

Market Update

Distribution

Q3 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
Aerospace and Defense										
KLX Inc.	\$35.20	85.9%	\$1,855	\$2,785	\$1,483	\$155	(7.1%)	10.4%	1.9x	18.0x
Wesco Aircraft Holdings, Inc.	13.43	89.1%	1,324	2,146	1,481	90	(1.1%)	6.1%	1.4x	23.9x
Automotive and Truck										
AutoZone, Inc.	\$768.34	93.8%	\$22,373	\$27,107	\$10,636	\$2,332	4.4%	21.9%	2.5x	11.6x
Genuine Parts Company	100.45	94.8%	14,958	15,512	15,221	1,249	(1.3%)	8.2%	1.0x	12.4x
LKQ Corp.	35.46	97.6%	10,890	13,959	7,953	950	11.6%	11.9%	1.8x	14.7x
O'Reilly Automotive Inc.	280.11	95.7%	26,590	28,078	8,302	1,832	6.7%	22.1%	3.4x	15.3x
Uni-Select Inc.	24.37	89.3%	1,029	1,193	1,123	94	(26.3%)	8.4%	1.1x	12.9x
Building Products										
Beacon Roofing Supply, Inc.	\$42.07	85.9%	\$2,514	\$3,668	\$3,740	\$285	48.7%	7.6%	1.0x	12.9x
BMC Stock Holdings, Inc.	17.73	82.5%	1,178	1,573	2,452	136	77.9%	5.6%	0.6x	11.6x
Builders FirstSource, Inc.	11.51	73.2%	1,267	3,199	5,806	301	131.8%	5.2%	0.6x	10.6x
CRH plc	33.46	96.2%	27,779	36,492	29,938	3,040	23.1%	10.2%	1.2x	11.7x
HD Supply Holdings, Inc.	31.98	86.4%	6,429	10,424	7,588	864	7.6%	11.4%	1.4x	12.1x
SiteOne Landscape Supply, Inc.	35.93	87.7%	1,421	1,818	1,586	96	23.6%	6.0%	1.1x	19.0x
Watsco Inc.	140.90	93.9%	4,608	5,116	4,147	352	1.5%	8.5%	1.2x	14.5x
Wolseley plc	56.71	97.7%	14,111	15,367	19,161	1,380	(8.1%)	7.2%	0.8x	11.4x
Communications, Electronics and Electrical										
Anixter International Inc.	\$64.50	91.8%	\$2,132	\$3,513	\$7,097	\$354	23.3%	5.0%	0.5x	9.9x
Rexel SA	15.34	91.5%	4,617	7,327	14,885	696	(0.7%)	4.7%	0.5x	10.4x
WESCO International Inc.	61.49	96.2%	2,985	4,267	7,473	410	(2.3%)	5.5%	0.6x	10.4x
Consumer Products										
Bunzl plc	\$29.69	88.1%	\$9,778	\$11,367	\$9,042	\$668	(6.9%)	7.4%	1.3x	17.4x
Core-Mark Holding Company, Inc.	35.80	71.6%	1,656	1,912	10,004	131	15.2%	1.3%	0.2x	14.6x
Pool Corp.	94.52	91.9%	3,975	4,454	2,495	262	7.3%	10.5%	1.8x	17.0x
SpartanNash Company	28.92	85.3%	1,084	1,552	7,650	228	(2.9%)	3.0%	0.2x	6.8x
Sysco Corporation	49.01	90.8%	27,207	30,799	50,367	2,630	3.2%	5.2%	0.6x	11.7x
United Natural Foods, Inc.	40.04	71.9%	2,018	2,605	8,470	305	3.5%	3.6%	0.3x	8.6x
US Foods Holding Corp.	23.61	91.4%	5,209	8,964	23,131	897	0.8%	3.9%	0.4x	10.0x
Healthcare										
Cardinal Health, Inc.	\$77.70	85.2%	\$24,860	\$28,186	\$121,546	\$3,139	14.1%	2.6%	0.2x	9.0x
Henry Schein, Inc.	162.98	89.1%	13,331	14,799	11,122	958	6.1%	8.6%	1.3x	15.2x
McKesson Corporation	166.75	82.5%	37,636	42,669	193,071	4,598	2.9%	2.4%	0.2x	9.2x
Owens & Minor Inc.	34.73	83.7%	2,167	2,683	9,899	280	1.2%	2.8%	0.3x	9.6x
Industrial										
Air Liquide SA	\$107.29	77.2%	\$36,949	\$59,677	\$18,587	\$4,690	1.7%	25.2%	3.2x	12.5x
Applied Industrial Technologies, Inc.	46.74	96.2%	1,827	2,096	2,519	204	(6.4%)	8.1%	0.8x	10.3x
DXP Enterprises, Inc.	28.19	81.7%	412	755	1,092	55	(19.2%)	5.0%	0.7x	13.8x
Fastenal Company	41.78	83.6%	12,073	12,348	3,937	892	1.7%	22.7%	3.2x	13.7x
Kaman Corporation	43.92	96.3%	1,190	1,618	1,808	146	(0.8%)	8.1%	0.9x	11.1x
MRC Global Inc.	16.43	99.6%	1,584	2,288	3,568	150	(29.7%)	4.2%	0.6x	15.2x
NOW Inc.	21.43	98.5%	2,303	2,347	2,446	(157)	(27.5%)	(6.4%)	1.0x	NM
MSC Industrial Direct Co. Inc.	73.41	93.7%	4,427	4,657	2,846	448	(2.2%)	15.7%	1.6x	10.4x
W.W. Grainger, Inc.	224.84	93.7%	13,585	15,650	10,081	1,473	0.8%	14.6%	1.6x	10.8x
Office Supplies										
Essendant Inc.	\$20.52	55.5%	\$765	\$1,501	\$5,396	\$240	(0.1%)	4.5%	0.3x	6.2x
Technology										
Arrow Electronics, Inc.	\$63.97	94.0%	\$5,838	\$8,127	\$23,896	\$1,076	4.2%	4.5%	0.3x	7.5x
Avnet, Inc.	41.06	87.5%	5,235	6,695	26,219	974	(6.1%)	3.7%	0.3x	6.9x
Ingram Micro Inc.	35.66	97.3%	5,337	5,725	41,287	761	(11.0%)	1.8%	0.1x	7.5x
ScanSource, Inc.	36.50	83.9%	935	951	3,540	115	7.4%	3.3%	0.3x	8.2x
SYNNEX Corp.	114.11	96.1%	4,537	5,116	13,725	474	0.8%	3.5%	0.4x	10.7x
Tech Data Corp.	84.71	95.5%	2,983	2,648	26,229	356	(1.3%)	1.4%	0.1x	7.4x
Mean		88.7%					6.0%	7.5%	1.0x	11.9x
Median		90.8%					1.2%	5.6%	0.8x	11.5x

Source: Bloomberg, Capital IQ and company filings, as of 9/30/2016

Note: dollars in millions, except stock price

Index Performance

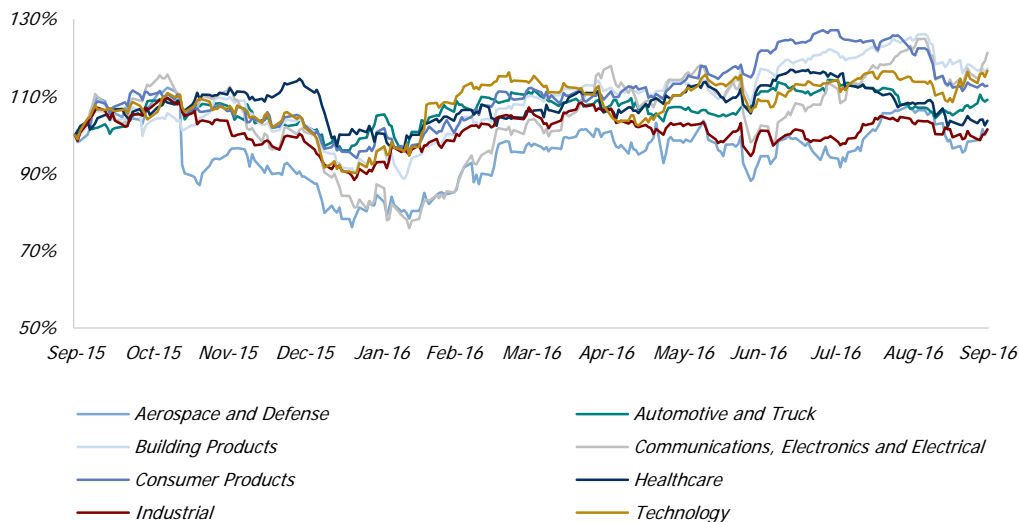
Lincoln's Distribution Index recorded a loss of 0.6% in Q3 2016 vs. Q2 2016; Communications, Electronics and Electrical (+20.4%), Technology (+10.3%), Aerospace and Defense (+9.5%), Industrial (+3.9%) and Building Products (+1.6%) outpaced the index, while Automotive and Truck (-1.2%), Consumer Products (-6.9%) and Healthcare (-7.6%) lagged behind the index

Lincoln News

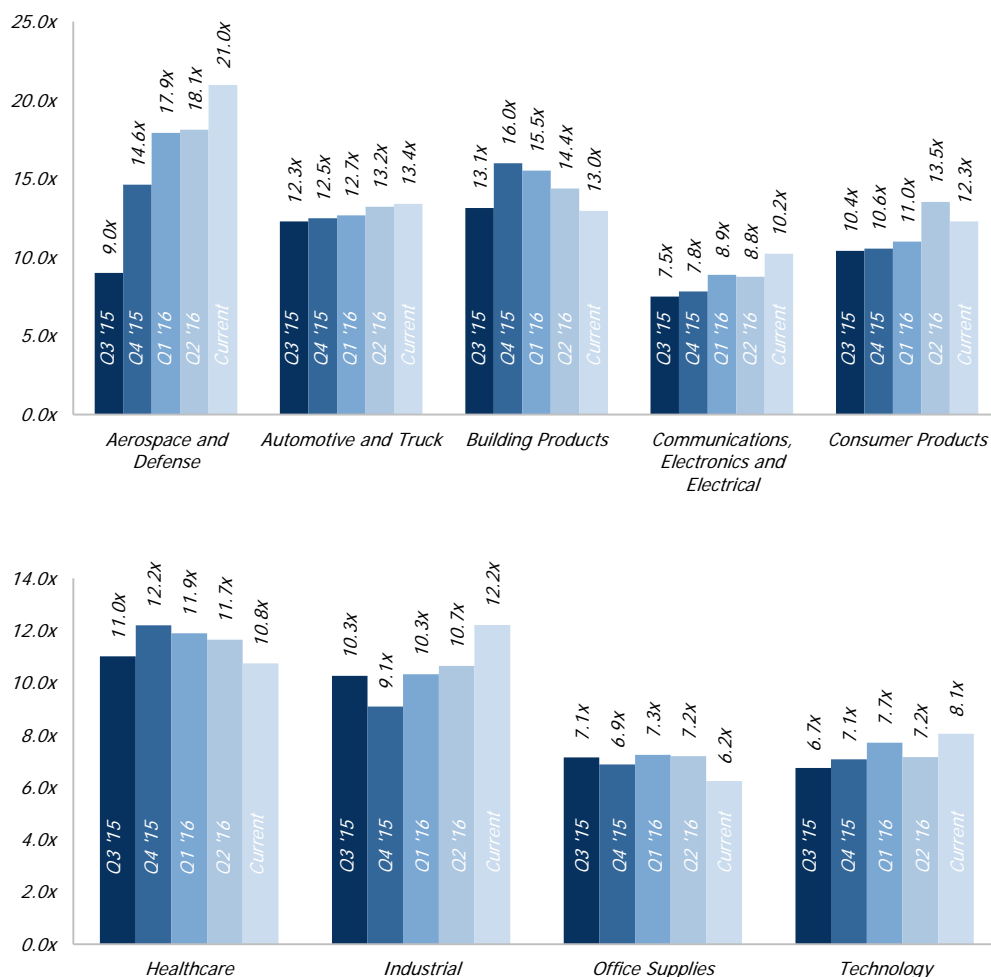
10/3/2016: Lincoln acted as the exclusive sell-side advisor to MAVERICK Technologies, the Columbia, Illinois-based systems integrator, in its sale to Rockwell Automation, the global manufacturer of industrial automation solutions

9/21/2016: Lincoln acted as the exclusive sell-side advisor to High Chem Specialties, the Mexico City, Mexico-based distributor of specialty chemicals, in its sale to GTM Holdings, the Latin American chemical distributor and Advent International portfolio company

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	Avnet, Inc., Technology Solutions Business	Information technology solutions	Tech Data Corp.
Pending	Fortiline LLC	Underground water, sewer and storm utility products	MORSCO, Inc.
Pending	Home Products Etc. LLC	Lighting and home décor fixtures	Crescent Electric Supply Co., Inc.
Pending	Jeraci Food Distributors, Inc.	Imported and domestic food products	US Foods, Inc.
Pending	Johnson Welding Supply	Gases, welding products and equipment	Haun Welding Supply, Inc.
Pending	L&W Supply Corporation	Drywall, ceiling tiles, steel framing and other building materials	ABC Supply Co., Inc.
Pending	Marrodent Sp Z O O	Dental consumables and equipment	Henry Schein, Inc.
Pending	OBBCO Safety & Supply, LLC	Industrial safety products	Motion Industries, Inc.
Pending	Premier Farnell plc	Technology products and solutions	Avnet, Inc.
Sep-16	Anderson Seal, Inc.	Sealing products and value-added services	Trelleborg Sealing Solutions US, Inc.
Sep-16	Cardwell Distributing, Inc.	Industrial and commercial fuels and lubricants	RelaDyne, Inc.
Sep-16	Glen Allen Nursery & Garden Center, Inc.	Nursery products for landscape professionals	SiteOne Landscape Supply, Inc.
Sep-16	Howco Distributing Co. Inc.	Construction, transportation, mining and heavy equipment parts	Drone USA, Inc.
Sep-16	Ideal Supply Company Limited	Electrical, industrial and automotive products	Groupe Deschênes Inc.
Sep-16	Novalab Ibérica, S.A.L.	Diabetes treatment products and services	Air Liquide SA
Sep-16	Phoenix Fine Foods Limited	Frozen food products	Eden Farm Ltd.
Sep-16	RL Stone Inc.	Process control valves and instrumentation	FCX Performance, Inc.
Sep-16	RM Hoffman Company	Rotary and linear motion products	Motion Solutions
Sep-16	Solaray LLC	Sunglasses, wireless accessories and novelty items	Aurora Capital Group LP
Sep-16	Total Hose, Inc.	Hydraulic and industrial hoses and accessories	Air Hydro Power, Inc.
Aug-16	Bissett Nursery Corporation	Horticulture products, landscaping tools, supplies and materials	SiteOne Landscape Supply, Inc.
Aug-16	Electric Specialties Company	Life safety and fire alarm systems	Midwest Alarm Services, Inc.
Aug-16	Engineered Fluid Power Products Corp.	Hydraulic and pneumatic systems and components	Scott Industrial Systems Inc.
Aug-16	Gourmet Guru Inc.	Organic and natural food products	United Natural Foods, Inc.
Aug-16	Great Lakes Fasteners Corporation	Fasteners and industrial components	All Integrated Solutions
Aug-16	Green Distribution LLC	Heat transfers and screen-printed custom apparel	Falfurrias Capital Partners
Aug-16	Intelisys Communications, Inc.	Business telecommunications and cloud services	ScanSource, Inc.
Aug-16	Keene Lumber Company, Inc.	Building materials for residential and commercial markets	Standard Companies, Inc.
Aug-16	National Roofing Supplies Inc.	Residential and commercial roofing products	SRS Distribution, Inc.
Aug-16	Redneck Oilfield Services Ltd.	Oilfield equipment rental and services	Strad Energy Services Ltd.
Aug-16	R.J. Safety Supply Company Inc.	Personal safety supplies and equipment	Mallory Safety and Supply, Inc.
Aug-16	Sun Belt Inc.	Lightweight conveyor belts	Belt Power LLC
Aug-16	SW Controls, Inc.	Process control valves and instrumentation	FCX Performance, Inc.
Aug-16	Welders Supply and Equipment, Inc.	Welding and industrial products	Holston Gases, Inc.
Jul-16	Ans Distributing, Inc.	Petroleum handling equipment	JF Acquisition, LLC
Jul-16	AVAD LLC	High-end audio and video solutions	Kingswood Capital Management, LLC
Jul-16	Brake Bros Limited	Frozen, chilled and ambient food products	Sysco Corporation
Jul-16	Cape Electrical Supply LLC	Electrical and communications products	Graybar Electric Company, Inc.
Jul-16	EMG Meerakker B.V.	Specialized electrotechnical equipment	Van Egmond Groep BV
Jul-16	E. O. Wood Company Inc.	Commercial and industrial insulation products	Distribution International, Inc.
Jul-16	Kloekner Metals' Pipe Distribution Business	Carbon-steel pipe	Merfish Pipe & Supply, L.P.
Jul-16	Plus II Sanitation / Apex Sanitation Products	Janitorial cleaning products	Bunzl plc
Jul-16	RelaDyne, Inc.	Lubricants, fuels, filtration products and cleaning products	Audax Group, Inc.
Jul-16	SOTF, LLC	Restaurant supplies and equipment	Sysco Corporation

Market Intelligence

9/22/2016: **Sysco Corporation**, the Houston, Texas-based food products distributor, has added three new directors to its board; Chairman Jackie Ward highlighted the new directors' experience in M&A, signaling a continued focus on acquisitions for the company, which has purchased three businesses so far in 2016

8/22/2016: **TricorBraun**, the St. Louis, Missouri-based rigid packaging solutions distributor owned by CHS Capital, has again entered into a sale process after the company's previous sale process in early 2015 did not result in a transaction

8/19/2016: **Performance Food Group**, the Richmond, Virginia-based food products distributor, continues to look for additional acquisition targets as the company hopes to close deals currently in its pipeline

8/16/2016: **Essendant Inc.**, the Deerfield, Illinois-based business / office supply wholesaler, has begun to reorganize its business into two groups, Business & Facility Essentials and Industrial Essentials, in order to better serve key customer channels

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
Education Technology & Services
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
New York
Paris
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