

# Market Update

**Distribution**  
Q3 2018

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## Comparable Public Companies

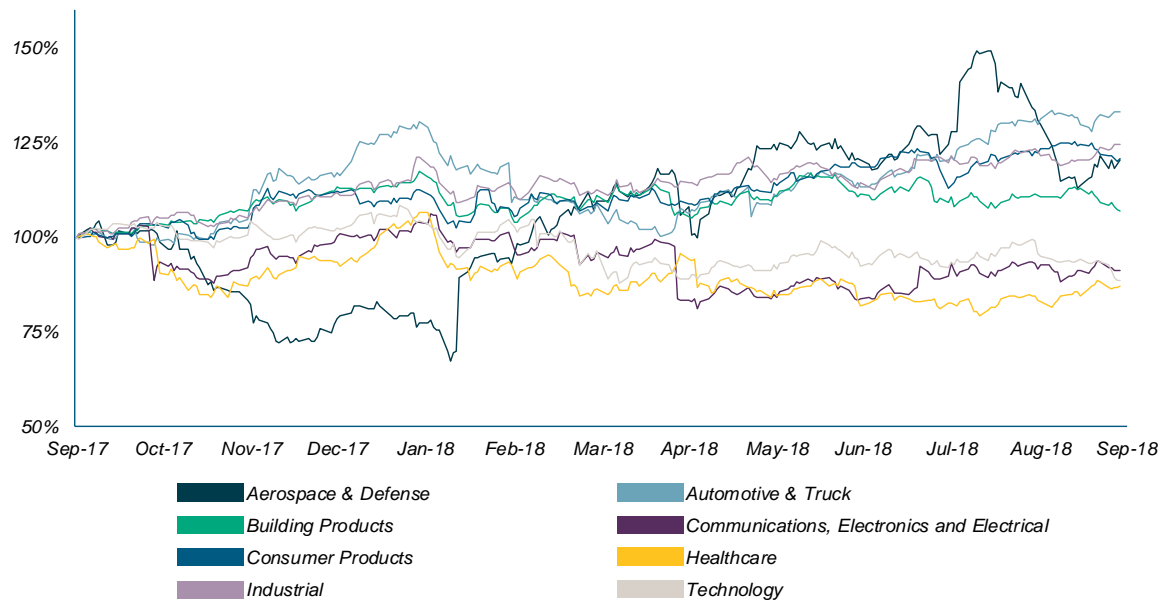
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	EV / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Aerospace and Defense</b>										
Wesco Aircraft Holdings, Inc.	\$11.25	79.1%	\$1,119	\$1,955	\$1,525	\$137	6.4%	9.0%	1.3x	14.3x
<b>Automotive and Truck</b>										
AutoZone, Inc.	\$775.70	97.2%	\$19,968	\$24,756	\$11,221	\$2,320	3.1%	20.7%	2.2x	10.7x
Genuine Parts Company	99.40	92.3%	14,587	17,459	17,711	1,300	12.6%	7.3%	1.0x	13.4x
LKQ Corporation	31.67	72.2%	10,074	14,277	10,687	1,141	16.7%	10.7%	1.3x	12.4x
O'Reilly Automotive, Inc.	347.32	98.8%	27,981	31,198	9,269	2,016	5.7%	21.8%	3.4x	15.5x
Uni-Select, Inc.	17.01	75.6%	718	1,176	1,694	122	35.9%	7.2%	0.7x	9.5x
<b>Building Products</b>										
Beacon Roofing Supply, Inc.	\$36.19	54.4%	\$2,465	\$5,849	\$5,772	\$409	35.5%	7.1%	1.0x	14.3x
BMC Stock Holdings, Inc.	18.65	72.6%	1,255	1,605	3,555	217	10.6%	6.1%	0.5x	7.4x
Builders FirstSource, Inc.	14.68	63.1%	1,684	3,639	7,448	410	11.7%	5.5%	0.5x	8.9x
CRH plc	32.74	85.2%	27,056	37,061	25,314	3,127	5.7%	12.4%	1.3x	10.0x
Ferguson plc	84.99	99.0%	19,598	20,901	20,752	1,651	7.6%	8.0%	1.0x	13.3x
HD Supply Holdings, Inc.	42.79	92.4%	7,864	9,821	5,542	756	12.5%	13.6%	1.8x	13.0x
SiteOne Landscape Supply, Inc.	75.34	78.9%	3,054	3,624	1,977	143	13.0%	7.2%	1.8x	25.3x
Watsco, Inc.	178.10	92.3%	6,108	6,454	4,453	381	3.5%	8.6%	1.4x	16.6x
<b>Communications, Electronics and Electrical</b>										
Anixter International, Inc.	\$70.30	79.1%	\$2,353	\$3,578	\$8,132	\$386	5.0%	4.7%	0.4x	9.3x
Rexel S.A.	15.03	82.2%	4,545	7,010	13,203	596	(0.8%)	4.5%	0.5x	10.1x
WESCO International, Inc.	61.45	88.6%	2,894	4,105	8,095	390	10.4%	4.8%	0.5x	10.5x
<b>Consumer Products</b>										
Bunzl plc	\$31.48	98.8%	\$10,402	\$12,330	\$8,805	\$625	8.7%	7.1%	1.1x	15.1x
Core-Mark Holding Company, Inc.	33.96	89.0%	1,560	1,935	12,850	104	8.6%	0.8%	0.2x	18.7x
Pool Corporation	166.88	94.9%	6,738	7,350	2,897	321	8.5%	11.1%	2.5x	22.9x
SpartanNash Company	20.06	72.4%	721	1,416	8,199	203	4.6%	2.5%	0.2x	7.0x
Sysco Corporation	73.25	96.4%	38,074	45,936	58,727	3,260	6.1%	5.6%	0.8x	14.1x
United Natural Foods, Inc.	29.95	56.8%	1,510	1,845	10,227	336	10.3%	3.3%	0.2x	5.5x
US Foods Holding Corp.	30.82	75.3%	6,688	10,180	24,181	1,006	3.0%	4.2%	0.4x	10.1x
<b>Healthcare</b>										
Cardinal Health, Inc.	\$54.00	71.3%	\$16,193	\$23,533	\$136,809	\$3,017	5.3%	2.2%	0.2x	7.8x
Henry Schein, Inc.	85.03	97.3%	13,019	15,387	13,026	1,102	8.8%	8.5%	1.2x	13.7x
McKesson Corporation	132.65	74.2%	26,500	35,840	209,913	3,930	5.0%	1.9%	0.2x	9.5x
Owens & Minor, Inc.	16.52	55.5%	1,029	2,581	9,555	229	1.9%	2.4%	0.3x	11.3x
<b>Industrial</b>										
Air Liquide S.A.	\$131.64	99.8%	\$56,119	\$73,098	\$20,219	\$4,783	(0.9%)	23.7%	3.1x	13.1x
Applied Industrial Technologies, Inc.	78.25	95.0%	3,032	3,942	3,073	284	18.5%	9.3%	1.3x	13.9x
DXP Enterprises, Inc.	40.07	80.9%	697	936	1,115	73	18.4%	6.6%	0.8x	12.7x
Fastenal Company	58.02	94.9%	16,649	16,938	4,675	1,067	13.2%	22.8%	3.6x	15.9x
Kaman Corporation	66.78	88.9%	1,870	2,166	1,852	169	4.6%	9.1%	1.2x	12.8x
MRC Global, Inc.	18.77	81.7%	1,695	2,727	3,954	175	20.0%	4.4%	0.7x	15.6x
MSC Industrial Direct Co., Inc.	88.11	88.2%	4,983	5,478	3,120	497	8.0%	15.9%	1.8x	11.0x
NOW Inc.	16.55	89.2%	1,794	1,898	2,907	65	24.2%	2.2%	0.7x	NMF
W.W. Grainger, Inc.	357.41	96.1%	20,063	22,201	10,895	1,552	6.6%	14.2%	2.0x	14.7x
<b>Office Supplies</b>										
Essendant, Inc.	\$12.82	75.0%	\$483	\$976	\$5,002	\$86	(3.7%)	1.7%	0.2x	11.4x
<b>Technology</b>										
Arrow Electronics, Inc.	\$73.72	84.5%	\$6,442	\$9,966	\$28,922	\$1,301	17.9%	4.5%	0.3x	7.6x
Avnet, Inc.	44.77	90.6%	5,183	6,216	19,037	727	9.2%	3.8%	0.3x	8.6x
ScanSource, Inc.	39.90	88.0%	1,021	1,243	3,846	140	7.8%	3.6%	0.3x	8.9x
SYNNEX Corporation	84.70	59.7%	3,357	4,809	19,743	737	26.4%	3.7%	0.3x	6.8x
Tech Data Corporation	71.57	65.9%	2,745	3,471	39,093	636	34.6%	1.6%	0.1x	5.5x
<b>Mean</b>		<b>82.9%</b>					<b>10.9%</b>	<b>7.8%</b>	<b>1.0x</b>	<b>12.1x</b>
<b>Median</b>		<b>85.2%</b>					<b>8.6%</b>	<b>6.6%</b>	<b>0.8x</b>	<b>11.9x</b>

Source: Bloomberg, Capital IQ and company filings, as of 9/28/2018

Note: dollars in millions, except stock price

Lincoln's Distribution Index recorded a gain of 5.2% in Q3 2018 vs. Q2 2018; Aerospace and Defense (+20.3%), Automotive & Truck (+17.3%), Industrial (+9.7%), Communications, Electronics & Electrical (+8.9%) and Healthcare (+6.1%) outpaced the index, while Consumer Products (+2.0%), Building Products (-4.0%) and Technology (-6.7%) lagged the index

### Distribution Index – LTM Relative Stock Price Performance



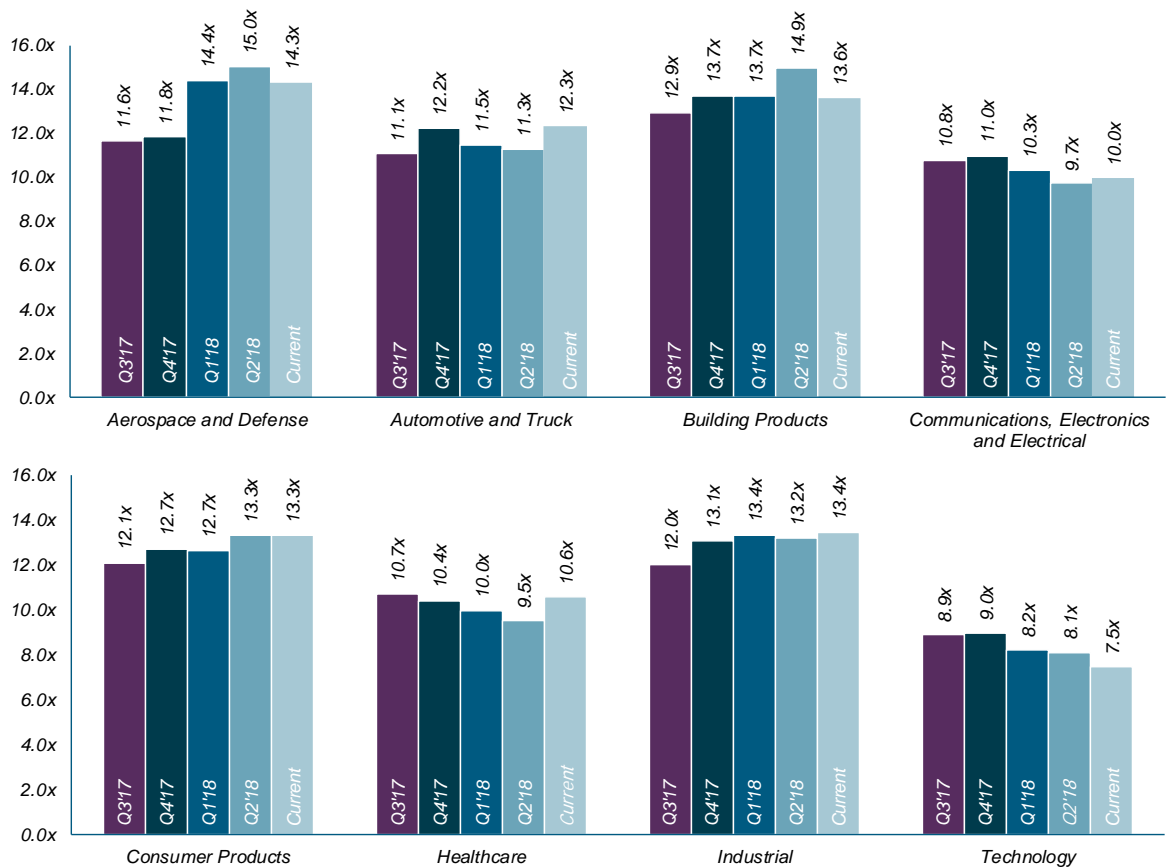
Source: Capital IQ as of 9/28/2018

### Lincoln News

**8/2/2018** - Lincoln acted as the exclusive sell-side advisor to The Riverside Company, in the sale of its holding, Specialized Medical Services, Inc., the Milwaukee, Wisconsin-based respiratory equipment logistics services provider, to Lincare Holdings Inc.

**8/6/2018** - Lincoln acted as the exclusive sell-side advisor to Century Technology Group, Inc. in the combination of its holding, Data Strategy, the Grand Rapids, Michigan-based data center solutions provider, with Trace3, a portfolio company of H.I.G. Capital.

### Distribution Index – Historical EV / EBITDA Valuation Performance



Source: Capital IQ as of 9/28/2018

**7/2/18: GMS (NYSE:GMS)**, the Tucker, Georgia-based distributor of wallboard and suspended ceiling systems, has an active watch on acquisition targets in the U.S. and Canada.

**7/23/18: Parkland Fuel (TSE:PKI)**, the Red Deer, Alberta-based distributor of petroleum products, is interested in pursuing opportunistic acquisitions in the mid-continental U.S.

**8/13/18: Applied Industrial Technologies (NYSE:AIT)**, the Cleveland, Ohio-based distributor of industrial supplies, continues to engage in acquisition talks and hopes to close deals during the current fiscal year.

**9/14/18: Staples, Inc.** has entered a definitive agreement to acquire **Essendant (NASDAQ:ESND)**, the Deerfield, Illinois-based office supplies distributor.

## M&A Transaction Recap (Selected Transactions)

Closed	Target Company	Target Description	Acquiring Company
Pending	Essendant, Inc.	Office supplies	Staples, Inc.
Pending	Hastings Auto Parts, Inc.	Auto parts	Genuine Parts Company
Pending	Kondor Ltd.	Consumer electronic accessories	DCC Technology Limited
Pending	Missouri Valley Petroleum, Inc.	Petroleum products	Parkland Fuel Corporation
Pending	Nexeo Solutions, Inc.	Chemical and plastic products	Univar, Inc.
Pending	Serenity Packaging Corporation	Packaging products	Packaging Distribution Services, Inc.
Pending	The United Distribution Group, Inc.	Custom hoses and line products	STS Operating, Inc.
Sep-18	Western Buyers, Inc.	Building and home improvement materials	Clearlake Capital Group
Sep-18	Advanced MP Technology, Inc.	Electronic components	America II Electronics, Inc.
Sep-18	Industrial Safety and Supply Corporation	Safety equipment	Mallory Safety and Supply, Inc.
Sep-18	Koetter Construction Supply, Inc.	Construction supplies	SouthernCarlson, Inc.
Sep-18	LINC Systems, Inc.	Collated nails and staples	Center Rock Capital Partners, LP
Sep-18	Team Sports, Inc.	Sporting goods	Barcelona Sporting Goods
Sep-18	BlackHawk Industrial Distribution, Inc.	Industrial equipment	Snow Phipps Group, LLC
Sep-18	Constar Construction Supply, Inc.	Construction materials and tools	Construction Supply Holdings, LLC
Sep-18	Canada Colors and Chemicals Limited	Chemicals	Brenntag AG
Sep-18	Blevins Building Supply, Inc.	Building materials	US LBM Holdings, Inc.
Aug-18	TAGG Logistics, LLC	Consumer and healthcare products	Dot Family Holdings
Aug-18	Tommark, Inc.	Heating and air conditioning	Munch Supply LLC.
Aug-18	Enoro AS	Catering equipment	Bunzl plc
Aug-18	Crown C Supply Company, Inc.	Roofing and exterior remodeling products	SRS Distribution, Inc.
Aug-18	DOT Sales Company	Waterworks products	Core & Main LP
Aug-18	Finish Line Systems, LLC	Water meters	Core & Main LP
Aug-18	Landis Supply	Exterior building materials	ABC Supply Co., Inc.
Aug-18	Long Island Truck Parts	Truck parts	FleetPride, Inc.
Aug-18	Midwest Marketing, Inc.	Window film	Madico, Inc.
Aug-18	Olmstead-Kirk Paper Co.	Paper products	Central National Gottesman Inc.
Aug-18	Tuscany Collection	Natural stone, quartz and tile	Architecture Surfaces Group
Aug-18	Speed Industrial Supply	Industrial and welding supplies	Tech Air of Connecticut, Inc.
Aug-18	Passerotti sp. z o.o.	Seals and supplementary products	Axel Johnson International AB
Aug-18	Jones Stephens Corporation	Specialty plumbing products	Ferguson Enterprises, Inc.
Aug-18	Assets of Charles G. Hardy, Inc.	Interior building products	GMS Inc.
Aug-18	Austin Brake & Clutch Supply, Inc.	Brakes and clutch parts	TruckPro, LLC
Aug-18	Contract Hardware of Florida, Inc.	Building products	The Cook & Boardman Group, LLC
Aug-18	USA Dawgs, Inc.	Footwear	Optimal Investment Group
Aug-18	Rose & Walker Supply, Inc.	Building materials	L&W Supply Corporation
Aug-18	Austin Foam Plastics, Inc.	Foam products	Sealed Air Corporation
Aug-18	Ciesco, Inc.	Drywall, insulation and steel framing	Foundation Building Materials, Inc.
Aug-18	Custom Electric Manufacturing Co.	Furnace heating elements	Sandvik AB
Aug-18	QUISS Professional Image Processing	Image processing solutions	Atlas Copco Holding GmbH
Aug-18	Sandford Energy, LLC	Motor fuels	Sunoco LP
Jul-18	Cibus Fresh, Inc.	Made-to-order packaged food	IF&P Foods, Inc.
Jul-18	PartsXpress	Commercial foodservice equipment	Parts Town, LLC
Jul-18	Ameron Water Transmission Group, LLC	Steel and concrete pipe systems	Northwest Pipe Company
Jul-18	Quality Valve, Inc.	Valve parts and flow control products	Pfingsten Partners, L.L.C.
Jul-18	Kirkwood Material Supply, Inc.	Hardscapes and nursery products	SiteOne Landscape Supply, Inc.
Jul-18	Frost Insulation Supplies, Inc.	Insulation supplies	Crossroads C&I Distributors, Inc.
Jul-18	GELOS KG	Beverages	Splendid Drinks AG
Jul-18	Atlas Supply, Inc.	Building products	Beacon Roofing Supply, Inc.
Jul-18	Ratioparts Ersatzteile-Vertriebs-GmbH	Agricultural machinery	Arrowhead Electrical Products, Inc.
Jul-18	AZ Lifting Hardware, LLC	Lifting, rigging and suspension hardware	G.L. Huyett
Jul-18	LQC Pipe and Supply, LLC	Pipes, valves and fittings	Rock Hill Capital Group, LLC
Jul-18	GOBA Internacional, S.A. de C.V.	School and craft products	ACCO Brands Corporation
Jul-18	Landscape Express, Inc.	Mulches, soils and stone	SiteOne Landscape Supply, Inc.





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## 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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