



MERIDIAN CAPITAL
INVESTMENT BANKERS

Diversified Industrials M&A Update

Fall 2018 | Value-Add Distribution



Meridian Capital Overview



MERIDIAN CAPITAL
INVESTMENT BANKERS

Exceptional Results Delivered

- Over \$5B in transaction experience
- Trusted advisor to leading middle market companies
- Focus on businesses with \$20M to \$500M+ in enterprise value
- 20+ years experience with complex corporate finance and M&A challenges
- 18 seasoned professionals with finance, operational, and legal backgrounds

Deep Industry Insights

- Dedicated Industry Teams
- Holistic Industry Coverage
- Deep Buyer Relationships

Transaction Expertise

- M&A
- Growth Capital
- Strategic Advisory

Customized Processes

- High Touch Approach
- Multidisciplinary Deal Team
- End-to-end Service

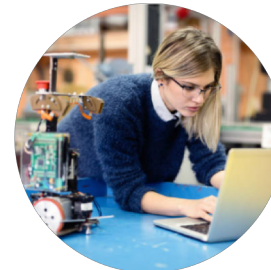
INDUSTRIALS EXPERTISE



Specialty Distribution



Niche Manufacturing



Industrial Services



Building Products

Meridian's Diversified Industrials Team

Transaction Leadership & Execution

Family Business Experience

Operational Experience

Brian Murphy
President and Managing Director

Kristin Brandtner
Vice President

Benton Sturt
Associate

Hayley Koellen
Senior Analyst

Sean Maier
Analyst

Bruce Pym
Managing Director

Mark Mennella
Industry Advisor



Years Experience

14 years – M&A and corporate finance

10 years – Investment Banking and Corporate Banking

4 years – M&A and Investment Management

3 years – Corporate Banking and Investment Banking

1 year – Investment Banking

40 years – M&A
5 years – Financial Advisory

5 years – M&A
20+ years – Executive

Background

- Redlands (BS, BS)

- Notre Dame (BBA)

- Utah (BS)

- University of Washington (BBA)

- University of Washington (BBA)

- Washington (BA)
- Washington (JD)

- Washington (BBA)
- Seattle University (MBA)

Prior Experience

- Accenture

- J.P. Morgan

- Goldman Sachs

- Bank of America

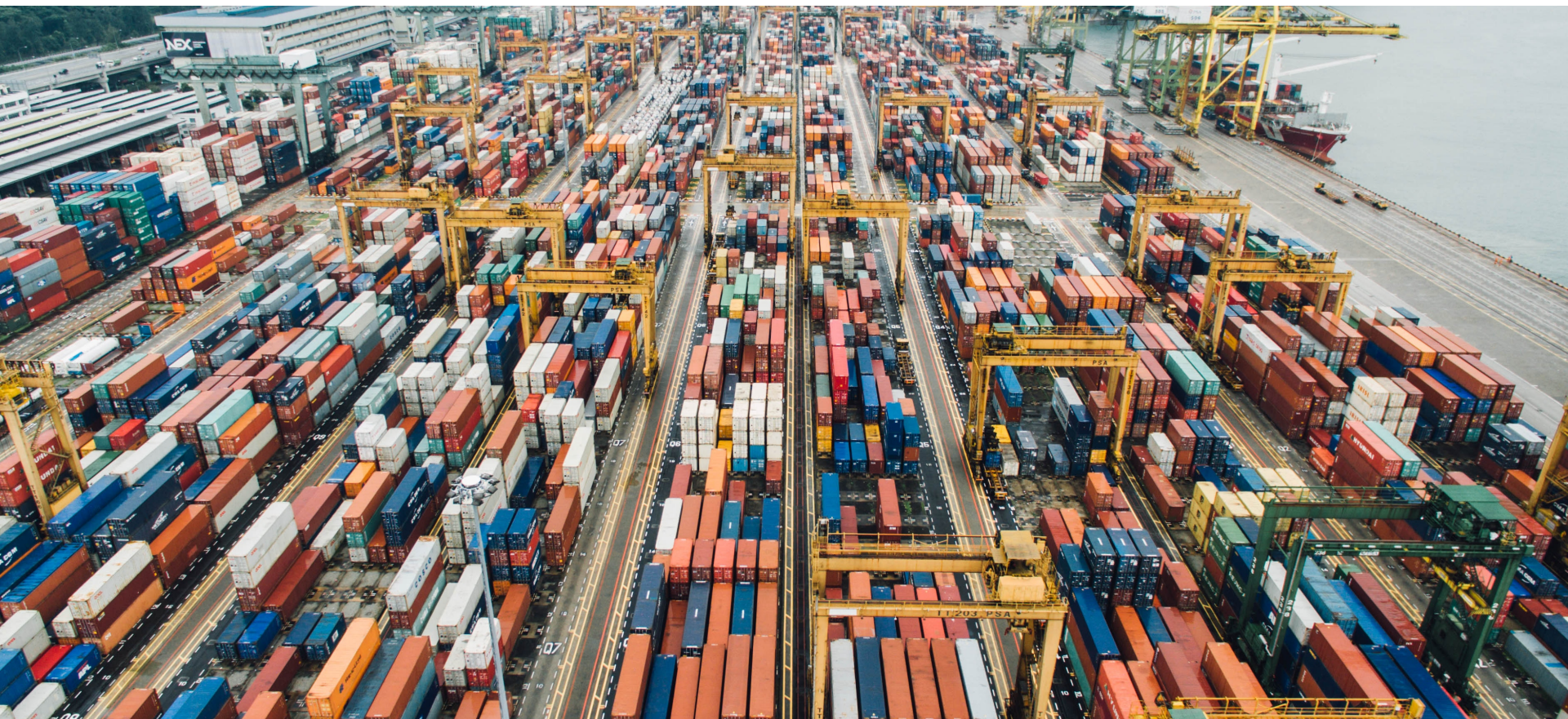
- Exvere
- Ignition Partners

- Elliott Cove Capital
- Heller Ehrman LLP
- Graham & Dunn PC
- UW Medical Board
- Fred Hutchinson Board

- ZMAN Magnetics (CEO)
- Stanley Garage Door (President and CFO)
- Coastcraft, Inc.

Meridian Diversified Industrials Transaction Experience

<p>Smith and Greene</p>  <p>SMITH-GREENE Leading distributor of foodservice equipment and supplies. - Acquired By -  A Portfolio Company Of   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Burton Saw and Supply</p>  <p>Manufacturer and distributor of abrasives and cutting tools to the wood products industry - Acquired By - PFINGSTEN  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Fasteners, Inc.</p>  <p>Distributor of industrial and construction supplies - Acquired By - FASTENAL  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>AD Systems</p>  <p>Top designer and manufacturer of high-performance door systems - Acquired By - ALLEGION  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Thortex</p>  <p>Leading manufacturer of implants for the orthopedic industry - Acquired By - AVALIGN A Portfolio Company Of ACP  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Apollo Video Technology</p>  <p>Manufacturer of mobile video, fleet & information management systems - Acquired By -   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Blast Deflectors</p>  <p>Global leader in jet blast deflection and engine noise mitigation technology - Acquired By -    MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Western Machine Works (Buy Side)</p>  <p>Industrial repair and maintenance services - Acquired by - SociusCapital YOUR NEW PARTNER  MERIDIAN CAPITAL INVESTMENT BANKERS</p>
<p>Classic Accessories</p>  <p>Leading provider of patio furniture coverings and accessories - Acquired By - CID CAPITAL  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Omega Morgan</p>  <p>Leading heavy equipment moving and industrial services company - Acquired By - RIVERLAKE PARTNERS  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Axis Crane</p>  <p>Full service crane rental and construction company - Acquired By - Westward Partners  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>HR Givon</p>  <p>Manufacturer of precision machined parts for the aerospace industry - Acquired By -   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Espec</p>  <p>Provider of environmental test chambers - Acquired By -   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Rik Medical</p>  <p>Medical equipment business - Acquired By -   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Carlton Holdings</p>  <p>Saw chain manufacturer and wholesaler - Acquired By - BLOUNT INTERNATIONAL  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Arctobel</p>  <p>- Divested By -  <p>Leading manufacturer of K-12 furniture - Acquired By - COUNTERPOINT CAPITAL PARTNERS  MERIDIAN CAPITAL INVESTMENT BANKERS</p> </p>
<p>J&M Machine</p>  <p>Manufacturer of precision machined aerospace parts - Acquired By - LIBERTY HALL Capital Partners  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>JL Manufacturing</p>  <p>Manufacturer of precision machined components for the aerospace industry - Acquired By - GIVON  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Mobile Tool</p>  <p>Provider of portable aerospace automation tools and software systems - Growth Capital - CRAFT  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Zero Halliburton</p>  <p>Manufacturer of commercial and industrial travel cases - Acquired By -   MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Dynamic Ceramic</p>  <p>Manufacturer of engineered ceramic components - Acquired By - COORSTEK  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Imaginetics, Inc.</p>  <p>Tier 1 manufacturer of precision aerospace components - Acquired By - KIDD & COMPANY  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Processos Termicos</p>  <p>Mexico-based provider of machining and special processing services - Acquired By - NORANCO  MERIDIAN CAPITAL INVESTMENT BANKERS</p>	<p>Mold Rite</p>  <p>Injection moldings for aerospace, medical, and consumer products - Acquired By - Sound Rite Plastics, Ltd.  MERIDIAN CAPITAL INVESTMENT BANKERS</p>



M&A Trends, Activity, and Public Comps



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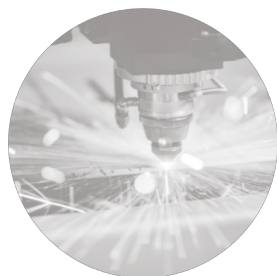


GLOBAL M&A
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Diversified Industrials M&A Newsletter

Twice a year, Meridian Capital publishes its *Diversified Industrials M&A Update*, which focuses on key M&A trends in the industrial distribution, manufacturing, and industrial services sectors. The Fall 2018 edition focuses on activity within value-add and specialty distribution sectors.

Meridian's Diversified Industrial Practice



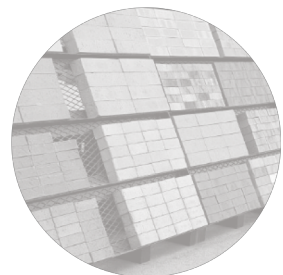
Niche Manufacturing



Specialty Distribution



Industrial Services



Building Products

Select Subsectors

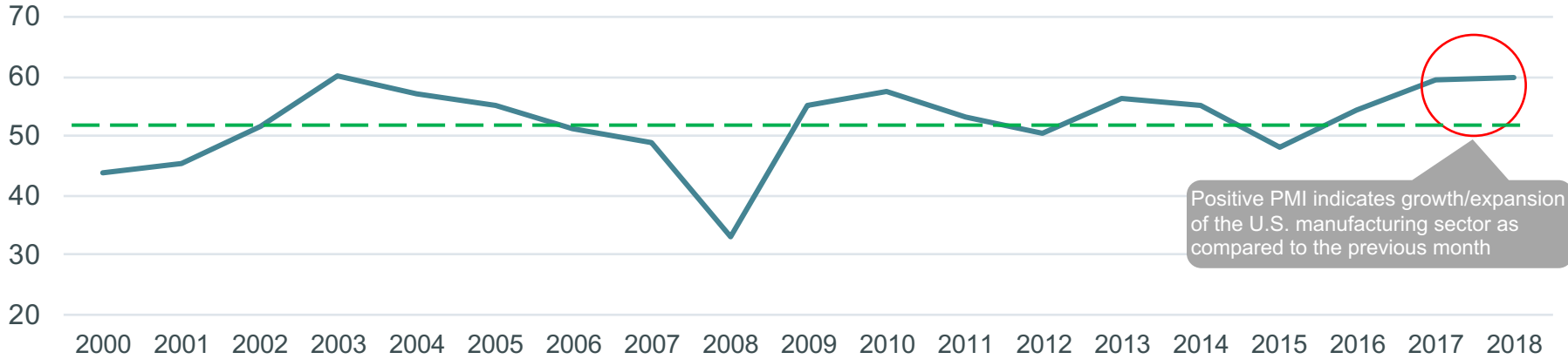
- ❖ Automotive Aftermarket
- ❖ Branded Wholesale
- ❖ Building Materials
- ❖ Food & Foodservice Distribution
- ❖ Industrial and Safety Distribution
- ❖ Medical and Dental Distribution
- ❖ Power and Electrical Distribution
- ❖ Transportation and Logistics

Sustained Macroeconomic Momentum in U.S. Industrial Markets

Encouraging M&A Activity

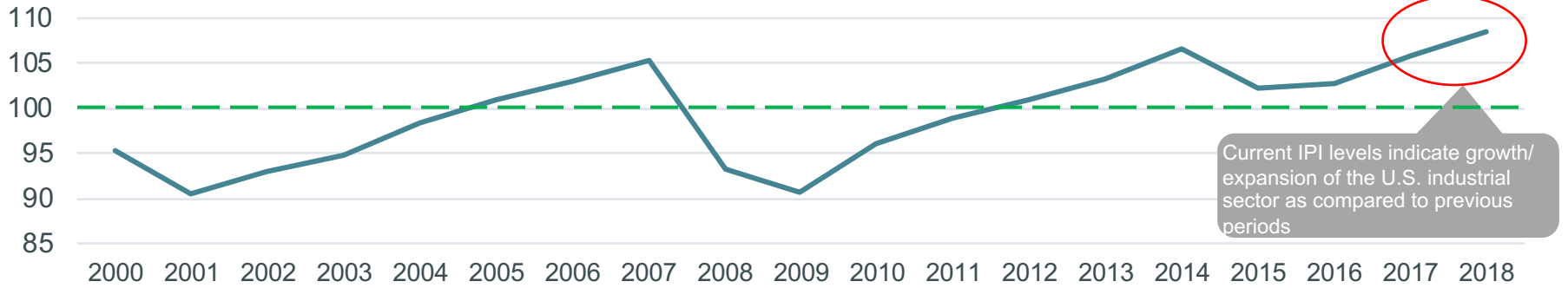
Macroeconomic indicators and key growth indexes continue to reflect positive market momentum. Strong purchasing manager confidence and industrial production output reflect a peak in industrial market confidence. Growth in durable goods orders continues to outpace shipments supporting continued economic expansion in the near term.

Purchasing Managers' Index (PMI)



Positive PMI indicates growth/expansion of the U.S. manufacturing sector as compared to the previous month

Industrial Production Index (IPI)



Current IPI levels indicate growth/expansion of the U.S. industrial sector as compared to previous periods

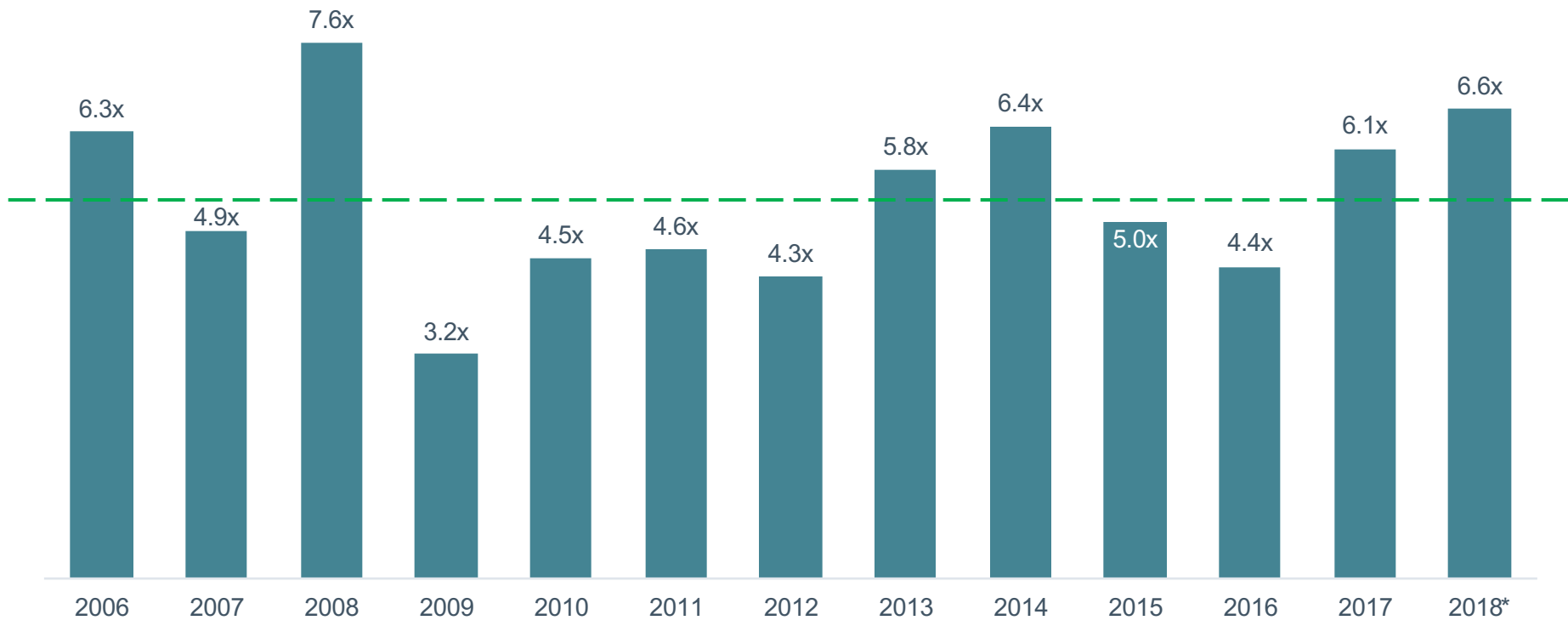
Dotted line represents average



Attractive Capital Markets Continue to Bolster the M&A Market

Competitive senior debt markets have resulted in flexible terms and a consistent five-year trend of increasing leverage levels buoying enterprise valuations in industrial market segments like distribution. In early 2018, the market has started to show slight signs of softening as interest rates increase, although leverage levels remain substantially higher than historical averages.

Debt / EBITDA Middle Market Transaction Multiples Trend (All LBOs)

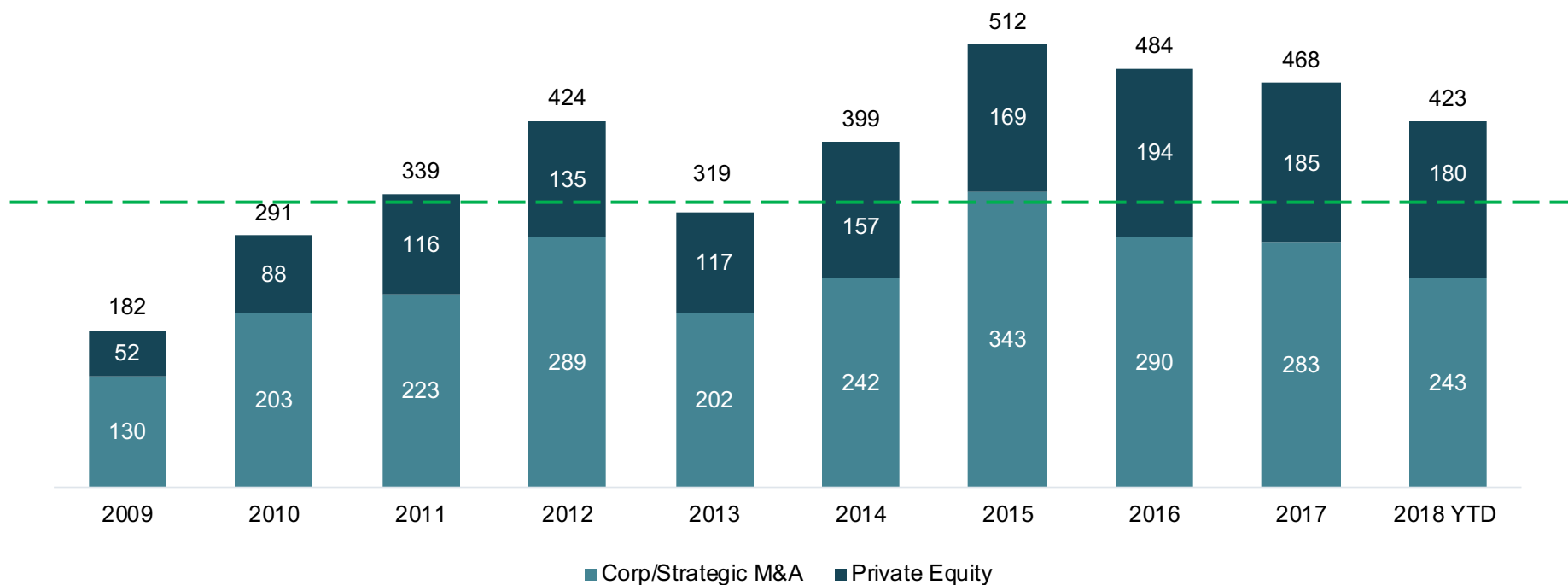


Source: Pitchbook, based on transactions through 9/30/2018

Distribution M&A Trends

A positive economic outlook and strong capital markets drove robust distribution M&A activity in 2018. Total deal value through mid November has exceeded \$31 billion across more than 423 transactions. 2018 transaction volume represents a 2% increase over the same period in 2017 and more than 25% above the trailing 10-year average.

U.S. Distribution M&A Activity
Last 10 Years, # of transactions



Dotted line represents average # of transactions through mid November for all years



Distribution M&A Trends

The Amazon Effect

- ❑ Amazon continues to pose a significant risk to distributors in B2B distribution markets. The online retail giant has set the market expectation for greater on-demand delivery and pricing transparency causing distributors to adjust their pricing strategies to be more competitive on off-the-shelf items. These shifts are impacting distributors' gross margins, leading many businesses to seek growth through geographic or channel expansion in order to increase scale and combat margin compression. These market factors have created an active environment for M&A as distributors utilize acquisitions to enter new markets and expand market share.
- ❑ While Amazon has made strides in select B2B distribution markets, the company has faced challenges penetrating industrial OEM and MRO markets. One of the greatest barriers to entry in these markets is the rigorous OEM requirements for purchases of mission-critical machinery, components, or supplies that are technical or complex and require unique value-added services and customization.
- ❑ The higher the levels of service and customization, the more insulated a distribution sector will be from the impacts of the Amazon effect. Distributors are actively diversifying to combat this by developing dominant positions in niche end-markets, enhancing technical expertise and high-touch services, offering vendor-managed inventory, shifting customer conversations toward total cost of ownership, and ultimately participating in strategic M&A to build incremental differentiating capabilities.

Automation and Technology Adoption

- ❑ Technology can be a source of significant competitive advantage for specialty distributors seeking to scale operations and improve margins. Recently the industry has experienced a rising trend toward implementing warehouse management software systems to increase fulfillment efficiency and drive speed through distribution networks. In response to rising labor costs, some distributors are investing in robotic systems, self-driving lifts, and other forms of automation. Distributors are also building ecommerce offerings to supplement their core businesses.
- ❑ Distributors with robust technology platforms can realize significant value through integrating smaller businesses onto their platforms. Some distributors are driving technology improvement by acquiring other companies that are further along on the technology adoption curve in order to leverage in-house technology expertise.
- ❑ As an example of this, in March 2018, Ficodis Group, a Quebec-based industrial supply distributor, acquired cutting tool supplier, Elite Tools. Through this acquisition, Ficodis is seeking to leverage Elite Tools' strong online sales expertise and platform to improve its own ecommerce operations.

Source: Pitchbook, BusinessWire, Company websites, and Meridian Research



Distribution M&A Trends

Active Consolidators Driving Premium Valuations

- ❑ The continued availability of debt and equity capital has fueled active consolidation in a number of distribution sectors. In actively consolidating sectors, premium valuations are available for mature companies that represent attractive platforms for consolidation as well as for potential add-on acquisition targets with unique niches or leadership positions in key geographic markets. **In sectors with multiple acquisitive players, premium values often come as a result of competitive bidding environments.** These environments have, in some cases, yielded values above and beyond what may have been expected based on gross margin profile.
- ❑ The foodservice equipment and supplies (FE&S) industry represents a later stage consolidation environment in which the largest participants remain highly acquisitive backed by healthy balance sheets and well-funded private equity funds. The largest company in the sub-sector, **Trimark**, changed ownership last year when Warburg Pincus sold its position to **Centerbridge Partners** for a double digit, premium EBITDA multiple. Private equity investors continue to view Trimark as an attractive platform for incremental market consolidation driving this premium valuation.
- ❑ In another example of a consolidating market, M&A activity within the janitorial, cleaning, and paper product distribution sector has recently been accelerated by increased interest from several roll-up private equity groups, most notably **Audax Private Equity**. Since acquiring Imperial Dade in late 2016, Audax has made seven add-on acquisitions (four in 2018).

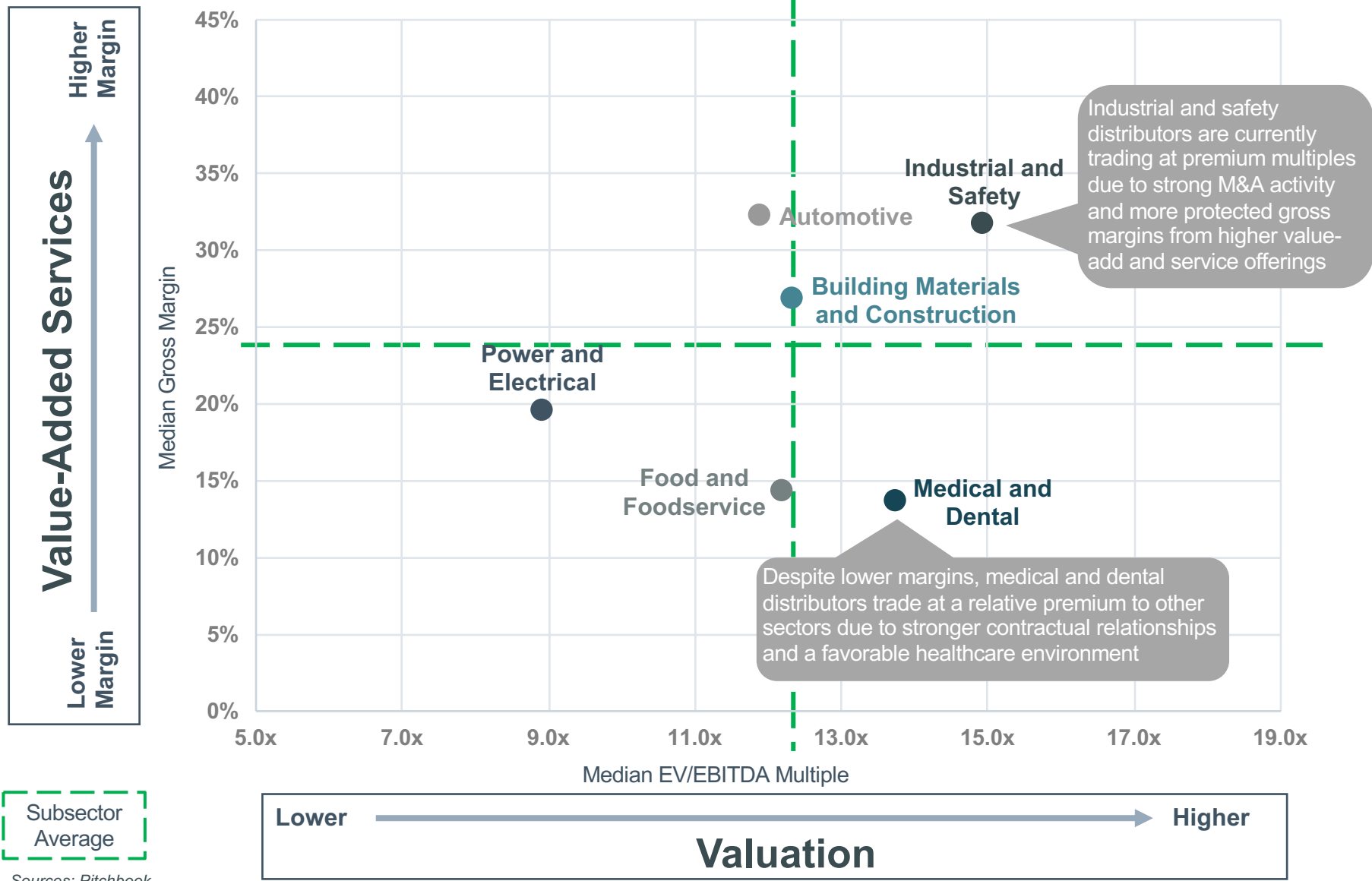
Expansion of National and International Footprints

- ❑ Increasing pressure from online competition, expensive long-distance freight costs, and a need to obtain market share in growing geographies has continued to motivate many distributors to expand their geographic footprints through M&A, both nationally and internationally.
- ❑ One of the most active examples of geographic footprint expansion in 2018 has taken place within the building and landscape supply subsector. **SiteOne Landscape Supply (NYSE:SITE)** has lead the sector, completing **12 acquisitions through November**. SiteOne's expansion initiative has included adding new distribution properties in Colorado, Florida, Washington, Virginia, Boston, East Texas, and several other attractive metropolitan areas.
- ❑ On the international front, auto aftermarket distributor **LKQ (Nasdaq:LKQ)** recently acquired Stahlgruber, a leading European wholesale distributor of aftermarket spare parts. The CEO of LKQ Europe said of the transaction, "Stahlgruber will **create a contiguous footprint and serve as an additional strategic hub for our European operations**, allowing for continued improvement in procurement, logistics and infrastructure optimization."



Distribution Subsectors Valuation Matrix

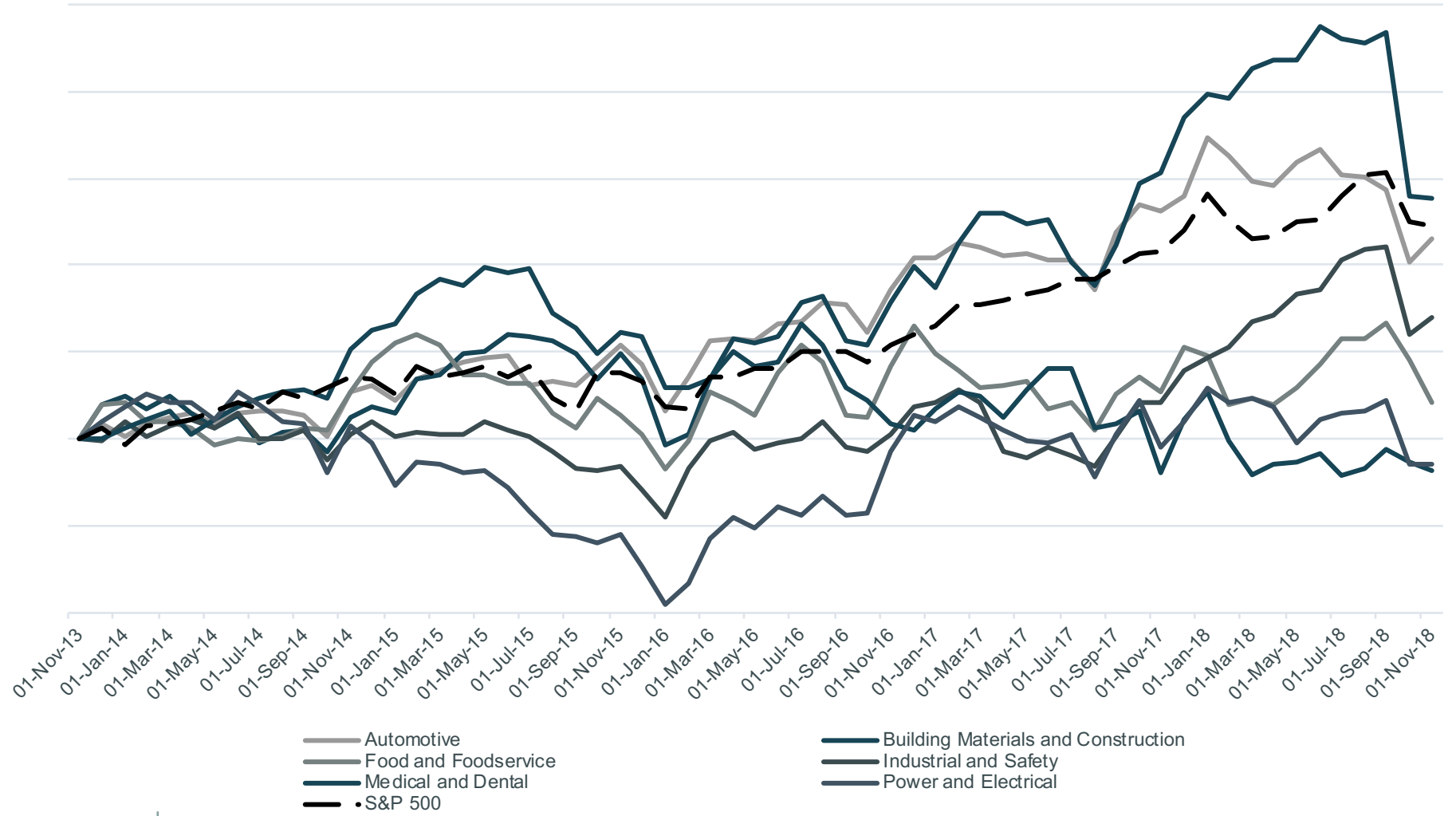
For distributors, gross margins are commonly indicative of the level of value-add or unique services offered. Valuations are typically centered on this dynamic with some exception for consolidation / M&A activity, rebate and buying group influence, contractual agreements, etc.



Sources: Pitchbook

Distribution Performance Valuation Trends

5 Year Subsector Performance
 Monthly, average closing prices



Select Transaction Case Studies – Private Equity

Private Equity-Backed Roll-Up Strategy

Foodservice Equipment and Supplies Distribution



Edward Don and Company



Vestar Capital Partners



Jan 2018

Geographic expansion in attractive Pacific Northwest market



Nov 2017

Geographic expansion within the Southeast region and further development of Design and Contract services

Rationale and Commentary

- The foodservice equipment and supplies industry has seen active consolidation among distributors in recent years as top participants have executed roll-up strategies backed by large private equity groups
- Key considerations for acquisitions include rebate programs and buying group relationships, customer concentration and length of relationship, and value-add services offerings



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Meridian Capital advised

Private Equity - Platform Acquisition

Specialty Industrial Distribution



Nov 2018



Leading, national distributor of industrial abrasive products, equipment, specialty ceramics and ancillary services

Rationale and Commentary

- Center Oak has an impressive track record of developing specialty distribution platforms, including significant experience supporting geographic and product line expansion strategies
- "We are very impressed with the Company's emphasis on technical expertise, product category leadership and customer service - three pillars of a strong and scalable value proposition," said Randall Fojtasek, Managing Partner of CenterOak

Select Transaction Case Studies - Strategic

Strategic Buyer - Targeted Roll-Up

Building Materials Distribution: Landscape Supplies



October 2018

Geographic expansion into Mountain West market



We Love The Great Outdoors!™

July 2018

Product offering (irrigation) and geographic expansion into Southeastern US market



July 2018

Geographic expansion within Midwest market



June 2018

Geographic expansion within Texas market



June 2018

Geographic expansion within Texas market

Rationale and Commentary

- Landscape and irrigation distribution has seen a surge since 2016 with the top publicly-traded companies actively consolidating attractive geographies and expanding product lines and offerings
- SiteOne has made more than 12 acquisitions in the first three quarters of 2018 as the company remains focused on an aggressive M&A strategy



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Source: Industrial Distribution.com, Pitchbook, Company websites, Meridian Research

Strategic Buyer – “Blurring Lines” Acquisition

Industrial and Safety: Personal Protection Equipment (PPE)



Value-add distributor of products for foodservice, cleaning & safety, retail, and healthcare

January 2018



Manufacturer of gloves, fire resistant garments, and other personal protective equipment



Rationale and Commentary

- Bunzl, a business focused primarily on distribution, has opportunistically made vertical acquisitions of select manufacturers in the safety space.
- “The acquisition of Revco represents a further development of our safety business in the U.S. with the business, in particular complementing and strengthening our existing presence in the welding and industrial supplies market,” - Bunzl CEO Frank van Zanten

Notable Recent Transactions

Date	Target	Buyer	Description	Sector	EV (\$ in M)	EV/ Rev	EV/ EBITDA
Nov-18	Individual FoodService	Trade Supplies (Sole Source Capital)	Distributor of food packaging, paper products, cleaning supplies, and more	Food and Foodservice	-	-	-
Nov-18	Specialty Products & Insulation Co	Dunes Point Capital	Distributor of mechanical insulation and complementary products	Industrial and Safety	-	-	-
Nov-18	Grand Northern Products Ltd.	CenterOak Partners	Distributor of specialty industrial abrasive products and equipment	Industrial and Safety	-	-	-
Oct-18	Supervalu, Inc.	United Natural Foods	Operator of grocery stores across United States	Food and Foodservice	\$4,463	0.3x	14.7x
Oct-18	The Cook & Boardman Group LLC	Littlejohn & Co	Distributor of building specialty hardware and accessories for the architectural projects	Building Materials and Construction	-	-	-
Oct-18	C&C Sand and Stone Co.	SiteOne Landscape Supply	Supplier of landscape and masonry building materials	Building Materials and Construction	-	-	-
Oct-18	Indiana Limestone Company	Polycor (TorQuest Partners)	Provider and distributor of dimensional limestone products	Building Materials and Construction	-	-	-
Oct-18	Skyline Equipment, Inc.	Envirostar	Distributor of laundry equipment	Other	-	-	-
Oct-18	Worldwide Laundry, Inc.	Envirostar	Distributor of vended and on-premise laundry products	Other	-	-	-
Oct-18	Heads & Threads International, Inc.	Lawson Products	Distributor of industrial fasteners and related products	Industrial and Safety	-	-	-
Oct-18	Motion & Control Enterprises LLC	Frontenac	Distributor of motion and control systems, industrial lubrication equipment, and power tools	Power and Electrical	-	-	-
Sep-18	LINC Systems, Inc.	Center Rock Capital Partners	Distributor of pneumatic tools, compressors, and fasteners	Industrial and Safety	-	-	-
Sep-18	Bolcof-Port Polymers	Ravago Manufacturing Americas	Distributor of thermoplastic resins products	Other	-	-	-
Sep-18	Foundation Building Materials	Dunes Point Capital	Distributor of insulation products	Building Materials and Construction	\$123	-	-
Sep-18	Tidewater Equipment	Tecum Capital	Distributor of industrial and forestry equipment for the logging industries	Industrial and Safety	-	-	-
Sep-18	Stelfast, Inc.	Lindstrom Metric (Audax Group, Harbour Group)	Manufacturer and distributor of fasteners	Industrial and Safety	-	-	-
Sep-18	Hastings Auto Parts	Genuine Parts	Distributor of fuel and water pumps and other products for the auto industry	Automotive	-	-	-
Sep-18	Hydraulic Supply	Genuine Parts	Distributor of fluid power products	Automotive	-	-	-
Sep-18	LINC Systems (USA)	Center Rock Capital Partners	Distributor of pneumatic tools, compressors, and fasteners to various industries	Power and Electrical	-	-	-
Sep-18	Nexeo Solutions (NAS: NXEOU)	Univar	Distributor of chemicals and thermoplastic products in the U.S.	Other	\$1,956	0.5x	9.4x
Sep-18	Scott Equipment, Inc.	Envirostar	Distributor of on-premise and vended laundry products	Other	\$13	0.3x	-
Aug-18	Contract Hardware of Florida, Inc.	The Cook & Boardman Group	Distributor of commercial doors and hardware	Building Materials and Construction	-	-	-
Aug-18	Long Island Truck Parts Inc	FleetPride (TPG Capital)	Distributor of trucks engine parts, water pumps, air conditioning equipment, and chassis	Automotive	-	-	-
Aug-18	Enhanced Medical Services, LLC	Lombart Instrument (Atlantic Street Capital)	Distributor of new and pre-owned eye care equipment	Medical and Dental	-	-	-
Aug-18	EPKO Industries, Inc.	ShoreView Industries	Distributor and supplier of wall coverings and vertical interior surfaces	Building Materials and Construction	-	-	-
Jul-18	SGA's Food Group of Companies	US Foods	Distributor of food and food products	Food and Foodservice	\$1,800	-	14.6x
Jul-18	Atlas Supply, Inc.	Beacon Roofing Supply	Distributor of sealants, coatings, adhesives and related waterproofing products	Industrial and Safety	\$24	-	-
Jul-18	Alabama Bolt and Supply Incorporated	Air Hydro Power	Distributor of hydraulic, automation, fluid connectors and pneumatic products	Power and Electrical	-	-	-
Jul-18	MORSCO, Inc.	Reece	Distributor of commercial and residential plumbing, waterworks and HVAC supplies	Building Materials and Construction	\$1,061	0.6x	-
Jun-18	Arrowhead Electrical Products, Inc.	Ares Capital Corporation	Distributor of rotating electrical parts and components	Power and Electrical	-	-	-
Jun-18	All American Stone & Turf LLC	SiteOne Landscape Supply	Distributor of landscape products in Texas, United States	Building Materials and Construction	-	-	-
Jun-18	American Chemicals and Equipment	Imperial Dade (Audax Group)	Distributor of janitorial, sanitation, food service and office supply products and services	Industrial and Safety	-	-	-
Jun-18	G & F Roof Supply, Inc.	ABC Supply Company	Distributor of roofing products in California	Building Materials and Construction	-	-	-
Jun-18	Wesco Group, Inc.	Tinicum	Distributor and supplier of paint and related equipment across the Western United States	Automotive	-	-	-
Jun-18	Auto-Rain Supply, Inc.	SiteOne Landscape Supply	Distributor of irrigation and landscape products in United States	Building Materials and Construction	-	-	-
Jun-18	Cleaning Supply Warehouse, Inc.	AramSCO (AEA Investors)	Distributor of cleaning supplies and equipment	Industrial and Safety	-	-	-
Jun-18	Medical Specialties Distributors, LLC	McKesson	Distributor of healthcare products and provider of biomedical repair services	Medical and Dental	\$800	-	-

Notable Recent Transactions

Date	Target	Buyer	Description	Sector	EV (\$ in M)	EV/ Rev	EV/ EBITDA
May-18	Stahlgruber GmbH	LKQ Corporation	Distributor and retailer of automotive parts and related accessories	Automotive	\$2,181	1.2x	15.1x
May-18	SRS Distribution, Inc.	Leonard Green & Partners	Distributor of residential roofing materials and supplies	Building Materials and Construction	\$3,000	-	15.0x
May-18	American CleanStat, LLC	Thomas Scientific (The Carlyle Group)	Distributor of gloves, wipers, apparel, garments, and laboratory equipment	Medical and Dental	-	-	-
May-18	3Wire Group Inc.	Parts Town (Berkshire Partners)	Distributor of foodservice equipment parts	Food and Foodservice	-	-	-
May-18	TruTemp Equipment, Inc.	Empire Marketing Group (Kian Capital)	Distributor of food service equipment	Food and Foodservice	-	-	-
May-18	E&K Scientific Products, Inc.	Thomas Scientific (The Carlyle Group)	Distributor of life science research products	Medical and Dental	-	-	-
Apr-18	All Integrated Solutions	Msc Industrial Direct Co	Distributor of industrial fasteners and components	Industrial and Safety	\$98	3.6x	-
Apr-18	General Distributors, Inc.	Columbia Distributing	Distributor and marketer of beverages	Food and Foodservice	-	-	-
Apr-18	Halyard Health (partial)	Owens & Minor	Provider of surgical and infection prevention services	Medical and Dental	\$710	-	-
Apr-18	Ryan Herco Flow Solutions, Inc.	SunSource (CD&R, Littlejohn & Co)	Distributor of filtration and fluid handling products in the United States	Power and Electrical	-	-	-
Apr-18	Girtman & Associates, Inc.	The Cook & Boardman Group (Ridgmont Equity)	Distributor of commercial doors, frames and architectural hardware	Building Materials and Construction	-	-	-
Apr-18	Bellingham Glove, Inc.	Radians	Importer and distributor of gloves	Industrial and Safety	-	-	-
Apr-18	Bush Supply, Inc.	MORSCO (Advent International)	Distributor of HVAC products and services	Building Materials and Construction	-	-	-
Apr-18	Blue Sky Industries, Inc.	Aircraft Fasteners International (Audax, Prospect)	Distributor of aircraft components, parts and materials	Industrial and Safety	-	-	-
Apr-18	Monte Package Co.	Bunzl	Distributor of packaging products created to serve the fresh food growers and packers	Industrial and Safety	-	-	-
Apr-18	A&W Oil Company, Inc	RelaDyne (Audax Group)	Distributor and retailer of commercial, automotive and aviation fuels and lubricants	Automotive	-	-	-
Apr-18	Samova, Inc.	Patricia Industries (Water Street Healthcare)	Distributor of healthcare products	Medical and Dental	\$1,050	\$2	\$16
Apr-18	Kent Frozen Foods Limited	Sysco	Provider of food distribution services	Food and Foodservice	-	-	-
Mar-18	Mavis Tire	Golden Gate Capital	Distributor and dealer of discount tires	Automotive	-	-	-
Mar-18	Preferred Medical Supply, LLC	NDC (AEA Investors)	Distributor of medical equipment and supplies to the post-acute care market	Medical and Dental	-	-	-
Mar-18	A.H. Harris & Sons, Inc.	HD Supply	Supplier of high-quality construction products and equipment	Building Materials and Construction	\$380	1.0x	-
Mar-18	Lentz Milling Company	JM Swank Company (Platinum Equity)	Distributor of food ingredients for bakeries and food manufacturers	Food and Foodservice	-	-	-
Mar-18	Foster Mechanical Corporation	SBP Holdings (AEA Investors)	Distributor and fabricator of industrial parts and components in Saint Louis, Missouri	Industrial and Safety	-	-	-
Feb-18	Doerle Food Services, LLC	Sysco	Distributor of food products	Food and Foodservice	-	-	-
Feb-18	ZXP Technologies, LLC.	Milton Street Capital	Distributor and provider of blended lubricant-based products and packaging services	Automotive	-	-	-
Feb-18	Sikes Paper & Chemical Supply, Inc.	Imperial Dade (Audax Group)	Distributor of sanitary paper, janitorial, chemical and packaging supplies	Industrial and Safety	-	-	-
Feb-18	Smith Industrial Rubber & Plastics, Inc.	SBP Holdings (AEA Investors)	Distributor and fabricator of industrial rubber products in the United States	Industrial and Safety	-	-	-
Feb-18	Omni Packaging, Inc.	SupplyOne (Wellspring Capital Management)	Distributor of shipping and packaging materials to businesses	Industrial and Safety	-	-	-
Feb-18	Cincinnati Hose & Fittings, Inc.	Triad Technologies (Svoboda Capital Partners)	Distributor of fluid connectors	Power and Electrical	-	-	-
Jan-18	FCX Performance, Inc.	Applied Industrial Technologies	Distributor of flow control and process automation products in North America	Power and Electrical	\$784	1.4x	11.5x
Jan-18	PCA Industrial & Paper Supplies, Inc.	Imperial Dade (Audax Group)	Distributor of paper products, janitorial supplies and cleaning equipment	Industrial and Safety	-	-	-
Jan-18	AmeriPride Services, Inc.	Aramark	Supplier of uniforms and towels	Food and Foodservice	\$1,000	1.7x	-
Jan-18	THB, Inc.	Fairmont Supply (Tenex Capital Management)	Distributor of industrial fasteners and service provider for kitting, packaging and quality	Industrial and Safety	-	-	-
Jan-18	Revco Industries, Inc	Bunzl	Manufacturer of workplace safety and personal protection equipment	Industrial and Safety	-	-	-
Jan-18	JAD Equipment Co., Inc.	Fidus Investment	Distributor of surface preparation equipment and consumables	Building Materials and Construction	-	-	-
Jan-18	Commtech Distribution Ltd.	Arrow Electronics	Distributor of products, software and value added IT services	Power and Electrical	-	-	-
Jan-18	RxCrossroads LLC	McKesson	Provider of pharmaceutical distribution services	Medical and Dental	\$735	-	-
Jan-18	H. D. Smith & Co.	AmerisourceBergen	Distributor of healthcare distribution services	Medical and Dental	\$815	-	-
Jan-18	Package All Corp.	TricoBraun (AEA Investors)	Distributor of complete range of packaging products, including bottles, caps, and dividers	Industrial and Safety	-	-	-
Jan-18	All Safe Global, Inc.	Capital Resource Partners (River Birch Partners)	Distributor of equipment for compressed gas delivery, beverage production, and fire	Industrial and Safety	-	-	-

Median
Mean

\$808	1.1x	14.7x
\$1,166	1.3x	13.7x

Distribution Subsectors – Public Comps

Company Name	Ticker	Market Cap	Net Debt	Enterprise Value	Revenue LTM	EBITDA LTM	EV / Revenue	EV / EBITDA	Gross Margin	Total Debt / EBITDA	EBITDA Margin
Automotive											
Genuine Parts Company	NYS:GPC	\$14,830.0	\$2,554.8	\$17,436.9	\$18,338.4	\$1,365.2	1.0x	12.8x	31.2%	2.1x	7.4%
LKQ Corporation	NAS:LKQ	8,387.8	4,027.2	12,471.9	11,343.7	1,162.7	1.1x	10.7x	38.4%	3.8x	10.2%
Lear Corp	NYS:LEA	8,523.6	765.2	9,593.2	21,569.9	2,148.5	0.4x	4.5x	11.0%	0.9x	10.0%
Dorman Products, Inc.	NAS:DORM	2,828.1	(53.1)	2,775.0	941.1	196.0	2.9x	14.2x	39.0%	nm	20.8%
Kaman Corporation	NYS:KAMN	1,533.0	278.1	1,811.1	1,848.4	101.3	1.0x	17.9x	29.7%	3.0x	5.5%
Uni-Select Inc.	TSE:UNS	657.7	393.6	1,051.3	1,747.5	116.8	0.6x	9.0x	33.2%	3.5x	6.7%
Median		\$5,608.0	\$579.4	\$6,184.1	\$6,596.1	\$679.3	1.0x	11.7x	32.2%	3.0x	8.7%
Average		\$6,126.7	\$1,327.6	\$7,523.2	\$9,298.2	\$848.4	1.2x	11.5x	30.4%	2.7x	10.1%
Building Materials and Construction											
Ferguson PLC	LON:FERG	\$14,093.9	\$1,164.0	\$15,256.9	\$20,752.0	\$1,494.0	0.7x	10.2x	29.1%	1.3x	7.2%
HD Supply, Inc.	NAS:HDS	7,069.3	1,847.0	8,916.3	5,784.0	722.0	1.5x	12.3x	39.3%	2.6x	12.5%
Pool Corporation	NAS:POOL	6,301.6	545.0	6,846.6	2,965.2	332.7	2.3x	20.6x	28.8%	1.7x	11.2%
SiteOne Landscape Supply, Inc.	NYS:SITE	2,515.0	566.0	3,081.0	2,053.4	155.2	1.5x	19.9x	32.2%	3.8x	7.6%
Beacon Roofing Supply, Inc.	NAS:BECN	2,260.3	2,490.5	5,150.0	6,418.3	406.1	0.8x	12.7x	24.8%	6.5x	6.3%
Summit Materials, Inc.	NYS:SUM	1,502.9	1,763.0	3,279.9	2,100.0	649.4	1.6x	5.1x	31.0%	2.8x	30.9%
Builders FirstSource, Inc.	NAS:BLDR	1,433.5	1,807.1	3,240.6	7,687.7	438.2	0.4x	7.4x	24.2%	4.2x	5.7%
BMC Stock Holdings Inc.	NAS:BMCH	1,120.2	304.9	1,425.1	3,663.8	231.4	0.4x	6.2x	23.9%	1.6x	6.3%
Boise Cascade Company	NYS:BCC	1,003.5	257.8	1,261.3	5,021.5	251.3	0.3x	5.0x	14.1%	1.7x	5.0%
BlueLinx Corp.	NYS:BXC	234.8	763.0	997.7	2,623.8	7.4	0.4x	134.8x	11.7%	104.1x	0.3%
Median		\$1,881.6	\$963.5	\$3,260.3	\$4,342.6	\$369.4	0.8x	11.3x	26.8%	2.7x	6.8%
Average		\$3,753.5	\$1,150.8	\$4,945.6	\$5,907.0	\$468.8	1.0x	23.4x	25.9%	13.0x	9.3%
Food and Foodservice											
Sysco Corporation	NYS:SY	\$34,274.8	\$7,911.5	\$42,223.1	\$59,292.2	\$3,124.8	0.7x	13.5x	18.9%	2.8x	5.3%
Aramark Corp.	NYS:ARMK	9,289.5	7,029.0	16,328.5	15,789.6	1,411.9	1.0x	11.6x	11.4%	5.1x	8.9%
US Foods, Inc.	NYS:USFD	6,995.1	3,596.1	10,591.2	24,129.7	1,011.8	0.4x	10.5x	17.8%	3.6x	4.2%
Performance Food Group, Inc.	NYS:PFGC	3,547.1	1,225.0	4,772.1	17,794.7	388.2	0.3x	12.3x	13.1%	3.2x	2.2%
Core-Mark International Inc.	NAS:CORE	1,148.1	373.5	1,521.6	16,377.6	112.4	0.1x	13.5x	5.3%	3.7x	0.7%
United Natural Foods, Inc.	NAS:UNFI	1,002.6	3,916.2	4,917.1	10,637.3	244.7	0.5x	20.1x	14.7%	16.2x	2.3%
The Chefs' Warehouse, Inc	NAS:CHEF	1,127.5	230.4	1,357.9	1,407.7	68.0	1.0x	20.0x	25.3%	4.1x	4.8%
SpartanNash Company	NAS:SPTN	647.3	682.4	1,329.6	8,217.5	184.2	0.2x	7.2x	13.6%	3.8x	2.2%
Median		\$2,347.6	\$2,410.6	\$4,844.6	\$16,083.6	\$316.4	0.5x	12.9x	14.2%	3.7x	3.2%
Average		\$7,254.0	\$3,120.5	\$10,380.1	\$19,205.8	\$818.3	0.5x	13.6x	15.0%	5.3x	3.8%

As of November 10, 2018, all figures represented in \$M unless otherwise specified
Source: Pitchbook

Distribution Subsectors – Public Comps

Company Name	Ticker	Market Cap	Net Debt	Enterprise Value	Revenue LTM	EBITDA LTM	EV / Revenue	EV / EBITDA	Gross Margin	Total Debt / EBITDA	EBITDA Margin
Industrial and Safety											
Praxair Technology, Inc	NYS:LIN	\$89,766.9	\$7,712.0	\$97,996.9	\$12,037.0	\$3,862.0	8.1x	25.4x	43.8%	2.2x	32.1%
W.W. Grainger, Inc.	NYS:GWW	16,871.9	1,718.0	18,752.2	11,090.5	1,350.7	1.7x	13.9x	38.8%	1.7x	12.2%
Fastenal Company	NAS:FAST	16,448.3	260.3	16,708.6	4,822.0	1,103.7	3.5x	15.1x	48.6%	0.4x	22.9%
Bunzl plc	LON:BNZL	9,877.1	1,925.7	11,802.7	11,849.7	755.8	1.0x	15.6x	*17.0%	3.4x	6.4%
Watsco, Inc.	NYS:WSO	5,767.5	49.1	6,109.9	4,519.7	397.0	1.4x	15.4x	24.6%	0.3x	8.8%
Univar, Inc.	NYS:UNVR	2,817.1	2,523.8	5,340.9	8,620.5	608.9	0.6x	8.8x	22.0%	4.3x	7.1%
DNOW L.P.	NYS:DNOW	1,515.7	79.0	1,594.7	3,032.0	80.0	0.5x	19.9x	19.8%	2.1x	2.6%
MRC Global, Inc.	NYS:MRC	1,359.4	690.0	2,404.4	4,066.0	168.0	0.6x	14.3x	16.2%	4.3x	4.1%
Lawson Products, Inc.	NAS:LAWS	272.9	7.8	280.7	344.0	11.8	0.8x	23.7x	55.4%	1.3x	3.4%
Median		\$5,767.5	\$690.0	\$6,109.9	\$4,822.0	\$608.9	1.0x	15.4x	31.7%	2.1x	7.1%
Average		\$16,077.4	\$1,662.8	\$17,887.9	\$6,709.0	\$926.4	2.0x	16.9x	33.6%	2.2x	11.1%
Medical and Dental											
McKesson Corporation	NYS:MCK	\$24,695.6	\$6,970.0	\$31,873.6	\$210,927.0	\$1,384.0	0.2x	23.0x	5.4%	6.6x	0.7%
AmerisourceBergen Corporation	NYS:ABC	18,222.0	1,817.7	20,156.9	167,939.6	1,862.2	0.1x	10.8x	2.7%	2.3x	1.1%
Henry Schein, Inc.	NAS:HSIC	13,338.3	2,037.9	16,102.3	13,144.8	1,019.8	1.2x	15.8x	27.3%	2.1x	7.8%
Patterson Companies, Inc.	NAS:PDCO	2,192.5	653.1	2,849.3	5,516.9	231.6	0.5x	12.3x	21.1%	3.5x	4.2%
Owens & Minor, Inc.	NYS:OMI	432.1	1,515.6	1,947.7	9,685.6	(43.3)	0.2x	nm	13.6%	-37.9x	(0.4%)
Median		\$13,338.3	\$1,817.7	\$16,102.3	\$13,144.8	\$1,019.8	0.2x	14.0x	13.6%	2.3x	1.1%
Average		\$11,776.1	\$2,598.9	\$14,586.0	\$81,442.8	\$890.9	0.4x	15.5x	14.0%	-4.7x	2.7%
Power and Electrical											
Arrow Electronics, Inc.	NYS:ARW	\$6,510.9	\$3,036.1	\$9,597.0	\$29,556.0	\$1,254.5	0.3x	7.7x	12.4%	2.8x	4.2%
Applied Industrial Technologies, Inc	NYS:AIT	2,342.7	916.0	3,258.7	3,257.1	298.2	1.0x	10.9x	29.0%	3.3x	9.2%
WESCO International, Inc.	NYS:WCC	2,388.7	1,149.1	3,532.3	8,161.8	408.3	0.4x	8.7x	19.1%	3.2x	5.0%
Anixter International	NYS:AXE	2,010.3	1,193.8	3,204.1	8,294.9	367.9	0.4x	8.7x	19.6%	3.4x	4.4%
Richardson Electronics	NAS:RELL	93.7	(54.8)	38.9	170.4	7.2	0.2x	5.4x	33.4%	0.0x	4.2%
Median		\$2,342.7	\$1,149.1	\$3,258.7	\$8,161.8	\$367.9	0.4x	8.7x	19.6%	3.2x	4.4%
Average		\$2,669.2	\$1,248.0	\$3,926.2	\$9,888.0	\$467.2	0.5x	8.3x	22.7%	2.5x	5.4%
Total across all sectors:											
Median		\$2,515.0	\$1,164.0	\$4,772.1	\$8,161.8	\$397.0	0.6x	12.5x	24.1%	3.1x	5.7%
Average		\$8,122.1	\$1,828.8	\$10,027.6	\$18,268.4	\$731.5	1.0x	15.9x	24.2%	4.7x	7.5%

As of November 10, 2018, all figures represented in \$M unless otherwise specified
Source: Pitchbook
*Meridian Estimate

Exceptional Results Delivered

