

# Market Update Distribution

Q1 2018



## Inside this Issue

**Distribution Index**

**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	EV / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Aerospace and Defense										
KLX, Inc.	\$71.06	97.1%	\$3,606	\$4,535	\$1,741	\$282	16.5%	16.2%	2.6x	16.1x
Wesco Aircraft Holdings, Inc.	10.25	81.8%	1,020	1,863	1,453	130	(0.3%)	8.9%	1.3x	14.4x
Automotive and Truck										
AutoZone, Inc.	\$648.69	81.3%	\$17,450	\$22,173	\$11,134	\$2,392	3.6%	21.5%	2.0x	9.3x
Genuine Parts Company	89.84	83.4%	13,183	16,220	16,309	1,236	6.3%	7.6%	1.0x	13.1x
LKQ Corporation	37.95	86.5%	11,750	14,944	9,737	1,101	13.4%	11.3%	1.5x	13.5x
O'Reilly Automotive, Inc.	247.38	88.6%	20,607	23,539	8,978	1,959	4.5%	21.8%	2.6x	12.0x
Uni-Select, Inc.	15.50	54.0%	655	1,042	1,448	114	21.0%	7.9%	0.7x	9.4x
Building Products										
Beacon Roofing Supply, Inc.	\$53.07	79.8%	\$3,609	\$5,584	\$4,496	\$383	8.3%	8.5%	1.2x	14.6x
BMC Stock Holdings, Inc.	19.55	76.1%	1,314	1,674	3,366	190	8.8%	5.6%	0.5x	8.8x
Builders FirstSource, Inc.	19.84	85.2%	2,264	3,991	7,034	382	10.5%	5.4%	0.6x	10.4x
CRH plc	33.90	79.1%	28,520	36,325	30,283	3,775	15.7%	12.5%	1.2x	9.2x
Ferguson plc	75.12	93.6%	18,571	19,972	22,268	1,715	34.0%	7.7%	0.9x	11.8x
HD Supply Holdings, Inc.	37.94	89.8%	7,039	8,582	5,121	687	6.3%	13.4%	1.7x	12.5x
SiteOne Landscape Supply, Inc.	77.04	95.6%	3,084	3,542	1,862	140	13.0%	7.5%	1.9x	25.3x
Watsco, Inc.	180.97	98.4%	6,195	6,390	4,342	373	2.9%	8.6%	1.5x	17.0x
Communications, Electronics and Electrical										
Anixter International, Inc.	\$75.75	85.3%	\$2,522	\$3,654	\$7,927	\$380	4.0%	4.8%	0.5x	9.6x
Rexel SA	16.91	80.0%	5,107	7,621	15,982	729	15.0%	4.6%	0.5x	10.2x
WESCO International, Inc.	62.05	87.5%	2,920	4,185	7,679	375	4.7%	4.9%	0.5x	11.2x
Consumer Products										
Bunzl plc	\$29.39	84.7%	\$9,700	\$11,851	\$11,598	\$826	26.4%	7.1%	1.0x	13.8x
Core-Mark Holding Company, Inc.	21.26	55.4%	981	1,498	12,225	94	6.2%	0.8%	0.1x	16.0x
Pool Corporation	146.22	97.3%	5,931	6,419	2,788	310	8.5%	11.1%	2.3x	20.7x
SpartanNash Company	17.21	45.5%	620	1,355	8,128	215	5.1%	2.6%	0.2x	6.3x
Sysco Corporation	59.96	93.3%	31,294	39,253	57,007	3,072	7.4%	5.4%	0.7x	12.8x
United Natural Foods, Inc.	42.94	81.5%	2,165	2,582	9,696	328	8.8%	3.4%	0.3x	7.9x
US Foods Holding Corp.	32.77	93.4%	7,065	10,703	24,147	951	5.4%	3.9%	0.4x	11.3x
Healthcare										
Cardinal Health, Inc.	\$62.68	75.7%	\$19,726	\$28,269	\$132,614	\$3,159	4.2%	2.4%	0.2x	8.9x
Henry Schein, Inc.	67.21	71.9%	10,330	12,666	12,462	1,058	7.7%	8.5%	1.0x	11.8x
McKesson Corporation	140.87	78.8%	29,067	37,078	205,442	3,766	4.6%	1.8%	0.2x	10.5x
Owens & Minor, Inc.	15.55	44.5%	961	1,758	9,318	199	(4.2%)	2.1%	0.2x	8.8x
Industrial										
Air Liquide SA	\$122.33	89.1%	\$52,179	\$69,112	\$24,435	\$5,839	27.6%	23.9%	2.8x	11.5x
Applied Industrial Technologies, Inc.	72.90	96.7%	2,819	3,047	2,709	232	8.3%	8.6%	1.1x	13.2x
DXP Enterprises, Inc.	38.95	90.1%	676	897	1,007	61	4.6%	6.1%	0.9x	14.6x
Fastenal Company	54.59	92.9%	15,703	16,001	4,391	1,008	10.8%	23.0%	3.6x	15.9x
Kaman Corporation	62.12	97.2%	1,726	2,097	1,806	161	(0.1%)	8.9%	1.2x	13.0x
MRC Global, Inc.	16.44	79.2%	1,517	2,350	3,646	133	19.9%	3.6%	0.6x	17.7x
NOW, Inc.	10.22	55.6%	1,104	1,168	2,648	9	25.7%	0.3%	0.4x	NM
MSC Industrial Direct Co., Inc.	91.71	87.7%	5,178	5,650	2,970	458	3.8%	15.4%	1.9x	12.3x
W.W. Grainger, Inc.	282.27	94.7%	15,823	17,976	10,425	1,429	2.8%	13.7%	1.7x	12.9x
Office Supplies										
Essendant, Inc.	\$7.80	42.6%	\$294	\$764	\$5,037	\$108	(6.2%)	2.1%	0.2x	7.1x
Technology										
Arrow Electronics, Inc.	\$77.02	88.3%	\$6,750	\$9,358	\$26,813	\$1,180	12.5%	4.4%	0.3x	7.9x
Avnet, Inc.	41.76	90.8%	5,009	6,014	18,231	698	10.9%	3.8%	0.3x	8.6x
ScanSource, Inc.	35.55	78.4%	909	1,235	3,688	131	5.0%	3.6%	0.3x	9.4x
SYNNEX Corporation	118.40	83.4%	4,749	6,186	18,077	689	25.0%	3.8%	0.3x	9.0x
Tech Data Corporation	85.13	76.6%	3,249	3,931	36,775	623	40.2%	1.7%	0.1x	6.3x
Mean		81.6%					10.4%	8.0%	1.0x	11.9x
Median		85.0%					8.0%	6.6%	0.8x	11.7x

Source: Bloomberg, Capital IQ and company filings, as of 3/31/2018

Note: dollars in millions, except stock price

## Index Performance

Lincoln's Distribution Index recorded a loss of 1.9% in Q1 2018 vs. Q4 2017; Aerospace & Defense (+10.1%) and Industrial (+1.2%) outpaced the index, while Building Products (-2.0%), Consumer Products (-2.4%), Communications, Electronics & Electrical (-4.6%), Healthcare (-5.6%), Technology (-5.7%) and Automotive & Truck (-6.2%) lagged the index

## Lincoln News

LaSalle Capital

has sold

**avtex**  
the point of interaction™

to

**N|E|P**  
Norwest Equity Partners



**2/18/2018**

Lincoln acted as the exclusive sell-side advisor to LaSalle Capital in its sale of Avtex Solutions, LLC, the Minneapolis, Minnesota-based customer experience integration solutions provider, to Norwest Equity Partners

Frontenac

has sold

A.H. Harris & Sons, Inc.  
**HARRIS**  
CONSTRUCTION SUPPLIES

to

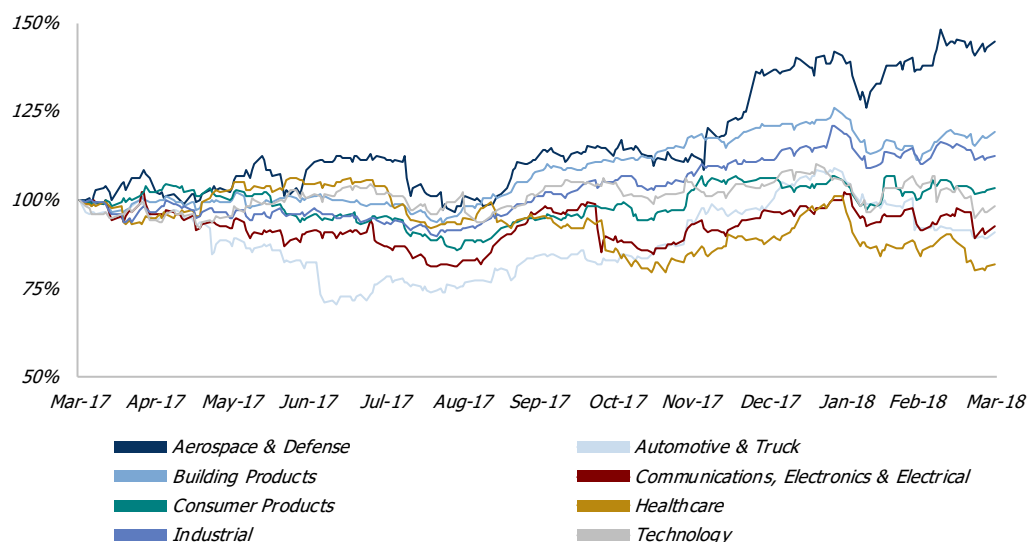
**HD SUPPLY**



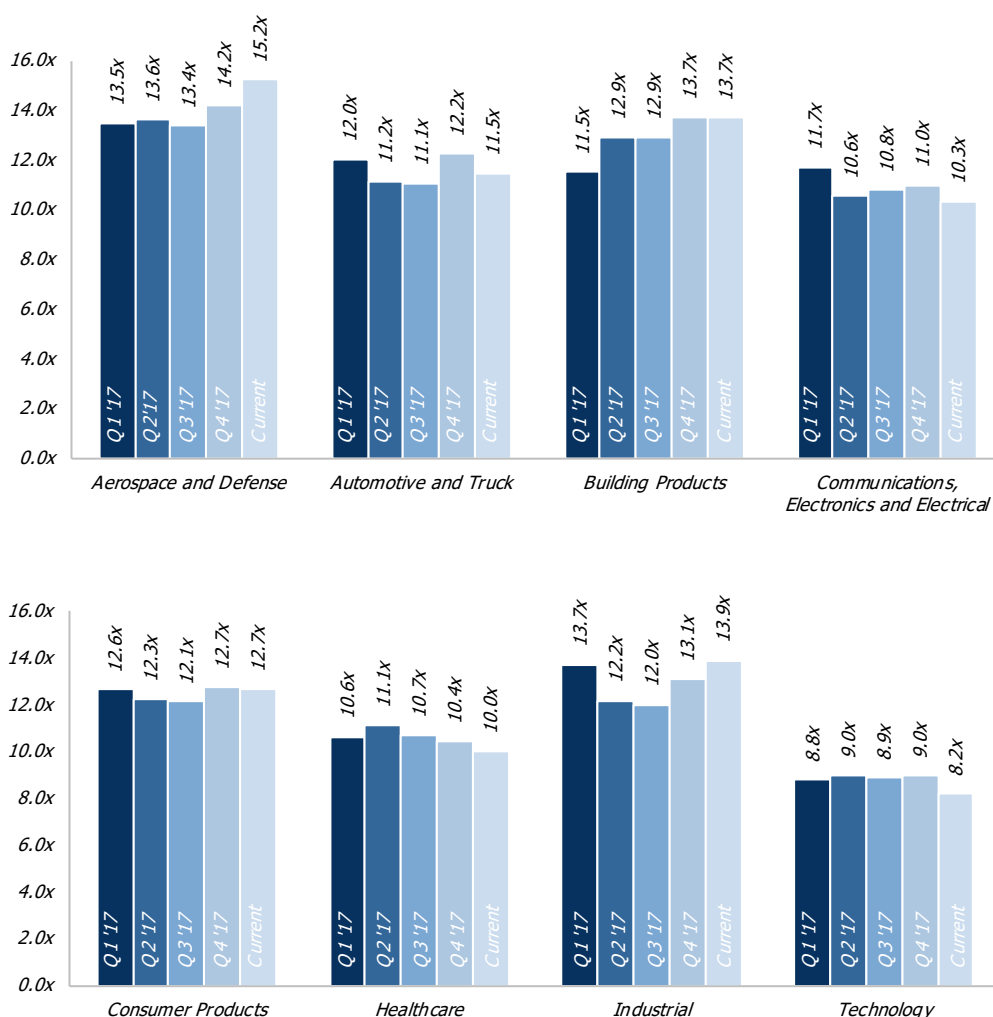
**3/5/2018**

Lincoln acted as the sell-side co-advisor to Frontenac Company in the sale of A.H. Harris & Sons, Inc., the West Hartford, Connecticut-based provider of specialty construction supplies, to HD Supply (NASDAQ:HDS)

## 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	American Roofing Supply, Inc.	Residential and commercial roofing products	SRS Distribution Inc.
Pending	APG Company	Industrial products	The CapStreet Group, LLC
Pending	Dolan & Traynor, Inc.	Building products and plumbing specialties	C.H. Briggs Company Inc.
Pending	Business of Shone Lumber	Building materials	BMC Stock Holdings, Inc.
Pending	Cedar Creek Holdings, Inc.	Lumber and building materials	BlueLinx
Pending	Champions Cinco Pipe & Supply LLC	Casing and tubing, drill pipe and line pipe	Sumitomo Corporation of Americas
Pending	Integrated DNA Technologies, Inc.	Custom DNA compounds	Danaher Corporation
Pending	Karl Rücker GmbH & Co. KG	Automotive spare parts and accessories	STAHLGRUBER GmbH
Pending	Kauffman Tire, Inc.	Automotive parts and tires	Mavis Tire Supply Corporation
Pending	Marine View Beverage Inc.	Beverages	CoHo Distributing, LLC
Pending	Revco Industries, Inc.	Workplace safety and personal protection apparel	Bunzl plc
Pending	United Subcontractors, Inc.	Insulation and shell construction services	TopBuild Corp.
Mar-18	Stark Group A/S	Building materials	Lone Star Funds
Mar-18	Hardy Brake & Electric Co.	Truck and trailer parts	FleetPride, Inc.
Mar-18	Top-Notch Supply	Roofing supplies and accessories	SRS Distribution Inc.
Mar-18	Robosson Supply, Inc.	Exterior building materials	ABC Supply Co., Inc.
Mar-18	Three Village Nurseries Landscape Centers	Plants, trees and shrubs	SiteOne Landscape Supply, Inc.
Mar-18	Miracle Sealants Company, LLC	Sealers, cleaners and polishes	Rust-Oleum Corporation
Mar-18	T.A. Roberts Oil Company, Inc.	Fuels, lubricants and fuel accessories	RelaDyne, Inc.
Mar-18	Tri-Flex Hose and Fitting Co., Inc.	Hydraulic products	Industrial Supply Solutions, Inc.
Mar-18	A.H. Harris & Sons, Inc.	Construction supplies	HD Supply Construction Supply, Ltd.
Mar-18	Zia Concrete Supply Company	Concrete and aggregate products	Construction Supply Holdings, LLC
Mar-18	Foster Hose and Fittings	Industrial, sanitary and hydraulic hoses and fittings	Singer Equities, Inc.
Mar-18	Hycomp LLC	Polymers and composite parts	Saint-Gobain Performance Plastics
Mar-18	Lentz Milling Company	Bakery ingredients	JM Swank, LLC
Mar-18	Regional Supply, Inc.	Lightweight conveyor belts	Belt Power LLC
Feb-18	Zorch International, Inc.	Brand promotion services	Satori Capital, LLC
Feb-18	Phoenix Chemical Co., Inc.	Specialty chemicals	Polymer Solutions Group
Feb-18	Doerle Food Service LLC	Food service supplies and equipment	Sysco Corporation
Feb-18	Midland Food Group Ltd	Pie and cakes	Granarolo UK Limited
Feb-18	Smith Industrial Rubber & Plastics Inc.	Industrial rubber fabricated products	Singer Equities, Inc.
Feb-18	Contractors & Industrial Supply, Inc.	Construction and industrial supplies	The NEFCO Corporation
Feb-18	Compressed Air Systems, LLC	Air compressors and pumps	Ohio Transmission Corp.
Feb-18	Midwest Truck Parts and Service, Inc.	Truck parts and aftermarket services	TruckPro, LLC
Feb-18	Atlantic Irrigation Specialties Inc.	Irrigation equipment	SiteOne Landscape Supply, Inc.
Feb-18	G.F. Thompson Co. Ltd.	Sealants, compounds and pipe preparation chemicals	Oatey Company, Inc.
Feb-18	Avtex Solutions, LLC	Customer experience integration solutions	Norwest Equity Partners
Feb-18	SupplyOne, Inc.	Packaging solutions	Wellspring Capital Management LLC
Feb-18	ArmCom Distributing Company	Building and ceiling products	Foundation Building Materials, Inc.
Feb-18	RM Supply Inc.	Building materials	Foundation Building Materials, Inc.
Feb-18	Sikes Paper & Chemical Supply, Inc.	Sanitary products, equipment and packaging	Imperial Bag & Paper Co., LLC
Feb-18	Galls, LLC	Uniform and equipment products	Charlesbank Capital Partners, LLC
Jan-18	FCX Performance, Inc.	Flow control solutions	Applied Industrial Technologies, Inc.
Jan-18	Valley Pool Sales, Inc.	Spa and pool supplies	Leslie's Poolmart Inc.
Jan-18	Duhig And Co., Inc.	Stainless steel and metal products	Ferguson plc
Jan-18	Interpack	Protection and hygiene disposable consumables	BBA Emballages
Jan-18	Conservancy Oil Group	Lubricants and related products	RelaDyne, Inc.
Jan-18	eInfochips Limited	Product engineering and software R&D	Arrow Electronics, Inc.
Jan-18	Nuovo Parts, Inc.	Critical rotating equipment	Blackstone Industrial Services, LLC
Jan-18	Strauss Lock Distributors	Residential door hardware and security products	Mid-West Wholesale Hardware Co.
Jan-18	Venture Roofing & Building Supply Tulsa, LLC	Roofing and construction supplies	SRS Distribution Inc.
Jan-18	PCA Industrial & Paper Supplies, Inc.	Office products	Imperial Bag & Paper Co., LLC
Jan-18	Santa Rosa Insulation and Fireproofing, LLC	Insulation and fireproofing services	TopBuild Corp.
Jan-18	THB, Inc.	Industrial MRO supplies	Fairmont Supply Company
Jan-18	Aggora (Technical) Limited	Catering equipment	Bunzl plc
Jan-18	Application Specialties, Inc.	Cutting tools and abrasives	DXP Enterprises, Inc.

**Market Intelligence**

**2/23/18: Genuine Parts Company (NYSE:GPC)**, the Atlanta, Georgia-based distributor of automotive and industrial replacement parts, is considering further bolt-on acquisitions as an important part of its growth strategy

**3/2/18: CRH (ISE:CRH)**, the Ireland-based distributor of construction materials, expects to be able to spend ~\$860 million on acquisitions this year according to the company's CFO, Senan Murphy

**3/5/18: Arrow Electronics (NYSE:ARW)**, the Centennial, Colorado-based distributor of electronic components and computer products, is actively looking to add new capabilities, specifically in the data and component categories

**3/28/18: Ferguson (LON:FERG)**, the Newport News, Virginia-based distributor of plumbing and heating products, remarked that its pipeline "remains reasonable and across a good range of businesses" according to its CFO

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

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Business Services  
Consumer  
Energy, Power & Infrastructure  
Healthcare  
Industrials  
Technology, Media & Telecom

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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 joint venture and partnering advisory services on a wide range of transaction sizes. With twenty 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](http://www.lincolninternational.com).

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