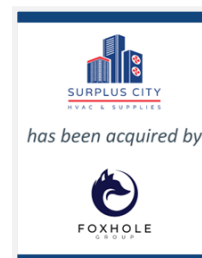




Quarterly Update

- Industrial distribution M&A activity remains robust, driven by record sales in the industry. EdgePoint believes recent strong M&A activity and sector performance will continue through the remainder of 2023.
- Much of the gains in revenue in the industrial distribution sector have been driven by volume, not price, particularly in the MRO, heavy manufacturing, and light manufacturing markets. On the other hand, reseller and nonresidential construction markets have slipped from last year.
- Destocking dynamics are expected to phase out over the remainder of the year which should provide for a more positive demand environment.
- Driven by increased customer demand, sales growth via digital channels is necessary for industrial distributors to respond to shifting consumer needs. 80% of purchasers expect distributors to respond and interact with them in real time.
- There is concern that the labor strike by the United Auto Workers will cause a slowdown that will negatively impact those distributors who are major suppliers to the automotive sector.

Recent Industrials Transactions (Selected)



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



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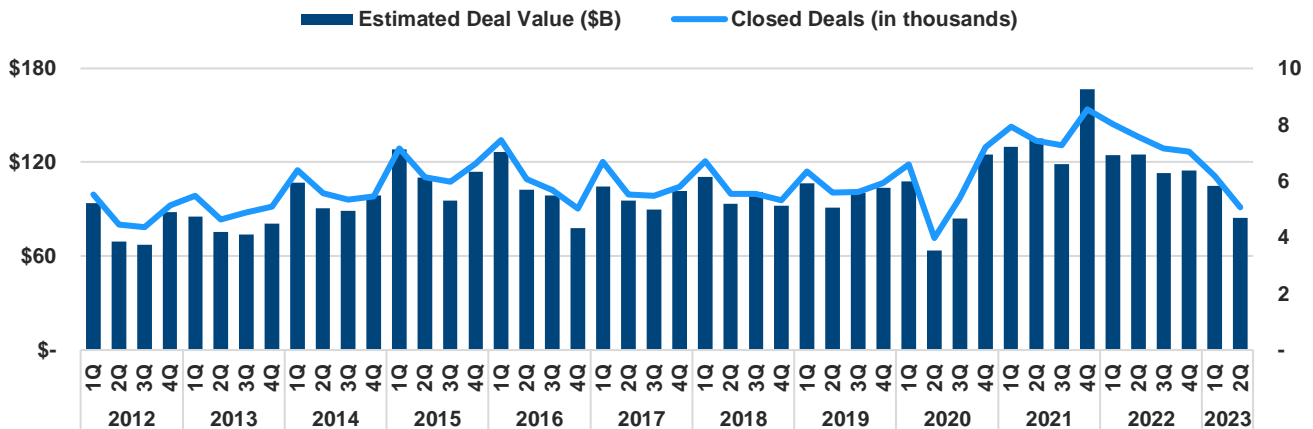
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Recent Industrial Distribution Transactions (Selected)

Target	Date	Buyer / Investor	Region (Target)	Buyer / Investor Type
Iowa Fire Equipment Company	Sep 12	Pye-Barker Fire & Safety, LLC	United States	Financial-Backed Strategic
Brownco Manufacturing and Sales LLC	Sep 12	White Cap Supply Holdings, LLC	United States	Financial-Backed Strategic
Ralik Packaging	Sep 8	Imperial Dade	Canada	Strategic
Harrington Industrial Plastics LLC	Sep 7	Bain Capital	United States	Financial
Des-Case Corporation	Sep 5	The Timken Company	United States	Strategic
Bearing Distributors, Inc./Cangro Industries	Sep 5	Applied Industrial Technologies, Inc.	United States	Strategic
RENO Hardware and Supply, Inc.	Sep 5	White Cap Supply Holdings, LLC	United States	Financial-Backed Strategic
Katzke Paper Co./Packaging Converting	Sep 1	Flexpak, LLC	United States	Financial-Backed Strategic
Plumbing and HVAC distribution business	Sep 1	Watsco, Inc.	United States	Strategic
Beta Fluid Power Ltd./Beta Industrial Ltd.	Sep 1	Wajax Corporation	Canada	Strategic
Tru Tech Systems, Inc.	Sep 1	Star Cutter Company	United States	Strategic
American Seal & Packing	Aug 30	Marco Rubber & Plastics, LLC	United States	Financial-Backed Strategic
Envoy Solutions, LLC	Aug 29	BradyIFS	United States	Financial-Backed Strategic
Brockway-Smith Company	Aug 23	Boise Cascade Company	United States	Strategic
ColePak Inc.	Aug 23	Greif, Inc.	United States	Strategic
M. Holland Company	Aug 22	Ravago S.A.	United States	Strategic
The Ohio & Michigan Paper Company	Aug 21	Imperial Dade	United States	Financial-Backed Strategic
Specline, Inc.	Aug 18	RBC Bearings Incorporated	United States	Strategic
Howden Roots LLC	Aug 18	Ingersoll Rand Inc.	United States	Strategic
Ultimation Industries, LLC	Aug 18	Motion & Control Enterprises, LLC	United States	Financial-Backed Strategic

Source: S&P Capital IQ (September 15, 2023)

Global Lower-Middle Market Quarterly Deal Flow



- Though global lower-middle market deal activity is down from historical levels due to increased cost of debt and macroeconomic uncertainty caused by inflation, industrial distribution activity is robust.
- Strategic acquirers continue to pursue transactions as means to increase production and distribution capabilities to meet increased demand.
- Industrial distribution M&A activity is expected to remain robust, driven by strong sector performance and demand for companies with strong digital capabilities in automation and AI.

Source: Pitchbook (September 15, 2023); Lower-middle market refers to deals valued at \$100 million or less

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EdgePoint Public Comparable Index Constituents

Industrial / MRO / Safety

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$ 6,486	29.2%	11.9%	\$ 525	\$ 532	11.3x	12.2x	\$ 4,413	15.8%	10.8%		\$ 157.53	96.8%
Bossard Holding AG	1,835	31.4%	13.3%	152	157	12.1x	11.7x	1,145	5.4%	11.5%		195.60	74.0%
DXP Enterprises, Inc.	1,079	29.1%	9.3%	152	174	6.1x	6.2x	1,646	29.6%	12.0%		37.48	94.0%
Fastenal Company	31,695	45.6%	23.2%	1,679	1,687	17.3x	18.8x	7,240	10.2%	9.4%		54.82	92.2%
Kaman Corporation	1,142	34.8%	15.7%	119	109	9.1x	10.5x	759	12.6%	-2.0%		20.81	59.8%
MRC Global Inc.	1,788	19.2%	6.3%	223	272	6.8x	6.6x	3,529	19.2%	4.4%		10.36	74.5%
MSC Industrial Direct Co., Inc.	5,857	41.3%	14.6%	584	585	9.6x	10.0x	3,996	14.2%	6.7%		95.91	92.3%
NOW Inc.	1,088	23.5%	8.2%	188	185	5.2x	5.9x	2,302	22.3%	-0.9%		11.71	78.8%
W.W. Grainger, Inc.	37,373	39.4%	16.9%	2,713	2,784	13.3x	13.4x	16,017	12.7%	11.3%		696.26	85.8%
Median		30.3%	12.6%	188	223	10.2x	11.1x	2,587	14.2%	10.1%		46.15	83.4%
Mean		31.6%	13.3%	475	488	10.5x	11.0x	3,122	15.5%	7.7%		79.43	81.9%

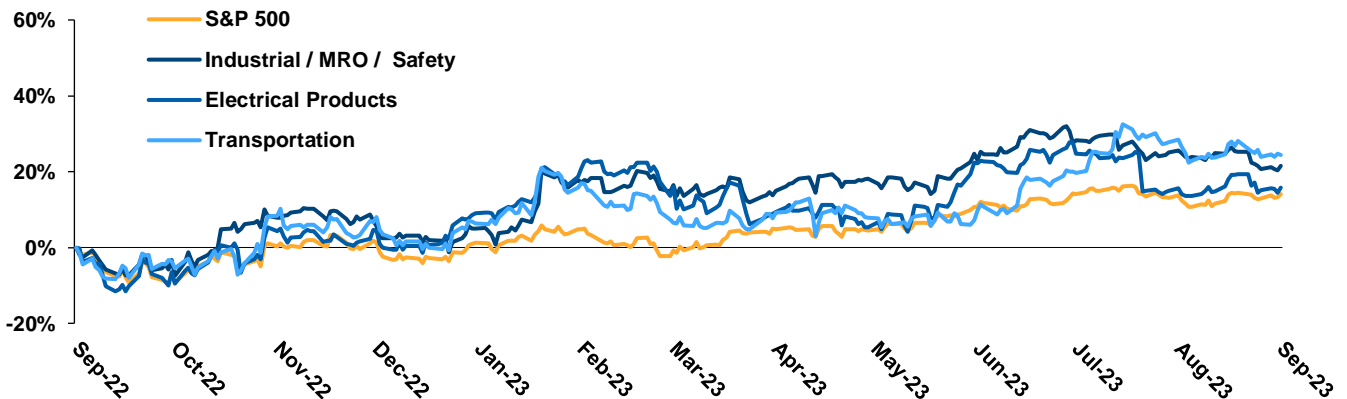
Electrical Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	LTM	3-Yr. CAGR		
Arrow Electronics, Inc.	\$ 11,111	12.8%	5.7%	\$ 2,035	\$ 1,715	5.2x	6.5x	\$ 35,840	-0.6%	9.4%		\$ 127.96	86.8%
Avnet, Inc.	7,437	12.0%	4.8%	1,274	1,214	5.5x	6.1x	26,537	9.2%	14.6%		48.36	93.6%
Rexel S.A.	9,883	25.9%	7.2%	1,400	1,629	6.1x	6.1x	19,382	16.0%	14.3%		22.48	90.1%
RS Group plc	3,653	45.3%	13.9%	414	437	8.4x	8.4x	2,982	16.8%	15.1%		7.48	69.6%
WESCO International, Inc.	13,535	21.9%	7.7%	1,709	1,769	7.0x	7.7x	22,272	11.4%	38.9%		155.23	83.8%
Median		21.9%	7.2%	1,400	1,629	6.1x	6.5x	22,272	11.4%	14.6%		48.36	86.8%
Mean		23.6%	7.9%	1,366	1,353	6.4x	6.9x	21,403	10.5%	18.5%		72.30	84.8%

Transportation

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	LTM	3-Yr. CAGR		
C.H. Robinson Worldwide, Inc.	\$ 12,353	7.1%	4.3%	\$ 862	\$ 714	12.8x	17.3x	\$ 20,116	-23.7%	10.1%		\$ 89.89	81.8%
Expeditors International of Washington, Inc.	16,333	13.9%	11.2%	1,419	1,096	9.9x	14.9x	12,636	-33.4%	14.7%		118.34	92.4%
J.B. Hunt Transport Services, Inc.	21,215	18.2%	13.6%	1,886	1,852	11.2x	11.5x	13,850	-0.8%	14.4%		190.68	91.1%
Knight-Swift Transportation Holdings Inc.	10,838	31.5%	19.3%	1,319	1,201	7.9x	9.0x	6,830	-5.8%	14.2%		53.57	83.2%
Old Dominion Freight Line, Inc.	44,495	39.9%	33.6%	1,997	1,912	22.1x	23.3x	5,951	-0.4%	14.7%		406.98	92.9%
Ryder System, Inc.	11,715	19.5%	21.9%	2,615	2,850	4.1x	4.1x	11,959	9.2%	11.8%		101.60	97.9%
XPO, Inc.	11,323	21.1%	13.1%	998	902	9.1x	12.6x	7,601	53.0%	-16.1%		72.18	94.0%
Median		18.8%	16.5%	1,653	1,526	10.6x	13.2x	12,298	-3.3%	14.3%		109.97	91.8%
Mean		21.7%	17.3%	1,683	1,604	11.3x	13.3x	11,890	-9.2%	13.3%		160.18	89.9%

EdgePoint Public Comparable Index Trailing Twelve Months Stock Performance



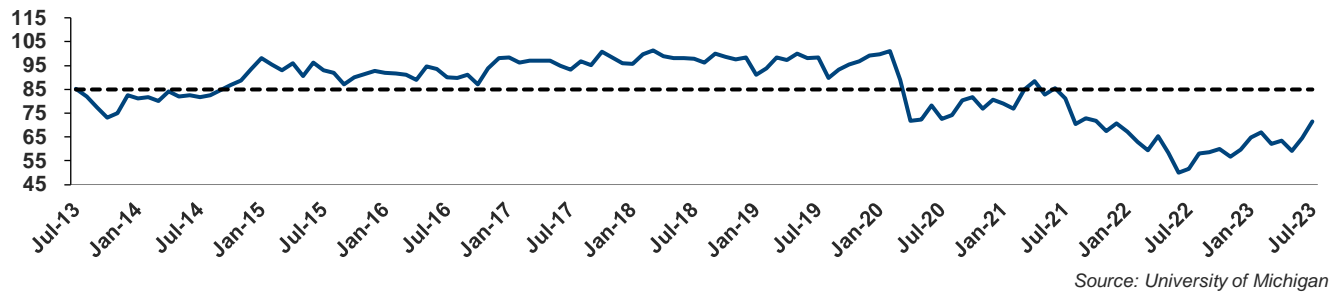
- Industrial distribution stocks have traded in line with the broader market over the last year. Recent destocking trends are expected to continue as consumer confidence improves, which should help bolster industrial distribution stock performance for the remainder of 2023 and into 2024.

Source: S&P Capital IQ (September 15, 2023)

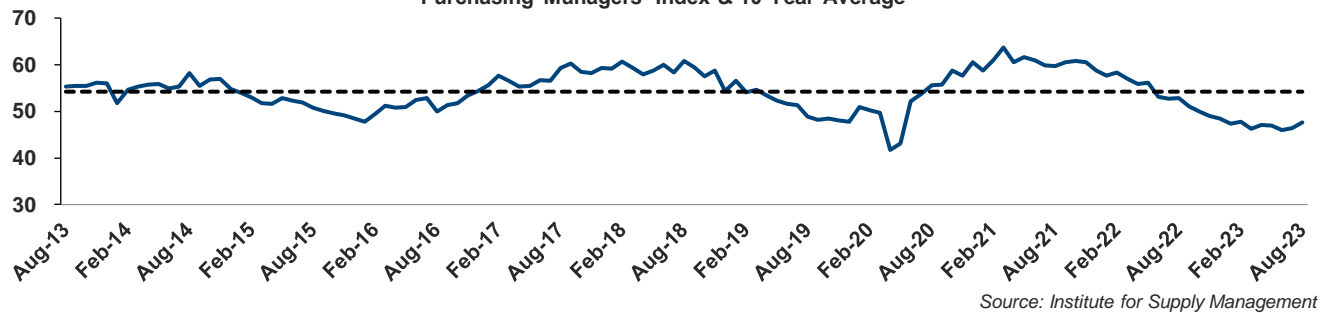
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Key Macroeconomic Indicators

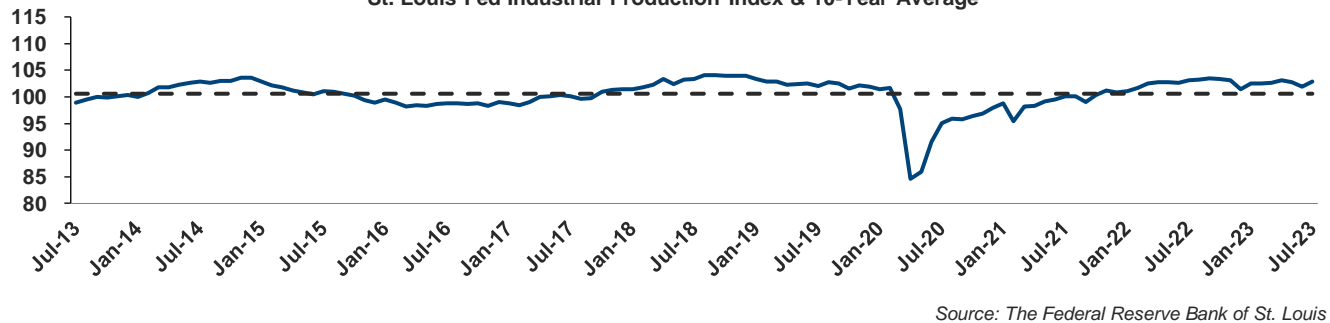
University of Michigan Consumer Confidence Index & 10-Year Average



Purchasing Managers' Index & 10-Year Average



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



U.S. Real Gross Domestic Product

