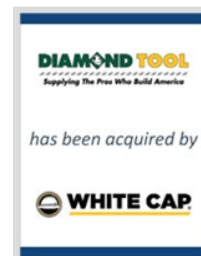




Quarterly Update

- Transactions remained steady in Q2 2022, as component manufacturers saw significant interest from strategic acquirers.
- Engine maker and manufacturer, Safran Group, divested two non-core assets in Q2. Blade Urban Air, the luxury helicopter passenger service company, announced it was acquiring three passenger services in Europe, making it the largest player in both the U.S. and Europe.
- EdgePoint's Aerospace and Defense Index indicated that the subsector has largely underperformed the market in 2022. Defense stocks initially rallied in the early days of the Ukraine conflict but have since settled back.
- As strategic dealmaking continues across the aerospace and defense subsector, a shift is occurring within the industry. Deal activity trends show that companies are focused on new capabilities, new products, and new markets rather than mega-mergers focused on cost saving synergies.
- EdgePoint expects deal activity to remain steady in 2022, though likely lagging 2021. Key issues to watch include record inflation and rising fuel costs, consumer confidence, and the continued increase in defense spending for the conflict in Ukraine.

Recent Industrials Transactions (Selected)



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



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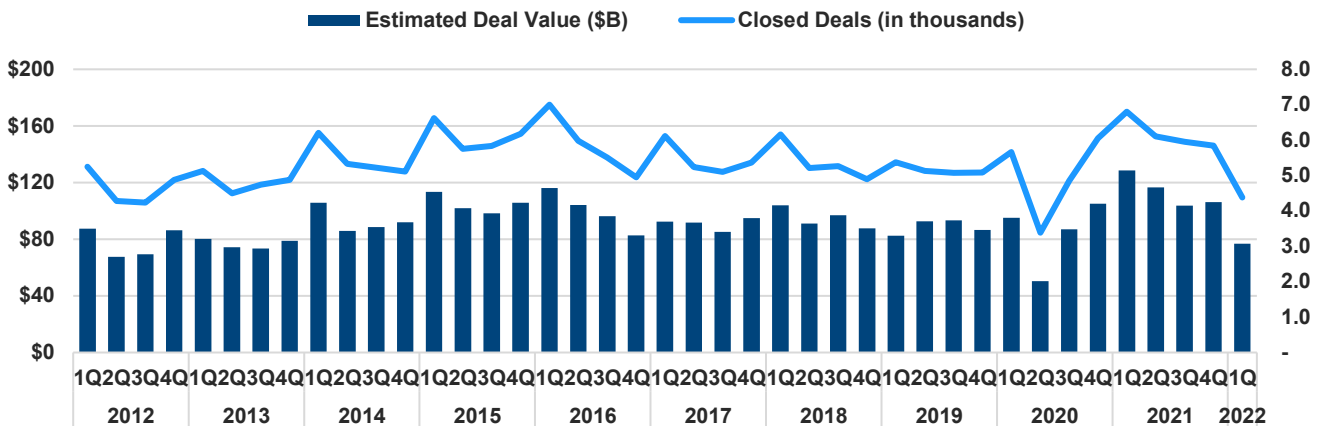
Industrials: Aerospace & Defense | June 2022

Recent Aerospace & Defense Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Airex, LLC	Jun 21	Allied Motion Technologies Inc.	United States	Strategic
RADA Electronic Industries Ltd.	Jun 21	Leonardo DRS, Inc.	EMEA	Strategic
Shandong Airlines Co., Ltd.	Jun 15	China National Aviation Corporation	APAC	Strategic
TCR International N.V.	Jun 14	3i Investments Plc	EMEA	Financial
Chengdu Hangxin Aviation Equipment Technology Co., Ltd.	Jun 13	Guanglian Aviation Industry Co.	APAC	Strategic
Amey plc	Jun 6	OEP Capital Advisors, L.P	EMEA	Financial
Indra Sistemas, S.A.	Jun 3	SAPA Placencia Holding, S.L.	EMEA	Financial-Backed Strategic
KOREA ELECOT CO., LTD.	Jun 3	Agencore Co., Ltd.	APAC	Strategic
Zenith Aviation	May 27	QAPEX, SAS	EMEA	Strategic
Sapienza Consulting Holding BV	May 26	Serco Holdings Ltd	EMEA	Financial-Backed Strategic
All Assets of Fox Labs International, Inc.	May 25	Byrna Technologies Inc.	United States	Strategic
Shandong Guanggda Aviation Ground Service Co.,Ltd	May 24	Weihai Guangtai Airport Equipment Co.	APAC	Strategic
Parker-Hannifin - Aircraft Wheel & Brake Division	May 23	Kaman Corporation	United States	Strategic
Jingdong International Financial Leasing Co., Ltd.	May 20	JD New Orbit Technology	APAC	Strategic
Monacair/Héli Sécurité/Azur Hélicoptère	May 19	BLADE Urban Air Mobility, Inc.	EMEA	Strategic
ManTech International Corporation	May 16	The Carlyle Group Inc.	United States	Financial
GEE PEE Aerospace & Defence Private Limited	May 10	MTAR Technologies Limited	APAC	Strategic
Alliance Aviation Services Limited	May 5	Qantas Airways Limited	APAC	Strategic
Avcorp Industries Inc.	May 5	Latécoère S.A.	Canada	Strategic
Cyalume Technologies Holdings, Inc.	May 5	Cadre Holdings, Inc.	United States	Financial-Backed Strategic
Pawan Hans Limited	Apr 29	Star9 Mobility Private Limited	APAC	Financial-Backed Strategic
AKKA Technologies SE	May 11	Modis International AG	EMEA	Strategic
Telephonics Corporation	Jun 27	TTM Technologies, Inc.	United States	Strategic
Deep Trekker Inc.	Apr 14	Halma plc	Canada	Strategic
Pioneer Aerospace Corporation	Apr 3	Aviation Safety Resources, Inc.	United States	Strategic

Source: S&P Capital IQ (June 30, 2022)

Global Lower-Middle Market Quarterly Deal Flow



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

Source: Pitchbook (March 31, 2022)

Industrials: Aerospace & Defense | June 2022

EdgePoint Public Comparable Index Constituents

Aerospace and Defense

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	2022E	LTM	2022E		LTM	3-Yr. CAGR		
Airbus SE	\$ 70,571	19.2%	13.9%	\$ 7,474	\$ 8,161	9.1x	8.6x	\$ 53,689	7.9%	-6.7%	\$ 92.45	76.3%
The Boeing Company	126,477	6.1%	0.1%	52	5,201	292.8x	24.3x	61,060	8.1%	-15.3%	136.72	56.5%
General Electric Company	86,755	24.9%	9.3%	6,878	9,403	11.0x	9.2x	74,164	1.0%	-6.7%	63.67	54.8%
Rolls-Royce Holdings plc	12,221	19.0%	8.9%	996	1,303	9.3x	9.4x	11,218	-2.4%	-10.7%	0.83	51.2%
Safran SA	42,539	49.4%	16.5%	2,525	3,475	16.0x	12.2x	15,293	-8.9%	-10.3%	94.21	76.5%
Median		19.2%	9.3%	2,525	5,201	11.0x	9.4x	53,689	1.0%	-10.3%	92.45	56.5%
Mean		23.7%	9.7%	3,585	5,508	67.6x	12.8x	43,085	1.2%	-9.9%	77.58	63.1%

Component Manufacturers

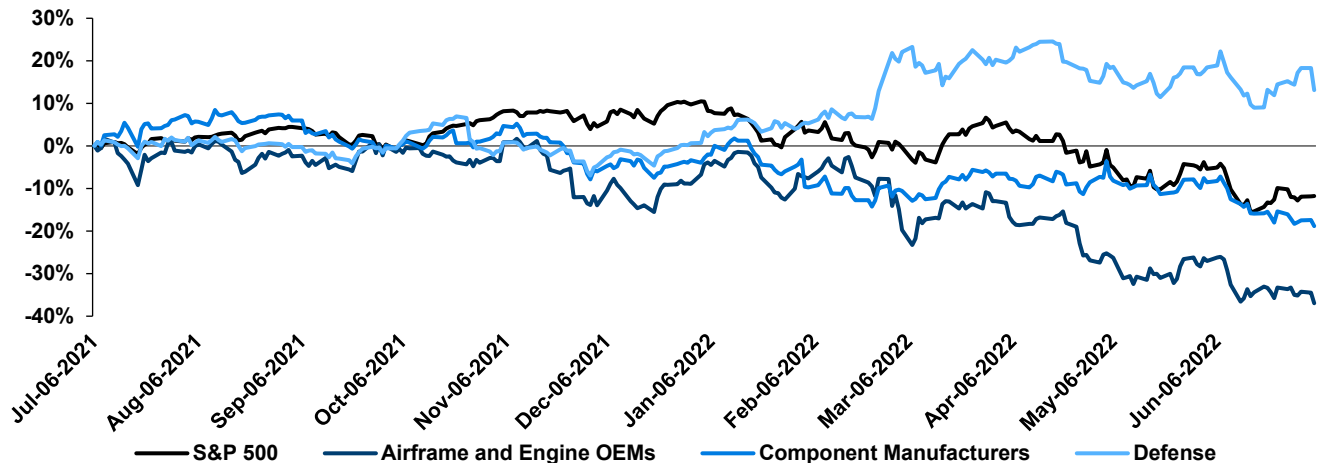
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2022E	LTM	2022E		LTM	3-Yr. CAGR		
Allegheny Technologies Incorporated	\$ 4,464	14.2%	11.3%	\$ 333	\$ 485	12.5x	9.2x	\$ 2,941	8.2%	-10.3%	\$ 22.71	73.9%
Astronics Corporation	454	14.5%	-0.1%	(1)	23	61.8x	19.5x	455	1.0%	-18.2%	10.17	52.7%
Honeywell International Inc.	129,655	31.9%	24.5%	8,415	9,138	14.8x	14.2x	34,314	5.2%	-5.2%	173.81	73.4%
Meggitt PLC	6,939	32.3%	15.0%	223	359	29.2x	19.3x	1,489	-11.6%	-10.5%	7.89	93.3%
Moog Inc.	3,345	27.1%	11.0%	323	379	9.5x	8.8x	2,927	5.1%	1.6%	79.39	88.2%
Triumph Group, Inc.	2,227	26.5%	12.6%	184	163	11.0x	13.6x	1,460	-21.9%	-24.3%	13.29	47.7%
Woodward, Inc.	6,179	23.2%	15.5%	350	441	16.6x	14.0x	2,255	3.7%	-6.0%	92.49	71.6%
Median		26.5%	12.6%	323	379	14.8x	14.0x	2,255	3.7%	-10.3%	22.71	73.4%
Mean		24.3%	12.8%	1,404	1,570	22.2x	14.1x	6,549	-1.5%	-10.4%	57.11	71.5%

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	2022E		LTM	3-Yr. CAGR		
BAE Systems plc	\$ 29,987	63.9%	11.4%	\$ 2,224	\$ 3,034	11.6x	9.9x	\$ 19,521	1.3%	5.1%	\$ 8.30	98.8%
General Dynamics Corporation	71,591	16.8%	13.7%	5,268	5,170	12.6x	13.8x	38,472	-0.2%	0.5%	221.25	86.8%
L3Harris Technologies, Inc.	54,159	30.2%	20.5%	3,561	3,751	14.5x	14.4x	17,350	-4.3%	0.0%	241.70	86.4%
Lockheed Martin Corporation	124,361	13.4%	13.3%	8,743	9,873	13.6x	12.6x	65,750	-0.4%	5.2%	429.96	89.6%
Northrop Grumman Corporation	86,710	21.0%	14.1%	4,974	4,834	16.0x	17.9x	35,307	-5.4%	3.8%	478.57	97.2%
Raytheon Technologies Corporation	171,156	20.0%	17.5%	11,350	12,518	14.4x	13.7x	64,853	7.2%	1.4%	96.11	90.7%
Median		20.5%	13.9%	5,121	5,002	14.0x	13.8x	36,890	-0.3%	2.6%	231.48	90.1%
Mean		27.5%	15.1%	6,020	6,530	13.8x	13.7x	40,209	-0.3%	2.7%	245.98	91.6%

Source: S&P Capital IQ (June 30, 2022)

EdgePoint Comparable Index Trailing Twelve Months Stock Performance

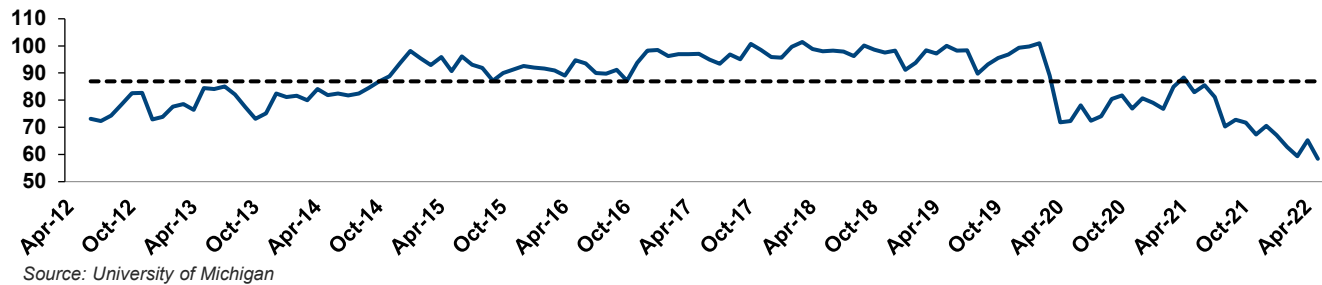


Source: S&P Capital IQ (June 30, 2022)

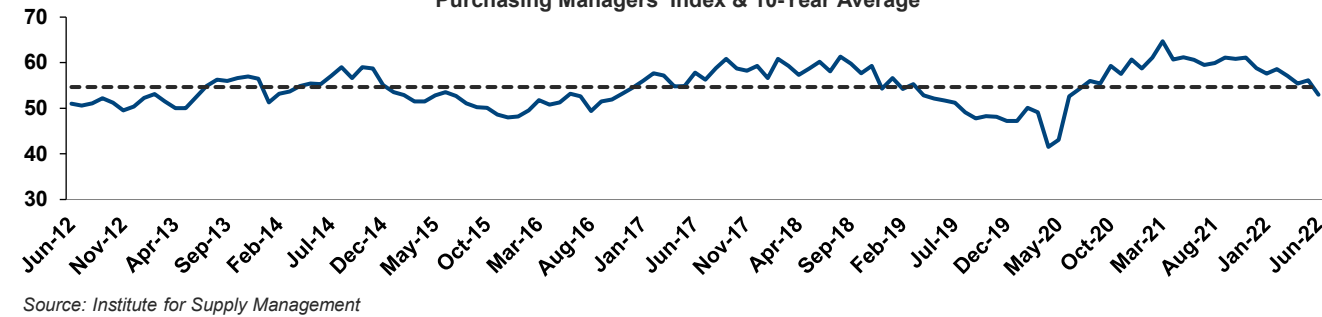
Industrials: Aerospace & Defense | June 2022

Key Macroeconomic Indicators

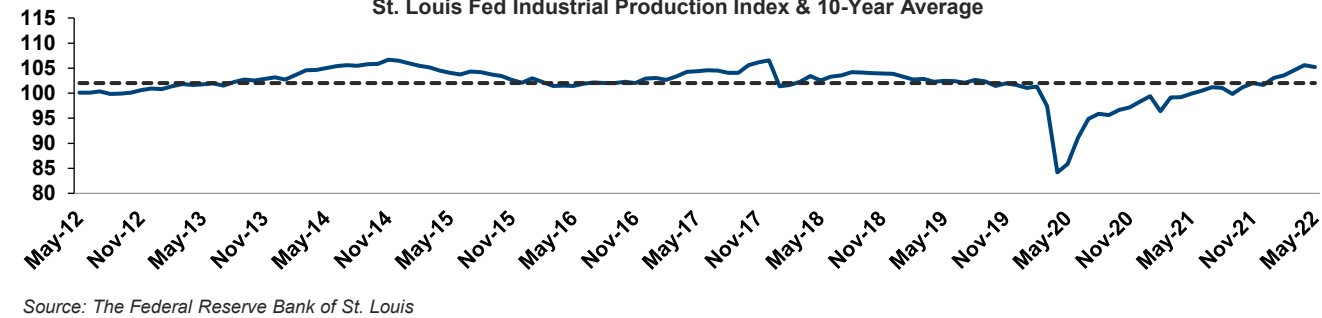
University of Michigan Consumer Confidence Index & 10-Year Average



Purchasing Managers' Index & 10-Year Average



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



U.S. Real Gross Domestic Product

