



Specialty Distribution Sector Brief

Harris Williams | Q4 2024

Harris Williams Activity

Harris Williams Transaction Spotlight



Company Background

Alphabroder is a leading supply chain partner for blank and decorated apparel and hard goods in North America for a variety of purposes including uniforms, corporate apparel, promotional products, and athletics.

Successful Outcome

The transaction delivered a successful outcome for alphabroder and Littlejohn. S&S Activewear’s acquisition will enable them to provide customers with a greater choice of products and access to an enhanced portfolio of premium brands across apparel and branded categories.

Harris Williams served as financial advisor to alphabroder, a portfolio company of Littlejohn, in this transaction. Please see link below for more details.

<https://www.harriswilliams.com/transactions/alphabroder-acquired-by-s&s-activewear-m&a-deal>

Harris Williams Transaction Spotlight



Company Background

BradyIFS is a leading distributor of foodservice disposables and janitorial and sanitation products in North America. The Company sources, manages, and distributes a broad range of products in segments including education, healthcare, hospitality, restaurants, building services, and more.

Successful Outcome

The transaction delivered a successful outcome for BradyIFS and Kelso & Company. The combination of BradyIFS and Envoy will result in one of the most balanced providers of foodservice disposables and JanSan products in the country and expand BradyIFS’ reach into industrial packaging.

Harris Williams served as financial advisor to BradyIFS, a portfolio company of Kelso & Company, in this transaction. Please see link below for more details.

<https://www.harriswilliams.com/transactions/m-and-a-deals-bradyifs-merging-with-envoy-solutions>

Harris Williams Transaction Spotlight



Company Background

GME is a leading tech-enabled distributor of mission-critical safety and productivity supplies to field-deployed technicians, serving the telecommunications, renewable energy, utilities, and at-height construction end markets.

Successful Outcome

The transaction delivered a successful outcome for GME and Platte River Equity. Incline Equity Partners’ acquisition will allow GME to continue to grow and thrive in its next chapter.

Harris Williams served as financial advisor to GME, a portfolio company of Platte River Equity, in this transaction. Please see link below for more details.

<https://www.harriswilliams.com/transactions/gme-supply-company-acquired-by-incline-equity-partners>

What We're Reading

In this industry update, we have included a collection of articles focused on a variety of trends that the Harris Williams team is seeing from market participants. There is an increasing push toward automation and AI within distribution given rising supply chain costs in a choppy macroeconomic and uncertain geopolitical environment.

Supply Chain Woes Carry High Risks, Big Rewards for Some Companies

The Wall Street Journal

“Businesses that have invested in supply chain resilience saw revenue grow an average of 23% from 2018 to 2023, compared with 15% growth experienced by their peers... The same research shows only a third of companies are ahead of their own targets.”

Read the full article [here](#).

Navigating Warehouse Automation Strategy for the Distributor Market

McKinsey

“A recent survey of 65 top logistics and supply chain executives revealed that 70 percent plan to invest approximately \$100 million in automation over the next five years, prioritizing speed, process stability, and reduced labor dependency.”

Read the full article [here](#).

Trade Sector Eyes a New Wave of Tariffs Under Trump

The Wall Street Journal

“The immediate impact on shipping markets is likely to be a scramble by U.S. importers to pull forward orders from overseas, industry officials said, a rush that would eat up shipping capacity and drive up freight rates.”

Read the full article [here](#).

US Industrial Market Vacancy Rate Hits 10-Year High in Q3

The Business Journals

“The U.S. industrial vacancy rate hit 7.4% in Q3, a 350-basis-point increase from two years ago. It’s also the highest vacancy rate within the national industrial market in a decade.”

Read the full article [here](#).

Driving the Future: Digital Transformation and Product Management in the Logistics and Supply Chain Revolution

Forbes

“In today’s fast-paced, digital-first world, [the logistics and supply chain sectors] are facing unprecedented pressure to evolve. To stay competitive, organizations should embrace digital transformation and agile product management to enable innovation, operational excellence and a focus on safety, diversity, and transparency.”

Read the full article [here](#).

Harris Williams Specialty Distribution Experience

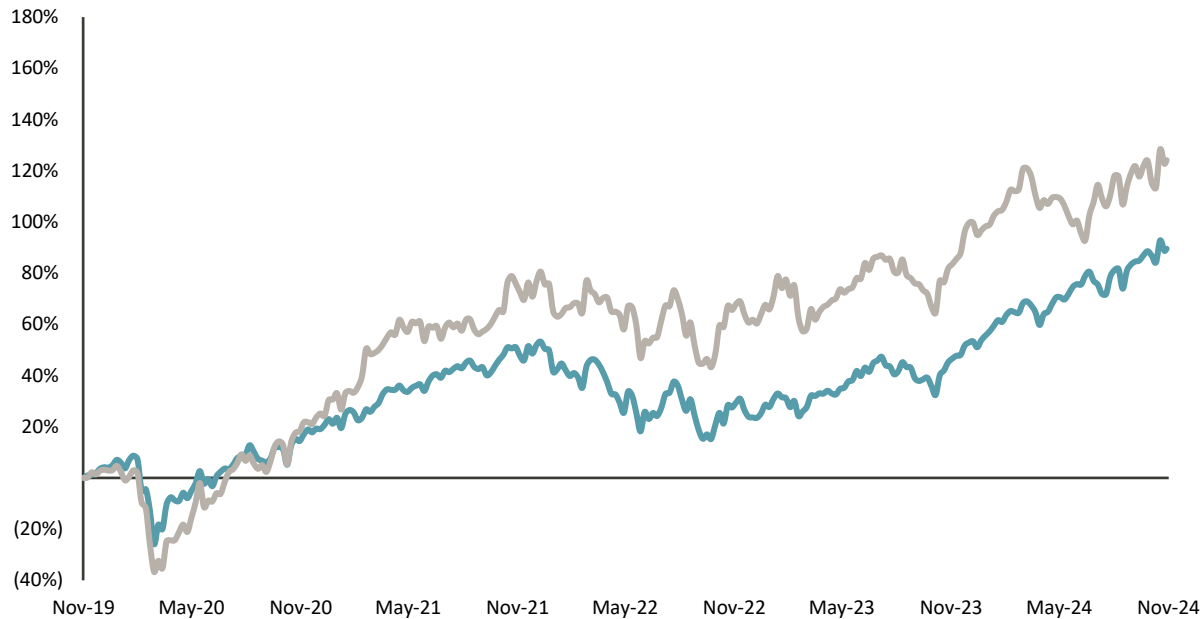
Select Specialty Distribution Experience

 <p>a portfolio company of LITTLEJOHN & Co. has been acquired by S&S ACTIVEWEAR a portfolio company of</p>	<p>BradyIFS a portfolio company of KELSO has merged with ENVOY SOLUTIONS a subsidiary of FEMSA with an equity investment from WARBURG PINCUS</p>	 <p>a portfolio company of WC WYNNBURCH CAPITAL has been acquired by GEMSPRING</p>	<p>GME Supply Co a portfolio company of HOTEL RIVER EQUITY has been acquired by INCLINE EQUITY PARTNERS</p>	 <p>a portfolio company of KLH CAPITAL has been acquired by WIND POINT PARTNERS</p>	 <p>a portfolio company of BainCapital has received an investment from Advent International GLOBAL PRIVATE EQUITY</p>	<p>STAXS CONTAMINATION CONTROL EXPERTS a portfolio company of Silverfleet has been acquired by HANIEL</p>	 <p>has been acquired by ImperialDade a portfolio company of BainCapital PRIVATE EQUITY</p>	 <p>a portfolio company of INCLINE EQUITY PARTNERS has been acquired by PAMPLONA CAPITAL MANAGEMENT</p>	 <p>a portfolio company of PATRICIA INDUSTRIES a part of Investor AB has acquired ALLIED TOO a portfolio company of Ridgemont EQUITY PARTNERS</p>
 <p>a portfolio company of PAMPLONA CAPITAL MANAGEMENT has been acquired by CLEARLAKE</p>	 <p>a portfolio company of CORTEC Group has been acquired by FLEXPOINT FORD</p>	 <p>a portfolio company of Platinum Equity has been acquired by BRENNTAG</p>	 <p>has been acquired by GRAIN MANAGEMENT</p>	<p>TRICORBRAUN a portfolio company of AEA has been acquired by ARES ONTARIO TEACHERS</p>	<p>Continental BATTERIES a portfolio company of INCLINE EQUITY PARTNERS has been acquired by HILG CAPITAL</p>	<p>Brady a portfolio company of A&M CAPITAL PARTNERS has been acquired by IFS INDIVIDUAL INVESTORS a portfolio company of KELSO PRIVATE EQUITY</p>	<p>Inmark a portfolio company of QUAD-C has received an investment from KELSO PRIVATE EQUITY</p>	 <p>a portfolio company of Auda's Group has been acquired by ODYSSEY PRIVATE EQUITY</p>	 <p>a portfolio company of THE STERLING GROUP has been acquired by PRITZKER PRIVATE CAPITAL</p>
<p>Parts Authority Auto Parts Supply Group a portfolio company of THE JORDAN COMPANY has been acquired by KOHLBERG & COMPANY</p>	<p>Liquid Tech Solutions, LLC has been recapitalized by LIG</p>	 <p>has acquired Supply Source a division of GPC</p>	 <p>in partnership with Market Ventures has acquired the distribution business of HARVEY BUILDING PRODUCTS</p>	<p>nsi INDUSTRIES a portfolio company of BLUE SEA CAPITAL has been acquired by ODYSSEY PRIVATE EQUITY</p>	 <p>a portfolio company of Auda's Group has been acquired by BainCapital PRIVATE EQUITY</p>	 <p>a portfolio company of CI CAPITAL PARTNERS has been acquired by Airgas an Air Liquide company</p>	<p>QUIRCH has been acquired by PALLADIUM EQUITY PARTNERS</p>	 <p>has been acquired by OAK HILL CAPITAL</p>	 <p>a portfolio company of Berkshire Partners has been acquired by LGP</p>

Specialty Distribution Public Company Performance and Trends

Historical Stock Prices – Last 5 Years^{1,2}

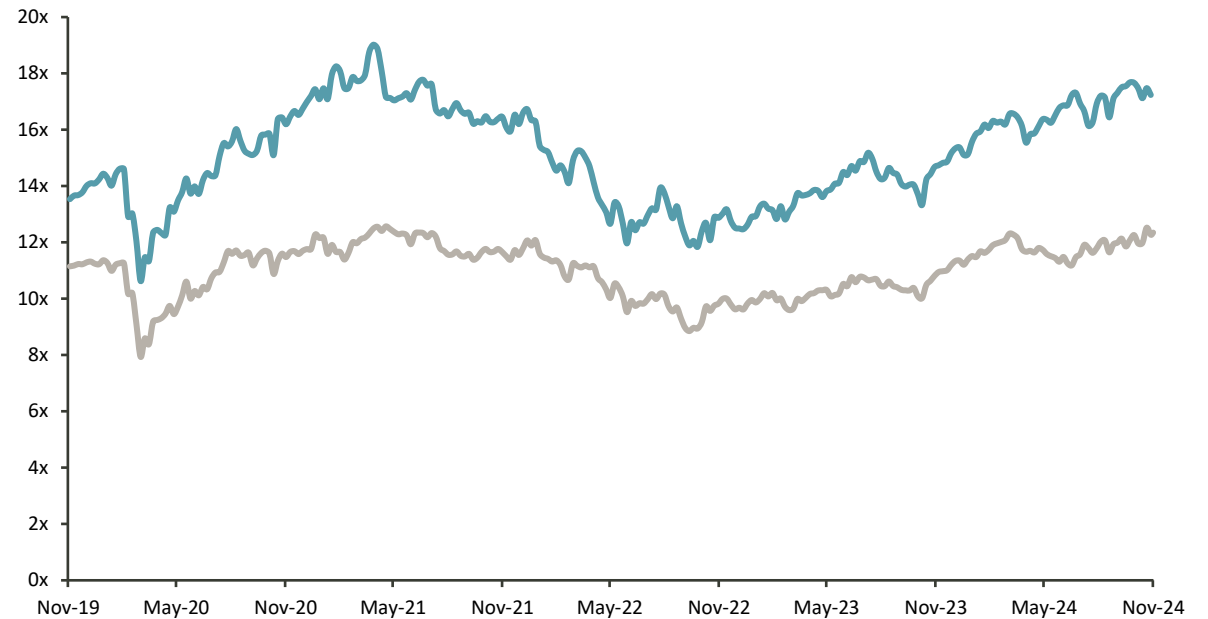
Indexed Stock Price Performance for the Period November 2019 – November 2024



S&P 500 Index

Historical Median TEV / LTM EBITDA Multiples – Last 5 Years^{1,2}

Median TEV/LTM EBITDA Multiples for the Period November 2019 – November 2024



Specialty Distribution Index

Representative Key Public Comparables²

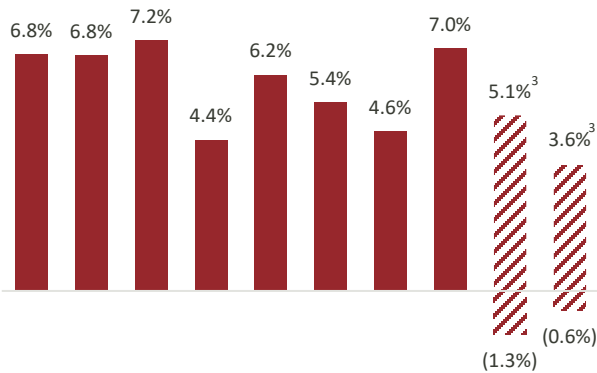


Specialty Distribution Public Company Performance and Trends (Cont.)

Quarterly YoY Sales^{1,2}

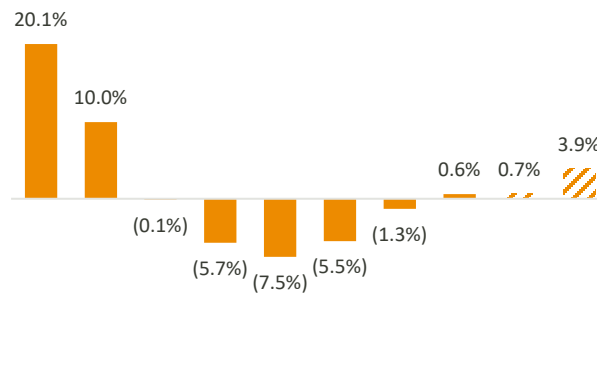
YoY Sales for the Period October 2022 – Fiscal Year 2025

Automotive & Heavy-Duty Aftermarket



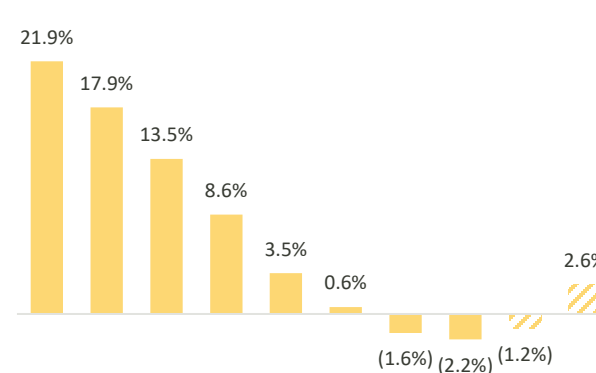
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Building & Construction Products



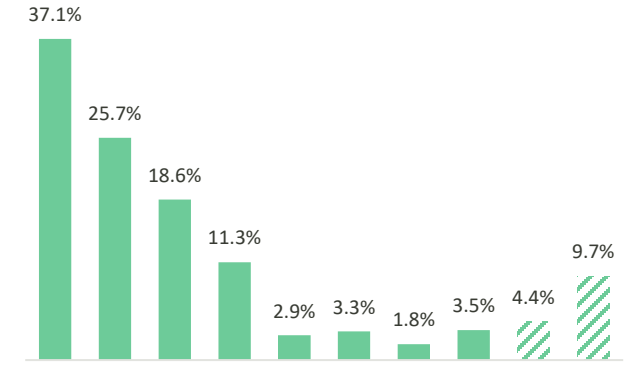
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Electrical



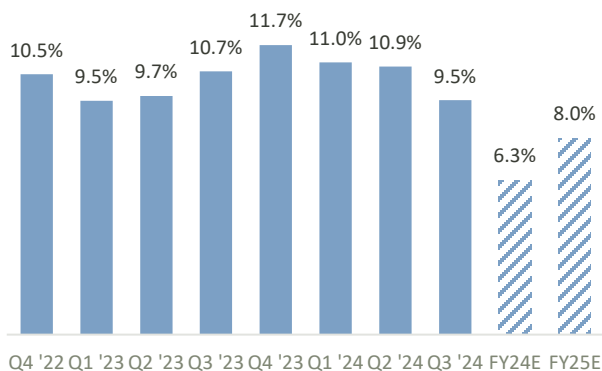
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Foodservice



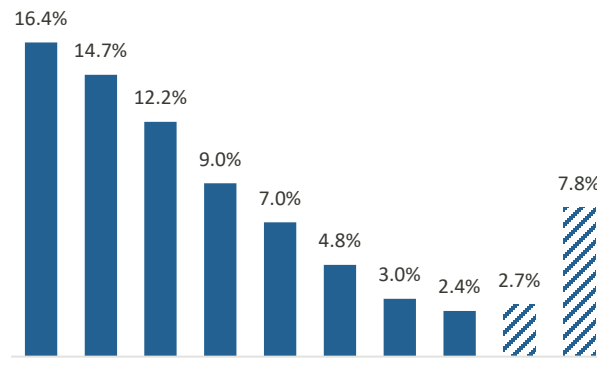
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Healthcare



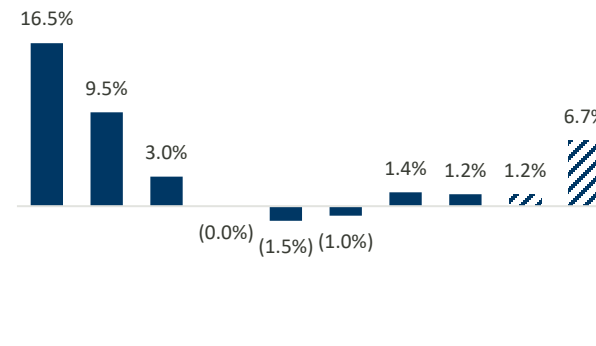
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Industrial



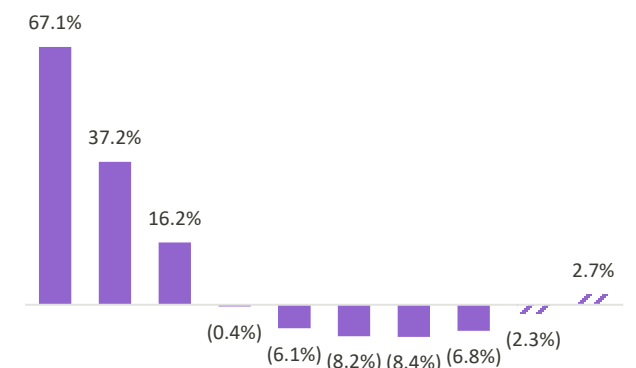
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Niche Segment Leaders



Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

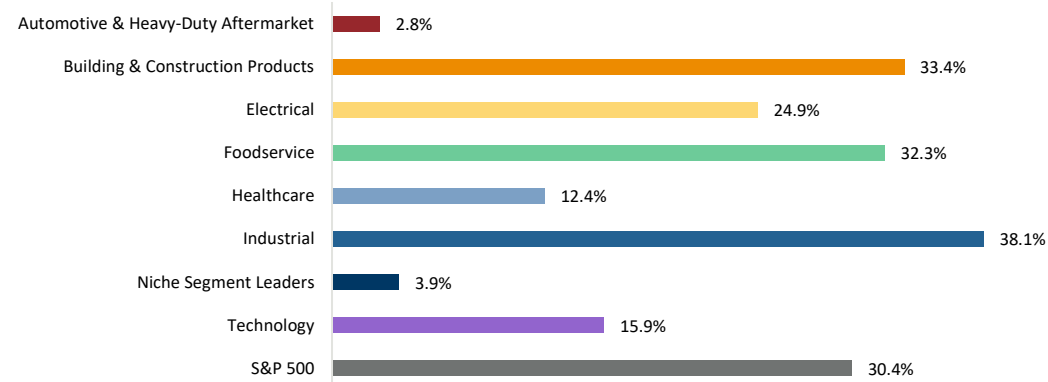
Technology



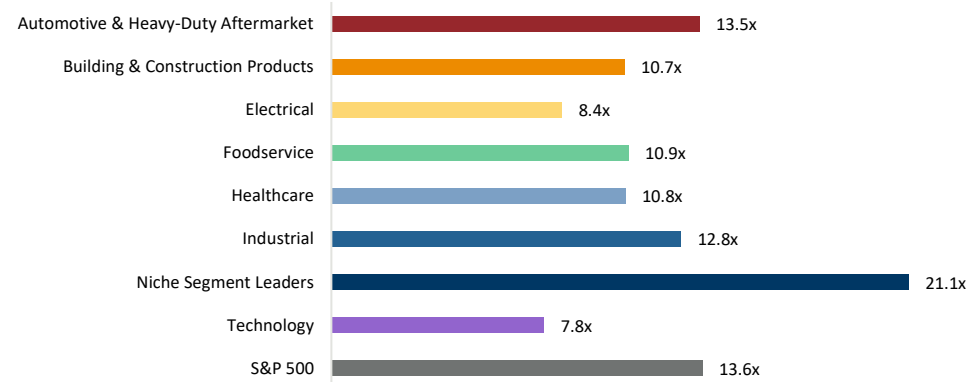
Q4 '22 Q1 '23 Q2 '23 Q3 '23 Q4 '23 Q1 '24 Q2 '24 Q3 '24 FY24E FY25E

Specialty Distribution Public Company Performance and Trends (Cont.)

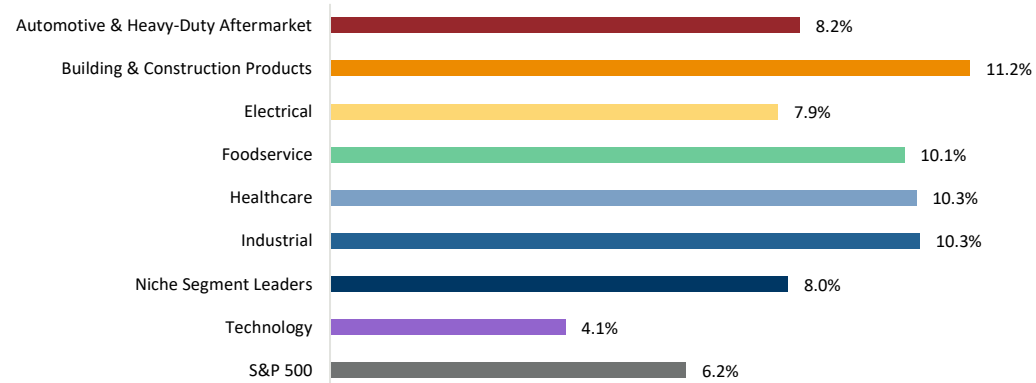
12-Month Change in Stock Price^{1,2}



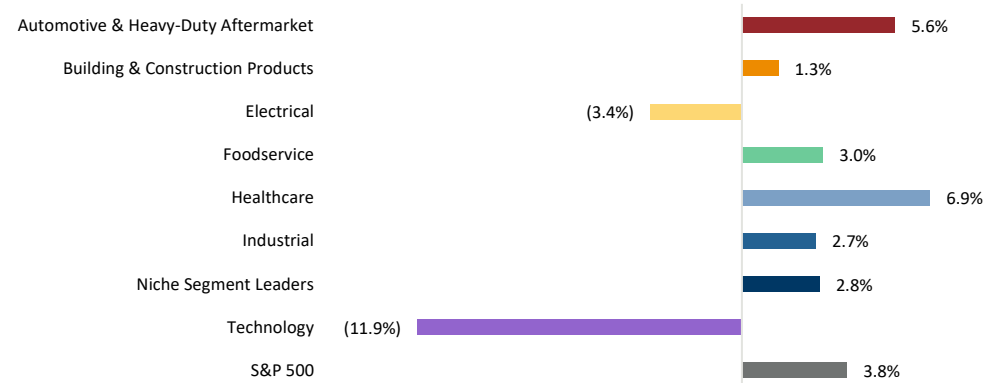
Median TEV / 2024E EBITDA Multiple^{1,2}



Median 3-Year Revenue CAGR (2021 — 2024 YTD)^{1,2}

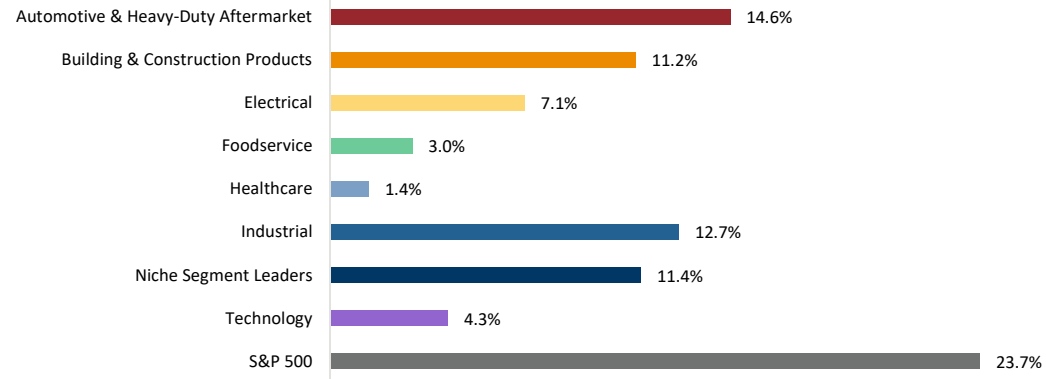


Median LTM Revenue Growth^{1,2}

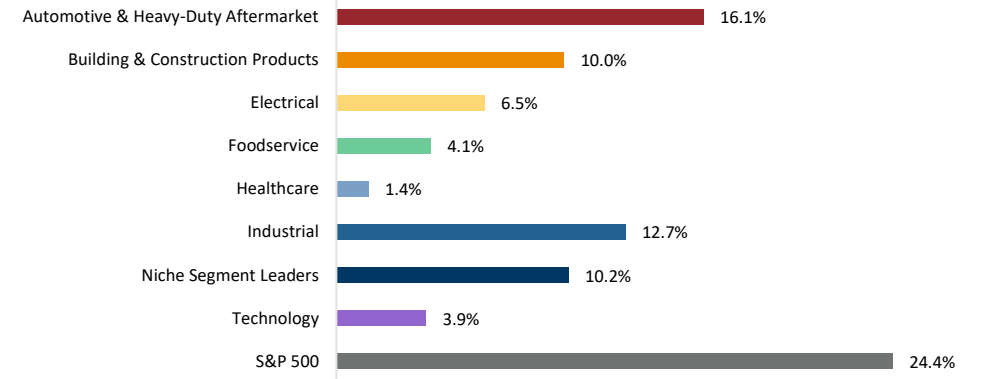


Specialty Distribution Public Company Performance and Trends (Cont.)

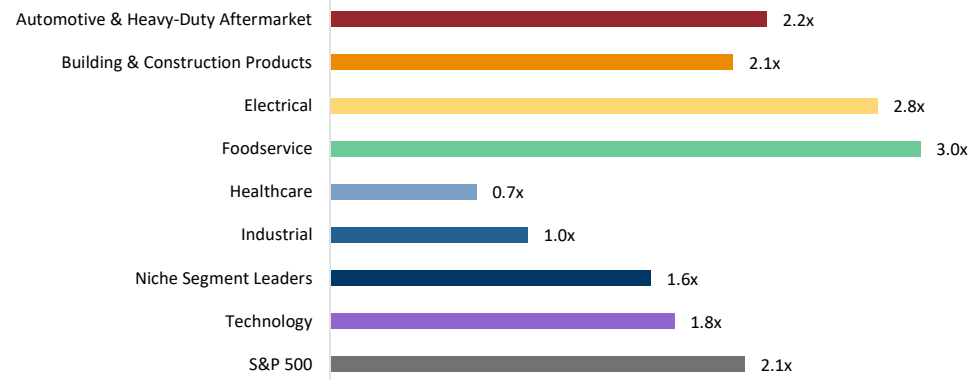
Median EBITDA Margin (2021 — 2024 YTD)^{1,2}



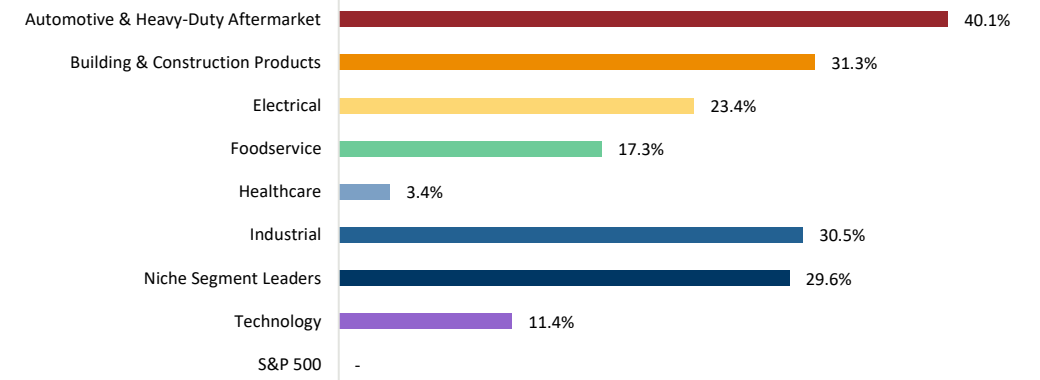
Median LTM EBITDA Margin^{1,2}



Net Debt / LTM EBITDA^{1,2}

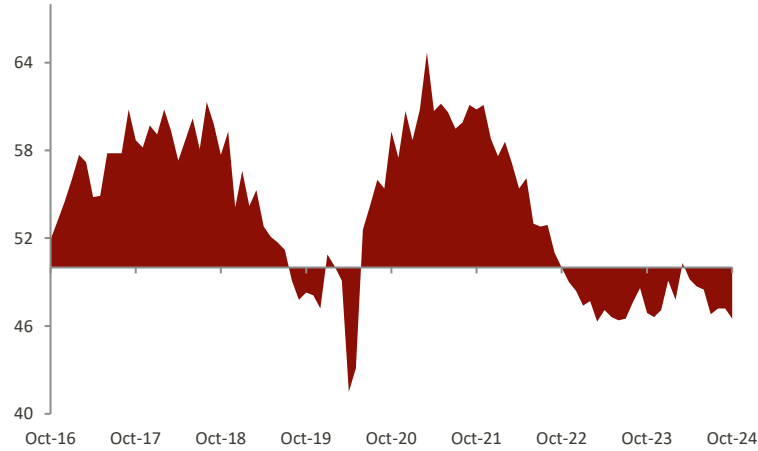


Median LTM Gross Margin^{1,2}

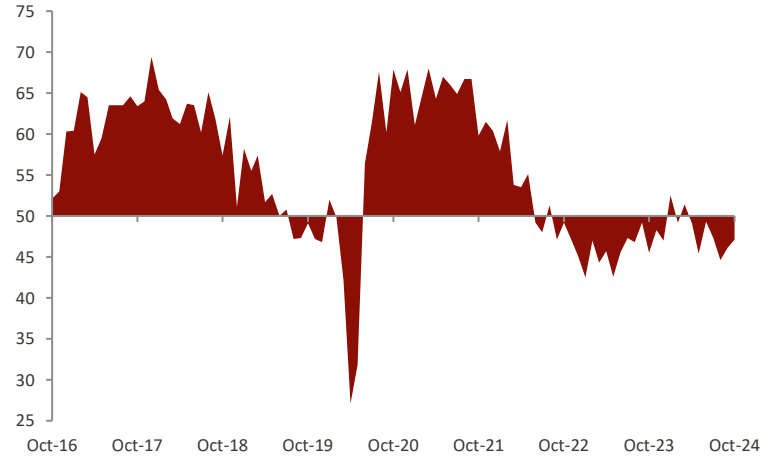


Economic Trends

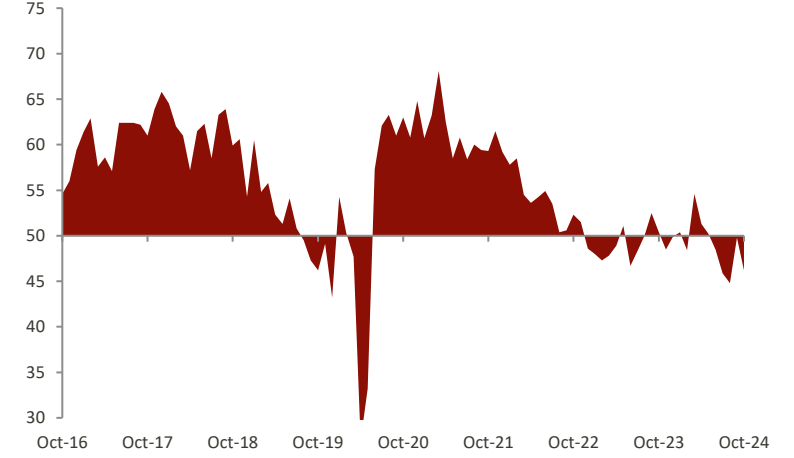
PMI Index¹



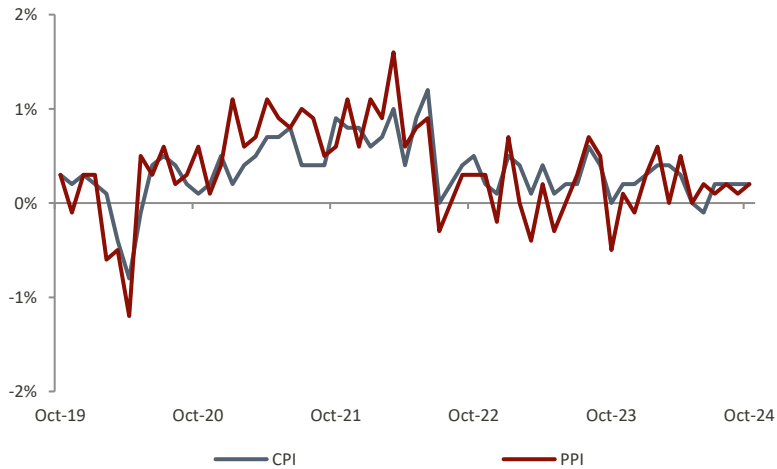
ISM New Orders Index¹



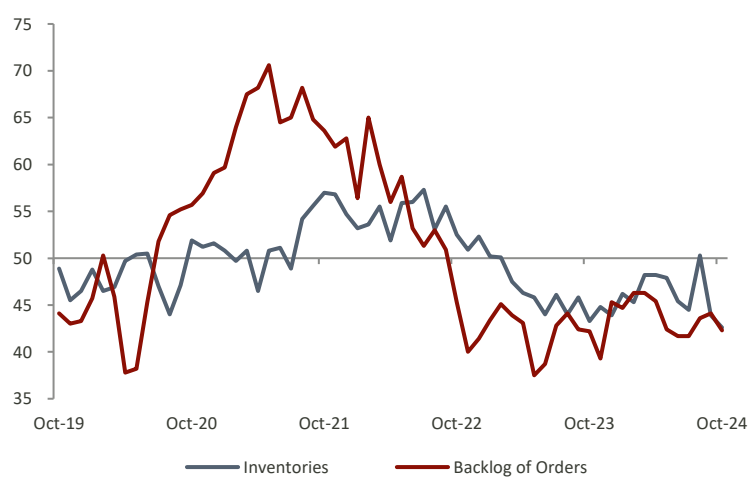
Production Index¹



CPI & PPI Index (% Change)²



Manufacturing Inventories & Backlog¹



Durable Goods New Orders³



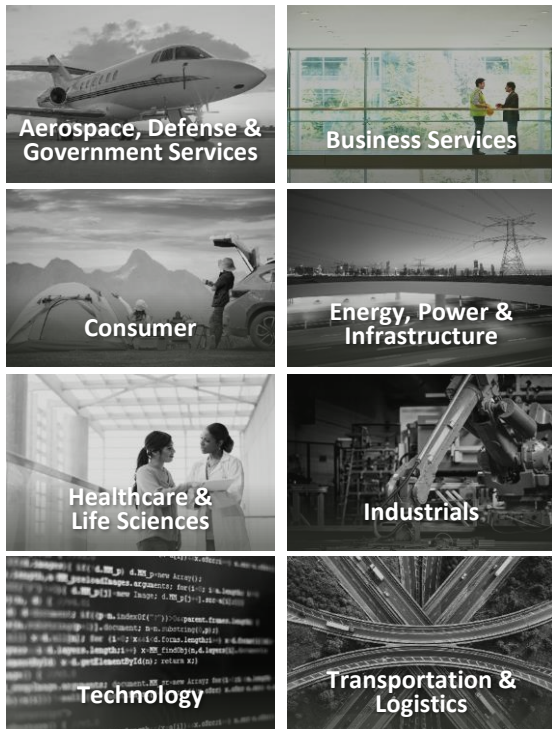
Recent Specialty Distribution Transactions Detail

Date	Target	Business Description	Acquirer(s)
11/11/24	TOOFast Supply	Supplier of professional-grade tools and fasteners serving commercial, industrial, agricultural, and residential end markets	White Cap (Clayton, Dubilier & Rice)
10/31/24	D.F. Burnham & Company	Distributor of hydraulic and pneumatic components	Galco Industrial Electronics (Freeman Spogli)
10/24/24	Cohn & Gregory	Distributor of PVF and other industrial products in the Texas region	Venturi Supply (Trive)
10/23/24	Sheinberg Tool Co.	Distributor of power tools, cutting tools, abrasives, and other equipment	NEFCO (Bertram Capital)
10/23/24	Triumph Geo-Synthetics, Inc.	Distributor of geosynthetics and erosion-control products, serving non-residential and infrastructure end markets	White Cap (Clayton, Dubilier & Rice)
10/22/24	Freshwater Farms, Inc.	Distributor of landscape materials, including hardscapes, bulk materials, and nursery products	Heritage Landscape Supply Group (SRS Distribution)
10/15/24	ERSCO Construction	Distributor of concrete accessory products and paving supplies	White Cap (Clayton, Dubilier & Rice)
10/09/24	East Bay Welding Supply	Distributor of packaged and welding supplies	Meritus Gas Partners (AEA Small Business Fund)
10/08/24	Texas Tool Traders	Supplier of construction fasteners, tools and supplies for contractors, builders, and remodelers throughout Texas	US LBM (Bain Capital)
10/04/24	Douglas Lumber	Distributor of lumber and building materials	Builders FirstSource, Inc. (NYSE: BLDR)
10/01/24	Milton Truss	Distributor and manufacturer of structural building components	US LBM (Bain Capital)
09/20/24	Allied Bolt, Inc.	Distributor of plant hardware for electrical utility and telecommunications industries	Power Grid Components (Blackstone)
09/18/24	Jobsite Supply, Inc.	Distributor of concrete accessories and shoring solutions in non-residential and infrastructure end markets	White Cap (Clayton, Dubilier & Rice)
09/17/24	Aluminum Products Wholesale	Distributor of aluminum extrusions, beams, screens, and other related products	Eastern Metal Supply (Wynnchurch Capital)
09/13/24	Gulf Coast Gas & Equipment	Distributor of packaged gases, bulk gases, and welding supplies	Meritus Gas Partners (AEA Small Business Fund)
09/09/24	Nix Door and Hardware	Distributor and installer of windows, doors, and fireplaces for residential and commercial customers	US LBM (Bain Capital)
09/05/24	Lehman Pipe and Supply Inc.	Distributor of pipes, valves, and fittings in Florida, as well as Caribbean and Latin American end markets	Rotunda Capital Partners
09/05/24	Best Choice Supply	Distributor of HVAC equipment, parts, and supplies	Team Air Distributing
09/05/24	Gregory Door and Window	Distributor and installer of doors and windows to residential and commercial builders in Colorado	US LBM (Bain Capital)
09/04/24	Summit Electric Supply	Distributor of electrical supplies to contractors	Sonepar
09/04/24	Orora Packaging Solutions	Distributor and manufacturer of packaging products	Veritiv (Clayton, Dubilier & Rice)
08/26/24	Inland Supply Co.	Distributor of janitorial supplies, food service products, and facility maintenance supplies	Imperial Dade (Bain Capital and Advent International)
08/22/24	Worldpac Inc.	Distributor of advanced auto parts	The Carlyle Group

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Deep Industry Experience



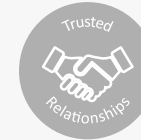
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MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Business Services Coverage Areas

- › Commercial & Industrial Services
- › IT Services
- › Professional & Tech-Enabled Services
- › Specialty Distribution Services

Specialty Distribution Coverage Areas

- › Automotive
- › Building Products
- › Consumer
- › Foodservice
- › Healthcare
- › Industrials
- › Specialty Chemicals
- › Technology

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Sources

Public Comparable Companies: (Pages 6-8)

Automotive & Heavy-Duty Aftermarket: Advanced AutoParts, AutoZone, Dorman Products, Genuine Parts Company, LQK, O'Reilly Automotive

Building & Construction Products: Beacon Roofing Supply, Builder's FirstSource, Ferguson, GMS

Electrical: Rexel, Wesco

Foodservice: Bunzl, Performance Food Group, Sysco, United Natural Foods, US Foods

Healthcare: Cardinal Health, Cencora, Henry Schein

Industrial: Applied Industrial Technologies, Core & Main, DXP Enterprises, Fastenal, W.W. Grainger, MRC Global, MSC Industrial Direct, NOW, SPX Technologies

Niche Segments: Pool Corporation, SiteOne Landscape Supply, Watsco

Technology: Avnet, Scansource, TD Synnex

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