



### Quarterly Update

- Industrial Distribution M&A activity continued to show strength in the second quarter of 2022. Strategic acquirers dominated the first part of Q2, as large players continued to grow their portfolios and product offerings across all industries.
- TruArc Partners platform, BlackHawk Industrial Distribution, closed another transaction in April. This is BlackHawk's third acquisition in the last six months and eighth since being acquired by TruArc in September 2018.
- EdgePoint's Industrial Distribution Index has been performing in line with broader market.
- Fed industrial production index continues to show growth, albeit at a slower pace in May. Consumer sentiment is at its lowest point in over 20 years.
- EdgePoint continues to see strong buyer and seller interest in the Industrial Distribution subsector and expects deal volume to continue into 2023. Key issues to watch include rising inflation, rising oil prices and their effects on consumer spending. Additionally, we continue to monitor the Federal Reserve's implementation of interest rate increases to combat rising inflation.

### Recent Industrials Transactions (Selected)



**For more information and insights, please contact the EdgePoint Industrials Group:**



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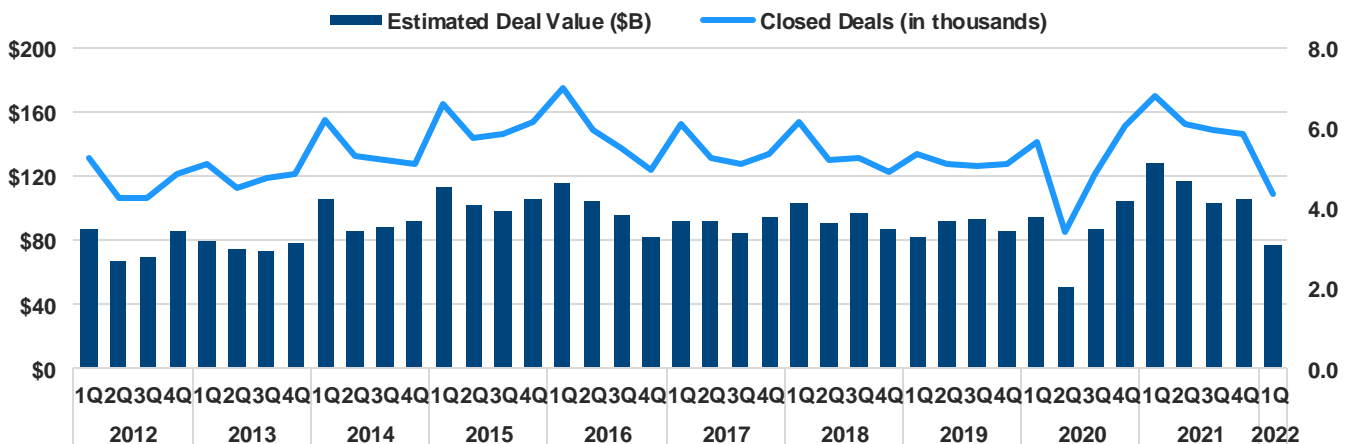
# Industrials: Industrial Distribution | May 2022

## Recent Chemicals & Coatings Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Engman-Taylor Company, Inc.	Jun 3	MSC Industrial Direct Co., Inc.	United States	Strategic
The Rock Garden	Jun 3	Outdoor Living Supply, LLC	United States	Financial-Backed Strategic
Complete Supply, Inc.	Jun 1	Beacon Roofing Supply, Inc.	United States	Strategic
Construction Supply, Inc.	Jun 1	White Cap Supply Holdings, LLC	United States	Financial-Backed Strategic
Ford Tool Steels, Inc.	Jun 1	Ryerson Holding Corporation	United States	Strategic
Ace Steel Supply, Inc.	May 31	Commercial Steel Products LLC	United States	Strategic
European Additives GmbH	May 31	Safic-Alcan Deutschland GmbH	EMEA	Strategic
Crane Canada Co.	May 31	Groupe Deschênes Inc.	Canada	Financial-Backed Strategic
Illingworth Engineering Company	May 27	Thermal Tech, Inc.	United States	Strategic
Flowtech Water Solutions Holdings Limited	May 27	PumpServ	EMEA	Strategic
PetroChoice Holdings, Inc.	May 23	Moove Lubricants Limited	United States	Strategic
Amum Rør ApS	May 20	STARK Group ApS	EMEA	Financial-Backed Strategic
Medalco Metals, Inc.	May 19	Metal Exchange Corporation	United States	Strategic
Advanced Industrial Devices Company LLC	May 17	Black Bay Energy Capital, LLC	United States	Financial
Cisco Air Systems, Inc.	May 3	DXP Enterprises, Inc.	United States	Strategic
JJ Industries of Connecticut, Inc.	Apr 27	BlackHawk Industrial Distribution, Inc.	United States	Financial-Backed Strategic
AFA Forest Products Inc.	Apr 27	Gillfor Distribution Inc.	Canada	Strategic
Assets of DWS Building Supply	Apr 25	L&W Supply Corporation	United States	Strategic
BellStone Masonry Supply	Apr 22	SiteOne Landscape Supply, Inc.	United States	Strategic
Carriere Industrial Supply Limited	Apr 11	The Weir Group PLC	Canada	Strategic
Williams Wholesale Supply Co Inc	Apr 5	Winsupply Inc.	United States	Strategic

Source: S&P Capital IQ (June 8, 2022)

## Global Lower-Middle Market Quarterly Deal Flow



Lower-middle market refers to deals valued at \$100 million or less

Source: Pitchbook (June 8, 2022)

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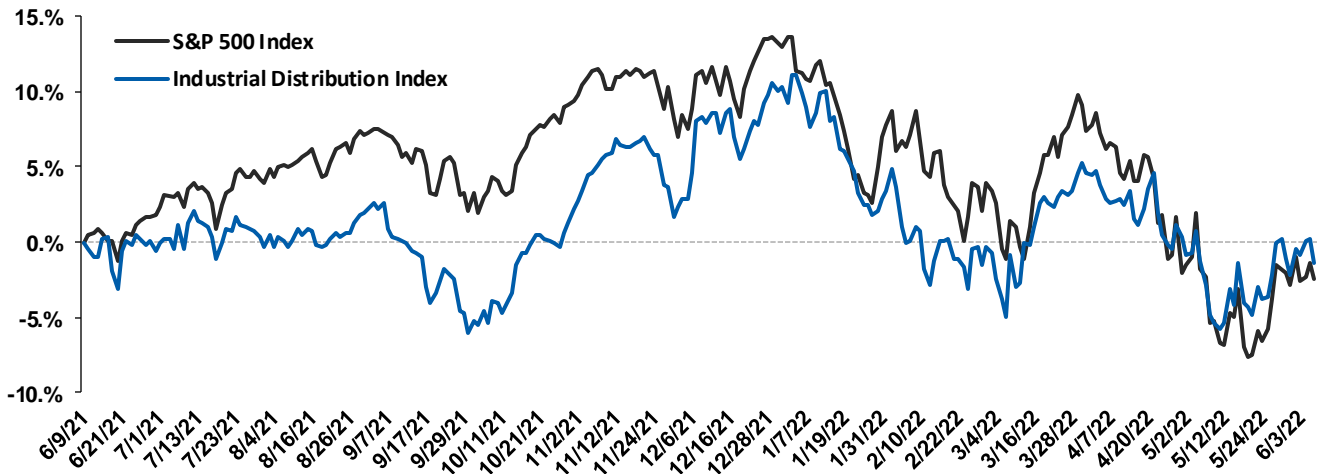
## EdgePoint Public Comparable Index Constituents

### 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	2022E	LTM	2022E		LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$ 4,595	29.2%	10.5%	\$ 383	\$ 407	10.8x	11.3x	\$ 3,645	18.9%	1.5%	\$ 105.64	94.6%
DXP Enterprises, Inc.	935	29.6%	6.9%	82	110	8.8x	8.5x	1,188	25.0%	-1.5%	31.98	88.2%
Fastenal Company	31,355	46.5%	23.3%	1,468	1,605	19.5x	19.5x	6,298	10.5%	7.4%	53.81	83.1%
Ferguson plc	23,621	31.0%	10.9%	2,815	2,603	10.4x	11.0x	25,794	26.7%	6.1%	95.00	69.6%
L'Air Liquide S.A.	87,483	59.8%	24.9%	5,821	6,982	14.4x	12.5x	23,335	13.9%	3.6%	144.20	94.0%
MRC Global Inc.	1,819	16.1%	2.7%	76	208	15.8x	8.8x	2,799	17.9%	-12.2%	11.65	86.6%
MSC Industrial Direct Co., Inc.	5,586	42.1%	13.8%	471	553	11.3x	10.1x	3,408	8.9%	0.9%	84.67	91.2%
NOW Inc.	1,018	22.3%	3.7%	64	112	11.1x	9.1x	1,744	26.7%	-17.9%	11.57	92.2%
SPX Corporation	2,433	34.8%	9.3%	115	216	18.9x	11.3x	1,239	7.0%	-6.8%	53.58	78.5%
W.W. Grainger, Inc.	28,125	36.9%	14.3%	1,939	2,145	14.0x	13.1x	13,585	14.4%	6.5%	498.50	94.1%
Watsco, Inc.	9,863	27.3%	10.9%	728	857	11.6x	11.6x	6,668	28.6%	13.6%	255.00	79.9%
WESCO International, Inc.	12,071	21.1%	6.7%	1,283	1,527	7.9x	7.9x	19,108	32.7%	32.9%	136.55	94.5%
<b>Median</b>		<b>30.3%</b>	<b>10.7%</b>	<b>600</b>	<b>705</b>	<b>11.5x</b>	<b>11.1x</b>	<b>4,972</b>	<b>18.4%</b>	<b>2.5%</b>	<b>89.84</b>	<b>89.7%</b>
<b>Mean</b>		<b>33.1%</b>	<b>11.5%</b>	<b>1,270</b>	<b>1,444</b>	<b>12.9x</b>	<b>11.2x</b>	<b>9,068</b>	<b>19.3%</b>	<b>2.8%</b>	<b>123.51</b>	<b>87.2%</b>

Source: S&P Capital IQ (June 8, 2022)

## EdgePoint Comparable Index Trailing Twelve Months Stock Performance

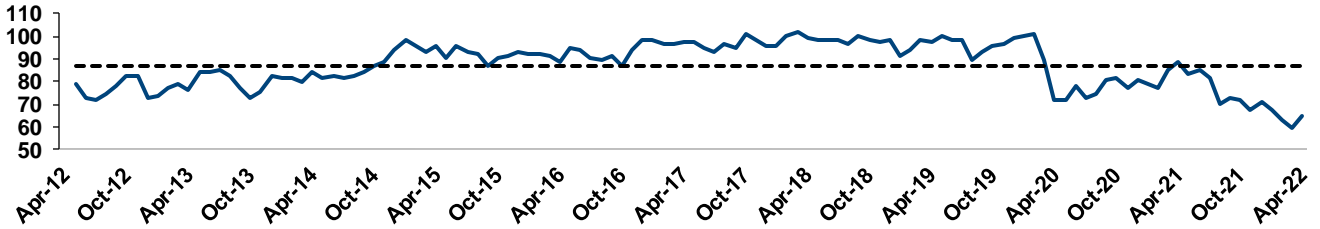


Source: S&P Capital IQ (June 8, 2022)

# Industrials: Industrial Distribution | May 2022

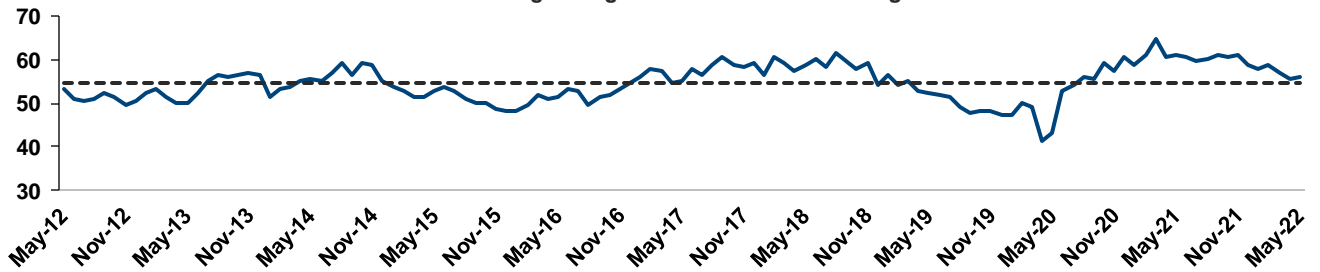
## Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



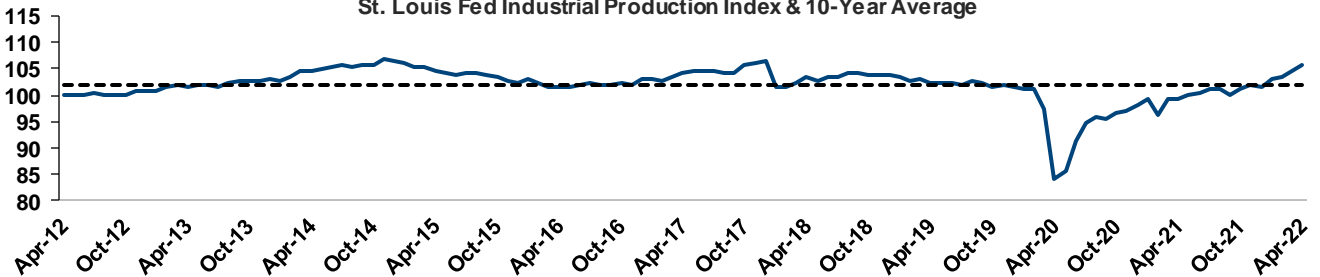
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



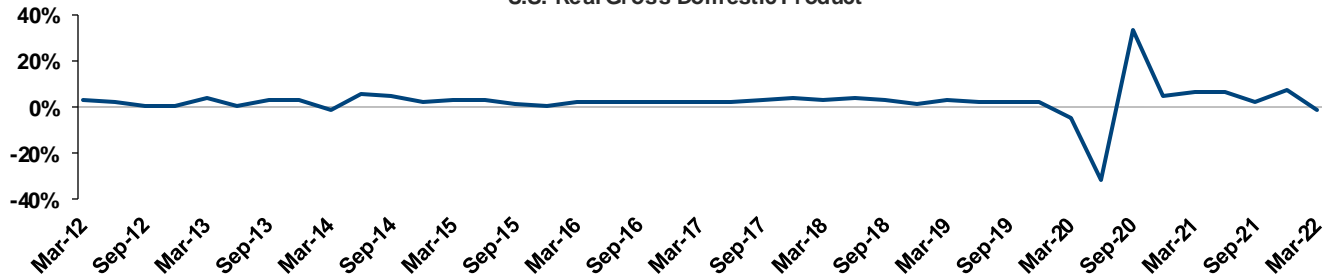
Source: Institute for Supply Management

St. Louis Fed Industrial Production Index & 10-Year Average



Source: The Federal Reserve Bank of St. Louis

U.S. Real Gross Domestic Product



Source: Bureau of Economic Analysis