

Market Update Distribution

Q4 2017



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Logistics & Transportation Stock Indices Data

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.	\$68.25	97.2%	\$3,437	\$4,334	\$1,672	\$262	13.1%	15.7%	2.6x	16.5x
Wesco Aircraft Holdings, Inc.	7.40	47.6%	736	1,547	1,429	131	(3.2%)	9.1%	1.1x	11.8x
Automotive and Truck										
AutoZone, Inc.	\$711.37	88.7%	\$19,458	\$24,140	\$11,010	\$2,419	2.7%	22.0%	2.2x	10.0x
Genuine Parts Company	95.01	94.2%	13,930	14,877	15,882	1,201	4.2%	7.6%	0.9x	12.4x
LKQ Corporation	40.67	98.2%	12,569	15,494	9,417	1,073	15.1%	11.4%	1.6x	14.4x
O'Reilly Automotive, Inc.	240.54	84.7%	20,453	23,316	8,886	1,962	5.3%	22.1%	2.6x	11.9x
Uni-Select, Inc.	22.65	76.7%	958	1,395	1,324	111	13.6%	8.4%	1.1x	12.6x
Building Products										
Beacon Roofing Supply, Inc.	\$63.76	98.3%	\$4,319	\$4,945	\$4,377	\$380	6.0%	8.7%	1.1x	13.0x
BMC Stock Holdings, Inc.	25.30	98.4%	1,696	2,105	3,273	188	14.6%	5.7%	0.6x	11.2x
Builders FirstSource, Inc.	21.79	98.7%	2,461	4,303	6,802	367	8.4%	5.4%	0.6x	11.7x
CRH plc	35.97	85.9%	30,163	38,546	31,270	3,606	2.9%	11.5%	1.2x	10.0x
Ferguson plc	72.04	95.5%	17,848	18,587	20,064	1,549	7.6%	7.7%	0.9x	11.7x
HD Supply Holdings, Inc.	40.03	89.5%	7,433	9,070	7,643	891	43.7%	11.7%	1.2x	10.2x
SiteOne Landscape Supply, Inc.	76.70	99.2%	3,050	3,519	1,808	136	11.2%	7.5%	1.9x	25.9x
Watsco, Inc.	170.04	98.9%	5,578	6,076	4,291	371	1.9%	8.6%	1.4x	16.3x
Communications, Electronics and Electrical										
Anixter International, Inc.	\$76.00	85.8%	\$2,529	\$3,722	\$7,808	\$372	3.2%	4.8%	0.5x	10.0x
Rexel SA	18.16	87.9%	5,486	8,337	15,793	757	6.3%	4.8%	0.5x	10.8x
WESCO International, Inc.	68.15	89.5%	3,203	4,541	7,476	375	1.0%	5.0%	0.6x	12.1x
Consumer Products										
Bunzl plc	\$28.01	83.8%	\$9,229	\$11,127	\$10,522	\$759	13.6%	7.2%	1.0x	14.1x
Core-Mark Holding Company, Inc.	31.58	71.9%	1,459	1,949	12,066	126	12.4%	1.0%	0.2x	15.5x
Pool Corporation	129.65	98.3%	5,208	5,736	2,723	302	7.2%	11.1%	2.1x	19.0x
SpartanNash Company	26.68	66.1%	986	1,644	8,032	228	4.7%	2.8%	0.2x	7.2x
Sysco Corporation	60.73	96.7%	31,644	39,805	56,053	3,038	8.3%	5.4%	0.7x	13.1x
United Natural Foods, Inc.	49.27	93.5%	2,483	2,909	9,454	322	9.0%	3.4%	0.3x	9.0x
US Foods Holding Corp.	31.93	99.5%	6,855	10,413	23,829	921	2.8%	3.9%	0.4x	11.3x
Healthcare										
Cardinal Health, Inc.	\$61.27	72.2%	\$19,276	\$28,127	\$130,578	\$3,041	4.0%	2.3%	0.2x	9.2x
Henry Schein, Inc.	69.88	74.7%	10,968	13,191	12,264	1,033	8.5%	8.4%	1.1x	12.6x
McKesson Corporation	155.95	92.1%	32,512	40,044	201,955	3,885	4.0%	1.9%	0.2x	10.7x
Owens & Minor, Inc.	18.88	51.0%	1,157	1,975	9,297	215	(5.5%)	2.3%	0.2x	9.2x
Industrial										
Air Liquide SA	\$126.14	94.1%	\$53,854	\$73,046	\$23,286	\$5,544	33.4%	23.8%	3.0x	12.5x
Applied Industrial Technologies, Inc.	68.10	97.2%	2,643	2,856	2,650	223	5.9%	8.4%	1.1x	12.8x
DXP Enterprises, Inc.	29.57	70.4%	514	738	963	61	(5.4%)	6.3%	0.8x	12.2x
Fastenal Company	54.69	98.6%	15,717	16,024	4,250	984	8.0%	23.2%	3.8x	16.3x
Kaman Corporation	58.84	97.4%	1,637	2,015	1,765	162	(3.4%)	9.2%	1.1x	12.4x
MRC Global, Inc.	16.92	76.0%	1,600	2,362	3,462	123	5.3%	3.6%	0.7x	NM
NOW, Inc.	11.03	48.3%	1,189	1,253	2,517	(36)	13.7%	(1.4%)	0.5x	NM
MSC Industrial Direct Co., Inc.	96.66	91.4%	5,457	5,974	2,970	452	4.5%	15.2%	2.1x	13.5x
W.W. Grainger, Inc.	236.25	89.9%	13,462	15,634	10,263	1,359	1.2%	13.2%	1.5x	11.8x
Office Supplies										
Essendant, Inc.	\$9.27	41.2%	\$349	\$779	\$5,094	\$96	(5.9%)	1.9%	0.2x	8.1x
Technology										
Arrow Electronics, Inc.	\$80.41	95.1%	\$7,074	\$9,719	\$25,622	\$1,125	6.2%	4.4%	0.4x	8.6x
Avnet, Inc.	39.62	82.2%	4,791	5,744	17,983	721	10.1%	4.0%	0.3x	8.0x
ScanSource, Inc.	35.80	78.9%	913	1,175	3,560	124	(1.2%)	3.5%	0.3x	9.5x
SYNNEX Corporation	135.95	98.5%	5,433	6,245	17,046	653	21.2%	3.8%	0.4x	9.9x
Tech Data Corporation	97.97	88.2%	3,738	5,095	33,110	562	25.9%	1.7%	0.2x	9.1x
Mean	85.5%					7.9%	7.9%	1.0x	12.1x	9.3x
Median	89.7%					6.1%	6.7%	0.8x	11.8x	

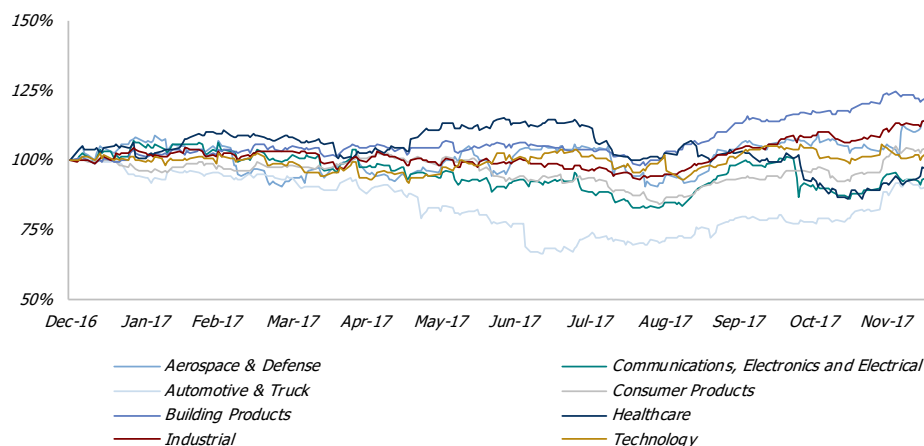
Source: Bloomberg, Capital IQ and company filings, as of 12/31/2017

Note: dollars in millions, except stock price

Index Performance

Lincoln's Distribution Index recorded a gain of 10.2% in Q4 2017 vs. Q3 2017; Aerospace & Defense (+21.4%), Automotive & Truck (+15.2%), Industrial (+15.1%), Building Products (+12.5%) and Consumer Products (+12.1%) outpaced the index, while Technology (+2.9%), Communications, Electronics and Electrical (+1.1%) and Healthcare (-7.8%) lagged the index

Distribution Index – LTM Relative Stock Price Performance



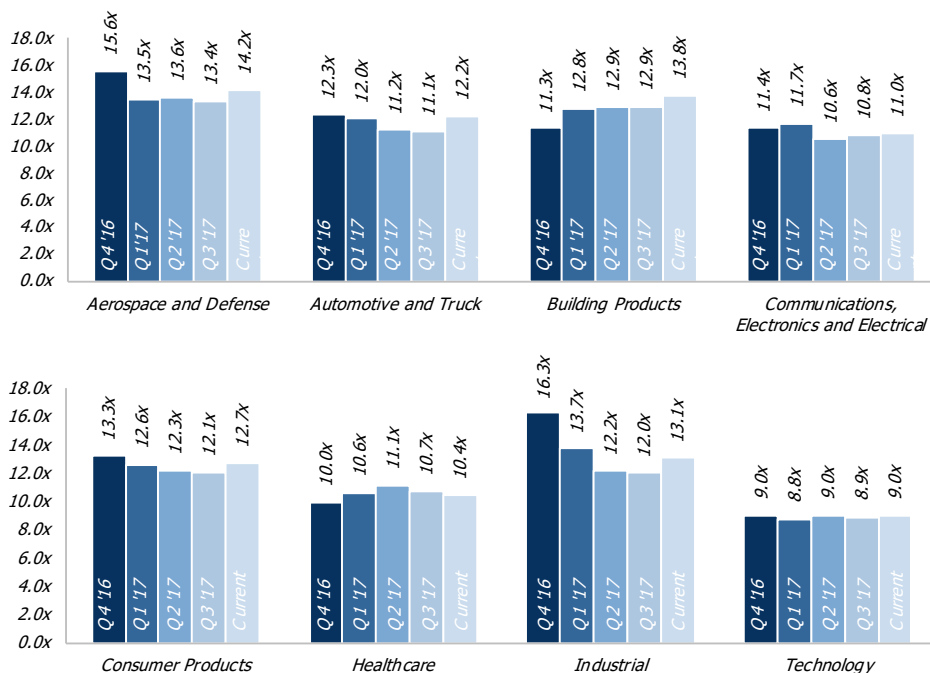
Lincoln News



12/10/2017

Lincoln acted as the exclusive sell-side advisor to the shareholders and management team in the sale of Alexander Open Systems, the Overland Park, Kansas-based provider of technology solutions, to ConvergeOne, a portfolio company of Clearlake Capital

Distribution Index – Historical EV / EBITDA Valuation Performance



M&A Transaction Recap (Selected Transactions)

Date	Target Company	Target Description	Acquiring Company
Pending	AAdvantage	Laundry products	EnviroStar, Inc.
Pending	Alliance Welding Supplies, Inc.	Industrial welding supplies and safety equipment	Tech Air of California, Inc.
Pending	Apache, Inc.	Belting and hose products	Motion Industries, Inc.
Pending	D Reynolds Company, LLC	Industrial and commercial electrical products	McNaughton-McKay Electric Company
Pending	Drywall Material Sales, LLC	Drywall and building products	Kodiak Building Partners
Pending	HFM Foodservice Corporation	Wholesale food products	Sysco Corporation
Pending	Interpath Services Pty Ltd.	Laboratory and healthcare-related consumable products	Bunzl plc
Pending	Monroe Motor Products Corp.	Automotive parts	Genuine Parts Company
Pending	Per Strand AS	Building products	Compagnie de Saint-Gobain SA
Pending	Raj Petro Specialties P. Ltd.	Industrial and specialty chemicals	Brenntag AG
Pending	S.C. A&D Pharma Holdings SRL	Pharmaceutical and healthcare products	Penta Investments
Pending	SDJ Trading, LLC	Food products	Enson Group Corporation
Pending	STAHLGRUBER GmbH	Vehicle accessories and workshop equipment	LKQ Corporation
Pending	Stark Group AS	Building materials	Lone Star Funds
Pending	SunSource	Fluid power solutions	Clayton, Dubilier & Rice, Inc.
Pending	Table Fresh Foods, LLC	Food products	Capitol City Produce Company, LLC
Dec-17	Cloud Harmonics, Inc.	Cloud-based security solutions	Ingram Micro, Inc.
Dec-17	Thomas Pipe & Supply Co.	Industrial pipes, valves, gauges, tubing and fittings	Winsupply, Inc.
Dec-17	Alexander Open Systems, Inc.	Information technology consulting solutions	ConvergeOne, Inc.
Dec-17	Spectrum Coatings	Industrial and automotive paint	FinishMaster Canada, Inc.
Dec-17	Willoughby Supply, Inc.	Residential and commercial roofing products	SRS Distribution, Inc.
Dec-17	Domus Group of Companies Ltd.	Household durable goods	Headlam Group plc
Dec-17	Prime Line	Various promotional products	Alphabroder
Dec-17	American Builders Supply, Inc.	Building products	Kodiak Building Partners
Dec-17	Southwest Building Materials	Gypsum wallboard and suspended ceiling systems	GMS, Inc.
Dec-17	O'Connor Company, Inc.	HVAC products	Munch Supply, LLC
Dec-17	Sound Technology Ltd.	Musical instruments and professional audio products	Midwich Group plc
Nov-17	Sound Network Ltd.	Sound and audio equipment	DPA Microphones AS
Nov-17	Smith Cooper International, Inc.	Valves, tubes, pipes and fittings	Tailwind Capital Group, LLC
Nov-17	Blake & Pendleton, Inc.	Compressed air and gas equipment	Five Points Capital
Nov-17	LGM Pharma, Inc.	Pharmaceutical ingredients	New Harbor Capital Management, LLC
Nov-17	Atlanta Fixture & Sales Company, Inc.	Foodservice equipment	Edward Don & Company
Nov-17	Electro Imaging Systems, Inc.	Document management solutions	Toshiba America Business Solutions
Nov-17	The Eads Company	Valves, automation and instrumentation products	FCX Performance, Inc.
Nov-17	Spectrum Janitorial Supply	Janitorial supplies	Nichols
Nov-17	ST Fastening Systems	Specialty fasteners	The Hillman Group, Inc.
Nov-17	APCO, Inc.	HVAC, plumbing and apartment maintenance supplies	Winsupply, Inc.
Nov-17	The Phoenix Group	Point-of-sale equipment	Ingram Micro, Inc.
Nov-17	Galleher Corporation	Floor covering products	Quad-C Management, Inc.
Nov-17	MAYCA Distribuidores SA	Food products	Sysco Corporation
Nov-17	America II Electronics, Inc.	Semiconductors and electrical components	Wynnchurch Capital, LLC
Nov-17	Del-Pro Building Supplies, Inc.	Doors, frames, hardware and toilet partition products	Foundation Building Materials, Inc.
Nov-17	Harbor Plumbing & Heating Supply	Plumbing and heating wholesales	F.W. Webb
Nov-17	PK Controls, Inc.	Factory automation and controls	Ohio Transmission Corporation
Nov-17	Weinstock Bros. Corp.	Fasteners and tools	Wurth Industry North America
Nov-17	Kranz, Inc.	Janitorial supplies	Imperial Bag & Paper Co., LLC
Oct-17	Winzer	Automotive and industrial maintenance repair supplies	ShoreView Industries
Oct-17	Mastercraft Flooring Distributors, Inc.	Flooring products	Gilford-Johnson Flooring, LLC
Oct-17	First Choice Seafood, Inc.	Food products	Enson Group Corporation
Oct-17	Global Foods	Restaurant and café products	Transgourmet Central & Eastern Europe
Oct-17	Certified Plumbing and Electrical Supply Co., Inc.	Plumbing and electrical products	Winsupply, Inc.
Oct-17	The Bolt Supply House, Ltd.	Fasteners and industrial related products	Lawson Products, Inc.

Market Intelligence

10/26/2017: Essendant (Nasdaq:ESND), the Deerfield, Illinois-based national wholesale provider of business products, appointed Richard Phillips as new president, CEO and board member

12/01/2017: ConvergeOne, the Eagan, Minnesota-based provider of IT collaboration and technology solutions, announced that it entered into a definitive agreement with Forum Merger Corporation (Nasdaq:FMCI), a special purpose acquisition company, enabling ConvergeOne to become a publicly traded company

12/14/2017: United Natural Foods (Nasdaq:UNFI), the Providence, Rhode Island-based wholesale distributor of natural, organic and specialty food products, is prepared to resume acquisition activities and “maintain a robust M&A pipeline”, according to the company’s CEO

12/28/2017: K LX (Nasdaq:KLXI), the Wellington, Florida-based distributor of aerospace fasteners and consumables, has announced plans to explore strategic alternatives, including a whole company sale or divestiture alternatives

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

Global Industry Groups

Business Services

Consumer

Energy, Power
& Infrastructure

Healthcare

Industrials

Technology, Media
& Telecom

Global Locations

Amsterdam

Beijing

Chicago

Dallas

Frankfurt

London

Los Angeles

Madrid

Milan

Moscow

Mumbai

Munich

New York

Paris

San Francisco

São Paulo

Tokyo

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Valuations & Opinions

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