

Market Update

Distribution

Q1 2017



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M&A Transaction Recap

Market Intelligence

Distribution Index

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
Aerospace and Defense										
KLX Inc.	\$44.70	85.3%	\$2,347	\$3,290	\$1,531	\$206	(2.3%)	13.5%	2.1x	16.0x
Wesco Aircraft Holdings, Inc.	11.40	72.3%	1,135	1,933	1,457	176	(1.2%)	12.1%	1.3x	11.0x
Automotive and Truck										
AutoZone, Inc.	\$723.05	88.2%	\$20,540	\$25,470	\$10,750	\$2,390	3.1%	22.2%	2.4x	10.7x
Genuine Parts Company	92.41	87.2%	13,712	14,397	15,340	1,217	0.5%	7.9%	0.9x	11.8x
LKQ Corp.	29.27	80.5%	9,021	12,139	8,584	1,003	16.9%	11.7%	1.4x	12.1x
O'Reilly Automotive Inc.	269.84	92.1%	24,730	26,470	8,593	1,919	5.3%	22.3%	3.1x	13.8x
Uni-Select Inc.	26.54	99.6%	1,121	1,220	1,197	103	(0.9%)	8.6%	1.0x	11.7x
Building Products										
Beacon Roofing Supply, Inc.	\$49.16	97.1%	\$2,954	\$3,983	\$4,153	\$365	25.6%	8.8%	1.0x	10.9x
BMC Stock Holdings, Inc.	22.60	97.8%	1,508	1,876	3,094	182	53.8%	5.9%	0.6x	10.3x
Builders FirstSource, Inc.	14.90	94.0%	1,669	3,457	6,367	348	38.7%	5.5%	0.5x	9.9x
CRH plc	35.36	96.0%	29,545	35,875	28,612	3,274	(0.7%)	11.4%	1.2x	10.7x
HD Supply Holdings, Inc.	41.13	91.9%	8,296	12,033	7,439	874	4.4%	11.7%	1.6x	13.8x
SiteOne Landscape Supply, Inc.	48.41	99.4%	1,916	2,287	1,648	110	13.5%	6.7%	1.4x	20.8x
Watsco Inc.	143.18	89.7%	4,673	5,098	4,221	366	1.6%	8.7%	1.2x	13.9x
Wolseley plc	62.86	95.0%	15,789	17,444	20,228	1,451	4.3%	7.2%	0.9x	12.1x
Communications, Electronics and Electrical										
Anixter International Inc.	\$79.30	90.1%	\$2,626	\$3,890	\$7,623	\$358	23.1%	4.7%	0.5x	10.9x
Rexel SA	18.20	99.9%	5,483	7,819	13,894	609	(9.5%)	4.4%	0.6x	12.7x
WESCO International Inc.	69.55	91.3%	3,388	4,690	7,336	388	(1.9%)	5.3%	0.6x	12.1x
Consumer Products										
Bunzl plc	\$29.05	89.6%	\$9,567	\$11,125	\$9,173	\$673	(4.2%)	7.3%	1.2x	16.3x
Core-Mark Holding Company, Inc.	31.19	62.4%	1,445	1,804	11,507	133	23.7%	1.2%	0.2x	13.5x
Pool Corp.	119.33	98.4%	4,927	5,344	2,571	278	5.9%	10.8%	2.1x	19.2x
SpartanNash Company	34.99	86.7%	1,313	1,720	7,735	227	1.1%	2.9%	0.2x	7.6x
Sysco Corporation	51.92	91.0%	28,048	35,650	53,077	3,001	8.1%	5.7%	0.7x	11.9x
United Natural Foods, Inc.	43.23	82.8%	2,187	2,718	8,910	311	7.3%	3.5%	0.3x	8.7x
US Foods Holding Corp.	27.98	99.4%	6,206	9,857	22,919	879	(0.9%)	3.8%	0.4x	11.2x
Healthcare										
Cardinal Health, Inc.	\$81.55	92.8%	\$25,725	\$29,439	\$127,236	\$3,072	8.1%	2.4%	0.2x	9.6x
Henry Schein, Inc.	169.97	92.9%	13,461	15,233	11,572	987	6.4%	8.5%	1.3x	15.1x
McKesson Corporation	148.26	74.3%	31,439	39,599	196,498	4,624	2.9%	2.4%	0.2x	8.5x
Owens & Minor Inc.	34.60	83.4%	2,114	2,603	9,723	267	(1.2%)	2.7%	0.3x	9.7x
Industrial										
Air Liquide SA	\$114.52	100.0%	\$44,400	\$61,182	\$19,144	\$4,633	0.9%	24.2%	3.2x	13.0x
Applied Industrial Technologies, Inc.	61.85	92.8%	2,411	2,676	2,500	205	(2.5%)	8.2%	1.1x	13.1x
DXP Enterprises, Inc.	37.87	92.9%	657	881	962	49	(17.0%)	5.1%	0.9x	17.9x
Fastenal Company	51.50	97.8%	14,897	15,174	3,962	899	1.5%	22.7%	3.8x	16.9x
Kaman Corporation	48.13	90.1%	1,304	1,683	1,808	168	1.9%	9.3%	0.9x	10.0x
MRC Global Inc.	18.33	81.4%	1,742	2,402	3,041	33	(24.3%)	1.1%	0.8x	NM
NOW Inc.	16.96	72.1%	1,823	1,782	2,107	(169)	(21.8%)	(8.0%)	0.8x	NM
MSC Industrial Direct Co. Inc.	102.76	97.2%	5,827	6,338	2,843	446	(0.7%)	15.7%	2.2x	14.2x
W.W. Grainger, Inc.	232.76	88.6%	13,668	15,748	10,137	1,456	1.0%	14.4%	1.6x	11.1x
Office Supplies										
Essendant Inc.	\$15.15	43.3%	\$568	\$1,156	\$5,369	\$180	(0.3%)	3.3%	0.2x	6.4x
Technology										
Arrow Electronics, Inc.	\$73.41	96.8%	\$6,546	\$8,854	\$23,825	\$1,082	2.3%	4.5%	0.4x	8.1x
Avnet, Inc.	45.76	88.9%	5,898	8,257	25,921	971	16.6%	3.7%	0.3x	8.5x
ScanSource, Inc.	39.25	87.3%	991	1,088	3,513	107	(0.2%)	3.1%	0.3x	10.1x
SYNNEX Corp.	111.94	86.6%	4,469	5,263	14,457	545	9.0%	3.8%	0.4x	9.6x
Tech Data Corp.	93.90	97.4%	3,569	2,807	26,235	371	(0.5%)	1.4%	0.1x	7.6x
Mean		89.0%					4.5%	7.8%	1.1x	12.0x
Median		91.2%					1.5%	6.3%	0.9x	11.5x

Source: Bloomberg, Capital IQ and company filings, as of 3/31/2017

Note: dollars in millions, except stock price

Index Performance

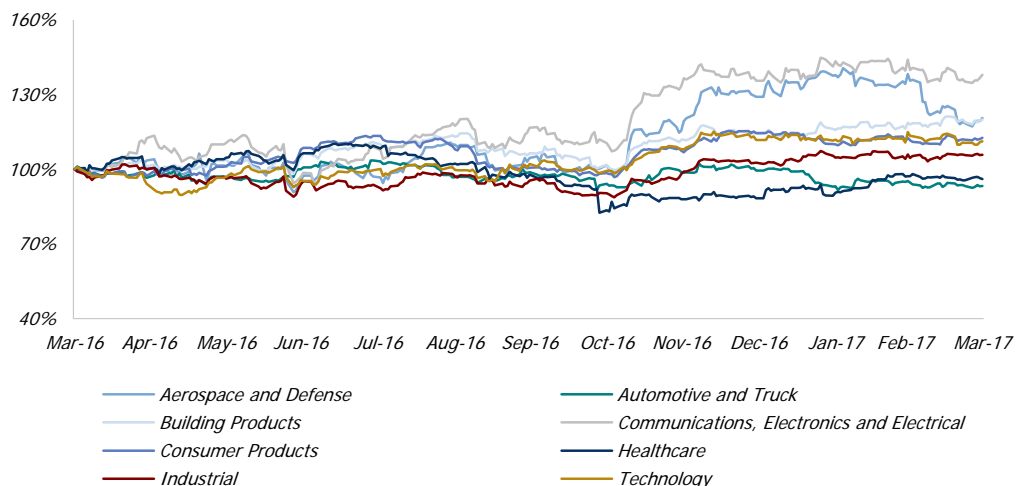
Lincoln's Distribution Index recorded a loss of 0.3% in Q1 2017 vs. Q4 2016; Healthcare (+8.8%), Building Products (+4.9%), Industrial (+2.7%), Communications, Electronics and Electrical (+1.8%) and Technology (-0.2%) outpaced the index, while Consumer Products (-1.7%), Automotive and Truck (-6.2%) and Aerospace and Defense (-6.6%) lagged behind the index

Lincoln News

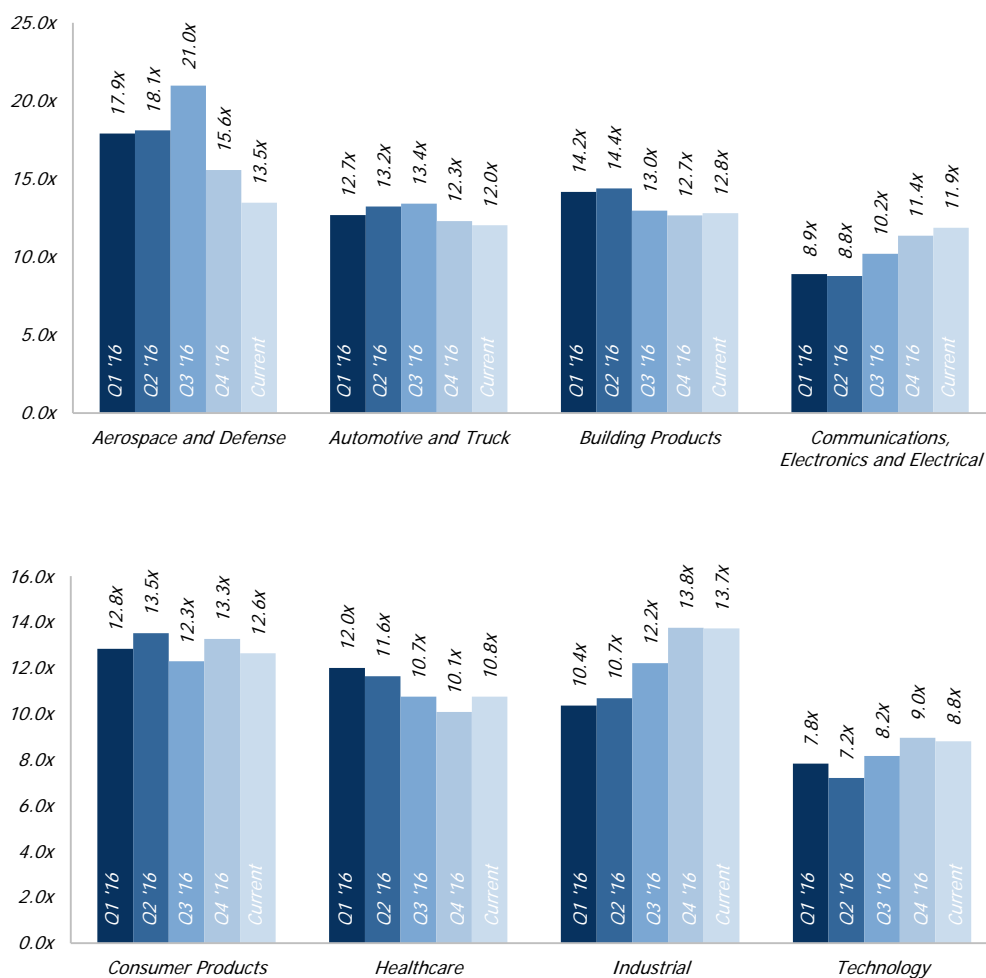
1/10/2017: Lincoln acted as the exclusive sell-side advisor to The Riverside Company in its sale of AutomationSolutions Holding Company ("iAutomation"), the North Attleboro, Massachusetts-based designer and distributor of innovative, highly engineered automation products, solutions and services, to Saw Mill Capital



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	Air Cost Control USA, LLC	Aerospace electrical parts	HEICO Corporation
Pending	All American Foods, Inc.	Food products	US Foods Holding Corp.
Pending	Baumgardner Hydraulic Service Inc.	Hydraulic repair services	Hydradyne, LLC
Pending	Gibson Energy's Industrial Propane Business	Industrial propane	Superior Plus LP
Pending	Sacchi Giuseppe S.p.A.	Electrical products	Sonepar S.A.
Pending	SRA Foods, Inc.	Meat products	US Foods, Inc.
Pending	Staples' Australia and New Zealand Business	Office products	Platinum Equity, LLC
Pending	Ultra Chem, S. de R.L. de C.V.	Specialty chemicals	Nexeo Solutions, Inc.
Pending	U.S. Lumber Group, LLC	Specialty timber building materials	Madison Dearborn Partners, LLC
Pending	WA Stationery Wholesalers	Office products	GNS Wholesale Stationers
Mar-17	Acme Building Materials, Inc.	Building materials	Beacon Roofing Supply, Inc.
Mar-17	American Builders Supply, Inc.	Construction supplies	SiteOne Landscape Supply, Inc.
Mar-17	Angelo's Supplies, Inc.	Landscaping supplies and rental equipment	SiteOne Landscape Supply, Inc.
Mar-17	Apollo Oil, LLC	Lubrication products	Pugh Oil Company, Inc.
Mar-17	Diversified Distribution Systems, LLC	Supply chain solutions	Bunzl plc
Mar-17	First Choice Catering Spares Limited	OEM foodservice parts	PT Holdings, LLC
Mar-17	Inenco Group Limited	Energy consultancy services	Genuine Parts Company
Mar-17	Kineco Kaman Composites - India Pvt. Ltd.	Complex composite structures	Kaman Corporation
Mar-17	Manufacturers Supply Company Inc.	Production fasteners and supplies	Fastenal Company
Mar-17	Packaging Film Sales, Inc.	Custom packaging solutions	Bunzl plc
Mar-17	Quality Hardwood Sales, LLC	Hardwood products	Universal Forest Products, Inc.
Mar-17	R & E Fasteners, Inc.	Fasteners, electrical products and industrial supplies	AFC Industries, Inc.
Mar-17	River City Building Supply	Fasteners and fastening equipment	Carlson Systems Holdings
Mar-17	Sentinel Fluid Controls	Hydraulic and lubrication components	Applied Industrial Technologies, Inc.
Mar-17	Taylor Chemical LTD	Specialty chemical products	Hydrite Chemical Co.
Mar-17	Valley Center Propane, LLC	Propane gas products	Ferrellgas Partners, L.P.
Feb-17	EMCO, Inc.	Electrical, mechanical, fluid power and automation products	Motor City Industrial, LLC
Feb-17	Mid-West Wholesale Hardware Co.	Commercial door hardware products	High Road Capital Partners
Feb-17	Primet Fluid Power, Inc.	Hydraulic and electrical control systems	Ritter Technology, LLC
Feb-17	P V Sullivan Supply Co, Inc.	Plumbing and heating products	Ferguson Enterprises, Inc.
Feb-17	Renew Valve	Safety relief valve and line valve services	FCX Performance, Inc.
Feb-17	Sensmeier Oil Company, Inc.	Petroleum products	RelaDyne, Inc.
Feb-17	Staples, Inc., Business in Europe	Office products	Cerberus Capital Management, L.P.
Feb-17	Stone Forest Materials, LLC	Landscaping supplies	SiteOne Landscape Supply, Inc.
Feb-17	TMC Materials Inc.	Chemical raw materials and containers	Ravago Holdings America, Inc.
Jan-17	Air King Fastening Systems Inc.	Tools and fasteners	Carlson Systems Holdings, Inc.
Jan-17	American Building & Roofing Inc.	Residential roofing and related building products	Beacon Roofing Supply, Inc.
Jan-17	Argo International Corporation, NJ Branch	Industrial pumps and electrical products	Ohio Transmission Corporation
Jan-17	Aspen Valley Landscape Supply, Inc.	Landscaping supplies	SiteOne Landscape Supply, Inc.
Jan-17	AutomationSolutions Holding Company	Industrial automation and motion control products	Saw Mill Capital LLC
Jan-17	Bar Harbor Lobster Company, Inc.	Seafood products	Performance Food Group Company
Jan-17	Caito Food Service, Inc.	Fruits and vegetables	SpartanNash Company
Jan-17	Eco Insulation Supply, Inc.	Insulation products	Beacon Roofing Supply, Inc.
Jan-17	Gasco Affiliates, LLC	Specialty gases	Tech Air of Connecticut, Inc.
Jan-17	Gases & Arc Supply, Inc.	Welding and industrial supplies and industrial gases	Tech Air of Connecticut, Inc.
Jan-17	Lone Star Safety & Supply, Inc.	Safety products	Ritz Safety, LLC
Jan-17	LSH Industrial Solutions Pte Ltd	Personal protective products	Bunzl plc
Jan-17	Mesco Corporation	Electrical products	Crescent Electric Supply Co., Inc.
Jan-17	Native Maine Produce & Specialty Foods, LLC	Produce and specialty food products	RLJ Equity Partners, LLC; SJ Partners, LLC
Jan-17	Ridout Lumber Company	Building materials	US LBM Holdings, LLC
Jan-17	Serdex	Pharmaceutical and cosmetic ingredients	Air Liquide SA
Jan-17	Soluble Solutions Inc.	Industrial tools	Butler Brothers Supply Division Inc.

Market Intelligence

3/8/2017: Genuine Parts Company, the Atlanta, Georgia-based distributor of automotive and industrial replacement parts, office products and electrical/electronic materials, continues to look for further acquisitions in 2017 after the company acquired 19 businesses with revenues totaling \$600 million in 2016

3/1/2017: Kaman Corporation, the Bloomfield, Connecticut-based aerospace manufacturer and industrial parts distributor, is turning its attention back to M&A after spending 2016 integrating two acquisitions which it completed in late 2015

2/21/2017: MRC Global, the Houston, Texas-based distributor of industrial pipes, valves, fittings and related products, maintains an active list of potential targets and considers M&A to be a key part of its expansion strategy

2/16/2017: US Foods, the Rosemont, Illinois-based foodservice distributor which announced two acquisitions during Q1 2017, continues to target acquisitions of broadline distributors with a high mix of independent restaurants and distributors with capabilities in produce and meat

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

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
São Paulo
Tokyo
Vienna
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