

DISTRIBUTION

# Quarterly Review



Q1 2024



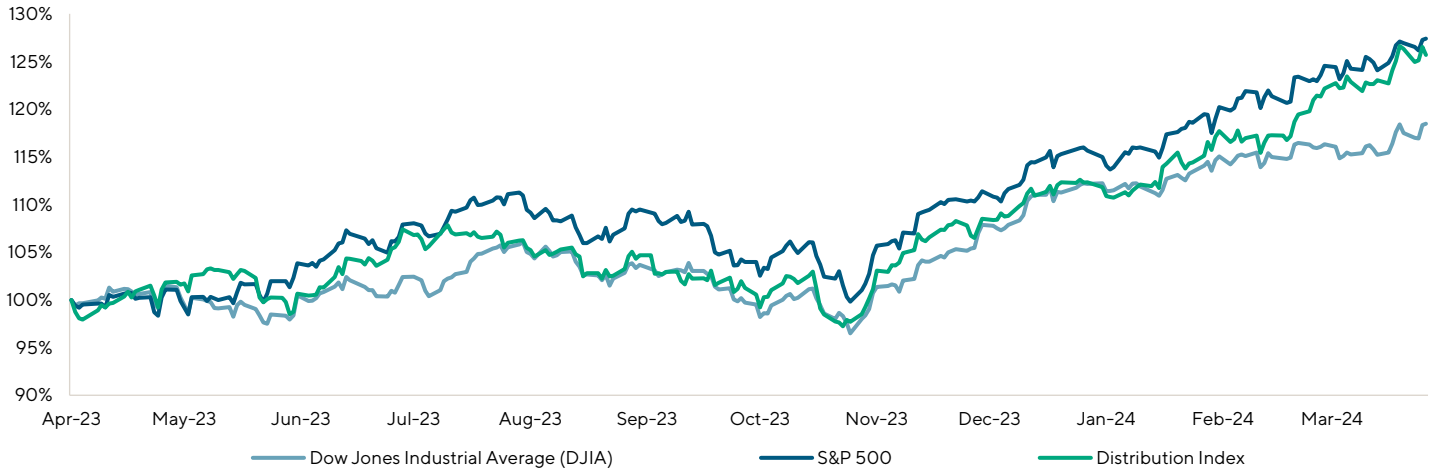
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- Selected M&A Transactions
- Recent Lincoln Distribution Transactions

 **LINCOLN**  
INTERNATIONAL

# Market Summary and Perspectives

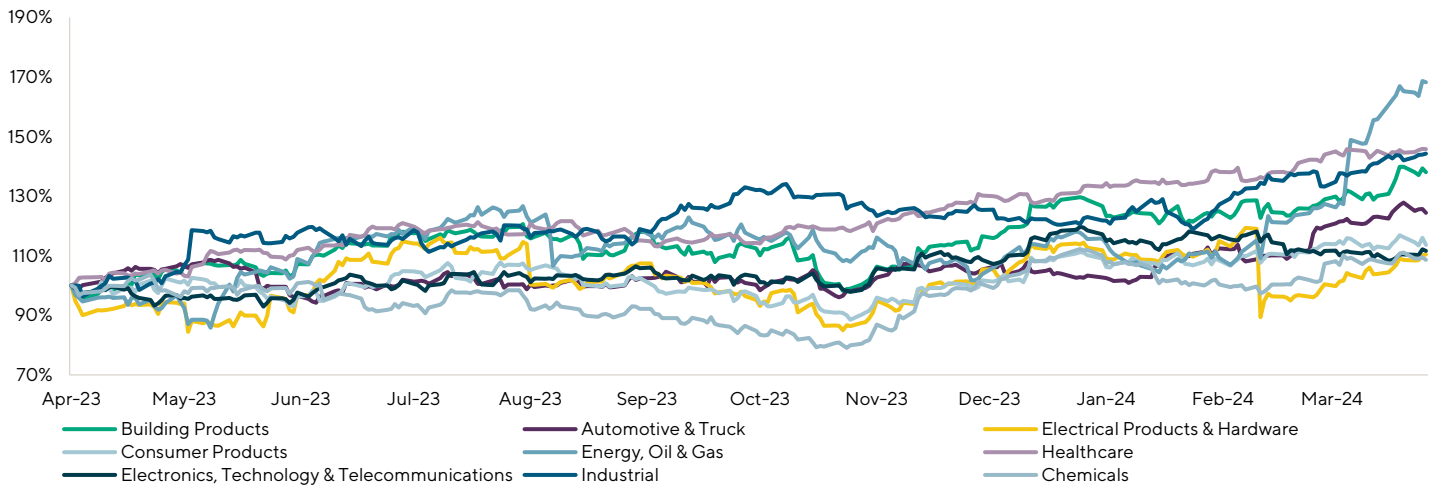
## PUBLIC MARKET INDICES - LTM RELATIVE STOCK PRICE PERFORMANCE



## PUBLIC MARKETS

- Public equities in Q1 2024 continued the positive momentum of Q4 2023, accelerated by impressive earnings releases particularly from the technology and energy sectors that benefited from strong artificial intelligence (AI) demand and increased oil prices, respectively
- In the U.S., the Dow Jones Industrial Average and S&P 500 indices rose 5.6% and 10.8%, respectively, for the quarter
- European equities were also up this quarter, with the Eurostoxx 50 posting a 14.3% gain in Q1
- Despite inflation levels hovering well above the Federal Reserve's 2% target, the disinflation trend since 2021 and continued strength and growth in the broader economy have led investors in early 2024 to anticipate near-term rate cuts from the Fed, supporting healthy public equity valuations

## DISTRIBUTION INDEX - LTM RELATIVE STOCK PRICE PERFORMANCE

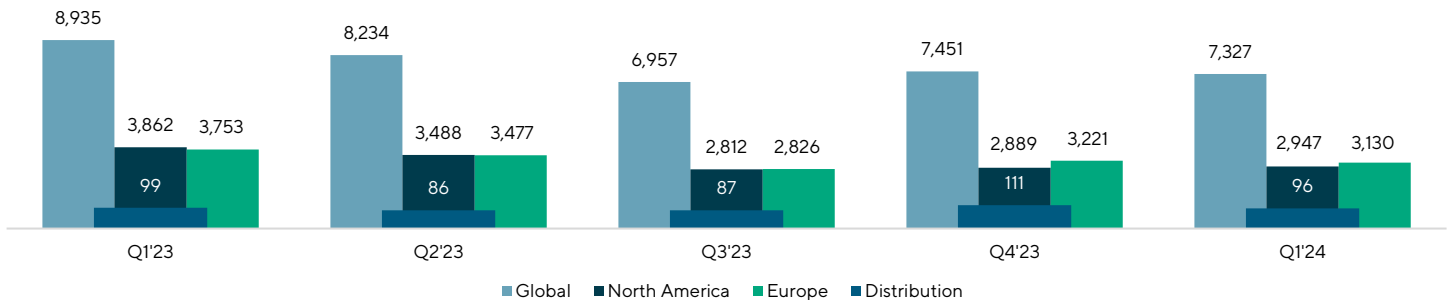


## INDEX PERFORMANCE

Lincoln's Distribution Index rose 12.4% quarter-over-quarter (Q1 2024 vs. Q4 2023) and 25.7% year-over-year. Energy, oil and gas (45.2%), automotive and truck (21.2%) and industrial (18.5%) were the strongest performing sectors of this quarter, while electronics, technology and telecommunications (-4.8%), electrical products and hardware (-1.3%) and chemicals (-1.3%) experienced a decline. While these sectors posted negative quarter-over-quarter results, all sectors experienced positive year-over-year performance. Energy, oil and gas enjoyed 68.2% year-over-year growth, driven by rising oil prices as a result of the strong U.S. economy coupled with multiple flash-points of instability abroad, including Ukraine, the Middle East and Taiwan. Similarly, the healthcare sector posted 45.7% year-over-year growth, supported by continued drug innovation and growing demand from retail and hospital pharmacies.

# Market Summary and Perspectives (continued)

## M&A DEAL COUNT

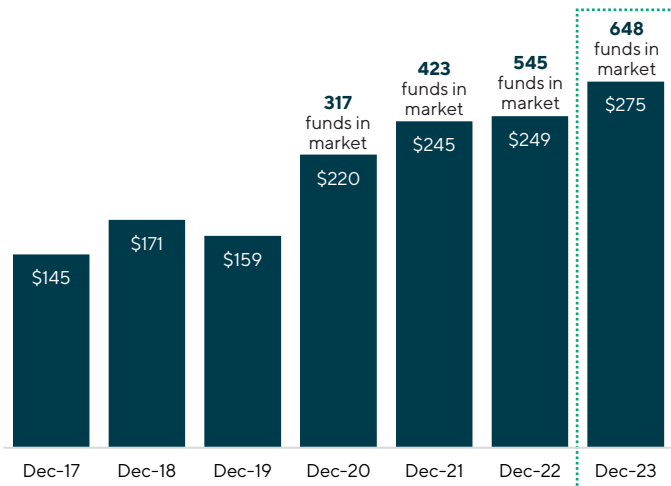


## M&A AND PRIVATE MARKETS

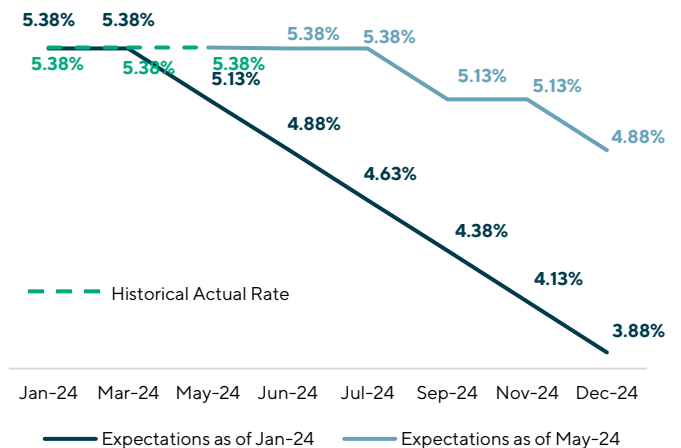
- Global M&A volume was flat, quarter-over-quarter, in Q1 2024 – sustaining the gains made in late 2023 but failing to build upon them
  - This trend was broad-based and held true for North American and European mergers and acquisitions (M&A) activity across industries, as well as M&A in the distribution space, especially when factoring in an expected end-of-year “bump” in deal closures
  - Compared to Q1 2023, overall M&A activity remains down but has rebounded from the low points seen in Q3 last year
  - Seen through this lens, the beginning of 2024 has confirmed the overall market’s regaining of its footing and is critical to sustaining optimism among investors and advisors that M&A volume will strengthen in coming quarters
- Proceeding through 2024 and looking ahead to 2025, M&A professionals are closely monitoring a few key developments that will impact economic fundamentals and M&A sentiment:
  - Sector- and industry-specific deal closings – many investors have signaled they are waiting for market confirmation that deals can get done at acceptable valuations, and will bring businesses to market once they see confirmation of market appetite beyond outlier “A+” deals
  - Macroeconomic performance and inflation indices, which will drive the Federal Reserve’s handling of interest rates – building market consensus around confidence in a near-term rate cut could generate significant momentum in M&A activity
  - The U.S. elections – particularly what this may signal for international trade policies and tariffs as well as a tax cliff looming at the end of 2025

## NORTH AMERICA PRIVATE DEBT DRY POWDER

(\$ in Billions)

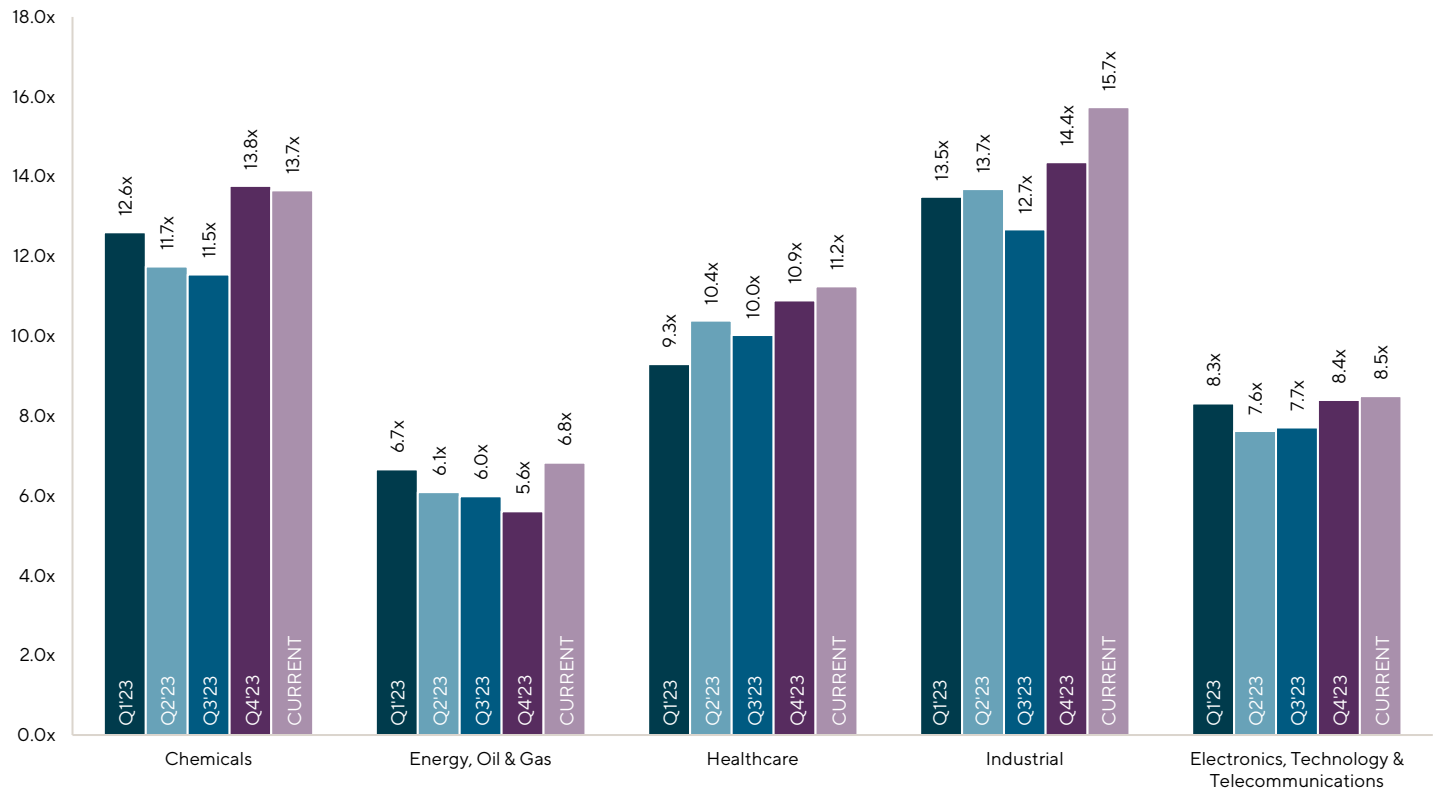
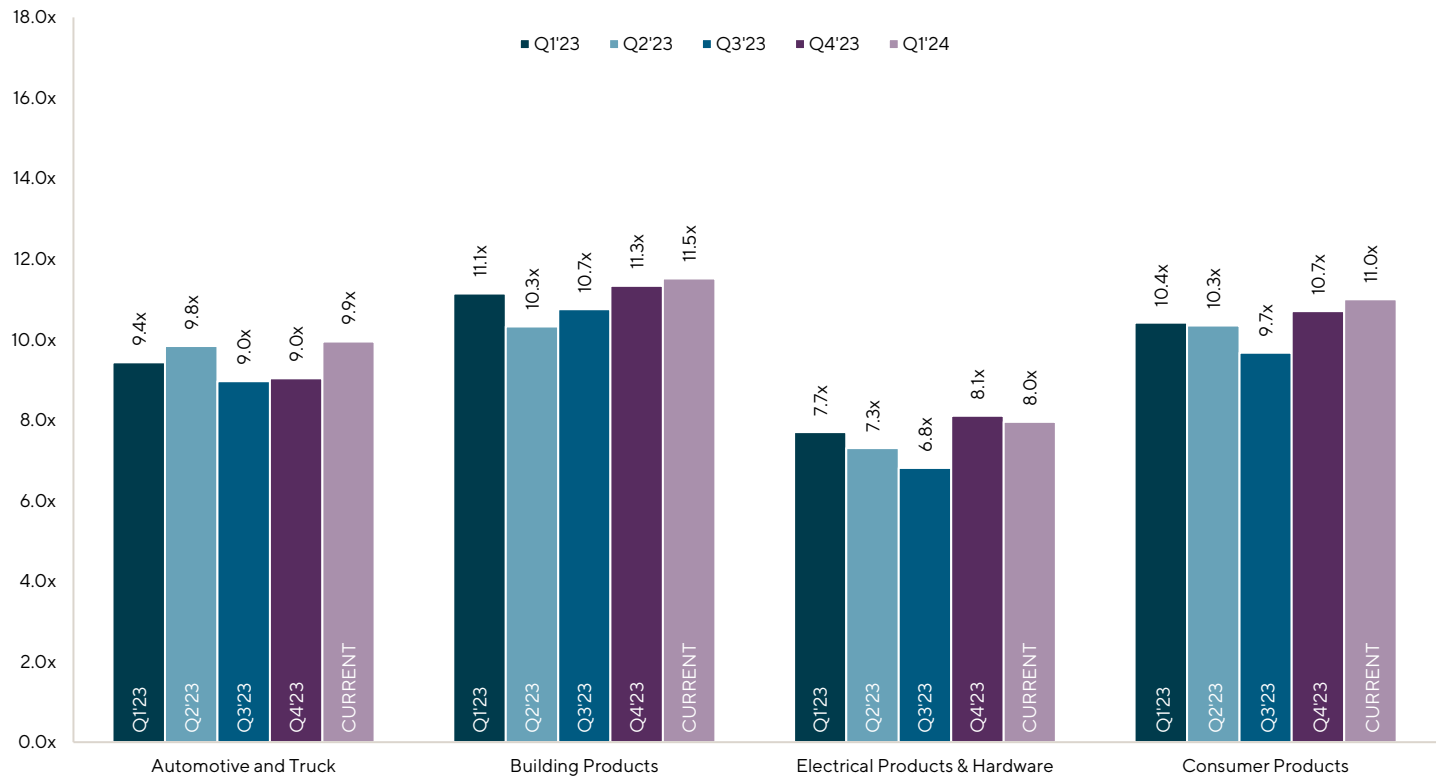


## FED FUNDS RATE 2024 TARGET CURVE



Note: Global and North American deal count sourced from Pitchbook; North American Distribution deal count sourced from MDM

## DISTRIBUTION INDEX - HISTORICAL EV / EBITDA VALUATION PERFORMANCE



# Market Summary and Perspectives (continued)

## COMPARABLE PUBLIC COMPANIES

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 &amp; Truck</b>										
Auto Partner SA	\$6.72	91.0%	\$878	\$955	\$3,653	\$346	20.5%	9.5%	1.1x	11.0x
AutoZone, Inc.	3,151.65	96.8%	54,533	66,131	17,831	4,193	5.6%	23.5%	3.7x	14.2x
Bilia AB (publ)	12.84	98.6%	1,181	2,075	38,514	2,242	5.4%	5.8%	0.6x	7.6x
Genuine Parts Company	154.93	88.6%	21,601	25,699	23,091	2,148	2.3%	9.3%	1.1x	10.2x
Halfords Group plc	2.03	65.6%	442	913	1,700	103	6.7%	6.0%	0.4x	4.0x
LKQ Corporation	53.41	89.9%	14,239	19,594	13,866	1,744	8.4%	12.6%	1.4x	8.9x
Meko AB (publ)	11.29	94.4%	632	1,112	17,278	1,196	13.5%	6.9%	0.7x	6.6x
O'Reilly Automotive, Inc.	1,128.88	96.6%	66,645	74,148	15,812	3,598	6.7%	22.8%	4.7x	18.1x
<b>Building Products</b>										
Beacon Roofing Supply, Inc.	\$98.02	98.9%	\$6,218	\$9,048	\$9,120	\$896	7.6%	9.8%	1.0x	8.8x
Beijer Ref AB (publ)	14.88	84.5%	7,542	8,329	32,150	3,397	28.0%	10.6%	2.8x	22.8x
Builders FirstSource, Inc.	208.55	97.1%	25,431	29,078	17,097	2,735	(18.3%)	16.0%	1.7x	10.0x
Grafton Group plc	12.67	98.8%	2,552	2,614	2,319	243	(0.0%)	10.5%	0.9x	6.7x
Klößner & Co SE	7.29	66.2%	727	1,569	6,957	114	(22.9%)	1.6%	0.2x	9.1x
SIG plc	0.37	64.3%	427	1,008	2,761	59	(0.6%)	2.1%	0.3x	6.5x
SiteOne Landscape Supply, Inc.	174.55	92.8%	7,887	8,658	4,301	384	7.1%	8.9%	2.0x	17.9x
Thermador Groupe SA	95.38	87.9%	878	890	581	89	1.6%	15.4%	1.4x	9.0x
Travis Perkins plc	9.22	74.1%	1,944	3,110	4,862	250	(2.0%)	5.1%	0.5x	7.2x
Watsco, Inc.	431.97	97.9%	15,865	16,446	7,284	807	(0.2%)	11.1%	2.3x	17.2x
<b>Electrical Products &amp; Hardware</b>										
Avnet, Inc.	\$49.58	96.0%	\$4,480	\$7,904	\$25,610	\$1,183	(2.7%)	4.6%	0.3x	6.2x
RS Group plc	9.19	77.6%	4,352	4,987	2,971	374	(0.4%)	12.6%	1.3x	10.0x
WESCO International, Inc.	171.28	87.6%	8,727	14,318	22,385	1,623	1.7%	7.3%	0.6x	7.6x
<b>Chemicals</b>										
Azelis Group NV	\$21.16	81.0%	\$5,161	\$6,650	\$4,152	\$469	(0.4%)	11.3%	1.5x	12.5x
Brenntag SE	84.34	89.6%	12,178	14,317	16,815	1,301	(13.4%)	7.7%	0.8x	9.2x
IMCD N.V.	176.44	96.6%	10,043	11,433	4,463	522	(3.1%)	11.7%	2.4x	19.3x
<b>Consumer Products</b>										
Performance Food Group Company	\$74.64	95.0%	\$11,613	\$16,635	\$53,971	\$1,346	(0.4%)	2.5%	0.3x	10.6x
Pool Corporation	403.50	95.5%	15,485	16,783	5,542	787	(7.2%)	14.2%	3.0x	18.6x
SpartanNash Company	20.21	79.6%	697	1,544	9,729	223	0.9%	2.3%	0.2x	5.4x
Sysco Corporation	81.18	97.9%	40,414	52,454	77,512	3,622	5.3%	4.7%	0.7x	13.4x
United Natural Foods, Inc.	11.49	40.5%	683	4,317	30,251	378	1.3%	1.2%	0.1x	6.0x
US Foods Holding Corp.	53.97	98.2%	13,217	18,149	35,597	1,438	4.5%	4.0%	0.5x	12.0x



# Market Summary and Perspectives (continued)

## COMPARABLE PUBLIC COMPANIES (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>Energy, Oil &amp; Gas</b>										
DXP Enterprises, Inc.	\$53.73	98.2%	\$869	\$1,284	\$1,679	\$169	5.9%	10.1%	0.8x	6.7x
MRC Global Inc.	12.57	98.1%	1,071	1,816	3,412	227	(2.7%)	6.7%	0.5x	6.8x
NOW Inc.	15.20	98.2%	1,614	1,381	2,321	173	3.3%	7.5%	0.6x	7.0x
<b>Healthcare</b>										
Cardinal Health, Inc.	\$111.90	96.4%	\$27,218	\$27,352	\$216,148	\$2,728	8.8%	1.3%	0.1x	9.6x
Henry Schein, Inc.	75.52	88.1%	9,705	13,773	12,339	943	(2.4%)	7.6%	1.1x	12.8x
McKesson Corporation	536.85	99.4%	70,547	76,576	301,506	4,283	9.0%	1.4%	0.3x	16.2x
NEUCA S.A.	223.77	94.9%	1,000	1,153	11,813	354	3.5%	3.0%	0.4x	12.0x
Owens & Minor, Inc.	27.71	98.6%	2,123	4,285	10,334	583	2.6%	5.6%	0.4x	5.7x
<b>Industrial</b>										
Applied Industrial Technologies, Inc.	\$197.55	97.9%	\$7,639	\$7,802	\$4,462	\$542	3.4%	12.1%	1.7x	13.3x
Bunzl plc	38.53	92.2%	12,935	15,133	11,797	978	(3.0%)	8.3%	1.0x	10.5x
Bufab AB (publ)	39.29	98.9%	1,489	1,803	8,680	1,188	(1.5%)	13.7%	2.2x	14.5x
Diploma PLC	47.05	96.2%	6,306	6,737	1,200	263	4.6%	21.9%	4.4x	19.2x
Fastenal Company	77.14	97.6%	44,157	44,471	7,347	1,706	3.0%	23.2%	6.1x	23.9x
MSC Industrial Direct Co., Inc.	97.04	91.7%	5,463	6,069	3,979	536	2.0%	13.5%	1.5x	10.8x
W.W. Grainger, Inc.	1,017.30	98.4%	50,024	52,458	16,478	2,823	5.1%	17.1%	3.2x	17.9x
<b>Electronics, Technology &amp; Telecommunications</b>										
ALSO Holding AG	\$259.81	85.4%	\$3,183	\$2,841	\$9,960	\$228	(11.1%)	2.3%	0.3x	10.8x
Arrow Electronics, Inc.	129.46	87.8%	6,988	10,934	33,107	1,768	(10.8%)	5.3%	0.3x	5.9x
Bechtle AG	52.91	93.4%	6,666	6,956	6,423	440	3.8%	6.8%	1.0x	13.0x
ScanSource, Inc.	44.04	97.6%	1,109	1,244	3,594	143	(5.5%)	4.0%	0.3x	8.3x
SeSa S.p.A.	110.72	80.5%	1,711	1,845	3,115	192	11.3%	6.2%	0.5x	8.3x
TD SYNNEX Corporation	113.10	97.5%	9,822	12,800	56,405	1,698	(9.0%)	3.0%	0.2x	7.0x
<b>Mean</b>		<b>90.3%</b>					<b>1.5%</b>	<b>8.8%</b>	<b>1.3x</b>	<b>11.1x</b>
<b>Median</b>		<b>95.0%</b>					<b>2.0%</b>	<b>7.6%</b>	<b>0.8x</b>	<b>10.0x</b>

## SELECTED M&A TRANSACTIONS


Date	Target Company (Previous Owner)	Brief Target Description	Target Country	Acquiring Company (Owner)
Mar-24	Southern Distributing Co. of Lake City	Distributes plumbing and electrical supplies	United States	ProSource (Blue Sea Capital)
Mar-24	Wheelco Truck & Trailer Parts and Service	Distributes truck and trailer parts	United States	FleetPride (American Securities)
Mar-24	Appalachian Insulation Supply / Wolf Pak Transport	Distributes insulation, tools and accessories	United States	Cameron Ashley Building Products (Pacific Avenue Capital Partners)
Mar-24	Progressive Produce Corporation	Distributes fresh produce	United States	PTF Holdings (Arable Capital Partners)
Mar-24	Whitco Supply	Distributes valves and automation products	United States	DNOW
Mar-24	JAD Building Maintenance	Distributes building maintenance and janitorial supplies	United States	Imperial Dade (Bain Capital / Advent International)
Mar-24	Spartan Tool Supply	Distributes industrial power tools and equipment	United States	Foundation Investment Partners
Mar-24	Dana Kepner Company (Littlejohn & Co.)	Distributes water and wastewater products	United States	Core & Main
Mar-24	Yorkwest Plumbing Supply	Distributes plumbing, hydronics, heating, ventilation and air conditioning (HVAC) and industrial products	Canada	Ferguson
Mar-24	Pacific Air Compressors	Distributes air compressors and equipment	United States	Atlas Copco
Mar-24	Homestead Building Systems	Distributes structural building components	United States	US LBM (Bain Capital / Platinum Equity)
Mar-24	Kamco Building Supply Corp.	Distributes building materials	United States	GMS
Mar-24	Ace Bolt & Screw Company	Distributes fasteners	United States	Endries International (BDT & MSD Partners)
Mar-24	Brawner Paper Company	Distributes paper and janitorial supplies	United States	Imperial Dade (Bain Capital / Advent International)
Mar-24	Blazer Electric Supply	Distributes electrical products	United States	Graybar Electric Company
Feb-24	The Carlstar Group (American Industrial Partners)	Distributes tires and wheels	United States	Titan International
Feb-24	Globe International Corporation	Distributes fasteners, door hardware and galvanized aircraft cable	United States	AFC Industries (Bertram Capital Management)
Feb-24	Lanmor Services	Distributes commercial access and automation solutions	United States	The Cook & Boardman Group (Platinum Equity)
Feb-24	ePicker	Distributes material handling equipment	United States	Big Lift
Feb-24	SurfacePrep (CenterOak Partners)	Distributes abrasives, specialty ceramics and surface finishing equipment	United States	Nautic Partners
Feb-24	Vivabox Solutions (Lion Equity Partners)	Distributes kitting solutions and packaging products	United States	Veritiv Corporation (Clayton, Dublier & Rice)
Feb-24	The Plimpton & Hills Corporation	Distributes HVAC and plumbing products	United States	Grove Mountain Partners
Feb-24	Metro Sealants & Waterproofing Supply	Distributes sealants and waterproofing solutions	United States	Beacon Roofing Supply
Feb-24	Kappe Associates	Distributes water treatment and wastewater equipment	United States	DXP Enterprises
Feb-24	Old Mission Windows	Distributes windows and doors	United States	US LBM (Bain Capital / Platinum Equity)

## SELECTED M&A TRANSACTIONS (CONTINUED)


Date	Target Company (Previous Owner)	Brief Target Description	Target Country	Acquiring Company (Owner)
Feb-24	Les Produits Sanitaires	Distributes paper and packaging products	Canada	Imperial Dade (Bain Capital / Advent International)
Feb-24	Roofers Supply of Greenville	Distributes commercial roofing products	United States	Beacon Roofing Supply
Feb-24	Allston Supply Company	Distributes janitorial products	United States	Imperial Dade (Bain Capital / Advent International)
Feb-24	Consolidated Container Co.	Distributes industrial containers	United States	BWAY Corporation
Jan-24	Grove Supply	Distributes plumbing, heating and HVAC products	United States	Ferguson
Jan-24	Hose Tech USA	Distributes industrial and hydraulic hose products	United States	Singer Industrials (AEA Investors)
Jan-24	Foundation Building Materials (American Securities)	Distributes specialty building products	United States	Clayton, Dubilier & Rice
Jan-24	SDI Supplies	Distributes industrial and construction supplies	Canada	Intercity Industrial Supply
Jan-24	Proheat	Distributes industrial heaters, sensors and controls	United States	Thermal Technology Distribution Solutions (Gryphon Investors)
Jan-24	KAR Industrial	Distributes metalworking tools and supplies	Canada	MSC Industrial Direct Co.
Jan-24	Emergent Safety Supply	Distributes safety products and personal protective equipment	United States	Lawson Products
Jan-24	Rocky Mountain Industrial Supply	Distributes safety and industrial products	United States	Mallory Safety and Supply
Jan-24	Plas-Pak WA	Distributes plastic packaging	Australia	TricorBraun (Ares Management)
Jan-24	Koch Industries	Distributes wire ropes, chains and related hardware products	United States	Hillman Solutions Corp.
Jan-24	Glassland	Distributes glass packaging	Germany	TricorBraun (Ares Management)
Jan-24	Continental Engines	Distributes engines and generators	United States	Palmer Johnson Enterprises
Jan-24	Eastern Supply	Distributes drainage products	United States	Core & Main
Jan-24	Harway Supply	Distributes high-end kitchen appliances	United States	Ferguson
Jan-24	Gross-Yowell	Distributes lumberyard and building materials	United States	Kodiak Building Partners (Court Square Capital Partners)
Jan-24	Ad Tech Seal	Distributes sealing products and O-rings	United States	Valin Corporation
Jan-24	Stucco Master Supply	Distributes exterior insulation and finish systems and stone products	United States	Foundation Building Materials (American Securities)
Jan-24	Tradewind Hawaii	Distributes luxury windows, doors, appliances and accessories	United States	Foundation Building Materials (American Securities)
Jan-24	Kovalsky-Carr Electric Supply Co.	Distributes electrical and lighting supplies	United States	United Electric Supply Co.
Jan-24	Insight Distributing	Distributes foodservice and janitorial supplies	United States	Imperial Dade (Bain Capital / Advent International)
Jan-24	IMC Supply	Distributes metalworking supplies	United States	Stellar Industrial Supply




# Recent Lincoln Distribution Transactions

Altamont   
CAPITAL PARTNERS

has refinanced

 **BISHOP LIFTING**

Refinancing



 **TKH GROUP**

has sold a majority stake in


 **cae**  
GROUPE

to


 **argos wityu**

Sell-Side




 **AMBIENTA**  
and other shareholders


have sold


 **N**  
NEXT IMAGING

to


 **AZIMUT**  
LIBERA IMPRESA

Sell-Side



 **SUMMIT PARK**


has sold


 **TIE**  
The Industrial Experts

to


**DIPLOMA PLC**

Sell-Side




 **SAW MILL CAPITAL**


has sold

 **METEOR EDUCATION**  
accelerating engagement

to

 **BainCapital**  
DOUBLE IMPACT

Sell-Side



 **resideo**

has sold

ADI's India distribution division

to

 **moglix**

Sell-Side



**Foresight**

has sold

 **TFC**


to

 **AFC Industries**  
a portfolio company of


 **BERTRAM CAPITAL**

Sell-Side




 **HUTTIG**  
BUILDING PRODUCTS  
Constructive Solutions Since 1885

has been taken private by


 **woodgrain**

Sell-Side  
Fairness Opinion




**TENEX** | CAPITAL MANAGEMENT


has sold

 **Auveco**  
PRODUCTS

to

 **GHK**  
CAPITAL PARTNERS

Sell-Side



 **Riverside**  
and co-shareholders  
have sold

 **REPA**  
The Shared Points Group

to

 **Partstown**  
Get real parts faster

a portfolio company of

 **Berkshire Partners**

Sell-Side



 **TRANSOM CAPITAL GROUP**

has sold

 **SemiTorr Group**  
Leading The Way

to

 **FloWorks**  
a portfolio company of


 **CLEARLAKE**

Sell-Side




**DUNES POINT CAPITAL**


has sold

 **PPG** Professional  
PLUMBING GROUP


to


 **marcone**

a portfolio company of


 **GENSTAR**  
CAPITAL

Sell-Side




 **Western Paper Distributors**


has been sold to

 **ImperialDade**

a portfolio company of

 **BainCapital**

Sell-Side



## Contributors

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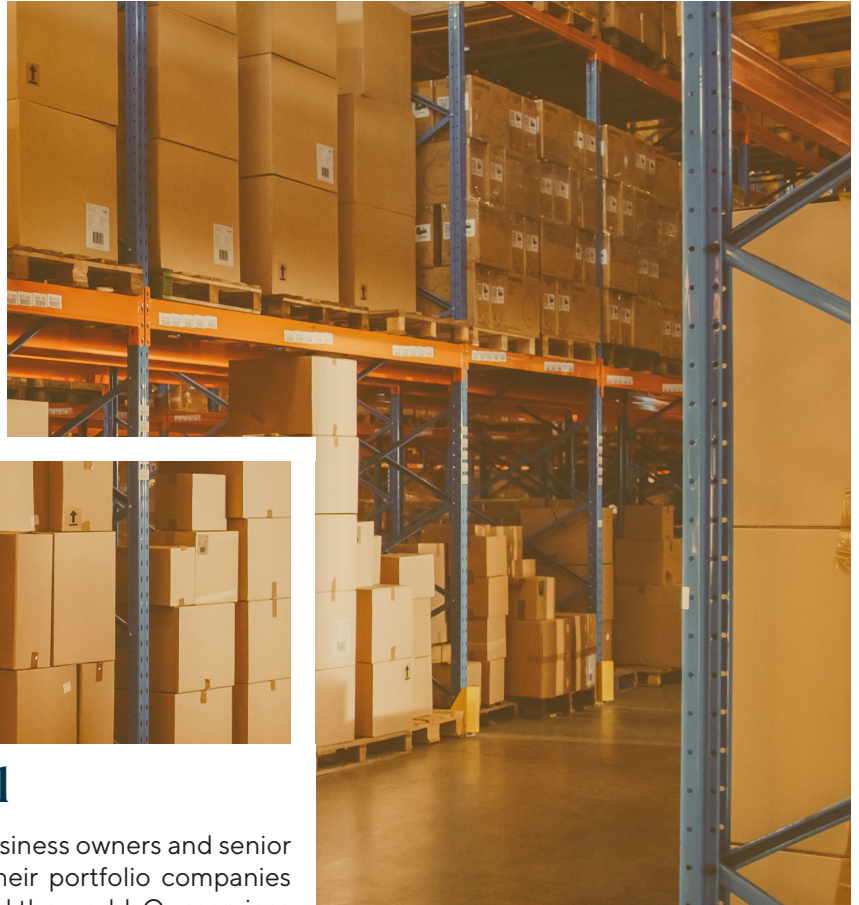
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## Lincoln's Global Distribution Team

Our dedicated distribution team possesses deep knowledge of the key attributes top-performing distributors utilize to drive value for their customers and shareholders. With significant expertise across several verticals, the team brings valuable knowledge, contacts and global resources to each distribution transaction. We partner with professionals from the firm's other industry groups to offer clients the knowledge and perspective of the underlying distribution business model as well as deep end market and product expertise.



## About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 950 employees in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at [www.lincolninternational.com](http://www.lincolninternational.com).

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Capital Advisory  
Private Funds Advisory  
Valuations & Opinions

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