

SPECIALTY DISTRIBUTION

Market Update



www.stifelib.com

March 2022

Specialty Distribution Practice Overview

Stifel's dedicated Specialty Distribution Group advises companies that operate across a wide range of industries and end markets. Our team's **deep industry knowledge** and **relationships**, paired with its **extensive transaction experience** with both strategic and private equity buyers, drive **market-leading outcomes** for clients.

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Select Stifel Specialty Distribution Transactions

 Has Been Acquired by GREENBRIAR EQUITY GROUP, L.P. Advisor to Seller December 2021	 Specialty Products and Insulation a portfolio company of DUNES POINT CAPITAL Has Been Acquired by INCLINE EQUITY PARTNERS Advisor to Seller December 2021	\$185,000,000 Has Acquired a portfolio company of VALESCO INDUSTRIES Advisor to Buyer November 2021	 Has Been Acquired by BradyIFS a portfolio company of KELSO Advisor to Seller November 2021	 Has Been Acquired by ENVOY SOLUTIONS a subsidiary of FEMSA Advisor to Seller November 2021	\$300,000,000 Senior Secured Notes Joint Bookrunning Manager October 2021
 Has Acquired PAINTERS SUPPLY & EQUIPMENT CO. Advisor to Buyer August 2021	 WORLD HOME PRODUCTS a portfolio company of TENEX CAPITAL MANAGEMENT Has Been Acquired by PRIME SOURCE a portfolio company of SEVEN SEAS CAPITAL Co-Advisor to Seller August 2021	\$2,600,000,000 a portfolio company of CCMP Has Merged with LANDCADIA HOLDINGS Capital Markets Advisor July 2021	 Has Invested in NIVEL a portfolio company of KELSO Advisor to Buyer May 2021	\$72,680,000 Initial Public Offering Left Bookrunning Manager April 2021	 a portfolio company of CCMP Has Acquired OZCO BUILDING PRODUCTS Advisor to Buyer April 2021
 WYNNCHURCH CAPITAL Has Acquired TWG Advisor to Buyer January 2021	 Has Been Acquired by ENVOY SOLUTIONS a subsidiary of FEMSA Advisor to Seller December 2020	 Has Acquired Parts Authority a portfolio company of THE JORDAN COMPANY Advisor to Buyer October 2020	\$55,000,000 Initial Public Offering Left Bookrunning Manager February 2020*	 Has Been Acquired by RGTI INNOVATIONS Advisor to Seller February 2020*	\$80,750,000 Foundation Building Materials a portfolio company of LONE STAR FUNDS Follow-On Offering Co-Manager September 2019*
 Has Sold Copperfield to LYMPIA a portfolio company of ARGOSY PRIVATE EQUITY Advisor to Seller January 2019*	 a portfolio company of AIGLON CAPITAL Has Been Acquired by ACS a portfolio company of ANGELES INVESTMENT PARTNERS Advisor to Seller November 2018*	\$315,000,000 RGTI INNOVATIONS Senior Notes Co-Manager August 2018*	 Has Agreed to be Acquired by ADCURAM OPERATIONAL · SUSTAINABLE · FINANCIALLY STRONG Advisor to Seller July 2018*	\$57,000,000 a portfolio company of Blue Sage Capital Has Been Acquired by PATRICK INVESTMENT SERVICES, LP Advisor to Seller June 2018*	\$143,400,000 a portfolio company of SUITX CAPITAL PARTNERS Initial Public Offering Joint Bookrunning Manager May 2018*

* Denotes a transaction completed by a Stifel team member at a prior firm

Recent M&A Activity

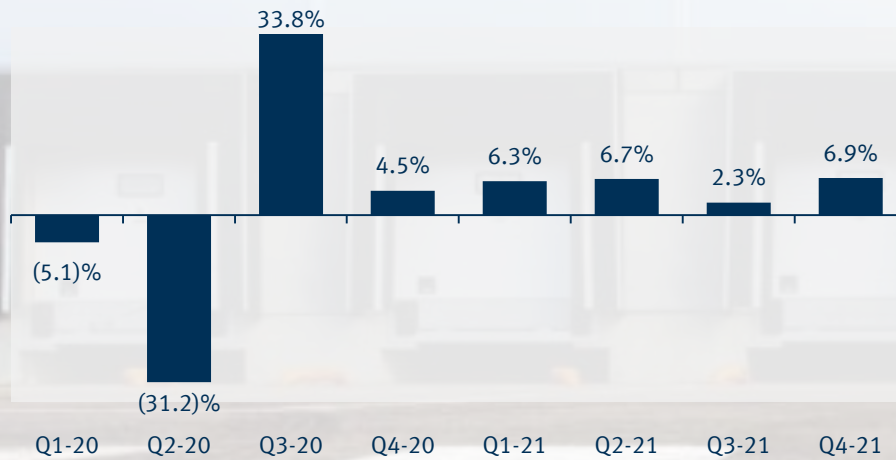
Date	Buyer	Target	Industry	Target Description
3/21/22*	 woodgrain (Portco of Mill Road Capital)	 HUTTIG BUILDING PRODUCTS Constructive Solutions Since 1883 (NASDAQ: HBP)	Building Products	Missouri-based distributor of millwork, building materials and wood products
3/18/22*	 ImperialDade (Portco of Bain Capital)	 Veritiv (Veritiv Canada, Inc)	JanSan	Full-service provider of packaging, JanSan and hygiene products, services and solutions
3/18/22*	 ENVOY SOLUTIONS (Subsidiary of FEMSA)	 ATRA	JanSan	Distributes janitorial supplies to healthcare, retail, and educational institutes throughout New Jersey
3/14/22*	 One Equity Partners	 PGW Auto Glass (Subsidiary of LKQ)	Automotive	Distributor of aftermarket glass products for the North American automotive market
3/2/22	 DXP (NASDAQ: DXPE)	 DRYDON	Industrial	Distributor and manufacturer rep of pumps, valves, controls and process equipment
3/2/22	 DXP (NASDAQ: DXPE)	 BE	Industrial	Distributor of pumps and machinery catering to the industrial and municipal markets
3/1/22	 TH MARINE (Subsidiary of OneWater)	 YAKGEAR YOUR GEAR	Marine	Supplier of kayak equipment, paddle sports accessories and boat mounting accessories
2/28/22*	 KPS CAPITAL PARTNERS, LP	 Oldcastle BuildingEnvelope (Subsidiary of CRH)	Building Products	Distributor of architectural hardware, glass and glazing systems
2/24/22*	 NAUTIC	 VALLEN A Sonapar Company (Subsidiary of Sonapar Group)	Industrial	Distributor of indirect materials and stocks only best-in-class metalworking and MROP products
2/15/22	 CRYPHON INVESTORS	 Genot	Industrial	Midwest-based regional distributor of HVAC/R equipment, parts and supplies

Date	Buyer	Target	Industry	Target Description
2/1/22	 HDI HARDWOOD DISTRIBUTION INC. (TSX:HDI)	 MID-AM	Building Products	Distributor of exterior and interior building products throughout the Midwest
2/1/22	 Jon-Don LET'S TACKLE YOUR TOUGHEST JOBS (Portco of Incline)	 USA CLEAN 1.800.USA.CLEAN	JanSan	Distributor of repair parts for professional floor care equipment
2/1/22	 Brady IFS (Portco of Kelso)	 SupplyTail A SOUTH ASSET PARTS COMPANY	Foodservice	Distributor of commercial products intended to serve the foodservice, healthcare and government sectors
2/1/22	 TH MARINE (Subsidiary of OneWater)	 JIF	Marine	Supplier of stainless steel ladders, dock products and other boating accessories
1/25/22	 FleetPride TRUCK & TRAILER PARTS (Portco of American Securities)	 Assets of NATIONWIDE TRUCK SERVICE	Automotive	Offers repair services from its 21-bay facility and mobile repair units
1/24/22	 AFC Industries (Portco of Bertram)	 OBI OREGON BOLT, INC.	Industrial	Distributor of industrial fasteners and electronic hardware
1/19/22	 PT HOLDINGS All Unique. All United.	 REPA THE SPARE PARTS GROUP	Industrial	Distributor of spare parts for professional kitchens, coffee and vending machines in Europe
1/17/22	 AFC Industries (Portco of Bertram)	 ASKEW	Industrial	Distributor of industrial, engineered fasteners and MRO products
1/13/22	 STELLAR INDUSTRIAL SUPPLY	 JLM INDUSTRIAL SUPPLY, INC.	Industrial	Distributor of industrial products to Nevada manufacturers
1/12/22	 BLACKHAWK INDUSTRIAL	 PINNACLE TOOL & SUPPLY WE LEAD. YOU FOLLOW.	Industrial	Distributor of cutting tools and abrasives
1/12/22	 BUNZL (LSE: BNZL)	 TINGLEY A TRADITION SINCE 1889	Apparel	Distributor of protective footwear and apparel

Macro Economic Trends

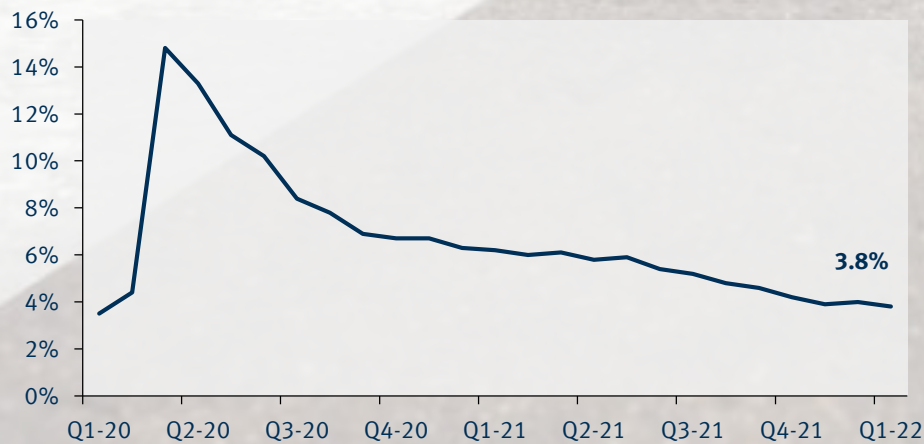
Macro Indicators

Real GDP Growth Rate



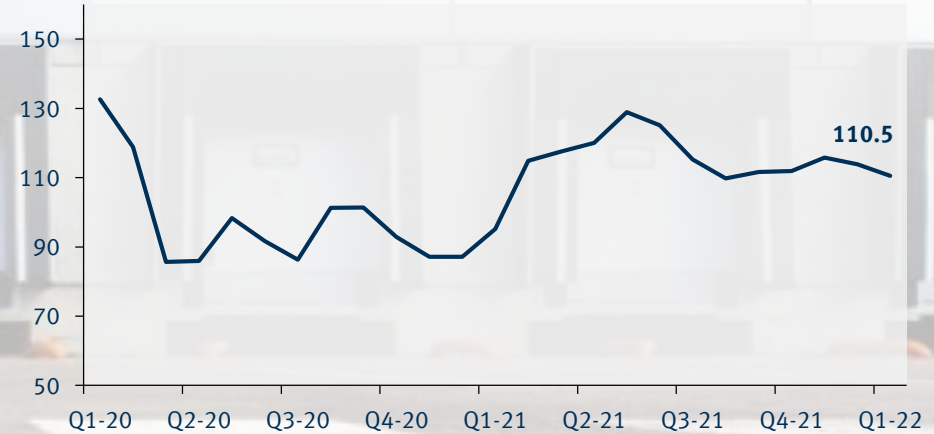
Source: Bureau of Economic Analysis

Unemployment Rate



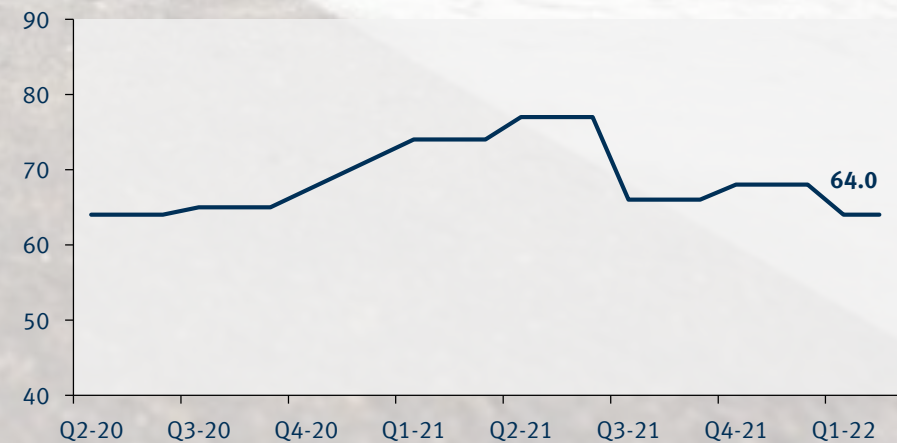
Source: U.S. Department of Labor as of February 28, 2022

Consumer Confidence



Source: Conference Board as of February 28, 2022

Business Confidence



Source: Conference Board as of February 28, 2022

Sector Economic Trends

Sector Indicators

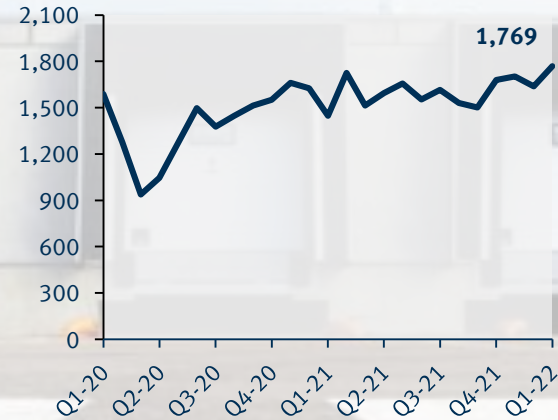
Mortgage Rates



Source: Freddie Mac as of March 17, 2022

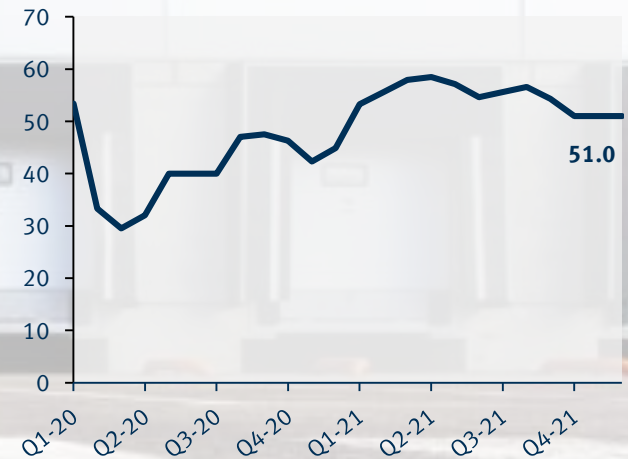
New Housing Starts

(in thousands)



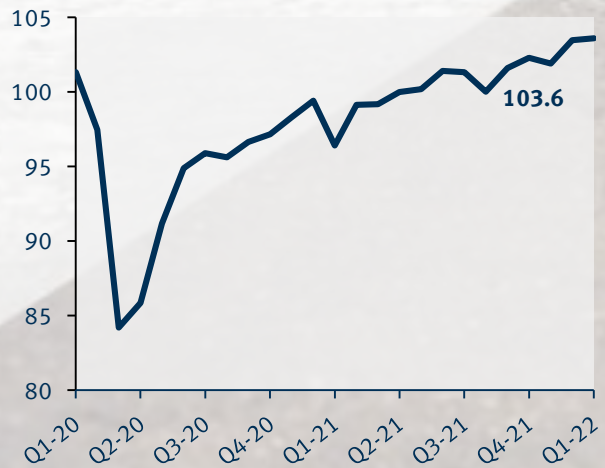
Source: Federal Reserve as of February 1, 2022

Architectural Billing Index



Source: American Institute of Architects as of January 31, 2022

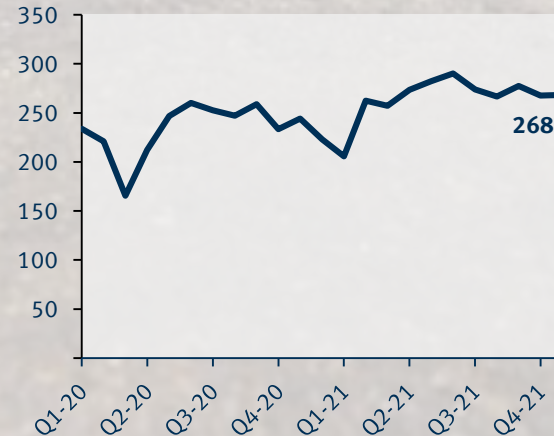
Industrial Production Index



Source: Federal Reserve as of February 1, 2022

Vehicular Miles Driven

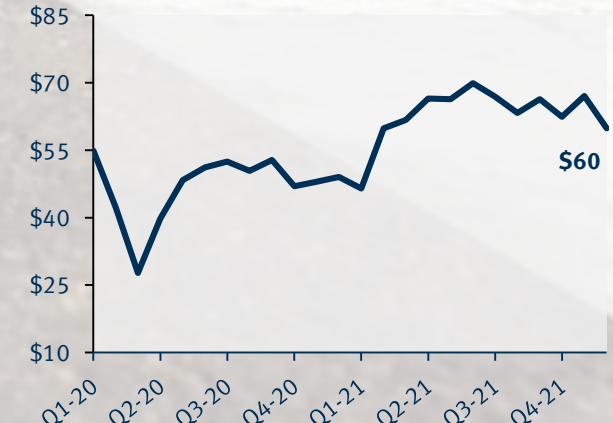
(in billions)



Source: Federal Reserve as of December 1, 2021

Retail Sales: Restaurants

(\$ in billions)



Source: Federal Reserve as of January 1, 2022

Sector Trading Performance Statistics

Automotive & Consumer



Building Products



Electrical



Energy



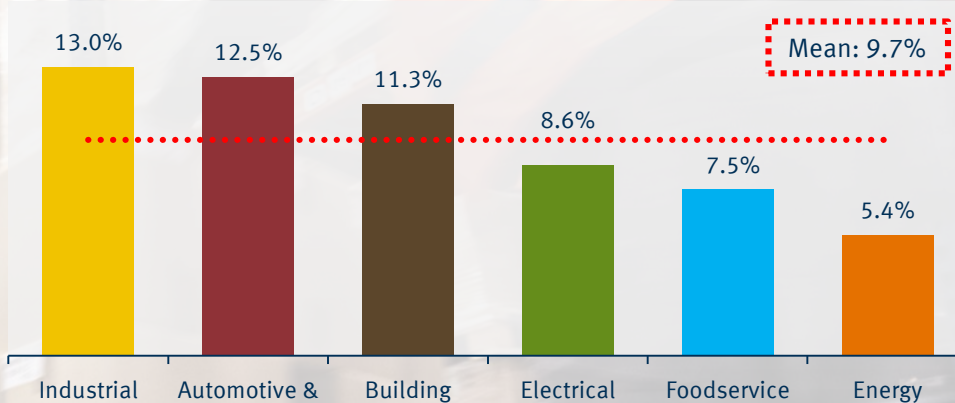
Foodservice



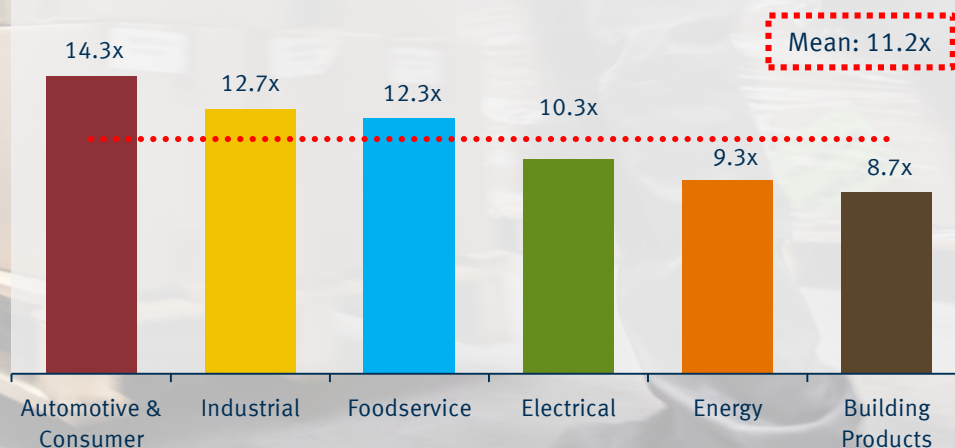
Industrial



2022E EBITDA Margin⁽¹⁾

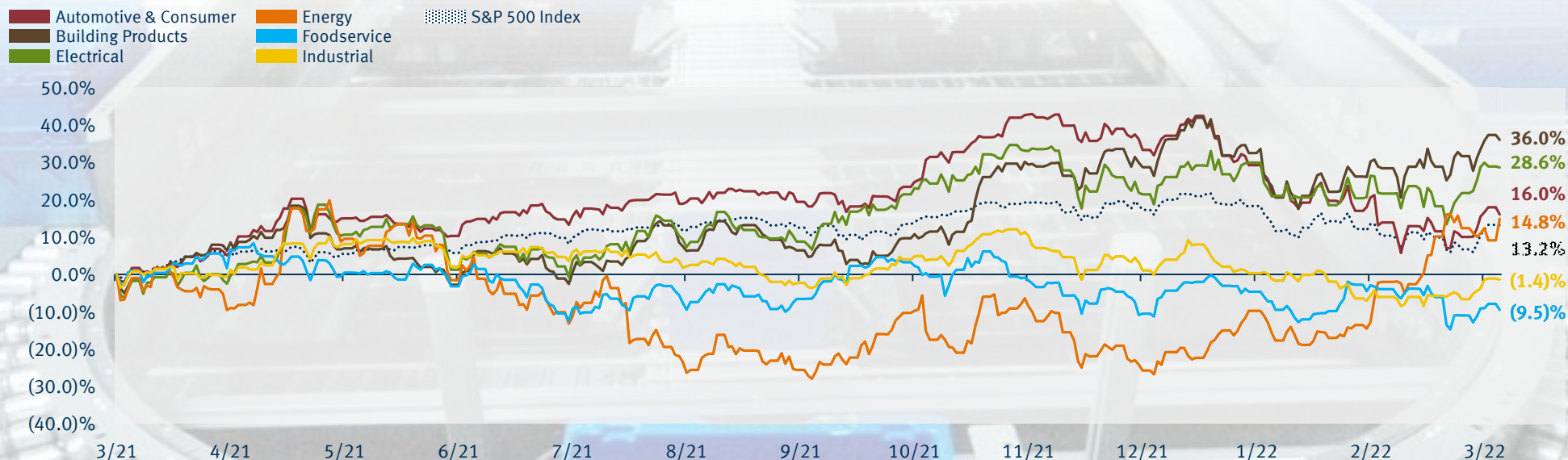


Enterprise Value / 2022E EBITDA⁽¹⁾

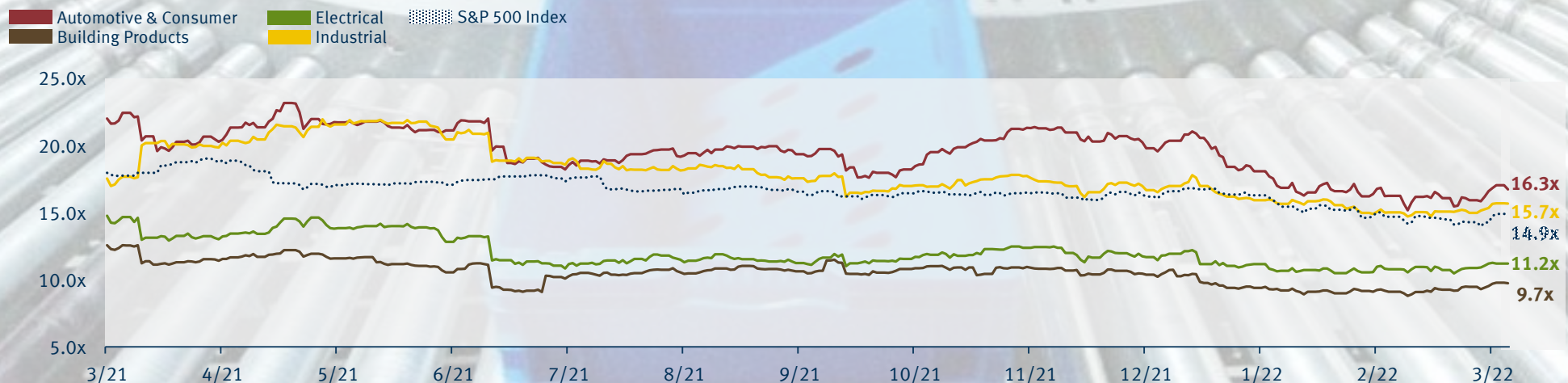


Sector Performance

Public Company LTM Stock Price Performance



Public Company LTM EBITDA Multiples⁽¹⁾



Public Companies Key Performance & Valuation Stats

Company	Stock Price & Company Data (\$M)						Margins		Growth		Debt	Valuation Data			
Company	3/21/2022	Revenue 2021	Gross Profit 2021	EBITDA 2021	Market Value	Enterprise Value	Gross % Margin 2021	EBITDA % Margin 2021	2-Year CAGR Revs % Change	2-Year CAGR EBITDA % Change	Net Debt/ EBITDA 2021	EV / EBITDA		P / E	
												2021	2022E	2021	2022E
Automotive & Consumer															
Genuine Parts Company	\$ 128.28	\$18,870.5	\$ 6,634.1	\$ 1,562.9	\$18,500.7	\$ 19,916.1	35.2%	8.3%	3.8%	9.9%	1.1x	12.7x	10.8x	20.6x	16.9x
LKQ Corporation	46.28	13,088.5	5,322.0	1,760.6	13,778.6	15,766.0	40.7%	13.5%	2.3%	15.8%	1.4x	9.0x	8.9x	12.6x	11.8x
Pool Corporation	475.82	5,295.6	1,617.1	859.9	19,261.2	19,857.8	30.5%	16.2%	28.7%	52.4%	1.3x	23.1x	19.2x	29.8x	26.9x
SiteOne Landscape Supply, Inc.	179.07	3,475.7	1,212.6	394.8	8,202.4	8,066.0	34.9%	11.4%	21.4%	47.0%	0.5x	20.4x	18.3x	34.4x	33.2x
Group Mean		\$10,182.6	\$ 3,696.5	\$ 1,144.5	\$14,935.7	\$ 15,901.5	35.3%	12.3%	14.0%	31.3%	1.1x	16.3x	14.3x	24.4x	22.2x
Group Median		9,192.0	3,469.5	1,211.4	16,139.6	17,811.9	35.0%	12.4%	12.6%	31.4%	1.2x	16.6x	14.5x	25.2x	21.9x
Building Products															
Beacon Roofing Supply, Inc.	\$ 62.27	\$ 6,820.4	\$ 1,819.6	\$ 680.2	\$ 5,036.1	\$ 6,262.5	26.7%	10.0%	6.7%	28.7%	2.1x	9.2x	8.9x	21.5x	11.6x
BlueLinx Holdings Inc.	91.77	4,277.2	778.4	453.9	906.3	1,373.8	18.2%	10.6%	27.4%	206.4%	0.5x	3.0x	3.9x	3.1x	4.6x
Builders FirstSource, Inc.	76.36	19,893.9	5,851.0	2,922.5	15,537.0	16,398.4	29.4%	14.7%	65.3%	143.6%	1.0x	5.6x	6.0x	9.0x	8.2x
Doman Building Materials Group Ltd.	6.90	2,010.0	307.6	160.5	577.3	1,255.6	15.3%	8.0%	39.8%	79.5%	3.3x	7.8x	6.8x	6.9x	7.6x
GMS Inc.	54.82	4,278.4	1,373.7	483.8	2,407.0	3,645.2	32.1%	11.3%	14.7%	28.0%	2.3x	7.5x	6.6x	10.4x	7.5x
Hardwoods Distribution Inc.	32.43	1,616.2	372.9	165.8	700.6	1,327.3	23.1%	10.3%	33.7%	98.9%	2.4x	8.0x	5.4x	6.8x	6.8x
Hillman Solutions Corp.	10.89	1,426.0	598.4	194.4	2,113.1	3,055.7	42.0%	13.6%	9.6%	14.8%	4.6x	15.7x	14.1x	NMF	47.3x
Richelieu Hardware Ltd.	38.53	1,125.2	183.1	168.5	2,175.6	2,224.3	16.3%	15.0%	19.8%	42.8%	NEG	13.2x	11.0x	19.6x	18.2x
Watsco, Inc.	303.56	6,280.2	1,667.5	637.6	10,753.3	11,129.5	26.6%	10.2%	14.7%	29.2%	NEG	17.5x	15.4x	28.2x	25.3x
Group Mean		\$ 5,303.1	\$ 1,439.1	\$ 651.9	\$ 4,467.3	\$ 5,185.8	25.5%	11.5%	25.7%	74.7%	2.3x	9.7x	8.7x	13.2x	15.2x
Group Median		4,277.2	778.4	453.9	2,175.6	3,055.7	26.6%	10.6%	19.8%	42.8%	2.3x	8.0x	6.8x	9.7x	8.2x
Electrical															
Applied Industrial Technologies, Inc.	\$ 102.32	\$ 3,505.4	\$ 1,023.2	\$ 361.6	\$ 4,017.6	\$ 4,537.3	29.2%	10.3%	0.7%	5.8%	1.6x	12.5x	12.0x	17.8x	17.7x
WESCO International, Inc.	131.02	18,217.5	3,792.1	1,139.1	6,817.0	11,229.8	20.8%	6.3%	47.6%	68.3%	3.9x	9.9x	8.5x	16.7x	11.3x
Group Mean		\$10,861.4	\$ 2,407.6	\$ 750.3	\$ 5,417.3	\$ 7,883.5	25.0%	8.3%	24.2%	37.0%	2.8x	11.2x	10.3x	17.3x	14.5x
Group Median		10,861.4	2,407.6	750.3	5,417.3	7,883.5	25.0%	8.3%	24.2%	37.0%	2.8x	11.2x	10.3x	17.3x	14.5x

Note: NA: Not Available, NEG: Negative, NMF: Not Meaningful Figure. Company financials, net debt and valuation metrics may not include pro forma effect for recently completed acquisitions
Sources: Company filings, Capital IQ (3/21/2022)

Public Companies Key Performance & Valuation Stats (cont'd)

Company	Stock Price & Company Data (\$M)						Margins		Growth		Debt	Valuation Data			
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												2021	2022E	2021	2022E
Energy															
MRC Global Inc.	\$ 11.92	\$ 2,666.0	\$ 417.0	\$ 53.0	\$ 983.4	\$ 1,595.7	15.6%	2.0%	NEG	NEG	4.7x	30.1x	8.3x	NEG	14.1x
NOW Inc.	10.64	1,632.0	357.0	39.0	1,175.7	870.3	21.9%	2.4%	NEG	NEG	NEG	22.3x	10.3x	NMF	25.5x
Group Mean		\$ 2,149.0	\$ 387.0	\$ 46.0	\$ 1,079.5	\$ 1,233.0	18.8%	2.2%	NA	NA	4.7x	26.2x	9.3x	NA	19.8x
Group Median		2,149.0	387.0	46.0	1,079.5	1,233.0	18.8%	2.2%	NA	NA	4.7x	26.2x	9.3x	NA	19.8x
Foodservice															
Aramark	\$ 36.58	\$13,300.4	\$ 1,790.2	\$ 922.7	\$ 9,358.7	\$ 17,056.5	13.5%	6.9%	NEG	NEG	8.1x	18.5x	13.3x	NMF	27.9x
The Chefs' Warehouse, Inc.	30.54	1,745.8	390.5	39.6	1,122.2	1,442.4	22.4%	2.3%	4.7%	NEG	NMF	36.4x	13.4x	NEG	41.7x
Karat Packaging Inc.	14.93	364.2	107.8	33.2	277.2	341.4	29.6%	9.1%	27.3%	67.8%	1.1x	10.3x	6.9x	13.3x	11.0x
Sysco Corporation	80.75	60,738.2	10,901.3	2,800.5	41,608.4	50,964.5	17.9%	4.6%	0.2%	NEG	3.5x	18.2x	15.5x	53.1x	26.5x
Group Mean		\$19,037.2	\$ 3,297.5	\$ 949.0	\$13,091.6	\$ 17,451.2	20.8%	5.7%	10.7%	67.8%	4.2x	20.8x	12.3x	33.2x	26.8x
Group Median		7,523.1	1,090.3	481.2	5,240.4	9,249.4	20.2%	5.8%	4.7%	67.8%	3.5x	18.3x	13.3x	33.2x	27.2x
Industrial															
Core & Main, Inc.	\$ 24.01	\$ 4,589.3	\$ 1,156.8	\$ 505.8	\$ 3,843.2	\$ 6,029.5	25.2%	11.0%	73.6%	102.8%	2.9x	11.9x	10.5x	75.2x	20.2x
DXP Enterprises, Inc.	30.86	1,053.5	287.9	45.4	597.6	835.0	27.3%	4.3%	NEG	NEG	5.6x	18.4x	11.4x	48.1x	28.1x
Fastenal Company	57.76	6,010.9	2,777.2	1,388.1	33,334.3	33,540.2	46.2%	23.1%	6.2%	7.3%	0.1x	24.2x	21.7x	36.1x	32.0x
Lawson Products, Inc.	37.99	417.7	220.6	29.9	355.2	355.1	52.8%	7.2%	6.1%	44.3%	0.3x	11.9x	8.6x	37.6x	16.2x
MSC Industrial Direct Co., Inc.	80.21	3,319.9	1,392.9	450.7	4,499.3	5,187.5	42.0%	13.6%	NEG	NEG	1.5x	11.5x	10.1x	18.4x	14.0x
W.W. Grainger, Inc.	506.26	13,022.0	4,720.0	1,754.0	26,426.8	28,280.9	36.2%	13.5%	6.5%	3.5%	1.2x	16.1x	13.9x	25.5x	20.7x
Group Mean		\$ 4,735.5	\$ 1,759.2	\$ 695.7	\$11,509.4	\$ 12,371.4	38.3%	12.1%	23.1%	39.5%	1.9x	15.7x	12.7x	40.2x	21.8x
Group Median		3,954.6	1,274.8	478.3	4,171.3	5,608.5	39.1%	12.2%	6.3%	25.8%	1.4x	14.0x	11.0x	36.9x	20.4x

Note: NA: Not Available, NEG: Negative, NMF: Not Meaningful Figure. Company financials, net debt and valuation metrics may not include pro forma effect for recently completed acquisitions
Sources: Company filings, Capital IQ (3/21/2022)

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Independence of Research

Stifel prohibits its employees from directly or indirectly offering a favorable research rating or specific price target, or offering to change a rating or price target, as consideration or inducement for the receipt of business or for compensation.

Basis of Presentation

References herein to "Stifel" collectively refer to Stifel, Nicolaus & Company, Incorporated and other affiliated broker-dealer subsidiaries of Stifel Financial Corp. References herein to "Stifel Financial" refer to Stifel Financial Corp. (NYSE: SF), the parent holding company of Stifel and such other affiliated broker-dealer subsidiaries. Unless otherwise indicated, information presented herein with respect to the experience of Stifel also includes transactions effected and matters conducted by companies acquired by Stifel (including pending acquisitions publicly announced by Stifel), or by Stifel personnel while at prior employers.

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