



Quarterly Update

- M&A activity in the Industrial Distribution subsector slowed in April and May 2023. The transactions that did close were predominantly strategic acquirers continuing consolidation strategies.
- Strategic acquirer, Distribution Solutions Group, Inc. (NasdaqGS:DSGR), a specialty distribution company, completed the acquisition of HISCO – a distributor of mission-critical materials and products for the electronic assembly, aerospace and defense, medical, and industrial end-markets. This marks DSG’s first acquisition since its formation through the combination of Test Equity and GE Supply Logistics in April 2022.
- EdgePoint’s Industrial Distribution Index has outperformed the S&P 500 Index in 2023.
- The Industrial Production Index has remained relatively steady in 2023. The index increased versus April 2022.
- EdgePoint expects deal volume in the Industrial Distribution subsector to remain stable in 2023. Key economic issues to watch include the Fed’s interest rate policy decisions in the third quarter and 2023 quarterly GDP growth.

Recent Industrials Transactions (Selected)



For more information and insights, please contact the EdgePoint Industrials Group:



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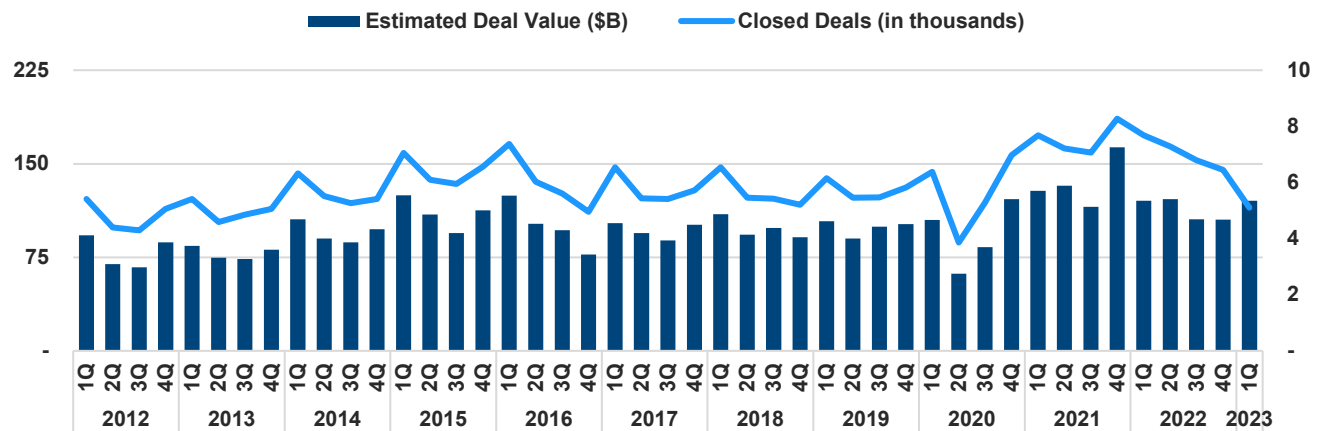
Industrials: Industrial Distribution | May 2023

Recent Industrial Distribution Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Darco Enterprises, Inc.	May 31	Nowia Group	United States	Financial-Backed Strategic
Middle Atlantic Wholesale Lumber, Inc.	May 22	Sherwood Lumber Corporation	United States	Strategic
Adams Wholesale Supply, Inc.	May 11	SiteOne Landscape Supply, Inc.	United States	Strategic
American Metals Supply Co., Inc.	May 11	MacArthur Co.	United States	Strategic
E-A-P International Limited	May 3	AFC Industries, Inc.	EMEA	Strategic
CONDEX Ltd.	Apr 25	Beijer Ref AB	EMEA	Strategic
General Work Products, LLC	Apr 18	Bishop Lifting Products, Inc.	United States	Financial-Backed Strategic
Ariel Metall, AO	Apr 17	Novostal-M Trading Company LLC	EMEA	Strategic
Coatings Hub, Inc.	Apr 5	JON-DON, LLC	United States	Financial-Backed Strategic
Prince Building Systems, LLC	Apr 3	Beacon Roofing Supply, Inc.	United States	Strategic
HISCO, Inc.	Mar 31	Distribution Solutions Group, Inc.	United States	Strategic
Aik Moh Paints & Chemicals Pte Ltd.	Mar 22	Brenntag SE	APAC	Strategic
MegaGroup Trade Holding B.V.	Mar 16	Sun European Partners, LLP	EMEA	Financial
Eagle Plastics Limited	Mar 11	Plastrubition Limited	EMEA	Strategic
Cargo Control USA	Mar 1	Ascent Lifting, Inc.	United States	Financial-Backed Strategic
Flowtrend, Inc.	Feb 24	Flow Control Holdings, LLC	United States	Financial-Backed Strategic

Source: S&P Capital IQ (May 31, 2023)

Global Lower-Middle Market Quarterly Deal Flow



Lower-middle market refers to deals valued at \$100 million or less

Source: Pitchbook (April 26, 2023)

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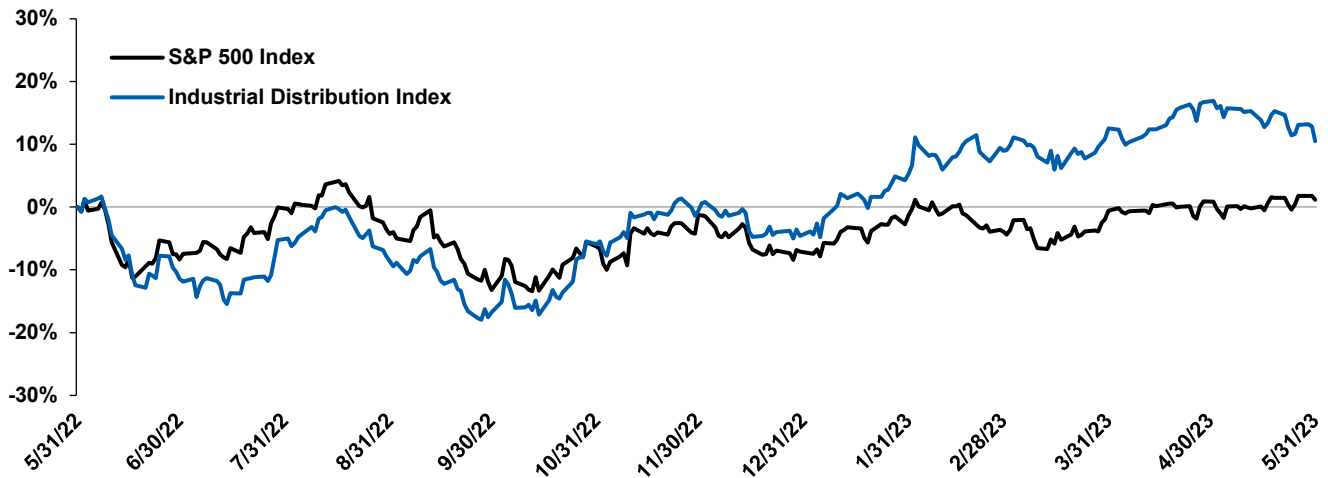
EdgePoint Public Comparable Index Constituents

Industrial Distribution Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$ 5,193	29.1%	11.7%	\$ 507	\$ 531	9.4x	9.7x	\$ 4,316	18.4%	8.2%	\$ 122.96	82.3%
DXP Enterprises, Inc.	967	28.5%	8.9%	141	173	5.9x	5.6x	1,586	33.5%	8.1%	31.97	92.0%
Fastenal Company	31,155	45.9%	23.3%	1,666	1,700	17.2x	18.3x	7,136	13.3%	9.8%	53.85	95.1%
Ferguson plc	4,691	30.3%	10.6%	3,153	2,807	9.3x	0.0x	29,867	10.0%	0.0%	144.61	93.7%
L'Air Liquide S.A.	100,281	53.9%	22.7%	7,248	8,271	13.4x	12.1x	31,991	28.3%	10.9%	166.94	95.2%
MRC Global Inc.	1,661	18.6%	5.9%	208	300	6.7x	5.5x	3,506	25.3%	0.2%	8.69	62.5%
MSC Industrial Direct Co., Inc.	5,606	41.9%	15.0%	586	578	9.2x	9.7x	3,900	14.4%	5.5%	89.92	95.6%
NOW Inc.	823	23.9%	8.2%	184	191	4.0x	4.3x	2,247	28.8%	-6.7%	8.89	59.8%
SPX Technologies, Inc.	3,577	36.7%	14.5%	225	280	14.8x	12.8x	1,554	25.4%	2.7%	76.36	95.5%
W.W. Grainger, Inc.	35,150	38.9%	16.5%	2,586	2,770	13.1x	12.7x	15,672	15.4%	10.3%	649.02	91.5%
Watsco, Inc.	12,575	27.8%	11.5%	836	870	12.9x	14.4x	7,301	9.5%	14.6%	324.37	91.0%
WESCO International, Inc.	12,833	21.9%	7.8%	1,711	1,903	6.6x	6.7x	22,010	15.2%	38.0%	137.38	78.5%
Median		29.7%	11.6%	711	724	9.4x	9.7x	5,726	16.9%	8.2%	106.44	91.8%
Mean		33.1%	13.0%	1,588	1,698	10.2x	9.3x	10,924	19.8%	8.5%	151.25	86.1%

Source: S&P Capital IQ (May 31, 2023)

EdgePoint Comparable Index Trailing Twelve Months Stock Performance

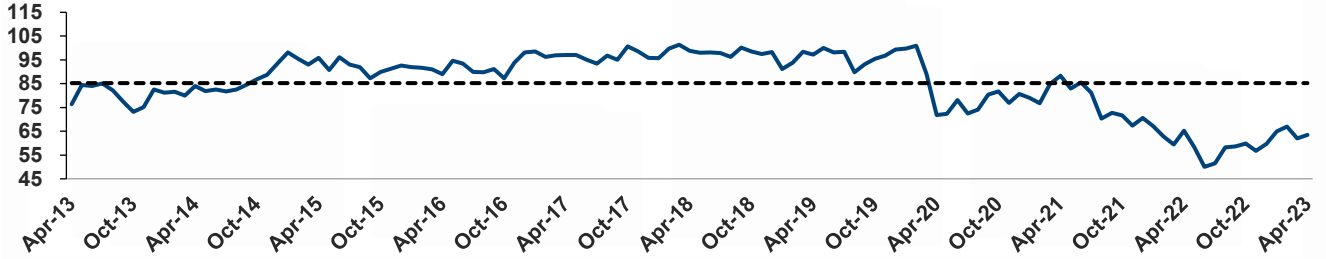


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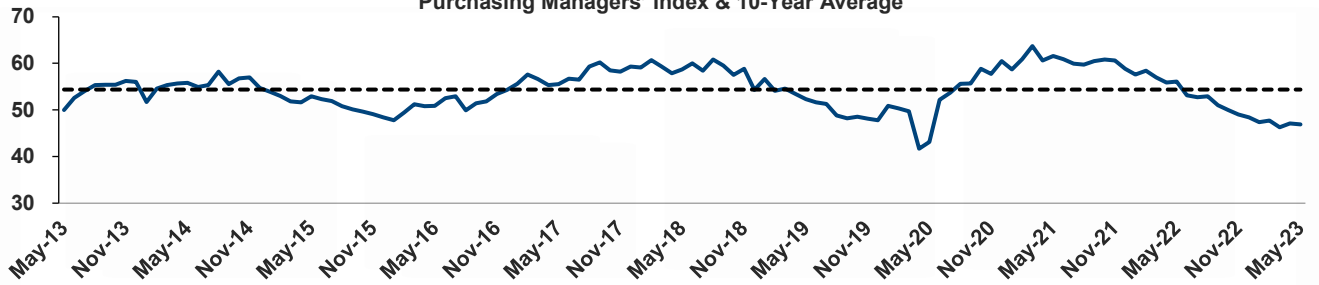
Key Macroeconomic Indicators

University of Michigan Consumer Confidence Index & 10-Year Average



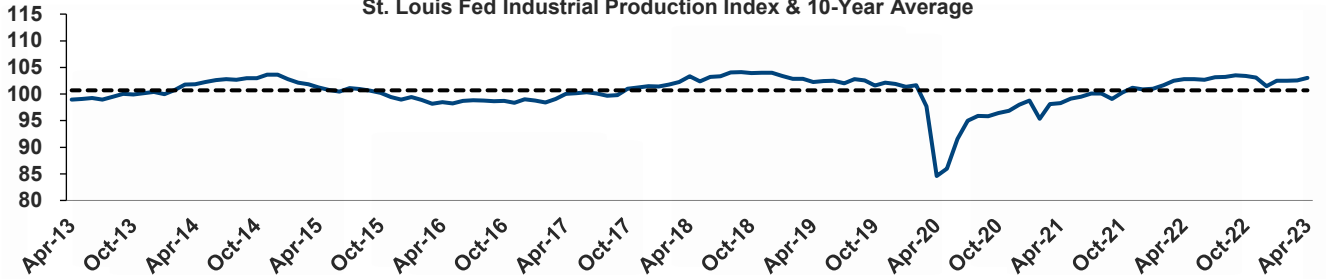
Source: University of Michigan

Purchasing Managers' Index & 10-Year Average



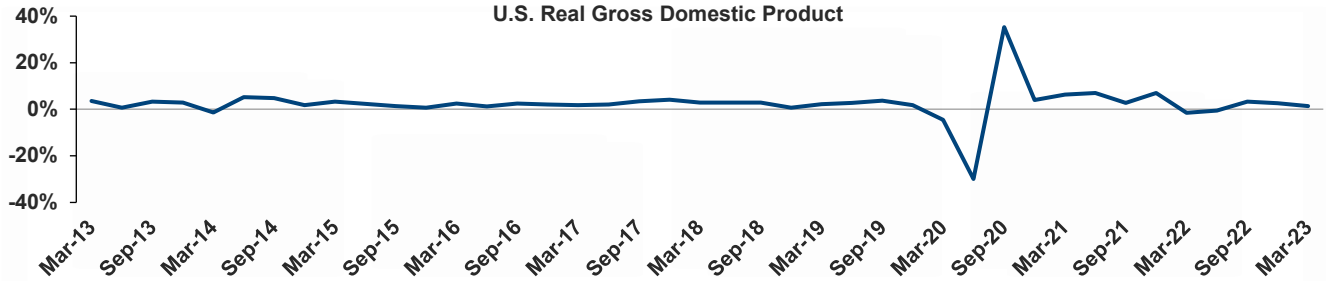
Source: Institute for Supply Management

St. Louis Fed Industrial Production Index & 10-Year Average



Source: The Federal Reserve Bank of St. Louis

U.S. Real Gross Domestic Product



Source: Bureau of Economic Analysis