

M&A INSIGHTS

Distribution

**A Year in Review
Q4 2024**



Distribution M&A Insights

2024: A Year of Strategic Adaptation and Consolidation in Distribution

2024 presented a complex landscape for the distribution sector, a year defined by both challenges and strategic opportunities. Persistent economic headwinds, including elevated interest rates, inflationary pressures, and volatile raw material prices, created significant uncertainty.

However, this environment spurred strategic M&A activity, as companies sought to build scale, diversify their portfolios, and bolster their technological capabilities. The sector's resilience was evident in its ability to adapt to rapid market shifts, demonstrating a keen focus on operational agility and innovation. Amidst these challenges, a compelling narrative of strategic transformation emerged. Companies leveraged M&A to consolidate market share, expand into new verticals, and invest in future-proof technologies. This strategic maneuvering, coupled with a demonstrated ability to adapt to evolving market dynamics, positions the sector for continued evolution and potential growth in the years ahead.

As we look forward to 2025, supply chain optimization is expected to intensify. Despite ongoing economic uncertainties tied to a new presidential administration, inflation management, tariffs, and geopolitical challenges, M&A activity is projected to strengthen.

Private equity firms are particularly well-positioned to drive deal volume, armed with substantial dry powder and potentially benefiting from stable or declining interest rates. This could also accelerate exits from mature portfolio companies nearing the end of their investment cycles. Public companies are equally motivated to pursue strategic acquisitions, supported by strong cash positions and shareholder mandates to enhance growth and earnings.

“

We successfully expanded revenue in 2024, both organically and through five highly strategic acquisitions, despite persistent macroeconomic headwinds. These acquisitions have enhanced our scale, broadened our geographic footprint, and strengthened customer engagement, positioning us to capitalize on improving market conditions in 2025.

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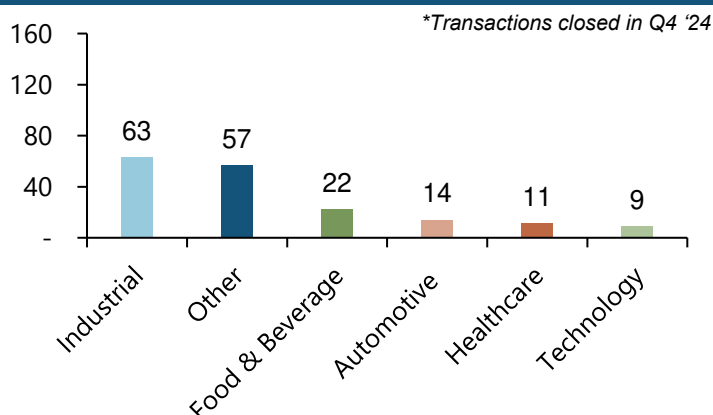
John King

Chairman & CEO at Distribution Solutions Group

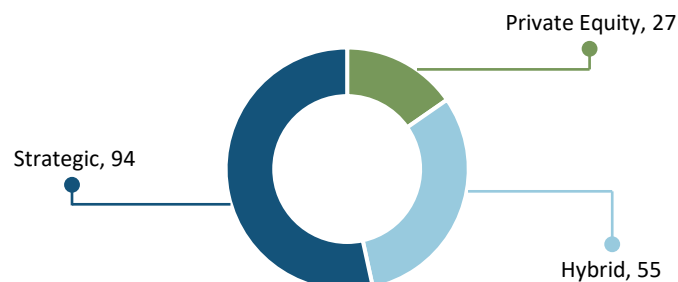
Key Distribution Themes

- M&A activity remained consistent throughout 2024, reflecting the sector's strategic focus on consolidation.
- Distributors prioritized operational efficiencies and margin management to navigate economic uncertainties.
- Investment in technology and e-commerce capabilities was a key driver of growth and competitive advantage.
- Supply chain optimization was a major focus.
- Private equity continued to be very active in the market.

Transaction Count by Segment



Transaction Count by Buyer Type

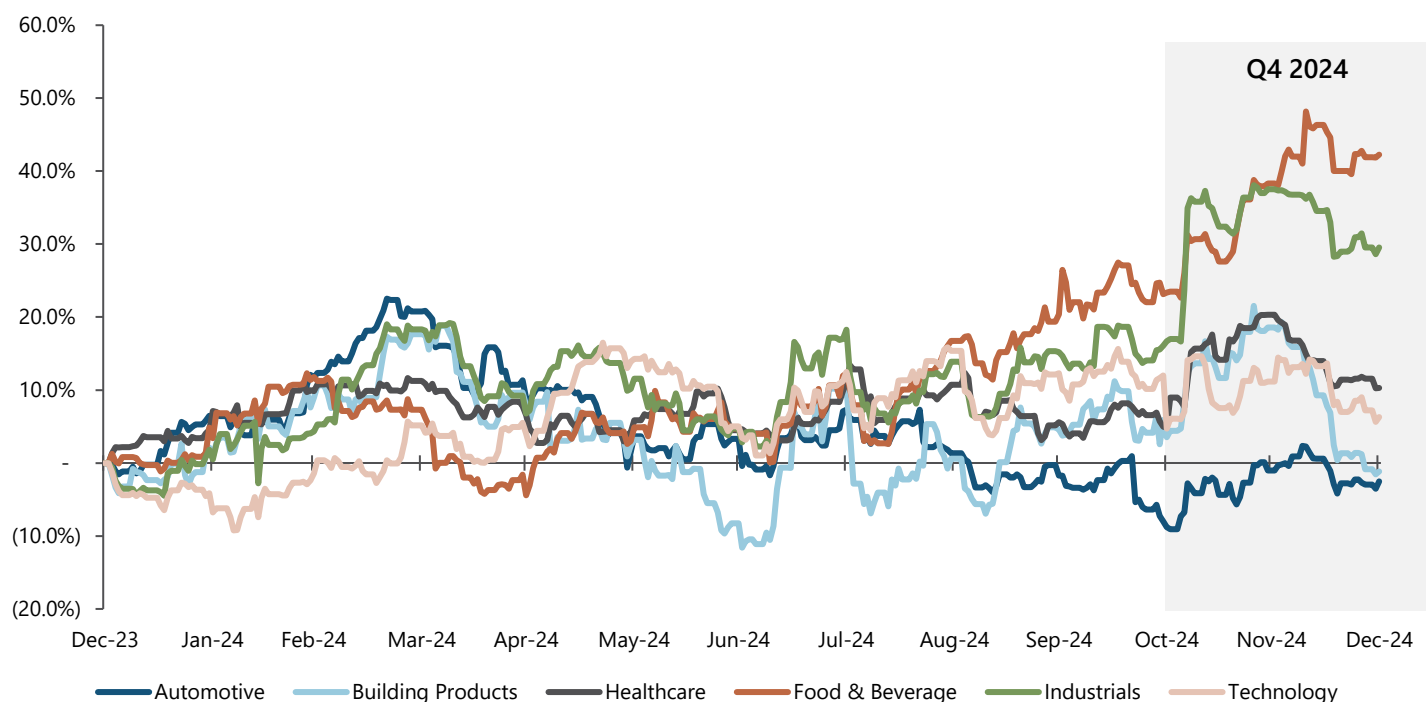


Source: FRED, Pitchbook, Capital IQ, Wall Street Research.

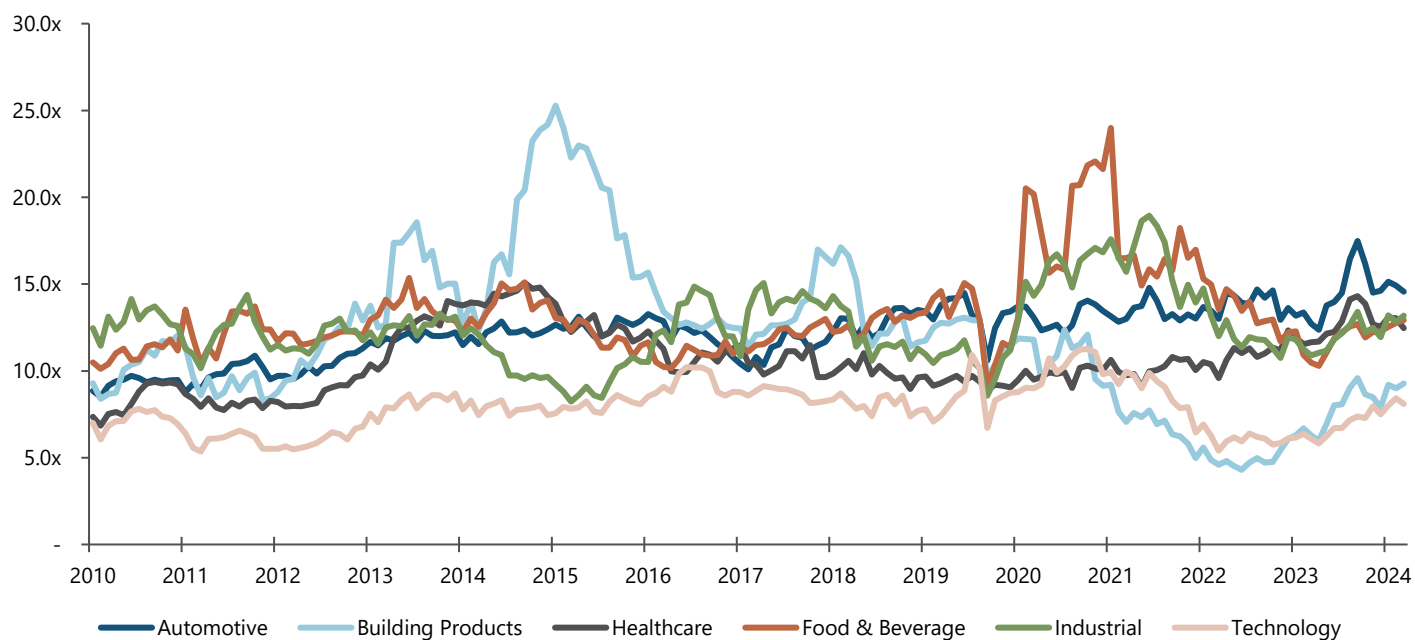


Public Valuation Trends

Share Price Performance by Segment



Rolling EV/EBITDA by Segment



Source: FRED, Pitchbook, Capital IQ, Wall Street Research.



Public Trading Data

Trading Multiples												
	LTM Revenues		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(M)	3 yr CAGR	\$(M)	Margin	3 yr CAGR	\$(M)	Margin	\$(M)	% Sales	EBITDA	Capital	EBITDA
Automotive												
Advance Auto Parts, Inc.	\$9,094	(6.1%)	\$319	3.5%	(33.4%)	(\$587)	(6.5%)	\$181	2.0%	4.1x	65.7%	13.0x
AutoZone, Inc.	18,673	8.1%	4,316	23.1%	5.7%	2,607	14.0%	0	0.0%	2.6x	155.8%	2.9x
O'Reilly Automotive, Inc.	16,708	7.8%	3,714	22.2%	4.5%	2,387	14.3%	1,023	6.1%	1.9x	120.9%	2.1x
Genuine Parts Company	23,487	7.6%	1,952	8.3%	7.7%	904	3.8%	567	2.4%	2.5x	58.3%	3.1x
LKQ Corporation	14,355	3.1%	1,753	12.2%	(0.5%)	690	4.8%	311	2.2%	2.5x	48.2%	3.2x
Mean		4.1%		13.9%	(3.2%)		6.1%		2.5%		89.8%	4.9x
Median		7.6%		12.2%	4.5%		4.8%		2.2%		65.7%	3.1x
Building Products												
Builders FirstSource, Inc.	\$16,400	(6.2%)	\$2,157	13.2%	(9.9%)	\$1,078	6.6%	\$381	2.3%	1.9x	50.2%	2.0x
BlueLinx Holdings, Inc.	\$2,953	(11.6%)	\$124	4.2%	(35.1%)	\$53	1.8%	\$40	1.4%	4.8x	49.6%	5.1x
GMS, Inc.	\$5,593	18.6%	\$500	8.9%	1.1%	\$146	2.6%	\$52	0.9%	2.9x	55.5%	3.5x
Beacon Roofing Supply, Inc.	9,763	11.6%	894	9.2%	10.1%	362	3.7%	127	1.3%	3.3x	63.5%	3.9x
Mean		3.1%		8.9%	(8.4%)		3.7%		1.5%		54.7%	3.6x
Median		2.7%		9.0%	(4.4%)		3.2%		1.3%		52.8%	3.7x
Healthcare												
Cencora, Inc.	\$303,193	11.2%	\$4,175	1.4%	7.6%	\$1,396	0.5%	\$519	0.2%	2.2x	96.4%	2.3x
McKesson Corporation	\$344,583	9.1%	\$6,314	1.8%	10.2%	\$2,826	0.8%	\$556	0.2%	1.4x	138.2%	1.6x
Henry Schein, Inc.	\$12,673	0.7%	\$1,014	8.0%	(1.8%)	\$390	3.1%	\$148	1.2%	2.5x	37.3%	2.8x
Cardinal Health, Inc.	\$222,276	11.8%	\$2,990	1.3%	8.1%	\$1,312	0.6%	\$494	0.2%	2.4x	162.3%	2.5x
Mean		8.2%		3.1%	6.0%		1.2%		0.4%		108.5%	2.3x
Median		10.1%		1.6%	7.9%		0.7%		0.2%		117.3%	2.4x
Food & Beverage												
Sysco Corporation	\$80,570	15.4%	\$4,466	5.5%	15.8%	\$1,932	2.4%	\$818	1.0%	2.8x	87.1%	3.1x
US Foods Holding Corp.	\$37,877	8.7%	\$1,562	4.1%	22.9%	\$494	1.3%	\$341	0.9%	3.3x	54.5%	3.5x
The Chefs' Warehouse, Inc.	\$3,794	29.5%	\$187	4.9%	67.9%	\$55	1.5%	\$50	1.3%	3.6x	63.0%	4.9x
Performance Food Group	\$56,501	23.3%	\$1,430	2.5%	31.1%	\$387	0.7%	\$452	0.8%	4.8x	64.9%	5.5x
United Natural Foods, Inc.	\$31,682	4.8%	\$507	1.6%	(12.6%)	(\$82)	(0.3%)	\$307	1.0%	4.1x	69.6%	7.3x
Mean		16.3%		3.7%	25.0%		1.1%		1.0%		67.8%	4.9x
Median		15.4%		4.1%	22.9%		1.3%		1.0%		64.9%	4.9x
Industrials												
MSC Industrial Direct, Inc.	\$3,795	5.6%	\$461	12.1%	0.8%	\$236	6.2%	\$101	2.7%	1.2x	29.4%	1.2x
W.W. Grainger, Inc.	\$17,168	9.7%	\$2,909	16.9%	18.3%	\$1,909	11.1%	\$541	3.2%	1.1x	46.2%	1.1x
Fastenal Company	\$7,546	7.9%	\$1,685	22.3%	6.7%	\$1,151	15.2%	\$227	3.0%	0.3x	11.8%	0.3x
WESCO International, Inc.	\$21,819	6.2%	\$1,428	6.5%	7.5%	\$660	3.0%	\$95	0.4%	3.4x	54.1%	4.1x
MRC Global, Inc.	\$3,011	4.1%	\$175	5.8%	51.8%	\$49	1.6%	\$28	0.9%	2.6x	52.9%	3.3x
DXP Enterprises, Inc.	\$1,802	17.4%	\$180	10.0%	39.1%	\$70	3.9%	\$25	1.4%	3.4x	62.1%	3.8x
Mean		8.5%		12.3%	20.7%		6.9%		1.9%		42.8%	2.3x
Median		7.0%		11.1%	12.9%		5.1%		2.0%		49.6%	2.3x
Technology												
TD SYNnex Corporation	\$58,452	22.7%	\$1,673	2.9%	23.6%	\$683	1.2%	\$175	0.3%	2.4x	35.4%	2.6x
ScanSource, Inc.	\$3,022	1.1%	\$118	3.9%	(4.7%)	\$63	2.1%	\$8	0.3%	1.2x	14.3%	1.3x
Avnet, Inc.	\$22,484	6.7%	\$817	3.6%	2.3%	\$318	1.4%	\$130	0.6%	3.1x	36.5%	3.4x
Arrow Electronics, Inc.	\$27,923	(6.8%)	\$1,119	4.0%	(13.9%)	\$392	1.4%	\$93	0.3%	2.8x	36.8%	3.0x
Mean		6.0%		3.6%	1.8%		1.5%		0.4%	2.4x	30.7%	2.6x
Median		3.9%		3.8%	(1.2%)		1.4%		0.3%	2.6x	36.0%	2.8x

Source: FRED, Pitchbook, Capital IQ, Wall Street Research.



Public Trading Data

Trading Multiples

	Price 12/31/24	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /					
						Revenues		EBITDA		P / E	
						LTM	NFY	LTM	NFY	LTM	NFY
Automotive											
Advance Auto Parts, Inc.	\$47.29	53%	\$2,806	\$2,278	\$5,085	0.6x	0.6x	15.9x	11.5x	nmf	29.8x
AutoZone, Inc.	3,202.00	94%	53,736	12,145	65,881	3.5x	3.5x	15.3x	14.7x	21.4x	20.1x
O'Reilly Automotive, Inc.	1,185.80	92%	68,457	7,791	76,248	4.6x	4.4x	20.5x	19.2x	29.2x	26.8x
Genuine Parts Company	116.76	71%	16,234	5,606	21,854	0.9x	0.9x	11.2x	10.8x	18.0x	14.8x
LKQ Corporation	36.75	68%	9,554	5,376	14,945	1.0x	1.0x	8.5x	8.6x	14.0x	10.4x
Mean		76%				2.1x	2.1x	14.3x	13.0x	20.7x	20.4x
Median		71%				1.0x	1.0x	15.3x	11.5x	19.7x	20.1x
Building Products											
Builders FirstSource, Inc.	\$142.93	67%	\$16,449	\$4,179	\$20,628	1.3x	1.2x	9.6x	9.7x	15.8x	14.5x
BlueLinx Holdings, Inc.	102.16	76%	856	131	987	0.3x	0.3x	7.9x	8.5x	16.5x	29.1x
GMS, Inc.	84.83	80%	3,293	1,676	4,969	0.9x	0.9x	9.9x	10.6x	23.2x	14.7x
Beacon Roofing Supply, Inc.	101.58	87%	6,287	3,379	9,666	1.0x	1.0x	10.8x	9.8x	17.9x	13.4x
Mean		78%				0.9x	0.8x	9.6x	9.7x	18.3x	17.9x
Median		78%				0.9x	0.9x	9.7x	9.8x	17.2x	14.6x
Healthcare											
Cencora, Inc.	\$224.68	89%	\$43,426	\$6,509	\$50,070	0.2x	0.2x	12.0x	10.7x	32.0x	14.3x
McKesson Corporation	569.91	89%	72,344	8,659	81,383	0.2x	0.2x	12.9x	12.8x	26.1x	15.6x
Henry Schein, Inc.	69.20	84%	8,628	2,751	12,823	1.0x	1.0x	12.6x	11.5x	22.7x	14.2x
Cardinal Health, Inc.	118.27	94%	28,623	3,596	32,289	0.1x	0.1x	10.8x	9.4x	22.0x	14.0x
Mean		87%				0.5x	0.4x	12.5x	11.6x	26.9x	14.7x
Median		89%				0.2x	0.2x	12.6x	11.5x	26.1x	14.3x
Food & Beverage											
Sysco Corporation	\$76.46	92%	\$37,559	\$12,899	\$50,473	0.6x	0.6x	11.3x	11.0x	19.6x	16.2x
US Foods Holding Corp.	67.46	93%	15,714	5,375	21,089	0.6x	0.5x	13.5x	11.0x	33.4x	17.6x
The Chefs' Warehouse, Inc.	49.32	99%	1,993	801	2,794	0.7x	0.7x	15.0x	11.5x	37.4x	29.0x
Performance Food Group	84.55	91%	13,173	7,850	21,024	0.4x	0.3x	14.7x	11.0x	34.1x	17.3x
United Natural Foods, Inc.	27.31	85%	1,636	3,671	5,307	0.2x	0.2x	10.5x	8.9x	nmf	25.5x
Mean		92%				0.5x	0.5x	13.0x	10.7x	31.1x	21.1x
Median		92%				0.6x	0.5x	13.5x	11.0x	33.8x	17.6x
Industrials											
MSC Industrial Direct Co., Inc.	\$74.69	71%	\$4,174	\$518	\$4,701	1.2x	1.2x	10.2x	11.8x	17.8x	20.1x
W.W. Grainger, Inc.	1,054.05	86%	51,332	2,147	53,824	3.1x	3.0x	18.5x	18.1x	27.2x	26.0x
Fastenal Company	71.91	85%	41,196	230	41,426	5.5x	5.2x	24.6x	22.9x	36.0x	33.3x
WESCO International, Inc.	180.96	84%	8,867	5,147	14,009	0.6x	0.6x	9.8x	9.1x	13.9x	13.3x
MRC Global Inc.	12.78	86%	1,089	517	1,606	0.5x	0.5x	9.2x	7.9x	42.0x	12.1x
DXP Enterprises, Inc.	82.62	99%	1,297	544	1,857	1.0x	1.0x	10.3x	8.5x	19.6x	15.6x
Mean		85%				2.0x	1.9x	13.8x	13.0x	26.1x	20.1x
Median		85%				1.1x	1.1x	10.2x	10.4x	23.4x	17.9x
Technology											
Arrow Electronics, Inc.	\$113.12	82%	\$5,949	\$3,202	\$9,222	0.3x	0.3x	8.2x	8.4x	15.5x	11.1x
TD SYNNEX Corporation	117.28	88%	9,979	3,343	13,322	0.2x	0.2x	8.0x	7.2x	14.7x	9.1x
Avnet, Inc.	52.32	88%	4,549	2,617	7,166	0.3x	0.3x	8.8x	8.8x	14.8x	12.4x
ScanSource, Inc.	47.45	88%	1,140	40	1,179	0.4x	0.4x	10.0x	8.1x	18.7x	13.5x
Mean		88%				0.3x	0.3x	8.9x	8.0x	16.1x	11.6x
Median		88%				0.3x	0.3x	8.8x	8.1x	14.8x	12.4x

Source: FRED, Pitchbook, Capital IQ, Wall Street Research.



Select Transactions

Ann. Date	Target (ownership)	Acquirer (ownership)	Segment
10/31/2024	Alpha Imaging	Radon Medical Imaging (5Th Century Partners)	Healthcare
11/12/2024	Assembly Fasteners	Endries International (BDT & MSD)	Industrial
10/17/2024	B2B Computer Products	Xerox Holdings Corporation (NASDAQ:XRXX)	Technology
12/20/2024	Bee Equipment Sales	ROMCO Equipment	Industrial
10/01/2024	Capture Technologies	IdentiSys	Technology
12/02/2024	Central States Industrial Supply	Cogent	Industrial
10/23/2024	Chicago Parts & Sound	HCI Equity Partners	Automotive
11/15/2024	Christian Network International	Symbia Logistics	General
10/31/2024	City Auto Supply	NexaMotion Group	Automotive
11/04/2024	Covia Energy	Black Mountain Sand Holdings	General
10/01/2024	DDP Medical Supply	Gmss Holdings Limited	Healthcare
10/15/2024	DirectMed Imaging	Frazier Management	Healthcare
11/29/2024	Eco Medical Equipment	Spirit Healthcare Group	Healthcare
11/12/2024	Economy Products & Solutions	Imperial Dade (Advent International)	General
11/18/2024	Fleet Equipment	Stonepeak Partners	Automotive
11/01/2024	Grove Electric & Lighting Supply	Raven Resources	Industrial
11/22/2024	Hydradyne	Applied Industrial Technologies (NYSE:AIT)	Industrial
12/20/2024	Indo-European Foods	Ziyad Brothers (Peak Rock Capital)	Food & Beverage
10/04/2024	International Restaurant Distributors	Hart & Price Corporation	Food & Beverage
12/04/2024	Kravet	Dunes Point Capital	General
12/27/2024	Kubota of Dallas	Springdale Tractor	Industrial
12/13/2024	Long Island Packaging Supply	Veritiv Corporation (Clayton, Dubilier, & Rice)	Healthcare
12/09/2024	Midland Appliance	Canadian Shield Capital	General
10/01/2024	Mullins Building Products	The Cook & Boardman Group (Platinum Equity)	Industrial
11/26/2024	Northern Wholesale Supply	Sun Capital Partners	General
11/22/2024	Northwest Pump & Equipment	H.I.G. Capital	Industrial
12/16/2024	Oakstreet Wholesale Nursery	SiteOne Landscape Supply (NYSE:SITE)	General
12/18/2024	Paint Works	Automotive Color & Supply (WIL Square Capital)	Automotive
10/28/2024	Peak Stairlifts	Marcellino Enterprises	Healthcare
10/07/2024	Pharm-Rx Chemical Corporation	Actylis (New Mountain Capital)	Healthcare
11/29/2024	Porto Vino	North American Distributors	Food & Beverage
12/10/2024	Prescott's	Morgan Stanley Capital Partners	Healthcare
12/01/2024	Robert Kaufman Fabrics	Missouri Star Quilt Company	General
10/23/2024	Sheinberg Tool	NEFCO (Bertram Capital)	Industrial
12/17/2024	Site Supply	White Cap Supply (Clayton, Dubilier, & Rice)	Industrial
10/31/2024	Smith Equipment Solutions	Brixey & Meyer Capital	Automotive
12/31/2024	Sunham Home Fashions	Cathay Home	General
10/23/2024	Tom Duffy Company	Galleher (Transom Capital)	Industrial
11/04/2024	Total Tool Supply	NEFCO (Bertram Capital)	Industrial
10/22/2024	Triumph Geo-Synthetics	White Cap Supply (Clayton, Dubilier, & Rice)	Industrial
10/31/2024	Trugman-Nash	Schuman Cheese (Kainos Capital)	Food & Beverage
12/17/2024	Unified Power Corporation	Pearce Services (Willcrest Partners)	General
12/09/2024	Veritiv Containers	TricorBraun (AEA Investors)	General
10/30/2024	Water Guard	Hawkins (NASDAQ:HWKN)	General
10/18/2024	Xsto Solutions	Nutriscience Innovations (Tilia Holdings)	Food & Beverage

Represents Platform Acquisition

Source: FRED, Pitchbook, Capital IQ, Wall Street Research.



Distribution Industry Practice Team



MIKE BROWN

Partner & Managing Director

mbrown@chartercapitalpartners.com

Mike has more than 20 years of experience as a financial advisor to business owners, capital providers, and executive teams in a variety of M&A and financing transactions. Mike earned a BS in Finance from the University of Colorado, Leeds School of Business, and received an MBA with Honors, from the University of Chicago, Booth School of Business. He has attained FINRA securities registrations including the Series 7, 63, and 82.



MARK STREEKSTRA

Partner & Managing Director

mstreekstra@chartercapitalpartners.com

Mark Streekstra has more than 16 years of diversified financial and advisory experience across a variety of industries including manufacturing, professional services, and various technology sectors. Prior to joining Charter Capital Partners, Mark led Corporate Development at Chamberlain Group, a Chicago-based global leader in access solutions. Mark graduated with honors from Hope College, earning his BA in Management and Accounting.



JUSTIN PINTO

Vice President

jpinto@chartercapitalpartners.com

Justin is a Vice President in the investment banking practice. In his current role, Justin is responsible for managing and executing M&A client engagements and assists in leading Charter's distribution practice. Justin received his BA in Business with a minor in Organizational Leadership from Hope College in 2018 and is a member of ACG Western Michigan and the Van Andel Institute JBoard.

Recent Charter Distribution Experience

UNICOA
CONSTRUCTION • FUELING • INDUSTRIAL SUPPLY
A leading regional supplier of industrial products and repair services headquartered in Phoenix Arizona

Has been acquired by

NEFCO
A portfolio company of
BERTRAM CAPITAL

Charter principals served as the exclusive M&A advisor to Unicoa

CHARTER

Allied Vision Group
National Lens • Oculoson 360 • Pk, LLC
A leading wholesaler of contact lens, optical, and pet medication products based in Fort Lauderdale, Florida.

Completed a recapitalization through

Mercantile
Bank of Michigan

Charter principals served as exclusive M&A advisor to Allied Vision Group.

CHARTER

JOHN A. VAN DEN BOSCH CO.
A leading wholesale distributor of premium pet food, supplies, livestock feed, and related products headquartered in Holland, MI.

Has been acquired by

RUBELMANN
CAPITAL

Charter principals served as exclusive M&A advisor to John A. Van Den Bosch.

CHARTER

FLEET ENGINEERS
A manufacturing and distribution company headquartered in Muskegon, Michigan.

Has been acquired by

TRAMEC SLOAN

Charter principals served as exclusive M&A advisor to Fleet Engineers.

CHARTER

Underground Pipe & Valve, Inc.
A plumbing and waterworks distribution company based in South Bend, Indiana.

Has been acquired by

FERGUSON

Charter principals served as exclusive M&A advisor to Underground Pipe and Valve.

CHARTER





About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including sell-side and buy-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none">▪ Sell-side advisory▪ Buy-side advisory▪ Succession planning▪ Valuation services
Capital Raise	<ul style="list-style-type: none">▪ Equity or debt capital raise▪ Dividend recapitalization▪ Solvency opinions▪ Minority investors
Valuation Opinions	<ul style="list-style-type: none">▪ Buy-sell agreements▪ Gift, estate, and income tax matters▪ Shareholder disputes▪ Purchase price allocations
Capital Management	<ul style="list-style-type: none">▪ Licensed Fund Management▪ Registered Investment Advisers

Broker-dealer services offered through M&A Securities Group, Inc. ("MAS"), member FINRA/SIPC, a separate entity from Charter Capital Partners and Charter Private Capital Management.

M&A Advisory Team:

John Kerschen

President & Managing Director
jkerschen@chartercapitalpartners.com

Mike Brown

Partner & Managing Director
mbrown@chartercapitalpartners.com

Mike Palm

Partner & Managing Director
mpalm@chartercapitalpartners.com

Mark Streekstra

Partner & Managing Director
mstreekstra@chartercapitalpartners.com

Jenny Dakoske

Director
jdakoske@chartercapitalpartners.com

Zach Wiersma

Director
zwiersma@chartercapitalpartners.com

Elisa Berger

Vice President
eberger@chartercapitalpartners.com

AJ Ebels

Vice President
aebels@chartercapitalpartners.com

Justin Pinto

Vice President
jpinto@chartercapitalpartners.com

Keegan Ensing

Associate
kensing@chartercapitalpartners.com

Travis Read

Analyst
tread@chartercapitalpartners.com

Kevin Caballero

Analyst
kcaballero@chartercapitalpartners.com

Thomas DeVries

Analyst
tdevries@chartercapitalpartners.com



CHARTER CAPITAL PARTNERS

chartercapitalpartners.com • 616.235.3555