Specialty Distribution Industry Update

Harris Williams | Q3 2022

Harris Williams Specialty Distribution Experience

Harris Williams Transaction Spotlight

ImperialDade
a portfolio company of
BainCapital
has received an investment from
Advent International
GLOBAL PRIVATE EQUITY

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

STAXS
CONTAMINATION CONTROL EXPERTS
a portfolio company of
Silverfleet
has been acquired by
HANIEL

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

- ImperialDade, a portfolio company of BainCapital, has received an investment from Advent International Global Private Equity
- STAXS Contamination Control Experts, a portfolio company of Silverfleet, has been acquired by HANIEL
- American Paper & Twine (It's twine time.) has been acquired by ImperialDade, a portfolio company of BainCapital Private Equity
- BFG Supply Co., a portfolio company of Incline Equity Partners, has been acquired by Pamplona Capital Management
- sarnova, a portfolio company of Patricia Industries (a part of Investor AB), has acquired Allied 100 LLC, a portfolio company of Ridgemont Equity Partners
- BakeMark, a portfolio company of Pamplona Capital Management, has been acquired by Clearlake
- chs Canadian Hospital Specialties Ltd., a portfolio company of CORTEC Group, has been acquired by Flexpoint Ford
- JM Swank, a portfolio company of Platinum Equity, has been acquired by Brenntag
- nws Network Wireless Solutions has been acquired by Grain Management
- TricorBraun, a portfolio company of AEA, has been acquired by Ares, Ontario Teachers' Pension Plan
- Continental Batteries, a portfolio company of Incline Equity Partners, has been acquired by H.I.G. Capital
- Brady, a portfolio company of A&M Capital Partners, has been acquired by IFS Individual Foodservice, a portfolio company of Kelso Private Equity
- Inmark, a portfolio company of Quad-C, has received an investment from Kelso Private Equity
- PIP Protective Industrial Products, a portfolio company of Audax Group, has been acquired by Odyssey Investment Partners
- Highline Aftermarket, a portfolio company of The Sterling Group, has been acquired by Pritzker Private Capital
- Parts Authority Auto Parts Super Stores, a portfolio company of The Jordan Company, has been acquired by Kohlberg & Company
- H.I.G. Advantage has acquired Supply Source, a division of GPC
- Lansing Building Products, in partnership with Markel Ventures, has acquired the distribution business of Harvey Building Products
- nsi Industries, a portfolio company of Blue Sea Capital, has been acquired by Odyssey Investment Partners
- ImperialDade, a portfolio company of Audax Group, has been acquired by BainCapital 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

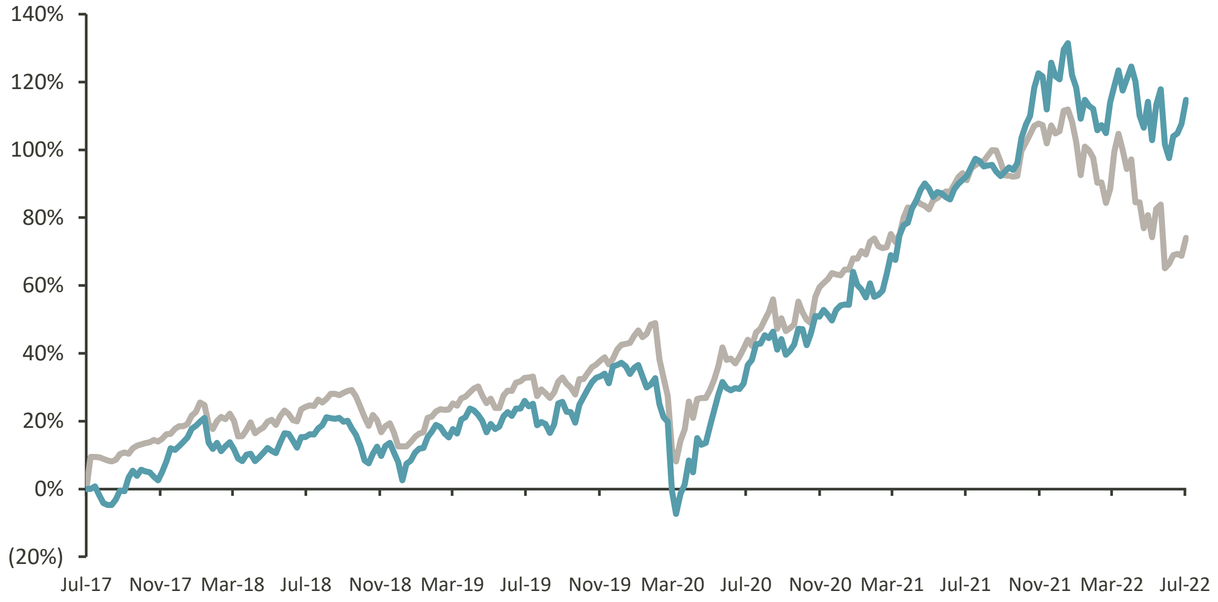
"Many leading distributors put a premium on high-quality, well-segmented data. Segmentation is a method of grouping data and turning large amounts of data into actionable information for better decision making and planning."

Read the full article here.

Specialty Distribution Public Company Performance and Trends

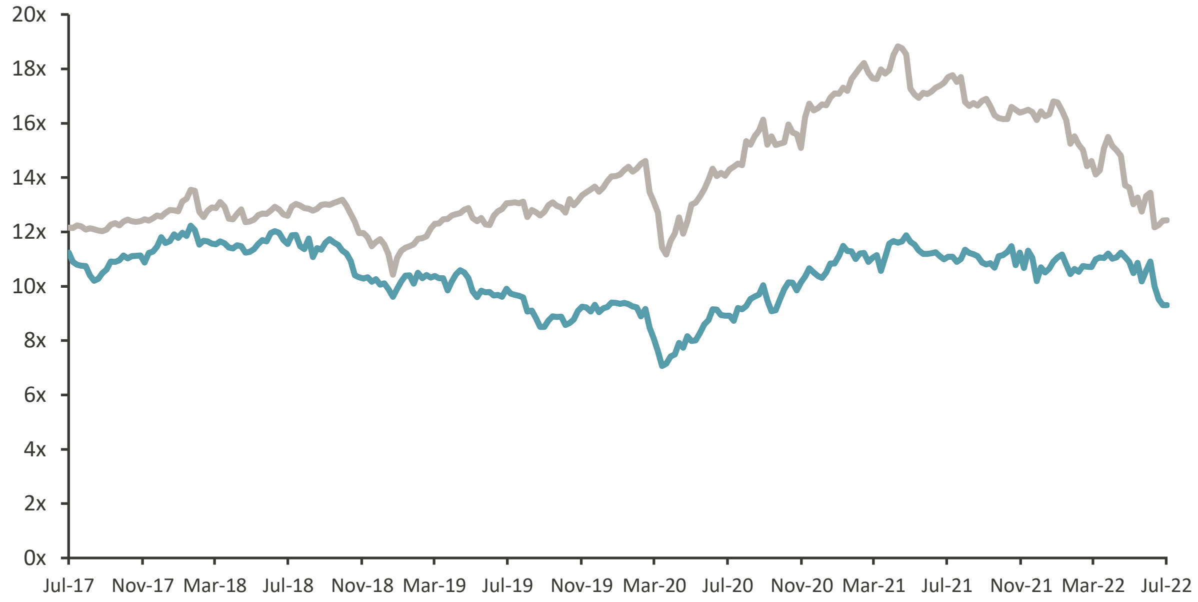
Historical Stock Prices – Last 5 Years[1,2]

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



Specialty Distribution Index   S&P 500 Index

Representative Key Public Comparables[2]

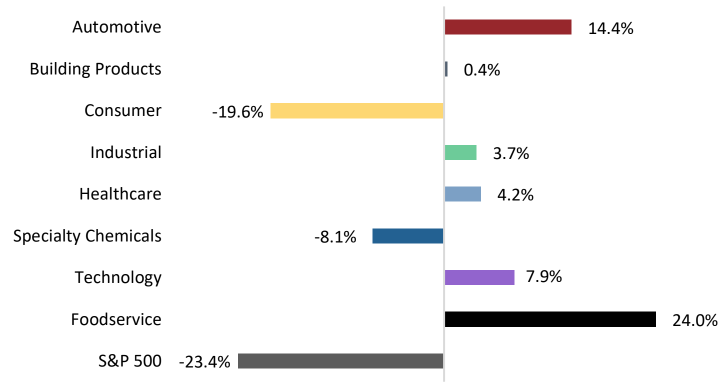
AMCON Distributing Company, Applied Industrial Technologies, Arrow, AutoZone, Builders FirstSource, Bunzl, Core-Mark, CRH, Fastenal, Ferguson, Henry Schein, IMCD, LKQ

McKesson, MRC Global, MSC Industrial Supply Co., O'Reilly Auto Parts, Poolcorp, ScanSource, SiteOne Landscape Supply, SPX, TD Synnex, Sysco, US Foods, Veritiv, Watsco Cooling the Americas

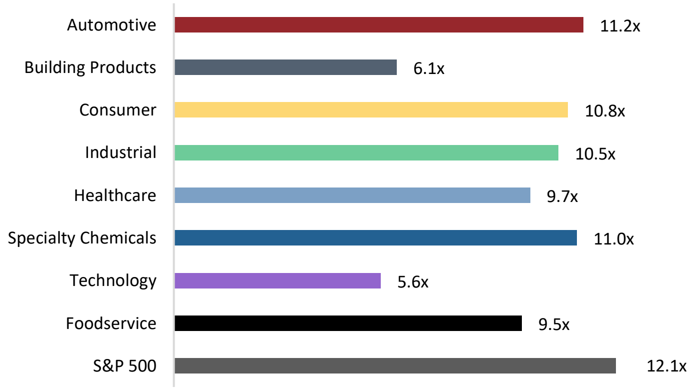
1) S&P Cap IQ; Data as of July 19, 2022
2) Comparable company sets listed on page 10

Specialty Distribution Public Company Performance and Trends (Cont.)

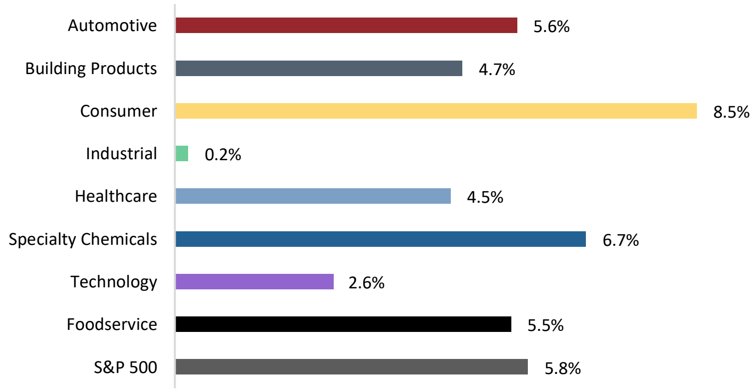
12-Month Change in Stock Price[1,2]



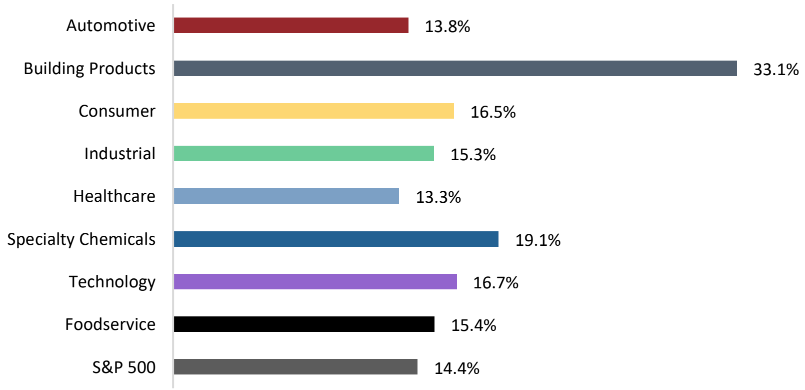
Median TEV/2022E EBITDA Multiple[1,2]



Median 3-Year Revenue CAGR (2019-2022)[1,2]



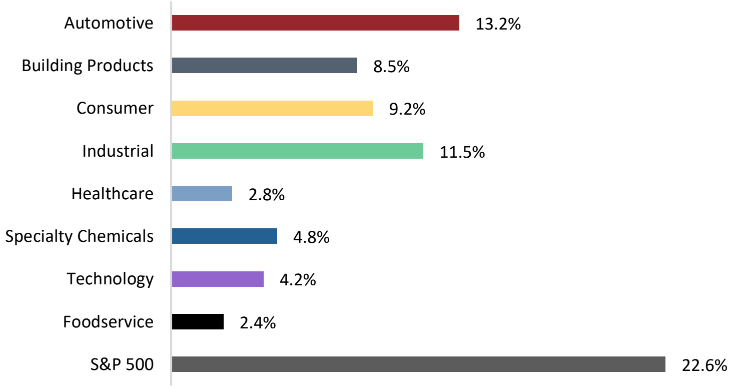
Median LTM Revenue Growth[1,2]



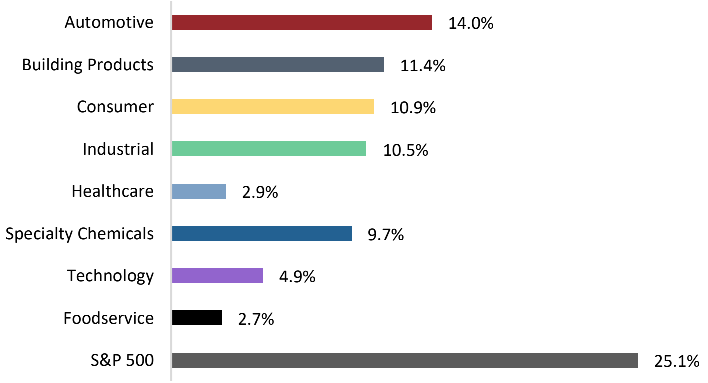
1) S&P Cap IQ; Data as of July 19, 2022
2) Comparable company sets listed on page 10

Specialty Distribution Public Company Performance and Trends (Cont.)

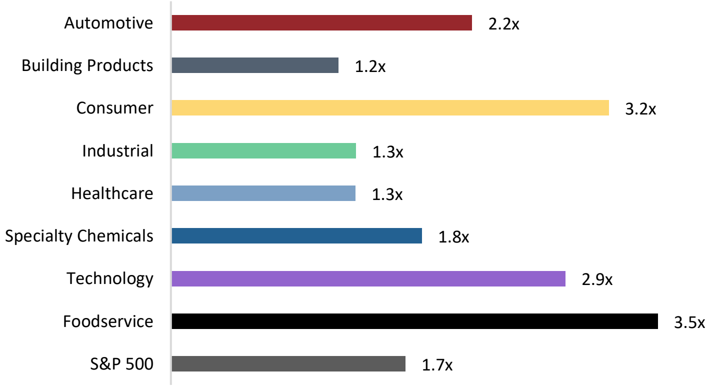
Median EBITDA Margin (2019 – 2021)[1,2]



Median LTM EBITDA Margin[1,2]



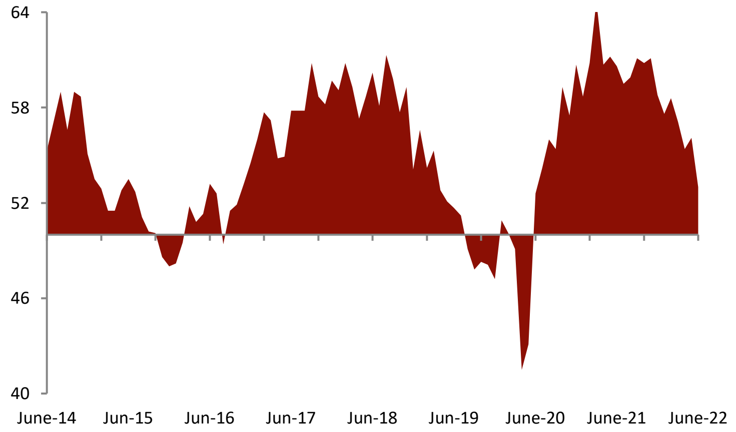
Net Debt / LTM EBITDA[1,2]



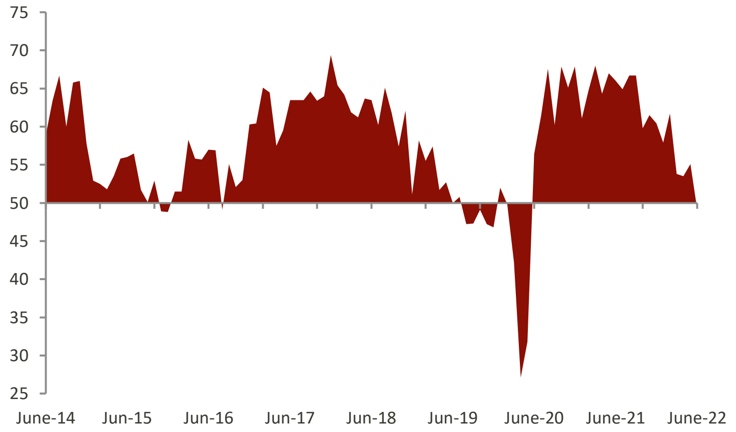
1) S&P Cap IQ; Data as of July 19, 2022
2) Comparable company sets listed on page 10

Economic Trends

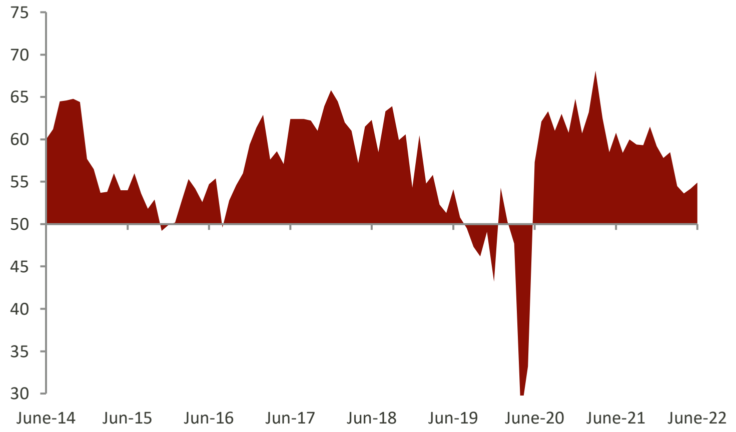
PMI Index[1]



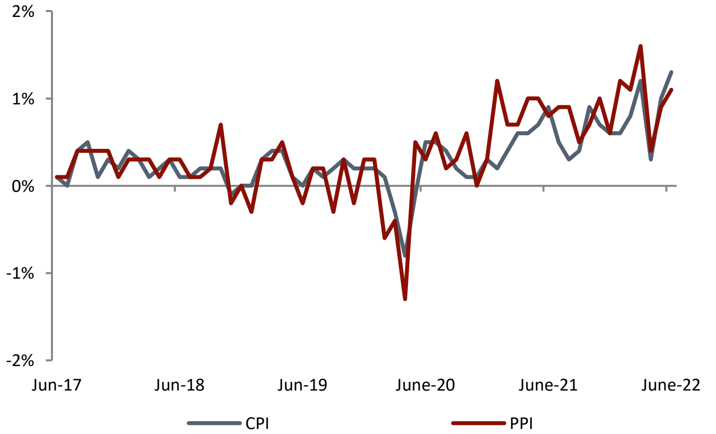
ISM New Orders Index[1]



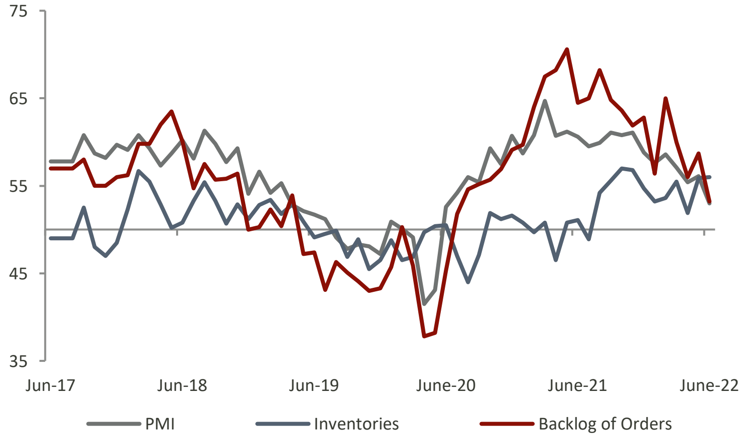
Production Index[1]



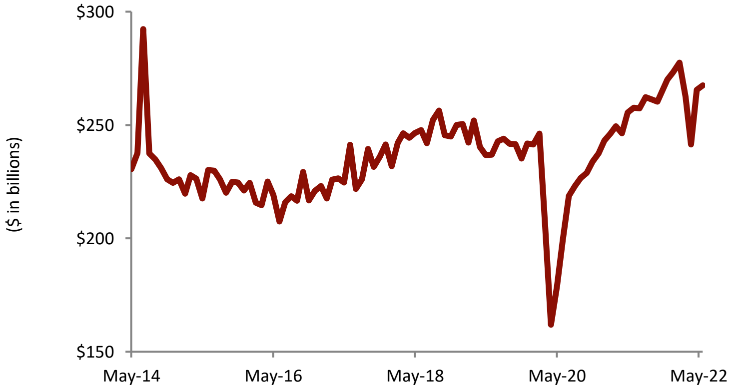
CPI & PPI Index[2]



Manufacturing Inventories & Backlog[1]



Durable Goods New Orders[3]



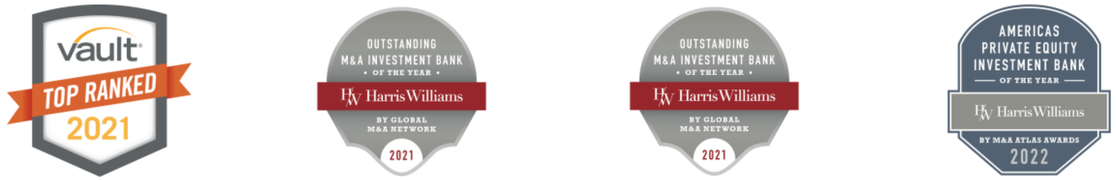
Harris Williams

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	Aramsco
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 (Marcone, 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

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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