 12	LLR Partners, Inc.	Canada	Financial
Adept Fasteners, Inc.	May 10	Wylie-Estill, Ltd.	United States	Strategic
Auto-Vehicle Parts Co.	May 9	GHK Capital Partners LP	United States	Financial
Great Lakes Industrial Knife Co. Inc.	May 6	American Cutting Edge, Inc.	United States	Strategic
Wachusett Precision Tool Inc.	May 3	SyBridge Technologies	United States	Financial-Backed Strategic
Thomas Equipment, Inc.	May 3	Ariens Company	Canada	Strategic
Teale Machine Company, Inc.	Apr 28	Alco Manufacturing Corporation	United States	Financial-Backed Strategic

Source: S&P Capital IQ (May 31, 2022)

Global Lower-Middle Market Quarterly Deal Flow



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

Source: Pitchbook (May 31, 2022)

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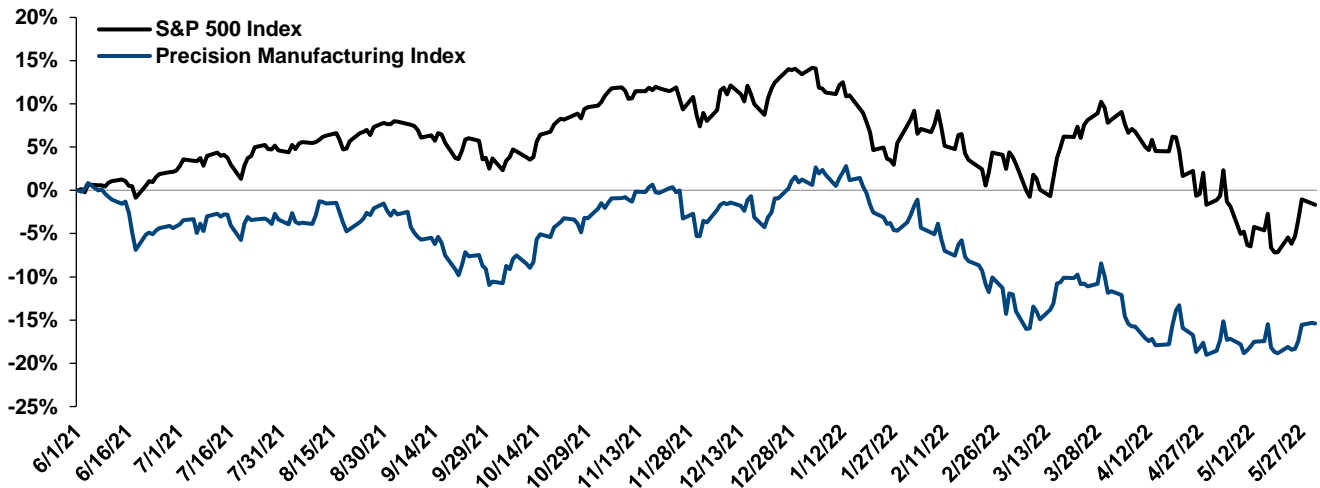
EdgePoint Public Comparable Index Constituents

Precision Manufacturing Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E	LTM	LTM	3-Yr. CAGR		
AMETEK, Inc.	\$ 30,419	34.5%	28.9%	\$ 1,672	\$ 1,769	17.4x	17.2x	\$ 5,789	27.1%	5.3%	\$ 121.47	82.0%
Celestica Inc.	1,811	8.9%	5.1%	306	402	5.4x	4.5x	5,967	5.3%	-3.1%	11.04	82.2%
Canfor Pulp Products Inc.	304	22.4%	7.4%	66	56	4.6x	5.4x	883	12.8%	-5.8%	4.19	57.6%
Cummins Inc.	32,283	23.6%	12.1%	2,938	3,937	9.0x	8.2x	24,314	16.4%	0.1%	209.12	78.9%
Illinois Tool Works Inc.	71,365	40.7%	26.3%	3,911	4,322	18.0x	16.5x	14,850	15.2%	0.6%	208.07	83.3%
Lincoln Electric Holdings, Inc.	8,653	33.8%	17.8%	605	696	13.8x	12.4x	3,403	25.5%	3.9%	135.82	91.4%
Sandvik AB (publ)	28,631	40.1%	23.1%	2,612	2,676	10.9x	10.6x	11,297	29.7%	1.3%	20.46	76.0%
Median		33.8%	17.8%	1,672	1,769	10.9x	10.6x	5,967	16.4%	0.6%	121.5	82.0%
Mean		29.2%	17.3%	1,730	1,980	11.3x	10.7x	9,500	18.9%	0.3%	101.5	78.8%

Source: S&P Capital IQ (May 31, 2022)

EdgePoint Public Comparable Index Trailing Twelve Months Stock Performance

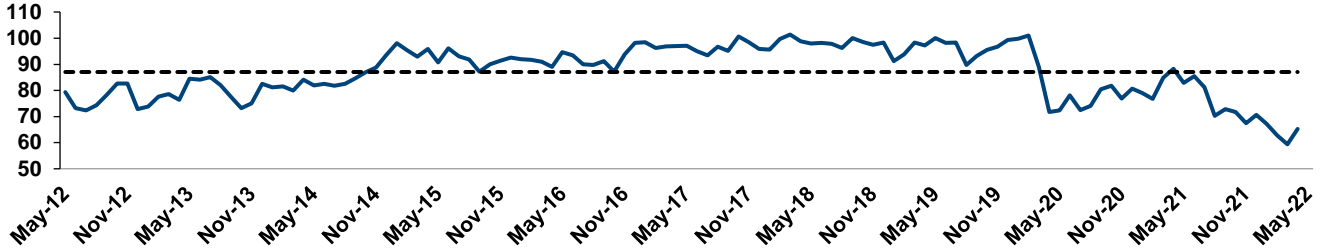


Source: S&P Capital IQ (May 31, 2022)

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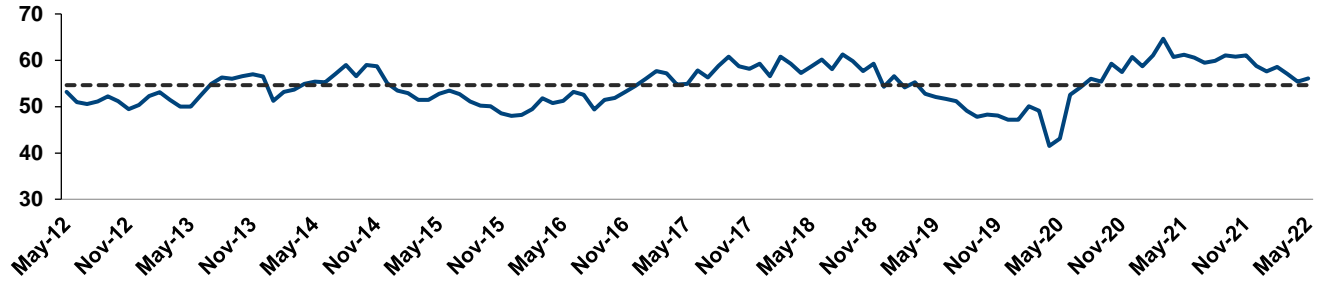
Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



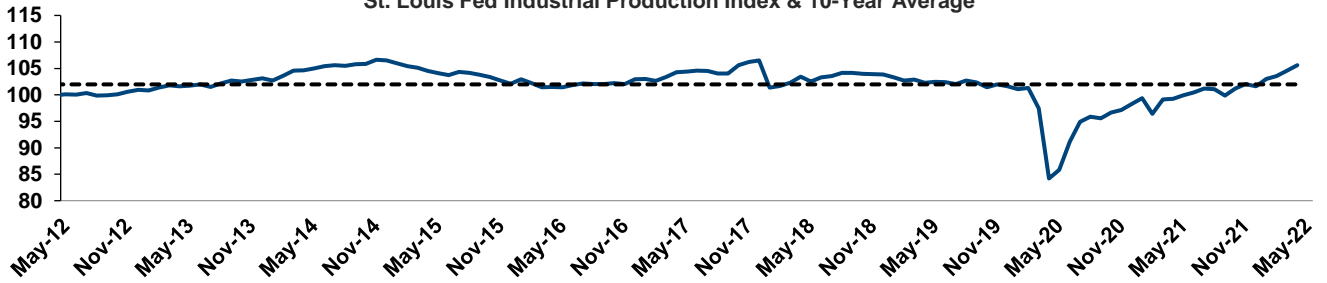
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



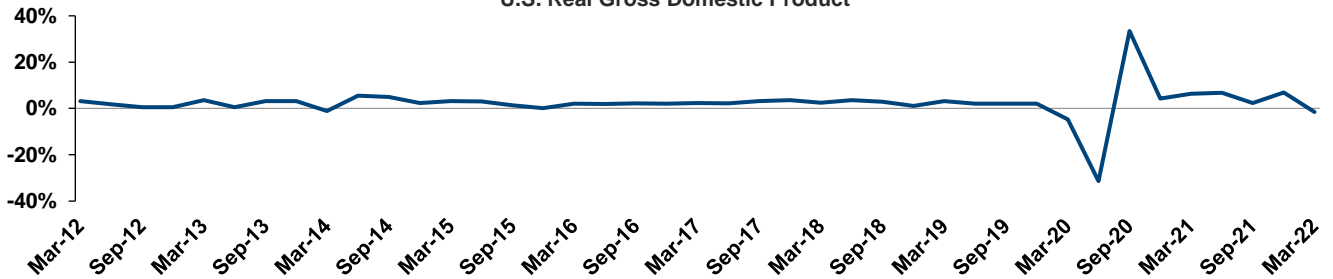
Source: Institute for Supply Management

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