



Specialty Distribution Industry Update

Harris Williams | Q1 2023

Harris Williams Specialty Distribution Experience

Harris Williams Client Spotlight



a portfolio company of



has been acquired by



September 16, 2022

Company Background

D&H United Fueling Solutions is the leading supplier of both petroleum fueling and EV charging system equipment, installation, and service.

Successful Outcome

The transaction delivered a successful outcome for D&H United Fueling Solutions and KLH Capital. The investment will allow D&H to continue to add new territories, grow its technician base, and enhance its scope of services.

Harris Williams served as financial advisor to D&H United Fueling Solutions, a portfolio company of KLH Capital, in this transaction.

Harris Williams Client Spotlight



a portfolio company of



has received an investment from



June 16, 2022

Company Background

Imperial Dade is a 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.

Select Specialty Distribution Experience

 a portfolio company of has been acquired by 	 a portfolio company of has received an investment from 	 a portfolio company of has been acquired by 	 has been acquired by a portfolio company of 	 a portfolio company of has been acquired by
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 a portfolio company of has been acquired by 	 a portfolio company of THE JORDAN COMPANY has been acquired by 	 has acquired a division of 	 in partnership with Markel Ventures has acquired the distribution business of 	 a portfolio company of BLUE SEA CAPITAL has been acquired by

What We're Reading

In this sector update, we have included a collection of articles focused on trends that the Harris Williams team is seeing from market participants. As we enter 2023, specialty distribution companies will navigate uncertain economic environments, looking for ways to create recession-proof barriers by focusing on value-added services, digital capabilities, supply chain optimization, and leveraging technology, data analytics, and automation.

Marketplace Strategy for Distributors

Distribution Strategy Group

"Websites that only carry one company's products will be at a disadvantage over time. Customers don't want the inconvenience of hopping from site to site to find what they need. Most B2B buyers would prefer to source from a single channel or platform when given the opportunity. Distributors must adjust their eCommerce strategy to maintain relevance."

Read the full article [here](#).

Is eCommerce Your Best Bet for Recession-Proofing Your Business?

Distribution Strategy Group

"eCommerce is necessary for distributors today. And the investment is a fraction of the costs of just a few years ago. The benefits are too big to ignore: expanded customer service, improved productivity, new customers and increased revenue. Our conclusion: eCommerce is a terrible place to skimp in both bad and good economic times."

Read the full article [here](#).

The Supply Chain Trends Shaking Up 2023

KPMG

"Having 'control tower' visibility on key real-time indicators, being able to maneuver your supply chain beyond your own business borders, and building real-time collaboration with your ecosystem of supply chain partners will likely be critical – all done using digital capabilities. The ultimate goal is to enhance collaboration across the supply chain ecosystem."

Read the full article [here](#).

Headwinds and Optimism: What the Distribution Industry Can Expect in 2023

Deloitte

"Technology plays a critical role. Distributors need strong data and analytics capabilities to manage, track and forecast inventory levels and manage their warehouses profitably. Transparency is key to keeping the supply chain aligned, and technology can help."

Read the full article [here](#).

The Rise of the Warehouse Execution System

Industrial Distribution

"A sophisticated WES [results] in a warehouse that delivers better product traceability, storage usage, increased inventory accuracy, and allows for growth and flexibility to accommodate ever-changing warehousing needs. As the need for automation continues to grow, so will the need for an integrated warehouse execution system."

Read the full article [here](#).

Recent Harris Williams Industry Content

• Business Services | 2023 Outlook



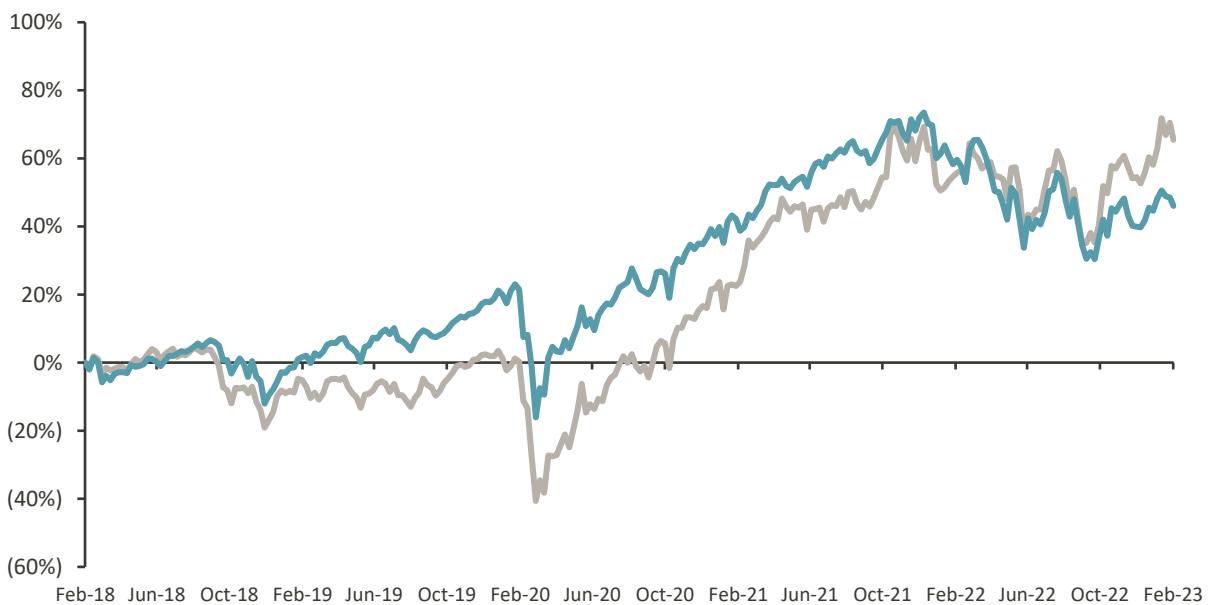
[Link to Read](#)

The business services landscape is fast-moving, dynamic, and diverse, and serves a rich variety of end markets. Here, senior bankers from the Harris Williams Business Services Group discuss industry trends creating M&A opportunities, which subsectors they expect to be most active this year, and how buyer dynamics are shifting.

Specialty Distribution Public Company Performance and Trends

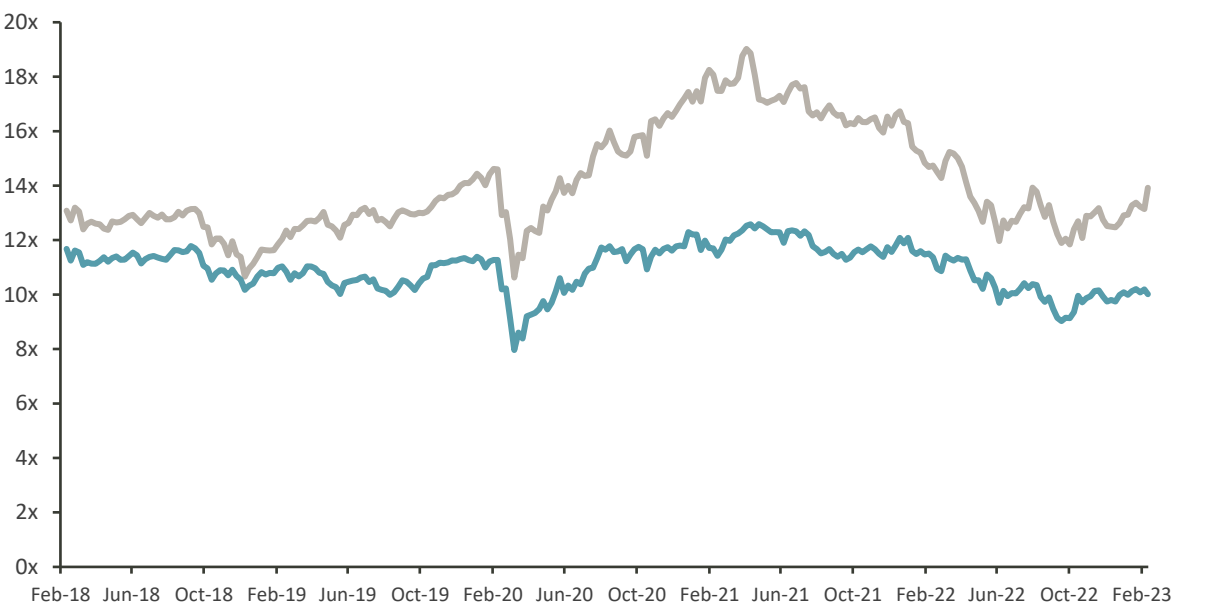
Historical Stock Prices – Last 5 Years^{1,2}

Indexed stock price performance for the period February 2018-February 2023



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

Median TEV/LTM EBITDA multiples for the period February 2018-February 2023



Specialty Distribution Index S&P 500 Index

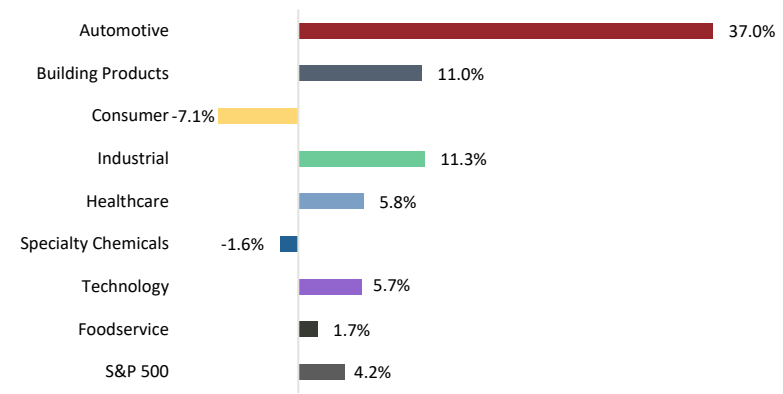
Representative Key Public Comparables²



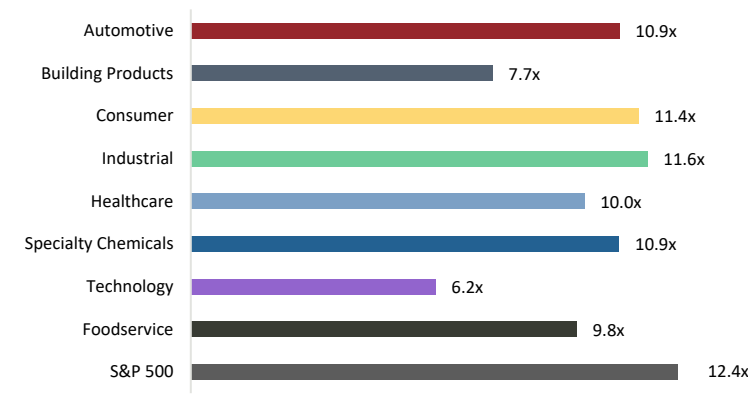


Specialty Distribution Public Company Performance and Trends (Cont.)

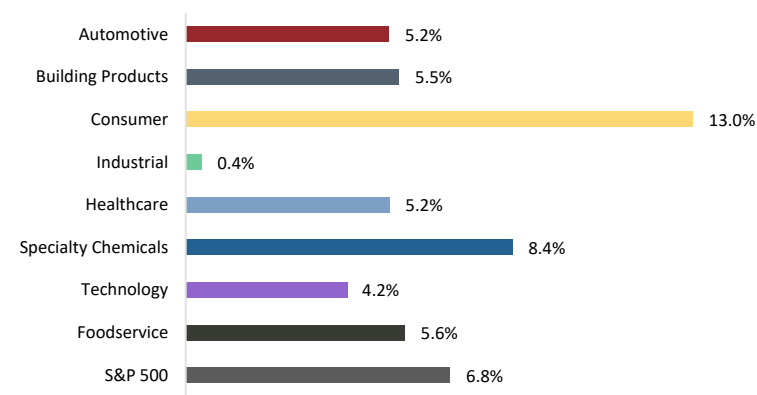
12-Month Change in Stock Price^{1,2}



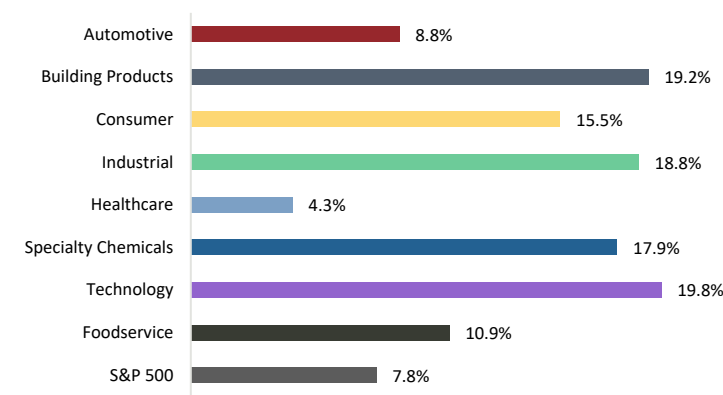
Median TEV/2023E EBITDA Multiple^{1,2}



Median 3-Year Revenue CAGR (2020 — 2023)^{1,2}

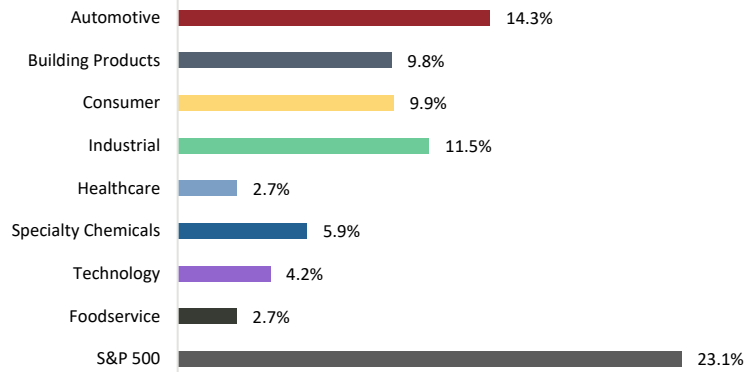


Median LTM Revenue Growth^{1,2}

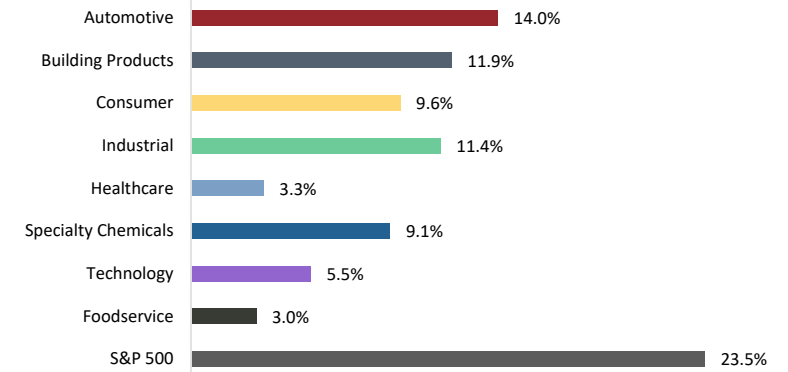


Specialty Distribution Public Company Performance and Trends (Cont.)

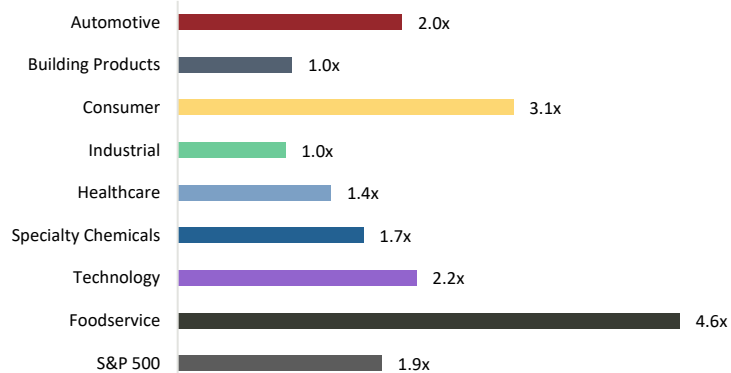
Median EBITDA Margin (2020 — 2023)^{1,2}



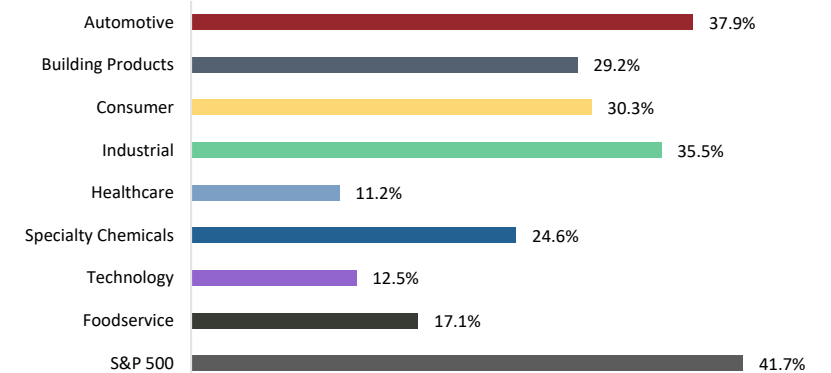
Median LTM EBITDA Margin^{1,2}



Net Debt / LTM EBITDA^{1,2}

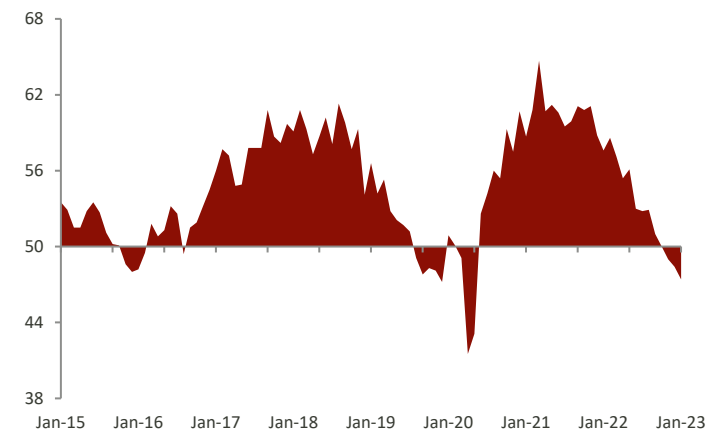


Median LTM Gross Margin^{1,2}

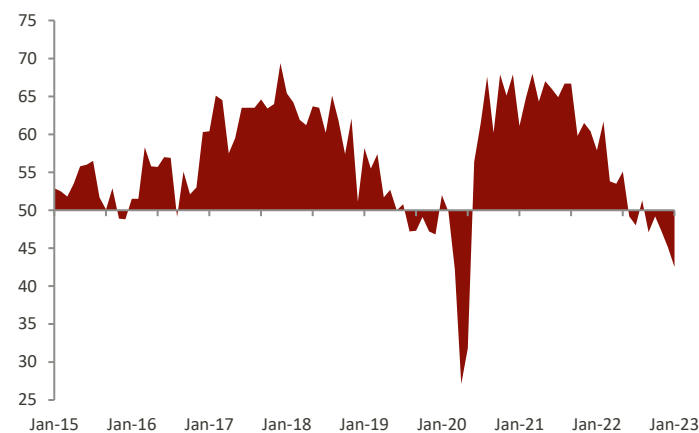


Economic Trends

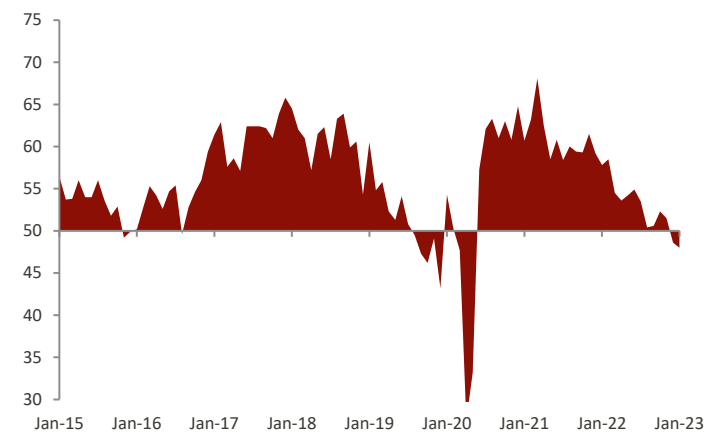
PMI Index¹



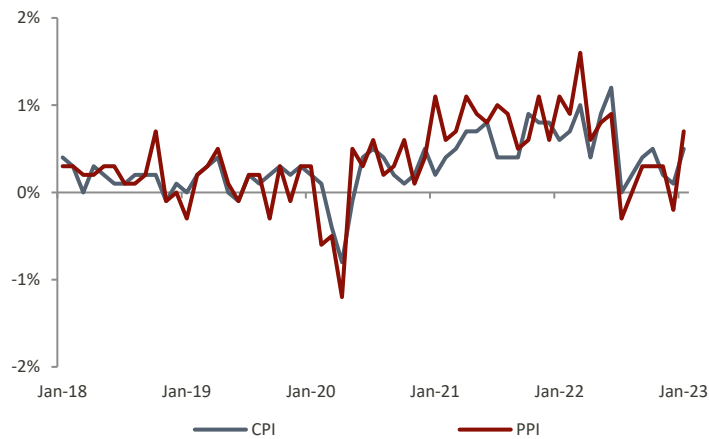
ISM New Orders Index¹



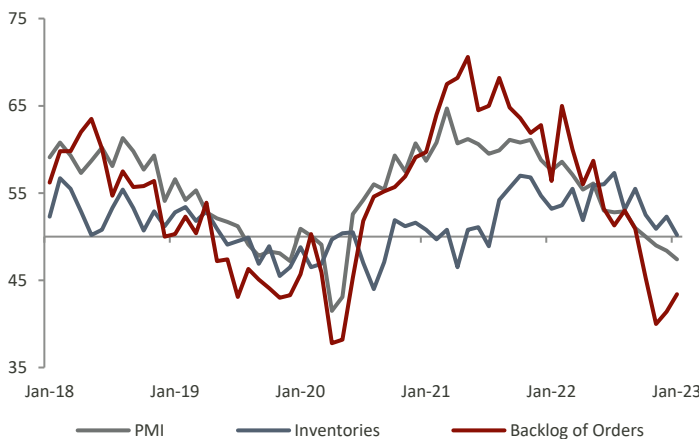
Production Index¹



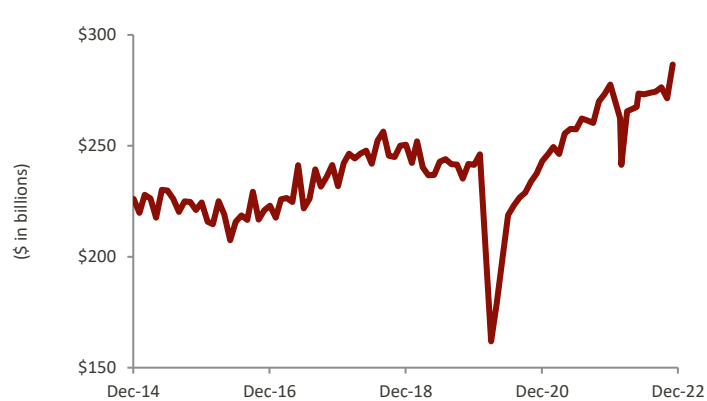
CPI & PPI Index (% Change)²



Manufacturing Inventories & Backlog¹



Durable Goods New Orders³



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)
02/14/23	Landscapers Supply	Landscapers Supply offers high-end equipment and repair services, as well as seed, fertilizer, mulch, firewood, stone, and various irrigation products across its five locations to meet the needs of commercial and residential landscaping contractors	Azalea Capital
02/13/23	Landscape & Construction Supplies LLC	Schaumburg, Illinois-based provider of geosynthetics products	Core & Main, Inc. (NYSE:CNM)
02/10/23	Mooney-General Paper (MGP)	Mooney-General Paper (MGP) is a distributor of supplies and equipment for industrial packaging, foodservice and food packaging, and sanitary maintenance	Envoy Solutions (FEMSA)
02/06/23	Preferred Packaging Products Inc.	Thornton, CO-based distributor of corrugated, custom foam, poly bags, wood crating, bubble, stretch wrap, tapes and labels to diverse end markets including electronics, instrumentation, consumer products and healthcare	Flexpak LLC (Shorehill Capital)
02/06/23	Detroit Chemical & Paper Supply Company	Warren, MI-based provider of high-quality cleaning and sanitary products, such as hand care, liners, equipment, and paper to many key industries, including industrial, healthcare, sports and entertainment	Envoy Solutions (FEMSA)
02/02/23	Womack Machine Supply Company	Womack is a value-added industrial distributor of components and solutions for hydraulic, pneumatic and automation control systems	Platte River Equity
02/01/23	Focus Packaging & Supply Co	Fresno, California-based distributor of foodservice packaging and janitorial supplies	Imperial Dade (Bain Capital and Advent International)
01/30/23	Andron Stainless Corporation	Provider of sanitary stainless steel fittings, valves, tubing and accessories	Flow Control Holdings (Audax)
01/28/23	Marsh Building Products Inc.	Marsh Building Products is a wholesale distributor of high-quality building materials such as windows, doors, siding, and gutter	SRS Distribution (Leonard Green and Berkshire Partners)
01/27/23	Zesco, Inc.	Zesco specializes in the drives, motion control and automation industry	Galco Industrial Electronics (Freeman Spogli)
01/27/23	FloWorks (Clearlake Capital Group)	FloWorks is a distributor of critical flow control products and a provider of tailored technical solutions for MRO-focused applications	Wynnchurch Capital
01/24/23	Royal Paper	Distributor of paper, plastics, cleaning and safety equipment in janitorial, sanitary and foodservice applications	Envoy Solutions (FEMSA)
01/20/23	Motor City Industrial	Motor City is a value-added distributor of fasteners and other consumable industrial products	AFC Industries (Bertram Capital)
01/12/23	YPV Distribution	A distributor of foodservice and janitorial & sanitation products serving the greater Chicagoland region since 2007	BradyIFS (Kelso)
01/12/23	Hasa, Inc.	Hasa manufactures and distributes chemicals and ancillary products used for critical sanitization and maintenance of water systems, including swimming pools, water tanks and containment vessels for recreational, industrial and municipal end markets	Wind Point Partners
01/11/23	Buckeye Industrial Supply Co.	Independent metalworking distributor based in Columbus, Ohio	MSC Industrial Supply Co (NYSE:MSM)
01/10/23	Amerhart	Leading regional distributor of specialty building materials	Specialty Building Products (Jordan Company)
01/06/23	Delta Packaging & Supply	Packaging distributor that offers a wide range of flexible packaging materials, automated packaging equipment, and efficient packaging solutions to a broad range of industries	Envoy Solutions (FEMSA)
01/04/23	First Coastal Exteriors	First Coastal Exteriors is a distributor of complementary residential and commercial building products such as siding, gutter products and windows. The business has locations in Mobile, Alabama, and Pearl, Mississippi	Beacon Roofing Supply, Inc. (NASDAQ: BECN)
01/04/23	SureWex	SureWex is a global supplier of personal protective equipment, safety gear and tool solutions, and markets its safety products under multiple brands including Jackson Safety	Partners Group
01/03/23	Whitney Building Products	Whitney Building Products is a distributor of waterproofing and restoration products located in Boston. Whitney serves the construction and restoration industries in New England	Beacon Roofing Supply, Inc. (NASDAQ: BECN)
01/03/23	Tanner Bolt & Nut	Tanner Bolt & Nut is a distributor of fasteners, tools, safety and related construction products with four locations in the New York metro area	Gypsum Management & Supply, Inc. (AEA Middle Market Fund)
01/03/23	Dunham Rubber & Belting	Dunham delivers a wide variety of lightweight belting products and services to customers across the country from three locations in Indiana	Belt Power (Platte River Equity)
01/03/23	Williams Distributing	A distributor of heating, ventilation and air conditioning (HVAC) equipment and residential building products	Daikin Industries (TYO:6367)

Harris Williams / GLOBAL M&A ADVISOR

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Deep Industry Experience



Aerospace, Defense
& Government Services



Business
Services



Consumer



Energy, Power
& Infrastructure



Healthcare &
Life Sciences



Industrials



Technology



Transportation
& Logistics

70% Revenue from
repeat clients

83% Managing directors
promoted from
within the firm

30+ Year
history



BANKING



Business Services Coverage Areas

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

Specialty Distribution Subsectors

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

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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, ADENTRA (FKA Hardwoods Distribution)
- Consumer:** Fortune Brands Home & Security, Pool Corp., SiteOne Landscape Supply, Central Garden & Pet Co., Colabor Group, AMCON Distributing
- 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, ScanSource
- Foodservice:** Sysco Corporation, Performance Food Group, Bunzl, US Foods, United Natural Foods, SpartanNash, Veritiv, The Chef's Warehouse

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