



Specialty Distribution Sector Brief

Harris Williams | Q4 2023

2023 Harris Williams Activity

Harris Williams Transaction Spotlight



October 31, 2023

Company Background

BradyIFS is a leading distributor of foodservice disposables and janitorial and sanitation (JanSan) products in North America sourcing, managing, and distributing 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



September 1, 2023

Company Background

Midland Industries is a leading specialty distributor of fittings, valves, hoses and accessories, and related products. The company serves distributors, original equipment manufacturers, and retailer customers within the \$10B+ and growing North American pipes, valves, and fittings market.

Successful Outcome

The transaction delivered a successful outcome for Midland and Wynnchurch Capital. Gemspring's acquisition will allow the Midland management team to draw on Gemspring's strong base of knowledge and relevant expertise in the industrial distribution space.

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

<https://www.harriswilliams.com/transactions/midland-industries-acquired-by-gemspring-capital>

Harris Williams Transaction Spotlight



August 6, 2023

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 Partner's 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. Increasing awareness of cyberthreats and advancement of technology within supply chains stand at the forefront of distribution. Investment continues to pour into supply chains as distributors look to navigate a continued choppy environment with COVID-19 pandemic impacts lingering and global conflicts ensuing.

Cyberthreats in the Modern Supply Chain

Industrial Distribution

"The contemporary manufacturing sector leans heavily upon interwoven supply chains. While these networks underpin streamlined production and efficient distribution, they introduce vulnerabilities that warrant meticulous attention... supply chains are vulnerable due to the lack of interconnectedness between individual points."

Read the full article [here](#).

Supply Chain Orchestration: Creating Harmony From Cacophony

Forbes

"Although the concept of 'orchestrating' specific parts of the supply chain is not new, a new paradigm is emerging that extends the concept of orchestration beyond the traditional bounds of just planning, or just execution, to continuously connect, synchronize and optimize all the most critical pieces of the supply chain, across all time horizons, business processes and organizational boundaries."

Read the full article [here](#).

Weighing the Benefits and Drawbacks of Insourcing Versus Outsourcing Distribution and Fulfillment

Industrial Distribution

"Deciding whether to handle distribution and fulfillment in-house or outsource is a decision that requires an evaluation of a company's unique requirements, resources and strategic goals. Each approach presents advantages and challenges, making it essential for businesses to carefully assess their needs before making an informed choice."

Read the full article [here](#).

Biden Announces Major Plan to Improve U.S. Supply Chains

Modern Distribution Management

"President Joe Biden convened the inaugural White House Council on Supply Chain Resilience on Nov. 27, in which Biden announced nearly 30 new actions aimed at strengthening U.S. supply chains." These actions include investing in the domestic production of necessary medicines, improving cross-government supply chain data-sharing capabilities, and increasing access to affordable, reliable energy and critical technology.

Read the full article [here](#).

The Rise of the Digital Supply Network

Deloitte

"Supply chains traditionally are linear in nature, with a discrete progression of design, plan, source, make, and deliver. Today, however, many supply chains are transforming from a staid sequence to a dynamic, interconnected system that can more readily incorporate ecosystem partners and evolve to a more optimal state over time."

Read the full article [here](#).

Recent Harris Williams Industry Content

- **Flow Control Distribution: Overflowing With Opportunity**



[Link to Read](#)

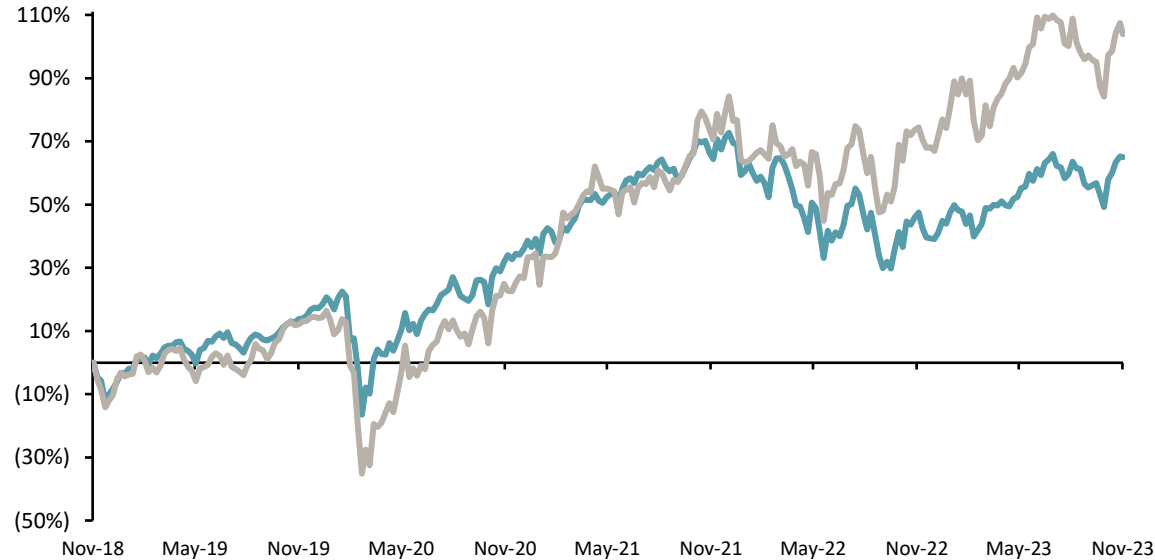
"When transferring fluids, gases, materials, or current, functionality and quality are paramount, so these are not commoditized products...they often support mission-critical applications where there's a high cost of failure, yet they are relatively low priced and purchased routinely with demand inelasticity."

"Flow control is ubiquitous...there are so many different areas of need that a company can sell its product in many end markets and diversify. The flow control industry offers a resilient business model with the opportunity to participate in a broad industrial landscape."

Specialty Distribution Public Company Performance and Trends

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

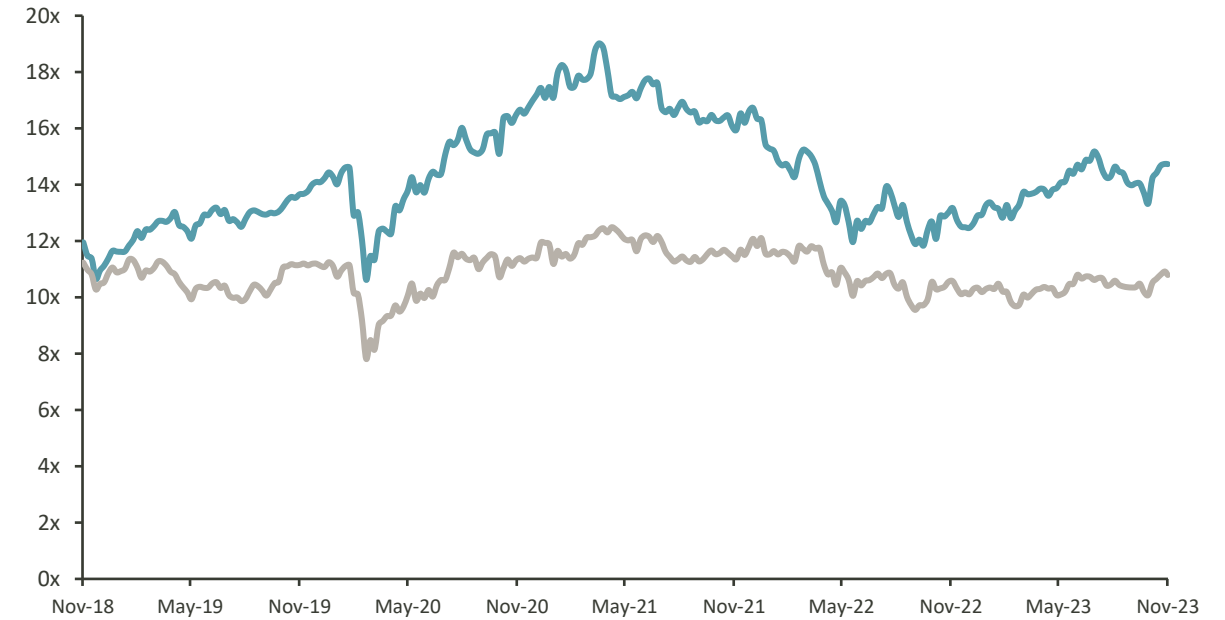
Indexed Stock Price Performance for the Period November 2018–November 2023



S&P 500 Index

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

Median TEV/LTM EBITDA Multiples for the Period November 2018–November 2023



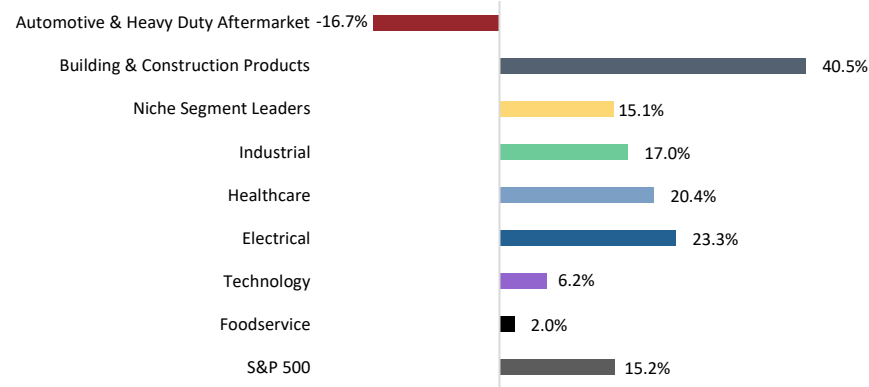
Specialty Distribution Index

Representative Key Public Comparables²

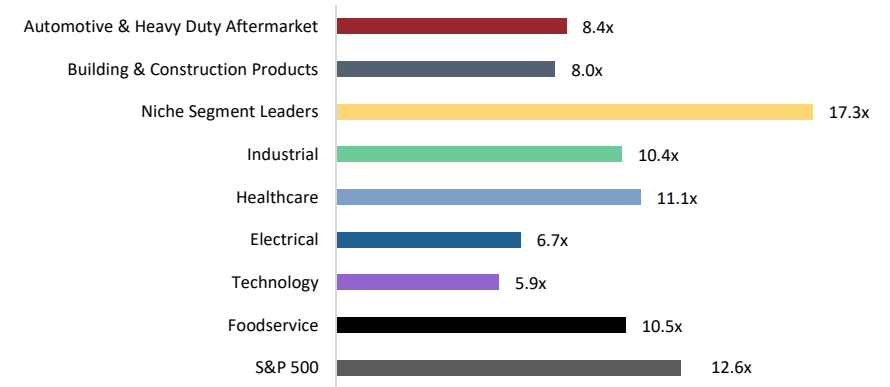


Specialty Distribution Public Company Performance and Trends (Cont.)

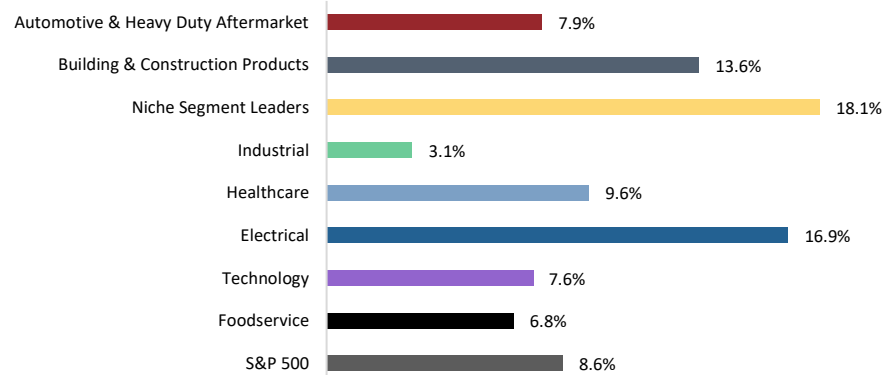
12-Month Change in Stock Price^{1,2}



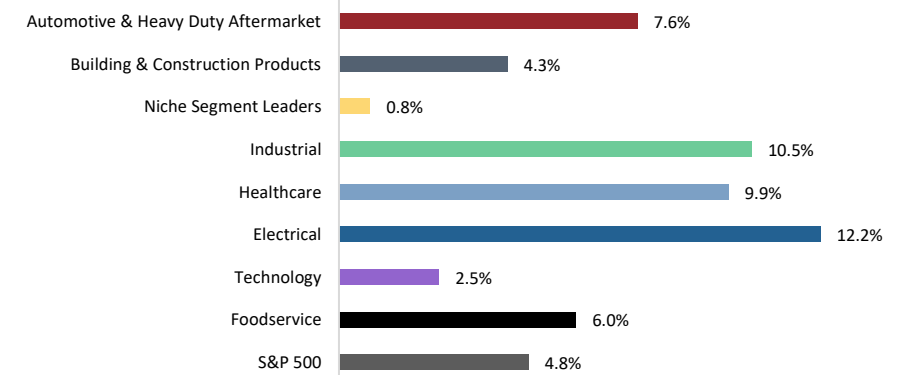
Median TEV / 2023E EBITDA Multiple^{1,2}



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

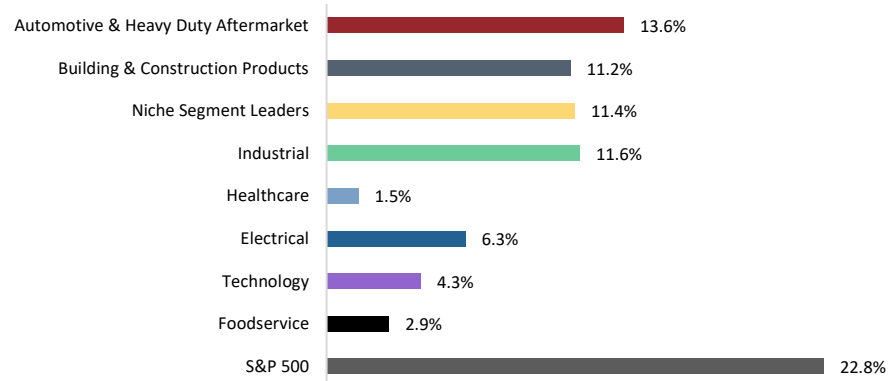


Median LTM Revenue Growth^{1,2}

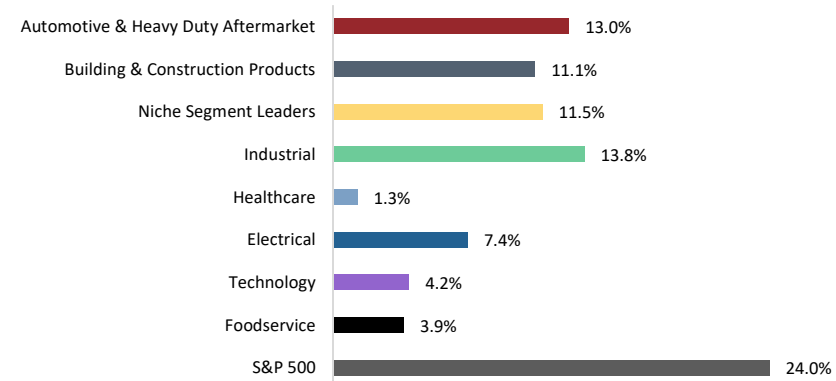


Specialty Distribution Public Company Performance and Trends (Cont.)

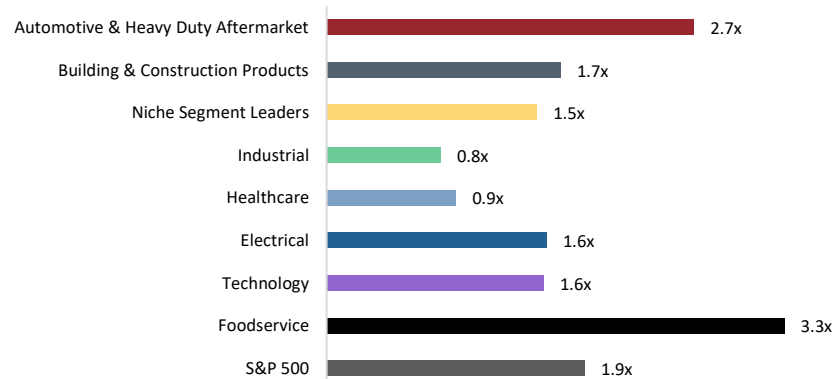
Median EBITDA Margin (2020 — 2023)^{1,2}



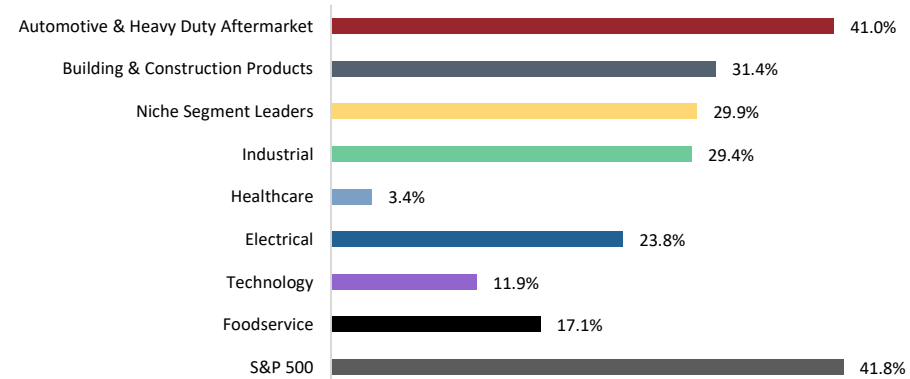
Median LTM EBITDA Margin^{1,2}



Net Debt / LTM EBITDA^{1,2}

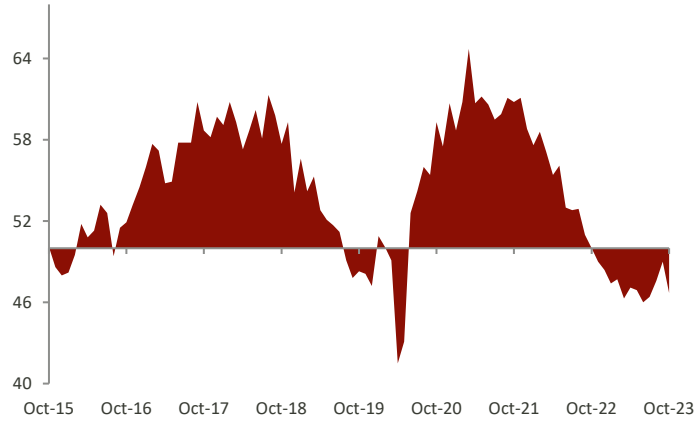


Median LTM Gross Margin^{1,2}

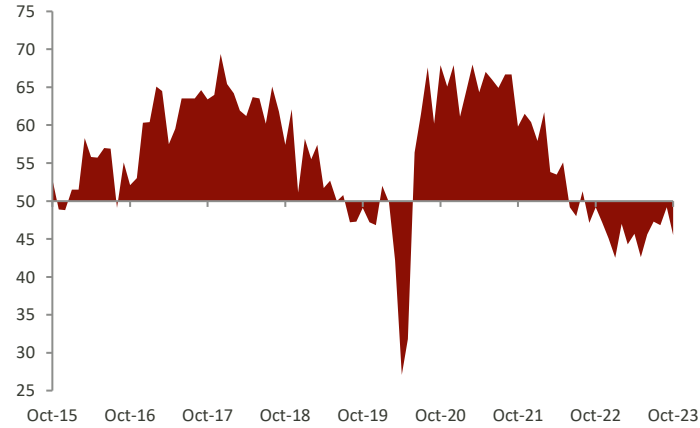


Economic Trends

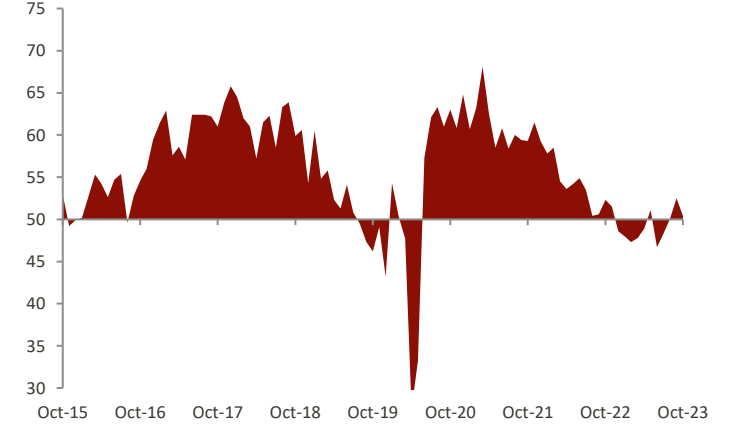
PMI Index¹



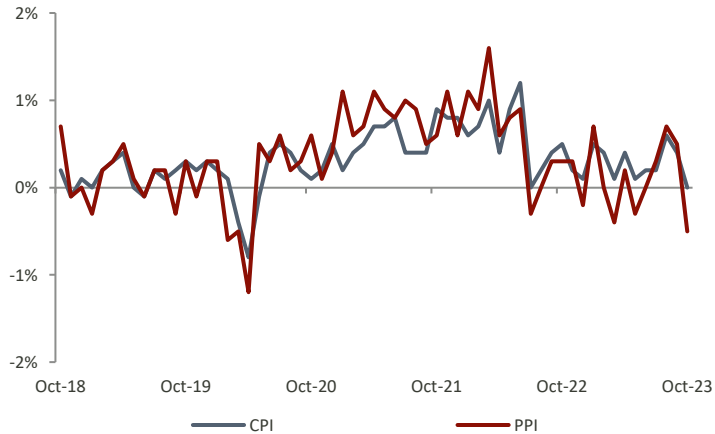
ISM New Orders Index¹



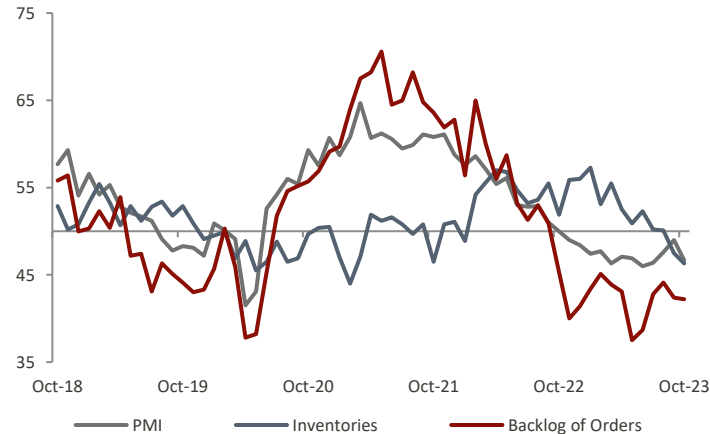
Production Index¹



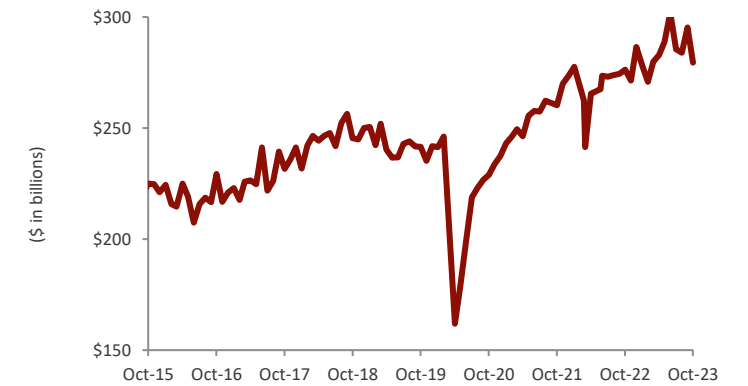
CPI & PPI Index (% Change)²



Manufacturing Inventories & Backlog¹



Durable Goods New Orders³



Recent Specialty Distribution Transactions Detail

Date	Target	Business Description	Acquirer(s)
Pending	Veritiv (NYSE: VRTV)	Distributor of packaging, publishing, and hygiene products	Clayton, Dubilier & Rice
11/26/23	Edward Don & Company	Distributor of foodservice equipment and supplies	Sysco (NYSE:SYF)
11/22/23	Sierra Packaging	Distributor of packaging, food service disposables, JanSan and safety products	BradyIFS + Envoy Solutions (Kelso/Warburg/FEMSA)
11/21/23	Castle Metals	Distributor and processor of alloy, carbon, stainless steel, nickel, aluminum, titanium, cast iron, and red metals	MiddleGround Capital
11/17/23	Worldwide Rock Enterprises	Wholesale distributor of natural and architectural cut stone, manufactured stone, cast stone, and masonry supplies	SRS Distribution (Leonard Green)
11/02/23	Power Grid Supply	Distributor of high-quality transformer parts and components for the production, repair, and remanufacturing of transformers	EIS (Audax)
11/01/23	Advance Shipping Supplies	Distributor of industrial supplies, packaging materials, and janitorial products	Imperial Dade (Bain Capital and Advent International)
11/01/23	H&H Roofing Supply	Complete stocking distributor for the professional roofer, supplying roofing materials and tools	Beacon (NASDAQ:BECN)
10/17/23	West Penetone (Military/Aerospace Division)	Manufacturer of specialty chemical products for cleaning and sanitation	Integrity Partners Group (OpenGate Capital)
10/06/23	Aramco	Distributor of critical consumable and equipment products	American Securities
10/05/23	Harrington Process Solutions	Distributor of piping and other engineered fluid process products for corrosive and high-purity applications	Bain Capital
10/05/23	Arrowhead Forensics	Manufacturer and distributor of crime scene, crime lab, property room, & evidence collection equipment and supplies	Thomas Scientific (Broad Sky Partners)
10/04/23	Manning Building Supplies	Distributor of building products and manufactured components to professional builders	US LBM (Bain Capital and Platinum Equity)
10/04/23	Don's Appliances	Service product provider in the home appliances sector	Kodiak Building Partners
10/02/23	The Janton Company and G&L Supply	Distributor of janitorial products	Imperial Dade (Bain Capital and Advent International)
09/29/23	Sunniland Corporation	Distributor of residential and commercial roofing products and related accessories	SRS Distribution (Leonard Green)
09/29/23	The Cook & Boardman Group	Distributor of commercial door and security integration solutions; offers a broad range of products including metal and wood doors, locks, doorframes, and other related building components for non-residential applications	Platinum Equity LLC
09/26/23	AMSCO Supply	Wholesale distributor of HVAC/R equipment, parts, and supplies	Heritage Distribution Holdings (Gryphon Investors)
09/18/23	Big Chef Inc.	Distributor of electric process heating and temperature control products for the industrial market	Gryphon Investors
09/08/23	Ralik	Distributor of paper goods, packaging materials, and other safety and janitorial products	Imperial Dade (Bain Capital and Advent International)
09/08/23	NeWave Sensor Solutions	Provider of optimized solutions for today's most challenging item-level Radio Frequency Identification (RFID) problems	Barcodes Group (Odyssey Investment Partners)
09/01/23	Katzke Packaging Company	Distributor of corrugated boxes, custom foam, poly bags, bubble wrap, stretch wrap, tapes, and labels	Flexpak
08/30/23	American Seal & Packaging	Distributor of elastomer components: specialty O-rings, seals, gaskets, and vee packing with focus on specialty graphite-based products	Marco Rubber & Plastics (Align Capital Partners)
08/30/23	Regal Chemical Company	Wholesale distributor of professional agronomics products serving the golf, commercial and residential land care, sports field, and nursery markets	SiteOne Landscape Supply (NYSE:SITE)

Harris Williams Specialty Distribution Experience

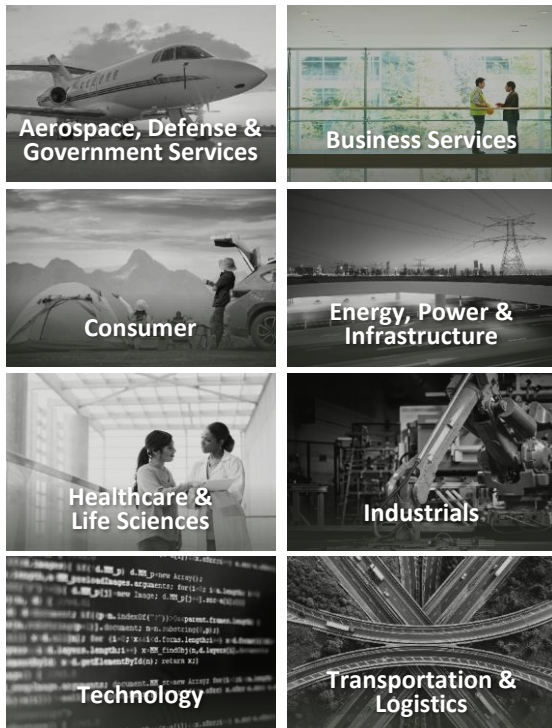
Select Specialty Distribution Experience

<p>BradyIFS a portfolio company of KELSO PRIVATE EQUITY has merged with ENVOY SOLUTIONS a subsidiary of FEMSA with an equity investment from WARBURG PINCUS</p>	<p>MIDLAND INDUSTRIAL PARTNER a portfolio company of WC WYNNBOROUGH CAPITAL has been acquired by GEMSPRING</p>	<p>GME Supply Co a portfolio company of PLATEAU RIVER EQUITY has been acquired by INCLINE EQUITY PARTNERS</p>	<p>United FUELING SOLUTIONS a portfolio company of KLH CAPITAL has been acquired by WIND POINT PARTNERS</p>	<p>ImperialDade 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>AMERICAN PAPER & Twine It's twine time! has been acquired by ImperialDade a portfolio company of BainCapital PRIVATE EQUITY</p>	<p>BFG SUPPLY CO. a portfolio company of INCLINE EQUITY PARTNERS has been acquired by PAMPLONA CAPITAL MANAGEMENT</p>	<p>sarnova a portfolio company of PATRICIA INDUSTRIES a part of investor AID has acquired ALLIED 100 a portfolio company of Ridgemont EQUITY PARTNERS</p>	<p>BAKEMARK a portfolio company of PAMPLONA CAPITAL MANAGEMENT has been acquired by PEARLHARBOUR</p>
<p>chs a portfolio company of CORTEC Group has been acquired by FLEXPOINT FORD</p>	<p>JM SWANK a portfolio company of <i>Platinum Equity</i> has been acquired by BRENTNAG</p>	<p>nws NETWORK WIRELESS SOLUTIONS 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 H.I.G. 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>PIP PROTECTIVE INDUSTRIAL PRODUCTS a portfolio company of Andax Group has been acquired by ODYSSEY PRIVATE EQUITY</p>	<p>HIGHLINE Aftermarket a portfolio company of THE STERLING GROUP has been acquired by PRITZKER PRIVATE CAPITAL</p>	<p>Parts Authority Auto Parts Super Stores a portfolio company of THE JORDAN COMPANY has been acquired by KOHLBERG & COMPANY</p>
<p>Liquid Tech Solutions, LLC has been recapitalized by LIG Liquor Investments Group</p>	<p>H.I.G. ADVANTAGE has acquired Supply Source a division of GPC</p>	<p>LANSING INDUSTRIAL PRODUCTS 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>ImperialDade a portfolio company of Andax Group has been acquired by BainCapital PRIVATE EQUITY</p>	<p>TechAir 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>berlin PACKAGING has been acquired by OAK HILL CAPITAL</p>	<p>SRS Distribution a portfolio company of Berkshire Partners has been acquired by LGP</p>	<p>Ryan Henco Flow Solutions a portfolio company of GREENBRIAR EQUITY GROUP LLC has been acquired by SUNSOURCE a portfolio company of CLAYTON SHELLER BANK</p>

HW Harris Williams / GLOBAL INVESTMENT BANK

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Proven Expertise

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 & Disclaimers

Sources

Public Comparable Companies: (Pages 3-5)

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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