

Lincoln News and Perspectives

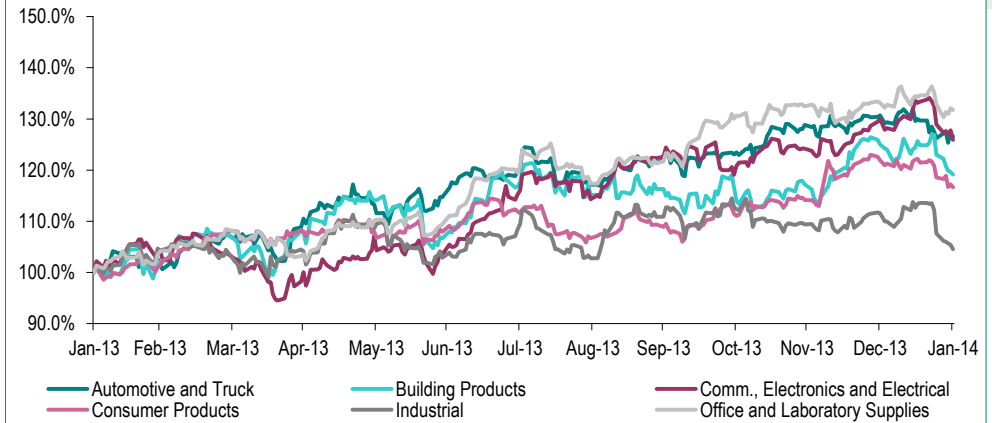
- January 2014: Lincoln has a record year, completing more than 130 transactions in 2013 (up from 117 in 2012)

Market Intelligence

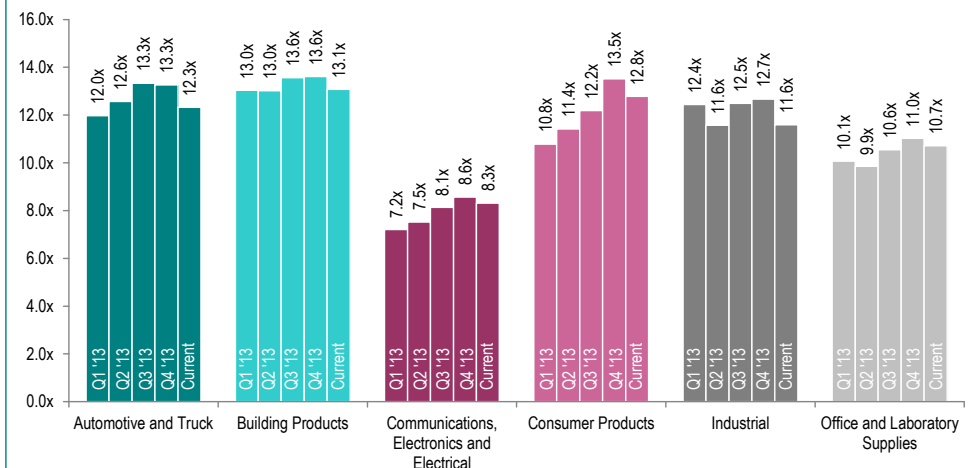
- 01/09/2014: **Bunzl plc**, an industrial distributor, spent approximately £290 million on acquisitions in 2013
- 01/09/2014: **Tech Air**, a portfolio company of CI Capital Partners and distributor of specialty gases and welding supplies, is actively seeking acquisitions
- 01/17/2014: **BlueLinx Holding Inc.**, a building products distributor, names Mitchell B. Lewis its President and CEO effective January 20, 2014
- 01/24/2014: **Itaro**, a Brazil-based online auto tire distributor, is seeking to sell a 20% - 30% equity stake of the company for growth capital
- 01/24/2014: **McKesson Corp.**, a distributor of pharmaceuticals, will acquire shares needed to complete its acquisition of Celesio AG from majority owner, Franz Haniel & Cie GmbH, after its tender offer failed to reach the 75% completion condition, reviving the \$5.4 billion deal
- 01/28/2014: **Unisource Worldwide, Inc.** and **Xpex, Inc.**, distributors of commercial printing equipment and supplies, have entered into a definitive agreement to merge, resulting in the creation of a new publicly traded company with annual revenue in the range of \$9 billion to \$10 billion
- 01/31/2014: **ScanSource**, a specialty technology products distributor, is seeking acquisition targets to expand in existing geographic areas and add new technologies and vendor product lines
- 01/31/2014: **Applied Industrial Technologies**, an industrial distributor, is looking for larger acquisition opportunities

Lincoln International Distribution Index

LTM Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



M&A Transaction Recap (Selected Transactions)

Date	Target Company	Target Description	Acquiring Company
Pending	Groupe ACR	Automobile spare parts	Groupe Autodistribution SA
Pending	RG Sales, Inc.	Rubber seal products and components	Sterling Consolidated Corp.
Pending	Unisource Worldwide, Inc.	Commercial printing equipment and supplies	Xpex, Inc.
Pending	Alpha International BV	Printer and computer accessories	ALSO Holding AG
Pending	Haas Group International Inc.	Chemical supply chain management solutions	Wesco Aircraft Holdings, Inc.
Pending	Peglab Biotechnologie GmbH	Life science products, instruments and consumables	VWR International LLC
Feb-14	Celesio AG	Pharmaceutical equipment and supplies	McKesson Corporation
Feb-14	E.B. Bradley	Laminates, surfacing products and woodworking supplies	PSP Capital Partners, LLC
Feb-14	LaPrairie Inc.	Electrical products	WESCO International Inc.
Feb-14	Garland C. Norris Company Inc.	Foodservice disposable and janitorial and cleaning supplies	S.P. Richards
Feb-14	Endweld Supply Corporation	Gases and welding supplies	Tech Air Of Connecticut, Inc.
Feb-14	Professional Hospital Supply, Inc.	Medical and surgical supplies	Medline Industries, Inc.
Jan-14	Commercial Solutions Inc.	Industrial supplies and power transmission products	Motion Industries
Jan-14	Electro-Wire, Inc.	Specialty wire and cable products	EIS, Inc.
Jan-14	Mill Hardware & Food Service, Inc.	Foodservice parts, supplies and accessories	Diversified Foodservice Supply, Inc.
Jan-14	Industrial Air Tool LLP	Energy and industrial equipment, tools and supplies	Pipeline Supply & Service, LLC
Jan-14	Hercules Tire & Rubber Company, Inc.	Private label and replacement tires	American Tire Distributors, Inc.
Jan-14	Melo's Gas & Gear	Gases and welding supplies	WestAir Gases & Equipment, Inc.
Jan-14	General Parts International, Inc.	OEM and replacement automotive products	Advance Auto Parts
Jan-14	USA Industries Inc.	Remanufactured light duty vehicle parts	Remy International, Inc.
Jan-14	Keystone Automotive Operations, Inc.	Specialty aftermarket equipment and accessories	LKQ Corporation
Jan-14	Parts Town LLC	Restaurant and foodservice parts	Summit Partners
Jan-14	Texas Oilpatch Services Corporation	Oilfield bearings and replacement parts	Applied Industrial Technologies
Jan-14	Marcor Development Corp.	Specialty chemicals and naturally derived ingredients	KODA Distribution Group
Jan-14	Stream AS	Pipe, valves, fittings and other flow control products	MRC Global Inc.
Jan-14	Control Equipment Company	Instrumentation, valves, heat tracing products and drives	The Eads Company
Jan-14	All-Spec Industries	Benchtop electronic assembly products	Hisco, Inc.
Jan-14	Compressed Gases of Augusta	Packaged gases	Tech Air of Connecticut, Inc.
Jan-14	Tommy White Supply Co.	Pumps, wellheads, valves and other oilfield supplies	Industrial Distribution Group
Jan-14	Dandy Specialties Inc.	Specialized drilling rig and wellhead components	United Distribution Group

Lincoln International Distribution Index (Continued)

Company Name	Stock	% of 52	Market	Enterprise	LTM		YoY Revenue	EBITDA	Enterprise Value / LTM	
	Price	Week High	Cap	Value	Revenue	EBITDA	Growth	Margin	Revenue	EBITDA
<u>Automotive and Truck</u>										
AutoZone, Inc.	\$ 495.06	97.3%	\$ 16,688	\$ 20,718	\$ 9,250	\$ 2,029	6.7%	21.9%	2.2x	10.2x
Genuine Parts Company	82.25	96.3%	12,696	13,219	13,679	1,217	5.1%	8.9%	1.0x	10.9x
LKQ Corp.	27.07	78.9%	8,138	9,352	4,814	588	16.8%	12.2%	1.9x	15.9x
<u>Building Products</u>										
Beacon Roofing Supply , Inc.	\$ 37.79	88.5%	\$ 1,852	\$ 2,075	\$ 2,241	\$ 161	8.4%	7.2%	0.9x	12.9x
Builders FirstSource, Inc.	8.05	95.6%	770	1,074	1,408	44	31.5%	3.2%	0.8x	nmf
HD Supply Holdings, Inc.	21.47	85.7%	4,124	9,670	8,616	714	22.6%	8.3%	1.1x	13.5x
Watsco, Inc.	94.62	95.6%	3,042	3,616	3,682	282	7.3%	7.7%	1.0x	12.8x
<u>Communications, Electronics and Electrical</u>										
Anixter International Inc.	\$ 87.72	92.5%	\$ 2,854	\$ 3,594	\$ 6,227	\$ 387	(0.4%)	6.2%	0.6x	10.0x
Arrow Electronics, Inc.	51.38	93.8%	5,176	6,874	20,607	854	1.0%	4.1%	0.3x	8.0x
Avnet, Inc.	41.07	90.3%	5,681	7,098	26,657	987	6.0%	3.7%	0.3x	7.2x
Ingram Micro Inc.	25.02	95.8%	3,857	4,193	42,101	647	11.3%	1.5%	0.1x	6.5x
Rexel SA	25.71	92.7%	7,243	10,738	13,164	775	(2.1%)	5.9%	0.6x	10.2x
ScanSource, Inc.	37.54	86.0%	1,056	905	2,868	116	(2.6%)	4.0%	0.3x	8.0x
<u>Consumer Products</u>										
Bunzl plc	\$ 22.83	95.1%	\$ 7,616	\$ 9,066	\$ 5,704	\$ 403	6.4%	7.1%	1.0x	13.7x
Core-Mark Holding Company, Inc.	75.65	95.4%	871	928	7,460	90	8.0%	1.2%	0.1x	10.3x
Pool Corp.	54.18	92.0%	2,489	2,727	2,046	176	4.7%	8.6%	1.3x	15.5x
Spartan Stores Inc.	22.59	87.8%	867	1,003	2,645	107	0.5%	4.0%	0.4x	9.4x
United Natural Foods, Inc.	67.57	87.9%	3,352	3,606	6,256	240	12.0%	3.8%	0.6x	15.0x
<u>Industrial</u>										
Airgas, Inc.	\$ 103.24	91.2%	\$ 7,614	\$ 10,100	\$ 5,068	\$ 937	2.7%	18.5%	2.0x	10.9x
Applied Industrial Technologies, Inc.	50.54	94.3%	2,131	2,079	2,449	198	1.0%	8.1%	0.8x	10.5x
DXP Enterprises, Inc.	96.04	82.2%	1,366	1,594	1,221	119	11.3%	9.8%	1.3x	13.4x
Fastenal Company	43.93	82.3%	13,036	12,977	3,326	776	6.1%	23.3%	3.9x	16.7x
Kaman Corporation	38.76	95.2%	1,051	1,327	1,643	138	3.1%	8.4%	0.8x	9.6x
MSC Industrial Direct Co., Inc.	84.02	94.0%	5,221	5,494	2,559	457	7.2%	17.9%	2.1x	12.0x
W.W. Grainger, Inc.	234.48	84.8%	16,145	16,257	9,438	1,477	5.4%	15.7%	1.7x	11.0x
WESCO International Inc.	82.96	87.6%	3,667	5,031	7,513	513	14.2%	6.8%	0.7x	8.6x
<u>Office and Laboratory Supplies</u>										
Henry Schein, Inc.	\$ 114.89	96.9%	\$ 9,864	\$ 10,679	\$ 9,443	\$ 801	5.6%	8.5%	1.1x	13.2x
United Stationers Inc.	41.43	88.4%	1,654	2,131	5,106	260	0.5%	5.1%	0.4x	8.2x
Mean		90.9%					7.2%	8.6%	1.1x	11.3x
Median		92.2%					6.1%	7.4%	0.9x	10.9x

Source: Bloomberg, Capital IQ and company filings, as of 01/31/2014
Note: dollars in millions, except stock price

About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and pension advisory services on a wide range of transaction sizes. With fifteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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