



Specialty
distribution
sector report



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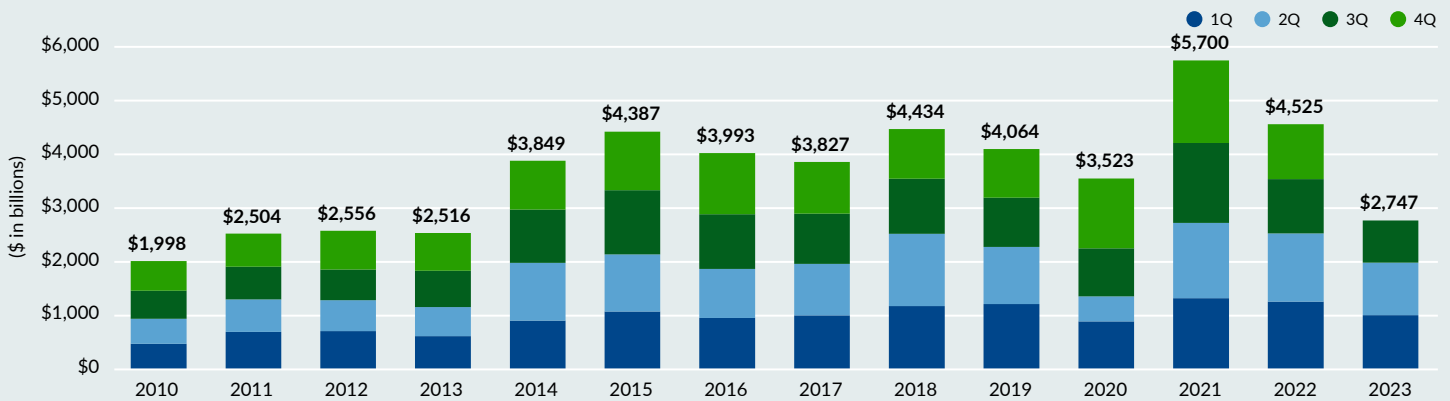
“In 2023, Mesirow observed that completed deals generally required greater creativity with valuation and deal structures that utilized earnouts and other contingent payment strategies.”

2023 Review: Overview of M&A and private market performance

- The overall M&A market in 2023 was negatively impacted by many factors, including lingering inflation, interest rate uncertainty and cloudy economic visibility. These factors caused both strategic and financial buyers to carefully evaluate where they spent their acquisition efforts and also forced buyers to refine their views on valuation and transaction structuring. Consequently, total transaction volume in 2023 decreased moderately from 2022 levels and significantly from the highs of 2021.
- In 2023, Mesirow observed that completed deals generally required greater creativity with valuation and deal structures that utilized earnouts and other contingent payment strategies. Additionally, uncertain macroeconomic conditions and difficult financing markets created a deal environment that produced more extensive and longer lasting due diligence processes as buyers felt the pressure to justify valuations and deploy capital. In particular, buyers increasingly focused on rigorously evaluating revenue and earnings sustainability to qualify historical growth trends and long-term growth prospects (this sort of financial scrutiny intensified for all deals with a debt financing element). We attribute these valuation discrepancies and protracted diligence processes as key factors behind the decrease in overall M&A activity in 2023.
- Despite the decline in overall deal volume, it is worth noting that many deals were still completed in 2023 and high-quality businesses that experienced robust financial performance continued to receive strong buyer interest and attractive valuation multiples. Additionally, businesses showcasing a significant degree of recurring demand and revenue visibility and operating in economic cycle-resilient markets with attractive demand drivers, sustainable / defensible margins and diversified customer and supplier networks garnered the most attention across the M&A landscape (and particularly in the specialty distribution sector).
- M&A activity across the specialty distribution sector generally reflected many of the same themes as the broader US market but the specialty distribution sector still experienced comparatively strong M&A deal volumes as compared to 2022 levels.

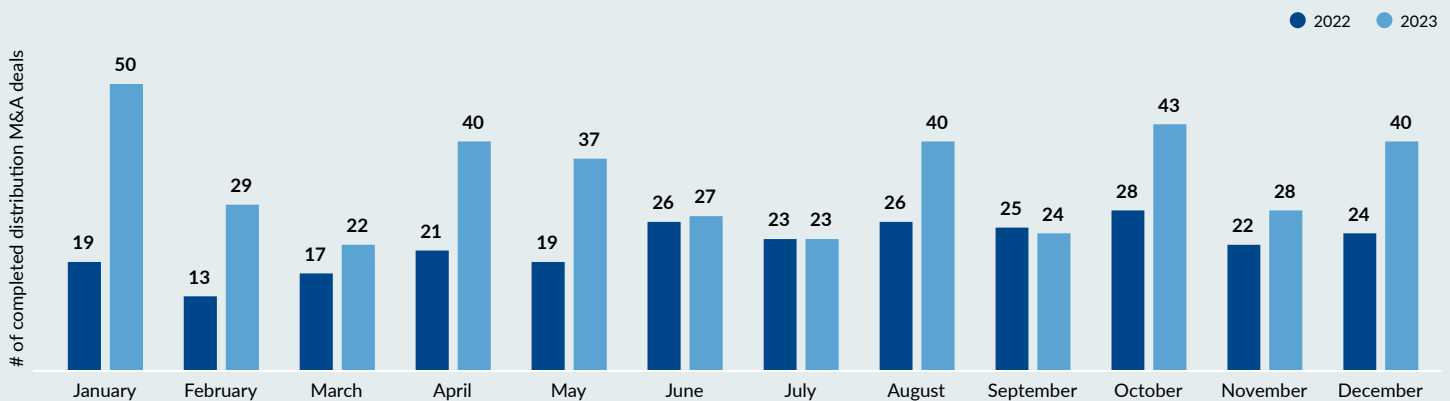
- The majority of the completed M&A transactions across the specialty distribution sector focused on smaller “tuck in” deals as buyers shied away from larger / potentially riskier deals given increased financing costs and uncertain go-forward market conditions. Many of these “tuck in” deals focused on product and service diversification, geographic and end market expansion, as well as supply-chain optimization. Additionally, while the majority of M&A volume across the specialty distribution sector concentrated on these smaller deals, there were still a number of large and notable transactions, including:
 - Platinum Equity’s acquisition of US LBM
 - Clayton, Dubilier & Rice’s acquisition of Veritiv Corporation
 - Sysco Corporation’s acquisition of Edward Don & Company
 - Merger of BradyIFS and Envoy Solutions
 - Rexel’s acquisition of Wasco Holding B.V.
 - Distribution Solution Group’s acquisition of Hisco

CHART 1: QUARTERLY GLOBAL M&A

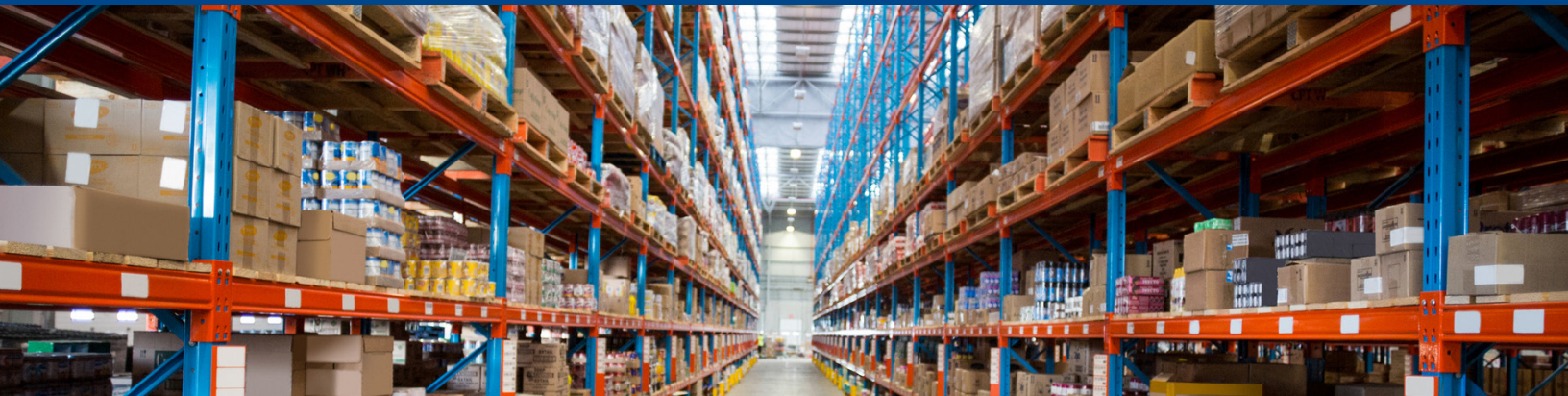


Source: Pitchbook. | As of 9.30.2023

CHART 2: MONTHLY DISTRIBUTION M&A



Source: Modern Distribution Management



Key Market Themes



Earnings and Valuation Discrepancies | What's the new normal? The “math” behind valuation for buyers and sellers remained unequal in 2023 (largely as a result of higher debt financing costs). Buyers expressed concerns over the stability and sustainability of earnings (i.e., potential for a reversion to a pre-Covid average) while sellers viewed the rising public equity market valuations as a sign that private company deal multiples were too low to consider transacting.



Difficult Private Equity Deal Environment | 2023 was a complicated year for the private equity dealmaking universe – the private equity industry was hit by high borrowing costs which made new deals less attractive and uncertain / volatile market conditions made it difficult to exit existing investments (firms have been reluctant to accept lower valuations after the high watermarks achieved during the flurry of activity in 2021). As a result, 2023 saw a significant rise in the number of minority investments completed by private equity firms as a means to deploy capital while carefully navigating the risks associated with larger majority deals that required significant debt financing.



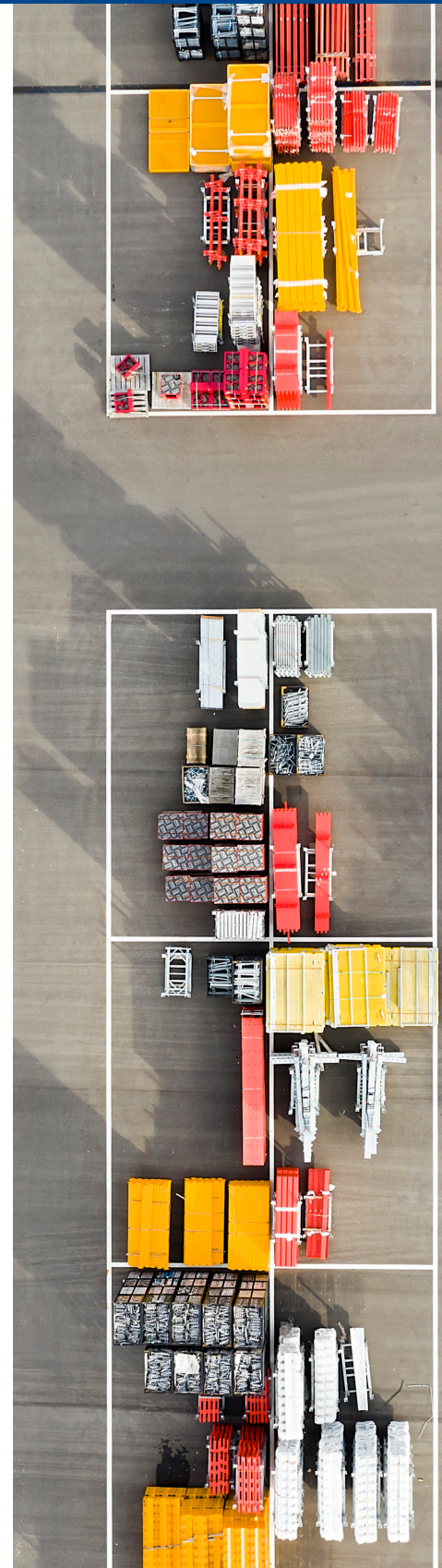
Supply-Chains & Geopolitics | Since the start of the COVID-19 pandemic, businesses with complex global supply-chains have had to navigate extended lead times, rising transportation costs, and substantial port backlogs. Throughout 2023, many of these challenges began to dissipate. However, rising geopolitical tensions at the end of 2023 (e.g., wars in Ukraine and the Middle East) and disruptions along key global trade routes (e.g., Panama and Suez Canals) have caused many of these supply-chain issues to flare again. Consequently, we expect many firms to carefully monitor, evaluate, and implement alternative sourcing/planning arrangements to mitigate supply-chain disruptions, manage costs, and ensure adequate levels of operating inventory.



Technology, Data & Analytics | In 2023, we saw many distributors make substantial investments in enterprise resource planning (“ERP”) and customer relationship management (“CRM”) tools to automate processes and enhance control over and visibility into daily operations. Additionally, firms are increasingly harnessing the power of data analytics and artificial intelligence to improve demand forecasting, optimize inventory planning / management, and gain valuable insights into customer behavior, market trends, and supply chain dynamics. We expect firms to continue to invest heavily in technology in 2024 and beyond to drive operational efficiency and optimize profitability.

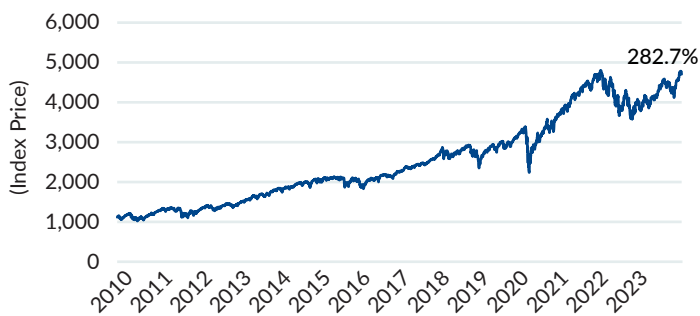
Market Expectations for 2024

- While uncertainty on the direction of the US economy remains, there are a number of positive demand drivers that could promote significant M&A activity over the next twelve months. First, the market is currently expecting the Federal Reserve to cut interest rates over the course of 2024. Should these rate cuts materialize, we expect the overall pace and volume of M&A activity in 2024 to increase notably due to decreased financing costs. Second, there is still an abundance of debt and equity capital earmarked for M&A that needs to be deployed. We expect that the potential combination of rate cuts and the significant levels of available “dry powder” for M&A could spur a flurry of activity from the private equity universe as they seek to quickly deploy committed capital and also exit current investments to generate returns for limited partners.
- Ultimately, M&A activity is a direct result of investor confidence and if debt financing costs decline as expected and key macroeconomic indicators display continued resilience and potentially improvement, M&A volumes in 2024 are likely to increase over 2023 levels.



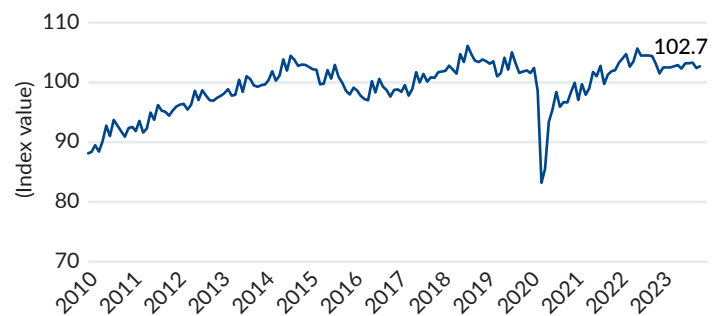
Market data (1/3)

CHART 3: S&P 500 PERFORMANCE



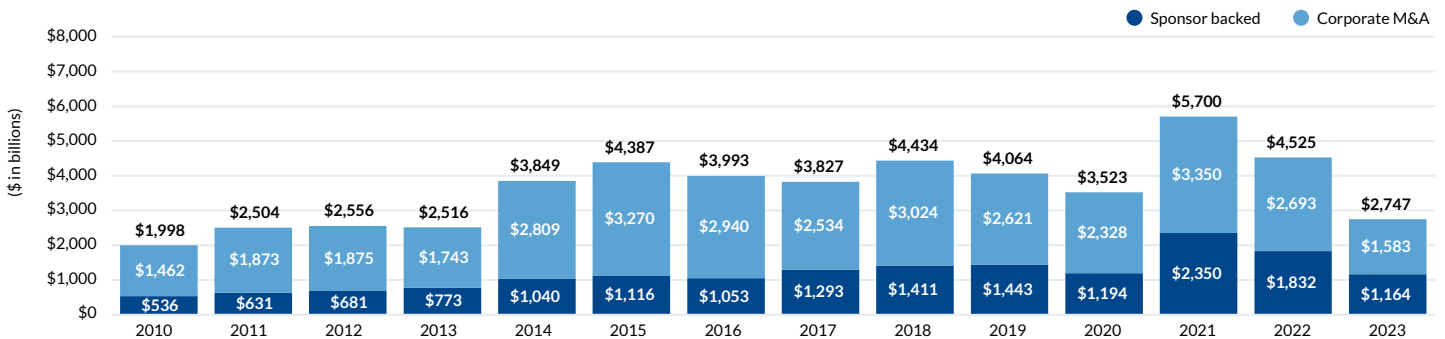
Source: Capital IQ.

CHART 4: INDUSTRIAL PRODUCTION INDEX



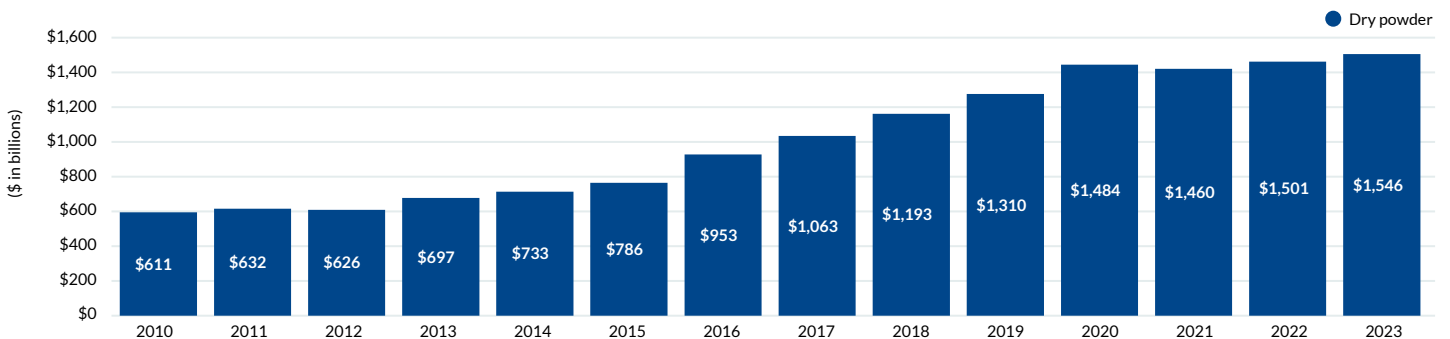
Source: Federal Reserve Bank of Chicago.

CHART 5: GLOBAL SPONSOR LED BUYOUTS



Source: Pitchbook.

CHART 6: PE DRY POWDER

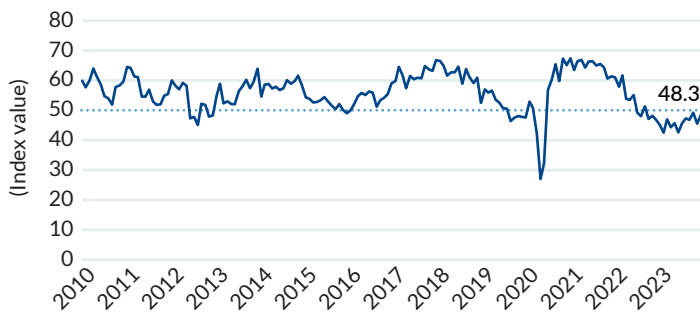


Source: Source: Pitchbook.

Past performance is not necessarily indicative of future results.

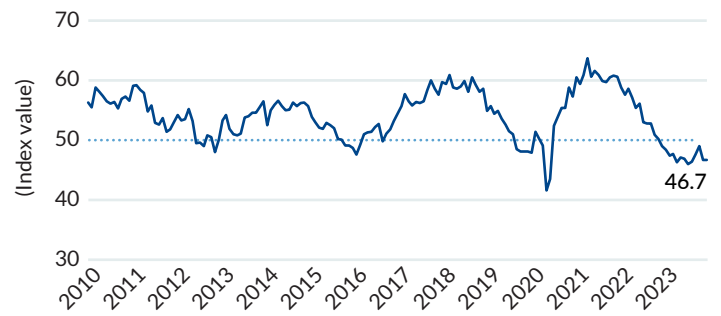
Market data (2/3)

CHART 7: ISM NEW ORDERS INDEX



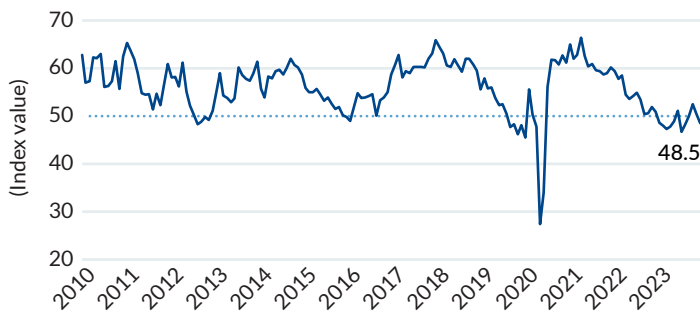
Source: ISM.

CHART 8: PURCHASING MANAGERS' INDEX



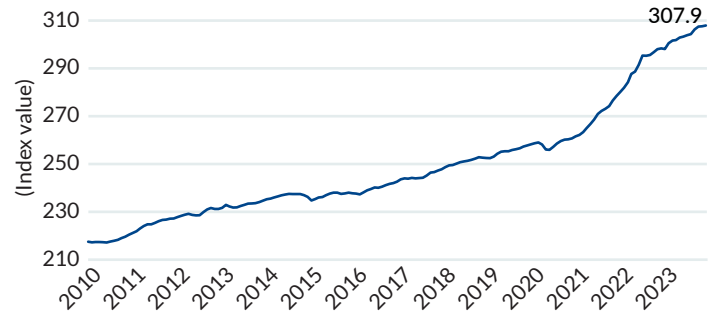
Source: ISM.

CHART 9: ISM PRODUCTION INDEX



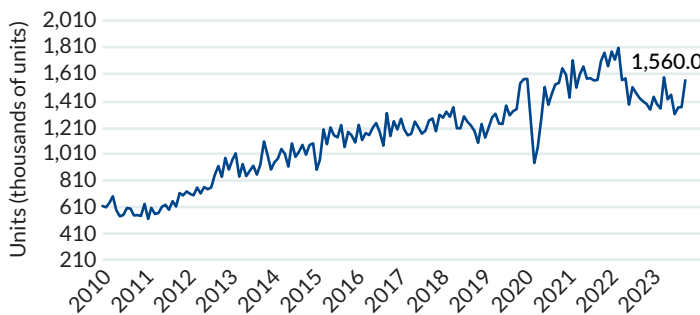
Source: ISM.

CHART 10: CONSUMER PRICE INDEX



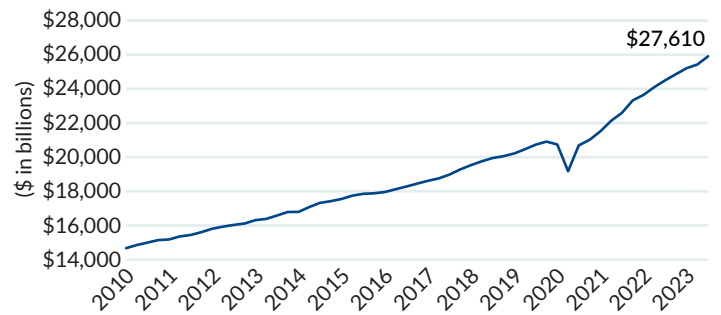
Source: St. Louis Federal Reserve.

CHART 11: HOUSING STARTS



Source: St. Louis Federal Reserve.

CHART 12: GDP

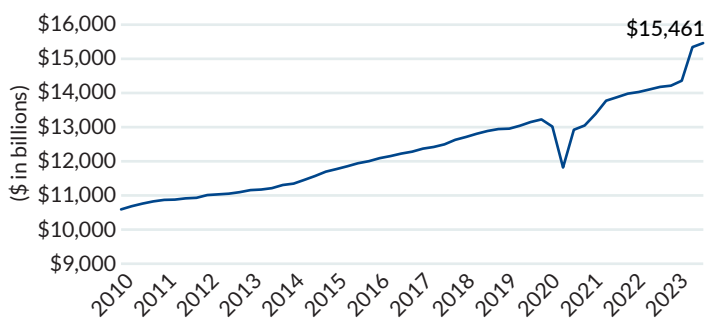


Source: St. Louis Federal Reserve.

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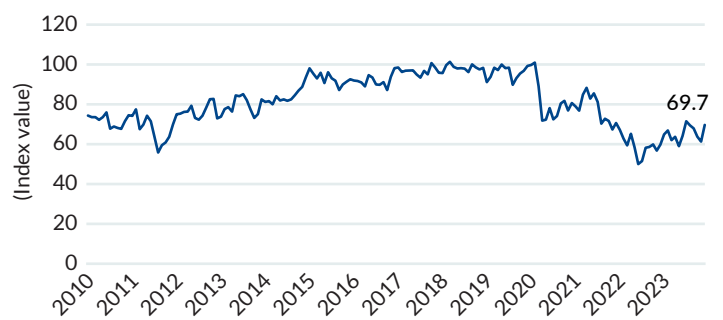
Market data (3/3)

CHART 13: PERSONAL CONSUMPTION



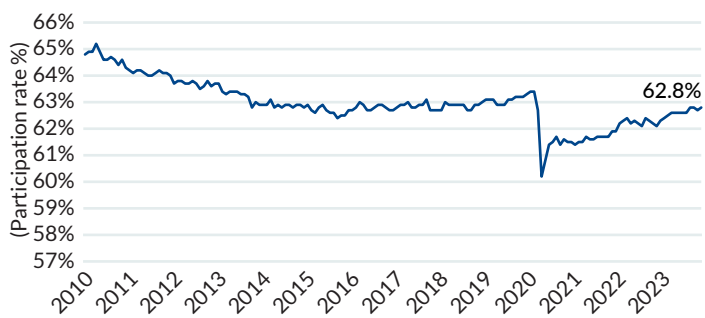
Source: St. Louis Federal Reserve.

CHART 14: CONSUMER CONFIDENCE



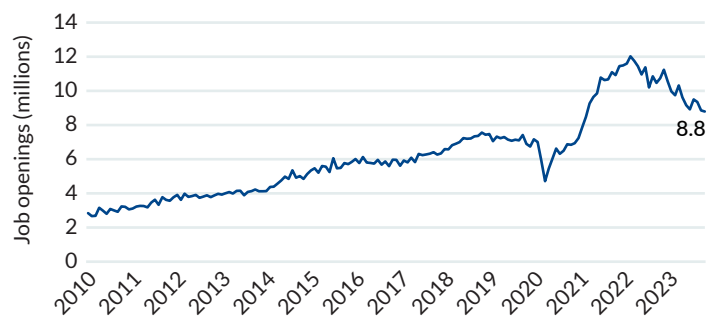
Source: University of Michigan.

CHART 15: LABOR FORCE PARTICIPATION



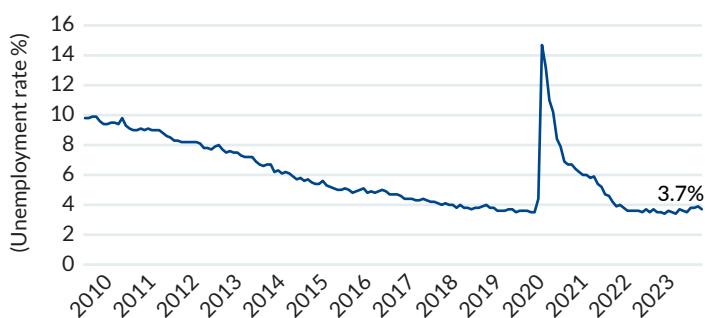
Source: U.S. Bureau of Labor Statistics.

CHART 16: JOB OPENINGS



Source: U.S. Bureau of Labor Statistics.

CHART 17: UNEMPLOYMENT RATE



Source: U.S. Bureau of Labor Statistics.

CHART 18: FREIGHT TRANSPORTATION



Source: Federal Reserve Bank of St. Louis.

Past performance is not necessarily indicative of future results.

Market valuation data (1/2)

Sector valuations

(\$ in millions)

Company	Market cap	% of 52 week high	Enterprise value	Enterprise value as a multiple of:				LTM – NTM				
				Revenues		EBITDA		LTM gross margin	LTM EBITDA margin	Revenue growth %	Net debt / LTM EBITDA	
LTM	NTM	LTM	NTM									
Automotive & truck												
AutoZone, Inc.	\$44,424.6	93.4%	\$56,010.3	3.17x	2.95x	13.6x	12.6x	52.6%	23.3%	7.4%	2.5x	
Genuine Parts Company	\$19,459.3	76.5%	\$23,056.8	1.00x	0.97x	11.3x	10.1x	35.7%	8.9%	3.4%	1.5x	
LKQ Corporation	\$12,587.8	79.2%	\$17,916.8	1.34x	1.19x	10.4x	9.6x	40.4%	12.9%	12.9%	2.5x	
O'Reilly Automotive, Inc.	\$56,385.1	94.7%	\$63,632.1	4.07x	3.85x	17.9x	16.7x	51.1%	22.7%	5.7%	1.8x	
	Average	86.0%	\$40,154.0	2.40x	2.24x	13.3x	12.3x	45.0%	16.9%	7.3%	2.1x	
	Median	86.3%	\$39,533.5	2.26x	2.07x	12.5x	11.4x	45.8%	17.8%	6.5%	2.2x	
Building Products												
Beacon Roofing Supply, Inc.	\$5,310.4	93.8%	\$8,243.9	0.94x	0.88x	9.6x	8.6x	25.8%	9.8%	6.7%	3.0x	
Builders FirstSource, Inc.	\$20,647.0	97.9%	\$24,473.2	1.41x	1.42x	8.8x	9.7x	34.9%	16.0%	(0.1%)	1.3x	
CRH plc	\$47,320.9	97.2%	\$54,914.9	1.62x	1.51x	9.2x	8.3x	33.7%	17.6%	7.5%	1.2x	
Ferguson plc	\$38,037.0	95.3%	\$42,557.0	1.44x	1.41x	14.1x	13.7x	30.3%	10.2%	2.4%	1.3x	
SiteOne Landscape Supply, Inc.	\$7,078.4	89.0%	\$7,909.1	1.87x	1.76x	21.1x	18.5x	34.7%	8.9%	6.2%	1.8x	
Watsco, Inc.	\$15,031.2	94.1%	\$15,786.8	2.17x	2.04x	18.9x	17.0x	27.7%	11.5%	6.4%	0.3x	
	Average	94.6%	\$25,647.5	1.58x	1.50x	13.6x	12.6x	31.2%	12.3%	4.9%	1.5x	
	Median	94.7%	\$20,130.0	1.53x	1.46x	11.9x	11.7x	32.0%	10.9%	6.3%	1.3x	
Communication, Electronics & Electrical												
Rexel S.A.	\$7,903.1	92.9%	\$11,331.6	0.54x	0.53x	7.4x	6.3x	25.9%	7.2%	1.3%	1.9x	
RS Group plc	\$4,518.2	72.2%	\$5,158.2	1.42x	1.33x	11.3x	9.7x	44.5%	12.6%	7.2%	1.3x	
WESCO International, Inc.	\$8,666.1	91.6%	\$13,997.4	0.62x	0.61x	8.3x	7.7x	21.8%	7.5%	2.4%	2.8x	
	Average	85.6%	\$10,162.4	0.86x	0.82x	9.0x	7.9x	30.7%	9.1%	3.7%	2.0x	
	Median	91.6%	\$11,331.6	0.62x	0.61x	8.3x	7.7x	25.9%	7.5%	2.4%	1.9x	
Consumer Products												
Bunzl plc	\$13,867.5	99.2%	\$15,975.6	1.02x	1.05x	13.3x	11.2x	24.8%	7.7%	(2.8%)	1.5x	
Pool Corporation	\$14,768.5	90.1%	\$16,016.0	2.84x	2.80x	19.7x	19.2x	29.9%	14.4%	1.5%	1.3x	
SpartanNash Company	\$787.7	70.3%	\$1,587.1	0.16x	0.16x	8.2x	6.2x	15.2%	2.0%	0.6%	3.1x	
Sysco Corporation	\$38,206.2	92.0%	\$49,369.9	0.64x	0.62x	14.0x	11.3x	18.4%	4.6%	4.2%	2.9x	
United Natural Foods, Inc.	\$881.6	33.8%	\$4,422.6	0.15x	0.14x	11.0x	8.4x	13.4%	1.3%	2.9%	4.8x	
US Foods Holding Corp.	\$11,321.5	97.8%	\$15,873.5	0.45x	0.43x	11.6x	9.5x	17.1%	3.9%	4.4%	3.1x	
	Average	80.5%	\$17,207.4	0.88x	0.87x	13.0x	11.0x	19.8%	5.7%	1.8%	2.8x	
	Median	91.0%	\$15,924.5	0.55x	0.52x	12.5x	10.4x	17.7%	4.2%	2.2%	3.0x	

Source: Capital IQ. | Note: Based on closing stock prices on January 15, 2024

Market valuation data (2/2)

Sector valuations

(\$ in millions)

Company	Market cap	% of 52 week high	Enterprise value	Enterprise value as a multiple of:				LTM – NTM			Net debt / LTM EBITDA
				Revenues		EBITDA		LTM gross margin	LTM EBITDA margin	Revenue growth %	
				LTM	NTM	LTM	NTM				
Energy, Oil & Gas											
DXP Enterprises, Inc.	\$512.6	79.4%	\$947.4	0.56x	0.55x	5.8x	5.6x	29.4%	9.7%	2.2%	2.3x
MRC Global Inc.	\$849.8	72.5%	\$1,677.8	0.48x	0.48x	7.1x	6.7x	19.8%	6.7%	(0.2%)	1.7x
NOW Inc.	\$1,060.1	67.1%	\$908.1	0.39x	0.39x	5.0x	5.4x	23.2%	7.9%	0.6%	NM
	Average	73.0%	\$1,177.8	0.48x	0.47x	6.0x	5.9x	24.1%	8.1%	0.8%	2.0x
	Median	72.5%	\$947.4	0.48x	0.48x	5.8x	5.6x	23.2%	7.9%	0.6%	2.0x
Healthcare											
Cardinal Health, Inc.	\$26,073.9	97.2%	\$26,898.9	0.13x	0.12x	10.3x	9.4x	3.4%	1.2%	9.9%	0.3x
Henry Schein, Inc.	\$9,584.3	82.2%	\$13,155.3	1.04x	1.04x	12.3x	13.1x	31.0%	8.4%	(0.5%)	1.7x
McKesson Corporation	\$64,577.9	99.1%	\$69,785.9	0.24x	0.22x	14.3x	12.8x	4.2%	1.7%	9.0%	0.9x
Owens & Minor, Inc.	\$1,484.9	82.0%	\$3,726.1	0.36x	0.35x	10.4x	6.1x	19.2%	3.5%	3.2%	4.7x
	Average	90.1%	\$28,391.5	0.44x	0.43x	11.8x	10.3x	14.4%	3.7%	5.4%	1.9x
	Median	89.7%	\$20,027.1	0.30x	0.29x	11.3x	11.1x	11.7%	2.6%	6.1%	1.3x
Industrial											
L'Air Liquide S.A.	\$100,517.6	97.3%	\$114,337.8	3.53x	3.66x	14.9x	13.1x	56.1%	23.6%	(3.7%)	1.6x
Applied Industrial Technologies, Inc.	\$6,561.7	96.0%	\$6,804.6	1.53x	1.49x	12.6x	12.3x	29.4%	12.1%	2.6%	0.4x
Fastenal Company	\$36,308.0	96.7%	\$36,549.4	5.02x	4.80x	21.7x	20.9x	45.6%	23.2%	4.6%	0.1x
MSC Industrial Direct Co., Inc.	\$5,412.2	90.7%	\$6,000.1	1.50x	1.46x	10.9x	10.1x	40.9%	13.8%	2.8%	1.0x
W.W. Grainger, Inc.	\$41,797.9	99.7%	\$44,239.9	2.72x	2.56x	15.9x	15.3x	39.5%	17.1%	6.0%	0.7x
	Average	96.1%	\$41,586.4	2.86x	2.79x	15.2x	14.4x	42.3%	17.9%	2.5%	0.8x
	Median	96.7%	\$36,549.4	2.72x	2.56x	14.9x	13.1x	40.9%	17.1%	2.8%	0.7x
Technology											
Arrow Electronics, Inc.	\$6,255.4	78.3%	\$10,194.0	0.29x	0.34x	5.6x	6.9x	12.6%	5.2%	(12.1%)	2.0x
Avnet, Inc.	\$4,261.9	91.2%	\$7,394.1	0.28x	0.30x	6.0x	7.4x	12.1%	4.8%	(6.4%)	2.4x
ScanSource, Inc.	\$961.3	94.5%	\$1,179.6	0.32x	0.31x	7.6x	6.7x	11.9%	4.2%	1.0%	1.3x
TD SYNEX Corporation	\$9,197.6	93.0%	\$12,246.6	0.21x	0.21x	7.2x	7.1x	6.9%	3.0%	2.2%	1.8x
	Average	89.3%	\$7,753.6	0.28x	0.29x	6.6x	7.0x	10.9%	4.3%	(3.8%)	1.9x
	Median	92.1%	\$8,794.0	0.29x	0.31x	6.6x	7.0x	12.0%	4.5%	(2.7%)	1.9x

Source: Capital IQ. | Note: Based on closing stock prices on January 15, 2024

Recent specialty distribution M&A activity (1/6)

Closed Date	Acquirer	Target	Target Description
Pending	GMS Inc. (NYSE:GMS)	Kamco Building Supply Corp.	Operates as a supplier of ceilings, wallboard, steel, lumber and other related construction products
Pending	Core & Main, Inc. (NYSE:CNM)	Lee Supply Company Inc	Operates as a supplier and specialty fabricator of engineered HDPE pipe, fittings, pumps and pipe systems
Pending	Platinum Equity	US LBM	Distributor of specialty building materials
Pending	Fortive Corporation	EA Holding GmbH	Supplier of high-power electronic test solutions
Pending	Heritage Distribution Holdings	AMSCO Supply	A wholesale HVAC distributor serving contractors in the Midwest and Southwest United States
Dec-23	Trive Capital Management LLC	Venturi Supply LLC	Value-added distributor of pipe, valves, fittings, engineered products and industrial supplies
Dec-23	AFC Industries, Inc.	Chicago Industrial Fasteners	Supplier of standard and specialty fasteners
Dec-23	BlackHawk Industrial	Alro Industrial Supply	Operates as a premier industrial supply distributor in the U.S.
Dec-23	Imperial Dade	Wedge Supply	Distributor of paper, janitorial equipment and food service products throughout North Texas
Dec-23	Paradigm Equity Partners	E&R Industrial Sales, Inc.	Distributes a range inventory management and procurement products
Dec-23	H.I.G. Capital	Electronic Supply Company	A distributor of low voltage, security products and monitoring station services
Dec-23	Harbour Group	Texcel	Branded supplier of premium quality industrial hoses, fluid sealing and hydraulic products
Dec-23	US LBM	Holderness Supplies	A manufacturer of structural building components and distributor of engineered wood products in Arizona
Dec-23	Motion & Control Enterprises	Filter Resources	Distributor of process filtration products for the O&G, petrochemical and specialty chemical markets
Dec-23	Franklin Water Treatment, LLC	Action Manufacturing & Supply, Inc.	Wholesale distributor of residential water conditioning, filtration and indoor/outdoor aeration systems
Dec-23	Ryerson Holding Corporation (NYSE:RYI)	Hudson Tool Steel Corporation	Operates as a supplier of tool steels and high-speed, carbon and alloy steels
Dec-23	BradyIFS+Envoy Solutions	PFS Sales Company	Distributes foodservice disposables and cleaning supplies
Dec-23	Winsupply	Milford Companies	Engages in supplying materials and rental equipment required for customers' infrastructure needs
Nov-23	Clayton, Dubilier & Rice, LLC	Veritiv Corporation	A packaging, jan/san and print products distributor
Nov-23	Gryphon Investors	AirX Climate Solutions, Inc.	A manufacturer and distributor of specialty products for the heating, ventilation and air conditioning markets
Nov-23	Sysco Corporation	Edward Don & Company, LLC	Distributor of foodservice equipment, supplies and disposables
Nov-23	BradyIFS+Envoy Solutions	Sierra Packaging, Inc.	Engages in offering a wide array of packaging, food service disposables, jan/san and safety products

Source: S&P Capital IQ.

Recent specialty distribution M&A activity (2/6)

Closed Date	Acquirer	Target	Target Description
Nov-23	Banner Industries	Castle Metals	Distributor of specialty metals
Nov-23	SRS Distribution	Worldwide Rock Enterprises	Wholesale distributor of natural and architectural cut stone, manufactured stone, and masonry supplies
Nov-23	BradyIFS+Envoy Solutions	Qualmax Supplies Inc.	Distributor of jan/san products
Nov-23	Endries International, Inc.	Viscan Group	A supplier of specialized screws, general fasteners and related components
Nov-23	ABC Supply	John S. Wilson Lumber	Engages in offering roofing, siding, decking, windows and related trim products
Nov-23	Singer Industrial	Viking Hose	Operates as a distributor in the U.S.
Nov-23	Imperial Dade	Advance Shipping Supplies Inc.	A distributor of industrial supplies, packaging materials and janitorial products
Nov-23	Beacon Roofing Supply, Inc. (NasdaqGS:BECN)	H & H Roofing Supply, LLC	Operates as a roofing supply company
Nov-23	Purvis Industries	Torque Drives, Inc	Distributes power transmission components, AC & DC drives and motors and motion control products
Oct-23	Ferguson plc (NYSE:FERG)	SecureVision of America, Inc.	Operates as a waterworks metering distributor
Oct-23	Viking Electric Supply, Inc	Sunrise Electric Supply, Inc.	Offers electrical supplies
Oct-23	BradyIFS	Envoy Solutions, LLC	A provider of jan/san products, foodservice disposables, industrial packaging and marketing execution
Oct-23	Offen Petroleum	W. Douglass Distributing	A propane, lubricant and wholesale and commercial fuel distributor
Oct-23	BlackHawk Industrial	Advanced Industrial Supply	An industrial equipment supplier
Oct-23	Stearns Supply	Wiseway Supply	Distributes electrical and plumbing supplies
Oct-23	NEFCO	Edge Construction Supply	Engages in serving the commercial construction and industrial markets
Oct-23	Eckart Supply Company	Automated Controls and Electrical Supply (ACES)	Distributes electrical supplies
Oct-23	Green Mountain Electric Supply	Atlantic Electrical Distributor	An electrical distribution company
Oct-23	Bain Capital	Harrington Process Solutions	A specialty distributor of industrial flow control process solutions
Oct-23	Kodiak Building Partners	Don's Appliances	Offers top-tier kitchen and home appliances
Oct-23	Winsupply	Keidel Supply	A plumbing, cabinetry, lighting, appliance and PVF distributor
Oct-23	Beacon	Garvin Construction Products	Distributor of waterproofing products
Oct-23	Gypsum Management & Supply (GMS)	AMW Construction Supply	A tool and fastener distributor

Source: S&P Capital IQ.

Recent specialty distribution M&A activity (3/6)

Closed Date	Acquirer	Target	Target Description
Oct-23	Boise Cascade	Brockway-Smith Company (BROSCO)	Wholesale distributor specializing in doors and millwork
Oct-23	White Cap Supply Holdings, LLC	BrownCo Manufacturing & Sales	Distributor of specialty concrete products for commercial and highway and bridge contractors
Sep-23	Inline Electric Supply	TVW Electrical	Distributor of electrical supplies including lighting products, lighting controls and power distribution products
Sep-23	SRS Distribution Inc.	Sunniland Corporation	Distributor of residential and commercial roofing products and related accessories
Sep-23	Imperial Dade	Ralik Packaging	Distributor of paper goods, packaging materials and other safety and janitorial products
Sep-23	Watsco, Inc.	Gateway Supply Company, Inc.	Distributor of plumbing and HVAC products based in Columbia, South Carolina
Sep-23	White Cap Supply Holdings, LLC	RENO Hardware and Supply, Inc.	A distributor of construction supplies serving commercial, multi-family and residential contractors
Sep-23	Beacon Roofing Supply, Inc.	S&H Building Material Corporation	Engages in the distribution of building products
Sep-23	Univar Solutions	FloChem	A distributor of commodity and specialty chemical solutions from North American manufacturers
Sep-23	Applied Industrial Technologies	Bearing Distributors, Inc.	A provider of bearings, power transmission, industrial motion and related service and repair capabilities
Sep-23	Flexpak, LLC	Katzke Packaging Co. & Packaging Converting	A distributor of corrugated boxes, custom foam, poly bags, bubble wrap, stretch wrap, tapes and labels
Sep-23	Wajax Corporation	Beta Fluid Power Ltd	Regional supplier of hydraulic and pneumatic equipment
Sep-23	Rexel S.A. (ENXTPA:RXL)	Wasco Holding B.V.	Operates as a distributor of HVAC products and services
Aug-23	Singer Industrial	American Hose & Hardware Inc.	Supplies hydraulic, industrial and metal hose, fittings and adapters
Aug-23	Marco Rubber & Plastics, LLC	American Seal & Packing	Manufactures and distributes industrial seals
Aug-23	Imperial Dade	The Ohio & Michigan Paper Company	A premier distributor of industrial and janitorial products throughout the Midwest
Aug-23	Border States	Sequel Electrical Supply	Offers electrical supplies
Aug-23	Eckart Supply	Electrical Supplies Unlimited	A full service distributor for the electrical industry
Aug-23	BradyIFS	Rancho Janitorial, Inc.	Provider of jansan products and equipment
Aug-23	Thomas Scientific, Inc	Quintana Supply	Operates as a cleanroom, packaging and industrial products provider
Aug-23	Ferguson plc	Bruce Supply Corp	Plumbing distributor serving New York City
Aug-23	Ferguson plc	The Kennedy Companies	A distributor of piping and related water, storm, sewer and erosion control products
Aug-23	Ferguson plc	S. G. Torrice	A distributor of HVAC equipment, parts and supplies in the New England region

Source: S&P Capital IQ.

Recent specialty distribution M&A activity (4/6)

Closed Date	Acquirer	Target	Target Description
Aug-23	ABC Supply Co.	Cedar Grove Roofing Supply	Supplier of residential and commercial roofing, metal roofing and related accessories
Aug-23	Roofmart	AMA Roofing Supplies	A residential and commercial roofing supplier for the wholesale and retail distribution markets
Aug-23	HD Supply	Redi Carpet	A next-day flooring installer, focused exclusively on serving the multifamily industry
Aug-23	Applied Industrial Technologies	Cangro Industries, Inc. (Cangro)	A provider of bearings, power transmission, industrial motion and related service and repair capabilities
Jul-23	Affiliated Distributors, Inc.	The Baron Group	A distributor and wholesaler in the groundwater, well and pump industries
Jul-23	Electric Supply	Frontier Lighting	An electrical products distributor
Jul-23	Graybar Electric Company, Inc.	Shepherd Electric Supply	Engages in distribution of electrical, communications and data networking products
Jul-23	Imperial Dade	Atlantis Packaging	A distributor of industrial products
Jul-23	Imperial Dade	Lovan Industries	Operates as a distributor of industrial and janitorial supplies
Jul-23	L&W Supply Corporation	Oswego Building Supplies	A distributor of residential and commercial gypsum, metal studs and related accessories
Jul-23	Lockmasters	Allied Locksmith Supply	Distributes automotive and commercial locksmith products
Jul-23	Sonepar	Billows Electric	Offers electrical products and services
Jul-23	The Collins Companies	Washburn-Garfield	A supplier of industrial and commercial pipe, valves and fittings
Jun-23	Ilion Capital	Mid States-Supply Company	Distributor of valves, pipes and fittings
Jun-23	City Maintenance Supply	West Florida Supply Co	Operates a distributor of jan/san products
Jun-23	BradyIFS	FPC Distribution, Inc	A foodservice, dry goods and jan/san distributor serving the U.S.
Jun-23	SRS Distribution Inc.	Washoe Building Supply, Inc.	A distributor of residential & commercial roofing products
Jun-23	Meritus Gas Partners	Global Calibration Gases	An independent manufacturer and distributor of specialty gases
Jun-23	B&F Fastener Supply Inc.	Northern States Supply Inc.	A distributor of industrial and construction supply products
Jun-23	BradyIFS	GORM, Inc	Operates as a distributor of jan/san, foodservice and packaging products
Jun-23	L&W Supply Corporation	Killingly Building Products Co. Inc.	Engages in the supply of building materials
Jun-23	AFC Industries	White Distribution & Supply, LLC	Operates as a provider of industrial distribution and supply chain management services
Jun-23	Distribution Solutions Group, Inc. (Nasdaq:DSGR)	HISCO, Inc	Specialty distribution company, serving the medical and industrial markets

Source: S&P Capital IQ.

Recent specialty distribution M&A activity (5/6)

Closed Date	Acquirer	Target	Target Description
Jun-23	F.W. Webb Company, Inc	Rising Sun Plumbing Supply and Steinberg Plumbing Supply	Distributor of plumbing, heating and industrial supplies
Jun-23	KKR	CIRCOR International, Inc	Provider of mission critical flow control products and services for the industrial and aerospace & defense markets
Jun-23	Motion & Control Enterprises (MCE)	Power & Pumps Inc. (P&P) and Industrial Control Services Inc.	A distributor of pumps, blowers, vacuum, power transmission products and specialty automation products
Jun-23	Sonepar	Billows Electric	Supplies electrical products and services across the U.S.
Mar-23	Triad Technologies	Tech-Syn Corporation	Value-added distributor of seals, O-rings, hoses, fittings and other related products
Feb-23	Mallory Safety and Supply, Inc.	J.G. Tucker & Son Inc.	Operates as a distributor of safety products
Feb-23	Bunzl plc.	Arbeitsschutz-Express	Operates as a fast-growing online distributor of workwear and PPE in Germany
Feb-23	Bunzl plc.	Capital Paper	Distributor of foodservice packaging and consumables, cleaning & hygiene supplies and industrial packaging
Feb-23	AFC Industries	PF Markey	Engages in distributing cutting tools, abrasives, coolants and diamonds
Feb-23	Envoy Solutions	Mooney-General Paper Co.	Provides high-quality supplies and equipment for industrial and food packaging applications
Feb-23	Envoy Solutions	Detroit Chemical & Paper Supply	Operates as a distributor of high-quality cleaning and sanitary products
Feb-23	Flexpak LLC	Preferred Packaging Products Inc.	Distributor of corrugated, custom foam, poly bags, wood crating, bubble, stretch wrap, tapes and labels
Feb-23	Motion & Control Enterprises	Precision Pump & Valve	Distributor of safety and relief control valves, pumps and related process equipment
Feb-23	Imperial Dade	Focus Packaging & Supply	Distributor of industrial packaging and supplies
Jan-23	Field Fastener	Mid-State Bolt & Nut Company	A full-line fastener distributor
Jan-23	SRS Distribution Inc.	Marsh Building Products, Inc.	Distributor of residential and commercial building products
Jan-23	Wynnchurch Capital, L.P.	FloWorks International, LLC	Specialty distributor of critical flow control products
Jan-23	Envoy Solutions, LLC	Royal Paper Corp	Distributor of paper, plastics, cleaning and safety consumables and equipment
Jan-23	Flow Control Holdings, LLC	Andron Stainless Ltd / Andron Stainless Corporation	A provider of sanitary stainless steel fittings, valves, tubing and accessories
Jan-23	GME Supply	Farwest Line Specialties LLC	A distributor of safety equipment and tools for professional line workers and utility employees
Jan-23	Rexel USA, Inc.	Lineman's Testing Laboratories Of Canada	Distributor of industrial utility products
Jan-23	AFC Industries	Motor City Industrial	Full-service industrial distributor
Jan-23	AFC Industries	Motor City Industrial	Full-service industrial distributor

Source: S&P Capital IQ.

Recent specialty distribution M&A activity (6/6)

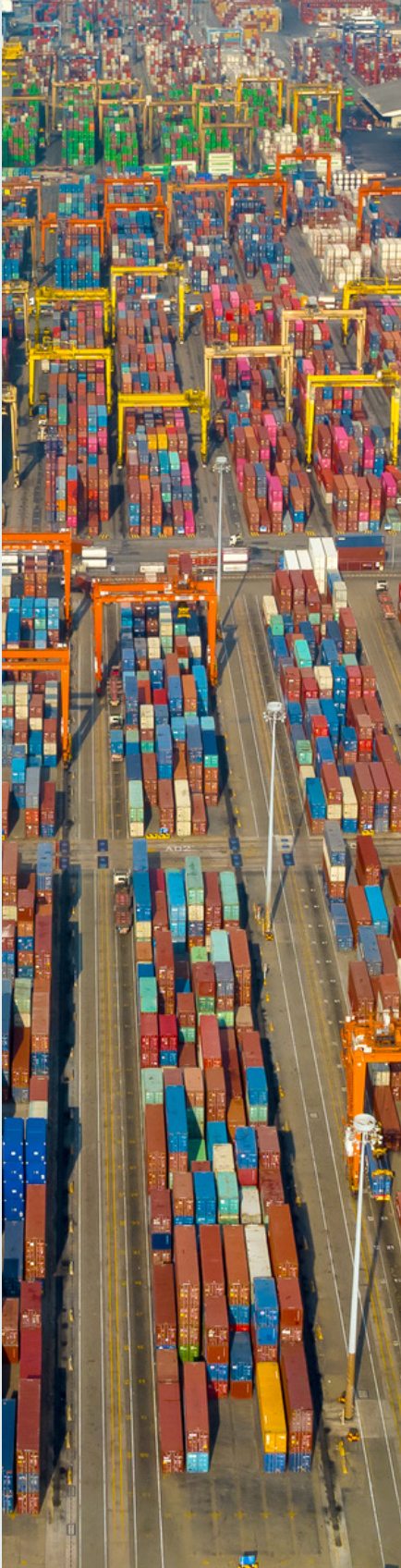
Closed Date	Acquirer	Target	Target Description
Jan-23	BradyIFS	YPV Distribution, Inc.	A foodservice and jan/san distributor serving the Midwest
Jan-23	ERIKS North America, Inc.	DeeTag, Ltd.	A distributor and fabricator of hydraulic and industrial hose assemblies
Jan-23	MSC Industrial Supply Co.	Buckeye Industrial Supply Co.	An independent metalworking distributor
Jan-23	Specialty Building Products, LLC	Amerhart	Distributor of building materials
Jan-23	Envoy Solutions, LLC	Delta Packaging & Supply, LLC	A distributor of packaging materials, automated packing equipment and efficient packaging solutions
Jan-23	Progressive Plumbing Supply Co.	Delwood Supply Company	Supplies plumbing, pipe, valve and fitting needs for contractors and homeowners
Jan-23	Rexel USA, Inc.	Buckles-Smith Electric Co.	Operates as an electrical distributor in Northern California
Jan-23	Beacon Roofing Supply, Inc.	Whitney Building Products	A distributor of waterproofing and restoration products
Jan-23	Beacon Roofing Supply, Inc.	First Coastal Exteriors	A distributor of complementary residential and commercial building products
Jan-23	Codale Electric (Sonepas SAS)	NEDCO Supply	A full-line distributor of electrical products and services to its residential and commercial customers
Jan-23	Partners Group Holdings	SureWerx	A North American supplier of personal protective equipment, safety gear and tool solutions
Jan-23	GMS Inc.	Tanner Bolt and Nut, Inc.	Distributor of fasteners, tools, safety and related construction products
Jan-23	Purvis Industries Ltd	ErieTec, Inc.	Industrial distributor that operates six branches and has been serving western Pennsylvania

Source: S&P Capital IQ.

Specialty Distribution

Mesirov's recent distribution transaction experience¹

<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS PARTNERED WITH</p> 
<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p> 	<p>BUY-SIDE ADVISOR</p>  <hr/> <p>HAS ACQUIRED</p> <p>the Foodservice Distribution Business of</p>  <p>a portfolio company of</p> 	<p>BUY-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <hr/> <p>HAS ACQUIRED</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <hr/> <p>HAS BEEN ACQUIRED BY FUNDS ASSOCIATED WITH</p>  <p>combines with existing investments in</p> 
<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <hr/> <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 



1. As of 12.31.2023.

Mesirow Specialty Distribution Investment Banking Solutions

Mesirow Investment Banking is consistently focused on elevating the experience for our clients. With extensive sector-specific expertise and deep long-standing relationships, our dedicated Specialty Distribution team has a proven track record of completing highly tailored and successful transactions. Our highest priority is helping individuals and organizations achieve their financial and strategic goals.

For business owners contemplating a potential transaction, failing to plan early may mean leaving significant value on the table. If you are contemplating a potential sale of your business, specific actions should be taken to properly prepare for a sale. Do not discount the value premium that a professional advisor / investment banker can create through early preparation in a sale process.

If you have any questions regarding the trends and opportunities specific to your business, or if you would like to discuss planning for an eventual transaction, please contact Mesirow's Specialty Distribution investment bankers.

To learn more, visit mesirow.com/investmentbanking.

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