



Specialty Distribution Market Update

2024 Recap and 2025 Outlook



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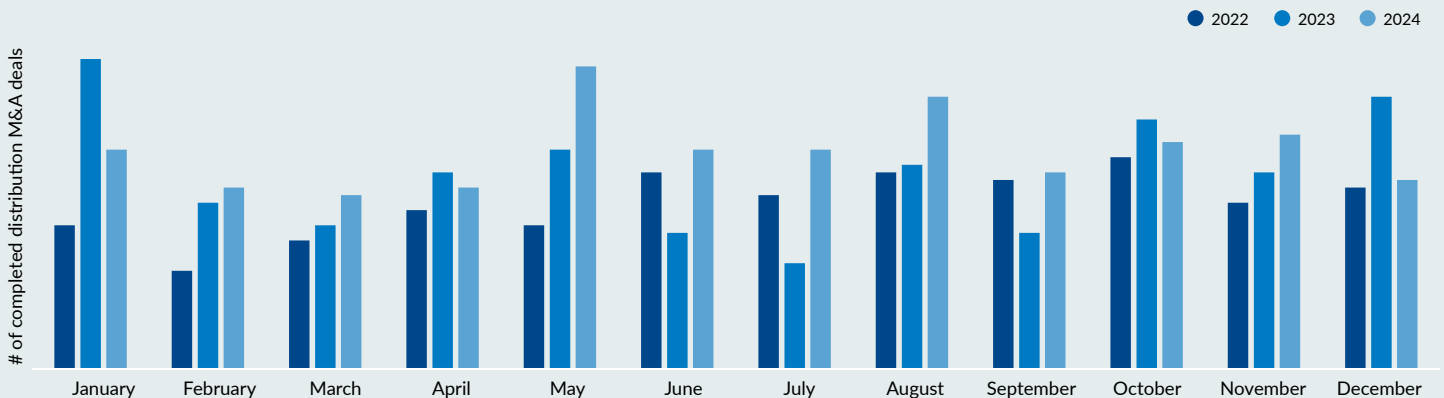
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2024 Recap

- In 2024, M&A activity across the specialty distribution sector surpassed the total annual volume recorded in 2023 and 2022. The increase in completed deals was driven by several key factors, including strong public equity market performance, easing inflation, an improved financing environment, and a substantial amount of private equity capital under significant deployment pressure.
- The distribution sector remains an attractive arena for M&A. Both strategic and financial buyers have actively targeted acquisitions across the distribution sector due to the size and expected growth of the markets served, long-term economic resiliency of the distribution business model, target rich acquisition environment in fragmented sectors (geographic and end market), favorable long-term growth trends and cash flow dynamics. On a combined basis, these factors have influenced how buyers view and approach M&A across the distribution sector as buyers can leverage these characteristics to drive substantial growth and to improve the financial and operational performance of their investments.



CHART 1: MONTHLY DISTRIBUTION M&A (2022 / 2023 / 2024)



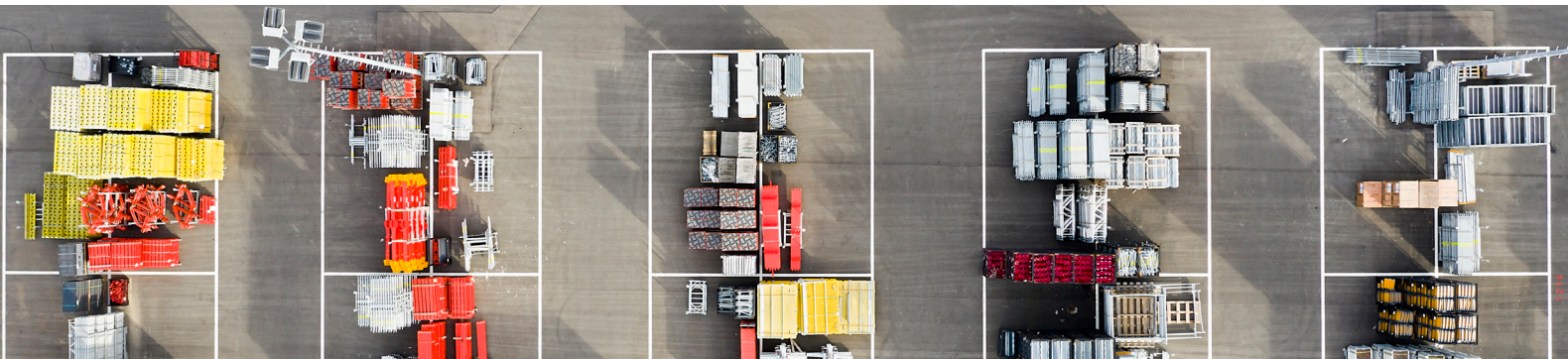
Source: Modern Distribution Management, Capital IQ, Pitchbook

- In 2024, the majority of M&A transactions across the specialty distribution sector focused on smaller “tuck-in” deals, as buyers generally avoided larger, potentially riskier transactions due to uncertain market and geopolitical conditions. These smaller acquisitions often aimed to diversify existing product and service portfolios, expand geographic and end-market presence, and optimize supply chain networks. However, while the bulk of M&A activity focused on smaller deals, there were a number of significant and high-profile distribution transactions, including:
 - Border States acquisition of Dominion Electric
 - Builders FirstSource Acquisition of Alpine Lumber
 - Home Depot’s acquisition of SRS Distribution
 - Veritiv’s acquisition of Orora Packaging

2025 M&A Outlook: Reasons for Optimism

M&A activity is largely driven by market confidence, and while the economic outlook for the U.S. remains uncertain – complicated by a new presidential administration, the Federal Reserve’s ongoing efforts to manage inflation, tariffs, and various other international geopolitical challenges—several strong demand drivers suggest the potential for substantial M&A activity in 2025.

- **RETURN OF ACTIVE PRIVATE EQUITY DEALMAKING** | 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 steady or declining interest rates and the significant levels of available “dry powder” for M&A could spur a flurry of activity from the private equity universe as the asset class seeks to quickly deploy record levels of committed capital and also exit existing portfolio company investments that are now reaching the higher end of preferred investment hold periods.
- **PUBLICLY-TRADED ENTITIES UTILIZING M&A AS A TOOL TO DRIVE GROWTH** | Given the overall performance of the public markets, large strategic buyers with substantial cash balances have been given the mandate to deploy significant capital towards value-added M&A opportunities that offer the potential to drive growth and boost earnings. Additionally, we expect many publicly-traded businesses to continue the strategic evaluation of their existing operations and portfolios to identify non-core assets and selectively divest businesses to optimize financial and operational performance to maximize shareholder value.





Key Distribution M&A Market Themes



SUPPLY-CHAIN DIVERSIFICATION | Growing geopolitical tensions across the globe have forced operators and investors to re-evaluate existing international supply-chain networks and develop alternative domestic sourcing arrangements where possible and economical in order to minimize operational disruption and ensure product availability while simultaneously managing costs and service standards.



EXTREME COMPETITION FOR HIGH QUALITY DISTRIBUTION ASSETS | Businesses showcasing a significant degree of recurring demand and revenue visibility and operating in economic cycle-resilient end markets with attractive demand drivers, sustainable and defensible margins, and diversified customer and vendor networks have garnered aggressive attention (and valuation multiples) from both strategic and financial buyers. We expect this dynamic to continue as overall deal market activity increases.



CREATIVE DEAL STRUCTURING | Over the course of 2023 and 2024, we witnessed a rise in the utilization of earnouts and other contingent payment structures in order to complete deals as both buyers and sellers grappled with valuations gaps as a result of differences of opinion on earnings sustainability, financing considerations, and overall risk management. In 2025, we believe the overall bid / ask spread between buyers and sellers will narrow, which should lead to an increase in the number of completed deals and a decrease in contingent payment structures.



INCREASED LEVELS OF SCRUTINY FOR FINANCIAL AND OPERATIONAL DILIGENCE | Buyers are facing intense pressure from both their equity and debt financing sources to validate the quality and sustainability of earnings in order to justify valuations. As a result, most deals are routinely requiring more extensive and prolonged due diligence reviews.



TECHNOLOGY, SYSTEMS, AND THE RISE OF ARTIFICIAL INTELLIGENCE AND AUTOMATION | Buyers are actively looking for acquisition targets that offer the potential to improve the quality and power of the technology and systems used in daily operations (e.g., warehouse management and enterprise resource planning systems). In particular, businesses are searching for ways to enhance their machine learning and automation capabilities to optimize efficiency and profitability through real time operational visibility to aid in demand and inventory planning and also automate certain administrative tasks to increase efficiency and reduce costs.

Specialty Distribution Market Valuation Data (1/2)

Public Company Trading Statistics

(\$ in millions, excluding share price)

Company	Ticker	Enterprise value	LTM Financials		NTM Financials		Enterprise Value as a Multiple of			
			Revenue	EBITDA	Revenue	EBITDA	Revenue		EBITDA	
							LTM	NTM	LTM	NTM
Automotive & truck										
AutoZone, Inc.	NYSE:AZO	\$68,047.4	\$18,579.6	\$4,344.0	\$19,021.2	\$4,451.5	3.66x	3.58x	15.7x	15.3x
Genuine Parts Company	NYSE:GPC	\$21,284.8	\$23,302.3	\$2,055.0	\$23,961.0	\$2,042.0	0.91x	0.89x	10.4x	10.4x
LKQ Corporation	NasdaqGS:LKQ	\$15,580.6	\$14,499.0	\$1,732.0	\$14,479.3	\$1,747.5	1.07x	1.08x	9.0x	8.9x
O'Reilly Automotive, Inc.	NasdaqGS:ORLY	\$79,188.1	\$16,444.9	\$3,685.2	\$17,339.2	\$3,899.9	4.82x	4.57x	21.5x	20.3x
	Mean						2.62x	2.53x	14.1x	13.7x
	Median						2.37x	2.33x	13.0x	12.9x
Building Products										
Beacon Roofing Supply, Inc.	NasdaqGS:BECN	\$10,848.0	\$9,659.1	\$889.9	\$10,108.8	\$986.9	1.12x	1.07x	12.2x	11.0x
Builders FirstSource, Inc.	NYSE:BLDR	\$23,088.0	\$16,731.0	\$2,349.1	\$16,969.0	\$2,249.6	1.38x	1.36x	9.8x	10.3x
Doman Building Materials Group Ltd.	TSX:DBM	\$943.9	\$1,837.8	\$99.6	\$2,402.7	\$172.3	0.51x	0.39x	9.5x	5.5x
Ferguson Enterprises Inc.	LSE:FERG	\$42,188.9	\$29,699.0	\$2,913.0	\$30,694.9	\$3,012.1	1.42x	1.37x	14.5x	14.0x
GMS Inc.	NYSE:GMS	\$5,005.6	\$5,590.6	\$529.6	\$5,710.9	\$567.6	0.90x	0.88x	9.5x	8.8x
SiteOne Landscape Supply, Inc.	NYSE:SITE	\$7,537.4	\$4,492.5	\$357.3	\$4,711.9	\$414.5	1.68x	1.60x	21.1x	18.2x
	Mean						1.17x	1.11x	12.8x	11.3x
	Median						1.25x	1.22x	11.0x	10.6x
Communication, Electronics & Electrical										
Arrow Electronics, Inc.	NYSE:ARW	\$9,364.7	\$28,489.6	\$1,213.7	\$27,499.8	\$1,096.8	0.33x	0.34x	7.7x	8.5x
Avnet, Inc.	NasdaqGS:AVT	\$7,648.6	\$23,025.6	\$908.4	\$22,758.5	\$834.0	0.33x	0.34x	8.4x	9.2x
Rexel S.A.	ENXTPA:RXL	\$12,301.9	\$20,379.4	\$1,294.5	\$20,708.3	\$1,667.8	0.60x	0.59x	9.5x	7.4x
RS Group plc	LSE:RS1	\$4,514.8	\$3,936.3	\$432.0	\$3,679.0	\$464.1	1.15x	1.23x	10.5x	9.7x
ScanSource, Inc.	NasdaqGS:SCSC	\$1,243.5	\$3,159.1	\$124.4	\$3,315.2	\$152.0	0.39x	0.38x	10.0x	8.2x
TD SYNEX Corporation	NYSE:SNX	\$14,694.9	\$58,452.4	\$1,673.1	\$61,593.2	\$1,886.7	0.25x	0.24x	8.8x	7.8x
WESCO International, Inc.	NYSE:WCC	\$14,696.5	\$21,792.5	\$1,449.5	\$22,093.7	\$1,534.0	0.67x	0.67x	10.1x	9.6x
	Mean						0.53x	0.54x	9.3x	8.6x
	Median						0.39x	0.38x	9.5x	8.5x
Consumer Products										
HF Foods Group Inc.	NasdaqCM:HFFG	\$351.4	\$1,177.3	\$40.6	\$1,209.0	\$43.0	0.30x	0.29x	8.7x	8.2x
Performance Food Group Company	NYSE:PFGC	\$19,619.5	\$55,158.1	\$1,405.8	\$64,169.4	\$1,825.0	0.36x	0.31x	14.0x	10.8x
Sysco Corporation	NYSE:SYF	\$48,771.8	\$79,708.0	\$4,411.0	\$83,058.2	\$4,551.7	0.61x	0.59x	11.1x	10.7x
The Chefs' Warehouse, Inc.	NasdaqGS:CHEF	\$3,042.7	\$3,711.1	\$177.9	\$3,941.2	\$232.5	0.82x	0.77x	17.1x	13.1x
United Natural Foods, Inc.	NYSE:UNFI	\$5,434.0	\$31,299.0	\$489.0	\$31,115.5	\$570.8	0.17x	0.17x	11.1x	9.5x
US Foods Holding Corp.	NYSE:USFD	\$21,032.0	\$37,322.0	\$1,546.0	\$39,392.0	\$1,881.3	0.56x	0.53x	13.6x	11.2x
	Mean						0.47x	0.44x	12.6x	10.6x
	Median						0.46x	0.42x	12.4x	10.7x

Source: Capital IQ. | Based on closing stock prices on January 12, 2025 | Presented figures are based each entity's most recent reporting period

Specialty Distribution Market Data (2/2)

Public Company Trading Statistics

(\$ in millions, excluding share price)

Company	Ticker	Enterprise value	LTM Financials		NTM Financials		Enterprise Value as a Multiple of			
			Revenue	EBITDA	Revenue	EBITDA	Revenue		EBITDA	
							LTM	NTM	LTM	NTM
Healthcare										
Cardinal Health, Inc.	NYSE:CAH	\$33,456.9	\$224,454.0	\$2,924.0	\$227,377.7	\$3,186.7	0.15x	0.15x	11.4x	10.5x
Cencora, Inc.	NYSE:COR	\$50,363.4	\$293,958.6	\$4,151.8	\$318,413.8	\$4,357.6	0.17x	0.16x	12.1x	11.6x
Henry Schein, Inc.	NasdaqGS:HSIC	\$13,657.7	\$12,499.0	\$922.0	\$13,198.5	\$1,132.1	1.09x	1.03x	14.8x	12.1x
McKesson Corporation	NYSE:MCK	\$79,302.3	\$330,187.0	\$4,890.0	\$378,185.9	\$6,298.1	0.24x	0.21x	16.2x	12.6x
Owens & Minor, Inc.	NYSE:OMI	\$3,272.6	\$10,661.0	\$582.5	\$11,061.6	\$594.4	0.31x	0.30x	5.6x	5.5x
Patterson Companies, Inc.	NasdaqGS:PDCO	\$3,387.1	\$6,554.9	\$333.1	\$6,698.1	\$353.6	0.52x	0.51x	10.2x	9.6x
	Mean						0.41x	0.39x	11.7x	10.3x
	Median						0.27x	0.25x	11.8x	11.0x
Industrial										
Applied Industrial Technologies, Inc.	NYSE:AIT	\$10,096.6	\$4,483.2	\$541.0	\$4,576.9	\$560.9	2.25x	2.21x	18.7x	18.0x
DNOW Inc.	NYSE:DNOW	\$1,245.4	\$2,357.0	\$172.0	\$2,306.1	\$157.0	0.53x	0.54x	7.2x	7.9x
DXP Enterprises, Inc.	NasdaqGS:DXPE	\$2,175.2	\$1,738.2	\$169.7	\$1,832.0	\$196.0	1.25x	1.19x	12.8x	11.1x
Fastenal Company	NasdaqGS:FAST	\$43,572.6	\$7,546.0	\$1,685.4	\$8,046.6	\$1,814.4	5.77x	5.42x	25.9x	24.0x
MRC Global Inc.	NYSE:MRC	\$1,838.5	\$3,203.0	\$191.0	\$3,123.2	\$201.7	0.57x	0.59x	9.6x	9.1x
MSC Industrial Direct Co., Inc.	NYSE:MSM	\$5,155.9	\$3,795.5	\$460.9	\$3,797.9	\$400.0	1.36x	1.36x	11.2x	12.9x
W.W. Grainger, Inc.	NYSE:GWW	\$56,804.9	\$16,932.0	\$2,837.0	\$17,874.2	\$3,013.5	3.35x	3.18x	20.0x	18.9x
Watsco, Inc.	NYSE:WSO	\$19,180.5	\$7,467.6	\$761.1	\$7,932.4	\$886.5	2.57x	2.42x	25.2x	21.6x
	Mean						2.21x	2.11x	16.3x	15.4x
	Median						1.81x	1.78x	15.7x	15.4x

Source: Capital IQ. | Based on closing stock prices on January 12, 2025 | Presented figures are based each entity's most recent reporting period



Recent Specialty Distribution Transactions (1/6)

Date	Acquirer	Target	Target Description
Pending	Patient Square Capital, LP	Patterson Companies, Inc. (NasdaqGS:PDCO)	Operates as a distributor of dental and animal health products
Pending	TricorBraun	Veritiv's Rigid Containers Business	National distributor of both custom and stock rigid packaging solutions
Pending	Motion Industries, Inc.	Assets of SER Hydraulics Inc	Provider of engineered solutions, services and equipment
Pending	Border States	Dominion Electric Supply Company	Family-owned and operated electrical distributor in the mid-Atlantic
Pending	Sonepar	Madison Electric Company / Standard Electric Company	Distributors of electrical and industrial products
Pending	The Home Depot, Inc. (NYSE:HD)	International Designs Group	Distributor and custom fabricator of design-oriented surfaces, appliances and architectural specialty products
Pending	Platinum Equity	US LBM	Distributor of specialty building materials
Dec-24	Builders FirstSource, Inc. (NYSE:BLDR)	Alpine Lumber	Engages in distributing building materials
Dec-24	NEFCO	Unistrut Midwest	Specialist distributor focused on pipe racks, off-site modules and equipment skids utilizing all-bolted solutions
Dec-24	WILsquare Capital	Automotive Color & Supply	Operates as a prominent regional distributor of automotive and industrial paint and supply products
Dec-24	Veritiv Corporation	Arjay Company	Operates as a distributor of packaging solutions and equipment serving customers
Dec-24	Veritiv Corporation	Orora Packaging Solutions	Manufacturer and distributor of packaging products
Dec-24	Crossplane Capital	Distributor Wire and Cable	Master distributor of electrical wire and cable products
Dec-24	Kodiak Building Partners	Liberty Doors & Windows	Operates as a provider of high-quality doors, windows and millwork
Dec-24	Motion & Control Enterprises	North East Technical Sales, Inc.	A valued-added distributor of instrumentation & control solutions for industrial and municipal customers
Nov-24	DNOW Inc. (NYSE:DNOW)	Trojan Rentals, LLC	Provider of pump rentals, automation technology and sales of layflat hose and other associated equipment
Nov-24	Imperial Dade	San-A-Care, Inc	A distributor of janitorial supplies, chemicals and cleaning equipment
Nov-24	LINC Systems	CORUS Fastening	Distributor of industrial fastening solutions and pneumatic tools
Nov-24	Endries International, Inc	Assembly Fasteners, Inc	A distributor specializing in latches, fasteners, and hardware products and solutions
Nov-24	Shrieve Chemical	Connection Chemical, LP	Full-service distributor of industrial chemicals and fine ingredients
Nov-24	The NEFCO Corporation	Total Tool Supply	Family-operated value-added specialty construction supply company
Nov-24	Veritiv Corporation	PAX Global	Operates as a distributor and converter of custom packaging products

Source: S&P Capital IQ.

Recent Specialty Distribution Transactions (2/6)

Date	Acquirer	Target	Target Description
Nov-24	White Cap	Valley Supply, Inc	Distributor of concrete accessories, fabricated rebar, chemicals and safety products
Sep-24	White Cap	Jobsite Supply, Inc.	Supplier of concrete accessories and forming and shoring solutions
Sep-24	Core & Main, Inc. (NYSE:CNM)	Green Equipment Company	Provider of underground utility protection equipment
Sep-24	Rotunda Capital Partners	Lehman Pipe and Supply, Inc.	Distributor of industrial pipe, valves and fittings (PVF) and ancillary products to commercial HVAC and plumbing contractors
Sep-24	US LBM	Gregory Door & Window	Provides a wide range of windows, doors and hardware along with installation and customization services to residential and commercial builders
Sep-24	Sonepar	Summit Electric Supply	Supplies electrical products and services
Aug-24	Builders FirstSource	Wyoming Millwork	An independent lumber and building material distributor
Aug-24	Motion Industries	LSI Supply	Distributes bearings, seals, power transmission and fluid power components, as well as industrial supplies
Aug-24	Kodiak Building Partners	San Antonio Masonry and Steel	Provider of masonry, stone, stucco and steel products in the San Antonio metropolitan area
Aug-24	Imperial Dade	Inland Supply Company	A foodservice, packaging supplies, industrial products and janitorial supplies distributor
Aug-24	Carlyle	Worldpac	An automotive parts wholesale distributor
Aug-24	Core & Main Inc. (NYSE: CNM)	HM Pipe Products	Distributor of water and wastewater products
Aug-24	Wynnchurch Capital	ORS Nasco	A wholesaler of industrial MRO supplies
Aug-24	Beacon Roofing Supply (Nasdaq:BECN)	Passaic Metal and Building Supplies	Distributor of metal, roofing and siding
Aug-24	Ryerson Holding Corporation (NYSE:RYI)	Production Metals, LLC	Distributor of aluminum, stainless and specialty steels
Aug-24	Singer Industrial	MEP Brothers	Offers industrial and hydraulic hose, gaskets and environmental spill response products
Jul-24	Kodiak Building Partners	Thomas Building Center	Supplier of building materials and services
Jul-24	BradyPLUS	TED Supply	Distributor of JanSan supplies
Jul-24	Stellar Industrial Supply	USA Safety Supply	A personal protection equipment distributor
Jul-24	NEFCO	Modern Fasteners	Distributor in the construction supply industry
Jul-24	US LBM	Automated Products, Inc.	Manufacturer and supplier of structural building components
Jun-24	Winsupply Inc	Forge PolyFab	Operates as a high-density polyethylene (HDPE) supplier

Source: S&P Capital IQ.

Recent Specialty Distribution Transactions (3/6)

Date	Acquirer	Target	Target Description
Jun-24	Threaded Fasteners, Inc.	Ricco Fasteners	Operates as an industrial distributor
Jun-24	AFC Industries	Circle Bolt & Nut	Supplier of fasteners and specialized hardware
Jun-24	Macomb Group	Trident Fire & Fabrication	A manufacturer and distributor of custom fabrication and PVF
Jun-24	The Home Depot, Inc. (NYSE:HD)	SRS Distribution Inc.	Leading distributor of roofing and building materials
Jun-24	Kodiak Building Partners	Simonson Lumber	A prominent leader in the lumber and building materials industry
Jun-24	Belt Power	Mol Belting Systems	A fabricator and distributor of process conveyor belting systems, conveyor accessories and power transmission products
Jun-24	ADI Global Distribution	Snap One Holdings Corp. (Nasdaq:SNPO)	Manufacturer and distributor of smart-living products and services
Jun-24	BradyPLUS	Idaho Package Company	An industrial and agricultural custom packaging distributor
Jun-24	Imperial Dade	Regional Distributors, Inc.	A JanSan and paper products supplier
Jun-24	Honeywell (Nasdaq:HON)	Global Access Solutions	Provides access and security solutions, electronic locking systems and contactless mobile key solutions
May-24	Ferguson plc (NYSE:FERG)	Southwest Geo-Solutions, Inc.	A full-service distributor of erosion control, containment, geotextile and geogrid products
May-24	Ferguson plc (NYSE:FERG)	AVCO Supply, Inc.	Distributor of boilers and hot water heaters and also offers design and specification services
May-24	Ferguson plc (NYSE:FERG)	Safe Step Tubs of Minnesota, Inc.	Distributor of walk-in tubs and showers in the Midwest
May-24	Cordatus Capital	B&J Welding Supply	Supplies industrial gases and propane to the industrial, energy, agricultural and medical end markets
May-24	White Cap	WWJ Rebar	Provider of customized reinforcing steel solutions
May-24	AFC Industries	Meg Technologies Inc.	Distributor of fasteners used in aerospace applications
May-24	TopBuild Corp. (NYSE:BLD)	Insulation Works	Distributor of commercial and residential lighting products
May-24	Gypsum Management & Supply (NYSE: GMS)	Yvon Building Supply	Provides drywall, insulation, steel, ceilings and other complementary products and related services
May-24	Imperial Dade	3G Packaging	Operates as an industrial packaging distributor
May-24	Motion Industries	Allied Circuits	Designs, manufactures, distributes and services industrial control panels and electro-mechanical assemblies
May-24	Macomb Group	Woodhill Supply	Distributor of PVF supplies, bathroom and kitchen fixtures and HVAC equipment
May-24	White Cap	National Ladder & Scaffold Company	Distributor of safety products, equipment and workwear for contractors

Source: S&P Capital IQ.

Recent Specialty Distribution Transactions (4/6)

Date	Acquirer	Target	Target Description
May-24	Kodiak Building Partners	Valley Lumber & Rental	Operates as a distributor of hardware and building supplies to contractors and homeowners
May-24	BlackHawk Industrial	Factory Outlet Tooling	Manufacturing tool distributor serving diverse sectors, including metalworking, aerospace, oil and gas and auto
May-24	Imperial Dade	R.D. McMillen Inc.	Distributor of jan/san products
May-24	Belt Power	Avtech Industrial Products	Distributor of conveyor belts, motors, drives, hose & Fittings, gearboxes and other industrial products
May-24	Diploma PLC (LSE:DPLM)	Peerless Aerospace Fastener LLC	Distributor of specialty fasteners into the US and European aerospace markets
May-24	Lawson Products, Inc.	S & S Automotive, Inc.	A leading automotive and industrial parts supplier
May-24	TricorBraun	UniquePak	Specialized distributor of beverage focused packaging products
May-24	Motion & Control Enterprises	General Machinery Company	Distributor of automation and electrical products and also offers related repair services
Apr-24	Venturi Supply LLC	Monumental Supply Co., LLC	Distributor of pipes, valves, fittings and other specialty products
Apr-24	Purvis Industries	PTE Drives	Full line industrial distributor that offers bearings, power transmission, electrical and other products
Apr-24	Greif	Ipackchem	Manufacturer and distributor of high-performance rigid plastic barrier packaging products
Apr-24	Martin Supply	Trinity Hardware	Manufacturer and distributor of wear parts, components and accessories
Apr-24	White Cap Supply Holdings	Bend Construction Supply Inc.	Specialty distributor focused on providing products for concrete, mechanical and electrical contractors
Apr-24	Shearer Supply	Climatic Comfort Products	An independent distributor of HVAC equipment, parts and supplies
Apr-24	NEFCO	Unicoa	Supplies tools, equipment and accessories for the construction, pipeline and industrial business
Apr-24	Reliance, Inc. (NYSE: RS)	American Alloy Steel	Distributor of specialty carbon and alloy steel plate and round bar
Apr-24	WT Microelectronics (TWSE:3036)	Future Electronics Inc.	Distributor of electronic components
Apr-24	Vallen Distribution, Inc.	WESCO Integrated Supply, Inc.	Engages in the industrial maintenance, repair and operations (MRO) integrated supply business
Mar-24	DNOW Inc. (NYSE:DNOW)	Whitco Supply, LLC	Operates as a distributor of PVF and automation products
Mar-24	Meritus Gas Partners	A-OX Welding Supply	An independent distributor of industrial gases, welding and safety supplies
Mar-24	Spartan Tool Supply	Foundation Investment Partners	Operates as a distributor of industrial power tools and equipment

Source: S&P Capital IQ.

Recent Specialty Distribution Transactions (5/6)

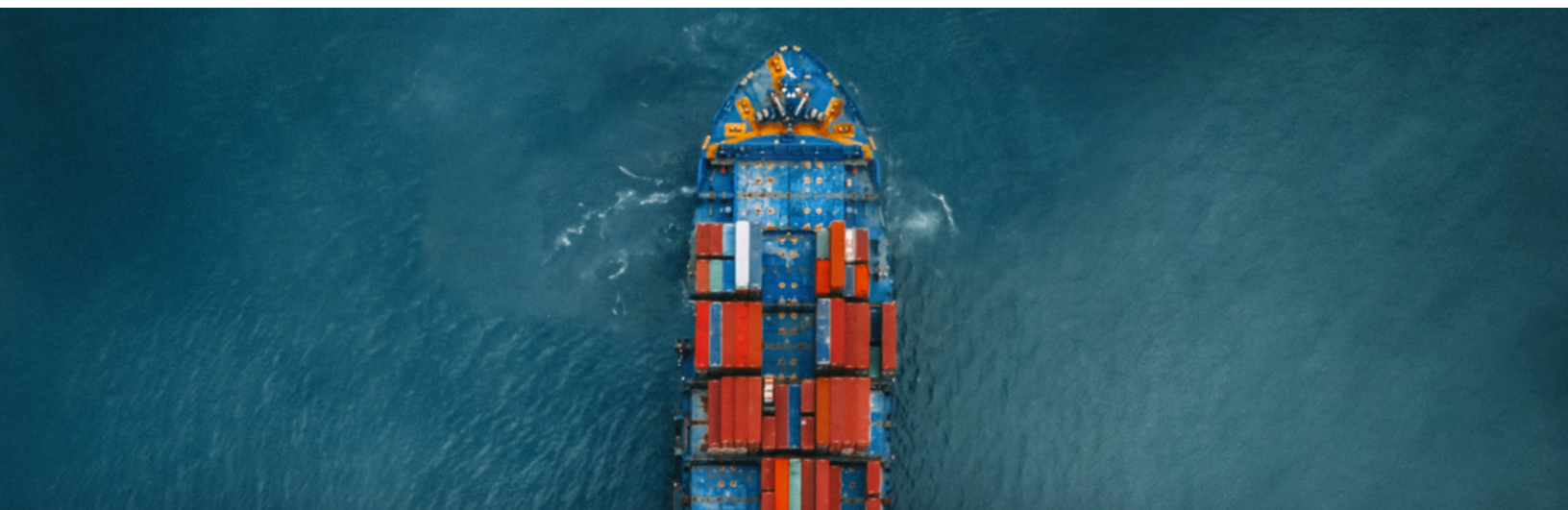
Date	Acquirer	Target	Target Description
Mar-24	AFC Industries	Globe International	Supplier of fasteners, door hardware and galvanized aircraft cable
Mar-24	Core & Main, Inc. (NYSE:CNM)	Dana Kepner Company, LLC	Distributor of water, wastewater, storm drainage and geotextile products
Mar-24	GMS Inc. (NYSE:GMS)	Kamco Building Supply Corp.	Supplier of ceilings, wallboard, steel, lumber and other complementary construction products
Mar-24	US LBM	Homestead Building Systems	Building component manufacturer and distributor in the Mid-Atlantic region
Mar-24	Endries International, Inc	Ace Bolt & Screw Co. Inc	Fastener distributor with operations across the southeastern United States
Mar-24	Ferguson plc (NYSE:FERG)	Yorkwest Plumbing Supply Inc.	Operates as a distributor of plumbing, municipal, hydronics, institutional, HVAC and industrial products
Mar-24	Imperial Dade	Brawner Paper Company, Inc.	Engages in the distribution of paper and janitorial supplies
Mar-24	Graybar Electric Company, Inc.	Blazer Electric Supply Co.	Electrical distributor that serves construction, commercial, institutional and industrial customers
Feb-24	Bunzl plc (LSE:BNZL)	Nisbets Plc	Supplies and markets catering equipment
Feb-24	Nautic Partners, LLC	SurfacePrep	Distributor of loose and coated abrasives, specialty ceramic materials and related spare parts and equipment
Feb-24	Veritiv Corporation	Vivabox Solutions, LLC	Asset light provider of high-end kitting and packaging solutions
Feb-24	DXP Enterprises, Inc.	Kappe Associates, Inc.	Distributor and manufacturer of pumps, controls and process equipment
Feb-24	Beacon Roofing Supply (Nasdaq:BECN)	Roofers Supply of Greenville, Inc.	Distributor of building products and design services
Feb-24	Imperial Dade	Allston Supply Company, Inc.	Operates as a distributor of jan/san products
Jan-24	Ferguson plc (NYSE:FERG)	Grove Supply, Inc.	Operates as a plumbing and HVAC distributor that serves the residential trade, builder and remodel markets
Jan-24	MSC Industrial Direct Co., Inc. (NYSE:MSM)	Kar Industrial Inc	Metalworking distributor supplying measuring and cutting tools, machine tool accessories and supplies
Jan-24	Lawson Products, Inc.	Emergent Safety Supply	Operates as a national distributor of safety and jan/san products
Jan-24	Motion & Control Enterprises, LLC	Piedmont Electric Repair Company	Distributes a broad range of industrial products and services
Jan-24	Mallory Safety and Supply, Inc.	Rocky Mountain Industrial Supply	Operates as a safety and industrial products distributor
Jan-24	Core & Main, Inc. (NYSE:CNM)	Lee Supply Company Inc	Supplier and specialty fabricator of engineered HDPE pipe, fittings, pumps and pipe systems
Jan-24	TricorBraun	Plas-Pak	Operates a plastic packaging distributor and manufacturer

Source: S&P Capital IQ.

Recent Specialty Distribution Transactions (6/6)

Date	Acquirer	Target	Target Description
Jan-24	Ferguson plc (NYSE:FERG)	Harway Appliances	Distributor of high-end kitchen appliances for homeowners, custom home builders and designers
Jan-24	Core & Main, Inc. (NYSE:CNM)	Eastern Supply, Inc.	Distributor of a broad range of storm drainage products with custom fabrication capabilities
Jan-24	Kodiak Building Partners	Gross-Yowell	Distributor of building materials and services
Jan-24	Fortive Corporation	EA Holding GmbH	Supplier of high-power electronic test solutions
Jan-24	SupplyOne	Crownhill Packaging	Distributor of specialty packaging products and value-added services
Jan-24	Stellar Industrial	IMC Supply	A wholesale MRO supplier specializing in cutting tools for the industrial and construction industries

Source: S&P Capital IQ.



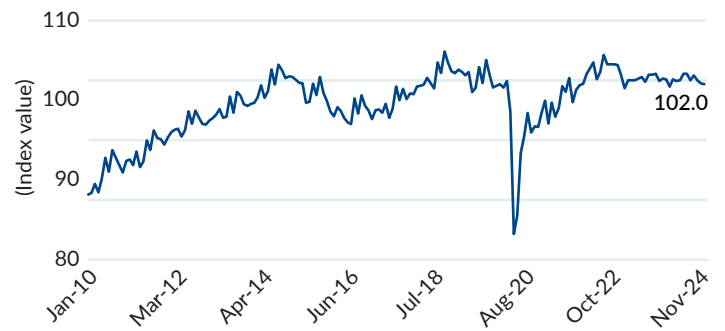
Economic Trends and Market Data (1/3)

CHART 2: S&P 500 PERFORMANCE



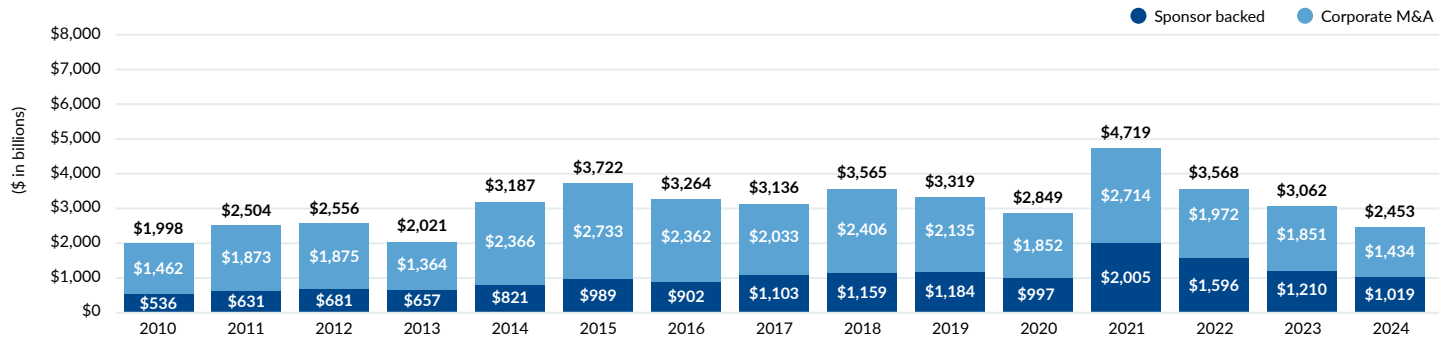
Source: Capital IQ.

CHART 3: INDUSTRIAL PRODUCTION INDEX



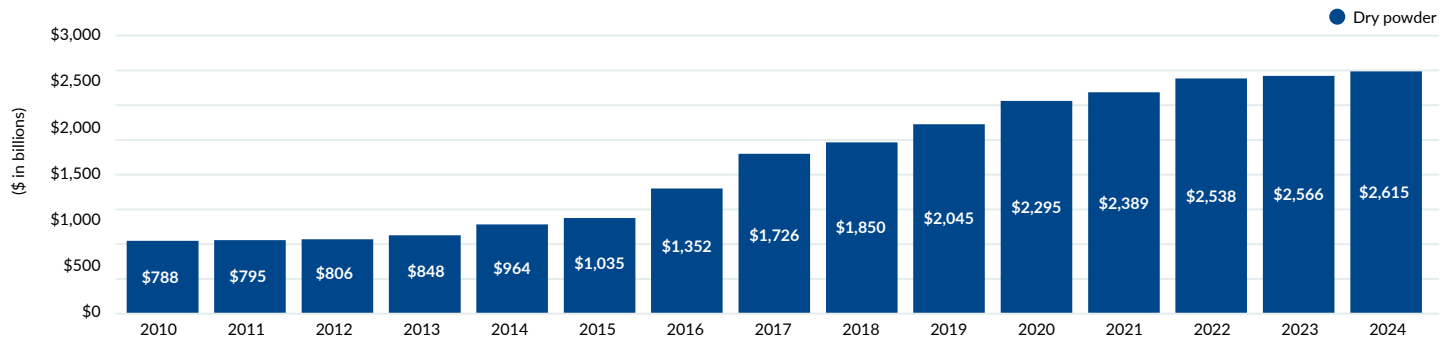
Source: Federal Reserve Bank of Chicago.

CHART 4: GLOBAL SPONSOR LED BUYOUTS



Source: Pitchbook.

CHART 5: PE DRY POWDER

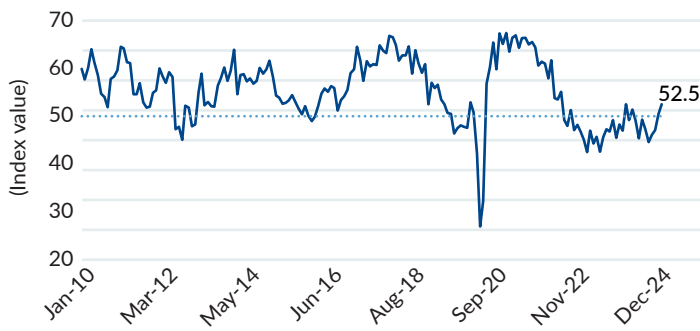


Source: Source: Pitchbook.

Past performance is not necessarily indicative of future results.

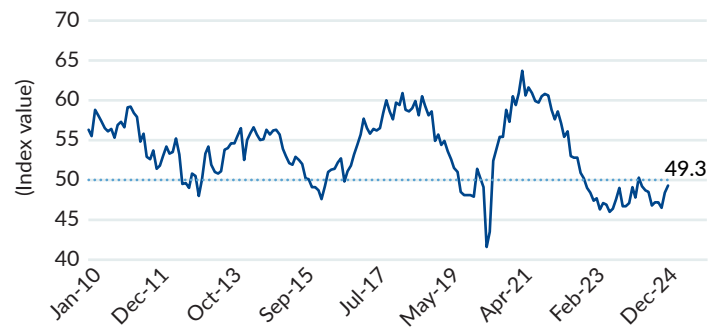
Economic Trends and Market Data (2/3)

CHART 6: ISM NEW ORDERS INDEX



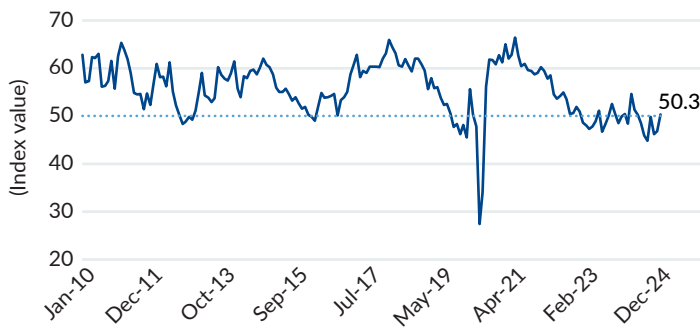
Source: ISM.

CHART 7: PURCHASING MANAGERS' INDEX



Source: ISM.

CHART 8: ISM PRODUCTION INDEX



Source: ISM.

CHART 9: CONSUMER PRICE INDEX



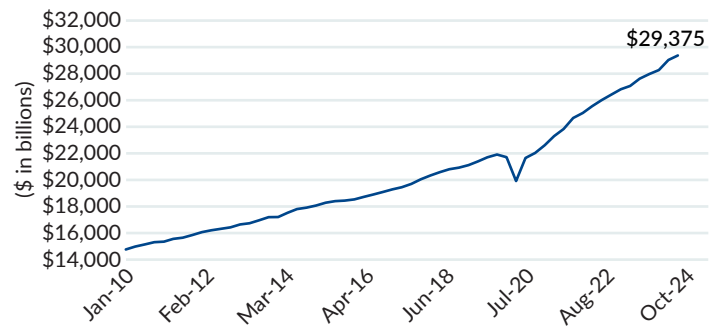
Source: St. Louis Federal Reserve.

CHART 10: HOUSING STARTS



Source: St. Louis Federal Reserve.

CHART 11: U.S. GDP

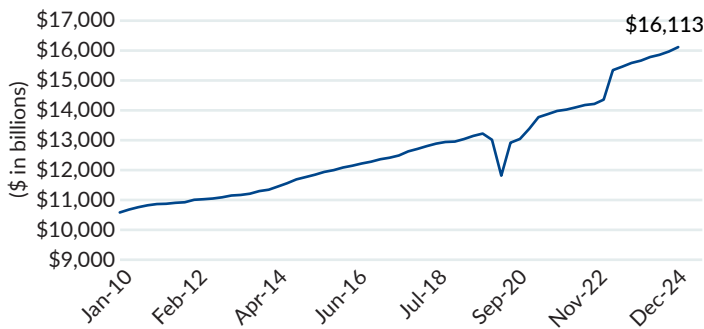


Source: St. Louis Federal Reserve.

Past performance is not necessarily indicative of future results.

Economic Trends and Market Data (3/3)

CHART 12: PERSONAL CONSUMPTION



Source: St. Louis Federal Reserve.

CHART 13: CONSUMER CONFIDENCE



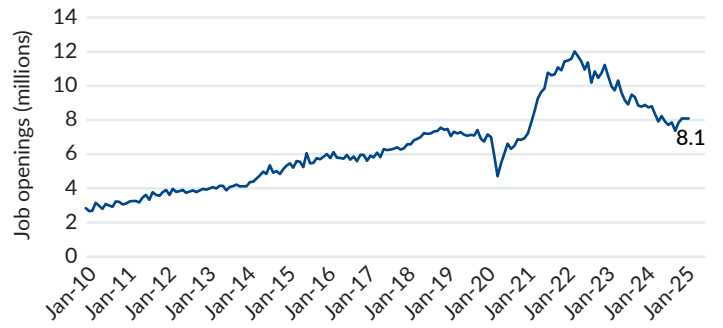
Source: University of Michigan.

CHART 14: LABOR FORCE PARTICIPATION



Source: U.S. Bureau of Labor Statistics.

CHART 15: JOB OPENINGS



Source: U.S. Bureau of Labor Statistics.

CHART 16: UNEMPLOYMENT RATE



Source: U.S. Bureau of Labor Statistics.

CHART 17: FREIGHT TRANSPORTATION



Source: Federal Reserve Bank of St. Louis.

Past performance is not necessarily indicative of future results.

Specialty Distribution

Mesirow's recent distribution transaction experience¹

<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p> 
<p>SELL-SIDE ADVISOR</p>  <p>Stylish Decor • Affordable Prices</p> <p>HAS PARTNERED WITH</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p> 	<p>BUY-SIDE ADVISOR</p>  <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>  <p>HAS ACQUIRED</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>HAS BEEN ACQUIRED BY FUNDS ASSOCIATED WITH</p>  <p>combines with existing investments in</p> 
<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <p>WOOD PRODUCT ASSEMBLY AND PACKAGING SPECIALISTS</p> <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p> 	<p>SELL-SIDE ADVISOR</p>  <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	

1. As of 12.31.2024.

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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