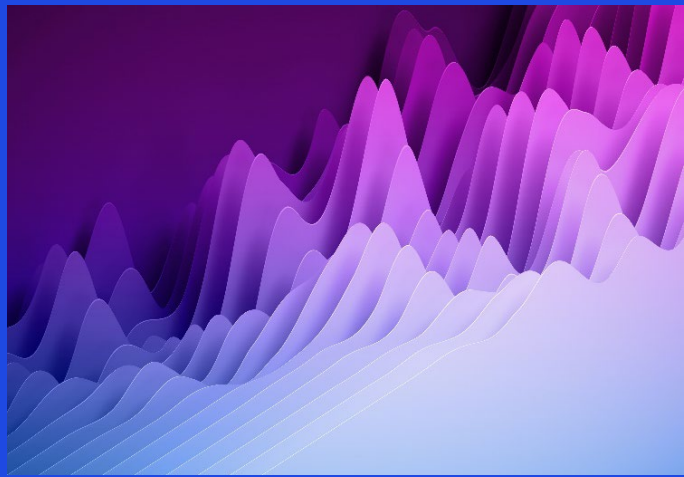


Industrial Distribution

Q3 2023 industry update
October 2023



Selected M&A highlights

- Sep-23** **Gryphon Investors Inc** acquired **AirX Climate Solutions Inc**, a distributor of critical products for speciality HVAC markets
- Sep-23** **Lone Star** acquired **ERIKS NV**, a distributor of mechanical engineering components
- Sep-23** **WT Microelectronics Co Ltd** acquired **Future Electronics Inc**, a distributor of electronic goods
- Sep-23** **Watsco Inc** acquired **Gateway Supply Co Inc**, a distributor of plumbing and HVAC products
- Aug-23** **Wilnat Inc** acquired **Bartlett Controls Inc**, a distributor of instrumentation and control products

- Aug-23** **Marco Rubber & Plastics LLC** acquired **American Seal & Packing**, a distributor of specialty O-rings, seals, gaskets and vee packing
- Aug-23** **Monroe Engineering LLC** acquired **Electronic Fasteners Inc**, a distributor of fasteners for industrial, commercial and mil-spec fastener markets
- Aug-23** **Frontenac Company LLC** acquired **Motion & Control Enterprises LLC**, a distributor of industrial motion and control products
- Jul-23** **Rubix Group International** acquired **Tar Csavargy**, a Hungarian distributor of specialist tools and general maintenance products
- Jul-23** **Diploma Plc** acquired **DICSA**, a distributor of fluid power solutions into the European aftermarket

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-23	4,910	1.4x	1.4x	1.3x	12.1x	11.8x	11.2x	13.5x	12.9x	12.2x
Bossard Holding AG		Dec-22	1,386	1.6x	1.7x	1.6x	11.8x	12.0x	11.1x	13.3x	14.5x	13.3x
Diploma PLC		Sep-22	4,024	4.2x	3.5x	3.2x	20.2x	16.5x	14.9x	27.2x	18.6x	16.6x
DXP Enterprises, Inc.		Dec-22	479	0.7x	0.6x	0.6x	8.2x	6.0x	5.7x	10.5x	7.2x	6.9x
Fastenal Company		Dec-22	25,582	4.5x	4.3x	4.0x	19.4x	18.7x	17.7x	21.7x	20.8x	19.5x
Flowtech Fluidpower plc		Dec-22	56	0.7x	0.7x	0.6x	8.2x	8.3x	5.9x	10.6x	12.8x	7.9x
Global Industrial Company		Dec-22	1,044	1.2x	1.1x	1.0x	12.6x	14.1x	13.3x	13.0x	14.3x	12.4x
Klöckner & Co SE		Dec-22	591	0.1x	0.2x	0.2x	3.7x	5.3x	4.1x	4.8x	11.2x	8.2x
L'Air Liquide S.A.		Dec-22	72,374	3.2x	3.4x	3.2x	14.1x	12.5x	11.8x	20.8x	18.7x	17.4x
MRC Global Inc.		Dec-22	706	0.5x	0.5x	0.5x	9.9x	6.5x	6.0x	12.6x	8.3x	7.5x
MSC Industrial Direct Co., Inc.		Sep-22	4,508	1.6x	1.5x	1.5x	11.0x	10.3x	10.1x	12.6x	11.8x	11.6x
NOW Inc.		Dec-22	1,038	0.5x	0.5x	0.5x	6.5x	6.0x	5.9x	7.3x	7.8x	7.3x
TAKKT AG		Dec-22	725	0.8x	0.8x	0.7x	10.0x	8.3x	7.7x	11.4x	11.9x	10.7x
Watsco, Inc.		Dec-22	11,297	2.0x	2.0x	1.9x	17.3x	17.0x	16.2x	18.0x	17.5x	16.7x
W.W. Grainger, Inc.		Dec-22	28,347	2.4x	2.2x	2.1x	15.2x	13.3x	12.7x	16.7x	14.5x	13.7x
Min				0.1x	0.2x	0.2x	3.7x	5.3x	4.1x	4.8x	7.2x	6.9x
Median				1.4x	1.4x	1.3x	11.8x	11.8x	11.1x	13.0x	12.9x	12.2x
Mean				1.7x	1.6x	1.5x	12.0x	11.1x	10.3x	14.3x	13.5x	12.1x
Max				4.5x	4.3x	4.0x	20.2x	18.7x	17.7x	27.2x	20.8x	19.5x

Source: S&P Capital IQ as at 30/09/2023
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.		Dec-22	5,713	0.3x	0.3x	0.3x	4.8x	6.4x	7.0x	5.3x	7.0x	8.0x
Avnet, Inc.		Jul-23	3,613	0.3x	0.3x	0.3x	5.8x	6.9x	6.7x	6.3x	7.6x	7.1x
Rexel S.A.		Dec-22	5,549	0.5x	0.5x	0.5x	6.9x	6.0x	5.8x	7.2x	7.7x	7.5x
RS Group plc		Mar-23	3,479	1.2x	1.2x	1.1x	8.8x	8.5x	7.8x	9.5x	9.8x	9.0x
WESCO International		Dec-22	6,057	0.6x	0.6x	0.5x	7.8x	7.3x	7.0x	8.5x	8.2x	7.8x
Min				0.3x	0.3x	0.3x	4.8x	6.0x	5.8x	5.3x	7.0x	7.1x
Median				0.5x	0.5x	0.5x	6.9x	6.9x	7.0x	7.2x	7.7x	7.8x
Mean				0.6x	0.6x	0.6x	6.8x	7.0x	6.9x	7.3x	8.1x	7.9x
Max				1.2x	1.2x	1.1x	8.8x	8.5x	7.8x	9.5x	9.8x	9.0x

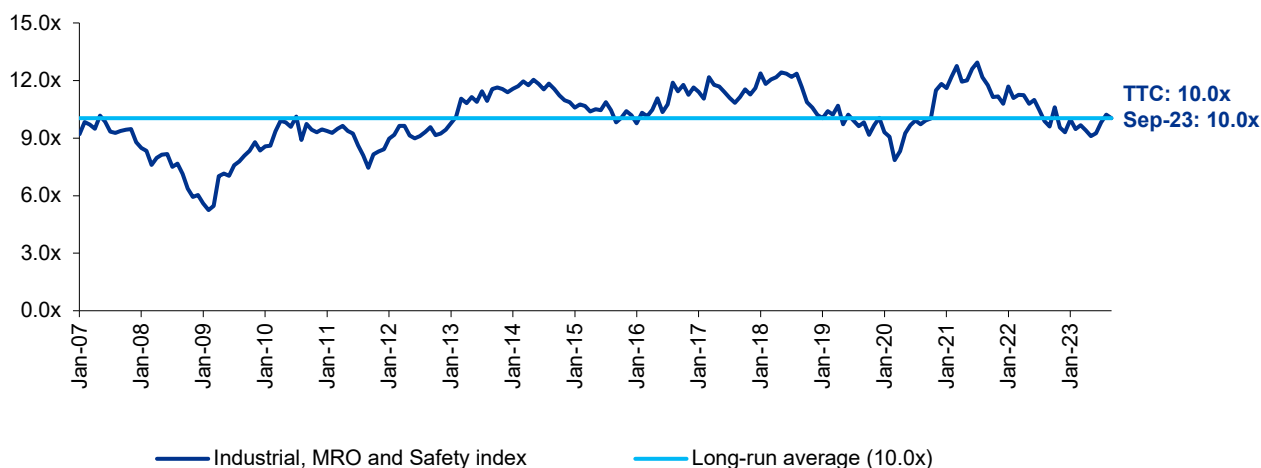
Source: S&P Capital IQ as at 30/09/2023

Note: LFY = Last financial year

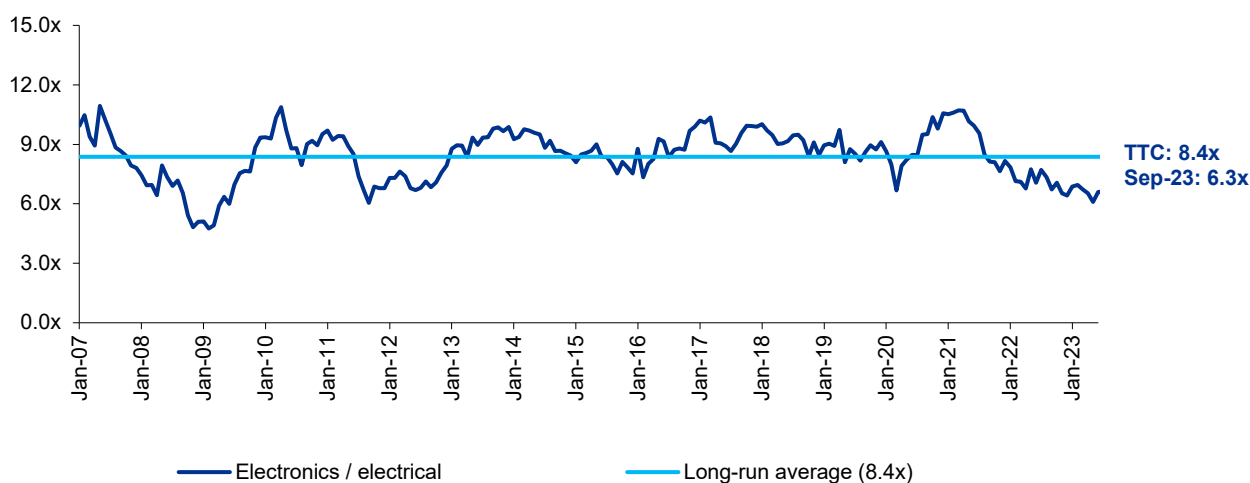
Public company valuations

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
Sep-23	ERIKS NV		Distributor of industrial parts	Lone Star*		n/a	n/a
Jul-23	DICSA		Distributor of fluid power solutions	Diploma Plc		189	9.0x
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							11.2x
Max							16.1x

Source: Mergermarket and KPMG intelligence

* - Private Equity investor

KPMG's global industrial distribution credentials

 <p>LONE STAR FUNDS</p> <p>ERIKS</p> <p>Advised Lone Star on its acquisition of ERIKS N.V.</p> <p>Industrial parts distributor</p> <p>2023</p>	 <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>DEXIS CZECH REPUBLIC</p> <p>KLATT SVETLOPP</p> <p>Advised DEXIS Czech Republic on their acquisition of Klatt</p> <p>Distributor of PPE</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>

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