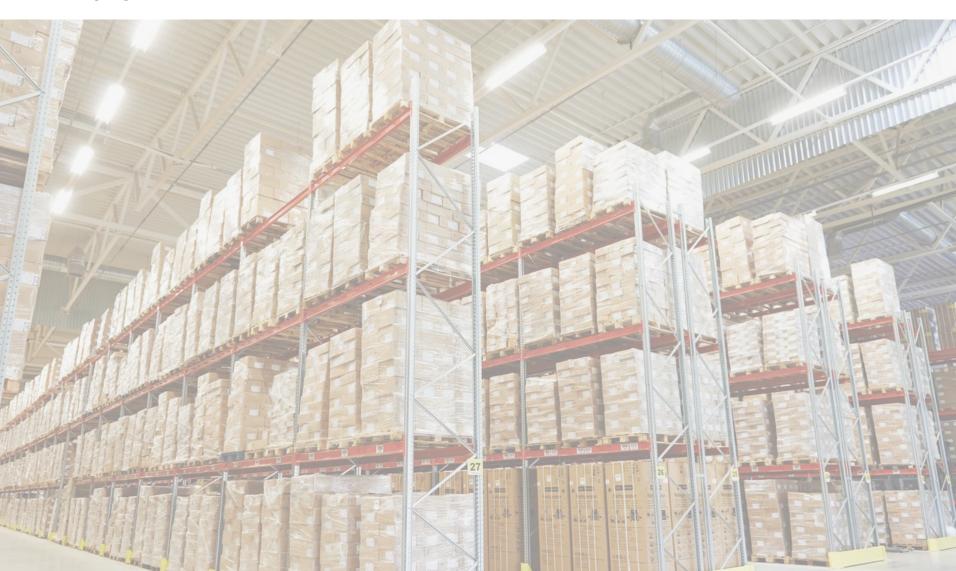


# **Specialty Distribution Sector Update**

2H 2023



## **Sector Highlights**

In the second half of 2023, distributors adjusted to a "renormalization" of supply and demand in their various markets

## **Specialty Distribution Coverage**



Vaughn McCrary

Director

Ever since the pandemic, the distribution sector has been a volatile place to be. This year, that continued, but things do seem to be "renormalizing" for most subsectors with supply chain lead times and customer demand coming back to earth. As we reflect on 2023 and look ahead to 2024, we are thankful for old and new relationships and look forward to growing those and building others. We will again be distributing M&A updates for the various subsectors listed below that we cover. If you are interested in receiving one or want to catch up on any of the latest distribution M&A, drop me a note at vmccrary@foundersib.com.

Sincerely, Vaughn McCrary



#### **Representative Public Companies** Gases & Welding Auto. & Heavy-Janitorial & Specialty Equipment Fastener / MRO Fluid Power Foodservice Hoses & Fittings **Duty Aftermarket** Equipment Sanitation Chemical FASTENAL GRAINGER **APPLIED** PFG SYSCO O AirLiquide PRODUCTS Coventry Group DXP. US. TITAN TOROMONT HILLMAN MSC GPC BRENNTAG SLOBAL INDUSTRIAL Pipes, Valves, & Landscape Lumber & Wallboard Electrical **HVACR** Plumbing Pool & Spa Roofing **Supplies Building Materials** / Gypsum Rexel **ELESLIE'S** BEIJER REF BlueLinx NOW #FERGUSON **GMS** BEACON SiteOne Builders watsco MRC Global reece **₹POOLCORP** wesco



# **Commercial and Industrial Acquisition Activity**

Acquisition activity in commercial and industrial distribution markets has been strong over the last five years and continued at a strong albeit somewhat lower pace in the back half of 2023

Recent Transactions				Subsector	Active Consolidators			Recent Acquisitions (Last Five Yrs.)
Seller	Acquirer	Date	Subsector	Auto & Heavy-Duty Aftermarket	FleetPride	Parts Authority © FE	VIX ARTS	13 13 11 37
RAY LEWIS & Company Industrial Supplies & Equipment Since 1933	SINGER	Dec. 1, 2023	Hoses & Fittings	Equipment Dealers	ALTA EQUIPMENT GROUP	UNITED TITAN MACHI	NERY	13 11 5 29
Veritiv	CLAYTON  DUBILIER  & RICE	Nov. 30, 2023	Foodservice	Fasteners / MRO	AFG In duration	BLACKHAWK @END	RIFS	12 11 8 31
Don	Sysco	Nov. 27, 2023	Foodservice	AFC Indus	AFC Industries	NERVATION NERVATION	NAX INC	12 11 8 [31]
ENVOY	BradylFS	Oct. 31, 2023	Janitorial & Sanitation	Fluid Power	DXP <sub>®</sub>	APPLIED Suns	DURCE	11 10 7 28
RANAJA	FleetPride	Oct. 2, 2023	Auto & Heavy-Duty Aftermarket	Foodservice	Indianapolis Fruit	*chefswarehouse	<b>CO</b>	10 9 8 27
HARRINGTON Process Solutions since 1959	<b>BainCapital</b>	Sep. 7, 2023	Fluid Power	Gases & Welding Equipment	MG	₩ MERITUS	inde	9 5 3 17
MHolland	Ravago	Aug. 23, 2023	Specialty Chemical	Hoses & Fittings	SINGER	ECHELON" SUNS	DURCE	14 4 3 21
UNI-SELECT:	LKQ	Aug. 1, 2023	Auto & Heavy-Duty Aftermarket			<b>ENVOY</b> SOLUTIONS		
<b>OLM</b> FOOD SOLUTIONS	₹PFG	Jul. 27, 2023	Foodservice	Janitorial & Sanitation	ImperialDade	BradylFS	SCO	56 41 12 109
WDS An APC Industries Company	AFC Industries	Jun. 8, 2023	Fasteners / MRO	Specialty Chemical	© RelaDyne	Barentz. B BREN	NTAG	15 8 6 29

3

Most Active Buyer (left to right)

2nd Most Active Buyer

3rd Most Active Buyer

Founders

2H 2023

# **Building Products Acquisition Activity**

Acquisition activity in building products distribution markets was off in the back half of 2023 primarily due to uncertainty around construction activity, but activity continued for strong assets

	Recent Tra	ansactions		Subsector	Active Consolidators			Recent Acquisitions (Last Five Yrs.)
Seller	Acquirer	Date	Subsector	Electrical	GraybaR.	GCG	ELECTRIC  Commence for displace (CSC)	7 5 3 15
SUPPLY CO, INC.	CORE & MAIN	Nov. 30, 2023	Pipes, Valves, & Fittings	HVACR	MUNCH'S SUPPLY LET 1961	<b>V</b> DAIKIN	watsco	8 6 6 [20]
SUNRISE ELECTRIC SUPPLY, INC.	VIKING electric A Stangar Company	Oct. 19, 2023	Electrical	Landscape	A Sito One	HERITAGE	OUTDOOR LIVING	52 26 15 93 1
ELECTRIC SUPPLY VILLOW Means More	WORLD electric A Sonepar Company	Oct. 3, 2023	Electrical	Supplies	<b>♦ SiteOne</b>	Z LLDSCOTTON STORY	LIVING	52 26 15 93
SUNNILAND COMPORATION	SRS	Sep. 29, 2023	Roofing	Lumber & Building Materials	U.S.	KODIAK BUILDING PARTNERS	Builders FirstSource	21 12 7 40
GATEWAY SUPPLY CO.	watsce	Sep. 6, 2023	HVACR	Pipes, Valves, & Fittings	CORE & MAIN	%FERGUSON'	<u>"Win</u> supply	27 10 6 43
BROSCO	Boise Cascade	Aug. 24, 2023	Lumber & Building Materials	Plumbing	Winsupply	% FERGUSON	EW. WERB COMPANY	10 6 4 20
Sequel	BORDER STATES	Aug. 11, 2023	Electrical	Pool & Spa	HERITAGE	<b>≊</b> POOLCORP	<b>CLESLIE'S</b>	9 8 5 [22]
S. G. TORRICE VOUR HYAC PARTNER SINCE 1910	#FERGUSON	Aug. 2, 2023	HVACR					
CEDAR GROVE	ABC Supply Co. inc.	Aug. 1, 2023	Roofing	Roofing	SRS	<b>⊕</b> BEACON	ABC Supply Co. inc.	24 13 11 48
Shepherd electric supply Since 1892	GraybaR.	Jul. 17, 2023	Electrical	Wallboard / Gypsum	L&W SUPPLY DIFFERENCE DELIVERED	FBM conceiler Britiles Heinerste	GMS CHEROLOGIC TATUTE AND	18 12 8 38

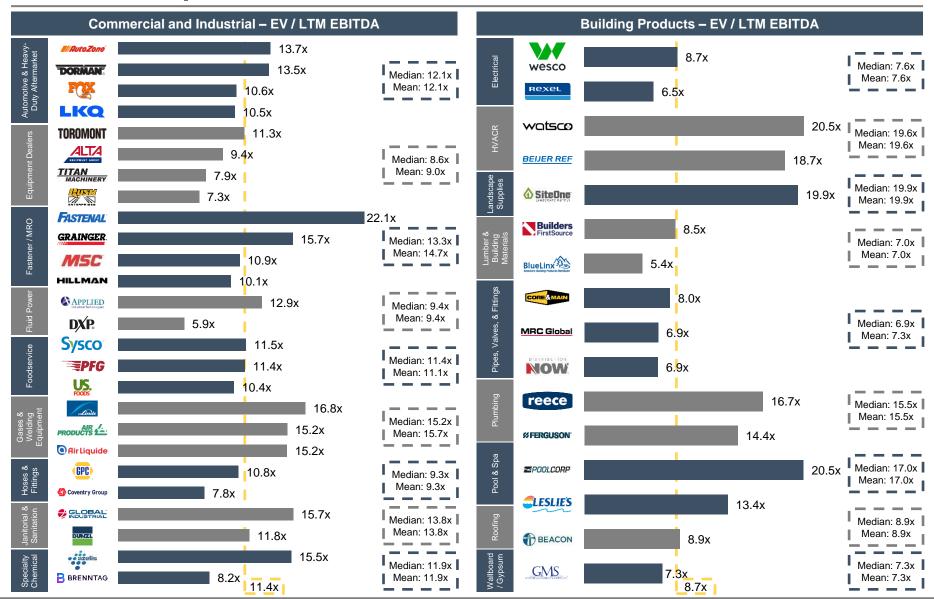
Most Active Buyer (left to right)

2nd Most Active Buyer

3rd Most Active Buyer

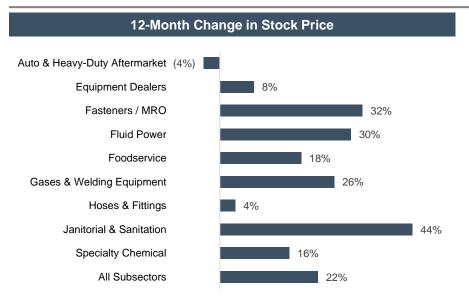


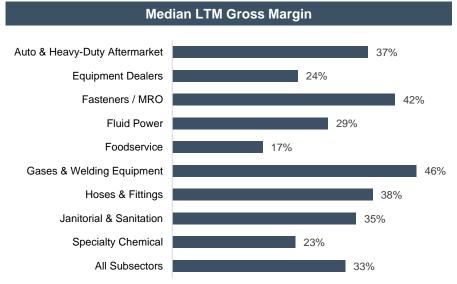
# **Public Companies Valuation Detail**

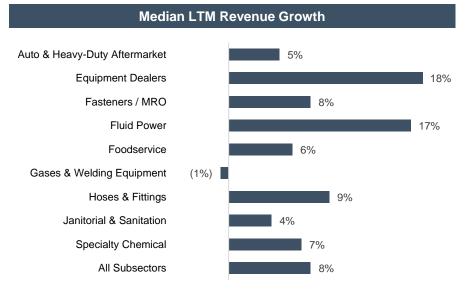


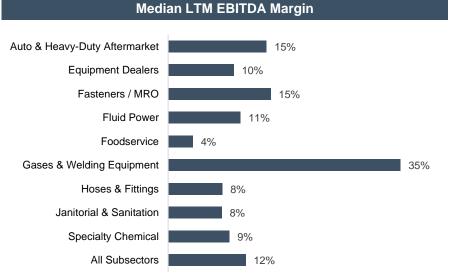


# **Commercial and Industrial Public Company Metrics**



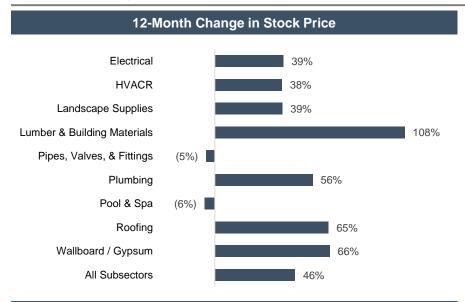


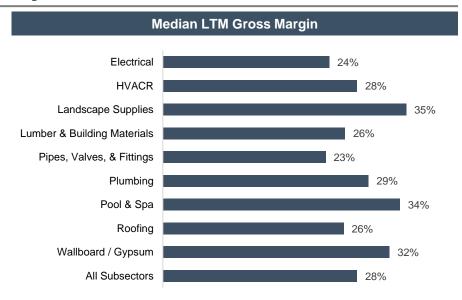


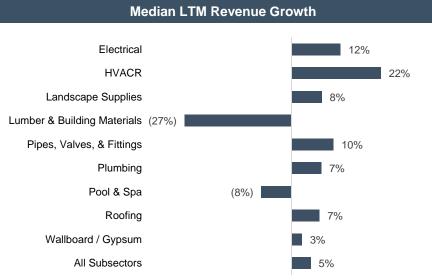


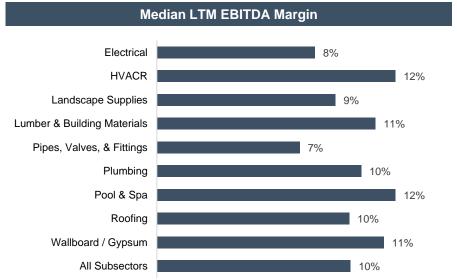


# **Building Products Public Company Metrics**











# **Specialty Distribution Coverage**

Founders has focused coverage efforts on the specialty distribution sector

## **Specialty Distribution Coverage Commercial and Industrial Building Products** Automotive & Heavy-Electrical **Duty Aftermarket** 22 **Equipment Dealers HVACR** Landscape Supplies Fastener / MRO Lumber & Fluid Power **Building Materials** Pipes, Valves, & Foodservice **Fittings** Gases & Welding Plumbing Equipment Hoses & Fittings Pool & Spa Janitorial & Roofing Sanitation Wallboard / Specialty Chemical Gypsum

## **Recent Specialty Distribution Transactions**



Distributes and services heavy-duty truck and trailer parts for a regional customer base



Distributes fasteners and strut accessories to OEM and construction end markets

October 2023



Distributes refrigeration parts and equipment to restaurants, bars, and supermarkets



Distributes lumber and building materials to residential construction end markets

March 2023



Distributes and services industrial valves and other flow control products across the Southeast



Distributes heavyduty truck parts and accessories to enthusiasts via the e-commerce channel

July 2022



Distributes
plumbing supplies
and fixtures to
residential repair
and construction
end markets

PES POLICIPACION SUPPLY

PERTAGE

Application of the policieus

June 2022

Distributes pool and spa products to dealers in the Southeast

December 2021

October 2021

## **Industrials Group Overview**

With expertise across many Industrial sectors, our group brings valuable knowledge, contacts, and resources to our clients

#### Overview

- Founders' Industrials Group consists of 16 professionals who bring a wealth of knowledge, industry expertise, and commitment to our clients
- Our Senior Bankers have over 90 years of collective experience in industry and investment banking providing expert M&A advisory services to founder-owned companies
- Our deal teams are typically comprised of four professionals that are dedicated to helping our clients navigate complex M&A transactions and achieve their strategic and personal goals

## **Experience Across a Wide Array of Sectors**

Advanced Mfg. and Process Equipment

Facility and Industrial Services

**Advanced Materials** 

**Plastics & Packaging** 

Automation & IIoT

**Power and Infrastructure** 

**Connectors and Electronics** 

**Specialty Distribution** 

Construction and Building
Materials

**Test & Measurement** 

### **Recent Transactions**



MEDTHERM CORPORATION











December 2023

November 2023

October 2023

August 2023

August 2023

March 2023

March 2023

## **Founders Overview**

Founders utilizes proven expertise and process-based solutions to produce exceptional outcomes for our clients

- Independent merger and acquisition advisory firm focused on private businesses for the last 20 years
- Expertise across five industries that include Consumer, Healthcare, Industrials, and Technology & Business Services
- FOUNDERS
- Senior bankers with decades of experience in investment banking, private equity, business development, and industry
- Headquartered in Birmingham, AL, with an additional office in Dallas, TX

2003

Year founded

INDUSTRY COVERAGE

**Industrials** 



Technology



Consumer



45+

**Professionals** 

90%+

Percentage of clients that are family owned

Healthcare



**Business Services** 



# FOUNDERS ADVISORS

## BIRMINGHAM DALLAS

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