



Distribution | Q2 2019



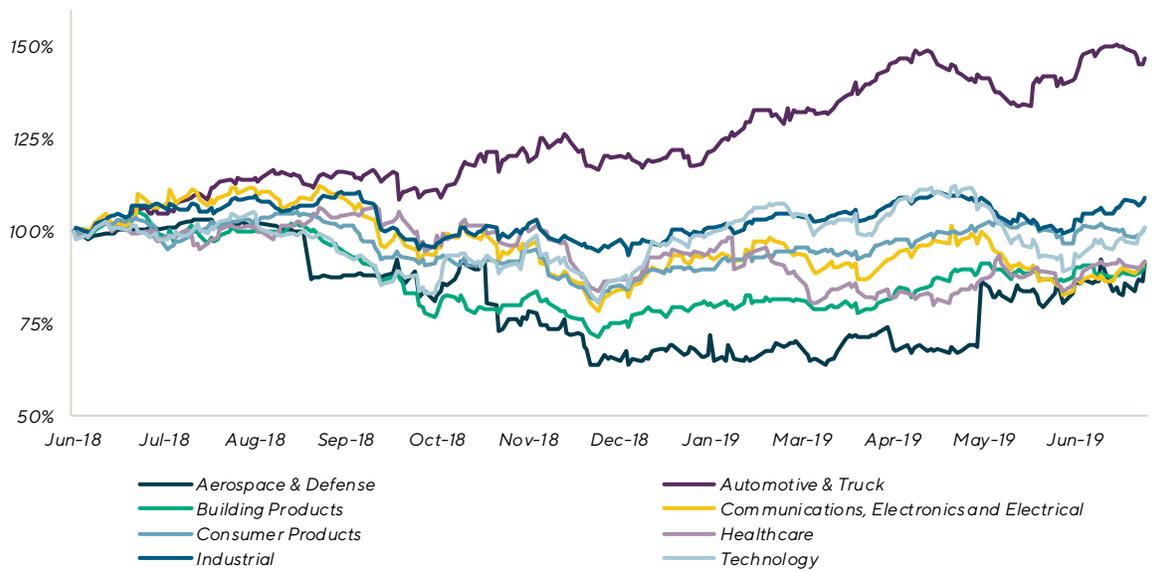
Distribution Insights

The first half of 2019 yielded significant M&A activity across numerous subsectors within the distribution market, especially among large global corporates and private equity firms. Consolidation efforts in the highly fragmented distribution market have continued as companies are increasingly using M&A as a strategy to expand their geographic reach, broaden their offerings in response to growing customer demand for value-added services and supplement their organic growth. As a result, strategic and financial buyers are aggressively pursuing targets for both offensive and defensive reasons at highly attractive valuations for sellers. Notably in Q2, Bain Capital announced its acquisition of Imperial Dade, one of the largest pure-play distributors of foodservice disposables and jan/san products, demonstrating strong private equity appetite for value-added distributors. We have also seen increased activity in corporate divestitures, as evidenced by Littlejohn's \$700 million acquisition of Kaman's Industrial Distribution business in June, and we expect this trend to continue through this year and into 2020. Lincoln International anticipates interest and activity for distribution M&A will remain high, and we would welcome the opportunity to discuss your company's strategic alternatives or the distribution market more generally.

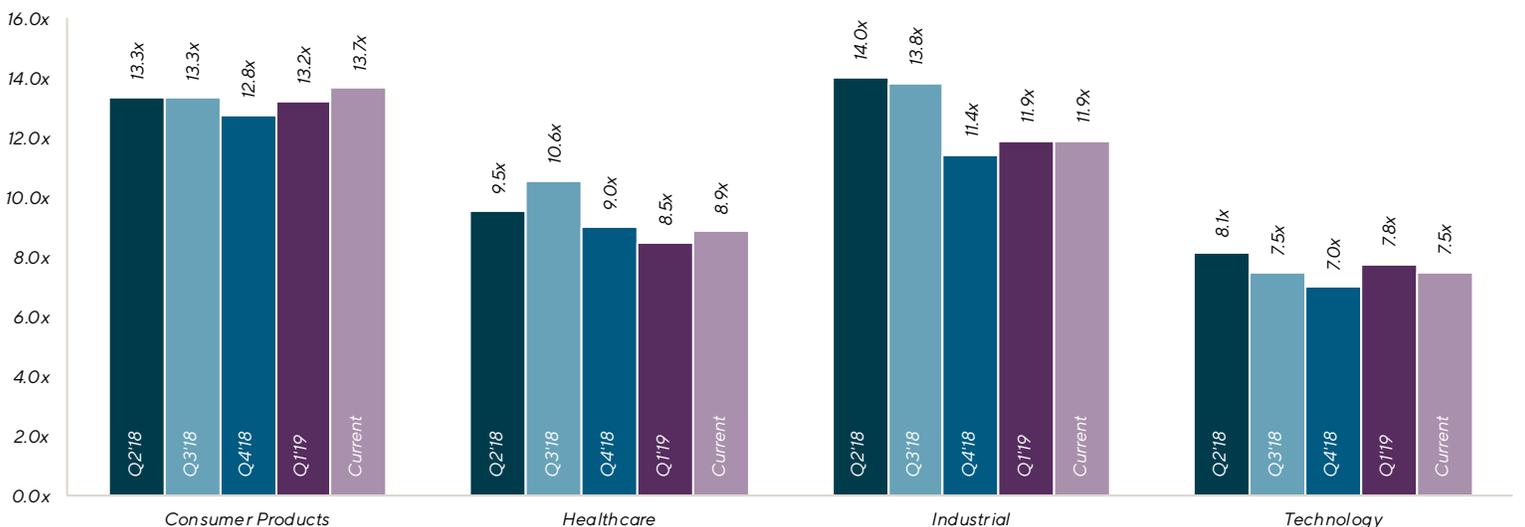
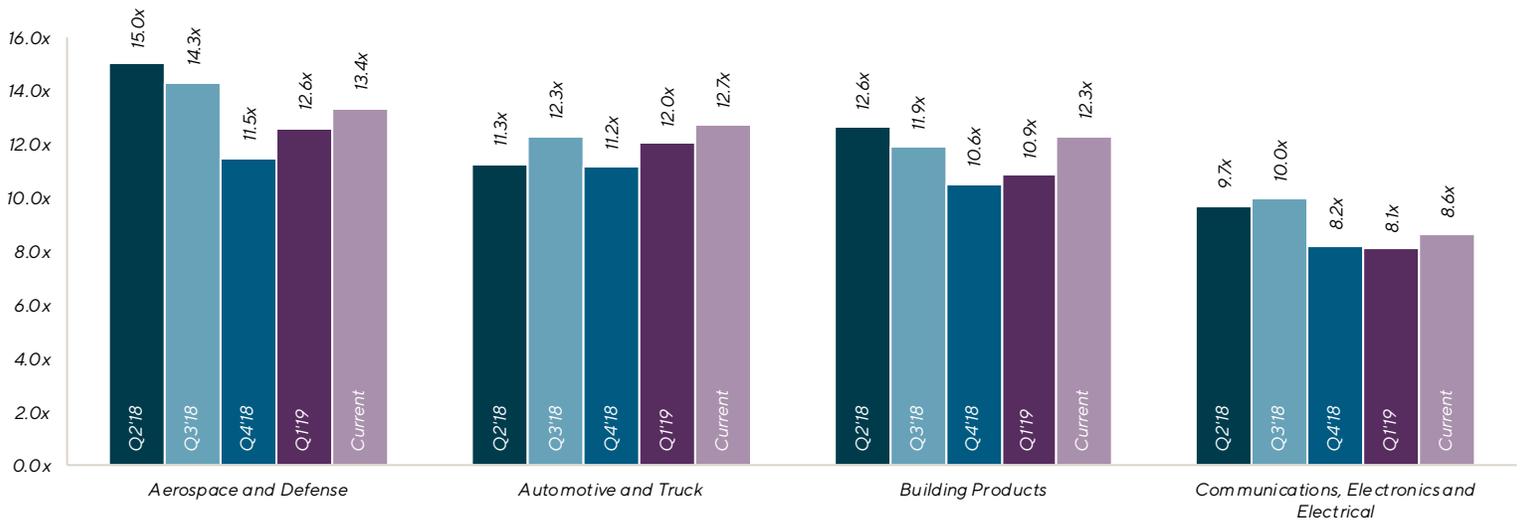
Index Performance

Lincoln's Distribution Index recorded a gain of 1.5% in Q2 2019 vs. Q1 2019. Aerospace & Defense (+26.3%), Building Products (+12.5%), Healthcare (+11.0%), Consumer Products (+5.0%), Automotive & Truck (+2.9%) and Communications, Electronics & Electrical (2.2%) outpaced the index while Technology (-0.6%) and Industrial (-3.9%) lagged the index.

Distribution Index – LTM Relative Stock Price Performance



Distribution Index - Historical EV / EBITDA Valuation Performance



Comparable Public Companies

Company Name	Stock Price	% of 52		Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
		Week High	Market Cap		Revenue	EBITDA			Revenue	EBITDA
Aerospace and Defense										
Wesco Aircraft Holdings, Inc.	\$11.10	78.0%	\$1,107	\$1,932	\$1,639	\$144	10.8%	8.8%	1.2x	13.4x
Automotive and Truck										
AutoZone, Inc.	\$1,099.47	96.8%	\$26,969	\$31,902	\$11,434	\$2,516	2.3%	22.0%	2.8x	12.7x
Genuine Parts Company	103.58	89.9%	15,129	19,195	18,886	1,415	11.2%	7.5%	1.0x	13.6x
LKQ Corporation	26.61	73.7%	8,355	13,681	12,256	1,266	21.2%	10.3%	1.1x	11.8x
O'Reilly Automotive, Inc.	369.32	89.1%	28,909	34,239	9,664	2,102	6.2%	21.7%	3.5x	16.3x
Uni-Select Inc.	9.49	48.9%	402	1,043	1,750	109	11.2%	6.2%	0.6x	9.4x
Building Products										
Beacon Roofing Supply, Inc.	\$36.72	81.4%	\$2,514	\$5,853	\$7,021	\$493	39.0%	7.0%	0.8x	11.9x
BMC Stock Holdings, Inc.	21.20	91.6%	1,410	1,743	3,674	248	6.7%	6.7%	0.5x	7.0x
Builders FirstSource, Inc.	16.86	89.4%	1,949	3,791	7,656	487	6.3%	6.4%	0.5x	7.8x
CRH plc	32.65	93.0%	26,136	34,727	26,790	3,346	6.0%	12.5%	1.1x	9.0x
Ferguson plc	71.16	84.8%	16,462	18,294	21,572	1,711	6.1%	7.9%	0.9x	11.0x
HD Supply Holdings, Inc.	40.28	85.5%	6,881	9,425	6,151	829	16.2%	13.5%	1.5x	11.4x
SiteOne Landscape Supply, Inc.	69.30	72.9%	2,842	3,675	2,158	157	13.7%	7.3%	1.7x	23.4x
Watsco, Inc.	163.53	87.2%	6,163	6,674	4,551	386	3.5%	8.5%	1.5x	16.9x
Communications, Electronics and Electrical										
Anixter International Inc.	\$59.71	79.6%	\$2,011	\$3,542	\$8,669	\$419	8.4%	4.8%	0.4x	8.7x
Rexel S.A.	12.70	81.3%	3,835	6,161	13,583	610	3.1%	4.5%	0.4x	8.5x
WESCO International, Inc.	50.65	80.1%	2,150	3,541	8,144	404	3.1%	5.0%	0.4x	8.8x
Consumer Products										
Bunzl plc	\$26.39	81.3%	\$8,816	\$10,585	\$9,079	\$636	4.4%	7.0%	0.9x	13.1x
Core-Mark Holding Company, Inc.	39.72	98.4%	1,822	2,281	12,895	139	3.5%	1.1%	0.2x	16.5x
Pool Corporation	191.00	98.9%	7,597	8,444	3,010	346	6.4%	11.5%	2.8x	24.4x
SpartanNash Company	11.67	44.0%	424	1,495	8,222	182	2.8%	2.2%	0.2x	8.2x
Sysco Corporation	70.72	93.1%	36,348	44,562	59,955	3,402	3.7%	5.7%	0.7x	13.1x
United Natural Foods, Inc.	8.97	20.0%	473	3,664	17,572	383	76.2%	2.2%	0.2x	9.6x
US Foods Holding Corp.	35.76	87.4%	7,813	11,381	24,383	1,050	0.8%	4.3%	0.5x	10.8x
Healthcare										
Cardinal Health, Inc.	\$47.10	80.8%	\$14,039	\$19,683	\$143,530	\$2,775	6.8%	1.9%	0.1x	7.1x
Henry Schein, Inc.	69.90	76.5%	10,420	12,775	13,289	1,118	12.5%	8.4%	1.0x	11.2x
McKesson Corporation	134.39	96.1%	25,047	31,298	214,319	4,229	2.9%	2.0%	0.1x	7.7x
Owens & Minor, Inc.	3.20	16.7%	201	2,075	9,928	217	6.0%	2.2%	0.2x	9.5x
Industrial										
Air Liquide S.A.	\$140.02	99.3%	\$59,561	\$74,311	\$21,406	\$5,150	5.5%	24.1%	3.1x	13.2x
Applied Industrial Technologies, Inc.	61.53	74.7%	2,375	3,309	3,488	331	22.1%	9.5%	0.9x	10.0x
DXP Enterprises, Inc.	37.89	76.5%	667	948	1,241	98	17.8%	7.9%	0.8x	9.7x
Fastenal Company	32.59	90.7%	18,662	19,188	5,089	1,166	12.4%	22.9%	3.8x	16.5x
MRC Global Inc.	17.12	74.5%	1,422	2,701	4,132	202	8.9%	4.9%	0.7x	13.4x
MSC Industrial Direct Co., Inc.	74.26	82.3%	4,097	4,638	3,359	527	7.7%	15.7%	1.4x	8.8x
NOW Inc.	14.76	79.5%	1,605	1,712	3,148	129	13.2%	4.1%	0.5x	NMF
W.W. Grainger, Inc.	268.23	72.1%	14,872	17,067	11,254	1,635	5.7%	14.5%	1.5x	10.5x
Technology										
Arrow Electronics, Inc.	\$71.27	82.3%	\$6,038	\$9,825	\$29,957	\$1,361	8.2%	4.5%	0.3x	7.2x
Avnet, Inc.	45.27	91.6%	4,812	6,161	19,897	769	7.1%	3.9%	0.3x	8.0x
ScanSource, Inc.	32.56	73.5%	837	1,164	3,906	144	3.6%	3.7%	0.3x	8.1x
SYNNEX Corporation	98.40	89.8%	4,978	8,228	21,624	1,052	13.9%	4.9%	0.4x	7.8x
Tech Data Corporation	104.60	94.2%	3,816	4,646	37,097	732	5.6%	2.0%	0.1x	6.3x
Mean		79.9%					10.6%	8.1%	1.0x	11.3x
Median		82.3%					6.7%	6.7%	0.7x	10.2x

Source: Bloomberg, Capital IQ and company filings, as of 6/28/2019

Note: dollars in millions, except stock price

Rotunda
Capital Partners

has sold

MUNCH'S
SUPPLY GROUP
WE MAKE IT EASY

to

Ridgemon EQUITY PARTNERS

Sell-Side

4/11/2019 - Lincoln acted as the exclusive sell-side advisor to Rotunda Capital Partners, in the sale of its holding, Munch's Supply, the New Lenox, Illinois-based distributor of HVAC equipment and supplies

Audax Private Equity

has sold

ImperialDade

to

BainCapital PRIVATE EQUITY

Sell-Side

6/12/2019 - Lincoln acted as the sell-side co-advisor to Audax Private Equity in the sale of its holding, Imperial Dade, the Jersey City, New Jersey-based distributor of foodservice disposables and janitorial and sanitation products.

Market Perspectives

7/3/2019: Beacon Roofing Supply, Inc. (Nasdaq: BECN), the Herndon, Virginia-based distributor of residential and commercial roofing materials, has appointed Julian G. Francis as President and CEO. Julian formerly led the Insulation Business of Owens Corning.

6/12/2019: HD Supply (NASDAQ:HDS), the Atlanta, Georgia-based industrial distributor, is very interested in bolt-on acquisitions, specifically for its Facilities Maintenance segment that would provide the company with geographic density or category specific strength that it can roll out across its whole network.

6/12/2019: Imperial Dade, the Jersey City, New Jersey-based distributor of disposable foodservice and janitorial supplies, is aggressively looking to increase its national reach with the resources and experience of its new owner, **Bain Capital Private Equity**.

5/15/2019: DCC (LON:DCC), the Irish distribution and business services group, is well placed for acquisitions worth as much as EUR 1.04 billion.

Selected M&A Transactions

Date	Target Company	Target Description	Acquiring Company
Announced	Ad Bosch Recanvis	Automotive spare parts and maintenance equipment	AD Parts (Bain Capital Private Equity)
Announced	COMM-TEC GmbH	Communication technology products	DCC Technology Limited
Announced	Cirrus Enterprises, LLC	Adhesives, sealants, coatings, solvents and surface treatments	Graco Supply Company, Inc. (CM Equity Partners)
Announced	Kaman Industrial Distribution Business	Electro-mechanical products, motion control and other power components	Littlejohn & Co. LLC
Announced	Mayflower Sales Company, Inc.	Dead-latches, deadlocks, armored door loops, push and pull latches	Gen Cap America, Inc.
Announced	Land Mark Products Inc.	Prepared foods	Orion Food Systems, LLC (One Rock Capital Partners)
Announced	Commercial Laundry Products, Inc.	Commercial and vended laundry products	EVI Industries, Inc.
Announced	Prinova Group LLC	Essential oils, flavor enhancers and aroma chemicals among other ingredients	Nagase America Corporation
Announced	Royal Reesink N.V.	Various products for agriculture sector	Triton
Jun-19	B & M Oil Company, Inc.	Lubricants for automotive, industrial and agricultural customers	Brenntag AG
Jun-19	Offen Petroleum, Inc. (Lariat Partners)	Fuel, lubricants, diesel exhaust fluid and premium additives	Court Square Capital Partners L.P.
Jun-19	Gooses Diesel Truck Parts & Service	Diesel truck parts	FleetPride, Inc. (American Securities)
Jun-19	Koscoheritage LLC	Heating oil	HOP Energy, LLC (Shorevest Capital & Delos Capital)
Jun-19	United Materials, Inc.	Surfacing materials	Construction Resources, Inc. (Monomoy Capital Partners)
Jun-19	Furey Filter & Pump, Inc	Fluid handling products	Ohio Transmission Corporation (Genstar Capital)
Jun-19	Imperial Dade (Audax Group)	Disposable foodservice and janitorial supplies	Bain Capital Private Equity
Jun-19	Silvercote, LLC	Thermal and acoustic glass mineral wool insulation products	Distribution International, Inc. (Advent International)
Jun-19	Legacy Fuels, LLC	Lubricants, dust control application services and quality control services	RelaDyne, Inc. (Audax Group)

Selected M&A Transactions (cont'd)

Date	Target Company	Target Description	Acquiring Company
Jun-19	Quality Fastener & Supply Company	Fasteners, tools and industrial supplies	Motor City Industrial, LLC
Jun-19	DeskRight Pte Ltd.	Office stationery supplies	Lyreco SA
Jun-19	Hart Acoustical & Drywall Supply	Drywall, metal studs, insulation and ceiling tiles	Lone Star Materials, Inc.
Jun-19	4-Star Hose & Supply, Inc.	Industrial hoses, fittings, valves and pumps	Singer Equities (AEA)
May-19	Strauss Paper Company, Inc.	Janitorial supplies, janitorial equipment and washroom supplies	Imperial Dade (Audax Group)
May-19	Mana-Tech Limited	Medical biopsy equipment	Argon Medical Devices, Inc.
May-19	Diesel Testers, Inc.	Diesel engine parts and repair services	Magneto & Diesel Injector Service, Inc. (Warren Equity)
May-19	Better Life Organics	Organic produce and food products	Charlie's Produce
May-19	Dols International	Industrial raw material and specialty chemical products	DKSH Holding Ltd.
May-19	John Henry Foster Minnesota, Inc.	Motion control parts and accessories and electrical automation products	High Road Capital Partners
May-19	Stone and Soil Depot, Inc.	Hardscapes and landscape supplies	SiteOne Landscape Supply, Inc.
May-19	Gilbert Foods, LLC	Perishable produce	The Coastal Companies
May-19	Balleigh Industrial	Metalworking and woodworking products	JPW Industries (Gamut Capital Management)
May-19	Mid-Continent Paper And Distributing Company Inc.	Food packaging supplies and bakery ingredients	Imperial Dade (Audax Group)
May-19	Long Island Pipe Supply, Inc.	Fire protection products and accessories	Core & Main (Clayton, Dubilier & Rice, Inc.)
May-19	Butler-Dearden Paper Service, Inc.	Janitorial supplies, safety products and printing paper	Imperial Dade (Audax Group)
May-19	Best Materials LLC, Advantage Construction Supply Inc.	Construction and building materials and accessories	Construction Supply Holdings, LLC (The Sterling Group)
May-19	Tru-Flow, LLC	Products and solutions for the biotech and pharmaceutical industries	SemiTorr Group, Inc. (Transom Capital)
May-19	Marlin Company, Inc.	Custom chemical blending and packaging solutions	Brenntag AG
May-19	Select Acoustics Supply Inc.	Suspended ceiling systems	Foundation Building Materials, Inc.
May-19	TRG Logistics Ltd	Offers drivers, warehouse staff and logistics consultancy services	Challenge Recruitment Group Limited
May-19	Myers Restaurant Supply, LLC	Foodservice equipment and supplies	Edward Don & Company, LLC (Vestar Capital)
Apr-19	Fisher's Landscape Depot	Hardscapes and landscape supplies	SiteOne Landscape Supply, Inc.
Apr-19	Computer Aided Technology, Inc. (Mangrove Equity Partners)	Software and hardware solutions for 3D solid modeling and analysis	CIVC Partners, L.P.
Apr-19	Atlanta Belting Company	Monofilament, PVC and rubber belt lacing products	Midwest Industrial Rubber, Inc. (Incline Equity Partners)
Apr-19	J & M Wholesale Meat & Imperio Foods	Meat products	Sysco Corporation
Apr-19	Munch's Supply LLC (Rotunda Capital Partners)	Heating, ventilation and air conditioning products	Ridgemont Equity Partners
Apr-19	Data Blue, LLC (Platinum Equity and The Gores Group)	Storage, backup and server virtualization and consolidation solutions	Court Square Capital Partners L.P.
Apr-19	Edmar Cleaning Corp.	Cleaning equipment and supplies	Imperial Dade (Audax Group)
Apr-19	PSI Compressors Inc.	Compressors and related ancillaries	Atlas Copco AB
Apr-19	Ohio Transmission Corporation (Irving Place Capital)	Power transmission and industrial electrical products	Genstar Capital, LLC
Apr-19	QRP Gloves, Inc.	Protective gloves	Protective Industrial Products, Inc. (Audax Group)
Apr-19	Landscape Depot, Inc.	Hardscapes and landscape supplies	SiteOne Landscape Supply, Inc.
Apr-19	The Merit Distribution (Centre Lane Partners)	Paint sundry, hardware and drywall related products	Center Rock Capital Partners, LP
Apr-19	Graytone Ltd.	Coatings and composites	ADDEV Materials SAS
Apr-19	ClearStory Data Inc.	Business oriented data analytics solutions	Alteryx, Inc.
Apr-19	Nilodor	Odor control and odor neutralizing products	Hospital Specialty Company (PNC Riverarch)
Apr-19	Bailey Lumber & Supply Co.	Building products and services	US LBM (Kelso & Company)
Apr-19	Jasper Oil, Inc.	Lubricants and fuels	RelaDyne, Inc. (Audax Group)
Apr-19	Dunphey & Associates Supply Co., Inc.	Heating, ventilating and air conditioning supplies	Watsco, Inc.
Apr-19	Connector Tech LLC	Connectors serving a variety of harsh environment applications	BJG Electronics, Inc. (Rockwood Equity)



Lincoln's Global Distribution Team

Our dedicated distribution team possesses deep knowledge of the key attributes top-performing distributors utilize to drive value for their customers and shareholders. With significant expertise across several verticals, the team brings valuable knowledge, contacts and global resources to each distribution transaction. We partner with professionals from the firm's other industry groups to offer clients the knowledge and perspective of both the underlying distribution business model, as well as deep end market and product expertise.



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About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions and capital markets advisory for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at:

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