

**KROLL**

# Specialty Distribution

INDUSTRY INSIGHTS

FALL 2024

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# Industry Highlights

## Overview

- M&A activity in the North American Specialty Distribution industry slowed in the TTM Jun-24 period, representing a year-on-year (YoY) decrease of 9% from activity in TTM Jun-23.
  - Elevated interest rates, macroeconomic uncertainty and differing value expectations between buyers and sellers created challenges in the marketplace.
  - Strategic buyers represented ~92% of acquisition activity in TTM Jun-24, in line with historical strategic buyer activity
  - The M&A outlook remains positive due to the accumulation of dry powder, pressure on private equity funds to deploy capital and the fragmented nature of the specialty distribution sector.
- The consumer discretionary distribution sector represented the largest share of acquisition activity in 2023 at ~45%, down from nearly 50% of activity in 2022.
- The industrial distribution sector represented ~37% of acquisition activity in 2023, an increase from ~32% of activity in 2022.

1,101

Deals reported in the specialty distribution sector in the Trailing Twelve Months (“TTM”) Jun-24 period

10.9%

Decrease in year-over-year (“YoY”) deals between Q2 2023 and Q2 2024

9.0%

Underperformance in specialty distributions stock performance compared to the S&P 500 in the year-to-date YTD Aug-24 period

10.4x

Aggregate average Enterprise Value (“EV”) / TTM EBITDA multiple within Specialty Distribution industry

# Market Update

# M&A Market Commentary

M&A activity in the specialty distribution industry in the TTM Jun-24 period, although down from elevated levels in 2021 – 2022, was in line with historical annual levels. In the context of economic challenges and high interest rates and financing costs, there is increasing confidence in the macroeconomy reaching a “soft landing,” creating tailwinds in the marketplace.

The M&A market is expected to continue to improve, largely due to an abundance of Private Equity capital searching for investment opportunities, pent-up demand to deploy capital, loosening credit markets and future interest rate cuts. Strategic buyers with significant cash balances are also looking at M&A as a means for growth.

## Number of Closed Deals: North American Specialty Distribution Industry

1,187 Annual Average of Deals Closed  
2016 – Q2 2023

1,101 Deals Closed  
TTM Jun-24



# Specialty Distribution Subsectors

| Subsector              | Median Public Trading Multiples   | Description of Sector   |
|------------------------|---|---|
| Consumer Discretionary | EV / TTM Rev: 0.9x<br>EV / TTM EBITDA: 13.4x<br>Avg. EBITDA Margin: 9.8%  | Distributors supplying nonessential consumer goods and services, such as leisure products and luxury goods, catering to consumers' demands that are influenced by economic conditions and purchasing power.                       |
| Consumer Staples       | EV / TTM Rev: 0.5x<br>EV / TTM EBITDA: 12.8x<br>Avg. EBITDA Margin: 10.1% | Essential product distributors that supply consumers with everyday necessities regardless of economic fluctuations. Consumer staple products include food, beverages, personal care goods, consumer packaged products, etc.       |
| Health Care            | EV / TTM Rev: 0.4x<br>EV / TTM EBITDA: 13.5x<br>Avg. EBITDA Margin: 8.1%  | Suppliers ensuring the timely and secure delivery of medical products, pharmaceuticals and supplies to health care providers, pharmacies and patients, enabling efficient and reliable access to essential health care resources. |
| Diversified Industrial | EV / TTM Rev: 1.0x<br>EV / TTM EBITDA: 10.2x<br>Avg. EBITDA Margin: 10.8% | Suppliers connecting manufacturers with businesses across various end markets by ensuring the distribution of essential industrial products and components.   |
| Technology             | EV / TTM Rev: 0.5x<br>EV / TTM EBITDA: 12.9x<br>Avg. EBITDA Margin: 6.0%  | Intermediaries connecting manufacturers of technology products and applications with resellers, retailers and end users by managing the distribution of hardware, software and technology services.                               |

## Key Industry Participants

Key industry participants include:

- chefsWAREHOUSE
- PVH
- POOLCORP
- tapestry
- vf
- Kimberly-Clark
- P&G
- PFG
- Sysco
- UNFI
- CardinalHealth
- cencora
- MCKESSON
- Owens&Minor
- PATTERSON COMPANIES, INC.
- FASTENAL
- FERGUSON
- GRAINGER
- MRC Global
- wesco
- ANGI
- AVNET
- e+
- Insight
- TD SYNEX

# Recent M&A Spotlight

| Buyer / Target               |    |    |     |     |
|------------------------------|--|---|---|---|
| Subsector                    | Industrial   | Technology  | Industrial  | Consumer Staples  |
| Date Closed                  | June 2024  | April 2024  | November 2023   | November 2023   |
| Enterprise Value (EV)        | \$18.3 Billion   | \$3.8 Billion   | \$2.3 Billion   | \$970 Million   |
| Implied EV / EBITDA Multiple | 16.6x  | 16.7x   | 6.1x  | NA  |
| Target Description           | <p>SRS Distribution, Inc. ("SRS") is a leading residential specialty trade distribution company operating across several verticals, including professional roofers, landscapers and pool contractors.</p>  | <p>Future Electronics is a global leader in electronics distribution, recognized for providing customers with global supply chain solutions, custom-tailored engineering services and an extensive variety of electronic components.</p>  | <p>Veritiv Corporation is a leading full-service provider of packaging, JanSan and hygiene products, services and solutions. Additionally, Veritiv provides print and publishing products.</p>  | <p>Edward Don &amp; Company is a leading distributor of foodservice equipment and supplies. The company serves foodservice businesses including national chains, health care, hospitality, country clubs, schools and universities.</p>   |
| Transaction Commentary       | <p>"SRS is an excellent fit for The Home Depot - it's both complementary and additive to our growth. Their ability to quickly build leadership positions in each of their specialty trade verticals is a testament to the team's strong vision, leadership, culture and execution. SRS's outstanding customer service, capabilities, and expertise will help us drive value for our customers, associates and shareholders, and we're excited to welcome the SRS team to The Home Depot."</p> <p>- Ted Decker, Chair, President and CEO<br/>The Home Depot</p> | <p>"This is transformational for WT Microelectronics and Future Electronics and important for the electronic component ecosystem. Future Electronics has an experienced and deep management team and a very talented employee base, and is highly complementary to WT Microelectronics in terms of product offerings, customer coverage, and global footprint."</p> <p>- Eric Cheng, Chairman and CEO<br/>WT Microelectronics</p> | <p>"Veritiv is a very well-positioned industry leader with differentiated capabilities that deliver value to customers. We look forward to supporting Veritiv's talented leadership team in this next phase of the company's growth, as they continue to pursue their long-term strategic objectives while maintaining an unwavering commitment to employees, suppliers, and customers."</p> <p>- Rob Volpe, Partner<br/>Clayton, Dubilier &amp; Rice</p> | <p>"This exemplary business, led by Steve Don and a strong leadership team, will drive accretive value to Sysco's business and enable Sysco to better serve our customers with a more complete product assortment. We are excited to introduce our hundreds of thousands of customers to Edward Don's compelling assortment and robust supply chain capabilities."</p> <p>- Kevin Hourican, President and CEO<br/>Sysco Corporation</p> |

Sources: Capital IQ, Company Press Releases

# Public Companies Spotlight

| Company                           | <br>NYSE: SY Y   | <br>NASDAQ: CDW   | <br>NYSE: CAH   | <br>NASDAQ: BECN  |
|-----------------------------------|---|--|--|--|
| Subsector                         | Consumer Staples  | Technology   | Health Care  | Industrial   |
| Share Price <sup>1</sup>          | \$75.76   | \$221.87   | \$107.91   | \$87.03  |
| Market Cap <sup>1</sup>           | \$35.6 Billion  | \$30.1 Billion   | \$23.9 Billion   | \$5.8 Billion  |
| Revenue Growth <sup>2</sup>       | ↑ 3.3%  | ↓ 6.4%   | ↑ 10.7%  | ↑ 9.9%   |
| EBITDA Growth <sup>2</sup>        | ↑ 28.4%   | ↓ 2.1%   | ↑ 14.5%  | ↑ 5.0%   |
| EV / EBITDA Multiple <sup>3</sup> | 11.5x   | 17.9x  | 9.7x   | 10.4x  |
| Market Commentary                 | <p>"Foodservice distribution is a space for size and scale matters, logistics scale, cold storage scale in both warehousing and transportation, technology scale, and sales force expertise and scale."</p> <p>"We're really pleased with our progress of improvement in supply chain. Retention is up overall market, as you just indicated, fewer people are leaving their jobs. There are fewer jobs that are open. So, therefore, just general staffing health in the industry is better."</p> <p>- Kevin Hourican, President and CEO</p> | <p>"Economic uncertainty and increased technology complexity continued to weigh heavily on solutions spend while refresh needs drove broad-based demand for client devices."<br/>- Albert J. Miralles, CFO</p> <p>"Capital investment in complex solutions, particularly those tied to data center and network modernization, continued to be downsized or put on hold, and there was growing refresh activity in client devices. What was not expected were two end-market specific dynamics, a worsening in the UK environment and further federal funding challenges."<br/>- Christine Leahy, CEO</p> | <p>"We've seen ongoing stability in macro trends, including in our generic program, and continued broad-based strength in overall pharmaceutical demand. Our specialty distribution business also continued to see strong demand, including with COVID-19 vaccines in the first part of the quarter."</p> <p>- Jason Hollar, CEO</p> | <p>"The commercial segment has held up well, with strong bidding and quoting activity. We've seen a shift towards repair and remodel, particularly in government and school projects. New construction has been weaker, especially in office and retail, but overall demand remains healthy."</p> <p>- Julian Francis, CEO</p> |

(1): As of June 30, 2024; (2): YoY from TTM Jun-23 to Jun-24; (3): TTM Jun-24. Sources: Q2 2024 Earnings Transcripts

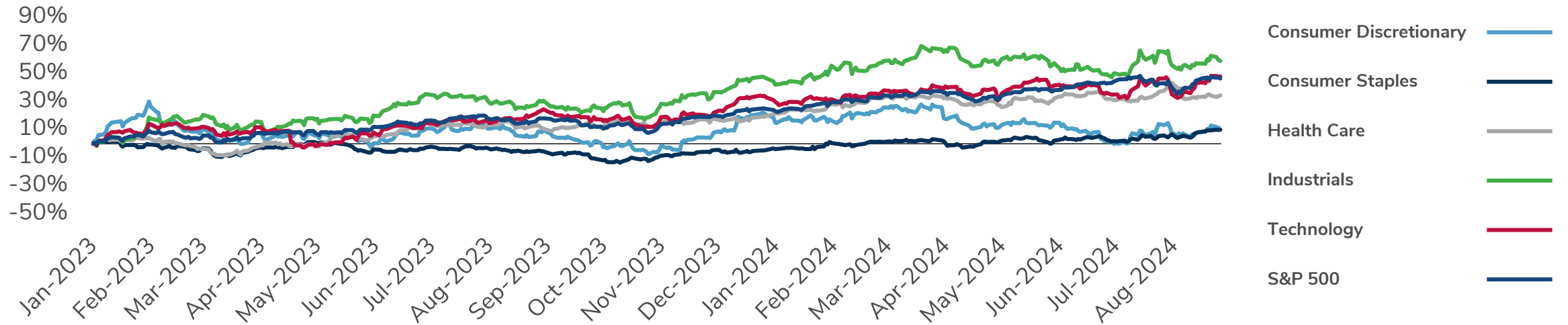
# Specialty Distribution Public Markets Update

## Public Update by Sector

2024 YTD specialty distributions sector has underperformed the S&P 500 by 9.0%

| Subsector              | YTD Performance <sup>1</sup> | Median EV/TTM EBITDA Multiple <sup>2</sup> |
|------------------------|------------------------------|--|
| Consumer Discretionary | -7.4%                        | 13.4x                                      |
| Consumer Staples       | 13.7%                        | 12.8x                                      |
| Health Care            | 11.1%                        | 13.5x                                      |
| Industrial             | 10.1%                        | 10.2x                                      |
| Technology             | 12.8%                        | 12.9x                                      |
| S&P 500                | 17.9%                        | 14.6x                                      |

## Jan 2023 - August 2024 Indexed Stock Performance



(1) as of August 28, 2024 (2) as of year-end 2023  
Source: Capital IQ



# Specialty Distribution Public Comparable Company Analysis

## Selected Public Company Analysis

(\$ in millions, except per share data)

| Company Name                             | MARKET DATA       |                   |                 |                  | LTM OPERATING PERFORMANCE |                |                |                |               |                   | ENTERPRISE VALUE AS MULTIPLE OF |              |              |             |               |               |
|--|-------------------|-------------------|-----------------|------------------|---------------------------|----------------|----------------|----------------|---------------|-------------------|---------------------------------|--------------|--------------|-------------|---------------|---------------|
|  | Price at 08/28/24 | % of 52-Week High | Equity Value    | Enterprise Value | Revenue                   | EBITDA         | Revenue Growth | EBITDA Growth  | EBITDA Margin | Net Debt / EBITDA | LTM EBITDA                      | 2023A EBITDA | 2024P EBITDA | LTM Revenue | 2023A Revenue | 2024P Revenue |
| <b>Consumer Discretionary</b>            |                   |                   |                 |                  |                           |                |                |                |               |                   |                                 |              |              |             |               |               |
| The Chefs' Warehouse, Inc.               | \$42.19           | 94.6%             | \$1,680         | \$2,556          | \$3,661                   | \$173          | 19.9%          | 17.2%          | 4.7%          | 5.1x              | 14.8x                           | 11.9x        | 10.6x        | 0.7x        | 0.7x          | 0.6x          |
| Alliance Entertainment Holding Corporati | \$1.38            | 34.6%             | \$70            | \$167            | \$1,111                   | \$23           | (5.6%)         | (208.6%)       | 2.1%          | 4.1x              | 7.1x                            | NM           | NM           | 0.2x        | NM            | 0.1x          |
| A-Mark Precious Metals, Inc.             | \$35.98           | 84.7%             | \$824           | \$1,629          | \$10,293                  | \$122          | 24.7%          | (39.5%)        | 1.2%          | 6.6x              | 13.4x                           | 13.8x        | 11.0x        | 0.2x        | 0.2x          | 0.1x          |
| V.F. Corporation                         | \$18.25           | 88.2%             | \$7,103         | \$13,585         | \$10,276                  | \$870          | (10.2%)        | (29.3%)        | 8.5%          | 7.5x              | 15.6x                           | 17.1x        | 15.1x        | 1.3x        | 1.4x          | 1.3x          |
| Pool Corporation                         | \$349.63          | 82.7%             | \$13,376        | \$14,712         | \$5,368                   | \$696          | (7.1%)         | (21.1%)        | 13.0%         | 1.9x              | 21.1x                           | 21.6x        | 20.4x        | 2.7x        | 2.8x          | 2.7x          |
| PVH Corp.                                | \$97.75           | 69.3%             | \$5,460         | \$8,409          | \$9,012                   | \$1,222        | (0.5%)         | 4.0%           | 13.6%         | 2.6x              | 6.9x                            | 7.2x         | 6.6x         | 0.9x        | 1.0x          | 0.9x          |
| Capri Holdings Limited                   | \$35.90           | 67.7%             | \$4,229         | \$7,497          | \$5,008                   | \$492          | (8.7%)         | (41.8%)        | 9.8%          | 6.6x              | 15.2x                           | 12.1x        | 11.9x        | 1.5x        | 1.5x          | 1.5x          |
| Tapestry, Inc.                           | \$40.70           | 83.4%             | \$9,370         | \$10,932         | \$6,671                   | \$1,430        | 0.2%           | 5.0%           | 21.4%         | 1.1x              | 7.6x                            | 7.9x         | 7.3x         | 1.6x        | 1.7x          | 1.6x          |
| Weyco Group, Inc.                        | \$34.17           | 97.0%             | \$322           | \$249            | \$300                     | \$41           | (14.1%)        | (15.7%)        | 13.8%         | NM                | 6.0x                            | NM           | NM           | 0.8x        | NM            | NM            |
| <b>Mean</b>                              |                   | <b>78.0%</b>      | <b>\$4,715</b>  | <b>\$6,637</b>   | <b>\$5,744</b>            | <b>\$563</b>   | <b>(0.2%)</b>  | <b>(36.6%)</b> | <b>9.8%</b>   | <b>4.4x</b>       | <b>12.0x</b>                    | <b>13.1x</b> | <b>11.9x</b> | <b>1.1x</b> | <b>1.3x</b>   | <b>1.1x</b>   |
| <b>Median</b>                            |                   | <b>83.4%</b>      | <b>\$4,229</b>  | <b>\$7,497</b>   | <b>\$5,368</b>            | <b>\$492</b>   | <b>(5.6%)</b>  | <b>(21.1%)</b> | <b>9.8%</b>   | <b>4.6x</b>       | <b>13.4x</b>                    | <b>12.1x</b> | <b>11.0x</b> | <b>0.9x</b> | <b>1.4x</b>   | <b>1.1x</b>   |
| <b>Consumer Staples</b>                  |                   |                   |                 |                  |                           |                |                |                |               |                   |                                 |              |              |             |               |               |
| Colgate-Palmolive Company                | \$105.79          | 99.1%             | \$86,440        | \$94,140         | \$19,989                  | \$4,831        | 7.0%           | 15.2%          | 24.2%         | 1.5x              | 19.5x                           | 18.8x        | 17.7x        | 4.7x        | 4.7x          | 4.5x          |
| HF Foods Group Inc.                      | \$3.38            | 57.2%             | \$178           | \$381            | \$1,160                   | \$42           | (1.6%)         | 157.3%         | 3.6%          | 4.8x              | 9.1x                            | NM           | NM           | 0.3x        | NM            | NM            |
| Kimberly-Clark Corporation               | \$143.86          | 98.8%             | \$48,453        | \$55,425         | \$20,280                  | \$3,927        | (0.3%)         | 10.5%          | 19.4%         | 1.7x              | 14.1x                           | 13.8x        | 13.3x        | 2.7x        | 2.7x          | 2.7x          |
| Performance Food Group Company           | \$74.72           | 95.1%             | \$11,644        | \$16,592         | \$54,681                  | \$1,383        | 2.5%           | 9.6%           | 2.5%          | 3.6x              | 12.0x                           | 10.7x        | 9.7x         | 0.3x        | 0.3x          | 0.3x          |
| SpartanNash Company                      | \$21.54           | 87.9%             | \$727           | \$1,592          | \$9,628                   | \$232          | (1.6%)         | 39.6%          | 2.4%          | 3.8x              | 6.9x                            | 6.1x         | 5.9x         | 0.2x        | 0.2x          | 0.2x          |
| Sysco Corporation                        | \$76.67           | 92.5%             | \$37,703        | \$49,983         | \$78,016                  | \$3,787        | 3.3%           | (1.5%)         | 4.9%          | 3.3x              | 13.2x                           | 11.5x        | 10.9x        | 0.6x        | 0.6x          | 0.6x          |
| The Procter & Gamble Company             | \$169.06          | 98.4%             | \$397,242       | \$422,555        | \$84,039                  | \$23,844       | 2.5%           | 9.5%           | 28.4%         | 1.0x              | 17.7x                           | 17.9x        | 16.8x        | 5.0x        | 5.0x          | 4.8x          |
| United Natural Foods, Inc.               | \$14.64           | 71.5%             | \$871           | \$4,447          | \$30,242                  | \$363          | 0.4%           | (41.1%)        | 1.2%          | 9.9x              | 12.2x                           | 8.4x         | 7.8x         | 0.1x        | 0.1x          | 0.1x          |
| US Foods Holding Corp.                   | \$58.89           | 99.3%             | \$14,402        | \$18,896         | \$36,700                  | \$1,473        | 4.9%           | 8.9%           | 4.0%          | 3.1x              | 12.8x                           | 10.9x        | 10.0x        | 0.5x        | 0.5x          | 0.5x          |
| <b>Mean</b>                              |                   | <b>88.9%</b>      | <b>\$66,407</b> | <b>\$73,779</b>  | <b>\$37,193</b>           | <b>\$4,431</b> | <b>1.9%</b>    | <b>23.1%</b>   | <b>10.1%</b>  | <b>3.6x</b>       | <b>13.1x</b>                    | <b>12.3x</b> | <b>11.5x</b> | <b>1.6x</b> | <b>1.8x</b>   | <b>1.7x</b>   |
| <b>Median</b>                            |                   | <b>95.1%</b>      | <b>\$14,402</b> | <b>\$18,896</b>  | <b>\$30,242</b>           | <b>\$1,473</b> | <b>2.5%</b>    | <b>9.6%</b>    | <b>4.0%</b>   | <b>3.3x</b>       | <b>12.8x</b>                    | <b>11.2x</b> | <b>10.4x</b> | <b>0.5x</b> | <b>0.6x</b>   | <b>0.5x</b>   |

# Specialty Distribution Public Comparable Company Analysis

## Selected Public Company Analysis

(\$ in millions, except per share data)

| Company Name                          | MARKET DATA       |                   |                 |                  | LTM OPERATING PERFORMANCE |                |                |               |               |                   | ENTERPRISE VALUE AS MULTIPLE OF |              |              |             |               |               |
|---------------------------------------|-------------------|-------------------|-----------------|------------------|---------------------------|----------------|----------------|---------------|---------------|-------------------|---------------------------------|--------------|--------------|-------------|---------------|---------------|
|                                       | Price at 08/28/24 | % of 52-Week High | Equity Value    | Enterprise Value | Revenue                   | EBITDA         | Revenue Growth | EBITDA Growth | EBITDA Margin | Net Debt / EBITDA | LTM EBITDA                      | 2023A EBITDA | 2024P EBITDA | LTM Revenue | 2023A Revenue | 2024P Revenue |
| <b>Health Care Distribution</b>       |                   |                   |                 |                  |                           |                |                |               |               |                   |                                 |              |              |             |               |               |
| Avantor, Inc.                         | \$25.56           | 91.3%             | \$17,377        | \$22,204         | \$6,826                   | \$1,157        | (4.9%)         | (17.9%)       | 17.0%         | 4.2x              | 19.2x                           | 18.1x        | 16.0x        | 3.3x        | 3.2x          | 3.1x          |
| Cardinal Health, Inc.                 | \$111.04          | 95.7%             | \$27,077        | \$27,448         | \$226,827                 | \$2,840        | 10.7%          | 14.5%         | 1.3%          | 0.1x              | 9.7x                            | 9.6x         | 8.7x         | 0.1x        | 0.1x          | 0.1x          |
| Cencora, Inc.                         | \$236.45          | 95.5%             | \$46,346        | \$49,306         | \$283,831                 | \$4,033        | 11.6%          | 19.4%         | 1.4%          | 0.7x              | 12.2x                           | 11.9x        | 10.5x        | 0.2x        | 0.2x          | 0.2x          |
| Henry Schein, Inc.                    | \$70.48           | 85.3%             | \$8,930         | \$13,122         | \$12,487                  | \$887          | (0.9%)         | (16.8%)       | 7.1%          | 3.0x              | 14.8x                           | 12.1x        | 11.2x        | 1.1x        | 1.0x          | 1.0x          |
| McKesson Corporation                  | \$556.70          | 87.3%             | \$72,191        | \$77,699         | \$313,751                 | \$5,144        | 10.5%          | 5.7%          | 1.6%          | 1.0x              | 15.1x                           | 13.6x        | 13.0x        | 0.2x        | 0.2x          | 0.2x          |
| Owens & Minor, Inc.                   | \$15.89           | 56.0%             | \$1,225         | \$3,362          | \$10,532                  | \$595          | 3.9%           | 71.2%         | 5.7%          | 3.6x              | 5.6x                            | 6.0x         | 5.4x         | 0.3x        | 0.3x          | 0.3x          |
| Patterson Companies, Inc.             | \$22.48           | 69.0%             | \$1,981         | \$2,732          | \$6,568                   | 354.93         | 1.5%           | (3.4%)        | 5.4%          | 1.8x              | 7.7x                            | 7.8x         | 7.5x         | 0.4x        | 0.4x          | 0.4x          |
| STERIS plc                            | \$237.07          | 97.4%             | \$23,379        | \$25,681         | \$5,235                   | \$1,345        | 14.7%          | 6.3%          | 25.7%         | 1.7x              | 19.1x                           | 17.3x        | 15.7x        | 4.9x        | 4.7x          | 4.5x          |
| <b>Mean</b>                           |                   | <b>84.7%</b>      | <b>\$24,813</b> | <b>\$27,694</b>  | <b>\$108,257</b>          | <b>\$2,045</b> | <b>5.9%</b>    | <b>9.9%</b>   | <b>8.1%</b>   | <b>2.0x</b>       | <b>12.9x</b>                    | <b>12.1x</b> | <b>11.0x</b> | <b>1.3x</b> | <b>1.3x</b>   | <b>1.2x</b>   |
| <b>Median</b>                         |                   | <b>89.3%</b>      | <b>\$20,378</b> | <b>\$23,943</b>  | <b>\$11,509</b>           | <b>\$1,251</b> | <b>7.2%</b>    | <b>6.0%</b>   | <b>5.5%</b>   | <b>1.8x</b>       | <b>13.5x</b>                    | <b>12.0x</b> | <b>10.9x</b> | <b>0.4x</b> | <b>0.4x</b>   | <b>0.4x</b>   |
| <b>Industrial Distribution</b>        |                   |                   |                 |                  |                           |                |                |               |               |                   |                                 |              |              |             |               |               |
| Applied Industrial Technologies, Inc. | \$203.62          | 91.2%             | \$7,811         | \$8,062          | \$4,479                   | \$548          | 1.5%           | 4.4%          | 12.2%         | 0.5x              | 14.7x                           | 14.8x        | 14.0x        | 1.8x        | 1.8x          | 1.7x          |
| Beacon Roofing Supply, Inc.           | \$88.83           | 84.3%             | \$5,496         | \$9,108          | \$9,471                   | \$874          | 9.9%           | 5.0%          | 9.2%          | 4.1x              | 10.4x                           | 9.6x         | 9.1x         | 1.0x        | 0.9x          | 0.9x          |
| BlueLinx Holdings Inc.                | \$99.26           | 74.8%             | \$846           | \$986            | \$3,017                   | \$149          | (14.3%)        | (37.6%)       | 4.9%          | 0.9x              | 6.6x                            | 8.1x         | 7.1x         | 0.3x        | 0.3x          | 0.3x          |
| Builders FirstSource, Inc.            | \$172.90          | 80.5%             | \$20,135        | \$24,412         | \$17,033                  | \$2,562        | (8.1%)         | (18.1%)       | 15.0%         | 1.7x              | 9.5x                            | 10.6x        | 10.2x        | 1.4x        | 1.4x          | 1.4x          |
| DNOW Inc.                             | \$12.76           | 81.6%             | \$1,359         | \$1,230          | \$2,339                   | \$167          | 1.6%           | (8.2%)        | 7.1%          | NM                | 7.4x                            | 7.1x         | 7.0x         | 0.5x        | 0.5x          | 0.5x          |
| DXP Enterprises, Inc.                 | \$52.76           | 91.9%             | \$833           | \$1,360          | \$1,684                   | \$165          | 2.3%           | 9.2%          | 9.8%          | 3.2x              | 8.2x                            | 7.6x         | 7.2x         | 0.8x        | 0.8x          | 0.8x          |
| Fastenal Company                      | \$67.41           | 85.3%             | \$38,602        | \$38,863         | \$7,416                   | \$1,692        | 2.4%           | 0.8%          | 22.8%         | 0.2x              | 23.0x                           | 22.6x        | 20.7x        | 5.2x        | 5.1x          | 4.8x          |
| Ferguson Enterprises Inc.             | \$203.35          | 90.1%             | \$40,896        | \$45,410         | \$29,527                  | \$2,947        | (1.1%)         | (6.3%)        | 10.0%         | 1.5x              | 15.4x                           | 14.6x        | 13.5x        | 1.5x        | 1.5x          | 1.4x          |
| Genuine Parts Company                 | \$142.51          | 86.7%             | \$19,854        | \$24,513         | \$23,157                  | \$2,133        | 1.2%           | 3.3%          | 9.2%          | 2.2x              | 11.5x                           | 11.2x        | 10.5x        | 1.1x        | 1.0x          | 1.0x          |
| Global Industrial Company             | \$33.22           | 70.7%             | \$1,269         | \$1,318          | \$1,346                   | \$102          | 16.2%          | 5.4%          | 7.6%          | 0.5x              | 12.9x                           | 12.2x        | 11.7x        | 1.0x        | 1.0x          | 0.9x          |
| GMS Inc.                              | \$91.15           | 90.2%             | \$3,581         | \$4,946          | \$5,502                   | \$578          | 3.2%           | (8.7%)        | 10.5%         | 2.4x              | 8.6x                            | 7.9x         | 7.6x         | 0.9x        | 0.9x          | 0.8x          |
| MRC Global Inc.                       | \$13.07           | 87.7%             | \$1,114         | \$1,781          | \$3,294                   | \$214          | (6.7%)         | (3.6%)        | 6.5%          | 1.5x              | 8.3x                            | 8.3x         | 7.6x         | 0.5x        | 0.6x          | 0.5x          |
| MSC Industrial Direct Co., Inc.       | \$81.39           | 76.9%             | \$4,568         | \$5,122          | \$3,904                   | \$511          | (2.3%)         | (12.4%)       | 13.1%         | 1.1x              | 10.0x                           | 10.9x        | 9.9x         | 1.3x        | 1.3x          | 1.3x          |
| W.W. Grainger, Inc.                   | \$968.34          | 93.6%             | \$47,280        | \$49,544         | \$16,752                  | \$2,814        | 4.6%           | 4.6%          | 16.8%         | 0.7x              | 17.6x                           | 17.1x        | 16.1x        | 3.0x        | 2.9x          | 2.7x          |
| Watsco, Inc.                          | \$472.51          | 90.8%             | \$17,837        | \$18,257         | \$7,434                   | \$768          | 3.7%           | (5.9%)        | 10.3%         | NM                | 23.8x                           | 21.2x        | 18.9x        | 2.5x        | 2.4x          | 2.2x          |
| WESCO International, Inc.             | \$163.71          | 83.8%             | \$8,048         | \$13,182         | \$21,948                  | \$1,496        | (1.5%)         | (11.7%)       | 6.8%          | 3.4x              | 8.8x                            | 8.5x         | 8.0x         | 0.6x        | 0.6x          | 0.6x          |
| <b>Mean</b>                           |                   | <b>85.0%</b>      | <b>\$13,721</b> | <b>\$15,506</b>  | <b>\$9,894</b>            | <b>\$1,108</b> | <b>0.8%</b>    | <b>(5.0%)</b> | <b>10.8%</b>  | <b>1.7x</b>       | <b>12.3x</b>                    | <b>12.0x</b> | <b>11.2x</b> | <b>1.5x</b> | <b>1.4x</b>   | <b>1.4x</b>   |
| <b>Median</b>                         |                   | <b>86.0%</b>      | <b>\$6,653</b>  | <b>\$8,585</b>   | <b>\$6,459</b>            | <b>\$673</b>   | <b>1.6%</b>    | <b>(4.7%)</b> | <b>9.9%</b>   | <b>1.5x</b>       | <b>10.2x</b>                    | <b>10.7x</b> | <b>10.1x</b> | <b>1.0x</b> | <b>1.0x</b>   | <b>1.0x</b>   |

# Specialty Distribution Public Comparable Company Analysis

## Selected Public Company Analysis

(\$ in millions, except per share data)

| Company Name   | MARKET DATA       |                   |                 |                  | LTM OPERATING PERFORMANCE |                |                |               |               |                   | ENTERPRISE VALUE AS MULTIPLE OF |              |              |             |               |               |
|--|-------------------|-------------------|-----------------|------------------|---------------------------|----------------|----------------|---------------|---------------|-------------------|---------------------------------|--------------|--------------|-------------|---------------|---------------|
|  | Price at 08/28/24 | % of 52-Week High | Equity Value    | Enterprise Value | Revenue                   | EBITDA         | Revenue Growth | EBITDA Growth | EBITDA Margin | Net Debt / EBITDA | LTM EBITDA                      | 2023A EBITDA | 2024P EBITDA | LTM Revenue | 2023A Revenue | 2024P Revenue |
| <b>Technology Distribution / Value-Added Resellers</b> |                   |                   |                 |                  |                           |                |                |               |               |                   |                                 |              |              |             |               |               |
| Arrow Electronics, Inc.                                | \$133.61          | 98.7%             | \$7,074         | \$10,767         | \$29,673                  | \$1,420        | (17.2%)        | (30.0%)       | 4.8%          | 2.6x              | 7.6x                            | 8.9x         | 7.6x         | 0.4x        | 0.4x          | 0.4x          |
| Avnet, Inc.  | \$54.47           | 97.6%             | \$4,799         | \$7,616          | \$23,757                  | \$999          | (10.5%)        | (21.7%)       | 4.2%          | 2.8x              | 7.6x                            | 9.0x         | 7.6x         | 0.3x        | 0.3x          | 0.3x          |
| CDW Corporation  | \$224.50          | 85.2%             | \$29,988        | \$35,517         | \$20,943                  | \$1,987        | (6.4%)         | (2.1%)        | 9.5%          | 2.8x              | 17.9x                           | 16.5x        | 15.3x        | 1.7x        | 1.7x          | 1.6x          |
| ePlus inc.   | \$94.24           | 97.3%             | \$2,505         | \$2,315          | \$2,146                   | \$175          | 0.7%           | (13.8%)       | 8.1%          | NM                | 13.3x                           | 11.3x        | 10.5x        | 1.1x        | 1.0x          | 1.0x          |
| Insight Enterprises, Inc.                              | \$214.36          | 94.0%             | \$6,985         | \$7,943          | \$9,043                   | \$556          | (6.9%)         | 20.4%         | 6.2%          | 1.7x              | 14.3x                           | 13.3x        | 11.9x        | 0.9x        | 0.8x          | 0.8x          |
| PC Connection, Inc.                                    | \$72.08           | 94.4%             | \$1,895         | \$1,514          | \$2,758                   | \$118          | (7.1%)         | 3.9%          | 4.3%          | NM                | 12.9x                           | 10.1x        | 9.7x         | 0.5x        | 0.5x          | 0.5x          |
| ScanSource, Inc.                                       | \$51.90           | 97.4%             | \$1,247         | \$1,216          | \$3,260                   | \$125          | (13.9%)        | (24.5%)       | 3.8%          | NM                | 9.7x                            | 8.0x         | 7.6x         | 0.4x        | 0.4x          | 0.3x          |
| Softchoice Corporation                                 | \$14.12           | 84.6%             | \$852           | \$1,045          | \$763                     | \$78           | (12.1%)        | 4.0%          | 10.2%         | 2.4x              | 13.5x                           | 11.0x        | 9.9x         | 1.4x        | 1.4x          | 1.3x          |
| TD SYNEX Corporation                                   | \$122.28          | 91.4%             | \$10,450        | \$13,872         | \$56,291                  | \$1,699        | (7.4%)         | (4.8%)        | 3.0%          | 2.0x              | 8.2x                            | 7.9x         | 7.5x         | 0.2x        | 0.2x          | 0.2x          |
| <b>Mean</b>  |                   | <b>93.4%</b>      | <b>\$7,311</b>  | <b>\$9,089</b>   | <b>\$16,515</b>           | <b>\$795</b>   | <b>(9.0%)</b>  | <b>(7.6%)</b> | <b>6.0%</b>   | <b>2.4x</b>       | <b>11.6x</b>                    | <b>10.7x</b> | <b>9.7x</b>  | <b>0.8x</b> | <b>0.8x</b>   | <b>0.7x</b>   |
| <b>Median</b>  |                   | <b>94.4%</b>      | <b>\$4,799</b>  | <b>\$7,616</b>   | <b>\$9,043</b>            | <b>\$556</b>   | <b>(7.4%)</b>  | <b>(4.8%)</b> | <b>4.8%</b>   | <b>2.5x</b>       | <b>12.9x</b>                    | <b>10.1x</b> | <b>9.7x</b>  | <b>0.5x</b> | <b>0.5x</b>   | <b>0.5x</b>   |
| <b>Aggregate Mean</b>                                  |                   | <b>85.9%</b>      | <b>\$22,038</b> | <b>\$25,004</b>  | <b>\$30,577</b>           | <b>\$1,690</b> | <b>(0.1%)</b>  | <b>(3.7%)</b> | <b>9.2%</b>   | <b>2.7x</b>       | <b>12.4x</b>                    | <b>12.0x</b> | <b>11.0x</b> | <b>1.3x</b> | <b>1.3x</b>   | <b>1.2x</b>   |
| <b>Aggregate Median</b>                                |                   | <b>88.2%</b>      | <b>\$7,074</b>  | <b>\$9,108</b>   | <b>\$9,043</b>            | <b>\$870</b>   | <b>0.2%</b>    | <b>(1.5%)</b> | <b>7.6%</b>   | <b>2.4x</b>       | <b>12.2x</b>                    | <b>11.1x</b> | <b>10.3x</b> | <b>0.9x</b> | <b>0.9x</b>   | <b>0.8x</b>   |

LTM = Latest Twelve Months

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Source: Capital IQ

# **Kroll Qualifications and Contacts**

# Recent Kroll Specialty Distribution Experience

Sell-Side Advisor



was acquired by



2023

Sell-Side Advisor



was acquired by



2007

## Leading Electrical Distributor Serving the Chicagoland Area

- Sunrise Electric (“Sunrise” or the “Company”) is a full-service electrical distributor and supply company serving customers in a variety of end markets, such as commercial, mechanical, industrial and utility infrastructure. Since 1986, Sunrise has built a strong reputation for its knowledge and experienced sales team, highly responsive customer service and expert assistance for customers’ mission-critical applications.
- On October 19, 2023, Sonepar announced that its U.S. subsidiary, Viking Electric, had signed an agreement to acquire Sunrise Electric Supply. Sonepar stated the acquisition signals the company’s “commitment to grow its business in the second largest electrical market in the country.”


“Sunrise Electric Supply is a market leader across Greater Chicago with strong technical expertise in distribution equipment and excellent customer relationships.”  
 - Rob Taylor, President of Sonepar North America

Sunrise Electric Supply has “built a reputation as one of the top electrical supply companies serving customers throughout the Chicago area.”  
 - Sonepar Press Release




# Select Kroll Specialty Distribution Experience

Sell-Side Advisor




has been acquired by




Exclusive financial advisor to  
Microcel Corporation


Sell-Side Advisor



has been acquired by




a portfolio company of




Exclusive financial advisor to  
Triple F Holdings


Sell-Side Advisor



has been acquired by




a portfolio company of




Exclusive financial advisor to  
Tri Star Industrial

Sell-Side Advisor



has been acquired by




Exclusive financial advisor to  
Busby Metals


Sell-Side Advisor




a portfolio company of



has been acquired by




a portfolio company of




Exclusive financial advisor to  
Norberg-IES


Sell-Side Advisor



has been acquired by



a portfolio company of



Exclusive financial advisor to  
Oliver Equipment Company



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