



EDGEPOINT

INDUSTRIALS: INDUSTRIAL DISTRIBUTION

- The Industrial Distribution sub-sector continues to see strong demand for M&A, primarily from private equity platform companies pursuing industry roll-up strategies. Strategic acquirers Winsupply and Brady Industries also continue to exhibit strong demand for acquisitions, having completed three and six transactions respectively in the last 12 months.
- Publicly traded companies in EdgePoint's Industrial Distribution Index had been significantly outperforming the S&P 500 before reverting to the market's performance during the first quarter. The subsector is once again outperforming the S&P 500 in May as commodity and material prices have increased.
- Despite sector-wide supply shortages, the industrial indicators continue to show strength in the sector. The Purchasing Managers' Index and Industrial Product Index continue to indicate above-average performance for Industrials and distribution businesses.
- EdgePoint believes M&A activity within the Industrial Distribution sector will continue to demonstrate strong deal volume and healthy valuations through the remainder of 2020.

RECENT SELECT TRANSACTIONS

Target	Date	Buyers / Investors	Region	Strategic / Financial
Panofrance SAS	May 11	Saint-Gobain ADFORS France SAS	EMEA	Strategic
George Schofield Company, Inc.	May 10	Outdoor Living Supply, LLC	US	Financial Backed Strategic
Hoye Tractor Parts, Inc.	May 4	All States Ag Parts, Inc.	US	Financial Backed Strategic
Thermal Dynamics International, Inc.	May 5	A4 Defense Systems, Inc.	US	Strategic
NWI Enterprises, Inc.	May 3	PrimeSource Building Products, Inc.	US	Financial Backed Strategic
Tri-State Wholesale Flooring, Inc.	Apr 26	Crown Products, Inc.	US	Strategic
HCA Distributing, LLC	Apr 1	Volutone Distributing Co.	US	Strategic
Oy Hydro-Material Ab	Mar 31	Addtech AB	EMEA	Strategic
Discount Drainage Supplies LLC	Mar 24	Winsupply Inc.	US	Strategic
ELKINS WHOLESALE, INC.	Mar 16	Brady Industries, Inc.	US	Financial Backed Strategic
Rocky Mountain Construction Wholesale, LLC	Mar 4	Specialty Products & Insulation Co.	US	Financial Backed Strategic
Industrial Rack and Shelving, Inc.	Feb 25	Bruynzeel Storage Systems Limited	US	Strategic
ASL Distribution Services Limited	Feb 16	Consolidated Fastfrate Inc.	US	Financial Backed Strategic
Pacific Pride Carwash Company, Inc.	Feb 4	Istobal USA Corporation	US	Financial Backed Strategic

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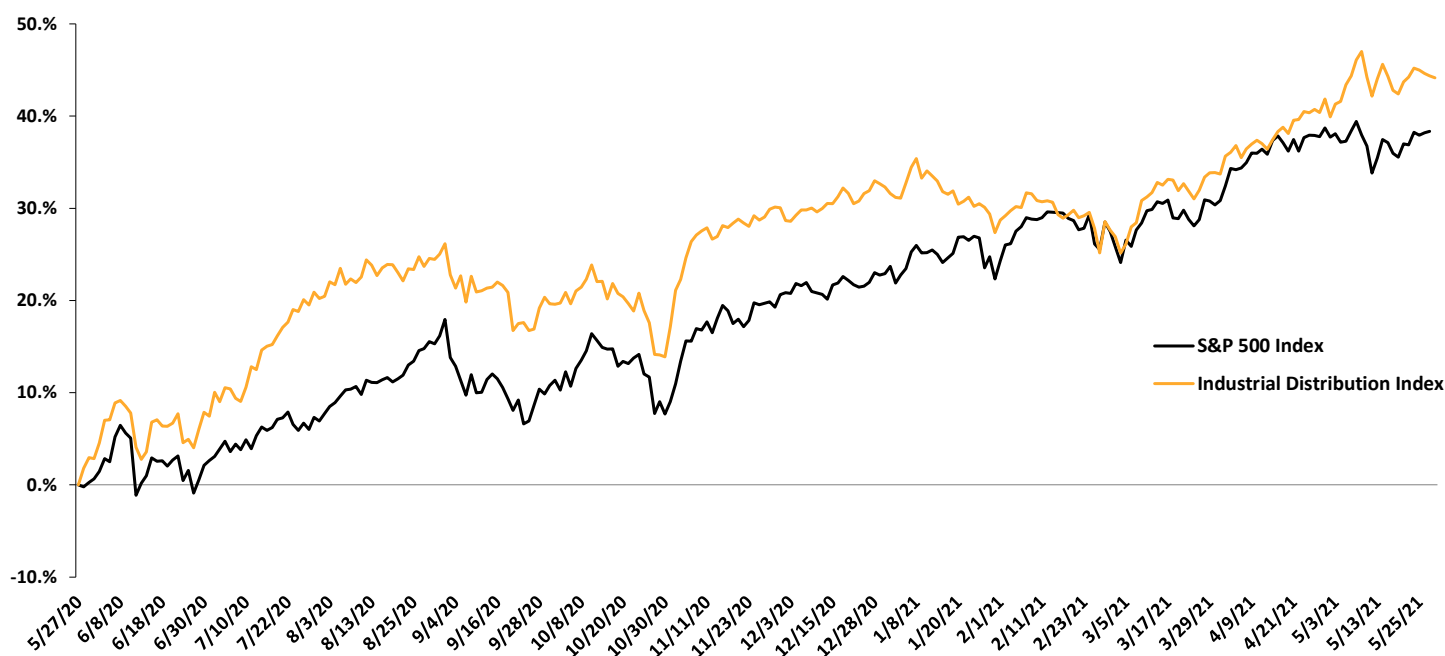
EdgePoint Public Comparable Index Constituents

Industrial Distribution Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E		LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$3,192	29.1%	9.3%	\$316	\$236	8.8x	13.5x	\$3,403	-2.4%	10.2%	\$60.00	85.0%
DXP Enterprises, Inc.	593	27.6%	6.9%	87	62	5.3x	9.6x	1,257	1.2%	9.9%	18.23	41.5%
Fastenal Company	23,760	46.9%	22.6%	1,217	1,172	17.3x	20.3x	5,391	6.0%	10.3%	40.54	100.0%
Ferguson plc	20,820	29.7%	8.6%	1,801	1,610	10.8x	12.8x	21,056	-2.4%	8.2%	77.97	82.9%
L'Air Liquide S.A.	76,111	63.6%	25.2%	5,977	6,486	12.2x	11.7x	23,715	0.8%	3.8%	127.55	82.6%
Lawson Products, Inc.	303	53.3%	7.9%	29	33	8.9x	9.1x	370	3.9%	9.6%	31.65	54.3%
MRC Global Inc.	1,545	18.0%	4.5%	158	72	7.6x	21.6x	3,486	-15.6%	3.8%	6.14	34.7%
MSC Industrial Direct Co., Inc.	4,616	42.2%	14.2%	472	376	9.3x	12.3x	3,319	-0.1%	5.1%	70.52	88.3%
NOW Inc.	733	19.7%	1.8%	50	(86)	8.1x	NM	2,770	-12.0%	8.1%	7.91	51.6%
SPX Corporation	2,194	30.6%	10.8%	167	200	13.3x	11.0x	1,545	0.9%	2.1%	41.41	77.0%
W.W. Grainger, Inc.	18,876	37.8%	13.7%	1,602	1,329	11.8x	14.2x	11,688	3.9%	4.7%	314.34	90.7%
Watsco, Inc.	6,744	24.2%	7.7%	372	339	14.4x	19.9x	4,847	6.5%	4.6%	174.51	93.4%
WESCO International, Inc.	2,845	18.8%	4.8%	398	312	5.7x	9.1x	8,366	2.7%	4.5%	33.45	54.5%
Median		29.7%	8.6%	372	312	9.3x	12.5x	3,486	0.9%	5.1%	41.4	82.6%
Mean		34.0%	10.6%	973	934	10.3x	13.8x	7,016	-0.5%	6.5%	77.2	72.0%

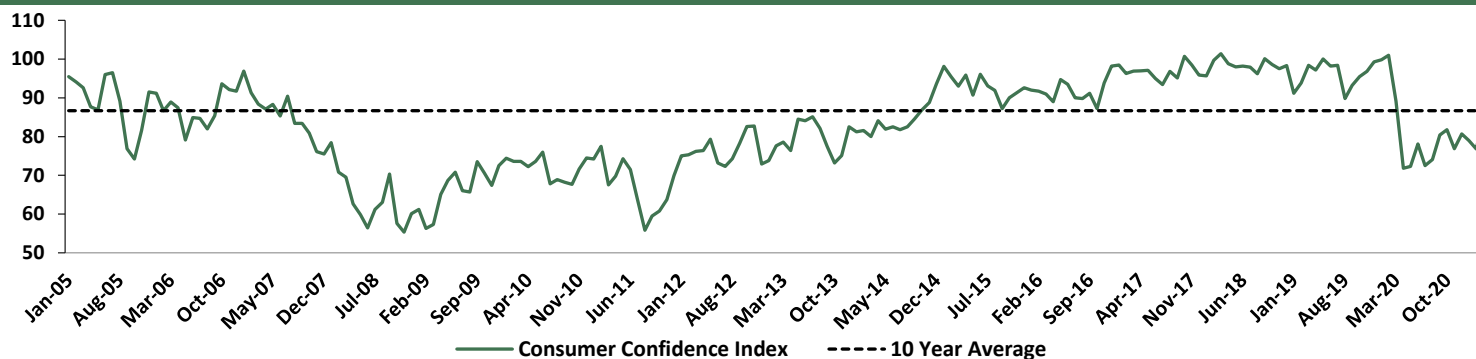
Source: S&P CapIQ (As of May 27, 2021)

Trailing Twelve Months Stock Performance



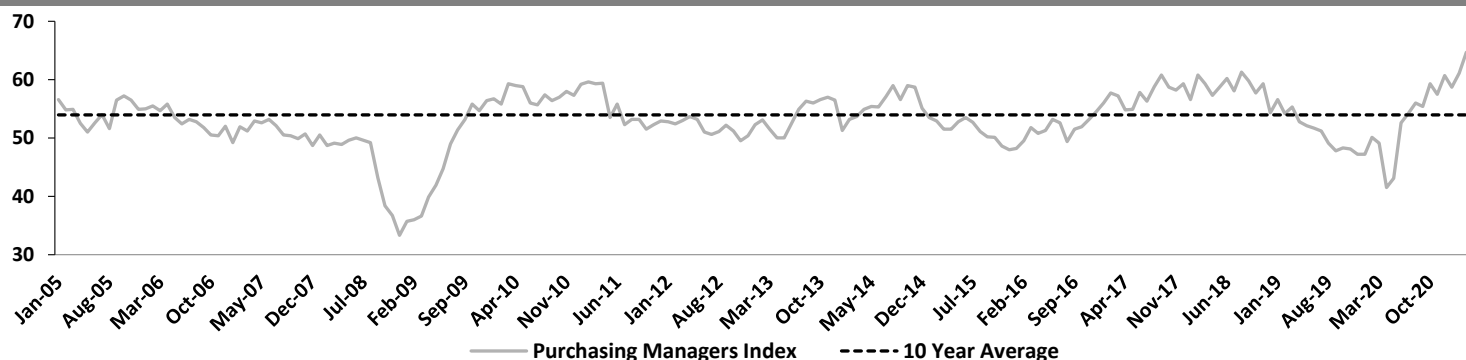
Source: S&P CapIQ (As of May 27, 2021)

Consumer Confidence Index (2005 - 2021)



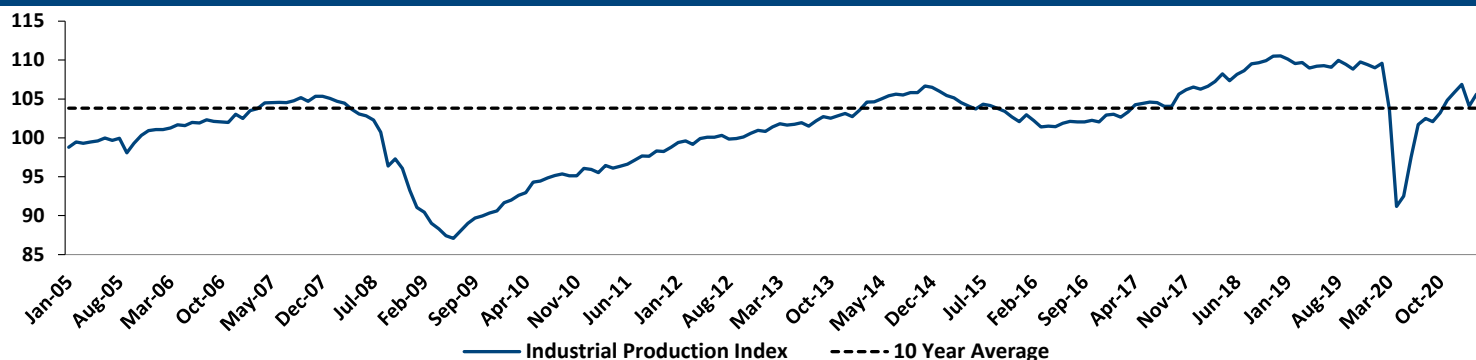
Source: University of Michigan

Purchasing Managers Index (2005 - 2021)



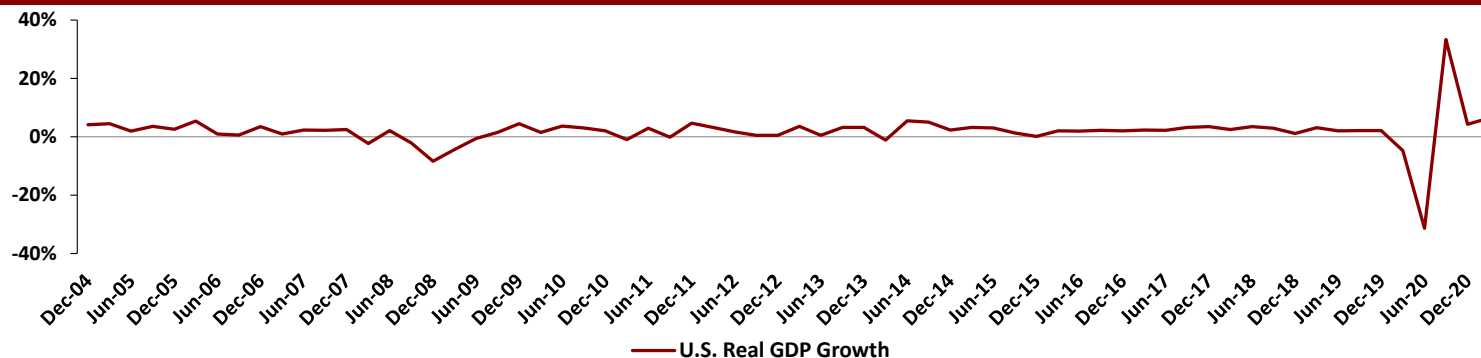
Source: Institute for Supply Management

Industrial Production Index (2005 - 2021)



Source: Federal Reserve

U.S. Real GDP Growth (2004 - 2021)



Source: Bureau of Economic Analysis