



### Quarterly Update

- Industrial Distribution M&A remained active in late 2021 and early 2022. Consolidation continued across various distribution industries, as deal volume was predominantly driven by private equity platforms pursuing add-on opportunities.
- TruArc Partners platform investment BlackHawk Industrial Distribution closed two transactions in the last four months, its sixth and seventh acquisitions since being acquired by TruArc in September 2018.
- EdgePoint's Industrial Distribution Index continued to perform in line with the S&P 500, a trend that has been ongoing for the last 12 months.
- Despite continued strong demand in recent months, the Consumer Confidence Index remained at its lowest levels since late 2013, well below its 10-year average. Distribution businesses should monitor consumer sentiment, as it may ultimately impact demand for goods and materials in the medium-term.
- As consolidation continues across the various distribution industries, EdgePoint expects that strong deal volume will continue. Valuations are expected to remain stable, however certain industries may ultimately be negatively impacted by consumer sentiment.

### Recent EdgePoint Industrials Transactions (Selected)



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



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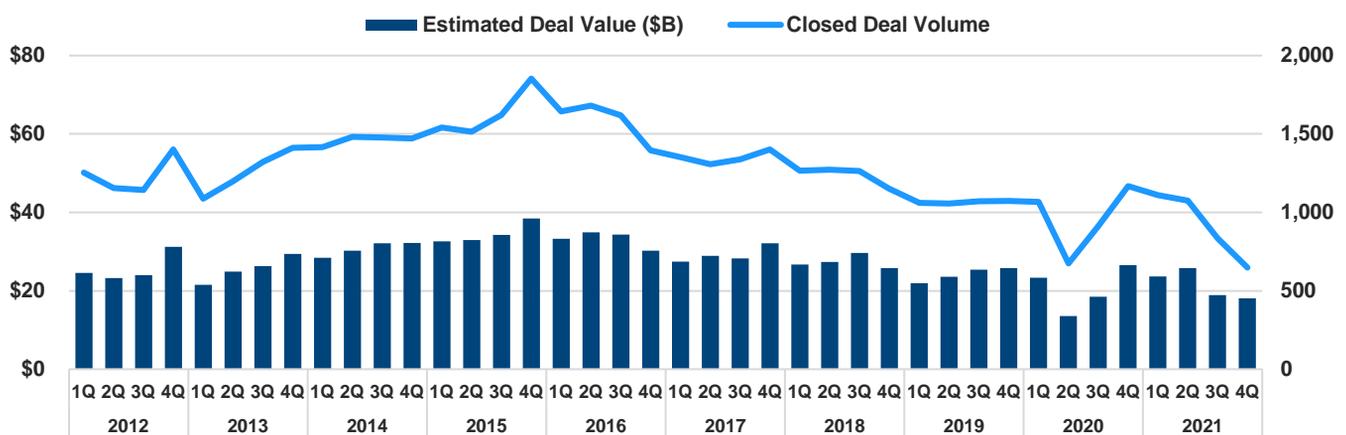
# Industrials: Industrial Distribution | February 2022

## Recent Chemicals & Coatings Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Benoist Brothers Supply Company	Feb 15	Gryphon Investors Inc	United States	Financial
Capital Brick & Tile Co., Inc.	Feb 4	Glen-Gery Corporation	United States	Strategic
Specialty Fence Wholesale, Inc.	Feb 1	Fencing Supply Group	United States	Financial-Backed Strategic
Weiss Bros. Of Hagerstown, LLC	Jan 7	Envoy Solutions, LLC	United States	Strategic
Pinnacle Tool & Supply, Inc.	Jan 6	BlackHawk Industrial Distribution	United States	Financial-Backed Strategic
Munch's Supply LLC.	Dec 31	Mar-Cone Appliance Parts Center Inc	United States	Financial-Backed Strategic
Lawson Products, Inc.	Dec 29	JV: TestEquity & GE Supply Logistics	United States	Financial-Backed Strategic
Calco Industries, LLC	Dec 29	Fastener Distribution Holdings. LLC	United States	Financial-Backed Strategic
Battery Systems Inc.	Dec 22	Continental Batteries Company	United States	Financial-Backed Strategic
Atlantic Electrical Supply Corporation	Dec 21	Encompass Supply, Inc.	United States	Strategic
PFB Corporation	Dec 17	The Riverside Company	Canada	Financial
AAP Automation Inc.	Dec 16	Ohio Transmission Corporation	United States	Financial-Backed Strategic
Diamond Tool and Fasteners, Inc.	Dec 16	White Cap Supply Holdings, LLC	United States	Strategic
Mondia Wallonie	Dec 14	Klubb Group	EMEA	Strategic
Industrial Chemicals, Inc.	Dec 10	Colonial Chemical Solutions, Inc.	United States	Strategic
RDF S.A.	Dec 7	ROCA Investments	EMEA	Financial
Ace Steel, Inc.	Dec 6	Alro Steel Corporation	United States	Strategic
RAM Tool Construction Supply Company	Dec 1	White Cap Supply Holdings, LLC	United States	Strategic
Pantanal Agrícola, Inc.	Jan 0	Bunge Limited	LATAM	Strategic
Wigman Company	Nov 23	Plumbing & Heating Wholesale, Inc.	United States	Strategic
msscscientific Chromatographie-Handel GmbH	Nov 18	Calibre Scientific, Inc.	EMEA	Financial-Backed Strategic
Menlo Electric S.A.	Nov 11	R.Power Renewables	EMEA	Strategic
Tools For Industry/Service For Industry	Nov 9	BlackHawk Industrial Distribution	United States	Financial-Backed Strategic

Source: S&P Capital IQ (February 28, 2022)

## Global Lower-Middle Market Quarterly Deal Flow



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

Source: Pitchbook (February 28, 2022)

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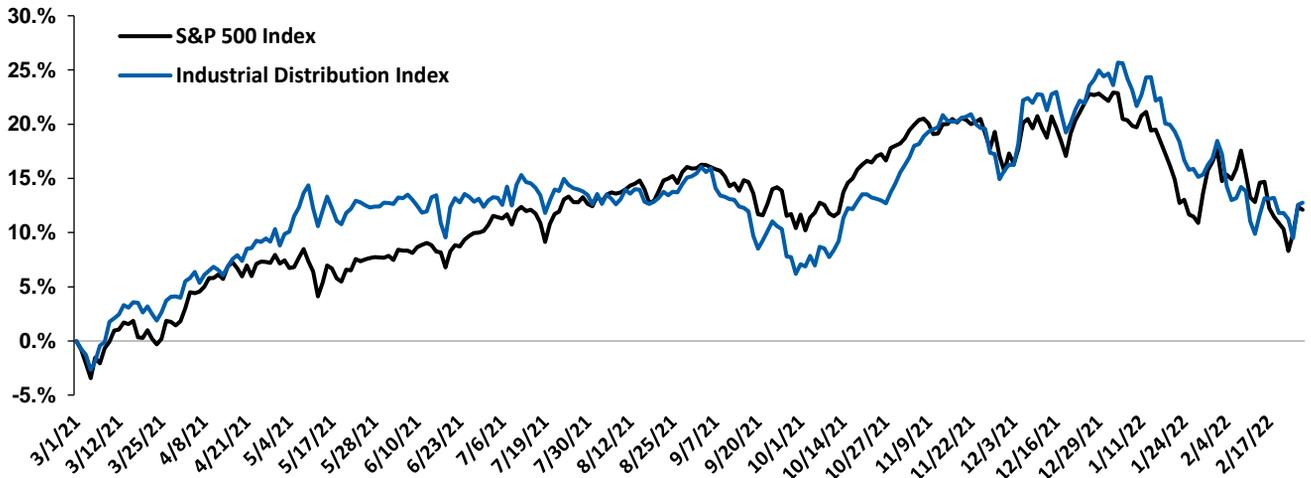
## EdgePoint Public Comparable Index Constituents

### 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.	\$ 4,455	29.2%	10.3%	\$ 362	\$ 390	11.0x	11.4x	\$ 3,505	14.7%	0.7%	\$ 101.10	92.0%
DXP Enterprises, Inc.	848	27.3%	4.3%	45	68	12.6x	12.5x	1,053	-1.1%	-3.5%	28.71	79.2%
Fastenal Company	30,019	46.2%	23.1%	1,388	1,543	19.6x	19.5x	6,011	6.4%	6.6%	51.46	79.5%
Ferguson plc	34,283	31.0%	10.7%	2,588	2,471	12.4x	13.9x	24,223	18.9%	4.6%	153.12	83.7%
L'Air Liquide S.A.	93,093	59.8%	24.9%	6,620	7,764	13.5x	12.0x	26,538	13.9%	3.6%	166.98	92.9%
Lawson Products, Inc.	411	52.8%	7.2%	30	42	11.5x	9.8x	418	18.8%	6.1%	42.51	68.5%
MRC Global Inc.	1,654	15.6%	2.0%	53	193	18.2x	8.6x	2,666	4.1%	-13.9%	10.10	82.7%
MSC Industrial Direct Co., Inc.	5,087	42.0%	13.6%	451	521	10.7x	9.8x	3,320	5.7%	0.5%	77.48	80.5%
NOW Inc.	759	21.9%	2.4%	39	84	11.2x	9.0x	1,632	0.8%	-19.5%	9.34	78.0%
SPX Corporation	2,203	35.4%	10.3%	125	206	15.9x	10.7x	1,220	8.1%	-6.9%	50.70	74.3%
W.W. Grainger, Inc.	27,189	36.2%	13.5%	1,754	2,020	14.9x	13.5x	13,022	10.4%	5.1%	477.06	90.5%
Watsco, Inc.	10,254	26.6%	10.2%	638	724	13.4x	14.1x	6,280	24.2%	11.4%	273.06	85.6%
WESCO International, Inc.	11,208	20.8%	6.3%	1,139	1,322	8.2x	8.5x	18,218	47.8%	30.6%	121.73	86.4%
<b>Median</b>		<b>31.0%</b>	<b>10.3%</b>	451	521	<b>12.6x</b>	<b>11.4x</b>	3,505	<b>10.4%</b>	<b>3.6%</b>	77.48	82.7%
<b>Mean</b>		<b>34.2%</b>	<b>10.7%</b>	1,172	1,335	<b>13.3x</b>	<b>11.8x</b>	8,316	<b>13.3%</b>	<b>2.0%</b>	120.26	82.6%

Source: S&P Capital IQ (February 28, 2022)

## EdgePoint Comparable Index Trailing Twelve Months Stock Performance

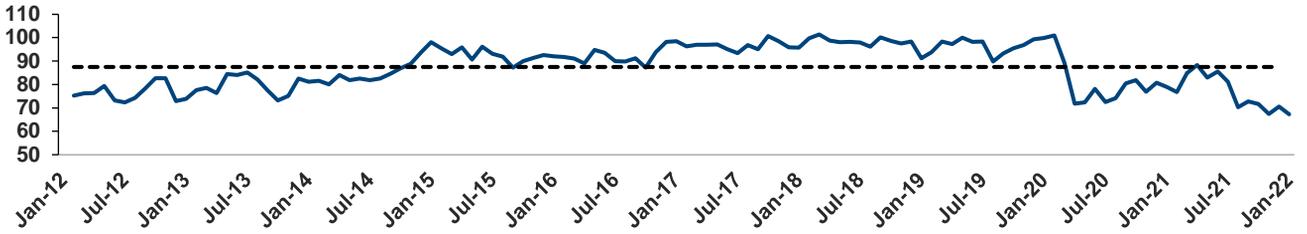


Source: S&P Capital IQ (February 28, 2022)

# Industrials: Industrial Distribution | February 2022

## Key Macroeconomic Indicators

### University of Michigan Consumer Confidence Index & 10-Year Average



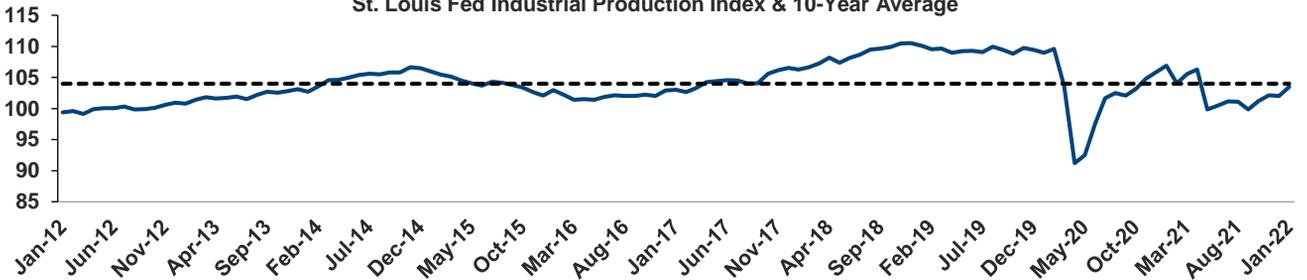
Source: University of Michigan

### Purchasing Managers' Index & 10-Year Average



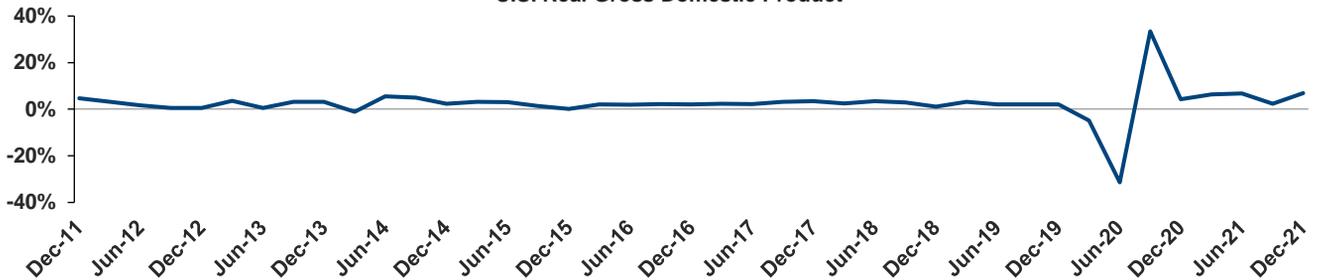
Source: Institute for Supply Management

### 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