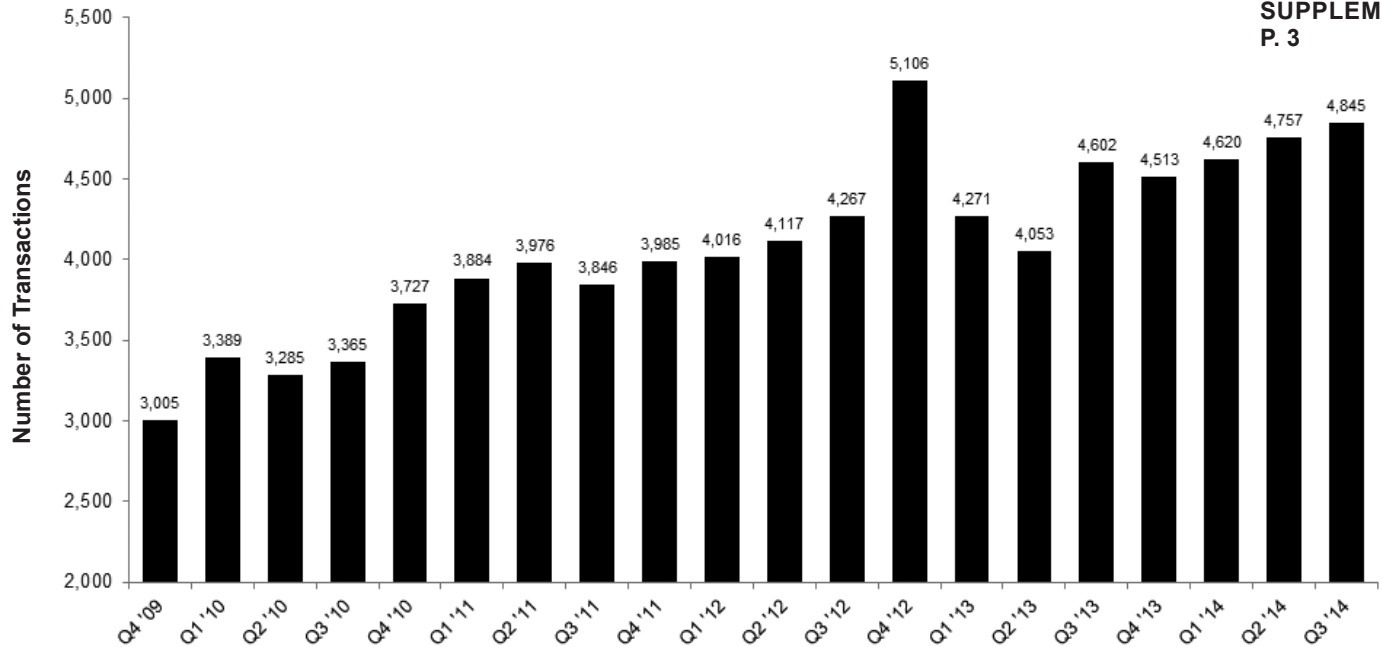


## Third Quarter 2014 Financial Metrics & Trading Multiples

### Domestic M&A Activity – All Industries

This chart shows the number of transactions announced each quarter for the last five years.



**MARKETS  
UPDATE  
SUPPLEMENT  
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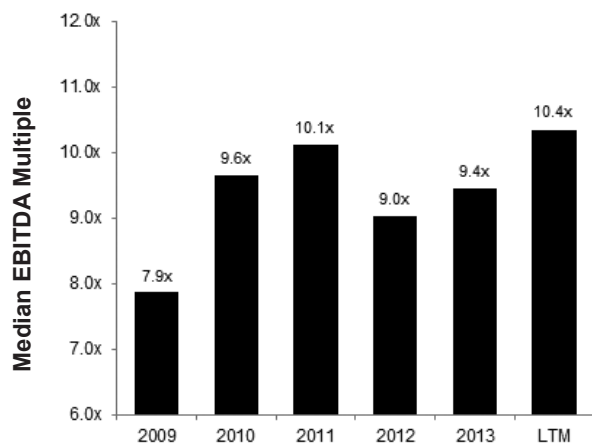
Data Source: Houlihan Lokey, Thomson Reuters, S&P Capital IQ, as of 9/30/2014

Notes: Represents reported M&A activity across all industries, not just distribution. Excludes debt tender offers, private placements, equity carve-outs, exchange offers, loan modifications and open market repurchases.

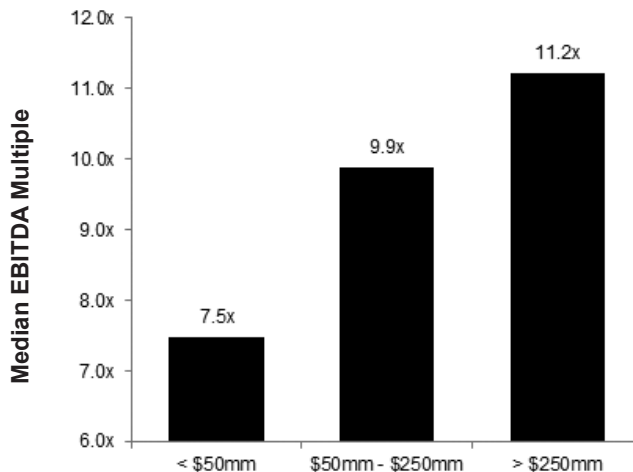
### Median EBITDA Transaction Multiples – All Industries

The charts below shows the median EBITDA transaction multiples by year, as well as segmentation of multiples by enterprise value for the last 12 months.

#### By Year



#### By Deal Size - Last 12 Months



Data Source: Houlihan Lokey, Thomson Reuters, S&P Capital IQ, as of 9/30/2014

Notes: Represents reported M&A activity across all industries, not just distribution. Based on U.S. deals and excludes multiples below 0.0x and above 25.0x.

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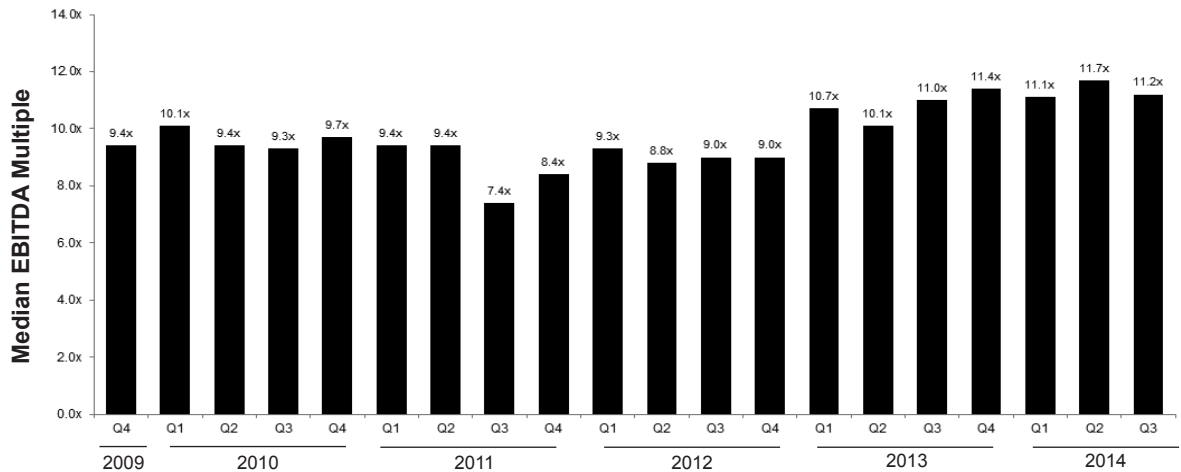
Houlihan Lokey is an international investment bank with a dedicated Distribution advisory practice and expertise in mergers and acquisitions, capital markets, financial restructuring and valuation. Houlihan Lokey is ranked as the No. 1 M&A advisor for U.S. transactions under \$1 billion, as well as the No. 1 M&A advisor for U.S. transactions under \$100 million, according to Thomson Reuters. For more information, please contact Reed Anderson, Head of Industrial Distribution, at (612) 215-2256 or randerson@hl.com.

**Distribution Financial Metrics and Trading Multiples**

(Data as of Sept. 30, 2014)

The chart below illustrates historical median EBITDA multiples for the below companies calculated using LTM EBITDA as of the quarter shown and the enterprise value as of the last day of the quarter.

These materials are for informational purposes only. Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material.



The table below highlights key financial metrics and trading multiples for 32 distributors across diverse end markets. LTM means latest 12 months. Enterprise Value means market capitalization of a company's equity plus preferred stock plus total interest bearing debt net of any cash or cash equivalents. EBITDA means earnings before interest, taxes, depreciation and amortization. In certain cases earnings have been adjusted for certain disclosed income or expense items considered to be non-earning.

<i>(in millions, except per share data)</i>		Enterprise Value	LTM Sales	LTM Sales Growth	LTM Margins		Working Capital/LTM Sales	ROIC	EV/LTM EBITDA
Company	Ticker				Gross	EBITDA			
A.M. Castle	CAS	\$454	\$990	-2.4%	11.1%	-0.5%	26.9%	NA	NM
Airgas Inc.	ARG	\$10,696	\$5,106	0.7%	55.8%	18.4%	16.5%	8.6%	11.4x
Anixter International Inc.	AXE	\$3,480	\$6,266	0.1%	23.1%	6.3%	21.5%	10.4%	8.8x
Applied Industrial Technologies Inc.	AIT	\$1,993	\$2,460	0.6%	27.9%	7.8%	19.4%	13.1%	10.4x
Arrow Electronics Inc.	ARW	\$7,288	\$21,960	1.7%	13.3%	4.5%	13.5%	NA	7.4x
Avnet Inc.	AVT	\$6,887	\$27,500	1.7%	11.7%	3.7%	14.2%	9.0%	6.8x
Beacon Roofing Supply Inc.	BECN	\$1,544	\$2,284	1.6%	22.9%	5.9%	22.4%	5.9%	11.5x
Bluelinx Holdings Inc.	BXC	\$593	\$2,020	-3.5%	11.5%	1.2%	18.9%	NA	NM
Builders FirstSource Inc.	BLDR	\$854	\$1,544	1.9%	22.3%	4.2%	10.9%	NA	13.2x
Bunzl	BNZL	\$9,994	\$10,399	2.7%	24.1%	7.3%	6.2%	11.9%	13.1x
DXP Enterprises Inc.	DXPE	\$1,544	\$1,374	5.7%	29.4%	9.4%	17.7%	10.1%	12.0x
Fastenal Company	FAST	\$13,289	\$3,499	3.0%	51.0%	22.8%	33.4%	25.1%	16.6x
Genuine Parts Company	GPC	\$14,091	\$14,736	1.6%	30.3%	7.9%	14.7%	16.3%	12.1x
HD Supply	HDS	\$10,756	\$8,810	2.4%	29.3%	8.8%	13.8%	NA	13.9x
Houston Wire & Cable Company	HWCC	\$267	\$393	1.1%	21.8%	7.0%	33.5%	5.0%	9.7x
Ingram Micro Inc.	IM	\$4,650	\$43,277	1.4%	5.9%	1.6%	7.8%	6.6%	6.7x
Kaman Corp.	KAMN	\$1,416	\$1,735	1.6%	27.6%	8.1%	27.9%	NA	10.1x
Lawson Products	LAWS	\$205	\$275	1.4%	60.3%	1.8%	17.7%	NA	NM
MRC Global Inc.	MRC	\$3,741	\$5,461	4.4%	16.8%	6.6%	23.5%	6.4%	10.4x
MSC Industrial Direct Co. Inc.	MSM	\$5,563	\$2,734	3.2%	46.2%	17.0%	23.9%	13.8%	12.0x
NOW Inc.	DNOW	\$3,020	\$4,183	-2.7%	19.2%	5.7%	28.7%	7.9%	12.7x
Park-Ohio Holdings Corp.	PKOH	\$944	\$1,274	2.9%	17.3%	9.0%	21.6%	8.7%	8.2x
Pool Corp.	POOL	\$2,781	\$2,174	2.7%	28.5%	8.9%	20.8%	19.1%	14.4x
Reliance Steel & Aluminum Co.	RS	\$7,362	\$9,920	1.7%	25.9%	8.3%	23.4%	6.6%	8.9x
Rexel SA	RXL	\$8,475	\$17,565	-1.4%	24.6%	5.5%	10.9%	5.8%	8.9x
Stock Building Supply	STCK	\$500	\$1,258	2.4%	23.6%	2.3%	11.5%	NA	17.0x
United Stationers Inc.	USTR	\$1,976	\$5,134	0.9%	15.3%	5.0%	16.1%	10.0%	7.7x
W.W. Grainger	GWW	\$17,534	\$9,667	1.3%	43.6%	15.6%	17.7%	20.1%	11.6x
Watsco Inc.	WSO	\$3,423	\$3,842	1.3%	24.1%	7.9%	24.6%	NA	11.2x
Wesco Aircraft Holdings	WAIR	\$2,739	\$1,182	16.3%	32.5%	17.1%	80.6%	8.4%	13.6x
WESCO International Inc.	WCC	\$4,947	\$7,627	1.5%	20.4%	6.5%	16.3%	9.7%	9.9x
Wolseley plc	WOS	\$15,052	\$22,170	0.6%	28.0%	6.5%	9.3%	13.0%	10.5x
<b>Median</b>		<b>\$3,451</b>	<b>\$4,012</b>	<b>1.6%</b>	<b>24.1%</b>	<b>6.8%</b>	<b>18.3%</b>	<b>9.7%</b>	<b>11.2x</b>

Data Source: Houlihan Lokey, Thomson Reuters, S&amp;P Capital IQ, Bloomberg &amp; company financials.

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