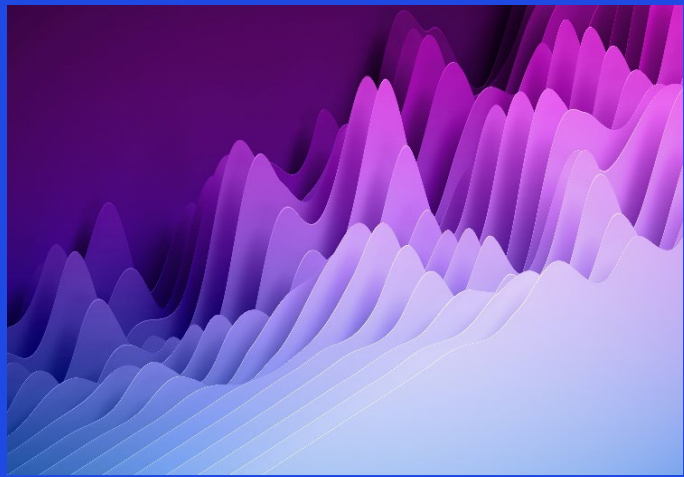


Industrial Distribution

Q2 2023 industry update
July 2023



Selected M&A highlights

- Jun-23** BGF acquired **Troy**, an independent MRO (maintenance, repair and overhaul) product distributor
- May-23** **Field Industries** acquired **RSD Supply**, a distributor of flanges, pipe, butt weld fittings, forged steel, valves, studs and gaskets
- May-23** **Rexel SA** acquired **Wasco Holding BV**, a distributor and wholesaler of HVAC products and services
- May-23** **Kohler Co** acquired **Recoup Energy Solutions Ltd**, a distributor of certified waste water heat recovery systems
- May-23** **VSE Corp** acquired **Desser Holding Co LLC**, a distributor of specialty aviation tires, tubes, brakes, and batteries and a provider of component MRO services
- May-23** **AFC Industries** acquired **Fastbolt Corporation**, a distributor of fasteners and related electro-mechanical and wiring products
- May-23** **Fluid System Components Inc** acquired **Norcan Fluid Power Company**, a distributor of fluid power products
- Apr-23** **RS Group** acquired **Distrelec Group**, a European B2B distributor of electronic and technical components
- Apr-23** **Franchise Brands plc** acquired **Pirtek Europe**, a UK-based provider of on-site hydraulic hose replacement and associated services
- Apr-23** **Röko** acquired **Godiva Bearings Ltd**, a distributor of bearings, spare parts and other safety critical components

Public company valuations

Industrial, MRO and safety

Company	Country	LFY date	Market Cap (£m)	EV/Revenue			EV/EBITDA			EV/EBIT		
				LFY	LFY+1	LFY+2	LFY	LFY+1	LFY+2	LFY	LFY+1	LFY+2
Applied Industrial Technologies		Jun-22	4,405	1.6x	1.4x	1.4x	14.7x	11.7x	11.6x	16.9x	13.0x	12.3x
Bossard Holding AG		Dec-22	1,345	1.6x	1.6x	1.5x	11.7x	11.3x	10.4x	13.1x	13.4x	12.4x
Diploma PLC		Sep-22	3,997	4.2x	3.5x	3.4x	20.1x	17.0x	16.3x	27.0x	19.0x	18.2x
DXP Enterprises, Inc.		Dec-22	498	0.7x	0.6x	0.5x	8.2x	6.0x	5.8x	10.6x	7.3x	6.9x
Fastenal Company		Dec-22	26,504	4.9x	4.6x	4.4x	20.9x	20.1x	19.0x	23.5x	22.3x	20.9x
Flowtech Fluidpower plc		Dec-22	58	0.7x	0.7x	0.6x	8.6x	6.3x	5.7x	11.2x	8.2x	7.3x
Global Industrial Company		Dec-22	831	0.9x	0.9x	0.9x	10.1x	12.4x	11.6x	10.5x	12.5x	10.4x
Klöckner & Co SE		Dec-22	764	0.2x	0.2x	0.2x	4.1x	5.7x	4.7x	5.4x	13.4x	9.2x
L'Air Liquide S.A.		Dec-22	73,618	3.3x	3.3x	3.1x	14.4x	12.6x	11.8x	21.2x	19.0x	17.6x
MRC Global Inc.		Dec-22	667	0.5x	0.5x	0.4x	9.9x	5.9x	5.4x	12.6x	7.3x	6.8x
MSC Industrial Direct Co., Inc.		Sep-22	4,203	1.6x	1.5x	1.4x	10.7x	10.0x	9.8x	12.2x	11.5x	11.3x
NOW Inc.		Dec-22	872	0.5x	0.4x	0.4x	5.8x	5.1x	5.0x	6.5x	6.5x	6.1x
TAKKT AG		Dec-22	778	0.8x	0.8x	0.7x	10.2x	8.0x	7.3x	11.6x	11.0x	10.0x
Watsco, Inc.		Dec-22	10,917	2.0x	1.9x	1.9x	17.2x	16.7x	16.2x	17.9x	17.2x	16.7x
W.W. Grainger, Inc.		Dec-22	31,131	2.8x	2.5x	2.4x	17.3x	15.2x	14.6x	19.0x	16.4x	15.7x
Min				0.2x	0.2x	0.2x	4.1x	5.1x	4.7x	5.4x	6.5x	6.1x
Median				1.6x	1.4x	1.4x	10.7x	11.3x	10.4x	12.6x	13.0x	11.3x
Mean				1.7x	1.6x	1.6x	12.3x	10.9x	10.4x	14.6x	13.2x	12.1x
Max				4.9x	4.6x	4.4x	20.9x	20.1x	19.0x	27.0x	22.3x	20.9x

Source: S&P Capital IQ as at 30/06/2023
Note: LFY = Last financial year

Public company valuations

Electronics / electrical

Company	Country	LFY date	Market Cap (£m)	EV/Revenue			EV/EBITDA			EV/EBIT		
				LFY	LFY+1	LFY+2	LFY	LFY+1	LFY+2	LFY	LFY+1	LFY+2
Arrow Electronics, Inc.	USA	Dec-22	6,367	0.3x	0.3x	0.4x	5.2x	6.7x	7.3x	5.7x	7.4x	8.1x
Avnet, Inc.	USA	Jul-22	3,629	0.3x	0.3x	0.3x	7.1x	6.1x	7.8x	7.9x	6.6x	8.4x
Rexel S.A.	France	Dec-22	5,866	0.5x	0.5x	0.5x	6.9x	6.1x	6.0x	7.2x	7.9x	7.6x
RS Group plc	UK	Mar-23	3,592	1.3x	1.2x	1.1x	9.0x	8.1x	7.6x	9.8x	9.6x	8.9x
WESCO International	USA	Dec-22	7,224	0.7x	0.6x	0.6x	9.0x	7.9x	7.7x	9.8x	8.8x	8.5x
Min				0.3x	0.3x	0.3x	5.2x	6.1x	6.0x	5.7x	6.6x	7.6x
Median				0.5x	0.5x	0.5x	7.1x	6.7x	7.6x	7.9x	7.9x	8.4x
Mean				0.6x	0.6x	0.6x	7.5x	7.0x	7.3x	8.1x	8.0x	8.3x
Max				1.3x	1.2x	1.1x	9.0x	8.1x	7.8x	9.8x	9.6x	8.9x

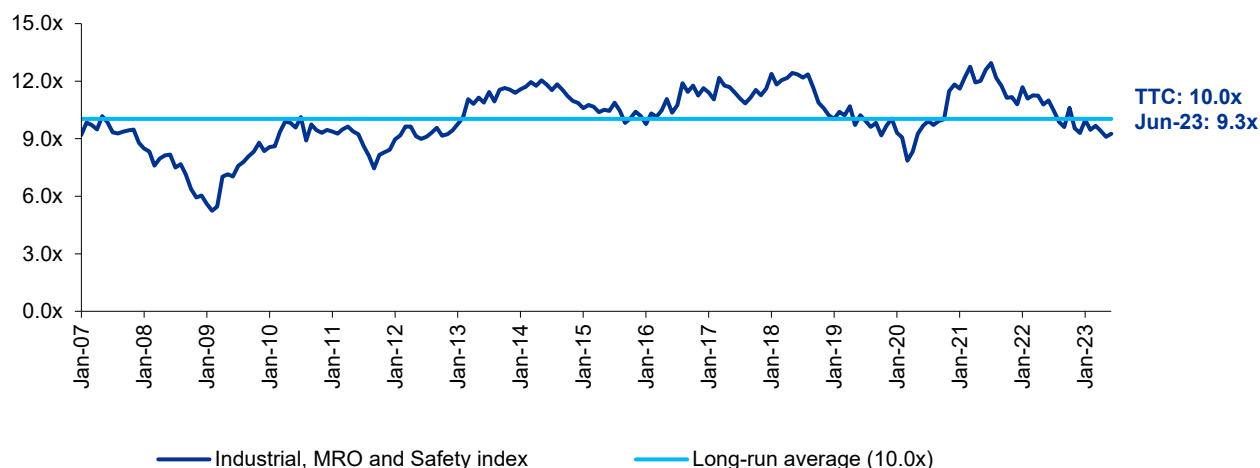
Source: S&P Capital IQ as at 30/06/2023

Note: LFY = Last financial year

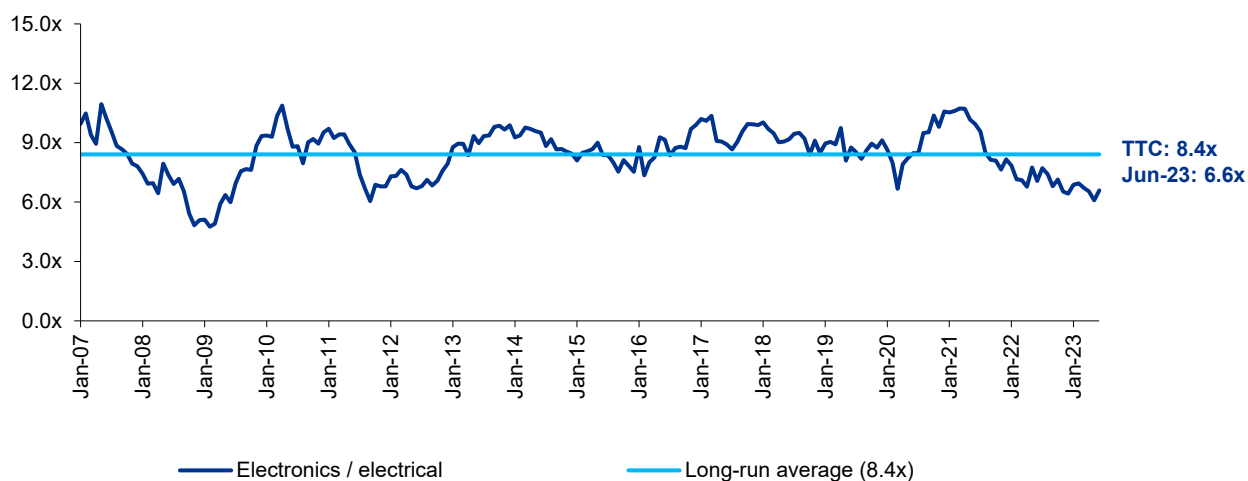
Public company valuations

Through the cycle ('TTC') Enterprise Value / LTM EBITDA multiples

Industrial, MRO and Safety



Electronics / electrical



Source: S&P Capital IQ

Note: The companies used in the public company valuations tables make up the constituents of the TTC analysis

Note: LTM = Last twelve months





Selected M&A transaction history

Date	Target	Country	Target Description	Acquirer	Country	EV (£m)	Reported EV/EBITDA
Apr-23	Pirtek Europe		Distributor of fluid power products	Franchise Brands plc		200	n/a
Mar-23	Madriferr		Specialist distributor of tools and maintenance products	Rubix Group		n/a	n/a
Mar-23	Hydraquip Group		Distributor and manufacturer of mobile hydraulic services	Finning International Inc		65	14.3x
Oct-22	Ecopac Power		Distributor of power supplies and LED drivers	TTI, Inc		n/a	n/a
Jul-22	Horizon Solutions LLC		Distributor of automation, electrical, industrial, energy and safety products and related services	Rexel USA, Inc		n/a	n/a
Apr-22	R&G Fluid Power		Distributor of a diverse range of industrial, hydraulic and pneumatic products.	Diploma Plc		108	16.1x
Jan-22	Hoskin Scientific		Value added distributor of essential test & measurement equipment	River Associates Investments*		n/a	n/a
Sep-21	Goodfellow		Distributor of high quality industrial materials	Battery Ventures		n/a	n/a
Mar-21	Incorporatewear		Distributor of workwear	Direct Corporate Clothing		n/a	n/a
Feb-21	Wolseley UK		Distributor of plumbing and heat products for contractors and the construction market	Clayton, Dubilier & Rice, LLC*		308	6.0x
Oct-19	The Fluid Power House		Distributor of hydraulic systems and solutions	Motion Canada		n/a	n/a
Feb-19	Ahlsell AB		Industrial wholesaler of plumbing, heating, electrical, refrigeration and do-it-yourself products	CVC Advisers Ltd*		2,808	11.9x
Mar-19	Sanistal A/S (steel distribution business)		Steel distribution business of Sanistal A/S	Tibnor AB		53	n/a
Sep-18	Pirtek		Distributor of fluid power products	PNC Riverarch Capital*		n/a	n/a
May-17	Rubix		Distributor of industrial maintenance, repair and overhaul products and services	Advent International*		416	9.8x
Min							6.0x
Mean							11.6x
Max							16.1x

Source: Mergermarket and KPMG intelligence

* - Private Equity investor

KPMG's global industrial distribution credentials

  <p>DICSA</p> <p>DIPLOMA PLC</p> <p>Advised DICSA on their sale to Diploma Plc</p> <p>Fluid power distributor</p> <p>2023</p>	  <p>FASTBOLT The Fastener Connection</p> <p>AFC Industries</p> <p>Advised Fastbolt Corporation on their sale to AFC Industries, Inc</p> <p>Distributor of fasteners and related electro-mechanical products</p> <p>2023</p>	  <p>NORCAN</p> <p>FSC Fluid System Components</p> <p>Advised Norcan Fluid Power on their sale to Fluid Systems Components Inc</p> <p>Hydraulic parts distributor</p> <p>2023</p>	  <p>ECOPAC POWER</p> <p>tti</p> <p>Advised on the sale of Ecopac Power to TTI, Inc</p> <p>Electrical products distributor</p> <p>2022</p>	  <p>HORIZON SOLUTIONS</p> <p>REXEL</p> <p>Advised on the sale of Horizon Solutions to Rexel USA, Inc.</p> <p>Distributor of automation products</p> <p>2022</p>
  <p>R&G FLUID POWER GROUP</p> <p>DIPLOMA PLC</p> <p>Advised R&G Fluid Power on their sale to Diploma Plc</p> <p>Fluid power distributor</p> <p>2022</p>	  <p>HOSKIN SCIENTIFIC</p> <p>River Associates</p> <p>Advised Hoskin Scientific on their sale to River Associates</p> <p>Distributor of test & measurement equipment</p> <p>2022</p>	  <p>Goodfellow</p> <p>Battery</p> <p>Advised Goodfellow on the sale of the business to Battery Ventures</p> <p>Industrial materials distributor</p> <p>2021</p>	  <p>DCC DIRECT CORPORATE CLOTHING</p> <p>incorporatewear</p> <p>Advised Direct Corporate Clothing on acquisition of IncorporateWear</p> <p>Distributor of workwear</p> <p>2021</p>	  <p>LOCKMASTERS INCORPORATED</p> <p>DOMINUS CAPITAL</p> <p>Advised on the sale of Lockmasters, Inc to Dominus Capital</p> <p>Security products distributor</p> <p>2021</p>

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