



The newsletter for the distribution sector

Q2 2015

### Lincoln News

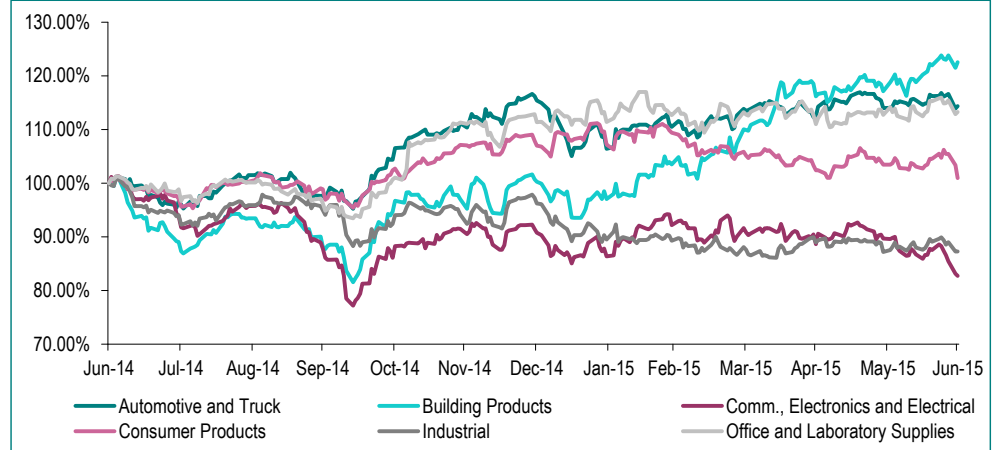
- 04/02/2015: Lincoln acts as the exclusive sell-side advisor to GPA Specialty Substrate Solutions, a portfolio company of Svoboda Capital Partners, in its sale to Fedrigoni S.p.A.; GPA is a distributor of specialty printable substrates in North America

### Market Intelligence

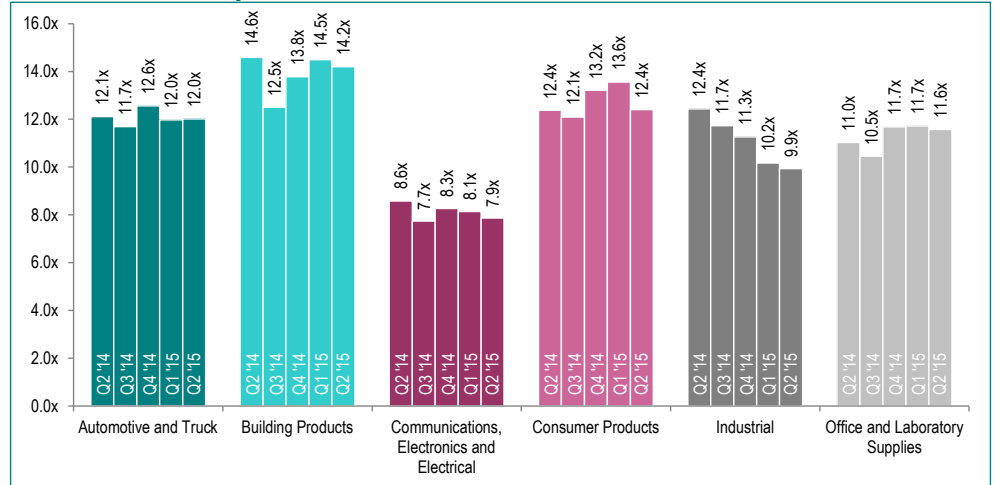
- 06/29/2015: **Sysco Corporation**, the Texas-based food distributor, announced that it has terminated its merger with US Foods. This coming days after the U.S. District Court in Washington, D.C. granted the Federal Trade Commission's request for a preliminary injunction to block the proposed Sysco-US Foods merger
- 05/29/2015: **United Stationers Inc.**, the Illinois-based supplier of workplace essentials, has officially brought together several of its primary operating companies under the name **Essendant**. The company now trades under the stock ticker symbol ESND
- 05/12/2015: **Beacon Roofing Supply, Inc.**, the Virginia-based distributor of roofing and complementary building products, continues to look for acquisitions and has the financial capacity for a significant deal, according to management
- 05/05/2015: **Henry Schein, Inc.**, the New York-based provider of health care products and services, has a robust pipeline of potential acquisitions. The company is primarily focused on the companion animal space in the U.S. and Europe
- 04/16/2015: **Watsco, Inc.**, the Florida-based distributor of air conditioning, heating and refrigeration equipment, continues to look for acquisition opportunities and would like to find larger targets

## Lincoln International Distribution Index

### LTM Relative Stock Price Performance



### Historical Enterprise Value / EBITDA Valuation Performance



## M&A Transaction Recap (Selected Transactions)

Date	Target Company	Target Description	Acquiring Company
Pending	Odessa Pumps And Equipment, Inc.	Pumps and industrial equipment	NOW Inc.
Pending	ProBuild Holdings, Inc.	Lumber and building materials	Builders FirstSource, Inc.
Pending	Rexel SA, Operations in Latin America	Electrical solutions and equipment	Sonepar S.A.
Pending	Electrical Distributors, LLC	Electrical components and supplies	Sonepar USA, Inc.
Pending	Libery Welding Supply Inc.	Welding and industrial supplies	Airgas, Inc.
Pending	Advanced Building Products, Inc.	Building supplies	SRS Distribution, Inc.
Pending	Jargen Krueze A/S	Healthcare equipment	Henry Schein, Inc.
Pending	Tannis Trading, Inc.	Food products and supplies	Sysco Canada, Inc.
Jun-15	CANAI Limited and CLARITY Technology	Electronic products	Ingram Micro Inc.
Jun-15	Eck Supply Company	Electrical construction materials	Sonepar USA, Inc.
Jun-15	Arabian Applied Technology Co., Ltd.	IT products	Aptec Holdings Ltd
Jun-15	Kentec, Inc.	Commercial quality tools, adhesives and accessories	Southern Fastening Systems, Inc.
Jun-15	Palatine Oil Company, Inc.	Lubricants	RelaDyne, Inc.
Jun-15	Geneva Gas & Supply, Inc.	Gas and welding equipment	Tech Air of Connecticut, Inc.
Jun-15	A.H. Harris & Sons, Inc.	Construction supplies	Frontenac Company
Jun-15	Insulation Fabricators, Inc.	Thermal and acoustical insulation products	Distribution International, Inc.
Jun-15	ProCoat Systems, Inc.	Building materials	Beacon Roofing Supply, Inc.
Jun-15	Anixter Inc., Fasteners Segment	Fastening solutions	American Industrial Partners
May-15	TPC Wire & Cable Corp.	Electrical and electronic cords, cables and accessories	Audax Group, Inc.
May-15	RWA Holding Company, Inc.	Automotive parts and components	Linsalata Capital Partners
May-15	AMC Industries, Inc.	Residential, commercial and golf irrigation equipment	John Deere Landscapes LLC
May-15	Valley Air Supply, Inc.	Industrial, medical and specialty gases	Airgas, Inc.
May-15	PrimeSource Building Products, Inc.	Fasteners and building materials	Platinum Equity, LLC
May-15	Pacific Star S.A. de C.V.	Food chains, casual dining restaurants, casinos	Sysco Corporation
May-15	Hill Country Electric Supply, L.P.	Electrical equipment	WESCO Distribution, Inc.
May-15	ATM Electronic Corp.	Semiconductors and integrated circuits	Arrow Electronics, Inc.
Apr-15	Security Supply Corporation	Plumbing heating and cooling equipment	WinWholesale Inc.
Apr-15	Adcon Industrial Group, LLC	Industrial construction tools and supplies	Lewis-Goetz and Company, Inc.
Apr-15	Tool Supply, Inc.	Wide range of tools and equipment	DXP Enterprises, Inc.
Apr-15	Pioneer Tool Supply Co., Inc.	Cutting tools, abrasives and miscellaneous supplies	BlackHawk Industrial Distribution, Inc.
Apr-15	Munch's Supply Co., Inc.	Heating and air conditioning products	Rotunda Capital Partners, LLC
Apr-15	Seals & Packings, Inc.	O-rings, polyseals, packaging and rubber products	Eriks Corporation

## Lincoln International Distribution Index (Continued)

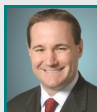
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Automotive and Truck</b>										
AutoZone, Inc.	\$ 666.90	94.6%	\$ 20,589	\$ 24,954	\$ 9,947	\$ 2,183	4.5%	21.9%	2.5x	11.4x
Genuine Parts Company	89.53	82.1%	13,626	14,365	15,453	1,278	4.9%	8.3%	0.9x	11.2x
LKQ Corp.	30.25	98.1%	9,200	10,764	6,888	808	15.8%	11.7%	1.6x	13.4x
<b>Building Products</b>										
Beacon Roofing Supply, Inc.	\$ 33.22	96.8%	\$ 1,649	\$ 1,852	\$ 2,399	\$ 130	5.0%	5.4%	0.8x	14.2x
Builders FirstSource, Inc.	12.84	90.2%	1,274	1,647	1,629	57	5.5%	3.5%	1.0x	nmf
HD Supply Holdings, Inc.	35.18	98.5%	6,975	12,181	9,009	831	8.9%	9.2%	1.4x	14.7x
Watsco, Inc.	123.74	94.4%	4,029	4,599	3,991	335	3.9%	8.4%	1.2x	13.7x
<b>Communications, Electronics and Electrical</b>										
Anixter International Inc.	\$ 65.15	63.0%	\$ 2,147	\$ 3,248	\$ 6,556	\$ 396	9.1%	6.0%	0.5x	8.2x
Arrow Electronics, Inc.	55.80	85.9%	5,339	7,509	22,689	1,041	3.3%	4.6%	0.3x	7.2x
Avnet, Inc.	41.11	87.0%	5,584	6,856	28,177	1,058	2.5%	3.8%	0.2x	6.5x
Ingram Micro Inc.	25.03	82.2%	3,911	4,764	46,748	767	8.0%	1.6%	0.1x	6.2x
Rexel SA	16.11	79.6%	4,691	7,631	14,288	722	(18.7%)	5.1%	0.5x	10.2x
ScanSource, Inc.	38.06	89.5%	1,089	1,008	3,120	113	7.1%	3.6%	0.3x	8.9x
<b>Consumer Products</b>										
Bunzl plc	\$ 27.33	88.3%	\$ 8,979	\$ 10,386	\$ 9,595	\$ 705	(7.7%)	7.4%	1.1x	14.6x
Core-Mark Holding Company, Inc.	59.25	82.9%	1,368	1,391	8,310	109	4.6%	1.3%	0.2x	12.8x
Pool Corp.	70.18	96.7%	3,055	3,451	2,291	211	5.4%	9.2%	1.5x	16.3x
SpartanNash Company	32.54	96.0%	1,224	1,751	7,895	222	57.4%	2.8%	0.2x	7.9x
Sysco Corporation	36.10	87.1%	21,435	24,059	48,566	2,395	4.4%	4.9%	0.5x	10.0x
United Natural Foods, Inc.	63.68	75.9%	3,190	3,715	7,888	290	18.2%	3.7%	0.5x	12.8x
<b>Industrial</b>										
Airgas, Inc.	\$ 105.78	88.9%	\$ 7,988	\$ 10,333	\$ 5,305	\$ 972	3.9%	18.3%	1.9x	10.6x
Applied Industrial Technologies, Inc.	39.65	75.4%	1,592	1,927	2,729	222	10.9%	8.1%	0.7x	8.7x
DXP Enterprises, Inc.	46.50	55.9%	662	1,062	1,493	137	8.7%	9.2%	0.7x	7.8x
Fastenal Company	42.18	84.0%	12,464	12,468	3,810	886	8.9%	23.3%	3.3x	14.1x
Kaman Corporation	41.94	96.4%	1,142	1,402	1,830	149	7.6%	8.2%	0.8x	9.4x
MSC Industrial Direct Co., Inc.	69.77	72.8%	4,304	4,819	2,885	459	5.5%	15.9%	1.7x	10.5x
W.W. Grainger, Inc.	236.65	90.5%	15,837	16,301	10,019	1,598	3.6%	15.9%	1.6x	10.2x
WESCO International Inc.	68.64	77.7%	3,035	4,269	7,895	518	3.5%	6.6%	0.5x	8.2x
<b>Office and Laboratory Supplies</b>										
Henry Schein, Inc.	\$ 142.12	97.0%	\$ 11,884	\$ 13,232	\$ 10,405	\$ 879	4.9%	8.5%	1.3x	14.8x
Essendant Inc.	39.25	87.4%	1,504	2,166	5,405	260	5.3%	4.8%	0.4x	8.3x
<b>Mean</b>		<b>86.0%</b>					<b>7.1%</b>	<b>8.3%</b>	<b>1.0x</b>	<b>10.8x</b>
<b>Median</b>		<b>87.4%</b>					<b>5.3%</b>	<b>7.4%</b>	<b>0.8x</b>	<b>10.3x</b>

Source: Bloomberg, Capital IQ and company filings, as of 06/30/2015  
Note: dollars in millions, except stock price

## About Lincoln International

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](http://www.lincolninternational.com).

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