

# Industrial Distribution

M&A Coverage Report

“Market Intelligence for Private Business Owners”

Q2 2013



**Capstone Partners**  
Investment Banking Advisors



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# Industrial Distribution

## M&A Coverage Report

### INDUSTRY SNAPSHOT

The industrial distribution market segment is comprised of companies that provide maintenance, repair and operations (“MRO”) supplies, tools, equipment and machinery to various industries including original equipment manufacturers (“OEM”), oil & gas, food & beverage, and aerospace & defense companies, among others. For the purposes of this report, Capstone has excluded distributors that primarily market to the construction/building and agriculture industries.

Industrial distributors provide a wide array of products, including pipes, valves & fittings (“PVF”), electrical components, fasteners, pumps & process equipment, facilities supplies, material handling equipment, cutting, welding & power tools, spare machinery parts and HVAC, refrigeration and power generation equipment. In addition to basic order fulfillment, many industrial distributors provide value added services, including vendor or customer managed inventory systems (“VMI/CMI”), engineering, fabrication & assembly and on-site service (repairs, customization and maintenance).

The \$150 billion MRO distribution market is extremely fragmented. None of the large, diversified industrial distributors, including W.W. Grainger, Fastenal Company, Wolseley plc, National Oilwell Varco, MSC Industrial Direct and HD Supply Inc., hold greater than a single-digit market share in their respective markets. There are tens of thousands of industrial distribution companies in the U.S. and Canada, ranging from the aforementioned large-cap corporations to small regional or technically specialized distributors.

The cyclical nature of the market was evidenced during the recent recession, as inventory levels decreased, production capacities were reduced and capital expenditures were delayed, resulting in lost revenue opportunities and heightened margin pressure. The resurgence of the manufacturing and energy markets (as well as the overall improvement in the broader economy) has since resulted in consecutive years of accelerated growth for industrial distributors. Capstone fully expects to see this level of growth continue through 2013, with further expansion of industrial inventory levels and derivative demand stemming from more aggressive capital expenditure plans fueled by low borrowing costs and reduced political uncertainty.

For the national distributors, customers are increasingly demanding “one-stop shopping” capabilities, opting for distributors who can meet all of their supply, equipment and service needs. Rather than exploiting a geographic, end user or technical knowledge competitive advantage, the largest distributors are diversifying their product offerings, expanding their geographic fulfillment capabilities and catering to multiple industries through internal growth initiatives or acquisitions.

In addition to “one-stop shopping”, customers are also calling for large distributors to have multiple channels through which purchases can be made. Purchasing managers expect distributors to have an effective e-commerce platform that allows for product and order customization. Companies are now competing for e-commerce business with the likes of Amazon, which launched Amazon Supply in April 2012, and Google, which launched Google Shopping for Suppliers in January 2013.

**INDUSTRY SNAPSHOT (CONTINUED)**

*“We believe industrial vending is the next logical chapter in the Fastenal story and also believe it has the potential to be transformative to industrial distribution...”*

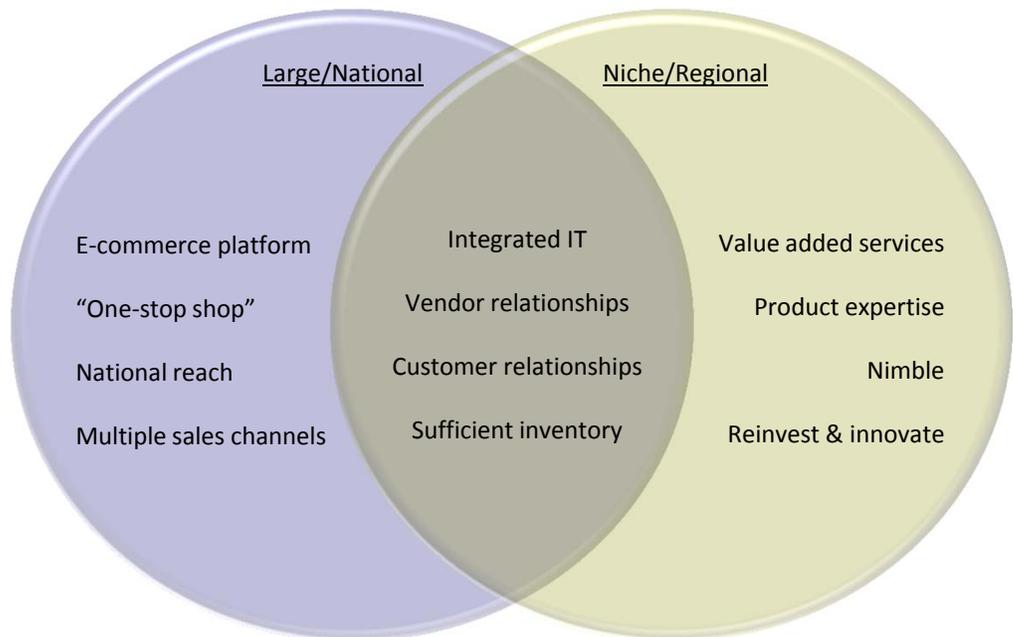
*Fastenal  
Annual Report*

A novel distribution channel, industrial vending, has rapidly grown in popularity with the likes of Fastenal, W.W. Grainger and MSC Industrial Direct. By placing vending machines on-site, customers have immediate access to tools and supplies and can better manage inventories. Fastenal alone has installed 21,000 industrial vending machines, up from fewer than one thousand at the beginning of 2010.

A survey conducted by Industrial Distribution Magazine found that product availability was the most important factor in choosing a distributor. To remain competitive, large distributors must invest in sufficiently large inventories to meet customer demand, particularly in regards to MRO products, where purchases are generally made in response to demand rather than according to budgeted outlays (as is the case for certain types of machinery and heavy equipment). Product availability and fulfillment speed can be further improved with advanced, integrated back- and front-end information technology and inventory management systems.

Carrying massive inventories, making large investments in information technology and expanding into new product markets or distribution channels are largely impractical for many of the small and mid-sized industrial distributors, making it difficult to compete with their better capitalized competitors. The lack of a strong balance sheet has left many of these companies with two primary options: either (1) achieve scale through M&A (often through a partnership with a financial/private equity sponsor); or (2) carve out a niche with respect to value added services, product expertise or a strategic and/or entrenched geographic presence (e.g., oil and gas distributors in Texas, or sanitary process equipment distributors in the Massachusetts biotech hub).

**Industrial Distribution Value Drivers**



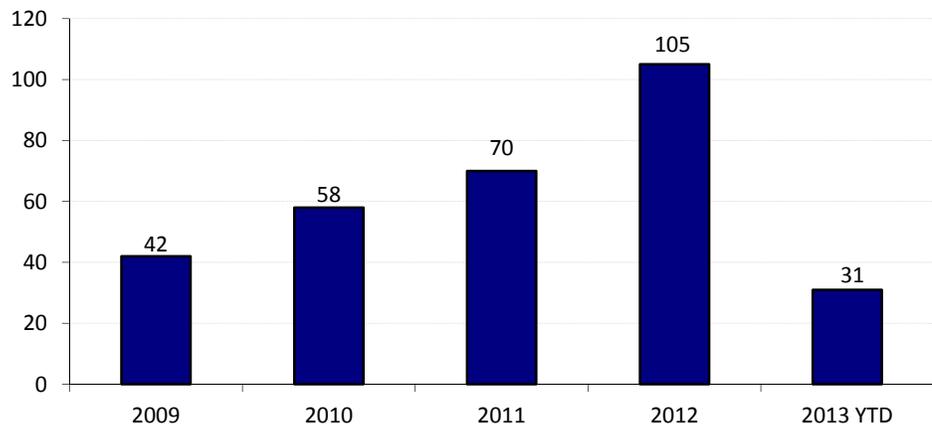
## CURRENT DEAL ENVIRONMENT

*“I’ll tell you our M&A funnel remains full, [but] it’s got to be a strategic fit. It’s got to be a culture fit. We’ve got to think of it as a leadership position.”*

*Erik Gershwind, CEO  
MSC Industrial Direct*

The industrial distribution sector is consolidating at an increasingly rapid rate. The “Great Recession” significantly dampened the industrial distribution M&A markets, as strategic acquirers were forced to conserve cash in anticipation of rebounding inventory needs while private equity sponsors were limited by prevailing debt market dynamics. However, industrial distribution M&A activity in the U.S. and Canada gained momentum alongside the economy in each of the past four years, with volumes increasing from 42 transactions in 2009 to 105 transactions in 2012. Based on current transaction volume, guidance from large strategic acquirers, prevailing market conditions and discussions with private equity groups interested in the sector, Capstone is forecasting strong M&A activity through 2013, but off the highs of 2012.

**Industrial Distribution Transaction Trends**



Source: Capstone Partners LLC research and Capital IQ

For decades industrial distributors shied away from M&A as a means to growth, instead opting to organically enter new markets and acquire customers. Rapid industry consolidation of the past several years represents a clear strategic and philosophical break from the past. There are several factors at play on both the supply (seller) and demand (buyer/investor) sides of the M&A equation:

- **Growing competitive disparity between large and small distributors:** Through sophisticated inventory management, national scale and supplier leverage, Wal-Mart was able to create a low cost, convenient, one-stop shopping center that retail customers valued, putting thousands of mom and pop retailers out of business. These preferences seem to have shifted from retail customers to industrial purchasing managers, and it has been difficult for small and mid-sized distributors to stay current; they are struggling to develop the requisite product breadth, logistical capabilities or corporate infrastructure that customers are demanding. In order to achieve the necessary scale to compete, many small and mid-cap distributors have opted to seek a sale or execute their own acquisition campaign.

**CURRENT DEAL ENVIRONMENT (CONTINUED)**

*“At the end of the day, what the company has is its customers, and its customers want procurement to be as easy as possible. That means one-stop shopping.”*

*Holden Lewis  
BB&T Capital Markets*

- ▶ **Fierce competition for customers:** Historically, acquisitions involving smaller distributors were accompanied by concerns over losing the incumbent sales staff along with the installed customer base and/or vendor relationships. However, the need to more rapidly enter new geographic and customer markets has made M&A consolidation strategies more practical as large distributors seek to fill geographic or product gaps. Recently, in February 2013, MSC Industrial Direct’s \$550 million acquisition of Barnes Group’s North American distribution business allowed the company to further entrench itself in the Canadian distribution market while simultaneously expanding its product portfolio to include additional fasteners, fittings, fuses and other high margin consumable products.
- ▶ **Mid-market players trying to reach scale:** For the mid-sized distributors, those too large to subsist on a single industry or regional niche but too small or capital constrained to roll out an effective one stop shop model, acquiring competitors to expand into adjacent customer segments or new geographies can be an effective strategy (albeit with inherent risk). By broadening its customer base, consolidating information technology infrastructure and pooling capital resources, successful mergers can help mid-market distributors reach the necessary scale to compete with their larger counterparts. The potential downside of an aggressive acquisition campaign is the drain on management resources associated with closing a transaction and integrating the target company. Recent notable roll up strategies include Singer Equities, private equity backed by AEA Investors, a distributor of rubber industrial products that has made ten acquisitions since its founding in 2000, and Blackhawk Industrial Distribution, private equity backed by Brazos Equity Partners, a distributor of MRO supplies that has completed seven acquisitions since 2010.
- ▶ **Capital to deploy:** Now four years removed from the depths of the recession, leaders in the industrial distribution industry have not only restored the health of their balance sheets, but many have achieved record level cash reserves. In addition, valuation of public equities for W.W. Grainger, Fastenal, WESCO and MSC Industrial Direct are near historic highs. Depressed interest rates and increased lending appetites from commercial banks has made debt financing for transactions more attractive and readily available. Moreover, in the private equity community, funds are sitting on large amounts of “dry powder” awaiting active deployment. From a capital perspective, fueled by current industry dynamics, the market remains strong for both strategic and financial buyers to continue making acquisitions.

Barring an unexpected economic contraction, we believe strategic acquirers will remain extremely active in the M&A market over the next 18 to 24 months. Likewise, the success of the Brazos/Blackhawk Industrial Distribution acquisition/consolidation strategy (ranked 33<sup>rd</sup> in the 2012 Industrial Distribution Big 50) and the impending IPO of HD Supply, a \$7 billion MRO distributor owned by a syndicate of private equity firms, could bring renewed private equity interest to the sector.

## M&amp;A ACTIVITY AND TRANSACTION VALUATIONS

Date	Target	Acquirer	Target Business Description	Transaction Value (mm)	TV / LTM	
					Revenue	EBITDA
04/16/13	National Process Equipment	DXP Enterprises	Distributes pumps, compressors and related process equipment in Canada.	-	-	-
02/22/13	Bergen Industrial Supply	F.W. Webb Company	Supplies stainless and carbon steel pipes, valves, fittings and steam systems in the United States.	-	-	-
02/22/13	Barnes Group North American Distribution Business	MSC Industrial Direct	Provides logistics support through vendor managed inventory and technical sales and designs, assembles and distributes engineered supplies for the industrial base.	\$550.0	-	-
02/19/13	Merwin-Stoltz Company	DGI Supply	Distributes industrial abrasives, cutting tools and machine tools.	-	-	-
02/04/13	NNT Corporation	Production Tool Supply Company	Distributes industrial tools and supplies.	-	-	-
01/07/13	Pierce Pump Company	FCX Performance	Distributes pumps and compressors for industrial, commercial and municipal markets in North Texas.	-	-	-
01/03/13	The John M. Allen Company	Jergens Industrial Supply	Distributes CNC tooling and machining products to manufacturing customers.	-	-	-
12/28/12	Summers Rubber	Singer Equities	Distributes industrial hose products, components, fittings and accessories.	-	-	-
12/21/12	Parts Associates	Applied Industrial Technologies	Distributes parts and services to the MRO industry in the United States.	-	-	-
12/17/12	Techni-Tool	W.W. Grainger	Distributes electronic production and rework, field service and maintenance, and voice/video/data equipment.	-	-	-
12/12/12	Lloyd Graves Electric Supply Company	WinWholesale	Distributes and sells electrical products.	-	-	-
12/05/12	Express Hose & Fittings	GHX Industrial	Sells and retails hydraulic hose and fitting components.	-	-	-
12/04/12	Commercial Solutions	Industrial Distribution Group	Distributes industrial and oilfield supplies for MRO and OEM customers in Canada.	\$49.7	0.4x	13.1x
12/04/12	Janpak	Interline Brands	Supplies cleaning and packaging solutions for office buildings, health care, education and manufacturing markets.	\$82.5	0.4x	9.4x
10/31/12	Munro Distributing	Rexel and Gexpro	Wholesale distributor of electrical supplies in the United States.	\$150.0	1.3x	-
10/22/12	OKI Supply	United Stationers Supply Company	Wholesale distributor of welding, safety and industrial products.	\$90.0	0.6x	-
10/17/12	EECOL Electric Corp.	WDCC Enterprises	Distributes automation, control and electrical products.	\$1,162.4	1.3x	-
10/10/12	GHX Industrial	United Central Industrial Supply Company	Designs, fabricates and distributes industrial sealing and fluid transfer products.	-	-	-
10/09/12	FCX Performance	Harvest Partners	Distributes valves, instrumentation and related flow control equipment for industrial and high purity applications.	-	-	-
08/23/12	Pine Environmental Service	Saw Mill Capital	Distributes, rents and repairs environmental equipment worldwide.	-	-	-
08/22/12	Codale Electric Supply	Sonepar USA	Distributes electrical supplies to various industries.	-	-	-
08/08/12	Aeon Corporation	Airgas USA	Distributes industrial gas and welding supplies.	-	-	-
08/01/12	American Hose & Fittings	Motion and Flow Control Products	Supplies hoses and fittings to various industries worldwide.	-	-	-
07/25/12	Carrier Enterprise	Watsco Inc.	Distributes heating, ventilation and air conditioning equipment in the United States, Puerto Rico, the Caribbean and Latin America.	\$520.0	-	-
07/05/12	Florida Bearings	Kaman Industrial Technologies Corporation	Distributes bearing and power transmission products to various industries.	-	-	-
07/02/12	Hanna Rubber Company	Singer Equities	Manufactures and distributes rubber and plastic products to customers in various industries.	-	-	-
06/05/12	Chaparral Supply	MRC Global	Distributes pipe, valve and fitting (PVF) products and oilfield supplies.	-	-	-
05/31/12	Mag-Trol Long Beach	Turtle & Hughes	Distributes industrial automation products and renewal parts.	-	-	-
05/30/12	CE Franklin	National Oilwell Varco	Distributes PVF products, production equipment, tubular products and other general industrial supplies primarily to the oil and gas industry in Canada.	\$221.0	0.4x	8.1x
05/29/12	Interline Brands	Goldman Sachs Group MBD and P2 Capital Partners	Direct marketer and distributor of MRO products in the United States, Canada and Central America.	\$1,073.3	0.8x	9.9x
05/25/12	K & H Sales	DGI Supply	Distributes industrial tools and supplies in the San Francisco Bay Area.	-	-	-
05/16/12	Platt Electric Supply	Rexel	Distributes electrical products to various industries.	\$381.6	1.0x	-
04/17/12	Pump & Power Equipment	DXP Enterprises	Distributes pump products and process equipment to the industrial and municipal markets.	\$1.9	-	-
04/10/12	Wilson International	National Oilwell Varco	Distributes pipes, valves and valve automation systems, fittings and flanges, mill and tool supplies, safety products and artificial lift systems.	\$800.0	0.4x	-

LTM = last twelve months; TV = transaction value

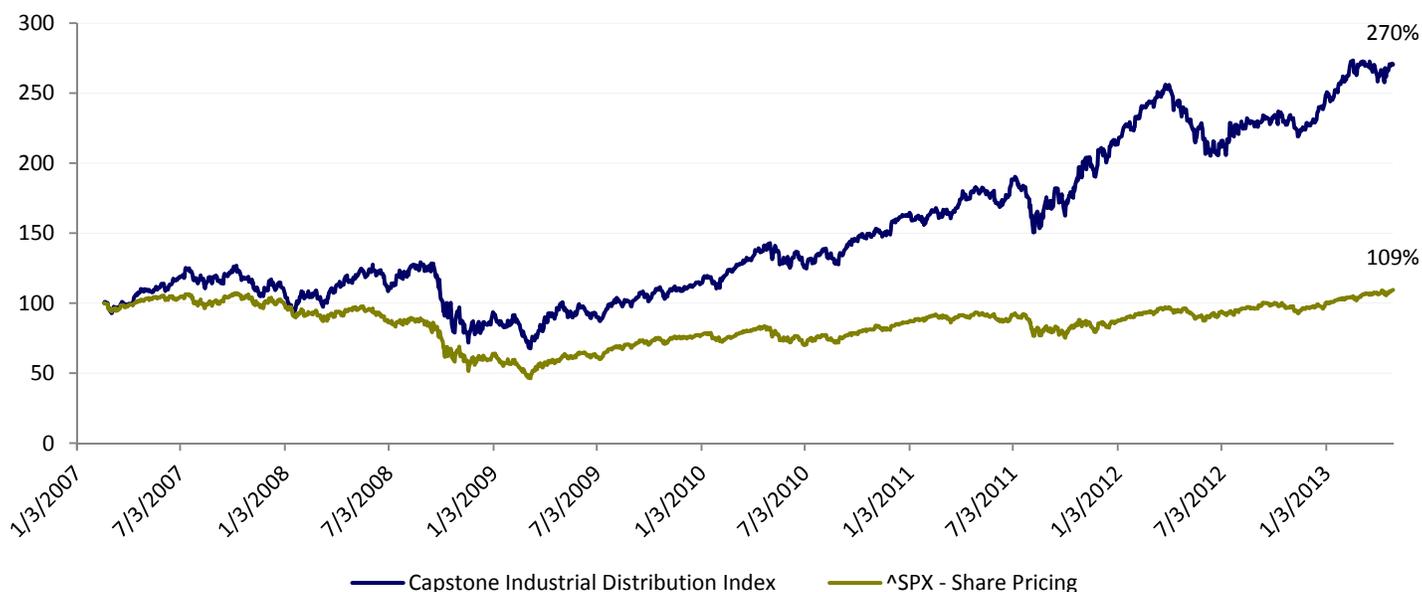
Sources: Capstone Partners LLC research; Capital IQ; public filings and press releases

**PUBLIC MARKET PERFORMANCE & EQUITY VALUATIONS AS OF APRIL 30, 2013**

Company	LTM			3-Year Annual Rev Growth	TEV/LTM	
	Revenue	Gross Margin	EBITDA Margin		Revenue	EBITDA
Airgas, Inc.	\$4,936	55.0%	18.0%	8.3%	1.9x	10.8x
Anixter International Inc.	\$6,221	22.5%	5.9%	7.7%	0.5x	8.7x
Applied Industrial Technologies	\$2,426	27.5%	8.3%	11.3%	0.7x	8.8x
DXP Enterprises, Inc.	\$1,097	29.1%	9.9%	23.4%	1.1x	10.8x
Fastenal Company	\$3,171	51.8%	23.4%	17.4%	4.5x	19.4x
Kaman Corporation	\$1,597	28.2%	7.7%	12.3%	0.7x	9.7x
MRC Global Inc.	\$5,571	18.2%	8.5%	15.0%	0.8x	9.0x
MSC Industrial Direct Co. Inc.	\$2,394	45.4%	19.1%	17.3%	2.0x	10.4x
W.W. Grainger, Inc.	\$9,037	44.0%	15.0%	12.0%	1.9x	12.8x
WESCO International Inc.	\$6,781	20.5%	6.3%	13.9%	0.7x	11.1x
<b>Mean</b>		<b>34.2%</b>	<b>12.2%</b>	<b>13.8%</b>	<b>1.5x</b>	<b>11.1x</b>
<b>Median</b>		<b>28.7%</b>	<b>9.2%</b>	<b>13.1%</b>	<b>0.9x</b>	<b>10.6x</b>
<b>Harmonic Mean</b>		<b>29.7%</b>	<b>9.8%</b>	<b>12.5%</b>	<b>1.0x</b>	<b>10.6x</b>

LTM = last twelve months; TEV = total enterprise value  
 Sources: Capstone Partners LLC research and Capital IQ

**Relative Performance (%) January 2007 to April 2013**



<sup>1</sup>Market cap weighted index comprised of the following equities: NYSE:ARG, NYSE:AXE, NYSE:AIT, NASDAQ:DXPE, NASDAQ:FAST, NYSE:KMN, NYSE:MRC, NYSE:MSM, NYSE:GWW, NYSE:WCC  
 Sources: Capstone Partners LLC research and Capital IQ

## ACQUIRER PROFILE: APPLIED INDUSTRIAL TECHNOLOGIES INC.



**Buyer Type:** Strategic

**Ownership:** Publicly Traded (NYSE:AIT)

**Headquarters:** Cleveland, OH

**Markets:** Domestic & International MRO

**FY 2012 Revenue:** \$2.4 billion

**Transactions since 2010:** 7

**Acquisition Strategy:** International expansion, new product lines and competitor roll up

**Recent Acquisitions:**

- ▶ **Parts Associates**, December 2012, *terms undisclosed*
  - Ohio based distributor of parts and services to the MRO industry in the U.S.
- ▶ **HyQuip**, November 2012, *terms undisclosed*
  - Wisconsin based distributor of rubber, air, Teflon, silicone, thermoplastic and industrial hoses.
- ▶ **SKF Bearing Supplies and SKF New Zealand**, April 2012, *terms undisclosed*
  - The Australia and New Zealand operations of a bearings, seals, lubrication products and power transmission products distributor doing approximately \$82 million in yearly sales.
- ▶ **Solutions Industrielles and Specialites Industrielles Harvey**, February 2012, *terms undisclosed*
  - Distributor of bearings and power transmission products in Canada.

**Description:**

Founded as Ohio Ball Bearing Company in 1923, Applied Industrial Technologies (AIT) has become one of the largest industrial distributors in the United States with over \$2.4 billion in annual sales. Originally a regional distributor with a focus on ball bearings, AIT gradually expanded its product offerings, service capabilities and geographic reach since its inception. AIT made several high profile acquisitions, including Dixie Bearings (1957), King Bearings (1990), Invetech (1997) and smaller purchases both domestically and abroad. In 2008, AIT acquired seven fluid power distribution companies, vastly expanding its presence in that market. AIT entered into strategic relationships with ORS Nasco and Lagasse Sweet in 2009, giving the Company access to tools, safety items and general maintenance supplies.

More recently, AIT acquired HyQuip as part of its strategy to expand its fluid power offerings, and Parts Associates Inc. (PAI), in a somewhat surprising foray into supplies like fasteners, electrical and general maintenance products. AIT CEO Neil Schrimsher has been vocal about the Company's continued interest in pursuing acquisitions. On a recent earnings call, Schrimsher commented, "Overall, the acquisition environment remains productive, and our ongoing activity demonstrates our commitment to pursuing opportunities that are in line with our strategic priorities and generate shareholder value." We expect AIT to remain an active acquirer, potentially looking to add to their maintenance supplies offerings, absorb domestic competitors and further their international expansion.

## ACQUIRER PROFILE: BLACKHAWK INDUSTRIAL DISTRIBUTION INC./BRAZOS PRIVATE EQUITY PARTNERS, LLC



**Buyer Type:** Private Equity Backed Strategic

**Ownership:** Brazos Private Equity Partners

**Headquarters:** Tulsa, OK

**Markets:** North American metalworking customers

**FY 2012 Revenue:** \$300 million (estimate)

**Transactions since 2010:** 7

**Acquisition Strategy:** Scale and geographic fit

**Recent Acquisitions:**

- ▶ **EF Bailey**, January 2013, *terms undisclosed*
  - Seattle based industrial distributor focused in the metalworking industry serving the MRO marketplace.
- ▶ **Kendeco Tool Crib**, March 2012, *terms undisclosed*
  - Minnesota based distributor of tools and MRO products.
- ▶ **Tool Service Corporation**, December 2011, *terms undisclosed*
  - Provider of industrial tooling and fluid management programs for metalworking customers.
- ▶ **Sanders Tool & Supplies**, August 2011, *terms undisclosed*
  - Distributor of cutting tools, abrasives, fixtures, precision instruments and MRO supplies.
- ▶ **Fuchs Machinery**, May 2011, *terms undisclosed*
  - Industrial products distributor in the Midwest and Rocky Mountain regions.
- ▶ **Rogers Industrial Supply**, January 2011, *terms undisclosed*
  - Arkansas based industrial equipment distributor.
- ▶ **Duncan Industrial Solutions**, September 2010, *terms undisclosed*
  - International distributor of industrial MRO supplies with over \$100 million in annual revenue.

**Description:**

Blackhawk Industrial Distribution Inc. was founded in 2010 as a vehicle to consolidate various MRO distributors. Brazos Private Equity Partners, a middle market buyout fund based in Dallas, TX, partnered with Bill Scheller, the former CEO and President of ORS Nasco, an industrial products distributor and former Brazos portfolio company, to begin a roll up strategy of U.S. based industrial distributors. Brazos has sponsored 6 add-on acquisitions after the initial purchase of Duncan Industrial Solutions, an Oklahoma based distributor doing over \$100 million in annual sales. Blackhawk offers a wide array of products, primarily geared toward metalworking customers in North America. Industrial Distribution Magazine ranked Blackhawk #33 in its Big 50 rankings this past year.

After going quiet on the M&A front for nearly a year, Blackhawk announced the acquisition of E.F. Bailey Co. in January 2013, expanding the Company's reach to the Pacific Northwest region. Blackhawk remains active in pursuing acquisitions. In announcing the E.F. Bailey transaction, Scheller commented, "BlackHawk will continue to look for additional U.S. based industrial distributors to acquire as we further build out our business." As long as Brazos continues to provide financing, we believe Blackhawk will remain active in the M&A market. While Blackhawk has built out a stronghold in the South and Midwest, expansion into the Great Lakes and East Coast would help Blackhawk reach the national scale needed to compete with the largest distributors.

## ACQUIRER PROFILE: DXP ENTERPRISES, INC.



**Buyer Type:** Strategic

**Ownership:** Publicly Traded (NASDAQ:DXPE)

**Headquarters:** Houston, TX

**Markets:** Domestic MRO

**FY 2012 Revenue:** \$1.1 billion

**Transactions since 2010:** 11

**Acquisition Strategy:** New product lines , service providers and Canadian expansion

#### Recent Acquisitions:

- ▶ **National Process Equipment**, April 2013, *terms undisclosed*
  - Canadian distributor of pumps, compressors and related equipment doing \$69 million in annual revenue.
- ▶ **Jerzy Industries**, October 2012, *terms undisclosed*
  - Distributor of industrial and hydraulic hoses and related products with \$9 million in annual revenue.
- ▶ **Austin & Denholm**, June 2012, *terms undisclosed*
  - Distributor of industrial pumps and process equipment in Canada with \$7 million in annual revenue.
- ▶ **Industrial Paramedic Services**, May 2012, *deal size of \$24 million*
  - Offers flu clinics and industrial paramedic services for various industrial customers in Canada with \$21 million in annual revenue.
- ▶ **HSE Integrated**, May 2012, *deal size of \$86 million*
  - Provider of health, safety and environmental monitoring services to industrial customers in the U.S. and Canada with \$105 million in annual revenue.
- ▶ **ALEDco and Force Engineered Products**, April 2012, *terms undisclosed*
  - Distributors of pumps and process equipment with a combined \$8 million in annual revenue.
- ▶ **Pump & Power**, April 2012, *deal size of \$2 million*
  - Kansas based distributor of pumps and process equipment.

#### Description:

Over the past decade DXP Enterprises has been one of the top performing U.S. equities across all industries. The Company provides bearings and power transmission, metalworking, industrial supplies, rotating equipment and safety products to a wide range of industries. DXP was founded as Southern Engine and Pump Company in 1908. In 1996 the name was changed to DXP Enterprises, and the organization developed an aggressive growth strategy, topping \$1 billion in sales for the first time in FY 2012.

Much of DXP's success can be attributed to its aggressive M&A activity. DXP's stated acquisition strategy is to target companies that directly compete with DXP or offer the potential to expand into new product divisions or geographies. Recently, DXP has made three acquisitions in Canada, greatly boosting the Company's presence there. In 2012 DXP also acquired three companies that specialize in safety products and services, an area management has identified as a potential growth driver going forward. DXP management remains transparent about acquisition opportunities. CEO David Little mentioned on a recent earnings call, "We continue to see opportunities in the U.S. and Canada during the first half of 2013; we anticipate closing one to two acquisitions and approximately two or three acquisitions during the second half of the year."

**CAPSTONE PARTNERS TRANSACTIONS**

Capstone Partners has completed several transactions within the industrial distribution sector. These transactions involved companies across various industries, product offerings and stages of the business life cycle. Our experience in the industrial distribution sector provides us with insight into the valuable attributes and valuation metrics of a target company, the active buyers in the industry and the nuances of transactions in this space.

 <p><i>has recapitalized with</i></p> 	 <p><i>has been acquired by</i></p> <p><b>CASTLE ISLAND PARTNERS, LLC</b></p>	 <p><i>has been acquired by</i></p> 	 <p><i>valuation &amp; financial advisory</i></p> <p><b>CYPRESS HOLDING LTD</b></p>
 <p><i>has sold certain assets to</i></p> 	 <p><i>valuation &amp; financial advisory</i></p> <p><b>BOSTON IRRIGATION SUPPLY COMPANY</b></p>	 <p><i>has been acquired by</i></p> 	 <p><i>has been acquired by</i></p> 
 <p><i>has been acquired by</i></p> 	 <p><i>has been acquired by</i></p> 	 <p><i>has been acquired by</i></p> <p><b>INDUSTRIAL GROWTH PARTNERS</b></p>	 <p><i>has been acquired by</i></p> <p><b>DOE &amp; INGALLS MANAGEMENT</b></p>

## ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a leading national investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides merger & acquisition, private placement, corporate restructuring, valuation and financial advisory services. Capstone maintains various industry specialties including one in Industrial Distribution. The firm also possesses merchant banking capabilities to actively co-invest in transactions.

Additional information about Capstone Partners can be found at [www.capstonellc.com](http://www.capstonellc.com).

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