



INDUSTRIALS: INDUSTRIAL DISTRIBUTION

- Private equity-backed companies continue to be active dealmakers in the industrial distribution sub-sector. Imperial Dade has been one of the most active buyers in the sector. The Company recently announced two additional acquisitions, its 18th and 19th transactions since it became a Bain Capital platform company in June 2019.
- Faced by labor shortage and supply chain challenges, publicly traded companies in EdgePoint's Industrial Distribution Index underperformed in the second and third quarters relative to the S&P 500. The index has been underperforming the market throughout 2021 despite a brief price rally in May of this year.
- As supply and labor shortages continue to impact distributors and wholesalers, economic indicators continue to show reason for optimism. The industrial production index bounced back strongly in June and July after a significant drop in May.
- EdgePoint believes M&A activity within the Industrial Distribution sector will continue to demonstrate strong deal volume and stable valuations through the remainder of 2020 and into 2021.

RECENT SELECT TRANSACTIONS

Target	Date	Buyers / Investors	Region	Strategic / Financial
Capital Door Service	Aug 11	ASSA ABLOY AB (publ)	US	Strategic
Caniff Electric Supply Co., Inc.	Aug 10	McNaughton-McKay Electric Company	US	Strategic
Merfish United	Aug 4	Reliance Steel & Aluminum Co.	US	Strategic
Western Paper Distributors, Inc.	Aug 2	Imperial Dade	US	Financial Backed Strategic
Custom Filter LLC	Jul 30	Rensa Filtration	US	Financial Backed Strategic
Aida Alta Energia S.R.L.	Jul 28	Austin Europe GmbH	EMEA	Strategic
EBP Supply Solutions, Inc.	Jul 26	Imperial Dade	US	Financial Backed Strategic
Sorin Corporation	Jul 9	Young Poong Corporation	APAC	Strategic
TractorJoe.com	Jul 2	All States Ag Parts, Inc.	US	Financial Backed Strategic
Harvey Distributors	Jun 24	Bunzl plc	APAC	Strategic
Kartecon Oy	Jun 22	Ahlsell AB (publ)	EMEA	Financial Backed Strategic
The Herholdt's Group	Jun 21	Adenia Partners Ltd.	EMEA	Financial
Marie Swards Svets & Verktys AB	Jun 21	Ahlsell AB (publ)	EMEA	Financial Backed Strategic
HLC-Hans Lautrup Chemicals A/S	Jun 16	Distrupol Limited	EMEA	Strategic
Atlantic Coastal Supply, Inc.	Jun 2	Winsupply Inc.	US	Strategic
Devondale Electrical Distributors Ltd	Jun 1	Grant & Stone Limited	EMEA	Financial Backed Strategic
Humboldt Wholesale, Allied Imports & Logistics & Co.	Jun 1	Hydrofarm Holdings Group, Inc.	US	Strategic
Buckeye Metals Industries, Inc.	Jun 1	Paragon Steel Enterprises, LLC	US	Strategic
Hudaco Industries Limited	May 21	Public Investment Corporation Limited	EMEA	Strategic

For more information and insight please contact members of the EdgePoint Industrials team:

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M&A
Advisory

RESULTS *with*
INTEGRITY™

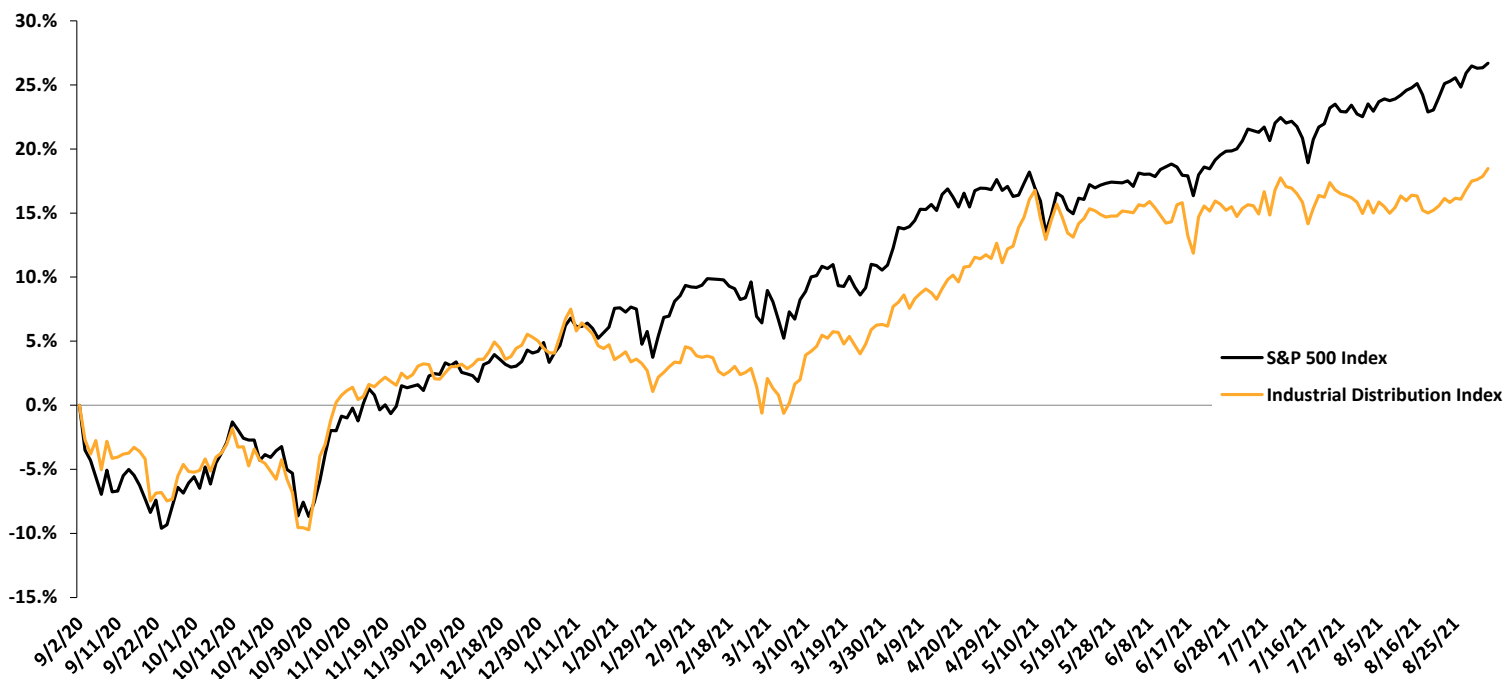
EdgePoint Public Comparable Index Constituents

Industrial Distribution Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E	LTM	LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$3,091	28.9%	8.9%	\$288	\$252	9.2x	12.2x	\$3,246	-6.5%	7.8%	\$60.21	85.3%
DXP Enterprises, Inc.	547	27.6%	6.0%	71	52	5.7x	10.5x	1,175	-7.0%	7.7%	19.24	43.8%
Fastenal Company	28,486	46.2%	22.8%	1,262	1,276	20.1x	22.3x	5,532	6.6%	10.2%	48.86	99.6%
Ferguson plc	25,442	29.4%	8.4%	1,836	1,958	12.2x	13.0x	21,819	-0.9%	4.2%	98.58	95.8%
L'Air Liquide S.A.	95,188	64.4%	25.7%	6,146	6,999	14.1x	13.8x	23,904	-2.6%	1.3%	166.23	96.8%
Lawson Products, Inc.	326	53.3%	8.4%	29	32	9.9x	10.1x	347	-4.3%	6.5%	35.90	61.6%
MRC Global Inc.	1,467	17.1%	2.8%	86	59	11.4x	24.8x	3,104	-23.1%	-2.0%	5.69	36.8%
MSC Industrial Direct Co., Inc.	4,351	42.1%	13.7%	437	413	8.7x	10.5x	3,192	-5.1%	3.4%	65.90	82.5%
NOW Inc.	595	19.5%	0.0%	1	(58)	10.7x	NM	2,364	-24.9%	0.3%	7.27	56.3%
SPX Corporation	2,197	32.5%	10.6%	139	207	12.5x	10.6x	1,320	-13.4%	-2.7%	41.83	77.8%
W.W. Grainger, Inc.	21,534	37.1%	12.3%	1,425	1,511	15.1x	14.3x	11,632	3.1%	4.4%	365.43	98.9%
Watsco, Inc.	9,113	24.1%	7.6%	366	393	19.6x	23.1x	4,831	5.2%	3.9%	244.99	98.5%
WESCO International, Inc.	7,599	18.8%	4.7%	393	578	15.5x	13.2x	8,303	1.4%	4.2%	46.85	76.4%
Median		29.4%	8.4%	366	393	12.2x	13.1x	3,246	-4.3%	4.2%	48.9	82.5%
Mean		33.9%	10.1%	960	1,052	12.7x	14.9x	6,982	-5.5%	3.8%	92.8	77.7%

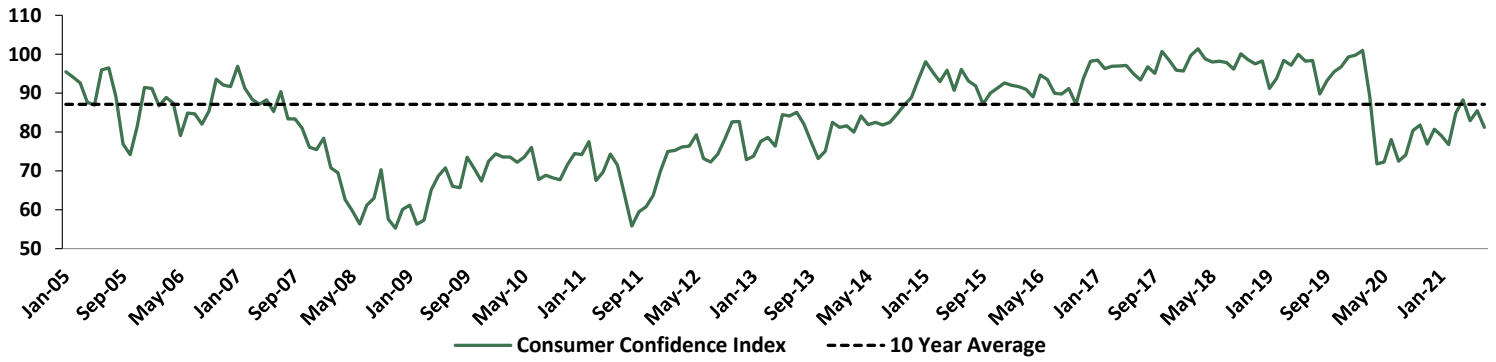
Source: S&P CapIQ (As of August 31, 2021)

Trailing Twelve Months Stock Performance



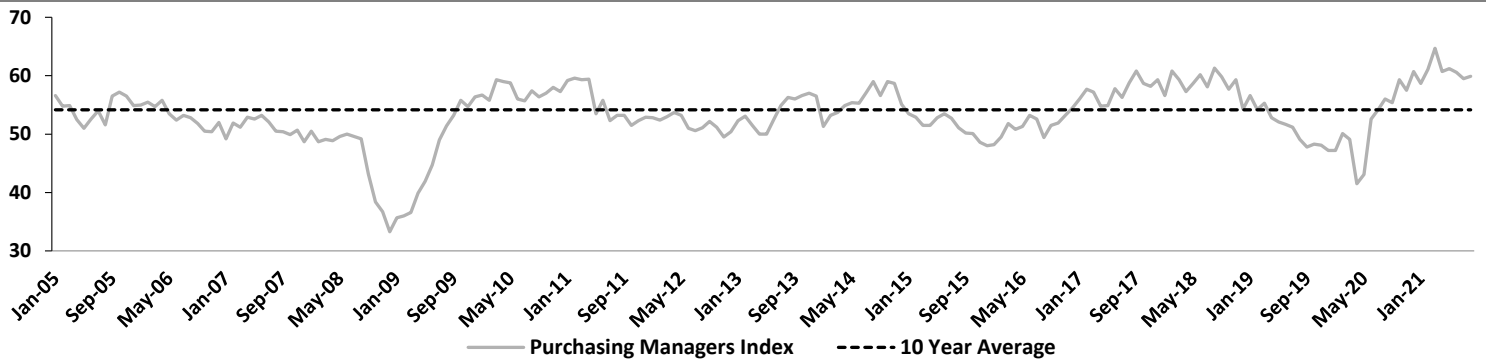
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Consumer Confidence Index (2005 - 2021)



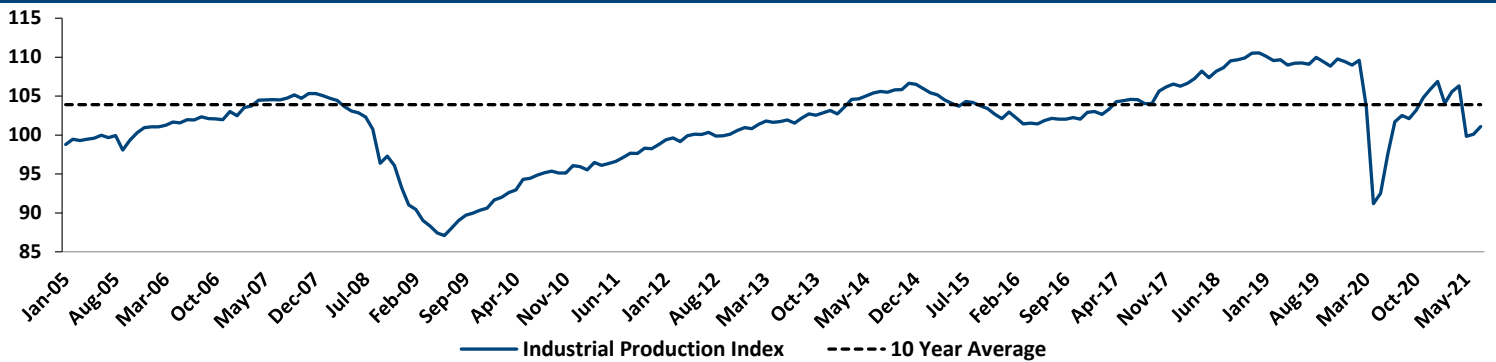
Source: University of Michigan

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