



# Specialty Distribution Industry Update

Business Services M&A  
KPMG Corporate Finance LLC  
Q4 2023

# Specialty Distribution Overview

Specialty distribution industry participants include distributors and suppliers of specialty products and parts covering a variety of end markets. Key public industry players are categorized by sub-sectors as follows:

Sub-sector	Mean Public Trading Multiples <sup>(1)</sup>	Description of Business Platform	Key Select Industry Leadership
Automotive	TEV / LTM Rev: 2.26x TEV / LTM EBITDA: 13.3x	Omni-channel suppliers of aftermarket parts and accessories	<ul style="list-style-type: none"> <li>• AutoZone</li> <li>• Dorman Products</li> <li>• Genuine Parts Company</li> <li>• LKQ Corporation</li> <li>• O' Reilly Automotive</li> </ul>
Building Products	TEV / LTM Rev: 1.17x TEV / LTM EBITDA: 10.8x	Suppliers of products used in residential and commercial construction applications	<ul style="list-style-type: none"> <li>• Adentra</li> <li>• Beacon Roofing Supply</li> <li>• Boise Cascade</li> <li>• Builders FirstSource</li> <li>• CRH</li> <li>• Ferguson</li> <li>• GMS</li> <li>• SiteOne Landscape Supply</li> </ul>
Consumer Products	TEV / LTM Rev: 2.20x TEV / LTM EBITDA: 15.3x	Distributors of specialty residential products	<ul style="list-style-type: none"> <li>• Central Garden &amp; Pet Company</li> <li>• Fortune Brands Innovations</li> <li>• Pool Corporation</li> </ul>
Food Service	TEV / LTM Rev: 0.45x TEV / LTM EBITDA: 11.6x	Suppliers of food and non-food products to restaurants, hospitals, and schools and universities	<ul style="list-style-type: none"> <li>• Bunzl</li> <li>• Performance Food Group</li> <li>• SpartanNash</li> <li>• Sysco Corporation</li> <li>• United Natural Foods</li> <li>• US Foods Holding</li> </ul>
Healthcare	TEV / LTM Rev: 0.50x TEV / LTM EBITDA: 10.5x	Providers of pharmaceuticals, medical supplies, equipment, and devices	<ul style="list-style-type: none"> <li>• AdaptHealth</li> <li>• Cardinal Health</li> <li>• Cencora</li> <li>• Henry Schein</li> <li>• McKesson</li> <li>• Owens &amp; Minor</li> <li>• Patterson Companies</li> </ul>
Industrial	TEV / LTM Rev: 1.77x TEV / LTM EBITDA: 12.3x	B2B distributors of products, equipment, and supplies across a range of industrial applications	<ul style="list-style-type: none"> <li>• Applied Industrial Technologies</li> <li>• DXP Enterprises</li> <li>• Fastenal</li> <li>• Global Industrial</li> <li>• Kaman Corporation</li> <li>• L'Air Liquide</li> <li>• MRC Global</li> <li>• MSC Industrial Direct</li> <li>• NOV</li> <li>• NOW</li> <li>• Rexel</li> <li>• SPX Technologies</li> <li>• W.W. Grainger</li> <li>• Watsco</li> <li>• WESCO International</li> </ul>
Specialty Chemical	TEV / LTM Rev: 3.41x TEV / LTM EBITDA: 15.7x	Suppliers of smaller volume chemical products used in specialty applications	<ul style="list-style-type: none"> <li>• Air Products and Chemicals</li> <li>• Brenntag</li> <li>• Hawkins</li> <li>• IMCD</li> <li>• Linde</li> </ul>

Source: Market statistics sourced from Capital IQ and based on 12/31/2023




(1) Valuation Multiples represent Enterprise Value to LTM Revenue and LTM EBITDA at 12/31/2023



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# Specialty Distribution Overview (cont.)


**Current Trending Legend**

 Positive
  Neutral
  Negative

## U.S. Specialty Distribution Market Insights

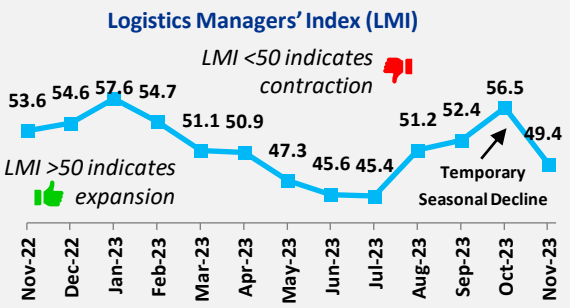
The specialty distribution sector continues to be positively impacted by improved U.S. manufacturing activity, improved supply chain conditions and logistics activity, and a sustained increase in onshoring investment

**Logistics Activity**

**Current Trending** 


- The Logistics Managers' Index (LMI), which gauges the health of the logistics industry, slightly decreased to 49.4 in Nov-23
- The recent dip is attributed to a slowdown in warehousing and transportation utilization
- Further, decreased inventory levels due to Q4 holiday sales and higher inventory costs contributed to the decline
- The decline in Nov-23 is anticipated to be seasonal and temporary

**Logistics Managers' Index (LMI)**



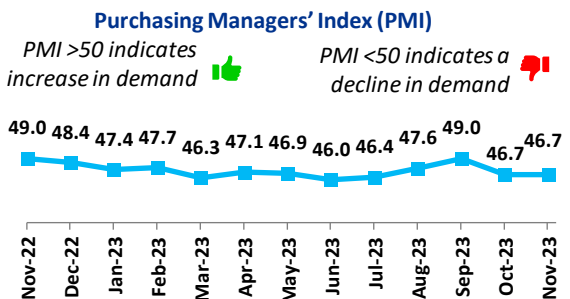
Month	LMI Value
Nov-22	53.6
Dec-22	54.6
Jan-23	57.6
Feb-23	54.7
Mar-23	51.1
Apr-23	50.9
May-23	47.3
Jun-23	45.6
Jul-23	45.4
Aug-23	51.2
Sep-23	52.4
Oct-23	56.5
Nov-23	49.4

**Manufacturing Activity**

**Current Trending** 


- U.S. manufacturing activity remained resilient over the last year on account of new orders and backlog, and decreased prices
- The ISM Purchasing Managers' Index (PMI), which measures the manufacturing sector performance, slightly decreased to 46.7 in Nov-23, though is relative unchanged since Nov-22
- Stabilization of the PMI indicates positive momentum across the sector

**Purchasing Managers' Index (PMI)**



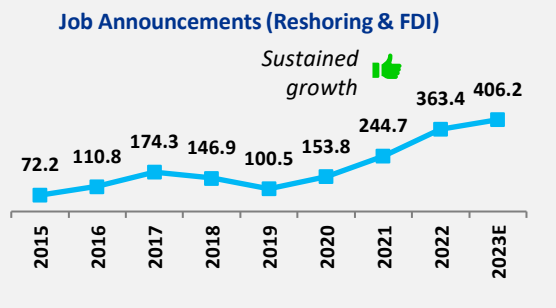
Month	PMI Value
Nov-22	49.0
Dec-22	48.4
Jan-23	47.4
Feb-23	47.7
Mar-23	46.3
Apr-23	47.1
May-23	46.9
Jun-23	46.0
Jul-23	46.4
Aug-23	47.6
Sep-23	49.0
Oct-23	46.7
Nov-23	46.7

**Onshoring Activity**

**Current Trending** 

- Onshoring investment is a leading indicator for distribution activity
- Companies continue to drive onshoring efforts to enhance domestic U.S. production
- Drivers of growth include supportive government initiatives and incentives (Inflation Reduction Act, CHIPS act, etc.) and uncertainties stemming from geopolitical tensions such as the Russia-Ukraine conflict and U.S.-China trade relations

**Job Announcements (Reshoring & FDI)**



Year	Job Announcements
2015	72.2
2016	110.8
2017	174.3
2018	146.9
2019	100.5
2020	153.8
2021	244.7
2022	363.4
2023E	406.2

## Specialty Distribution Deal Spotlight: KPMG CF advises W.W. Grainger, Inc. on its sale of E&R Industrial, Inc.




has divested



to



December 2023

- KPMG Corporate Finance acted as an exclusive financial advisor to W.W. Grainger, Inc. (NYSE: GWW) ("Grainger") on the sale of E&R Industrial Sales, Inc. ("E&R Industrial") to Paradigm Equity Partners, a Los Angeles-based private equity firm
- Headquartered in Sterling Heights, MI and with operations throughout the Midwest and Mid-Atlantic regions, E&R Industrial is a distributor of specialty metal working and MRO products to diverse end markets
- E&R Industrial distributes and provides a comprehensive product portfolio and customer centric distribution and inventory management solutions, such as on-site vending and tool crib management programs
- The Company manages a network of 3,500+ suppliers to provide customers with products and solutions that satisfy complex operational and manufacturing requirements
- E&R Industrial has operated as a subsidiary of Grainger since being acquired in 2013

Source: Market statistics sourced from Capital IQ. Industry data sourced from publicly available information

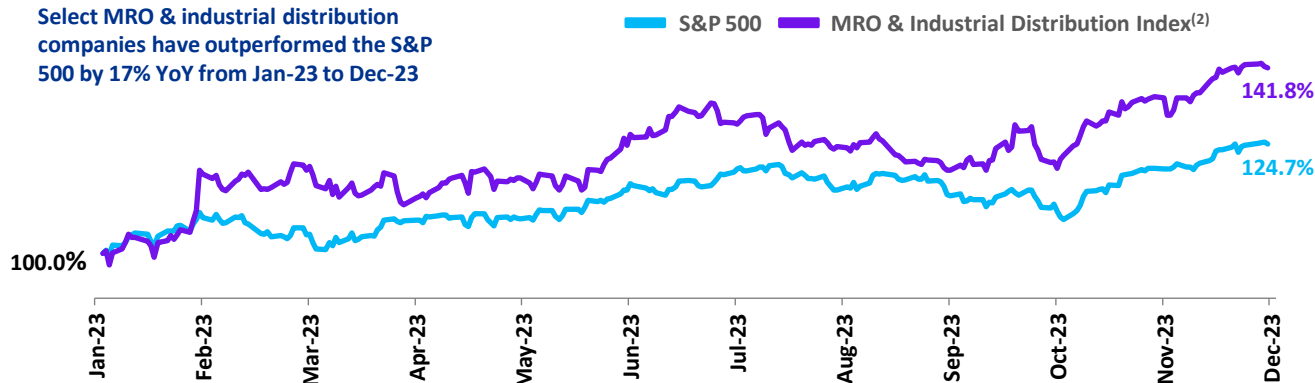
# Specialty Distribution Overview (cont.)

## Q3 / Q4-23 MRO & Industrial Distribution Earnings Summary

Company	Earnings Date	M&A Sentiment	Management M&A Commentary
DXP Enterprises	November 9	Active	<ul style="list-style-type: none"> <li>Seeking to acquire a minimum of 4 to 5 companies by the end of Q1-24, as DXP's acquisition pipeline continues to grow</li> <li>Anticipate raising \$125mm of capital to support the acquisition program</li> </ul>
WESCO International	November 2	Opportunistic	<ul style="list-style-type: none"> <li>Committed focus on reducing leverage, increasing shareholder returns, and investing in strategic objectives, which may include M&amp;A</li> </ul>
Distribution Solutions Group	November 2	Active	<ul style="list-style-type: none"> <li>Focused on a prudent balance between organic and inorganic growth</li> <li>With strong liquidity (available capital), the Company is well positioned to capitalize on M&amp;A opportunities as they arise</li> </ul>
Global Industrial Company	October 31	Opportunistic	<ul style="list-style-type: none"> <li>With a strong balance sheet, the Company has resources to execute organic and strategic inorganic growth opportunities</li> </ul>
W.W. Grainger	October 26	Pause	<ul style="list-style-type: none"> <li>Focused on organic growth and other strategic initiatives</li> </ul>
MSC Industrial Direct Co.*	October 25	Active	<ul style="list-style-type: none"> <li>Deprioritized special dividends which will enable the Company to focus on both organic and in-organic growth opportunities</li> </ul>
Fastenal Company	October 12	Pause	<ul style="list-style-type: none"> <li>Plans to focus on organic growth</li> </ul>

## MRO & Industrial Distribution Index Stock Performance

Select MRO & industrial distribution companies have outperformed the S&P 500 by 17% YoY from Jan-23 to Dec-23



Recently reported MRO distribution businesses had mixed performance on an earning per share (EPS) and revenue basis in Q3 / Q4-23

MRO Distributors	Consensus Estimate		Actual Results		% Difference	
	EPS <sup>(1)</sup>	Revenue	EPS <sup>(1)</sup>	Revenue	EPS <sup>(1)</sup>	Revenue
WESCO International	\$3.87	\$5,644	\$4.49	\$5,644	16.0%	0.0%
W.W. Grainger	\$8.93	\$4,216	\$9.43	\$4,208	5.6%	(0.2)%
Fastenal Company	\$0.50	\$1,851	\$0.52	\$1,846	4.0%	(0.3)%
MSC Industrial Direct Co.*	\$1.74	\$1,020	\$1.74	\$1,054	0.0%	3.4%
Distribution Solutions Group	\$0.24	\$452	\$0.17	\$439	(29.2)%	(2.8)%
DXP Enterprises	\$0.96	\$432	\$0.95	\$419	(1.0)%	(2.9)%
Global Industrial Company	\$0.50	\$341	\$0.54	\$355	5.9%	3.9%

Source: Market statistics sourced from Capital IQ and based on 12/31/2023. All figures in USD and in millions (except share price data), where applicable, converted at rates as of 12/31/2023

(1) Normalized EPS that excludes the effects of exceptional items to standardize the metric across the peer group

(2) Select MRO & Industrial Distribution companies include those defined in the table above

\* MSC Industrial Direct Co. reported Q4 2023 Earnings on Oct 25th, 2023



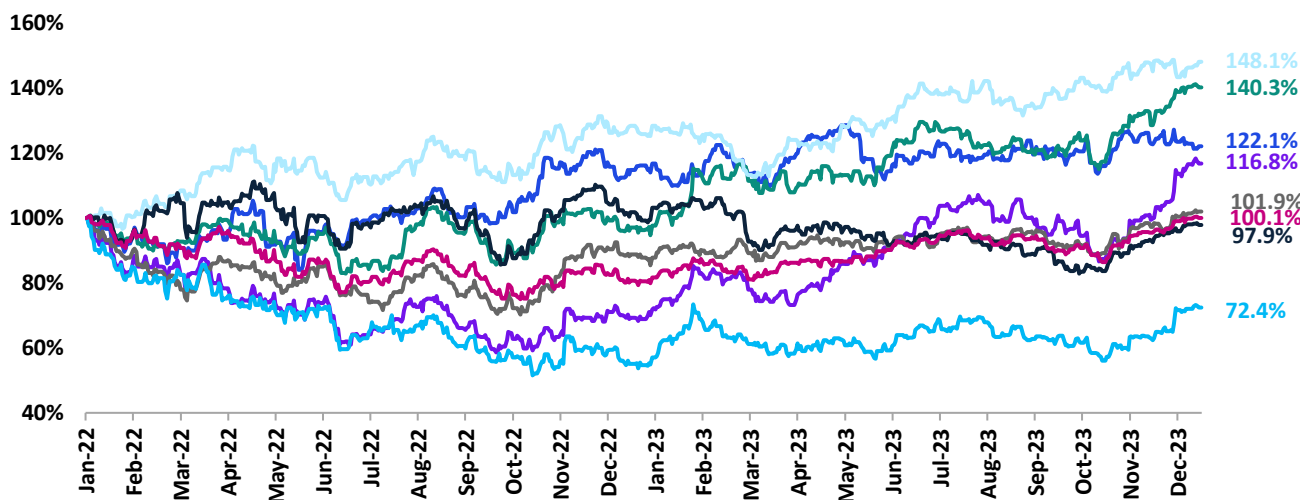
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# Specialty Distribution Public Markets Update

LTM Specialty Distribution sub-sectors performance has varied relative to the S&P 500 (0.1% as of Dec-23)

Sub-sectors	Performance (1/1/22 – 12/31/23)	Mean EV/LTM EBITDA Multiples
Automotive	22.1%	13.3x
Building Products	16.8%	10.8x
Consumer Products	(27.6%)	15.3x
Food Service	(2.1%)	11.6x
Healthcare	48.1%	10.5x
Industrial	40.3%	12.3x
Specialty Chemicals	1.9%	15.7x
<b>S&amp;P 500</b>	<b>0.1%</b>	

## 2022 to 2023 Indexed Stock Performance

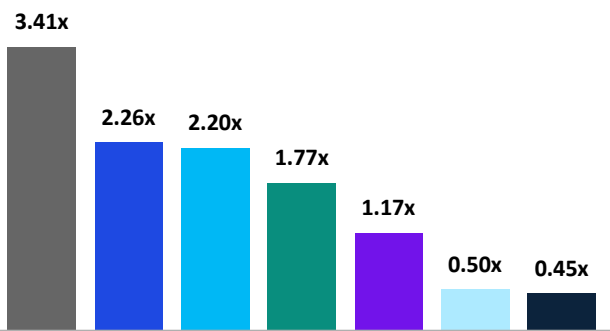


### Key

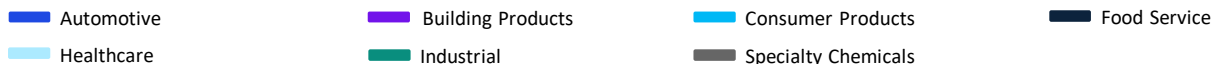
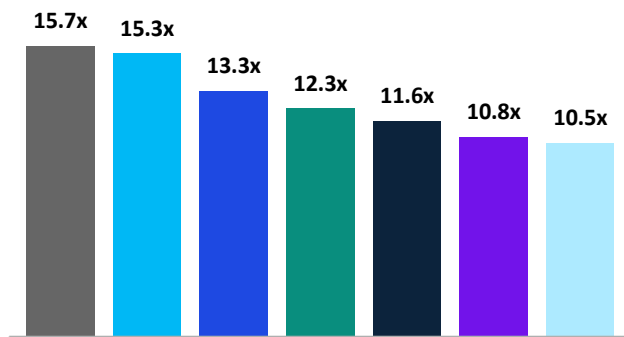


## Financial Metrics<sup>(1)</sup> for Specialty Distribution Peer Groups (12/31/2023)

### EV/LTM Revenue



### EV/LTMEBITDA



Source: Market statistics sourced from Capital IQ

(1) Financial metrics represent the average of constituents reporting in respective category

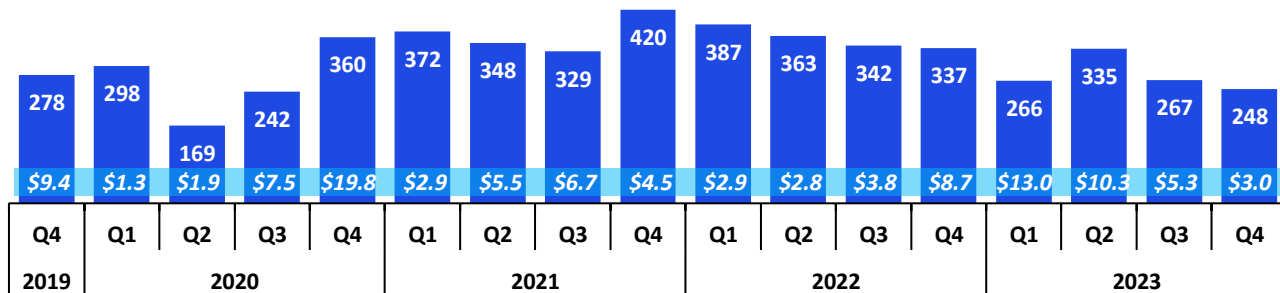


# Specialty Distribution M&A Market Commentary

- Announced year-over-year, global Q4 2023 transaction value decreased to \$3.0 bn compared to \$8.7 bn in Q4 2022. Over the same period, announced M&A transaction volume decreased ~26.4%
- Announced Quarter-over-quarter, global Q4 2023 transaction activity decreased ~7.1% compared to Q3 2023. Over the same period, announced transaction value decreased from \$5.3 bn to \$3.0 bn

## Specialty Distribution Announced Deal Volume and Value<sup>(1)</sup>

Deal Volume (# of transactions); Deal Value (\$ in bn)



## Recent Notable U.S. Specialty Distribution Deals

<p><b>KPMG</b> December 2023 <b>E&amp;R Industrial / Paradigm Equity Partners</b></p> <p>Paradigm Equity Partners, a LA-based private equity firm, has acquired E&amp;R Industrial from W.W. Grainger. Transaction terms were undisclosed. E&amp;R Industrial is a distributor of specialty metal working and MRO products. KPMG CF served as exclusive financial advisor to W.W. Grainger.</p>	<p>November 2023 <b>Veritiv Corporation / Clayton, Dubilier &amp; Rice</b></p> <p>Clayton, Dubilier &amp; Rice, a New York based private equity firm, has acquired Veritiv Corporation, for \$2.9 bn, 0.45x LTM Revenue, and 5.5x LTM EBITDA. Veritiv Corporation distributes packaging, facility solutions, and hygiene products.</p>
<p>November 2023 <b>Edward Don &amp; Company / Sysco Corporation</b></p> <p>Sysco Corporation, a supplier of food and related products to the foodservice and food-away-from-home industries, has acquired Edward Don &amp; Company, a distributor of foodservice equipment, supplies, and disposables. Transaction terms were undisclosed.</p>	<p>November 2023 <b>Power Grid Supply / EIS Legacy, Audax Management Company</b></p> <p>EIS Legacy, a distributor of process materials, production supplies, and other repair products (backed by Audax), has acquired Power Grid Supply, a distributor of transformer parts. Transaction terms were undisclosed.</p>
<p>November 2023 <b>H &amp; H Roofing Supply / Beacon Roofing Supply</b></p> <p>Beacon Roofing Supply, a distributor of building products, including roofing materials, siding, and waterproofing, has acquired H &amp; H Roofing Supply, a distributor of roofing materials. Transaction terms were undisclosed.</p>	<p>October 2023 <b>AMW Construction Supply / GMS</b></p> <p>GMS, a supplier of specialty building products including wallboard, ceilings, and construction products, has acquired AMW Construction Supply, a provider of tools, fasteners, and other complementary products. Transaction terms were undisclosed.</p>
<p>August 2023 <b>Univar Solutions / Apollo Global Management; Abu Dhabi Investment Authority</b></p> <p>Apollo Management and Abu Dhabi Investment Authority Global (operating as investment firms), have acquired Univar Solutions, a chemical and ingredients distributor, for \$8.5 bn, 0.71x LTM Revenue, and 7.3x LTM EBITDA.</p>	<p>May 2023 <b>KPMG Fastbolt Corporation / AFC Industries, Bertram Capital</b></p> <p>AFC Industries, a distributor of industrial products (backed by Bertram Capital), has acquired Fastbolt Corporation for an undisclosed sum. Fastbolt distributes fasteners and related electro-mechanical and wiring products. KPMG CF served as exclusive financial advisor to Fastbolt.</p>

(1) Market statistics sourced from Capital IQ, Merger Market, Pitchbook, Wall Street research, press releases. Notes: M&A analysis based on deals announced during respective periods. Deal value represents aggregate deal value for disclosed transactions for time periods noted above

# Select Public Specialty Distribution Companies

## Public Markets Key Trading Statistics (12/31/2023)

Sub-sectors	Indexed Share Price % Change		LTM Financials		Valuation Multiples Enterprise Value To:	
	1/1/21 - 12/31/23	1/1/22 - 12/31/23	Gross Margin	EBITDA Margin	LTM Revenue	LTM EBITDA
Automotive	104.5%	22.1%	42.7%	16.2%	2.26x	13.3x
Building Products	82.0%	16.8%	29.1%	11.3%	1.17x	10.8x
Consumer Products	5.7%	(27.6%)	33.2%	13.9%	2.20x	15.3x
Food Service	20.5%	(2.1%)	16.8%	3.6%	0.45x	11.6x
Healthcare	85.0%	48.1%	13.9%	5.8%	0.50x	10.5x
Industrial	73.5%	40.3%	32.6%	13.0%	1.77x	12.3x
Specialty Chemicals	33.0%	1.9%	28.4%	20.2%	3.41x	15.7x
<b>Specialty Distribution Sector Mean</b>	<b>71.9%</b>	<b>19.4%</b>	<b>28.1%</b>	<b>11.7%</b>	<b>1.57x</b>	<b>12.4x</b>

## Public Markets Detail (12/31/2023)

Company	Country	Market Data			LTM Financials			Valuation Multiples Enterprise Value To:				
		Share Price	% 52-Wk High	Market Cap <sup>(1)</sup>	Enterprise Value <sup>(2)</sup>	Revenue	Gross Margin	EBITDA Margin	LTM Revenue	LTM EBITDA	CY 2023 Revenue	CY 2023 EBITDA
<b>Automotive</b>												
O'Reilly Automotive, Inc.	US	\$950.08	94.4%	\$56,209	\$63,456	\$15,625	51.1%	22.7%	4.06x	17.9x	4.01x	17.6x
AutoZone, Inc.	US	\$2,585.61	94.0%	\$44,710	\$56,296	\$17,662	52.6%	23.3%	3.19x	13.7x	3.19x	13.8x
Genuine Parts Company	US	\$138.50	76.4%	\$19,417	\$23,015	\$23,028	35.7%	8.9%	1.00x	11.3x	0.99x	10.7x
LKQ Corporation	US	\$47.79	80.5%	\$12,789	\$18,118	\$13,366	40.4%	12.9%	1.36x	10.5x	1.31x	10.4x
Dorman Products, Inc.	US	\$83.41	81.6%	\$2,626	\$3,295	\$1,937	33.5%	13.0%	1.70x	13.1x	1.70x	11.7x
<b>Mean</b>							<b>42.7%</b>	<b>16.2%</b>	<b>2.26x</b>	<b>13.3x</b>	<b>2.24x</b>	<b>12.8x</b>
<b>Median</b>							<b>40.4%</b>	<b>13.0%</b>	<b>1.70x</b>	<b>13.1x</b>	<b>1.70x</b>	<b>11.7x</b>
<b>Building Products</b>												
CRH plc	IE	\$69.16	99.6%	\$47,725	\$55,319	\$33,861	33.7%	17.6%	1.63x	9.3x	1.55x	8.6x
Ferguson plc	GB	\$192.15	99.1%	\$39,258	\$43,778	\$29,511	30.3%	10.2%	1.48x	14.5x	1.49x	14.7x
Builders FirstSource, Inc.	US	\$166.94	97.6%	\$20,592	\$24,418	\$17,304	34.9%	16.0%	1.41x	8.8x	1.44x	8.8x
SiteOne Landscape Supply, Inc.	US	\$162.50	92.2%	\$7,333	\$8,164	\$4,226	34.7%	8.9%	1.93x	21.7x	1.91x	20.1x
Beacon Roofing Supply, Inc.	US	\$87.02	97.3%	\$5,508	\$8,442	\$8,790	25.8%	9.8%	0.96x	9.8x	0.93x	9.1x
Boise Cascade Company	US	\$129.36	98.4%	\$5,121	\$4,378	\$6,822	21.0%	11.5%	0.64x	5.6x	0.64x	5.8x
GMS Inc.	US	\$82.43	97.4%	\$3,282	\$4,469	\$5,369	32.4%	11.3%	0.83x	7.4x	0.83x	7.2x
ADENTRA Inc.	CA	\$24.21	87.6%	\$541	\$1,148	\$2,299	20.5%	5.3%	0.50x	9.3x	0.50x	6.4x
<b>Mean</b>							<b>29.1%</b>	<b>11.3%</b>	<b>1.17x</b>	<b>10.8x</b>	<b>1.16x</b>	<b>10.1x</b>
<b>Median</b>							<b>31.3%</b>	<b>10.7%</b>	<b>1.19x</b>	<b>9.3x</b>	<b>1.19x</b>	<b>8.7x</b>

Source: Market statistics sourced from Capital IQ.

All figures in USD and in millions (except share price data), where applicable, converted at rates as of 12/31/2023

(1) Market Capitalization based on closing share prices as of 12/31/2023

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents



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# Select Public Specialty Distribution Companies (cont.)

Public Markets Detail (12/31/2023)

Company	Country	Market Data				LTM Financials			Valuation Multiples Enterprise Value To:			
		Share Price	% 52-Wk High	Market Cap <sup>(1)</sup>	Enterprise Value <sup>(2)</sup>	Revenue	Gross Margin	EBITDA Margin	LTM Revenue	LTM EBITDA	CY 2023 Revenue	CY 2023 EBITDA
<b>Consumer Products</b>												
Pool Corporation	US	\$398.71	94.0%	\$15,422	\$16,669	\$5,634	29.9%	14.4%	2.96x	20.5x	3.00x	20.7x
Fortune Brands Innovations, Inc.	US	\$76.14	94.8%	\$9,601	\$12,069	\$4,597	41.0%	17.5%	2.63x	15.0x	2.59x	13.2x
Central Garden & Pet Company	US	\$50.11	97.8%	\$2,443	\$3,330	\$3,310	28.9%	9.7%	1.01x	10.4x	1.01x	10.3x
<b>Mean</b>							<b>33.2%</b>	<b>13.9%</b>	<b>2.20x</b>	<b>15.3x</b>	<b>2.20x</b>	<b>14.7x</b>
<b>Median</b>							<b>29.9%</b>	<b>14.4%</b>	<b>2.63x</b>	<b>15.0x</b>	<b>2.59x</b>	<b>13.2x</b>
<b>Food Service</b>												
Sysco Corporation	US	\$73.13	88.8%	\$36,885	\$48,048	\$76,818	18.4%	4.6%	0.63x	13.6x	0.62x	11.8x
Bunzl plc	GB	\$40.63	98.4%	\$13,642	\$15,751	\$15,625	24.8%	7.7%	1.01x	13.1x	1.05x	11.2x
US Foods Holding Corp.	US	\$45.41	99.1%	\$11,164	\$15,716	\$35,176	17.1%	3.9%	0.45x	11.5x	0.44x	10.1x
Performance Food Group Company	US	\$69.15	98.8%	\$10,760	\$15,862	\$53,574	11.8%	2.4%	0.30x	12.2x	0.27x	11.2x
United Natural Foods, Inc.	US	\$16.23	36.9%	\$964	\$4,505	\$30,292	13.4%	1.3%	0.15x	11.2x	0.15x	9.3x
SpartanNash Company	US	\$22.95	70.9%	\$795	\$1,594	\$9,793	15.2%	2.0%	0.16x	8.2x	0.16x	6.3x
<b>Mean</b>							<b>16.8%</b>	<b>3.6%</b>	<b>0.45x</b>	<b>11.6x</b>	<b>0.45x</b>	<b>10.0x</b>
<b>Median</b>							<b>16.1%</b>	<b>3.2%</b>	<b>0.37x</b>	<b>11.9x</b>	<b>0.36x</b>	<b>10.6x</b>
<b>Healthcare</b>												
McKesson Corporation	US	\$462.98	97.2%	\$61,605	\$66,813	\$291,098	4.2%	1.7%	0.23x	13.6x	0.22x	12.7x
Cencora, Inc.	US	\$205.38	99.8%	\$40,873	\$44,320	\$262,173	3.4%	1.3%	0.17x	12.6x	0.17x	11.8x
Cardinal Health, Inc.	US	\$100.80	92.6%	\$24,844	\$25,669	\$210,172	3.4%	1.2%	0.12x	9.8x	0.12x	9.4x
Henry Schein, Inc.	US	\$75.71	84.4%	\$9,838	\$13,409	\$12,693	31.0%	8.4%	1.06x	12.5x	1.08x	13.3x
Patterson Companies, Inc.	US	\$28.45	82.4%	\$2,636	\$3,294	\$6,552	21.2%	5.7%	0.50x	8.9x	0.50x	8.9x
Owens & Minor, Inc.	US	\$19.27	81.4%	\$1,474	\$3,715	\$10,229	19.2%	3.5%	0.36x	10.4x	0.36x	6.9x
AdaptHealth Corp.	US	\$7.29	31.8%	\$984	\$3,232	\$3,122	15.3%	18.7%	1.04x	5.5x	1.02x	5.1x
<b>Mean</b>							<b>13.9%</b>	<b>5.8%</b>	<b>0.50x</b>	<b>10.5x</b>	<b>0.50x</b>	<b>9.7x</b>
<b>Median</b>							<b>15.3%</b>	<b>3.5%</b>	<b>0.36x</b>	<b>10.4x</b>	<b>0.36x</b>	<b>9.4x</b>

Source: Market statistics sourced from Capital IQ

All figures in USD and in millions (except share price data), where applicable, converted at rates as of 12/31/2023

(1) Market Capitalization based on closing share prices as of 12/31/2023

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents





# Select Public Specialty Distribution Companies (cont.)

Public Markets Detail (12/31/2023)

Company	Country	Market Data				LTM Financials			Valuation Multiples Enterprise Value To:			
		Share Price	% 52-Wk High	Market Cap <sup>(1)</sup>	Enterprise Value <sup>(2)</sup>	Revenue	Gross Margin	EBITDA Margin	LTM Revenue	LTM EBITDA	CY 2023 Revenue	CY 2023 EBITDA
<b>Industrial</b>												
L'Air Liquide S.A.	FR	\$194.67	97.7%	\$101,696	\$115,647	\$32,432	56.1%	23.6%	3.57x	15.1x	3.77x	13.8x
W.W. Grainger, Inc.	US	\$828.69	98.5%	\$41,131	\$43,573	\$16,283	39.5%	17.1%	2.68x	15.7x	2.63x	15.6x
Fastenal Company	US	\$64.77	98.6%	\$37,023	\$37,264	\$7,284	45.6%	23.2%	5.12x	22.1x	5.07x	22.1x
Watsco, Inc.	US	\$428.47	98.9%	\$15,735	\$16,491	\$7,262	27.7%	11.5%	2.27x	19.8x	2.25x	18.9x
WESCO International, Inc.	US	\$173.88	93.9%	\$8,881	\$14,212	\$22,470	21.8%	7.5%	0.63x	8.4x	0.63x	8.0x
Rexel S.A.	FR	\$27.38	96.1%	\$8,255	\$11,716	\$21,159	25.9%	7.2%	0.55x	7.7x	0.55x	6.5x
NOV Inc.	US	\$20.28	81.7%	\$7,989	\$9,903	\$8,313	21.4%	11.8%	1.19x	10.1x	1.17x	9.8x
Applied Industrial Technologies, Inc.	US	\$172.69	97.9%	\$6,693	\$6,936	\$4,446	29.4%	12.1%	1.56x	12.9x	1.56x	12.9x
MSC Industrial Direct Co., Inc.	US	\$101.26	95.7%	\$5,712	\$6,197	\$4,009	41.0%	14.1%	1.55x	10.9x	1.54x	10.8x
SPX Technologies, Inc.	US	\$101.01	97.0%	\$4,611	\$5,174	\$1,701	38.0%	17.0%	3.04x	17.9x	2.95x	14.7x
Global Industrial Company	US	\$38.84	97.7%	\$1,478	\$1,542	\$1,215	34.7%	8.1%	1.27x	15.7x	1.22x	15.6x
NOW Inc.	US	\$11.32	76.2%	\$1,204	\$1,052	\$2,313	23.2%	7.9%	0.45x	5.7x	0.46x	6.0x
MRC Global Inc.	US	\$11.01	79.2%	\$928	\$1,756	\$3,513	19.8%	6.7%	0.50x	7.4x	0.50x	7.1x
Kaman Corporation	US	\$23.95	90.3%	\$677	\$1,234	\$770	35.5%	16.9%	1.60x	9.5x	1.61x	11.3x
DXP Enterprises, Inc.	US	\$33.70	84.5%	\$545	\$980	\$1,678	29.4%	9.7%	0.58x	6.0x	0.58x	5.9x
<b>Mean</b>							<b>32.6%</b>	<b>13.0%</b>	<b>1.77x</b>	<b>12.3x</b>	<b>1.77x</b>	<b>11.9x</b>
<b>Median</b>							<b>29.4%</b>	<b>11.8%</b>	<b>1.55x</b>	<b>10.9x</b>	<b>1.54x</b>	<b>11.3x</b>
<b>Specialty Chemicals</b>												
Linde plc	GB	\$410.71	94.6%	\$199,149	\$214,598	\$32,451	46.1%	36.3%	6.61x	18.2x	6.58x	17.7x
Air Products and Chemicals, Inc.	US	\$273.80	85.3%	\$60,846	\$71,350	\$12,600	29.9%	31.8%	5.66x	17.8x	5.65x	14.7x
Brenntag SE	DE	\$91.99	99.9%	\$13,581	\$15,971	\$18,635	21.8%	7.4%	0.86x	11.5x	0.84x	9.1x
IMCD N.V.	NL	\$174.15	99.5%	\$9,907	\$11,310	\$5,012	25.4%	12.0%	2.26x	18.8x	2.25x	18.8x
Hawkins, Inc.	US	\$70.42	95.8%	\$1,475	\$1,533	\$935	19.0%	13.4%	1.64x	12.3x	1.64x	11.5x
<b>Mean</b>							<b>28.4%</b>	<b>20.2%</b>	<b>3.41x</b>	<b>15.7x</b>	<b>3.39x</b>	<b>14.4x</b>
<b>Median</b>							<b>25.4%</b>	<b>13.4%</b>	<b>2.26x</b>	<b>17.8x</b>	<b>2.25x</b>	<b>14.7x</b>
<b>Total Mean</b>							<b>28.1%</b>	<b>11.7%</b>	<b>1.57x</b>	<b>12.4x</b>	<b>1.57x</b>	<b>11.6x</b>
<b>Total Median</b>							<b>28.9%</b>	<b>10.2%</b>	<b>1.06x</b>	<b>11.5x</b>	<b>1.08x</b>	<b>11.2x</b>

Source: Market statistics sourced from Capital IQ

All figures in USD and in millions (except share price data), where applicable, converted at rates as of 12/31/2023


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# U.S. Specialty Distribution Transaction History

Closed Date	Target	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
Ann.	Specialty Products & Insulation Co.	TopBuild Corp.	\$960	1.37x	12.5x
Ann.	The Cook & Boardman Group	Platinum Equity	NA	NA	NA
Ann.	Webb Supply Co.	Beijer Ref AB	NA	NA	NA
Ann.	Kamco Building Supply Corp.	GMS	NA	NA	NA
Dec-23	Trimco Millwork	Woodgrain	NA	NA	NA
Dec-23	Wedge Supply	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Dec-23	E&R Industrial	Paradigm Equity Partners			
Dec-23	J.D. Johnson Co.	F.W. Webb Company	NA	NA	NA
Nov-23	Veritiv Corporation	Clayton, Dubilier & Rice	\$2,896	0.45x	5.5x
Nov-23	Edward Don & Company	Sysco Corporation	NA	NA	NA
Nov-23	John S. Wilson Lumber Company	ABC Supply Holding Corp.	NA	NA	NA
Nov-23	Tri-State Paper & Cleaning Supplies	Advanced Disaster Recovery	NA	NA	NA
Nov-23	Metal Deck Direct	SSJS / Slate Capital Group	NA	NA	NA
Nov-23	LC Automotive	Collision Auto Parts	NA	NA	NA
Nov-23	Power Grid Supply	EIS Legacy / Audax Management Company	NA	NA	NA
Nov-23	Old World Specialty Chemicals / Old World Logistics	Brenntag	NA	NA	NA
Nov-23	H & H Roofing Supply	Beacon Roofing Supply	NA	NA	NA
Nov-23	ClipLizard Systems	Auto-Vehicle Parts Co. / GHK Capital Partners	NA	NA	NA
Oct-23	Big Lake Lumber	Star Equity Holdings	\$3	NA	NA
Oct-23	Gilbert & Jones Co.	Shrieve Chemical Company / Gemspring Capital	NA	NA	NA
Oct-23	Harrington Industrial Plastics	Bain Capital	NA	NA	NA
Oct-23	Decks and Docks Lumber Company	CCMP Growth Advisors	NA	NA	NA
Oct-23	Brockway-Smith Company	Boise Cascade Company	\$172	NA	NA
Oct-23	A&D Supply	Foundation Building Materials / American Securities	NA	NA	NA
Oct-23	AMW Construction Supply	GMS	NA	NA	NA
Oct-23	American Gas Products	Air Water	NA	NA	NA
Sep-23	T.W. International	Earnest Machine Products Company	\$68	NA	NA
Sep-23	Atlantic Fence Supply	Fencing Supply Group / The Sterling Group	NA	NA	NA

Source: Capital IQ, Merger Market, Pitchbook, Wall Street research, Press releases



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# U.S. Specialty Distribution Transaction History (cont.)

Closed Date	Target	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
Sep-23	MS Rubber Company	TRG	NA	NA	NA
Sep-23	RENO Hardware and Supply	White Cap Supply Holdings / Clayton, Dubilier & Rice	NA	NA	NA
Sep-23	S&H Building Material Corporation	Beacon Roofing Supply	NA	NA	NA
Sep-23	Prime Paper & Packaging	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Sep-23	Supreme Paper Supplies	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Sep-23	ALVF	EVI Industries	\$1	NA	NA
Sep-23	Bearing Distributors	Applied Industrial Technologies	\$18	NA	NA
Aug-23	Tool Crib	Stellar Industrial Supply	NA	NA	NA
Aug-23	Warsaw	Dunes Point Capital	NA	NA	NA
Aug-23	Timothy's Center for Gardening	SiteOne Landscape Supply	NA	NA	NA
Aug-23	Sav On Supplies Corporation	Wesco Group	NA	NA	NA
Aug-23	The Ohio & Michigan Paper Company	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Aug-23	New England Silica	SiteOne Landscape Supply	NA	NA	NA
Aug-23	Accent Family of Companies	Apollo Global Management	NA	NA	NA
Aug-23	Rancho Janitorial	Perrin Bernard Supowitz / Kelso & Company	NA	NA	NA
Aug-23	Sachs Chemical	IMCD	NA	NA	NA
Aug-23	Bearing Distributors / Cangro Industries	Applied Industrial Technologies	\$6	NA	NA
Aug-23	All American Vinyl Siding Supply	Beacon Roofing Supply	NA	NA	NA
Aug-23	Gulfstar Supply Co.	Sani-Chem Janitorial Supplies	NA	NA	NA
Aug-23	Apache Group Of Minnesota	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Aug-23	FQMQ	Thomas Scientific / Broad Sky Partners	NA	NA	NA
Aug-23	Univar Solutions	Apollo Global Management; Abu Dhabi Investment Authority	\$8,112	0.71x	7.3x
Jul-23	Bruce Supply Corp.	Ferguson	NA	NA	NA
Jul-23	The Kennedy Companies and Water Works	Ferguson	NA	NA	NA
Jul-23	Church's Lumber Yards	Builders FirstSource	NA	NA	NA
Jul-23	Midwest Siding Supply	Richards Building Supply Co.	NA	NA	NA
Jul-23	GMES	Incline Management	NA	NA	NA
Jul-23	Shepherd Electric Company	Graybar Electric Company	NA	NA	NA

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# U.S. Specialty Distribution Transaction History (cont.)


Closed Date	Target	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
Jul-23	Foster Supply	Core & Main	NA	NA	NA
Jul-23	Renzi Bros.	US Foods Holding Corp.	\$142	0.79x	NA
Jul-23	Lovan Industries	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Jul-23	Triple F Holdings	Imperial Dade Intermediate Holdings / Advent International	NA	NA	NA
Jul-23	Washburn-Garfield Corporation	The Collins Companies	NA	NA	NA
Jun-23	Billows Electric Supply Company	Colam Entrepreneure	NA	NA	NA
Jun-23	S. G. Torrice Co.	Ferguson	NA	NA	NA
Jun-23	Continental Auto Parts	Kinderhook Industries	NA	NA	NA
Jun-23	Murphy Supply Company	RKCA	NA	NA	NA
Jun-23	American Olean Midwest	Louisville Tile Distributors	NA	NA	NA
Jun-23	FPC Holdings	BradyIFS Holdings	NA	NA	NA
Jun-23	West Florida Supply Co.	City Maintenance Supply	NA	NA	NA
Jun-23	Washoe Building Supply	SRS Distribution / Leonard Green & Partners; Berkshire Partners	NA	NA	NA
Jun-23	Clean Portable Restrooms	United Rentals	NA	NA	NA
Jun-23	Managed Packaging Systems	Nassco	NA	NA	NA
Jun-23	Gorm	Perrin Bernard Supowitz / Kelso & Company	NA	NA	NA
Jun-23	Silver State Building Materials	Beacon Roofing Supply	NA	NA	NA
Jun-23	Northern States Supply	B&F Fastener Supply	NA	NA	NA
Jun-23	HISCO	Distribution Solutions Group	\$270	0.68x	9.3x
Jun-23	Saconix	Sumitomo Corporation	NA	NA	NA
Jun-23	Competition Specialties	Banyan Technologies Group	NA	NA	NA
Jun-23	Tom Barrow Co.	Ardian	NA	NA	NA
Jun-23	Power & Pumps	Motion & Control Enterprises / Frontenac Company	NA	NA	NA
Jun-23	White Distribution & Supply	AFC Industries / Bertram Capital Management	NA	NA	NA
Jun-23	Team Air Distributing	Kian Capital Partners	NA	NA	NA
Jun-23	Sices Material Products	Foundation Building Materials / American Securities	NA	NA	NA
May-23	Darco Enterprises	Novvia Group / Kelso & Company	NA	NA	NA
May-23	Link Outdoor Lighting	SiteOne Landscape Supply	NA	NA	NA

Source: Capital IQ, Merger Market, Pitchbook, Wall Street research, Press releases



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# U.S. Specialty Distribution Transaction History (cont.)

Closed Date	Target	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
May-23	Middle Atlantic Wholesale Lumber	Sherwood Lumber Corporation	NA	NA	NA
May-23	Indoff	Global Industrial Company	\$69	0.38x	NA
May-23	ECM Industries	nVent Electric	\$1,092	2.63x	10.5x
May-23	Heigl Adhesive	Applied Products / Arsenal Capital Partners	NA	NA	NA
May-23	Adams Wholesale Supply	SiteOne Landscape Supply	NA	NA	NA
May-23	Fastbolt Corporation	AFC Industries / Bertram Capital Management			
May-23	Riordan Materials	DXP Enterprises	\$8	NA	NA
Apr-23	Builders Millwork & Supply	Builders FirstSource	NA	NA	NA
Apr-23	BJG Electronics	Fastener Distribution Holdings / Audax Management Company	NA	NA	NA
Apr-23	Pantheon Surface Prep Sales and Rentals	AramSCO / Odyssey Investment Partners	NA	NA	NA
Apr-23	Shearer Supply	Investcorp Holdings	NA	NA	NA
Apr-23	Krayden	Audax Management Company	NA	NA	NA
Apr-23	Southwest Fastener	NEFCO Holding Company / Bertram Capital Management	NA	NA	NA
Mar-23	Prince Building Systems	Beacon Roofing Supply	NA	NA	NA
Mar-23	Stock'd Supply	BlackHawk Industrial Distribution / TruArc Partners	NA	NA	NA
Mar-23	J&J Materials Corporation	SiteOne Landscape Supply	NA	NA	NA
Feb-23	JM Test Systems	Kanbrick	NA	NA	NA
Feb-23	Womack Machine Supply	PRV Management	NA	NA	NA
Jan-23	Carefree Home Pros	Cairngorm Capital Partners; SageHome	NA	NA	NA
Jan-23	FloWorks International	Wynnchurch Capital	NA	NA	NA
Jan-23	Heritage Distribution Holdings	Beijer Ref AB	\$1,275	1.99x	13.4x
Jan-23	iPROMOTEu	Champlain Capital Management	NA	NA	NA
Jan-23	GT Golf Holdings	Kinzie Capital Partners	NA	NA	NA
Jan-23	Axis Compressor Services	ValorBridge Partners	NA	NA	NA
Jan-23	First Coastal Exteriors	Beacon Roofing Supply	NA	NA	NA
		<b>Mean</b>	<b>\$1,006</b>	<b>1.12x</b>	<b>9.8x</b>
		<b>Median</b>	<b>\$142</b>	<b>0.75x</b>	<b>9.9x</b>

Source: Capital IQ, Merger Market, Pitchbook, Wall Street research, Press releases



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# KPMG Corporate Finance\* – Business Services M&A

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## Wider Business Services Sector Expertise

Facilities & Home Services	Professional Services	Education & Training	Engineering & Construction	Transportation & Logistics	Specialty Distribution
 has been acquired by <b>AVALT</b>	Sale of wholly owned assets of  THOMSON REUTERS to 	Sale of wholly owned assets of  THOMSON REUTERS to  a portfolio company of <b>LEEDSEQUITY</b>	 has been acquired by <b>CIANBRO</b>	 has been acquired by 	 has divested  to 
 has been acquired by <b>Apax PARTNERS</b>	Sale of wholly owned assets of  THOMSON REUTERS to 	Sale of wholly owned assets of  THOMSON REUTERS to  a portfolio company of <b>LEEDSEQUITY</b>	 has divested its fully owned subsidiary Heitkamp to 	 has been acquired by 	 has been acquired by  a portfolio company of 
 has been acquired by 	 has been acquired by <b>HIGH STREET CAPITAL</b>	 has acquired 	Davis Langdon  has been acquired by <b>AECOM</b>	 has been acquired by <b>NODE4</b>	 has been acquired by  a portfolio company of 
 has been acquired by 	 a portfolio company of  has been acquired by <b>TENEX</b>	 provided strategic and transaction advisory services to UTI’s senior management and Board of Directors	 <b>SNC • LAVALIN</b> has divested its facilities management business to 	  has divested its North American Blaw-Knox business to 	 has been acquired by  a portfolio company of 

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