

Distribution Q1 2022



Market Commentary and Insights

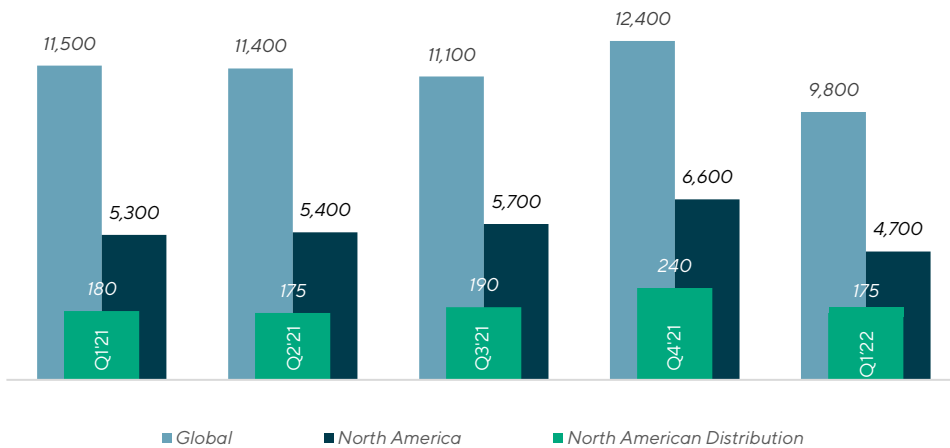
Public Markets

- After a strong bull run from mid-2020 through the end of 2021, public equity markets took a step back in Q1 2022
- Continued problems with international supply chains, shipping and logistics, coupled with growing inflationary pressures, labor shortages and unrest in Ukraine produced negative GDP growth in the quarter and contraction across the major equity indices
- Performance of distribution stocks mirrored the broader stock market, with most sub-sectors showing pullback from the end of 2021 and only broader stock market gains seen in energy, healthcare and technology distribution

M&A and Private Markets

- Mergers and acquisitions (M&A) markets saw a similar slowdown in Q1 2022, with global and North American deal volume decreasing approximately 20% and approximately 28%, respectively, from their Q4 2021 levels. Relative to Q1 2021, Q1 2022 global and North American deal volume decreased by approximately 15% and approximately 11% respectively
- Similar trends manifested in the distribution sector, with North American distribution deal announcements dropping approximately 27% from Q4 2021 levels, however, relative to Q1 2021, deal volume in Q1 2022 decreased by approximately 3%
 - Softness in M&A activity is owed mainly to i) a return to normal M&A levels after record-setting deal volume in 2021, and ii) emerging seasonal trends in M&A volumes that point to fewer deal announcements early in the calendar year
 - While concerns over underlying economic fundamentals has informed buyers' platform selections and diligence efforts, we have not seen this meaningfully impact overall market investment appetite
- Within mid-market distribution, buyers have turned their attention toward proven platforms with durable, predictable demand drivers and recession-resistant fundamentals
- Valuations remain strong for good businesses with defensible market positions and channel access buyers remain optimistic about intermediate and long-term macroeconomic prospects, and we see M&A activity ramping back up in the second half of 2022
- While the shipping delays and bottlenecks at ports did abate in Q1, sourcing strategies reliant upon international shipping remain an area of focus for buyer diligence - particularly manufacturing based in China, where strict lockdowns in response to COVID-19 outbreaks continue and manufacturing activity has been disrupted
- Whereas potential acquirers asked about mitigation tactics for these disruptions and manufacturing activity has been disrupted in 2020 and 2021, in 2022 they are seeking strategies for diversifying distributors' supply chains away from Southeast Asia and identifying manufacturing bases closer to home to ensure reliable access to product, as well as pricing power with customers, in order to mitigate rising input and freight costs

Closed M&A Deal Volume



Source: S&P Global approximate closed M&A deal volume

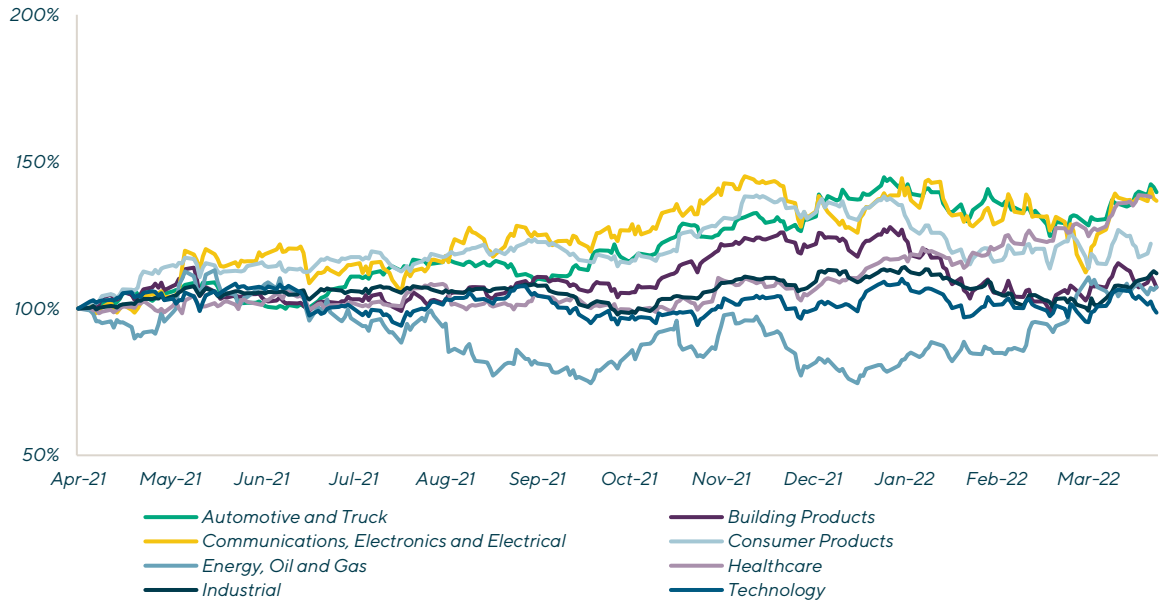
Recent Lincoln Distribution Transactions

<p>TENEX CAPITAL MANAGEMENT</p> <p>has sold</p> <p>Quveco PRODUCTS</p> <p>to</p> <p>GHK CAPITAL PARTNERS</p> <p>Sell-Side</p> <p></p>	<p>Riverside and co-shareholders have sold</p> <p>REPA THE SHREVEPORT GROUP</p> <p>to</p> <p>Partstown a portfolio company of Berkshire Partners</p> <p>Sell-Side</p> <p> </p>
<p>TRANSOM CAPITAL GROUP</p> <p>has sold</p> <p>SemiTorr Group Leading the Way</p> <p>to</p> <p>FW FloWorks a portfolio company of CLEARLAKE</p> <p>Sell-Side</p> <p></p>	<p>DUNES POINT CAPITAL</p> <p>has sold</p> <p>PPG Professional Performance Group</p> <p>to</p> <p>marcone a portfolio company of GENSTAR</p> <p>Sell-Side</p> <p></p>
<p>SUMMIT PARK</p> <p>has sold</p> <p>FastGrowingTrees.com</p> <p>to</p> <p>Berkshire Partners</p> <p>Sell-Side</p> <p></p>	<p>Western Paper Distributors</p> <p>has been sold to</p> <p>ImperialDade a portfolio company of BainCapital</p> <p>Sell-Side</p> <p></p>
<p>GRYPHON INVESTORS</p> <p>has acquired</p> <p>WITTECHEN SUPPLY COMPANY</p> <p>Buy-Side</p> <p></p>	<p>CAMERON WIRE & CABLE, INC.</p> <p>has been sold to</p> <p>Kinderhook INDUSTRIES</p> <p>Sell-Side</p> <p></p>
<p>ORR Corporation has sold</p> <p>ORR Safety</p> <p>to</p> <p>NSI Northern Safety & Industrial a subsidiary of WURTH GROUP</p> <p>Sell-Side</p> <p> </p>	<p>Electrocomponents plc</p> <p>has acquired</p> <p>synovos SUPPLY AND ASSETS IN SINCE</p> <p>Buy-Side</p> <p> </p>

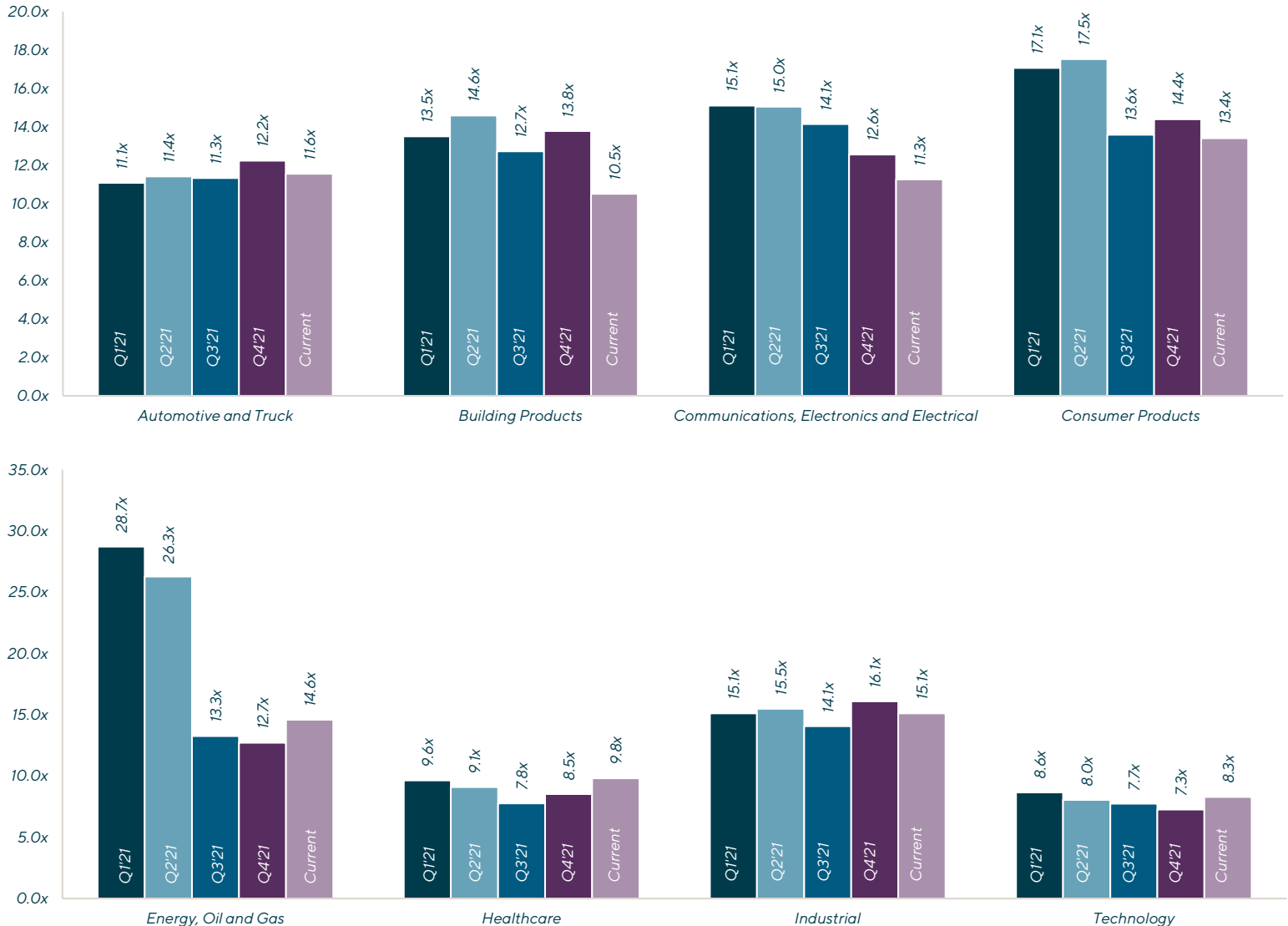
Index Performance

Lincoln's distribution index recorded a gain of 19.2% in Q1 2022 vs. Q1 2021. This quarter, energy, oil and gas (36.8%), and healthcare sectors (16.9%) outpaced the index while communications, electronics and electrical (-0.6%), industrial (-0.8%) and automotive and truck sectors (-2.6%) remained relatively flat. Technology (-8.7%), building products (-14.9%) and consumer products sectors (-15.4%) underperformed the index during the quarter.

Distribution Index - LTM Relative Stock Price Performance



Distribution Index - Historical EV / EBITDA Valuation Performance



Comparable Public Companies

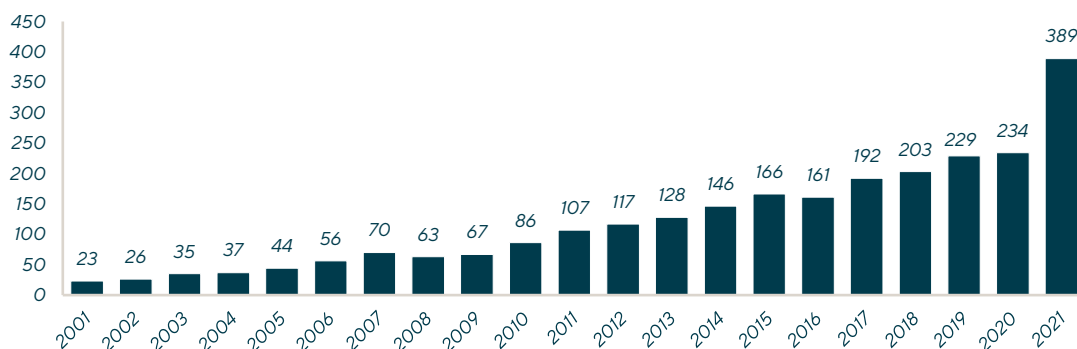
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Automotive & Truck										
AutoZone, Inc.	\$2,044.58	96.9%	\$40,583	\$48,974	\$15,603	\$3,650	16.5%	23.4%	3.1x	12.2x
Genuine Parts Company	126.02	88.1%	17,888	20,665	18,871	1,563	11.6%	8.3%	1.1x	10.9x
LKQ Corporation	45.41	75.1%	12,941	16,930	13,089	1,761	10.9%	13.5%	1.3x	7.7x
O'Reilly Automotive, Inc.	684.96	96.4%	45,410	50,862	13,328	3,258	9.1%	24.4%	3.8x	13.7x
Uni-Select Inc.	24.43	96.4%	1,063	1,442	1,613	80	12.4%	5.0%	0.9x	13.3x
Building Products										
Beacon Roofing Supply, Inc.	\$59.28	93.1%	\$4,176	\$6,424	\$6,820	\$680	10.0%	10.0%	0.9x	8.1x
Builders FirstSource, Inc.	64.54	74.6%	11,409	14,768	19,894	2,922	81.8%	14.7%	0.7x	4.8x
CRH plc	40.38	75.4%	30,964	37,871	30,981	5,062	8.7%	16.3%	1.3x	7.2x
Ferguson plc	136.45	76.1%	29,591	32,891	25,794	2,815	26.7%	10.9%	1.3x	11.4x
SiteOne Landscape Supply, Inc.	161.69	62.2%	7,256	7,811	3,476	395	28.5%	11.4%	2.2x	16.6x
Watsco, Inc.	304.64	95.5%	10,823	11,407	6,280	638	21.2%	10.2%	1.8x	15.0x
Communications, Electronics & Electrical										
Electrocomponents plc	\$14.25	85.0%	\$6,709	\$6,820	\$2,303	\$276	15.0%	12.0%	2.3x	17.7x
Rexel S.A.	21.58	88.5%	6,582	9,602	14,690	947	12.2%	6.4%	0.6x	7.6x
WESCO International, Inc.	130.14	92.4%	6,599	11,635	18,218	1,139	26.5%	6.3%	0.6x	8.5x
Consumer Products										
Bunzl plc	\$39.01	98.9%	\$13,046	\$15,461	\$10,285	\$779	1.6%	7.6%	1.1x	12.9x
Performance Food Group Company	50.91	85.8%	7,881	12,828	39,732	644	47.9%	1.6%	0.3x	15.9x
Pool Corporation	422.85	72.6%	16,967	18,368	5,296	860	22.6%	16.2%	3.5x	19.3x
SpartanNash Company	32.99	92.5%	1,185	1,895	8,931	208	(4.5%)	2.3%	0.2x	6.9x
Sysco Corporation	81.65	91.5%	41,433	51,935	60,738	2,801	38.0%	4.6%	0.9x	17.6x
United Natural Foods, Inc.	41.35	71.4%	2,409	5,996	27,779	809	1.3%	2.9%	0.2x	5.7x
US Foods Holding Corp.	37.63	89.4%	8,392	14,252	29,487	848	28.8%	2.9%	0.5x	15.5x
Energy, Oil & Gas										
DXP Enterprises, Inc.	\$27.09	74.7%	\$508	\$836	\$1,114	\$67	17.3%	6.0%	0.8x	9.3x
MRC Global Inc.	11.91	95.4%	995	1,809	2,666	53	12.3%	2.0%	0.7x	19.9x
NOW Inc.	11.03	92.9%	1,219	945	1,632	39	18.6%	2.4%	0.6x	n/a
Healthcare										
Cardinal Health, Inc.	\$56.70	91.3%	\$15,709	\$18,195	\$171,286	\$2,564	9.4%	1.5%	0.1x	6.7x
Henry Schein, Inc.	87.19	97.4%	11,960	14,310	12,401	1,058	16.8%	8.5%	1.2x	12.1x
McKesson Corporation	306.13	98.6%	45,858	51,690	257,006	3,517	7.9%	1.4%	0.2x	12.4x
Owens & Minor, Inc.	44.02	89.5%	3,376	4,474	9,785	485	12.7%	5.0%	0.5x	8.0x
Industrial										
Air Liquide S.A.	\$176.54	98.5%	\$83,698	\$97,310	\$23,335	\$5,821	12.3%	24.9%	3.8x	14.5x
Applied Industrial Technologies, Inc.	102.66	93.4%	3,948	4,496	3,505	362	14.4%	10.3%	1.3x	11.1x
Fastenal Company	59.40	91.7%	34,188	34,588	6,298	1,468	10.5%	23.3%	5.8x	22.6x
MSC Industrial Direct Co., Inc.	85.21	88.5%	4,758	5,616	3,408	471	8.9%	13.8%	1.6x	11.4x
W.W. Grainger, Inc.	515.79	97.9%	26,358	29,165	13,022	1,754	9.6%	13.5%	2.2x	16.0x
Technology										
Arrow Electronics, Inc.	\$118.63	86.0%	\$7,951	\$10,703	\$34,477	\$1,755	20.2%	5.1%	0.3x	5.8x
Avnet, Inc.	40.59	89.3%	4,017	5,621	21,593	762	20.9%	3.5%	0.3x	6.6x
ScanSource, Inc.	34.79	85.2%	891	1,078	3,304	136	12.6%	4.1%	0.3x	7.6x
TD SYNNEX Corporation	103.21	78.8%	9,854	14,390	42,145	1,201	102.3%	2.8%	0.3x	13.3x
Mean		87.8%					19.8%	9.2%	1.3x	11.8x
Median		89.5%					12.7%	7.6%	0.9x	11.8x

Source: Bloomberg, Capital IQ and company filings, as of 3/31/21
Note: dollars in millions, except stock price

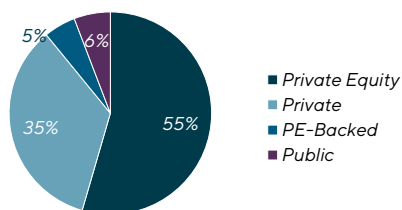
Lincoln International's 2021 Highlights



Global Transaction Growth⁽¹⁾

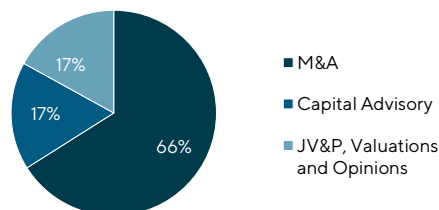


2021 M&A Client Type



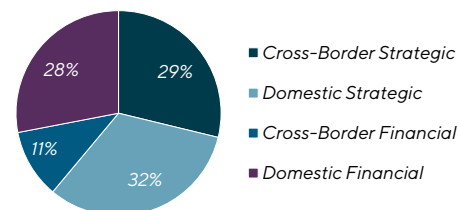
385+
transactions worldwide

2021 Transaction Type



>\$6 billion
in financing transactions closed

2021 M&A Transaction Type



~10,000+
portfolio company valuations

Selected M&A Transactions

Date	Target Company	Target Description	Acquiring Company
Mar-22	American Industrial Corporation	Finishing and material application products	OTC Industrial Technologies (Genstar Capital)
Mar-22	Apria, Inc.	Healthcare equipment	Owens & Minor Inc.
Mar-22	Quarles Petroleum Inc	Refined fuel products	Superior Plus Corporation
Mar-22	ATRA Janitorial Supply Company	Janitorial products	Envoy Solutions (FEMSA)
Mar-22	Huttig Building Products	Building products	Woodgrain
Mar-22	Distribution America and Pro Group	Home improvement products	Hardlines Distribution Alliance
Mar-22	Veritiv Canada, Inc.	Facility products	Imperial Dade (Bain Capital)
Mar-22	Kistler Crane & Hoist	Cranes and hoists	American Equipment Holdings (Rotunda Capital Partners)
Mar-22	Orofino Builders Supply	Building products	TAL Holdings
Mar-22	Timesaver Industrial Inc.	Industrial tool products	Stellar Industrial Supply
Mar-22	Cornerstone Building Brands, Inc.	Exterior building products	Clayton, Dubilier & Rice

(1) Note: Includes M&A advisory transactions, capital raise transactions, restructuring transactions and JV&P transactions, valuations and opinions as well as transactions related other advisories

Selected M&A Transactions (cont'd)

Date	Target Company	Target Description	Acquiring Company
Mar-22	Metallics	Hardware products	NSI Industries (Odyssey Investment Partners)
Mar-22	Debro Inc. (4I Capital Inc.)	Industrial chemicals products	LBB Specialties LLC
Mar-22	Drydon Equipment, Inc.	Water and wastewater equipment	DXP Enterprises, Inc.
Mar-22	Burlingame Engineers	Water and wastewater equipment	DXP Enterprises, Inc.
Mar-22	Manitowoc Ice	Commercial ice machines	Pentair plc
Mar-22	Hydrafab LLC	Hydraulic products	SBP Holdings (AEA Investors)
Mar-22	VanZandt Controls, LLC (OFS Energy Fund, LLC)	Automated valves	Eagle Automation
Feb-22	Vallen Distribution (Sonepar Group)	Industrial products	Nautic Partners, LLC
Feb-22	Rawson/ICD, Inc.	Industrial products	Relevant Industrial, LLC
Feb-22	Medical Purchasing Solutions, LLC	Dental equipment	Young Innovations, Inc.
Feb-22	Arrow Wire & Cable	Wire and cable products	Resideo Technologies, Inc.
Feb-22	Topa Equities Ltd.	Food and beverage products	Clare Holdings LLC
Feb-22	Benoist Brothers Supply Co.	Heating, ventilation and air conditioning (HVAC) products	Heritage / Wittichen (Gryphon Investors)
Feb-22	The Coastal Companies (Continental Grain Company)	Foodservice processing	Sysco Corp.
Feb-22	Ziyad Brothers Importing, LLC	Food and beverage products	Peak Rock Capital LLC
Feb-22	Legacy Converting, Inc.	Wiping products	Essity
Feb-22	A-tech, Inc.	Industrial automation products	Kele, Inc. (The Stephens Group)
Feb-22	USA-CLEAN	Repair parts	Jon-Don (Incline Equity Partners)
Feb-22	SupplyitAll	Facility products	Brady IFS
Feb-22	Bishop Lifting Products, Inc. (SBP Holdings)	Lifting products	Altamont Capital Partners (Kelso)
Feb-22	Stinson ITS and Stinson Equipment Ltd.	Traffic control equipment	Work Zone Safety Group (Ramudden AB)
Jan-22	Progress Supply, Inc.	HVAC products	The Gustave A. Larson Company
Jan-22	Mid-Am Building Supply, Inc.	Building products	Hardwoods Distribution Inc.
Jan-22	Thomas Scientific LLC (The Carlyle Group)	Laboratory equipment	Broad Sky Partners
Jan-22	State Industrial Supply Company	Hardware products	A&M Industrial Inc.
Jan-22	Gavilon Agriculture Holdings Co (Marubeni Corporation)	Food ingredients	Viterra Ltd

Selected M&A Transactions (cont'd)

Date	Target Company	Target Description	Acquiring Company
Jan-22	Burris Logistics Inc.	Perishable products	BJ's Wholesale Club Holdings Inc
Jan-22	Office Resources, Inc.	Furniture products	Creative Office Interiors Inc
Jan-22	Max Finkelstein, Inc.	Tire products	U.S. AutoForce (U.S. Venture, Inc.)
Jan-22	Electro Meers	Electrical products	Cebeo (Sonepar Group)
Jan-22	Munch's Supply (Ridgmont Equity Partners)	HVAC products	Marcone (Genstar Capital)
Jan-22	Petroleum Equipment Company, Inc.	Petroleum equipment	Rosewood Private Investments, Inc.
Jan-22	American Petroleum Sales and Service (Murphy & Sons Inc)	Petroleum equipment	Rosewood Private Investments, Inc.
Jan-22	JLM Industrial Supply	Industrial products	Stellar Industrial Supply
Jan-22	Pinnacle Tool & Supply	Industrial tools	BlackHawk Industrial (Snow Phipps Group)
Jan-22	Russell Supply	Industrial tools	NEFCO
Jan-22	Western Power Sports, Inc.	Power sports products	Arrowhead Engineered Products (Genstar Capital)
Jan-22	All-Serv Industrial	Industrial hose products	JGB Enterprises, Inc. (HCI Equity Partners)
Jan-22	RSA, Inc.	Automation and motion control products	Motion & Control Enterprises
Jan-22	Garrett Paper	Janitorial products	Imperial Dade (Bain Capital)
Jan-22	Semitorr Group Inc. (Transom Capital Group)	Gas handling products	FloWorks International LLC (Clearlake)
Jan-22	Vessel Packaging	Beverage packaging products	TricorBraun, Inc. (AEA Investors)
Jan-22	National Lumber	Building products	Builders FirstSource, Inc.
Jan-22	Crestwood Technology Group and Brighton Cromwell LLC	Defense products	Triman Industries, Inc. (AE Industrial Partners)
Jan-22	Kaman Distribution Group	Industrial products	Motion Industries, Inc. (Genuine Parts)
Jan-22	Winkle Electric Company	Electrical products	Rexel USA, Inc.
Jan-22	OB&E Rubber Company	Industrial machinery	Singer Equities, Inc. (SBP Holdings / AEA Investors)
Jan-22	Amber Resources LLC	Industrial fuel components	Renewable Energy Group, Inc.
Jan-22	Blake Group Holdings, Inc.	Water systems	Headwater Companies, LLC (Franklin Electric Co., Inc.)
Jan-22	Accurate Industrial Products, LLC	Conveyor belting products	Belt Power LLC (Shorehill Capital)
Jan-22	Lawson Products, Inc.	Maintenance and repair supplies	TestEquity and Gexpro Services (LKCM Headwater)
Jan-22	Romanow Container	Packaging products	SupplyOne, Inc.



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 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 their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 750 professionals across 15 countries, we offer an unobstructed perspective on the global private capital markets, 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: www.lincolninternational.com.

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