



Specialty Distribution Industry Update

Harris Williams | Q3 2022

Harris Williams Specialty Distribution Experience

Harris Williams Transaction Spotlight



June 16, 2022

Company Background

Imperial Dade is the leading distributor of foodservice packaging, facilities maintenance supplies, and equipment in North America.

Successful Outcome

The transaction delivered a successful outcome for Imperial Dade and Bain Capital Private Equity. The investment will allow Imperial Dade to continue to grow and thrive in its next chapter.

Harris Williams served as financial advisor to Imperial Dade, a portfolio company of Bain Capital Private Equity, in this transaction.

Harris Williams Transaction Spotlight



May 9, 2022

Company Background

STAXS was founded in 1925 and is a leading value-added distributor of cleanroom consumables, including top-quality disinfectants, wipes, mops, gloves, and disposable garments, from third-party suppliers as well as under its own brand, DOTCH.

Successful Outcome

The transaction delivered a successful outcome for STAXS and Silverfleet Capital. With this acquisition, Haniel's portfolio company CWS Cleanrooms further strengthens its position as the first full-service provider for cleanrooms in Europe.

Harris Williams served as exclusive financial advisor to STAXS, a portfolio company of Silverfleet Capital, in this transaction.

Select Specialty Distribution Transaction Experience

 a portfolio company of has received an investment from GLOBAL PRIVATE EQUITY	 CONTAMINATION CONTROL EXPERTS a portfolio company of has been acquired by 	 It's twine time! has been acquired by a portfolio company of PRIVATE EQUITY	 a portfolio company of has been acquired by CAPITAL MANAGEMENT	 a portfolio company of has acquired a portfolio company of EQUITY PARTNERS™
 a portfolio company of CAPITAL MANAGEMENT has been acquired by 	 a portfolio company of has been acquired by FORD	 a portfolio company of has been acquired by 	 has been acquired by MANAGEMENT	 a portfolio company of has been acquired by
 a portfolio company of has been acquired by CAPITAL	 a portfolio company of has been acquired by a portfolio company of PRIVATE EQUITY	 a portfolio company of has received an investment from PRIVATE EQUITY	 PROTECTIVE INDUSTRIAL PRODUCTS a portfolio company of has been acquired by 	 Aftermarket a portfolio company of has been acquired by PRIVATE CAPITAL
 a portfolio company of THE JORDAN COMPANY has been acquired by 	 ADVANTAGE has acquired a division of 	 BUILDING PRODUCTS in partnership with Markel Ventures has acquired the distribution business of BUILDING PRODUCTS	 INDUSTRIES a portfolio company of has been acquired by 	 a portfolio company of has been acquired by PRIVATE EQUITY

What We're Reading

In this Industry Update, we have included a collection of articles focused on supply chain and creating structural resiliency, leveraging data analytics to grow and streamline decision-making, and navigating uncertainty in a high-inflation and labor-shortage environment. Harris Williams believes that the industry will continue to adapt, with distributors playing a critical role in helping their customers and suppliers in the current environment.

Supply Chains: To Build Resilience, Manage Proactively

McKinsey & Company

“Supply chain upheavals show little sign of abating. Companies can address them by reconsidering outdated, short-term strategies and beginning the hard work of building structural resilience.”

Read the full article [here](#).

A Normal Supply Chain? It's 'Unlikely' in 2022

NY Times

“With the havoc at ports showing no signs of abating and prices for a vast array of goods still rising, the world is absorbing a troubling realization: Time alone will not solve the Great Supply Chain Disruption. It will require investment, technology and a refashioning of the incentives at play across global business. It will take more ships, additional warehouses and an influx of truck drivers, none of which can be conjured quickly or cheaply.”

Read the full article [here](#).

Distributors Shed COVID but Prepare for Other Potential Crises in 2022-23

Modern Distribution Management

“As the severity of business impacts from the COVID-19 pandemic has waned, most U.S. market sectors and distribution verticals have seized the economic opportunity and have thrived in the first half of 2022. However, with record inflation, ongoing supply chain issues and labor worries, the next six to 12 months will likely be enveloped in uncertainty for many distributors and manufacturers.”

Read the full article [here](#).

How Predictive Analytics Impacts Your Distribution Business?

RDX

“Distribution businesses generate a huge chunk of data including products, customer preferences, prices, inventory etc. When this data is processed through predictive analytics, it becomes extremely beneficial to provide valuable insights related to that specific dimension of business.”

Read the full article [here](#).

Here's How Distributors Are Growing Sales Faster With Analytics

Modern Distribution Management

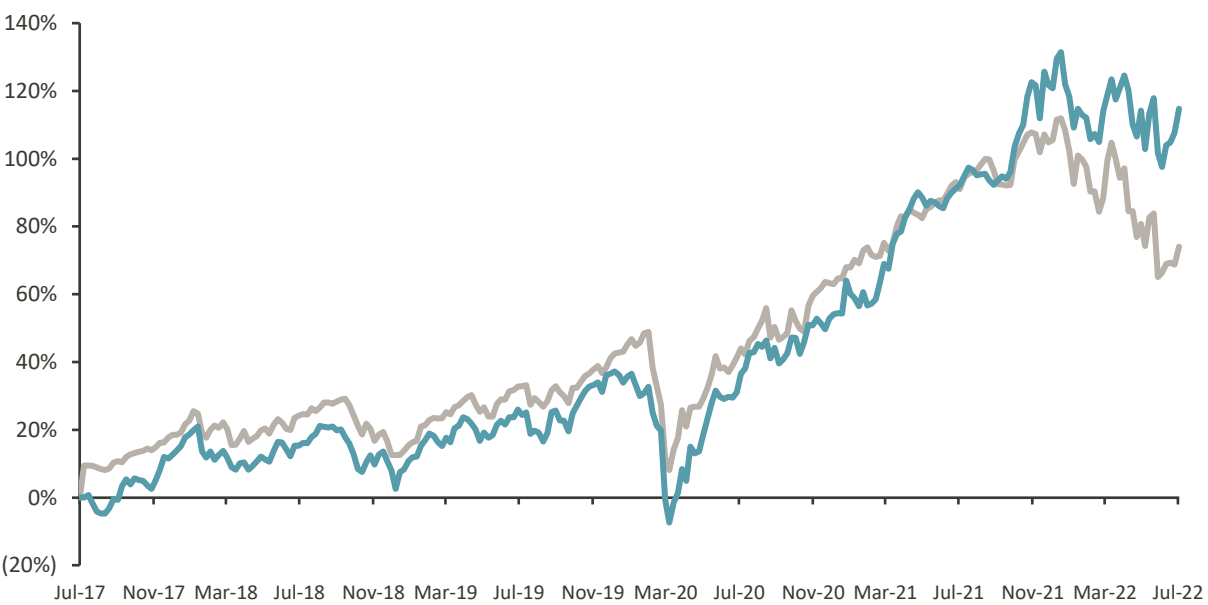
“Many leading distributors put a premium on high-quality, well-segmented data. Segmentation is a method of grouping data and turning large amounts of data into actionable information for better decision making and planning.”

Read the full article [here](#).

Specialty Distribution Public Company Performance and Trends

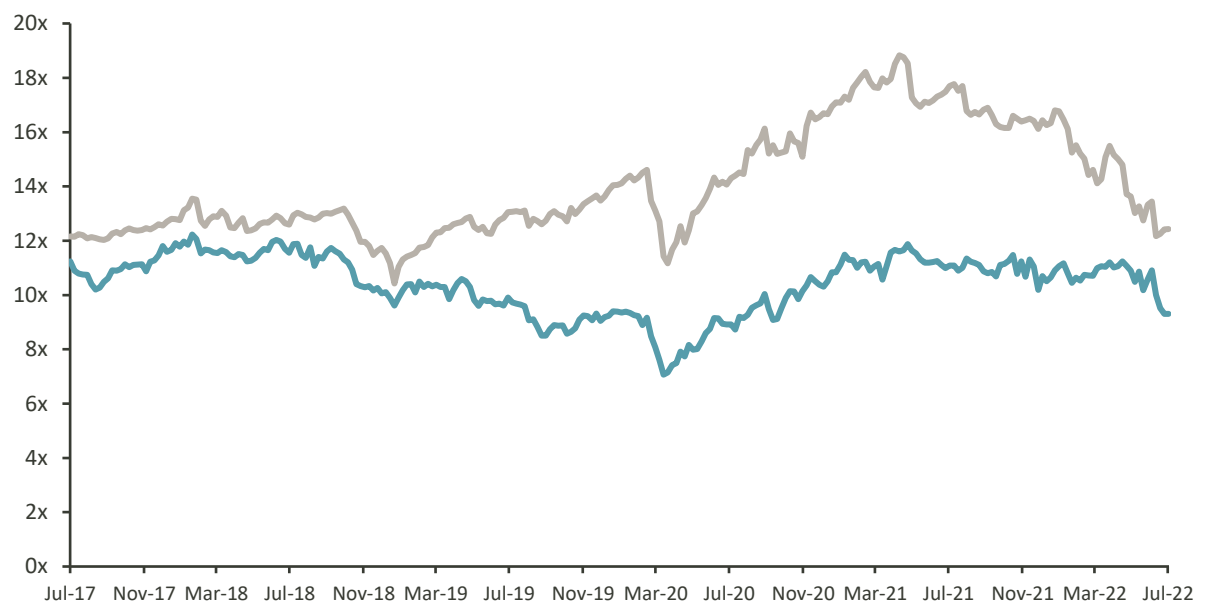
Historical Stock Prices – Last 5 Years^{1,2}

Indexed stock price performance for the period July 2017-July 2022



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

Indexed stock price performance for the period July 2017-July 2022



Representative Key Public Comparables²

AMCON

APPLIED

ANGL

AutoZone

Builders FirstSource

BUNZL

Core-Mark

CRH

FASTENAL

FERGUSON

HENRY SCHEIN

IMCD

LKQ

McKesson

MRC Global

MSC Industrial Supply Co.

O'Reilly

POOLCORP

scansource

SiteOne

SPX

TD SYNEX

Sysco

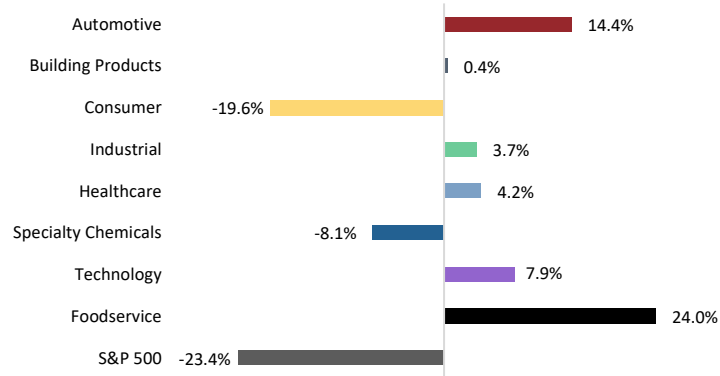
US FOODS

Veritiv

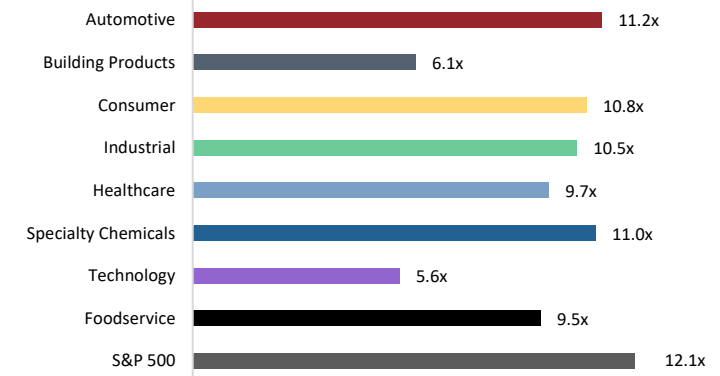
Watco

Specialty Distribution Public Company Performance and Trends (Cont.)

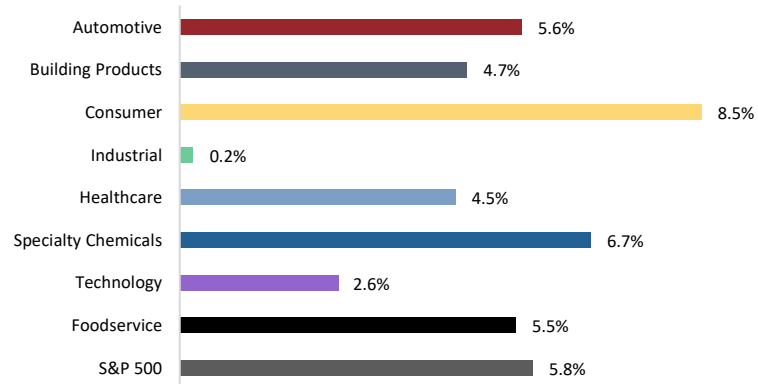
12-Month Change in Stock Price^{1,2}



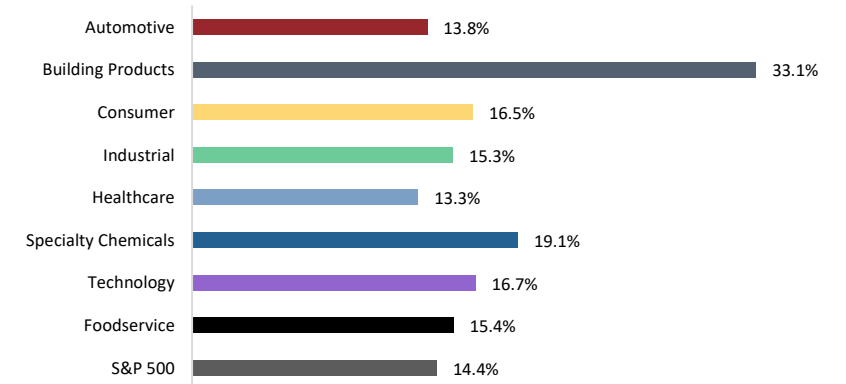
Median TEV/2022E EBITDA Multiple^{1,2}



Median 3-Year Revenue CAGR (2019-2022)^{1,2}

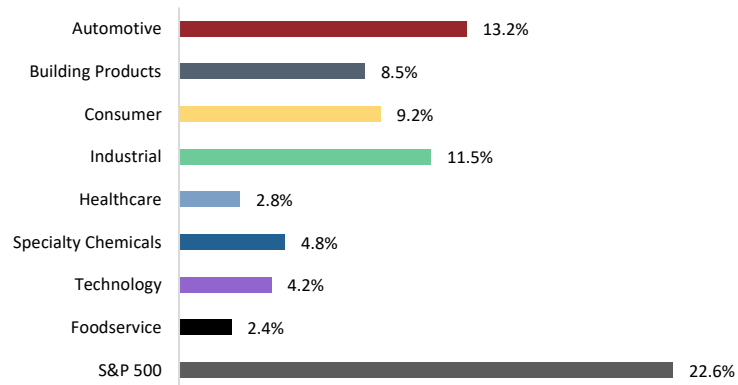


Median LTM Revenue Growth^{1,2}

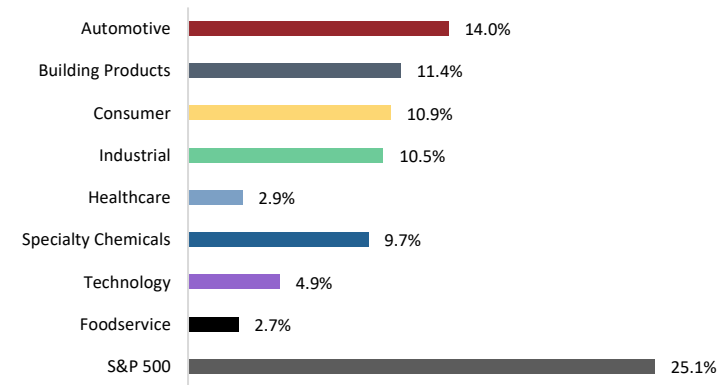


Specialty Distribution Public Company Performance and Trends (Cont.)

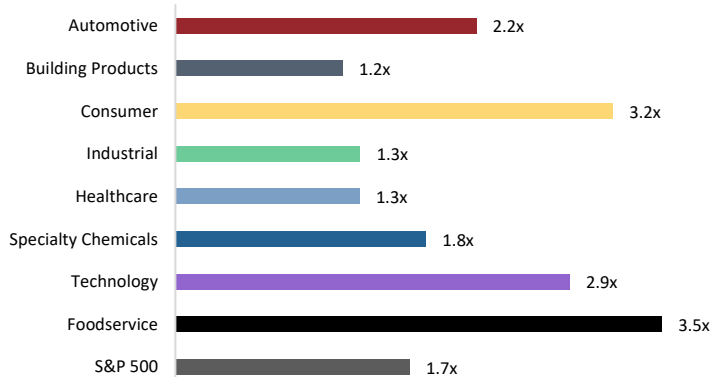
Median EBITDA Margin (2019 – 2021)^{1,2}



Median LTM EBITDA Margin^{1,2}

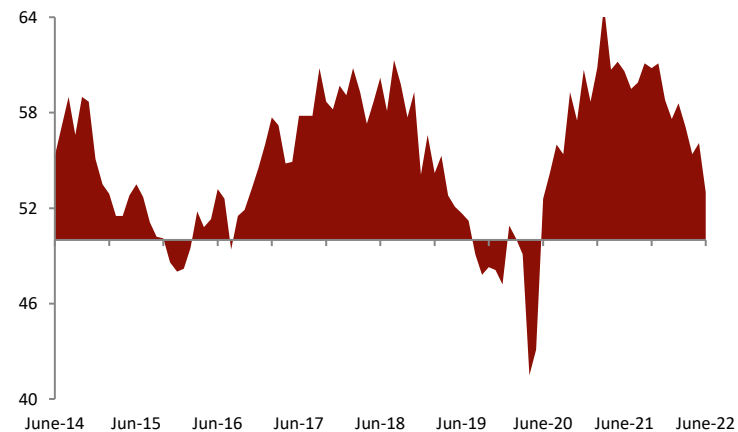


Net Debt / LTM EBITDA^{1,2}

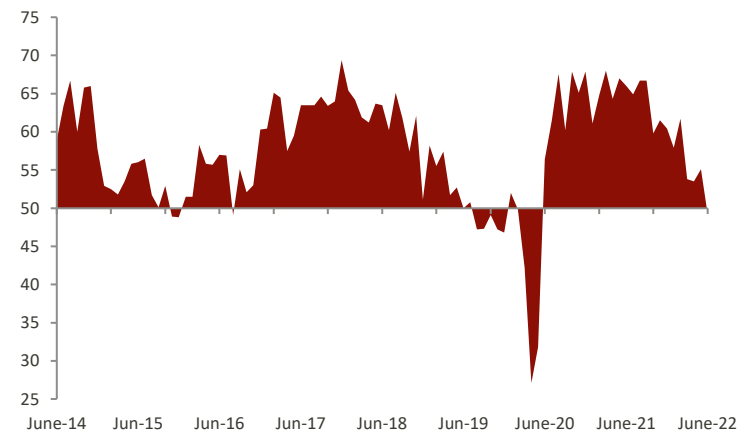


Economic Trends

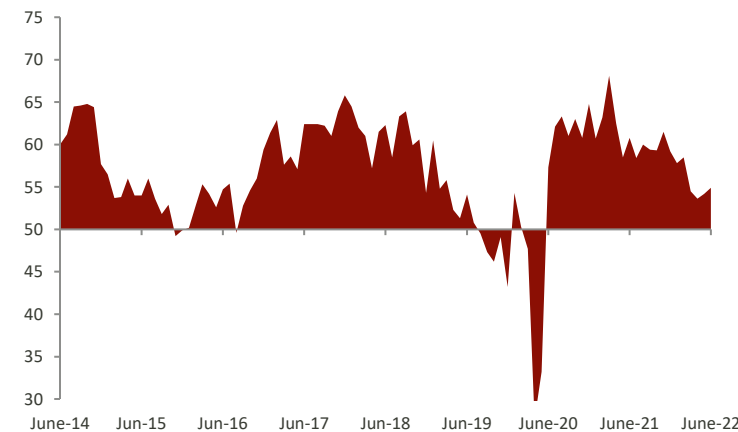
PMI Index¹



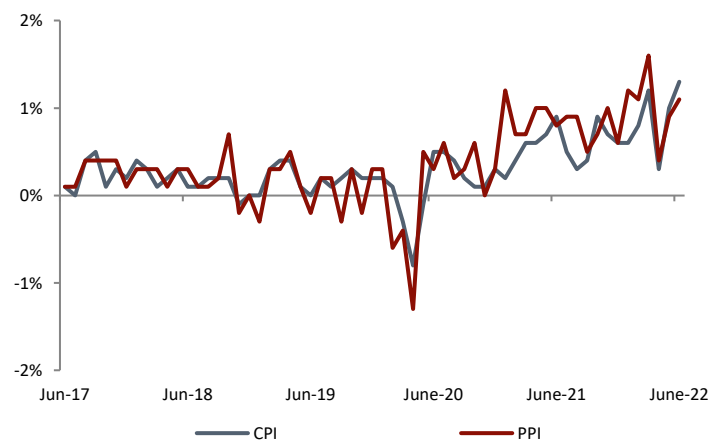
ISM New Orders Index¹



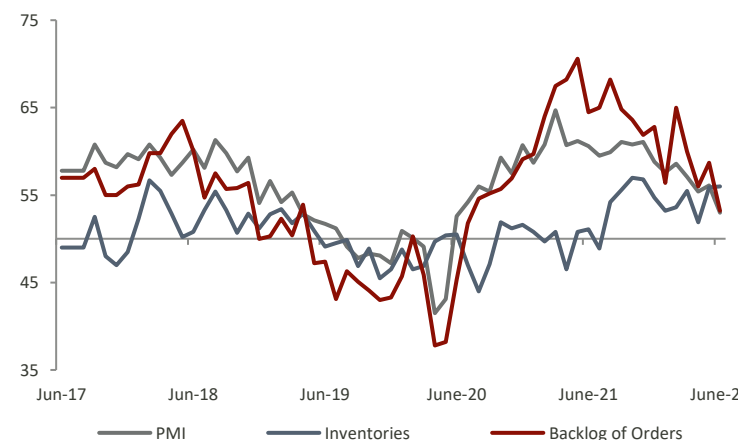
Production Index¹



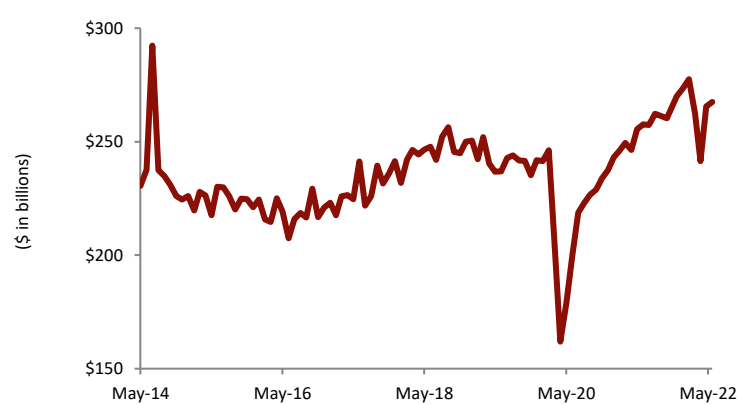
CPI & PPI Index²



Manufacturing Inventories & Backlog¹



Durable Goods New Orders³



1) Institute for Supply Management – Manufacturing PMI
2) Bureau of Labor Statistics
3) Federal Reserve Economic Data – St. Louis Fed

Recent Specialty Distribution Transactions Detail

Date	Target	Business Description	Acquirer(s)
06/21/22	Raney's	E-commerce distributor of aftermarket heavy-duty truck parts and accessories	Incline Equity Partners
06/20/22	WestFleet	Supplier of truck and trailer parts	TruckPro
06/16/22	Imperial Dade	Distributor of foodservice packaging, facilities, and maintenance supplies and equipment	Advent International Corp.
06/15/22	Skarda Equipment Company	Midwest-based industrial fluid power distributor	Certified Power Solutions
06/14/22	Hygi.de ("Hygi")	Online distributor of cleaning and hygiene products in Germany	Bunzl
06/14/22	USL	New Zealand distributor of medical consumables	Bunzl
06/10/22	Industrial Starter	Italian producer of personal protective equipment	Protective Industrial Products
06/03/22	Camden Bag and Paper Company	Regional distributor serving New Jersey, Pennsylvania, Delaware, Maryland, and Virginia	BradyIFS
06/02/22	W.A. Bragg & Co.	Plumbing, appliance, lighting, electrical, and irrigation distributor	PDI
05/26/22	Service Construction Company	Commercial construction distributor based in Birmingham, Alabama	Darragh Company
05/23/22	American Paper & Supply Company	Full-line janitorial and maintenance distributor	FEMSA (Envoy Solutions)
05/22/22	Retailers Supply	Distributor of janitorial supplies and equipment to customers in education, industrial, retail, entertainment, and other commercial segments	Aramco
05/19/22	STAXS	Value-added distributor of cleanroom consumables to the life sciences industry	Franz Haniel & Cie. GmbH
05/18/22	North Alabama Chemical	Full-service distributor of janitorial supplies, services, and solutions	Imperial Dade
05/16/22	Tepe Sanitary	Full-service distributor of janitorial supplies and industrial products, services, and solutions	Imperial Dade
05/09/22	Continental Bottle	U.K.-based glass packaging distributor	Ares Management and Ontario Teachers' Pension Plan Board
05/02/22	Allied Eagle Supply	Janitorial equipment and services distributor	Imperial Dade
04/28/22	Globe Scientific	Distributor of laboratory consumable supplies	L. Squared
04/21/22	JF Tech	Distributor of components for servers, wireless networks, and cellular optical fiber systems	Network Wireless Solutions
04/20/22	T.A. Gentry Supply	Family-owned plumbing firm based in Holland, Michigan	Munch's Supply (Marccone, Genstar Capital)

Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **10** Industry Groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

The Harris Williams Business Services & Specialty Distribution Coverage Areas

- Specialty Distribution
- Commercial & Industrial Services
- Professional Services
- IT Services

Specialty Distribution Subsectors

- Automotive
- Building Products
- Consumer
- Foodservice
- Healthcare
- Industrial
- Specialty Chemicals
- Technology

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Harris Williams Capabilities and Locations



Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com.

	Aerospace, Defense & Government Services		Business Services		Building Products & Materials		Consumer		Energy, Power & Infrastructure
	Healthcare & Life Sciences		Industrials		Specialty Distribution		Technology		Transportation & Logistics

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Sources & Disclaimers

Sources

- Public Comparable Companies:** (Pages 3-5)
- Automotive & Heavy Duty Aftermarket:** AutoZone, O'Reilly Automotive, LKQ Corp., Genuine Parts Company, Dorman Products, Uni-Select
- Building & Construction Products:** CRH, Watsco, Beacon Roofing Supply, Builders FirstSource, Boise Cascade, GMS, Ferguson, Hardwoods Distribution, BlueLinkx Holdings, Inc.
- Consumer:** Fortune Brands Home & Security, Pool Corp., SiteOne Landscape Supply, Central Garden & Pet Co., Colabor Group, AMCON Distributing, Core-Mark Holding Company
- Industrial, MRO & Safety:** L’Air Liquide, Fastenal, WW Grainger, MSC Industrial, Applied Industrial Tech, MRC Global, SPX Corp., NOW, DXP Enterprises
- Healthcare:** McKesson, Cardinal Health, AmerisourceBergen, Henry Schein, Patterson Companies, Owens & Minor
- Specialty Chemicals:** Burning Rock Biotech Limited, Univar Solutions, DKSH Holding, IMCD NV
- Technology:** Arrow Electronics, Rexel, TD SYNnex Corp., Avnet, WESCO International, Archer Materials, ScanSource
- Foodservice:** Sysco Corporation, Performance Food Group, Bunzl, US Foods, United Natural Foods, SpartanNash, Veritiv, The Chef’s Warehouse

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