

Distribution M&A Report

4th
Quarter
2022

M&A MARKET OVERVIEW

Dealmaking Activity Thrives Ahead of MDM's M&A Summit

By Mike Hockett

As I wrote this 4Q M&A Report introduction, our staff was busy churning out news briefs on a handful of acquisition announcements by distributors and manufacturers. There were so many in the first two weeks of 2023 that we couldn't always fit all of them in the next MDM Update newsletter.

It's great to see such movement on the dealmaking front in this industry. M&A has always been a key market driver in distribution, especially after a forgetful 2020 when publicly-traded, privately-owned and independent distributors alike had to reserve capital amid the worst of the COVID-19 pandemic. But the industry quickly rebounded over the past two years, as MDM posted 263 news briefs involving distributor & manufacturer M&A — just above the 258 we had in 2021. And as alluded to earlier, 2023 opened with gangbusters activity to show the appetite for dealmaking is very healthy.

In 2022's 4Q, MDM published 74 M&A news items — identical to 3Q and down a bit from 78 in 4Q 2021. Get a detailed overview of last year's activity in our 2022 M&A recap in the pages ahead, as well as my insights into what 2023 may hold as for the pace of activity and the factors involved. As always, this report includes charts illustrating broader domestic M&A activity and median EBITDA transaction

multiples for the past 12 months through December. 4Q M&A activity involved many of the usual suspects. Envoy Solutions' bolt-on tear continued with seven additions announced in the quarter, including seven Michigan-based distributors. Among 2022 Top Distributors, deals were made by: Applied Industrial Technologies, Beacon, BlackHawk Industrial, Bossard, BradyIFS, CED, Crescent Electric, Core & Main, Distribution Solutions Group, Endries International, Ferguson, Graybar, Jon-Don, SBP Holdings, Sonepar, SRS Distribution, US LBM, Winsupply and White Cap.

The January 2023 M&A vigor also demonstrates the value that MDM's upcoming Virtual M&A Summit will bring. Held from 10 a.m. to 2 p.m. ET on both Feb. 22 and Feb. 23, we've assembled an excellent lineup of speakers well-versed in the world of dealmaking in distribution. This includes executive leaders from distributors that have been actively acquiring in recent years, investment banks that have advised on numerous deals in this industry; strategic distribution advisors; and more.

We've mapped out this M&A Summit to have something for distributors along each phase of the M&A timeline — whether they are early in prospecting; positioning for investment; integrating with a new company; considering moving to an ESOP; and more. Our agenda will cover the strategic, financial and human capital sides involved with a deal, providing expertise from those who have been through them. I preview the event more thoroughly in this report. We hope to have you in attendance!

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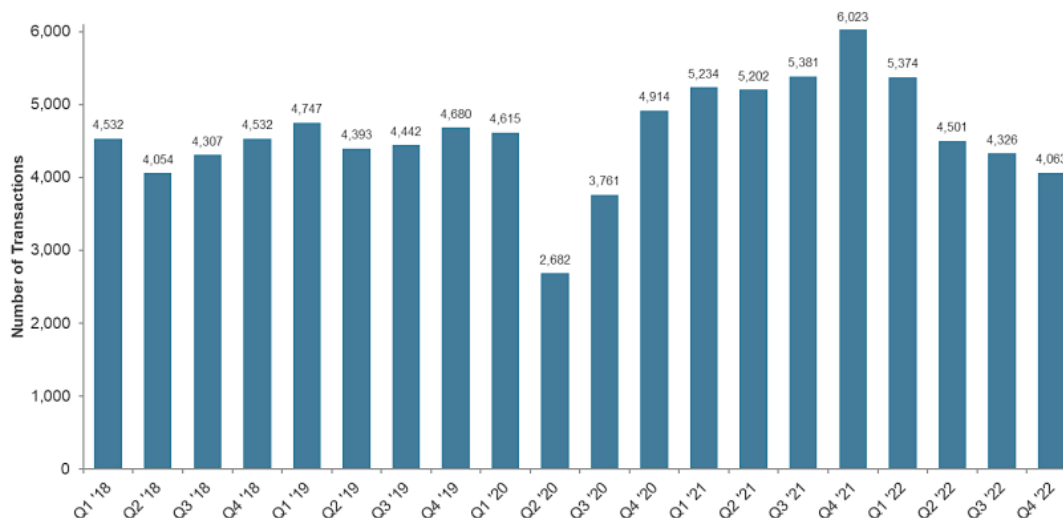
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M&A Financial Benchmarks

U.S. deal metrics: Volume, transaction multiples & data on 25 publicly-traded industrial distributors

Domestic M&A Activity – All Industries

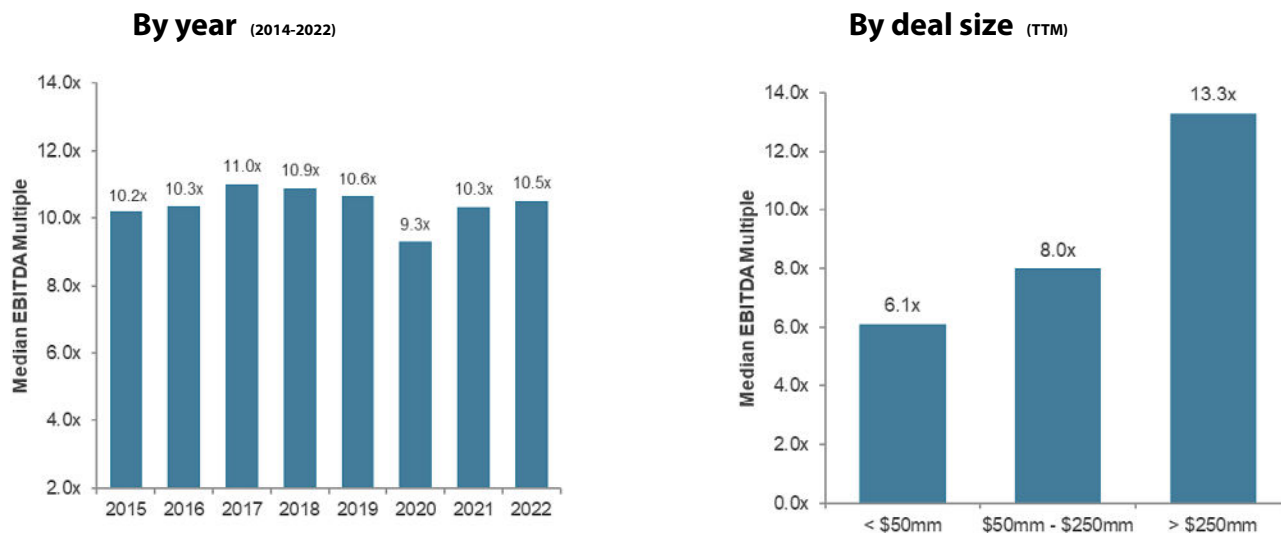
Five-year quarterly transaction announcements across all industries.



Data Source: Houlihan Lokey, Thomson Reuters, S&P Capital IQ, as of 12/31/2022. Notes: Represents reported M&A activity across all industries, not just distribution. Excludes debt tender offers, private placements, equity carve-outs, exchange offers, loan modifications, and open market repurchases.

Median EBITDA Transaction Multiples – All Industries

Median EBITDA transaction multiples by year, as well as segmentation of multiples by enterprise value for the last 12 months.

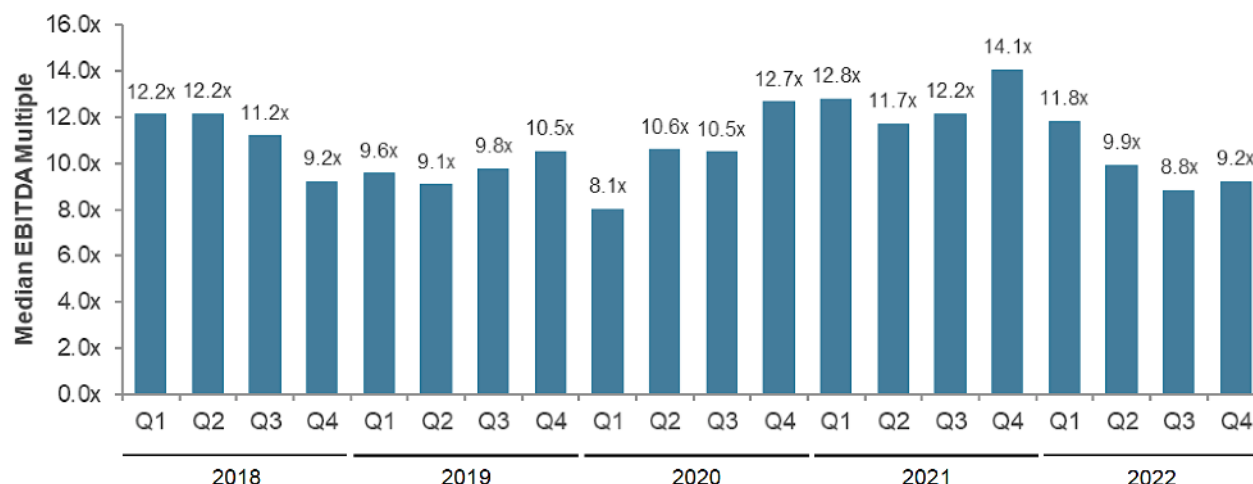


Data Source: Houlihan Lokey, Thomson Reuters, S&P Capital IQ, as of 12/31/2022. Notes: Represents reported M&A activity across all industries, not just distribution. Based on U.S. deals and excludes multiples below 0.0x and above 25.0x.

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M&A financial benchmarks continued on next page

Distribution Median EBITDA Trading Multiples



The chart above illustrates historical median EBITDA multiples for the below companies calculated using LTM EBITDA as of the quarter shown and the enterprise value as of the last day of the quarter. The table below highlights key financial metrics and trading multiples for 25 distributors across diverse end markets. See definitions below.

Distribution Financial Metrics & Trading Multiples

(data as of December 31, 2022)

(\$ in millions)									
Company	Ticker	Enterprise Value	LTM Sales	LTM Sales Growth	LTM Margins		Working Capital / LTM Sales	ROIC	EV / LTM EBITDA
					Gross	EBITDA			
Applied Industrial Technologies, Inc.	AIT	5,348	3,981	17.8%	29.1%	11.1%	19.9%	13.3%	12.1x
Arrow Electronics, Inc.	ARW	9,946	36,817	8.6%	13.1%	6.1%	16.3%	15.3%	4.5x
Avnet, Inc.	AVT	6,097	25,476	24.9%	12.1%	4.7%	21.0%	11.1%	5.1x
Beacon Roofing Supply, Inc.	BECN	5,678	8,414	26.7%	26.2%	10.5%	18.7%	NM	6.4x
Bluelinx Holdings Inc.	BXC	978	4,575	9.7%	19.1%	11.2%	14.7%	30.4%	NM
Builders FirstSource, Inc.	BLDR	12,637	23,004	29.3%	33.7%	18.9%	9.3%	27.8%	2.9x
Bunzl	BNZL	13,421	13,464	9.3%	23.2%	7.4%	8.9%	8.6%	13.4x
Core & Main, Inc.	CNIM	6,948	6,523	NM	26.8%	14.0%	23.5%	12.9%	7.6x
DXP Enterprises, Inc.	DXPE	857	1,368	29.8%	28.9%	8.0%	20.0%	6.7%	7.8x
Fastenal Company	FAST	27,426	6,817	16.8%	46.4%	23.4%	35.3%	23.5%	17.2x
Ferguson	FERG	29,409	29,694	22.6%	30.5%	10.9%	12.4%	NM	9.1x
Genuine Parts Company	GPC	27,111	21,376	16.7%	34.9%	9.8%	3.3%	15.7%	12.9x
GMS, Inc.	GMS	3,159	5,233	35.0%	32.1%	12.0%	16.7%	13.2%	5.0x
Hillman Solutions Corp.	HLMN	2,300	1,480	5.1%	44.5%	14.6%	30.0%	NM	10.6x
MRC Global Inc.	MRC	1,635	3,180	24.3%	17.6%	4.6%	17.8%	NM	11.1x
MSC Industrial Direct Co., Inc.	MSM	5,330	3,801	14.5%	42.2%	15.0%	30.3%	14.6%	9.4x
NOW Inc.	DNOW	1,138	2,021	33.0%	23.5%	6.7%	16.9%	9.2%	8.4x
Park-Ohio Holdings Corp.	PKOH	790	1,653	15.7%	12.1%	4.4%	27.5%	NM	10.8x
Pool Corp.	POOL	13,233	6,119	20.0%	31.7%	17.7%	23.9%	28.7%	12.2x
Reliance Steel & Aluminum Co.	RS	12,895	17,403	NM	30.9%	16.5%	18.7%	20.0%	4.5x
Rexel SA	RXL	9,214	17,954	22.9%	25.7%	7.3%	13.4%	9.5%	7.0x
SiteOne	SITE	5,661	3,930	17.5%	35.7%	11.7%	22.5%	12.3%	12.3x
W.W. Grainger	GWW	30,391	14,785	17.3%	37.8%	15.7%	18.1%	27.0%	13.1x
Watsco Inc.	WSO	9,112	7,205	21.6%	27.9%	11.5%	19.8%	20.2%	11.0x
WESCO International, Inc.	WCC	11,389	20,714	18.4%	21.5%	7.4%	20.1%	9.3%	7.4x
Median		\$6,948	\$6,817	18.4%	28.9%	11.1%	18.7%	13.9%	9.2x

Source: Houlihan Lokey, Thomson Reuters, S&P Capital IQ, Bloomberg and company financials.

Definitions: LTM means latest 12 months. Enterprise Value means market capitalization of a company's equity plus preferred stock plus total interest bearing debt net of any cash or cash equivalents. EBITDA means earnings before interest, taxes, depreciation and amortization. In certain cases earnings have been adjusted for certain disclosed income or expense items considered to be non-recurring.

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OPERATIONS

After 2 Years of Healthy M&A, What Can We Expect in 2023?

Distribution and industrial manufacturing M&A activity swiftly rebounded from a bizarre 2020, but given slumping economic indicators and a forecasted demand slowdown in the months ahead, can we expect deal volume to follow suit?

By Mike Hockett

Any MDM newsletter subscriber has seen that the first few weeks of 2023 have been jam-packed with acquisition announcements by distributors of industrial, commercial and building material products distributors or manufacturers relevant to such distributors.

As usual, there are likely at least several reasons behind this surge. It could be that private equity firms still have capital to spend after stockpiling it during 2020. It could be that distributors with a track record of strategic bolt-ons are looking to gain market share before a presumed economic slowdown this year. It could be that COVID-19 and its impacts were the final straw for many business owners who were already looking for an exit. It could be all the above.

As noted in our [2022 M&A Recap](#), MDM posted news of 263 M&A items in 2022, narrowly topping the 258 we published in 2021. In both years, activity decelerated between February and May before holding a faster pace the rest of the year.

Of course, there's likely a number of deals announced that just weren't on our radar or that we overlooked, but we can generally say that M&A activity in the industrial supply sector has rebounded nicely from a downtrodden 2020 in which businesses had to focus most their efforts and capital on responding to the pandemic's physical impacts and M&A announcements were few and far between.

So, what's in store for 2023? In just the first 10 days of the year, we posted news of 18 deals. Not counting 2020, I've always considered 20 such items to constitute a healthy M&A month since I started covering the distribution sector in 2014, so January is already shaping up to be a robust month.

But how can this pace — or even close to it — last? Like 2021-2022, I expect M&A news to remain very busy through February before a seasonal slowdown. But given the current economic forecasts, I think that slowdown will be a little heavier than the past two years. Beyond the mid-point of 2023 is somewhat of a crapshoot, given the uncertainty across a handful of key operational factors — demand, supply chain conditions and labor, to name a few.

The National Association of Manufacturers' [Fourth Quarter Outlook Survey](#), conducted this past Nov. 29-Dec. 13, saw its least optimistic respondent outlook — 68.9% — since 3Q 2020's 75.6%. Large manufacturers were the most pessimistic at 61.4% (compared to 74.8% in September); mid-sized manufacturers were at 71.1% (78% in September); and small manufacturers were the most optimistic at 76.8% (up from 71.0% in September). This suggests optimism varies by demographic.

Will that sentiment and the fact that ISM's December Manufacturing PMI fell to its lowest mark (48.4%) since May 2020 lead distributors and manufacturers to go conservative on the M&A front?

Not so fast.

In mid-December, business advisory firm PwC released its [Industrial Manufacturing: Deals 2022 Outlook](#), which suggested optimism that deal activity will at least hold steady in 2023 despite ongoing economic and geopolitical uncertainty.

PwC noted that influences of rising costs of capital, inflation, volatile raw material prices and availability, and increased freight costs are likely to continue challenging industrial M&A activity in the near-term. However, the firm added that those headwinds may be more than offset by effects of the growing movements of nearshoring, diversification and divestment of assets prone to volatile market exposure or supply chain constraints. Overall, the need for market and supply chain resiliency may keep the pace of activity in line with that of the past two years.

"Given these pressures, M&A activity for industrial manufacturing companies will likely be driven by mid-market corporations and private equity portfolio companies seeking strategic expansion of platforms and programs," the firm said in its report summary. "Additionally, the portfolio review and related divestitures of non-core assets is likely to fuel stable deal activity as we head into 2023."

PwC's note there about mid-market and private equity driving activity is certainly interesting. It suggests that we may not see many landmark deals like Motion's \$1.3 billion purchase of Kaman Distribution Group — which closed just after 2022 started and resulted in our [most popular MDM Podcast of the year](#). More likely, deal volume will be

Continued on next page

populated by mid-sized distributors and manufacturers and privately-owned suppliers that go private after investment.

I joined MDM in late March of 2022, and a few of the first interviews I did were with a trio of investment banks that play a major role in advising privately-owned distributors and manufacturers in the dealmaking process. It resulted in our “Why Private Investment is Driving So Much of M&A” [three-part Premium series in April](#), where those banks weighed in on the key factors and attributes that private investment firms look for when prospecting in this industry. One of them shared their calculation that private investment was behind approximately half of all distribution M&A during 2021. I haven’t seen an updated figure for 2022, but I have to assume it was at least that same portion.

M&A has always played a large role in moving the distribution market forward, and always will. Despite all of the activity that has happened over the last decade, this remains an extremely fragmented industry.

That’s why we at MDM are excited to offer our upcoming 2023 Virtual M&A Conference, held Feb. 22-23. From 10 a.m. to 2 p.m. each day, we have an intensive

program packed with speakers intimately involved with the dealmaking process — hailing from distributors that have been active in recent years, industry advisors, investment banks and more. Randy Breaux, Jayne Millard, John Mark, Brent Grover and Craig Osborne are just a handful of the well-known industry leaders that we have in our speaker lineup.

Our M&A Summit will cover a lot of ground, ranging from best practices in value creation; to due diligence at each stage of the process; to if you should pursue an ESOP, to the human capital factors along the way. No matter where your company falls on the dealmaking spectrum or timeline, our Summit will have something for everyone. More details, registration and the event agenda — [are available here](#). We hope to have you in attendance!

[Click here](#) for web version. Mike Hockett (mike@mdm.com) is Executive Editor of MDM.



MDM's 2023
Virtual M&A Summit
Distribution Buy-Sell Insights from Insiders

- Strengthen your short- and long-term M&A strategies
- Prepare for private equity or strategic investment.
- Sharpen your buy-build-invest growth plans.
- High-level insight and guidance.

Experienced speakers and panelists across distribution-focused investment banks, private equity firms and strategic acquirers share perspectives and advice in this two-day intensive – you won’t get a better pulse of what’s happening on the front lines of distribution M&A.

[Click Here for More Information](#)

Register

February 22
February 23
10am - 2pm ET

OPERATIONS

MDM's M&A Summit: Dealmaking Insights, Lessons and Expertise All in One Place

Mike Hockett provides a glance at the value and purpose behind MDM's upcoming Virtual M&A Summit, to be held Feb. 22-23. Early bird registration pricing ends Dec. 31.

By Mike Hockett

Despite the market volatility and uncertainty seen throughout 2022, the appetite for mergers & acquisitions remained robust in distribution. Even as I wrote this article during the week before Christmas — a week we expected to be fairly slow on the news side — our staff was busy churning out numerous briefs about December deals involving distributors.

M&A has long been a key industry driver for this sector, and despite considerable market consolidation over the past decade, new distributors — often backed by private equity — are launching at seemingly almost the same rate as others are being gobbled up.

This means M&A is here to stay, and even if certain markets experience a demand slowdown during 2023, I'm expecting overall dealmaking activity to remain healthy in the year ahead.

M&A's role as a constant market factor in distribution is why we at MDM are hosting our Virtual M&A Summit on Feb. 22 and Feb. 23. From 10 a.m. to 2 p.m. ET each day, we have a powerful content lineup designed to provide key insights, perspectives and expertise in the realm of distribution M&A. I sincerely hope you'll join us.

We're bringing in distributors who have spearheaded recent deals, investment banks that have consulted distributors during transactions, advisors and other subject matter experts who will share their experience in getting deals done and what they've learned along the way. MDM CEO Tom Gale and I will share our observations as well.

This M&A Summit — the only event of its kind in the B2B distribution space — has something for everyone. Maybe your company is considering pursuing its first acquisition or testing the waters. Perhaps you're considering selling and finding an investment partner. Maybe you're in the middle of a transaction and could use some tips on systems or culture integration. Our summit will explore it all.

Here's a look at just some of what our M&A summit lineup includes:

- A keynote from Day1 Ready Founder and Chief Humanity Officer Jennifer Fondrevay, who has led Fortune 500 executive teams through three separate multi-billion-dollar acquisitions and has particular expertise on the people challenges of those transitions.
- A fireside chat with Motion President Randy Breaux, where we'll touch on the MRO products distribution giant's ongoing integration of Kaman Distribution — one of the sector's biggest deals in the past decade.
- Turtle & Hughes' Executive Chairman Jayne Millard will join other panelists to discuss the nuances of human capital during the dealmaking process.
- Executives from BlackHawk Industrial, SBP Holdings and Supply Chain Equity Partners will discuss build-buy-invest platforms.
- Executives from Raymond James will dive into how distributors can position themselves for investment.
- We'll discuss ESOPs, company valuations and the due diligence needed to drive a successful transaction.

That's just a sampling of what our M&A Summit will explore. We'll get into the weeds of M&A topics, as well as look at the big picture about the state of distribution M&A and where it's headed.

No matter where your company falls on the M&A activity spectrum, we think you'll find great value in this event, coming away with strengthened strategies and sharpened growth plans after absorbing the lessons shared over our two days together. And you won't even have to leave your (home) office.

[Find more event details, a registration link and an extended look at the agenda here.](#)

I hope to see you there.

[Click here](#) for web version. Mike Hockett (mike@mdm.com) is Executive Editor of MDM.

OPERATIONS

2022 M&A Recap: Pace Tops Prior Year as COVID Shake-off Continues

Despite some still-lingering effects of the pandemic, M&A activity in 2022 surpassed similar numbers reported in 2021. Read more ahead of MDM's Virtual M&A Summit next month.

By Mike Hockett & Mark Powell

In the two-plus years following a volatile 2020 — which was marred by the COVID-19 virus and pandemic-related shutdowns — the pace of mergers & acquisitions in the industrial distribution and manufacturing sectors appears to have settled. With just about six weeks until our 2023 Virtual M&A Summit, we at MDM decided to look back at the last couple of years of M&A-related news and data to see how the industry fared in 2021 and 2022 — and what that might mean for the pace of M&A in the year ahead.

Between 2021 and 2022, MDM has reported on approximately 521 mergers and acquisitions among industrial distributors and manufacturers — 263 in 2022 and 258 in 2021. Admittedly, with the volume of deals that occur each month and the number of distribution sectors we cover, it's certainly possible a few deals slipped through the cracks here and there.

And while the overall numbers are similar, both years also saw other consistencies as companies continue to adapt to a new normal in the industrial realm: Both years saw relative slowdowns in M&A activity between February and May before picking up the pace in the second half of the year. In 2022, MDM reported 148 deals between July and December; in 2021, the total was 154 for the same period. We can contrast both of those totals with the 113 reported for the last six months of 2020, 34 of which were announced in December. And with December 2022 posting 24 deals

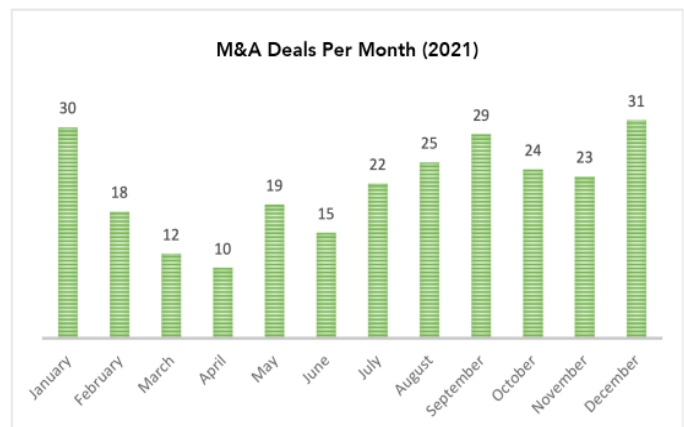
and December 2021 showing 31, all three years bucked predictions for end-of-calendar slowdowns by producing consistent or better-than-expected numbers.

Coming Feb. 22-23: MDM's Virtual M&A Summit

These first two weeks of the year have been overflowing with acquisition news. There's already been plenty of instances where our staff is alerted of a new such announcement right as we're in the middle of writing up news briefs on multiple others. The flurry of M&A activity 2023 has begun with perfectly tees up the value of the aforementioned upcoming [MDM Virtual M&A Summit](#), coming Feb. 22-23. From 10 a.m. to 2 p.m. CT each day, we have an excellent program of speakers and content that dive into the what, why and how of the dealmaking process. Whether you're a distributor just starting to think about making a bolt-on move; a distributor looking to sell; or a distributor in the middle of a deal; our summit has content for everyone on the M&A timeline.

Our lineup of speakers includes Motion President Randy Breaux, Turtle & Hughes Chairwoman Jayne Millard, BlackHawk Industrial President & CEO John Mark; and SBP Holdings President & CEO Craig Osborne — each who has led their company through completed deals over the past several years. We also have speakers from several investment banks and industry advisement firms, along with analysis from MDM CEO Tom Gale and Executive Editor Mike Hockett.

Continued on next page



Join our two-day intensive Virtual M&A Summit to gain valuable insight into how to execute deals; how to position your company for investment; and how to generally strengthen your short- and long-term M&A strategies by learning from those well-versed in these activities.

The High-Dollar Highlights of M&A in 2022:

While 2022 had a more-than-respectable number of M&A deals, the year also wasn't short on quality. The year produced multiple billion-dollar deals featuring companies that do business in the industrial distribution and manufacturing realms. Here's a list outlining some of the biggest deals of the year:

Regal Rexnord to Buy Altra Industrial Motion for \$5B: Electric motors manufacturer Regal Rexnord Corporation announced Oct. 27 that it reached an agreement to acquire Altra Industrial Motion Corp., a Massachusetts-based manufacturer of automation equipment and power transmission components. Regal Rexnord said it would acquire 100% of Altra for \$62 per share in an all-cash transaction, which is expected to close in the first half of 2023.

Avient to Sell Distribution Unit for \$950M: Specialized polymer materials maker Avient Corporation announced Aug. 12 that it reached a deal to sell its distribution business to an affiliate of H.I.G. Capital for \$950 million. It followed Avient's April 20 announcement that it was exploring a sale of the business while acquiring DSM Protective Materials for nearly \$1.5 billion.

Owens & Minor Closes \$1.6B Apria Deal: In March, Richmond, Virginia-based Owens & Minor Inc. closed its previously announced \$1.6 billion acquisition of Apria, Inc., an integrated home health care equipment provider. The purchase was funded with a combination of debt and cash on hand, Owens & Minor said.

Fortna and MHS Global to Retain FORTNA Brand Following Merger: The merger of material-handling automation distributor MHS Global and warehouse distribution solutions provider Fortna resulted in a single combined entity that will be known as FORTNA, the companies announced Nov. 1. The merger was first reported in April and is valued at approximately \$4 billion.

Pentair Acquiring Manitowoc Ice for \$1.6B: Pentair plc reached a definitive agreement to acquire Manitowoc Ice, a provider of commercial ice makers, for \$1.6 billion, subject to "customary adjustments." When adjusted for approximately \$220 million of expected tax benefits, the net transaction value is approximately \$1.38 billion, Pentair said.

3M to Spin Off \$8.6B Health Care Unit, Posts Broad Declines: 3M — the St. Paul, Minnesota-based maker of PPE supplies, Post-it notes and household adhesives — said July 26 that it planned to spin off its Health Care business, which had \$8.6 billion in 2021 sales, or approximately 25% of 3M's total revenue. It could take until the end of 2023 to complete, after which 3M will retain a 19.9% stake.

CD&R to Acquire Cornerstone for \$5.8B: In March, New York-based private equity firm Clayton, Dubilier & Rice said it would acquire Cornerstone Building Brands, Inc., the largest manufacturer of exterior building products in North America, for \$5.8 billion. The deal was announced an all-cash transaction, CD&R said.

Stanley Black & Decker Completes \$3.2B Security Sale: On July 22, Stanley Black & Decker announced that it completed the previously announced sale of most of its Security assets to Securitas AB for \$3.2 billion in cash. The transaction was initially announced on Dec. 8, 2021.

Review Houlihan Lokey/MDM Quarterly M&A Reports:

- [MDM's 1Q M&A Report Highlights Strong but Slower Period](#) — Our first-quarter M&A Report is now available to download, providing in-depth data and analysis of the January-March 2022 period that followed a record 4Q 2021.
- [2Q M&A Report: Robust Activity Despite Signs of Pending Slowdown](#) — Following a relatively slow 1Q, distribution M&A increased in the April-June period, ending 2Q with one of the biggest months in deal volume over the past two years.
- [3Q M&A: JanSan, Packaging Deals Lead More Strong Deal Activity](#) — Envoy Solutions, Imperial Dade and BradyIFS contributed to another very busy M&A quarter for distributors and manufacturers in the industrial, commercial and construction markets.

[Click here](#) for web version.

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MERGERS & ACQUISITIONS

October 2022 M&A Roundup: High-Dollar Deals Mark Busy Month

SUMMARY

- Momentum in the industrial M&A realm kept steady during the month of October, as MDM reported on nearly 30 deals involving distributors and manufacturers. Several of those acquisitions came with price tags in the hundreds of millions, with one clearing the billions-of-dollars hurdle.

Here's the rundown:

[Applied Adhesives Acquires Rochester Industrial Supply](#) — Minnetonka, Minnesota-based Applied Adhesives completed its acquisition of New York-based Rochester Industrial Supply Company's adhesive division, according to a news release.

[Bishop Lifting Products Acquires Westech Rigging Supply](#) — Bishop Lifting Products, a portfolio company of Altamont Capital Partners that was sold by SBP Holdings in February, announced the completed acquisition of Westech Rigging Supply, which has locations in Eugene and Salem, Oregon.

[BlueLinx Acquires Vandermeer Forest Products for \\$67M](#) — Building products distributor BlueLinx Holdings Inc. acquired privately-held Vandermeer Forest Products, a similar wholesale distributor, for \$67 million.

[Core & Main Completes Trumbull Waterworks Acquisition, Opens Ft. Collins Facility](#) — Wastewater, storm drainage and fire protection distributor Core & Main announced the closing of its previously announced acquisition of the municipal waterworks division of Trumbull Industries and an affiliated entity.

[Dayco Transferring Hose and Coupling to Kurt Hydraulics](#) — Dayco North America is expected to leave the hydraulics category after Kurt Hydraulics and Dayco reached an agreement for all Dayco-branded hydraulic hose and coupling inventory to be transferred to Kurt, according to a company news release.

[Envoy Solutions Acquires 7 Michigan-Based Companies](#) — JanSan, foodservice and packaging supplies distributor Envoy Solutions reached an agreement to acquire seven Michigan-based companies from the Enterprises Group: KSS.

[Ewing Irrigation Acquires SiteLight](#) — Phoenix-based Ewing Irrigation & Landscape Supply acquired SiteLight

LD, Inc., a Virginia distributor specializing in landscape lighting and design.

[Fleet Pride Acquires Best Deal Spring & Truck Parts](#) — Irving, Texas-based FleetPride Inc., a distributor of truck and trailer parts and service in the independent heavy-duty aftermarket, acquired the assets of Best Deal Spring & Truck Parts

[Holcim Completes Polymers Sealants NA Acquisition](#) — Sustainable building solutions provider Holcim completed its acquisition of the Polymers Sealants North America division of Illinois Tool Works.

[Hultafors Group Acquires Martinez Tool Company](#) — Global firm Hultafors Group AB acquired California-based Martinez Tool Co., which manufactures "Made in the USA" premium tools, according to a news release

[Imperial Dade Acquires Distributors in Alabama & Quebec](#) — Imperial Dade announced acquisitions in the form of Mobile, Alabama-based Dees Paper Company and Gatineau, Quebec-based Boudreault Packaging Ltd.

[Ingersoll Rand Buying SPX Flow's Air Treatment Unit for \\$525M](#) — Global pumps and compressors maker Ingersoll Rand reached a deal to acquire SPX's Air Treatment business for approximately \$525 million.

[Lincoln Electric to Buy Fori Automation for \\$427M](#) — Welding equipment and supplies manufacturer Lincoln Electric reached an agreement to acquire Fori Automation — a designer and maker of automated welding systems — for a cash purchase price of \$427 million in a move that will bolster Lincoln's capabilities in the automotive and aerospace OEM market.

[Linde Gas & Equipment to Acquire nexAir](#) — Linde Gas & Equipment has agreed to acquire Memphis, Tennessee-based nexAir, according to a report from Memphis-based news outlet The Daily Memphian.

Continued on next page

[Martin Supply to Acquire Quality Mill Supply in Indiana](#)

— MROP products distributor and services provider Martin Inc. announced that its Martin Supply subsidiary will acquire Indiana-based Quality Mill Supply.

[Pye-Barker Fire & Safety Nets Northeast Acquisitions](#)

— Georgia-based Pye-Barker Fire & Safety acquired Northeast-based Survivor Fire & Safety Equipment and Total Fire & Safety Equipment, collectively Survivor Fire.

[Pye-Barker Fire & Safety Acquires NJ Company](#)

— Pye-Barker Fire & Safety acquired Metro Fire & Safety Equipment in New Jersey.

[Regal Rexnord to Buy Altra Industrial Motion for \\$5B](#)

— Electric motors manufacturer Regal Rexnord Corporation reached an agreement to acquire Altra Industrial Motion Corp., a Massachusetts-based manufacturer of automation equipment and power transmission components.

[Shorehill Forms Rigging Products Distributor Ascent](#)

[Lifting](#) — Chicago-based Shorehill Capital LLC formed Ascent Lifting Inc., which simultaneously completed the acquisitions of a majority interest in Advantage Sales & Supply Co. LLC and Susquehanna Wire & Rope Rigging LLC.

[Sonepar's NorthEast Electrical to Acquire New England's Rockingham Electrical](#)

— Paris-based electrical products distribution giant Sonepar announced that one of its U.S. subsidiaries, NorthEast Electrical, has reached a deal to acquire Rockingham Electrical Supply Company, based in Newington, New Hampshire.

[SRS Distribution Expands in Tennessee, Acquires Metro Roofing & Metal Supply](#)

— SRS Distribution said it has acquired Metro Roofing & Metal Supply Co., Inc., a distributor of commercial of commercial, residential and metal roofing products with two locations in Tennessee.

[Stellar Industrial Supply Acquires Triad Tooling](#) — Tacoma, Washington-based MRO distributor Stellar Industrial Supply said it has acquired Longmont, Colorado-based Triad Tooling.

[Stellar Industrial Supply Acquires SoCal Supplier](#) — Stellar Industrial Supply said Oct. 31 is has acquired Southern California-based One Way Industrial Supply, the company's 11th acquisition in the past 15 years.

[SureWerx Acquires NEOS Overshoe Brand](#) — Safety, tool and equipment products provider SureWerx acquired NEOS Overshoe from Rocky Brands, Inc.

[TricorBraun to Acquire German Glass Packaging Distributor](#)

— St. Louis-based packaging distributor TricorBraun signed an agreement to acquire German glass packaging distributor Gläser & Flaschen GmbH.

[Valin Corp. Acquires Jensen Instrument Co. Near Los](#)

[Angeles](#) — Valin Corporation — a distributor of technical products in the technology, energy, life sciences, natural resources and transportation markets — acquired process control and fluid handling product distributor Jensen Instrument Co., based in Azusa, California.

[White Cap Acquires Valley Supply Company](#) — Atlanta-based building materials distributor White Cap L.P. announced its acquisition of Valley Supply Company, a supplier of construction materials near Puget Sound, Washington.

[Winsupply Acquires Hydrologic Distribution Company](#) — Ohio-based industrial distributor Winsupply announced its acquisition of Hydrologic Distribution Company, a plumbing supplier based just outside of Tampa, Florida.

MERGERS & ACQUISITIONS**November M&A Roundup: Deal Activity Slows as 2022 Winds****SUMMARY**

- The pace of M&A activity among industrial distributors and manufacturers slowed significantly during the latter half of November, as MDM reported the fewest number of monthly deals announced since May of this year. In all, MDM's monthly roundup accounted for 23 deals in November, following a steady streak from June to October.

Here's the rundown:

[Applied Industrial Technologies Acquires Automation Inc.](#)

— Applied Industrial Technologies continued its investment in the automation industry by announcing its acquisition of Minneapolis-based Automation Inc.

[Beacon Acquires Coastal Construction in Florida, Adds 2 Other Branches and Launches Mobile App](#)

— Roofing and building products distributor Beacon announced its acquisition of Jacksonville, Florida-based Coastal Construction Products from distribution-focused private equity firm Supply Chain Equity Partners, along with current and former members of Coastal's management.

[BlackHawk Acquires Ohio-Based L.A. Tool](#) — Tulsa, Oklahoma-based metalworking and MROP supplies distributor BlackHawk acquired Akron-based L.A. Tool & Supply Co.

[Bostwick-Braun Acquires Mill Supplies Inc.](#) — Toledo, Ohio-based industrial and commercial distributor Bostwick-Braun Company announced its acquisition of Mill Supplies, Inc. by the company's Industrial Business Division.

[CED Grows in Chicagoland, Acquires Amperage](#) — Consolidated Electrical Distributors — No. 5 on MDM's 2022 Top Electrical Distributors List — acquired Amperage Electrical Supply.

[Core & Main Acquires Lanier Municipal Supply](#) — St. Louis-based wastewater, storm drainage and fire protection distributor Core & Main agreed to acquire the assets of Lakeland, Georgia-based Lanier Municipal Supply Co. Inc., a distributor of water, wastewater, storm drainage, agricultural and irrigation products.

[Crescent Electric to Acquire Georgia Distributor Lowe](#) — East Dubuque, Illinois-based Crescent Electric Supply Company on closed on a deal to acquire Georgia-based Lowe Electric Supply Co.

[Endries Acquires Alliance Nut & Bolt](#) — Wisconsin-based fastener distributor Endries International Inc. announced its acquisition of Alliance Nut & Bolt, LLC.

[Envoy Solutions Acquires Assets of California-Based Surtec](#) — Illinois-based jan-san, foodservice and packaging supplies distributor Envoy Solutions announced its acquisition of Surtec Inc.

[Envoy Solutions Acquires United Packaging in Northeast](#) — Envoy Solutions acquired Bristol, Pennsylvania-based United Packaging for an undisclosed amount.

[Fortna and MHS Global to Retain FORTNA Brand Following Merger](#) — The merger of material-handling automation distributor MHS Global and warehouse distribution solutions provider Fortna has resulted in a single combined entity that will be known as FORTNA, the companies announced.

[Greif to Acquire Lee Container for \\$300M](#) — Delaware, Ohio-based industrial packaging producer Greif, Inc. agreed to acquire Lee Container Corporation, Inc. — a manufacturer of jerrycans and other barrier and conventional blow-molded containers — for \$300 million.

[Hanes Geo Components to Acquire Fellow Geotextile Distributor Nilex](#) — Geosynthetics, erosion and sediment control materials distributor Hanes Geo Components reached an agreement to acquire the majority of business and assets of Nilex Inc. and its wholly owned subsidiary Nilex USA Inc.

[Jon-Don Acquires Distributors Norkan, CRT Industrial](#) — Illinois-based JanSan distributor Jon-Don acquired two industrial distributors: Norkan Industrial Supplies and CRT Industrial Equipment

[Lowe's to Sell Canadian Retail Unit to Sycamore Partners](#) — Home improvement retailer Lowe's Companies, Inc. agreed to sell its Canadian retail business to Sycamore partners

Continued on next page

— a private equity firm specializing in retail, consumer and distribution-related investments — for \$400 million in cash, and performance-based deferred consideration.

[McKinsey Acquires Supply Chain Firm SCM Connections](#)

— Global research and consulting firm McKinsey & Company acquired supply chain firm SCM Connections in a move that McKinsey said will “strengthen our expertise in supply-chain strategy, value creation, and growth.”

[Motion & Control Enterprises Acquires Nightwine Valves & Actuation](#)

— Pennsylvania-based industrial distributor Motion & Control Enterprises announced its acquisition of Nightwine Valves & Actuation, Inc.

[New South Construction Acquires Florida-Based Malone Steel](#)

— Greenville, South Carolina-based New South Construction Supply has acquired Malone Steel Corporation, a company based in Ponte Vedra Beach, Florida.

[PCX Aerosystems Acquires Timken Aerospace Drive Systems](#)

— Aerospace components manufacturer PCX Aerosystems announced its acquisition of Manchester, Connecticut-based Timken Aerospace Drive Systems.

[SBP Holdings Acquires Florida-Based Central Hydraulics](#)

— Houston-based industrial distributor SBP Holdings announced its acquisition of Central Hydraulics Inc., which operates five locations across Florida.

[SureWerx Acquires Massachusetts-Based Oberon Company](#)

— Safety, tool and equipment products distributor SureWerx announced Oct. 31 its acquisition of Massachusetts-based safety equipment distributor Oberon Company.

[US LBM Acquires Truss Suppliers in Georgia, North Carolina](#)

— Building materials distributor US LBM acquired Atlanta-area-based Georgia Truss and Fayetteville, North Carolina-based Comtech.



Distribution M&A Report

Modern Distribution Management is a niche media and market research company focused on global wholesale distribution and industrial/construction product markets. We provide guidance to industry executives through a portfolio of products and services that include newsletters, research reports, webinars and conferences, as well as market analytics software to size market potential and calculate market share.

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MERGERS & ACQUISITIONS

December M&A Roundup: Pre-Holiday Activity Keeps Pace to Close Out 2022

SUMMARY

- We expected to see a similar slowdown as we moved toward the December holiday season and the new year; but the pace of M&A actually held steady through the month, ending at 24 reported deals to close out 2022.

Here's the rundown:

[Aerospace Manufacturers Paradigm Precision, Whitchraft Group to Merge](#) — Two private equity firms are investing to facilitate a merger between gas turbine engine components manufacturer Paradigm Precision and aerospace components manufacturer Whitchraft Group.

[Air Hydro Power Acquired by ESOP Company Houchens](#) — Wholly owned ESOP company Houchens Industries announced Dec. 19 that it agreed to acquire Louisville, Kentucky-based Air Hydro Power, an industrial distributor of motion control and fluid power solutions including automation, robotics, pneumatics, hydraulics, electrical motors and hose fittings.

[Applied UV to Double Size with Acquisitions of Puro Lighting, LED Supply](#) — Disinfection technology manufacturer and distributor Applied UV, Inc. announced Dec. 20 it agreed to acquire two privately held sister companies: Puro Lighting LLC and LED Supply Co.

[BlackHawk Acquires Wisconsin Industrial Supplier](#) — Tulsa, Oklahoma-based metalworking and MROP supplies distributor BlackHawk Industrial on Dec. 6 announced its latest acquisition: Schofield, Wisconsin-based Thomas Industrial Supply, Inc.

[Bossard Acquires Canadian Fastener Distributor](#) — Swiss fastener distributor Bossard Group announced Nov. 29 it acquired Canadian fastener distributor PENN Engineered Fasteners Corporation (PEF) from Pennsylvania-based fastening solutions manufacturer PennEngineering.

[BradyIFS Acquires Companies in Northern California, Maryland](#) — On Dec. 5, foodservice and JanSan distributor BradyIFS announced two new acquisitions in Northern California and Maryland.

[Core & Main Announces 3Q Earnings, Closes Lanier Deal](#) — St. Louis-based wastewater, storm drainage and fire protection distributor Core & Main on Dec. 13 said it closed on a previously reported acquisition of Lanier Municipal Supply Co. Inc., a distributor of water, wastewater, storm drainage, agricultural and irrigation products based in Lakeland, Georgia.

[Dickman Supply Acquires Lyons Electrical Supply](#) — Sidney, Ohio-based electrical and industrial wholesaler Dickman Supply announced Dec. 15 that it acquired Lyons Electrical Supply Company and Lighting Showroom from the Lyons family in Dayton, Ohio.

[Distribution Solutions Group Acquires Germany-Based Instrumex](#) — Chicago-based industrial distributor Distribution Solutions Group (DSG) announced Dec. 7 that its operating company, TestEquity, has acquired Instrumex, a distributor of test and measurement equipment in Munich, Germany.

[Dover Acquires German Gear Pump Maker Witte](#) — Downer's Grove, Illinois-based Dover, a diversified global manufacturer and solutions provider, said Dec. 15 it completed its acquisition of Witte Pumps & Technology GmbH, a manufacturer of precision gear pumps.

[Ferguson Acquires HVAC Distributor Airefco](#) — Plumbing, HVAC and industrial products distributor Ferguson has acquired Airefco, Inc., a distributor of HVAC equipment, parts and supplies in the Pacific Northwest, according to a Dec. 2 news release.

[FleetPride Makes Acquisitions in Idaho, Oklahoma](#) — Irving, Texas-based FleetPride Inc., a distributor of truck and trailer parts and service in the independent heavy-duty aftermarket, announced two recent acquisitions in Idaho and Oklahoma.

Continued on next page

[Graybar Acquires Distributor CX Connexion Near Chicago](#)

— Electrical, communications and data networking products distributor Graybar announced Dec. 19 its acquisition of fellow electrical distributor CX Connexion.

[Green Mountain Electric Supply Acquires New York](#)

[Electrical Distributor](#) — Vermont-based electrical distributor Green Mountain Electric Supply announced Dec. 27 it acquired certain assets of fellow electrical distributor Scott Electric Supply.

[Gryphon Investors Selling Heritage Distributors for Nearly](#)

[\\$1.3B](#) — Gryphon Investors, a middle-market private equity firm, announced Dec. 15 that it reached a deal on the sale of its portfolio company Heritage Distribution Holdings, a global distributor of commercial and industrial refrigeration and air conditioning products.

[Hillenbrand Acquires Peerless Food Equipment from ITW](#)

— Batesville, Indiana-based Hillenbrand Inc. announced Dec. 1 that it completed its acquisition of the Peerless Food Equipment division of Illinois Tool Works Inc. for approximately \$59 million.

[Imperial Dade Acquires JanSan Companies in New Jersey,](#)

[Ohio](#) — JanSan and foodservice packaging distributor Imperial Dade announced two new acquisitions on Dec. 1: Ocean Township, New Jersey-based Country Clean Paper Supplies and Columbus, Ohio-based Classic Solution.

[JD Martin, ICS Merge to Form ICS Martin](#) — Houston-based electrical products manufacturer and distributor JD Martin and Florida-based machining manufacturer and distributor Integrated Component Sales, Inc. (ICS) will join forces, the two companies announced Dec. 7.

[Lighting Distributor Facility Solutions Group Acquires](#)

[West-Lite Supply](#) — Austin, Texas-based lighting distributor Facility Solutions Group (FSG) announced Dec. 14 its acquisition of West-Lite Supply Company, a lighting distributor in California.

[Nidec to Buy Italian Tool Maker Pama for \\$108M](#)

— Japan-based motor maker Nidec announced it will buy Italian machine tool maker Pama for approximately \$108 million (roughly ¥15 billion), according to a company news release and a report from Japanese news magazine Nikkei Asia.

[Power Grid Components Acquires Ohio's Meister](#)

[International](#) — Power Grid Components, Inc. announced Dec. 20 that it acquired Amelia, Ohio-based Meister International, a fellow distributor of products used to build, maintain and upgrade the North American electric power grid.

[Quantix Acquires Mid-States Packaging](#)

— Chicago-based Quantix, a portfolio company of Wind Point Partners and a leading supply chain services company to the chemical industry, on Dec. 7 announced its acquisition of Mid-States Packaging.

[Schaedler Yesco to Acquire YESCO Electrical Supply](#)

— Electrical products distributor Schaedler Yesco announced Dec. 9 it entered into an agreement to acquire fellow electrical distributor YESCO Electrical Supply.

[Standard Locknut Acquired by Private Equity Firm](#)

— Tonka Bay Equity Partners announced its acquisition of Indiana-based bearings manufacturer Standard Locknut.