

Market Update

Distribution

Q1 2016



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					LTM		YoY		Enterprise Value/LTM	
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Margin	Revenue	EBITDA
Automotive and Truck										
AutoZone, Inc.	\$796.69	98.4%	\$23,788	\$28,423	\$10,427	\$2,288	6.4%	21.9%	2.7x	12.4x
Genuine Parts Company	99.36	99.8%	14,856	15,320	15,280	1,266	(1.1%)	8.3%	1.0x	12.1x
LKQ Corp.	31.93	99.0%	9,779	11,270	7,193	852	4.4%	11.9%	1.6x	13.3x
Building Products										
Beacon Roofing Supply, Inc.	\$41.01	93.2%	\$2,436	\$3,525	\$2,896	\$178	20.7%	6.1%	1.2x	19.8x
Builders FirstSource, Inc.	11.27	67.5%	1,236	3,123	3,564	175	nmf	4.9%	0.9x	17.8x
HD Supply Holdings, Inc.	33.07	89.8%	6,633	10,675	7,388	823	6.0%	11.1%	1.4x	13.0x
Watsco, Inc.	134.74	98.8%	3,999	4,456	4,113	353	3.1%	8.6%	1.1x	12.6x
Communications, Electronics and Electrical										
Anixter International Inc.	\$52.11	66.2%	\$1,718	\$3,210	\$6,191	\$350	12.4%	5.7%	0.5x	9.2x
Arrow Electronics, Inc.	64.41	99.7%	5,902	8,106	23,282	1,049	2.6%	4.5%	0.3x	7.7x
Avnet, Inc.	44.30	94.4%	5,815	7,107	27,351	1,038	(2.9%)	3.8%	0.3x	6.8x
Ingram Micro Inc.	35.91	98.0%	5,266	5,521	43,026	770	(7.4%)	1.8%	0.1x	7.2x
Rexel SA	14.30	69.2%	4,294	6,807	14,703	726	2.9%	4.9%	0.4x	8.9x
ScanSource, Inc.	40.38	96.3%	1,059	1,134	3,484	124	11.7%	3.6%	0.3x	9.2x
Consumer Products										
Bunzl plc	\$29.14	99.2%	\$9,568	\$11,193	\$9,570	\$701	3.0%	7.3%	1.2x	16.4x
Core-Mark Holding Company, Inc.	81.56	88.9%	1,887	1,965	8,858	126	6.6%	1.4%	0.2x	15.5x
Pool Corp.	87.74	99.0%	3,687	4,006	2,363	233	3.2%	9.9%	1.7x	17.2x
SpartanNash Company	30.31	89.4%	1,130	1,602	7,652	225	(3.3%)	2.9%	0.2x	7.1x
Sysco Corporation	46.73	99.6%	26,384	30,196	48,865	2,390	0.6%	4.9%	0.6x	12.6x
United Natural Foods, Inc.	40.30	51.6%	2,028	2,472	8,300	303	9.9%	3.6%	0.3x	8.2x
Industrial										
Airgas, Inc.	\$141.64	99.8%	\$10,259	\$12,994	\$5,321	\$966	0.3%	18.1%	2.4x	13.5x
Applied Industrial Technologies, Inc.	43.40	96.0%	1,704	2,015	2,610	213	(4.4%)	8.2%	0.8x	9.4x
DXP Enterprises, Inc.	17.56	35.8%	253	603	1,247	81	(16.5%)	6.5%	0.5x	7.4x
Fastenal Company	49.00	98.0%	14,138	14,374	3,869	914	1.5%	23.6%	3.7x	15.7x
Kaman Corporation	42.69	96.4%	1,153	1,578	1,775	147	(1.1%)	8.3%	0.9x	10.8x
MSC Industrial Direct Co., Inc.	76.31	99.6%	4,694	5,010	2,886	448	0.1%	15.5%	1.7x	11.2x
W.W. Grainger, Inc.	233.43	92.3%	14,373	16,159	9,973	1,526	(0.5%)	15.3%	1.6x	10.7x
WESCO International Inc.	54.67	73.3%	2,307	3,679	7,518	428	(4.8%)	5.7%	0.5x	8.6x
Office and Laboratory Supplies										
Henry Schein, Inc.	\$172.63	99.5%	\$14,146	\$15,428	\$10,630	\$928	2.2%	8.7%	1.5x	16.4x
Essendant Inc.	31.93	74.1%	1,191	1,877	5,363	259	(0.8%)	4.8%	0.4x	7.3x
Mean		88.4%					2.1%	8.3%	1.0x	11.7x
Median		96.3%					2.1%	6.5%	0.9x	11.2x

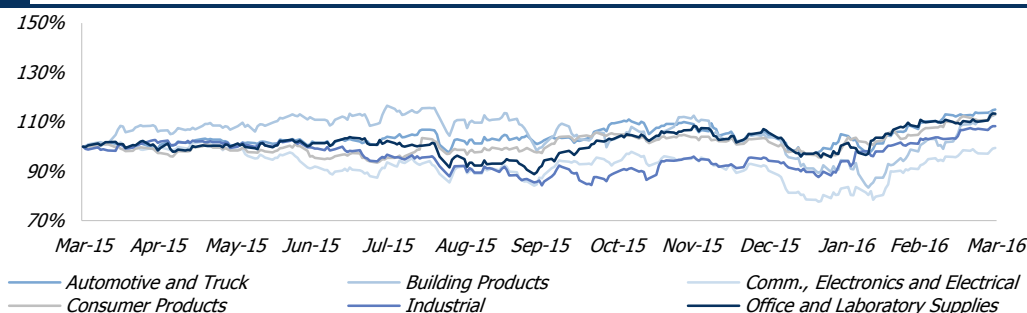
Source: Bloomberg, Capital IQ and company filings, as of 3/31/2016

Note: dollars in millions, except stock price

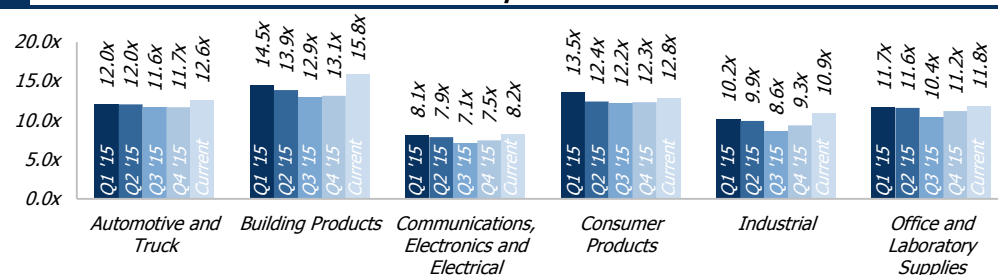
Index Performance

Lincoln's Distribution Index recorded a gain of 9.3% in Q1 2016 vs. Q4 2015; Industrial (+12.4%) and Building Products (+10.4%) outpaced the index, while Automotive & Truck (+8.2%), Consumer Products (+8.0%), Communications, Electronics & Electrical (+7.7%) and Office & Laboratory Supplies (+7.3%) recorded strong gains but lagged behind the index

Distribution Index – LTM Relative Stock Price Performance



Distribution Index – Historical EV / EBITDA Valuation Performance



M&A Transaction Recap (Selected Transactions)

Date	Target Company	Target Description	Acquiring Company
Pending	Airgas, Inc.	Industrial, medical and specialty gases and welding equipment	Air Liquide SA
Pending	Brake Bros Limited	Food and catering supplies / equipment	Sysco Corporation
Pending	Bursa Pazarı	Disposable packaging and other foodservice products	Bunzl plc
Pending	Cara Donna Provision Co., Inc.	Broad-line food products	US Foods, Inc.
Pending	Connector Systems Holdings Ltd.	Industrial components, connectors and networking products	Ingram Micro, Inc.
Pending	Dierks Waukesha Foods	Food and food products	US Foods, Inc.
Pending	Edsung, Inc.	Bakery, cake decorating and restaurant supplies	C&S Wholesale Grocers
Pending	Gatlin Group, Inc.	Fluid and pneumatic power products	Hydradyne, LLC
Pending	Haddon House Food Products, Inc.	Specialty, natural, organic, ethnic and kosher foods	United Natural Foods, Inc.
Pending	Ingram Micro Inc.	IT peripherals, printers, software products, etc.	Tianjin Tianhai Investment Co., Ltd.
Pending	Interfast, Inc., Industrial Fastener Business	Industrial fasteners	Hi-Tech Fasteners of Canada, Inc.
Pending	Moss Rubber and Equipment Corporation	Industrial rubber products and accessories	Motion Industries, Inc.
Pending	Nexeo Solutions, LLC	Chemicals and plastics products	WL Ross Holding Corp.
Pending	Rexall Pharma Plus Ltd.	Health, wellness and beauty products and general merchandise	McKesson Canada Corporation
Mar-16	3i Supply Company	Industrial and commercial insulation products	Distribution International, Inc.
Mar-16	American Lumber Corporation	Pre-hung door systems	US LBM Holdings, LLC
Mar-16	Atlanta Electrical Distributors, LLC	Industrial, commercial and residential electrical equipment	WESCO Distribution, Inc.
Mar-16	Brohl & Appell, Inc.	Automation, electrical and computer networking products	Rexel SA
Mar-16	Cactus Fuel, LLC	Fuel and lubricants	Hastings Equity Partners
Mar-16	Distribution Central Pty Limited	IT security products, network products and storage applications	Arrow Electronics, Inc.
Mar-16	Epperson & Company	Bulk material conveying products and services	Motion Industries, Inc.
Mar-16	Fdl Automation & Supply Co.	Automation and electrical supplies	CBT Company
Mar-16	Global Organic Specialty Source, Inc.	Organic produce	United Natural Foods, Inc.
Mar-16	Missouri Power Transmission, Inc.	Power transmission equipment and industrial supplies	Motion Industries, Inc.
Mar-16	NETXUSA, INC.	Voice-over-internet-protocol solutions	Ingram Micro Inc.
Mar-16	Nor-Cal Produce, Inc.	Natural, organic and specialty foods and non-food products	United Natural Foods, Inc.
Mar-16	NOxBOX Ltd	NOx and NO2 measurement and delivery system monitors	Praxair Inc.
Mar-16	Perfect Products Company of Michigan, Inc.	Automotive fasteners, bolts, nuts, clips and screws	Lawson Products Inc.
Mar-16	Wells Supply, LLC	Pipes, flanges, gauges, valves and other industrial products	A&B Valve and Piping Systems, L.L.C.
Feb-16	Earthwise Bag Company, Inc.	Reusable tote bags	Bunzl plc
Feb-16	Ellis Systems Corporation	Filing and material storage systems	Wolter Group LLC
Feb-16	Mechanical Supply Company, Inc.	Pipes, valves, fittings and related products	The Macomb Group, Inc.
Feb-16	Monterrey Provision Co., Inc.	Food products	Prudential Capital Group
Feb-16	MRC Global Inc., U.S. OCTG Business	Pipes, valves, fittings and related products	Sooner, Inc.
Feb-16	National Distribution & Contracting, Inc.	Healthcare products	Court Square Capital Partners L.P.
Feb-16	North Star Seafood, LLC	Fresh and frozen seafood products	Sysco Corporation
Feb-16	Olympus Imported Auto Parts Corporation	Automotive replacement parts	Genuine Parts Company
Feb-16	Whaley Foodservice Repairs, Inc.	Commercial kitchen parts	PT Holdings, LLC
Jan-16	Adhesive Systems, Inc.	Adhesives and dispensing products	American Securities
Jan-16	Cordia S.A.	Fire safety equipment	Rexel SA
Jan-16	Darby Doors, Inc.	Doors, millwork, hardware and building specialties	US LBM Holdings, LLC
Jan-16	HUB City Industrial Supply, Inc.	Consumable industrial products	Applied Maintenance Supplies & Solutions, LLC
Jan-16	Marketwest Food Group Limited Partnership	Dry and frozen food products	Dot Foods, Inc.
Jan-16	Numax, Inc.	Industrial fasteners	LINC Systems, Inc.
Jan-16	Ravena Welding Supply, Inc. And Hereford Welding Supply Inc.	Welding supplies	Tech Air of Connecticut, Inc.
Jan-16	PumpTek, LLC	Industrial seal-less pumps	Irving Place Capital
Jan-16	Wolf-Gordon, Inc.	Wall coverings, upholsteries, draperies, paints and coatings	Saw Mill Capital LLC

Lincoln News

4/1/2016: Lincoln acted as the exclusive buy-side advisor to Germany-based Würth Group, one of the largest distributors of assembly fastener components, in its acquisition of House of Threads, a provider of assembly material and other c-parts across the Southeast U.S. and Central Mexico

Market Intelligence

3/8/2016: Genuine Parts Company, the Georgia-based industrial, automotive and office products distributor, completed four acquisitions in Q1 2016 and plans to continue to aggressively seek out acquisitions of varying sizes.

3/1/2016: United Natural Foods, the Rhode Island-based grocery distributor, announced that it continues to seek additional acquisition opportunities in the specialty gourmet and ethnic food retail spaces following its agreement to acquire Haddon House Food Products in February.

2/19/2016: Sysco Corp., the Texas-based distributor of food and related products,

continues to seek deals in its core business in North America, following the termination of its acquisition of US Foods last year.

2/9/2016: Beacon Roofing Supply, the Virginia-based roofing material distributor, has the capacity for more acquisitions and expects to close more deals this fiscal year.

2/1/2016: WESCO International, the Pennsylvania-based electrical, industrial and communications products distributor, announced it is looking for acquisitions in the U.S., with a secondary focus on acquisitions in Mexico.

Source: Mergermarket, Capital IQ, company filings, investor presentations and earnings transcripts

Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building & Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

Global Locations

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Chicago
Frankfurt
London
Los Angeles
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Vienna
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Valuations & Opinions
Special Situations

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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 sixteen 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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