



The newsletter for the distribution sector

MAY/JUN 2014

Lincoln News

- 06/17/2014: Lincoln acts as the exclusive sell-side advisor to RCR International, a portfolio company of Southfield Capital, in its sale to an affiliate of Peak Rock Capital; RCR International is a Canada-based manufacturer and value-added distributor of home insulation, flooring and utility products sold through the do-it-yourself channel

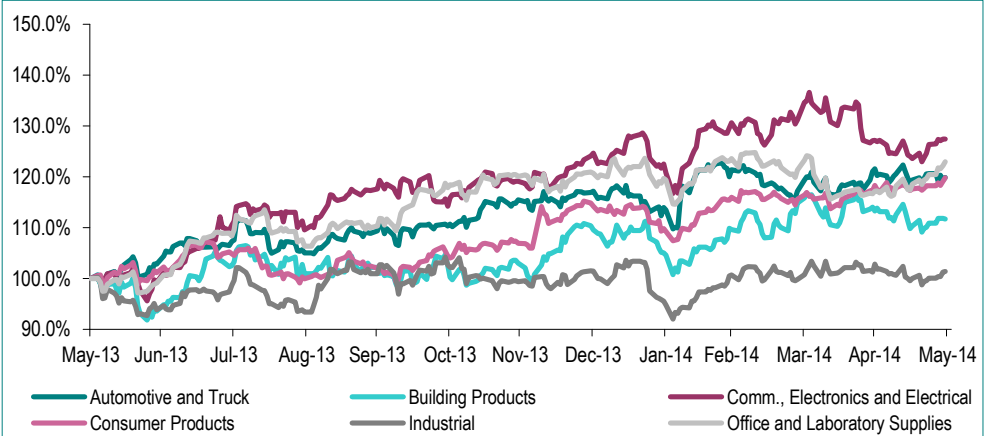
Market Intelligence

- 05/01/2014: **Rexel SA**, a France-based distributor of electrical products and equipment, is exploring bolt-on acquisitions in China and expects opportunities for consolidation in the region to continue to exist
- 05/02/2014: **Pool Corporation**, a Louisiana-based distributor of pool equipment is interested in making acquisitions of companies with optimally \$40 million in revenue to expand into new geographic markets
- 05/16/2014: **Interline Brands**, a Florida-based distributor of maintenance, repair and operations products, has named Fred Pensotti as its new Chief Financial Officer
- 06/06/2014: **WESCO International**, the Pennsylvania-based distributor of electrical, industrial and communications products, is seeking to add an additional \$100 million of revenue this year through acquisitions, with a focus on U.S.-based companies

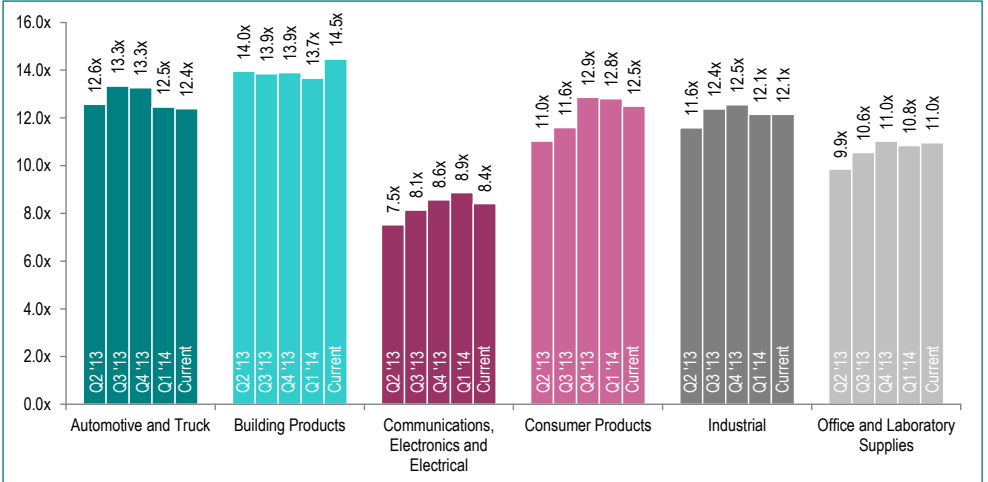
- 06/22/2014: **PPG Industries**, the Pennsylvania-based distributor of paints, is seeking acquisitions of Brazil-based companies, specifically in the industrial and automotive paint areas, in order to enhance growth
- 06/23/2014: **United Natural Foods**, a Rhode Island-based distributor of natural, organic and specialty foods, will continue to seek acquisition opportunities to strengthen its geographic footprint, as well as consider tuck-in acquisitions of specialty regional distributors

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	Agrium Inc., Turf and Ornamental Business	Controlled release fertilizers	Koch Agronomic Services, LLC
Pending	The Hillman Companies, Inc.	Fasteners and hardware products	CCMP Capital Advisors, LLC
Pending	OAG AG	Plumbing and heating, pipes, valves and fittings	Fraunhofer Holding AG
Pending	Tony's Fine Foods Inc.	Deli, bakery and other perishable foods	United Natural Foods West, Inc.
Pending	Knox Oil Field Supply, Inc.	Oilfield production equipment	Applied Industrial Technologies, Inc.
Pending	Connect-IT, Inc.	Data communications components and equipment	Virginia Electronic Components LLC
Pending	Masterwork Paint Company, Inc.	Paint and related products	PPG Industries Inc.
Pending	Jones Oil, Inc. and High-Tech Equipment	Oils, fuels, greases and lubricants	J.A.M. Distributing Company
Pending	Impact Products, LLC	Commercial cleaning and maintenance products	S.P. Richards Company, Inc.
Pending	MAYCA Distribuidores S.A.	Food products	Sysco Corporation
Pending	Nexco Solutions, LLC, Essential Composites Distribution Assets	Essential chemical composites	Composites One LLC
Pending	Hans Folsgaard A/S	Electronic components and systems	Adtech AB
Jun-14	Instalación Eléctrica SA and Melexa SA	Electronic cables, fuses and accessories	Sonepar S.A.
Jun-14	Restaurant Parts and More, LLC	Foodservice equipment and parts	Diversified Foodservice Supply, Inc.
Jun-14	RCR International, Inc.	Weather-stripping and insulation DIY products	Peak Rock Capital
Jun-14	VaP	Cable, installation and industrial materials	Sonepar S.A.
Jun-14	Sun Power	Electrical protection equipment	Sonepar Asia-Pacific
Jun-14	Team Welding, Ltd.	Welding equipment and supplies	Airgas, Inc.
Jun-14	Hi-Line Utility Supply Company, LLC	Tools and equipment for utility line installation	WESCO Distribution, Inc.
Jun-14	Goldman Paper Company, Inc.	Paper and janitorial supplies	Imperial Bag & Paper Co., LLC
Jun-14	LABREPCO, Inc.	Laboratory supplies, equipment and solutions	VWR International LLC
Jun-14	Hose Specialty & Supply Company, LLC	Hose and fitting products	GHX Industrial, LLC
Jun-14	Sirona Direct	Dental equipment and products	Henry Schein France S.A.
May-14	Galco Industrial Electronics, Inc.	Electrical automation and control products	AEA Investors LP
May-14	MSD Engineering (Pte) Limited	Valves, actuators and flow control solutions	MRC Transmark Pte. Ltd.
May-14	County Electric Supply Co.	Electrical and lighting components and supplies	United Electric Supply Co., Inc.
May-14	Viking Propane, Inc.	Propane fuel, appliances and parts	Ferrelgas Partners LP
May-14	Desert Lumber LLC and Desert Fasteners & Supply Inc and Integrity Truss LLC	Floor and roof trusses and hardware products	US LBM Holdings, LLC
May-14	Medical Universal	Medical imaging solutions	Soredex
May-14	Timberline Fasteners	Fasteners, hardware, platings, coatings, finishes and tools	Wurth Group Of North America Inc.
May-14	Reliance Industrial Investments Ltd.	Oilfield, hydraulic and safety products	Applied Industrial Technologies, Inc.

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	
Automotive and Truck											
AutoZone, Inc.	\$ 532.50	94.8%	\$ 17,366	\$ 21,599	\$ 9,521	\$ 2,082	8.0%	21.9%	2.3x	10.4x	
Genuine Parts Company	86.33	95.9%	13,261	14,066	14,504	1,195	11.3%	8.2%	1.0x	11.8x	
LKQ Corp.	27.74	80.8%	8,374	9,999	5,492	667	28.1%	12.1%	1.8x	15.0x	
Building Products											
Beacon Roofing Supply, Inc.	\$ 34.50	80.8%	\$ 1,701	\$ 1,892	\$ 2,248	\$ 137	7.6%	6.1%	0.8x	13.8x	
Builders FirstSource, Inc.	7.18	76.4%	704	995	1,516	61	29.5%	4.0%	0.7x	16.3x	
HD Supply Holdings, Inc.	26.27	95.9%	5,130	10,559	8,600	731	5.5%	8.5%	1.2x	14.9x	
Watsco, Inc.	100.63	95.5%	3,268	3,759	3,792	294	8.0%	7.7%	1.0x	12.8x	
Communications, Electronics and Electrical											
Anixter International Inc.	\$ 103.00	88.9%	\$ 3,365	\$ 4,145	\$ 6,259	\$ 388	0.6%	6.2%	0.7x	10.7x	
Arrow Electronics, Inc.	57.70	94.3%	5,749	7,655	21,590	953	6.0%	4.4%	0.4x	8.0x	
Avnet, Inc.	43.57	90.4%	6,030	7,140	27,042	1,007	7.4%	3.7%	0.3x	7.1x	
Ingram Micro Inc.	27.77	89.7%	4,310	4,847	42,675	688	8.2%	1.6%	0.1x	7.0x	
Rexel SA	23.91	85.3%	6,752	9,998	12,925	710	(3.4%)	5.5%	0.6x	10.3x	
ScanSource, Inc.	37.10	85.0%	1,058	880	2,868	120	(1.7%)	4.2%	0.3x	7.4x	
Consumer Products											
Bunzl plc	\$ 28.03	98.8%	\$ 9,171	\$ 10,605	\$ 6,098	\$ 437	10.2%	7.2%	1.0x	14.5x	
Core-Mark Holding Company, Inc.	82.68	99.3%	953	956	7,845	99	12.4%	1.3%	0.1x	9.6x	
Pool Corp.	57.73	91.9%	2,594	2,912	2,116	182	7.8%	8.6%	1.4x	16.0x	
SpartanNash Company	24.28	94.3%	916	1,506	3,190	120	22.3%	3.8%	0.3x	10.3x	
Sysco Corporation	24.28	94.3%	21,939	24,724	45,831	2,438	4.5%	5.3%	0.5x	10.1x	
United Natural Foods, Inc.	67.41	84.6%	3,345	3,605	6,672	262	15.7%	3.9%	0.6x	14.3x	
Industrial											
Airgas, Inc.	\$ 106.32	94.0%	\$ 7,899	\$ 10,393	\$ 5,073	\$ 937	2.3%	18.5%	2.0x	11.1x	
Applied Industrial Technologies, Inc.	47.62	88.9%	1,989	1,950	2,446	194	0.2%	7.9%	0.8x	10.1x	
DXP Enterprises, Inc.	69.57	59.5%	1,012	1,470	1,300	122	14.5%	9.4%	1.1x	12.1x	
Fastenal Company	48.75	91.8%	14,468	14,378	3,396	783	7.1%	23.0%	4.2x	18.4x	
Kaman Corporation	42.53	98.9%	1,165	1,449	1,708	143	6.9%	8.4%	0.8x	10.1x	
MSC Industrial Direct Co., Inc.	91.97	98.9%	5,732	5,998	2,651	461	10.7%	17.4%	2.3x	13.0x	
W.W. Grainger, Inc.	258.37	93.5%	17,681	17,963	9,543	1,509	5.6%	15.8%	1.9x	11.9x	
WESCO International Inc.	85.42	90.2%	3,796	5,202	7,516	494	10.8%	6.6%	0.7x	10.5x	
Office and Laboratory Supplies											
Henry Schein, Inc.	\$ 119.65	98.9%	\$ 10,214	\$ 11,362	\$ 9,697	\$ 812	6.2%	8.4%	1.2x	13.8x	
United Stationers Inc.	39.83	85.0%	1,569	2,104	5,089	260	0.6%	5.1%	0.4x	8.1x	
Mean		90.2%					8.7%	8.4%	1.1x	11.7x	
Median		91.9%					7.6%	7.2%	0.8x	11.1x	

Source: Bloomberg, Capital IQ and company filings, as of 05/30/2014
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.

Officer Contacts



Brad Keyworth
Director
bkeyworth@lincolninternational.com
+1-312-506-2710



Curt Tatham
Managing Director
ctatham@lincolninternational.com
+1-312-580-8329

Contributors

Hillary Borg
hborg@lincolninternational.com
Erica Lester
elester@lincolninternational.com
