

## Lincoln News and Perspectives

- Ron Kahn, Managing Director and Co-Head of Lincoln's Debt Advisory Group, reports that there is "unquestionably no shortage of debt capital for the middle market." See the full article at the following link: [http://pdf.lincolnternational.com/DebtAdvisory/InsideTheDeal\\_Buyouts\\_1.28.13.pdf](http://pdf.lincolnternational.com/DebtAdvisory/InsideTheDeal_Buyouts_1.28.13.pdf)

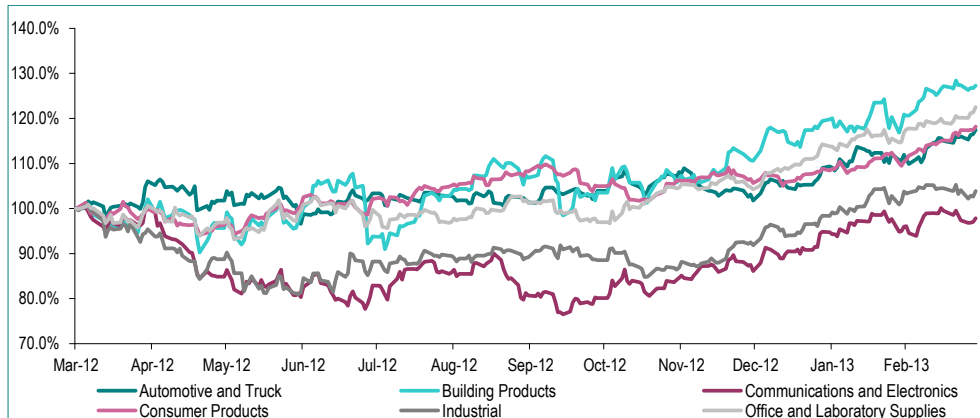
Distribution companies are well-positioned to benefit from the availability of debt financing given their strong asset bases and attractive cash flow profiles.

## Market Intelligence

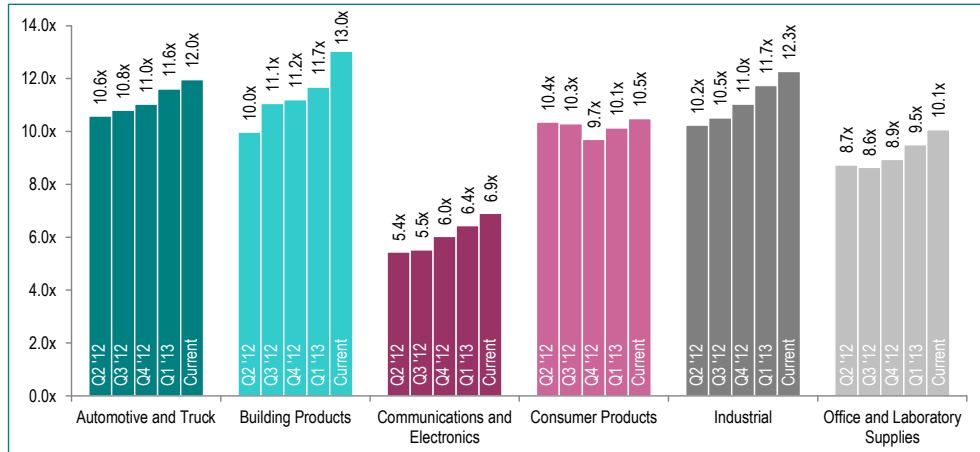
- 2/19/2013: **Genuine Parts** will continue to pursue its established acquisition strategy after its long time CFO retires
- 2/26/2013: **Bunzl plc** will continue to look for consolidation opportunities in Brazil, Israel and Switzerland, and would consider acquisition opportunities in China and India
- 3/06/2013: **HD Supply**, one of the largest industrial and construction distributors in the country, is planning an IPO
- 3/20/2013: **Beacon Roofing Supply** appointed Joseph Nowicki as CFO
- 3/07/2013: **Shale-Inland Holdings**, a supplier of stainless, aluminum and carbon steel products and parts, appointed Frank A. Riddick, III as the company's Executive Chairman
- 3/13/2013: **ABC Supply Holding Corp.** has entered into a definitive agreement to redeem all of the shares held by its minority shareholders; upon the closing of the transaction, ABC Supply will be controlled by the company's co-founder, Diane M. Hendricks
- 3/20/2013: **Interline Brands** appointed David Serrano as interim CFO

## 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	Barnes Group Inc., NA Distribution	Fasteners and other consumable products	MSC Industrial Direct Co., Inc.
Pending	AndersonBreon	Pharmaceutical commercial packaging solutions	Frazier Healthcare Ventures
Pending	RTI Holdings Ltd.	Wireless, data communications and industrial components	Avnet, Inc.
Pending	Gardner Denver Inc.	Industrial machinery and related parts	Kohlberg Kravis Roberts & Co.
Pending	ABC Supply Holding Corp.	Roofing, siding, windows and building products	D. M. Hendricks & Minority Shareholders
Apr-13	Vegas Fastener Manufacturing	Industrial and specialty fasteners	Elgin Fastener Group, LLC
Apr-13	Klaus Technische Grosshandlung GmbH	Hoses, seals, tools and pumps	ERIKS NV
Apr-13	Exego Group (remaining 70%)	Aftermarket automotive parts and accessories	Genuine Parts Company
Mar-13	Strategic Equipment and Supply Corporation	Customized foodservice equipment and supplies	TriMark USA, Inc.
Mar-13	Lee Wholesale Supply, Inc.	Sleep-slope roofing, siding and windows	American Builders & Contractors Supply
Mar-13	AssuraMed Holding, Inc.	Home-delivered and wholesale medical supply	Cardinal Health, Inc.
Mar-13	Interlube Systems Limited	Chassis and industrial products	Timken Co.
Mar-13	Robbins & Myers, Inc.	Engineered, application-critical equipment and systems	National Oilwell Varco, Inc.
Mar-13	Stoneway Electric Supply Company	Lighting, cables, equipment and electricals	Crecentric Electric Supply Company
Mar-13	Labor Import Commercial Importadora	Label medical and healthcare consumable products	Bunzl plc
Mar-13	Lake Electric Supply	Lighting, cables, equipment and electricals	Crecentric Electric Supply Company
Mar-13	Bristol County Electrical Supply	Electricals and supplies	Needham Electric Supply
Feb-13	Bergen Industrial Supply Co., Inc.	Steel pipes, valves, fittings and steam systems	F.W. Webb Company
Feb-13	SRS Distribution	Roofing and other building materials	Berkshire Partners
Feb-13	PSS World Medical Inc.	Medical products and supplies	McKesson Corporation
Feb-13	Ulinco Components AB	Plastic protection and finishing products and hardware	Filltrona plc
Feb-13	H. Paulin & Company	Fasteners and fluid system products	The Hillman Companies, Inc.
Feb-13	Apex Tool Group, LLC	Hand, power and professional electronic tools	Bain Capital Private Equity
Feb-13	Hydraulic Energy Products, Inc.	Hydraulic pumps and motors	Motion and Flow Control Products, Inc.
Feb-13	Carr Supply	HVAC, plumbing and water well supplies	WmWholesale Inc.

## Lincoln International Distribution Index (Continued)

Company Name	Stock	% of 52	Market	Enterprise	LTM		YoY Revenue	EBITDA	Enterprise Value / LTM	
	Price	Week High	Cap	Value	Revenue	EBITDA	Growth	Margin	Revenue	EBITDA
<b><u>Automotive and Truck</u></b>										
AutoZone, Inc.	\$ 396.77	99.4%	\$ 14,316	\$ 18,183	\$ 8,722	\$ 1,887	4.5%	21.6%	2.1x	9.6x
Genuine Parts Company	78.00	99.8%	12,080	12,221	13,014	1,122	4.5%	8.6%	0.9x	10.9x
LKQ Corp.	21.76	90.7%	6,493	7,567	4,123	493	26.1%	12.0%	1.8x	15.3x
<b><u>Building Products</u></b>										
Beacon Roofing Supply, Inc.	\$ 38.66	97.1%	\$ 1,873	\$ 2,131	\$ 2,068	\$ 167	8.7%	8.1%	1.0x	12.8x
Builders FirstSource, Inc.	5.86	89.5%	561	790	1,071	3	37.4%	0.3%	0.7x	nmf
Watsco Inc.	84.18	99.3%	2,706	3,222	3,432	242	15.2%	7.1%	0.9x	13.3x
<b><u>Communications and Electronics</u></b>										
Anixter International Inc.	\$ 69.92	95.4%	\$ 2,259	\$ 3,153	\$ 6,253	\$ 374	1.7%	6.0%	0.5x	8.4x
Arrow Electronics, Inc.	40.62	94.4%	4,306	5,863	20,405	888	(4.6%)	4.4%	0.3x	6.5x
Avnet, Inc.	36.20	98.2%	4,959	6,142	25,157	942	(5.8%)	3.7%	0.2x	6.5x
Ingram Micro Inc.	19.68	97.4%	2,962	3,374	37,827	559	4.1%	1.5%	0.1x	6.0x
ScanSource, Inc.	28.22	74.1%	785	782	2,944	112	1.5%	3.8%	0.3x	7.0x
<b><u>Consumer Products</u></b>										
Bunzl plc	\$ 19.65	97.5%	\$ 6,442	\$ 7,580	\$ 5,359	\$ 377	4.9%	7.0%	0.9x	13.2x
Core-Mark Holding Company, Inc.	51.31	99.0%	590	680	6,905	84	12.0%	1.2%	0.1x	8.1x
Nash Finch Co.	19.58	67.5%	240	612	4,821	115	1.1%	2.4%	0.1x	5.3x
Pool Corp.	48.00	99.4%	2,228	2,450	1,954	164	9.0%	8.4%	1.3x	14.9x
Sysco Corporation	35.17	98.7%	20,609	23,393	43,434	2,590	5.9%	6.0%	0.5x	9.0x
United Natural Foods, Inc.	49.20	80.3%	2,425	2,593	5,587	210	14.8%	3.8%	0.5x	12.4x
<b><u>Industrial</u></b>										
Airgas, Inc.	\$ 99.16	95.5%	\$ 7,528	\$ 9,815	\$ 4,936	\$ 889	7.1%	18.0%	2.0x	11.0x
Applied Industrial Technologies, Inc.	45.00	98.5%	1,895	1,876	2,426	200	5.2%	8.3%	0.8x	9.4x
Barnes Group Inc.	28.93	99.1%	1,569	2,131	1,230	196	5.2%	16.0%	1.7x	10.9x
DXP Enterprises, Inc.	74.70	97.1%	1,056	1,284	1,097	109	35.9%	9.9%	1.2x	11.8x
Fastenal Company	51.33	93.7%	15,226	15,146	3,134	727	13.3%	23.2%	4.8x	20.8x
Kaman Corporation	35.47	91.8%	944	1,187	1,593	125	7.8%	7.8%	0.7x	9.5x
MSC Industrial Direct Co. Inc.	85.78	97.6%	5,417	5,187	2,388	458	9.8%	19.2%	2.2x	11.3x
W.W. Grainger, Inc.	224.98	96.2%	15,668	15,878	8,950	1,304	10.8%	14.6%	1.8x	12.2x
WESCO International Inc.	72.61	93.1%	3,201	4,890	6,579	362	7.4%	5.5%	0.7x	13.5x
<b><u>Office and Laboratory Supplies</u></b>										
Henry Schein, Inc.	\$ 92.55	99.9%	\$ 8,105	\$ 8,954	\$ 8,940	\$ 759	4.8%	8.5%	1.0x	11.7x
United Stationers Inc.	38.65	98.4%	1,561	2,056	5,080	243	1.5%	4.8%	0.4x	8.5x
Mean		94.2%					8.9%	8.6%	1.1x	10.7x
Median		97.3%					6.5%	7.4%	0.9x	10.9x

Source: Bloomberg, Capital IQ and company filings, as of 03/28/2013

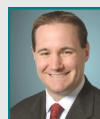
## About Lincoln International

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 14 offices and strategic partnerships with leading institutions, Lincoln International has strong local knowledge and contacts in the 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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