



## Q4 2023 Specialty Distribution Update

January 2024

# LAKESIDE'S SPECIALTY DISTRIBUTION PRACTICE

## Differentiated transaction experience across specialty distribution models and industries

### MEET OUR SPECIALTY DISTRIBUTION TEAM



**Josh Garner**  
Managing Partner



**Chase Wichelmann**  
Director



**Jacob Atkinson**  
Senior Associate

- Our experience advising distribution businesses is unmatched by firms of our size who serve the lower middle market
- We have executed dozens of distribution transactions across all end markets with a combined transaction value of over \$4 billion
- We maintain regular dialogue with acquirers of distribution businesses, including corporate buyers, private equity firms, and family offices

### DISTRIBUTION SUBSECTOR EXPERIENCE

- Automotive Aftermarket
- Building Products
- Consumer Products
- Electrical and Communications
- Foodservice
- Healthcare
- Industrial / MRO
- Technology

### DISTRIBUTION MODEL EXPERIENCE

- Branch-based
- Route-based
- e-Commerce
- Direct marketing
- Catalog

### REPRESENTATIVE DISTRIBUTION TRANSACTIONS

**Case Studies on Pgs. 3 & 4**

 has been acquired by 	 has been acquired by 	Marrinan Holdings The Parent Company of:  has been acquired by 	<b>Building Products Distributor</b>  In Process  <b>M&amp;A Advisory</b>
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 has been acquired by  	 has been acquired by 	<b>Paint, Body, &amp; Equipment Distributor</b>  has been acquired by <b>Confidential Buyer</b>	 has been acquired by 
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 has been acquired by 	 has been acquired by 	 portfolio company of  has been acquired by 	 portfolio company of  has been acquired by Berkshire Partners
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 has been acquired by  portfolio company of 	 has been acquired by 	 portfolio company of  has been acquired by 	<b>Bodek+Rhodes</b> has been acquired by  portfolio company of <b>LITTLEJOHN &amp; CO.</b>
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Note: Select transactions completed by Lakeside principals while at prior firms

## LAKESIDE CASE STUDY

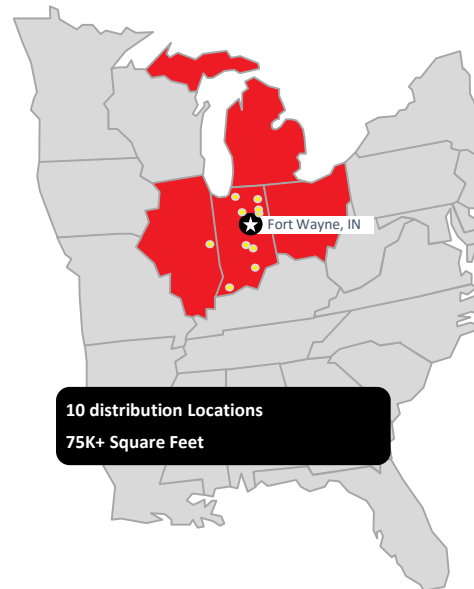
### Automotive Color & Supply Corp. sale to WILsquare Capital

#### COMPANY OVERVIEW

- Automotive Color & Supply Corp. (“ACS”) is a regional independent paint, body, and equipment (“PBE”) distributor serving the Midwest U.S. with 10 locations serving Indiana, Illinois, and surrounding regions
- Serves wide range of industries and product uses, including automotive OEMs, collision repair, commercial vehicle painting, and industrial pain applications
- ACS distributes paint, coatings, primers, and related products, as well as tools and equipment through ten branch locations supported by warehouses in Indianapolis and Fort Wayne, Indiana
- The Company has diverse supplier relationships that includes 3M, Axalta, and PPG
- ACS was a well-run Company, under 3<sup>rd</sup> generation ownership, with ambitions to expand its presence through an acquisition strategy backed by a financial sponsor or strategic acquiror

#### SITUATION OVERVIEW AND OUTCOME

- Sale process included both financial sponsors and strategic acquirers
- Highly streamlined process protecting management and ownership time
- Josh Byers, owner and CEO, was eager to find the right partner to help grow the business, making “fit” extremely important
- Generated significant interest from multiple, credible buyers
- Private equity acquirers saw tremendous opportunity to expand geographically through acquisitions, leading to multiple bids from these buyers
- ACS was ultimately sold to WILsquare Capital, based in St. Louis, MO



★ Company HQ   ■ Core Service Area   ● Branches

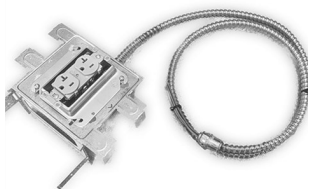


## LAKESIDE CASE STUDY

### Buckles-Smith Electric sale to Rexel USA.

#### COMPANY OVERVIEW

- Buckles-Smith Electric (“Buckles-Smith”) is a distributor of electrical and industrial automation products and services in Northern California and an authorized Rockwell Automation distributor
- The Company operates six branches across Northern California, enabling same-day pick-up and next-day delivery for all customers making it a key market share opportunity in the Bay Area for each potential acquirer with an opportunity to significantly expand their respective Rockwell Automation distribution partnerships and gain access to high-quality clients
- Electrical Wholesaling magazine named Buckles-Smith the 64th largest wholesaler of electrical supplies in North America in 2022



#### SITUATION OVERVIEW AND OUTCOME

- As part of our process, we approached several large strategic consolidators in the commercial and industrial electrical distribution space who expressed significant interest in acquiring the Company
- The owner of Buckles-Smith hired Lakeside Partners to advise, manage, and negotiate a competitive process to ultimately find the best strategic partner for the Company and its employees while delivering an aggressive value for the business
- Lakeside Partners purposefully ran an expedited, targeted process intended to generate robust letters of intent (“LOIs”) for the business from numerous parties
- Within four weeks of launching the process, Lakeside received attractive LOIs from each of the strategic buyers
- Our limited and competitive sale process created significant valuation accretion, resulting in a superior outcome for the Company with a new strategic partner to support its existing clients, best-in-class management team and near-term business strategy while delivering the best value for the selling shareholder



## INDUSTRY NEWS

### Lakeside is committed to keeping our finger on the pulse of the specialty distribution market

#### WORTHWHILE READS

The articles below are taken from various industry periodicals, websites, and blogs from around the web that highlight key themes in specialty distribution.

##### The Rise of the Digital Supply Network

Deloitte

*“Supply chains are traditionally linear, but today supply chains are transforming into dynamic, interconnected systems. These digital supply networks integrate information from many different sources to drive production and distribution, potentially altering manufacturing’s competitive landscape.”*

Read the article [here](#)

##### 6 Manufacturing & Distribution Insights from Q4 2023 and What They Mean for You

Aprio

*“After flying high with post-pandemic inflation, higher interest rates and concerns over global growth rates have sharply reduced container and trucking rates. Yet, the Baltic Exchange Dry Index shows signs that shipping rates may have reached a bottom as recently it has started trending higher.”*

Read the article [here](#)

##### Supply Chain Orchestration: Creating Harmony from Cacophony

Forbes

*“As companies have begun to embrace consumer and market dynamics and want their supply chains responsive to them, the speed of business has accelerated. The mandate for supply chains has also grown beyond pure efficiency to encompass resilience, top-line growth and sustainability.”*

Read the article [here](#)

##### Producer Price Indexes

Bureau of Labor Statistics

*“The Producer Price Index for final demand fell 0.1 percent in December, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices moved down 0.1 percent in November and 0.4 percent in October.”*

Read the report [here](#)

#### RECENT TRANSACTIONS

The transactions highlighted below were high profile transactions completed in the most recent quarter.



has been acquired by



Automotive Color & Supply Corp. operates as a distributor of paint and supply products intended to serve the automotive industry.

WILsquare Capital LLC is a private equity firm specializing in lower middle market, mature, and later stage, add-on acquisitions, buyout, industry consolidation, recapitalization and family-owned investments.



has been acquired by



Kovalsky-Carr Electric Supply Co., Inc., an electrical and lighting material distributor company, distributes conduits, wires, fuses, tools, commercial and residential lighting fixtures.

United Electric Supply Co., Inc. distributes electrical supplies for commercial, institutional, and construction industries. It provides wires, conduit and raceway products, conduit fittings, junction boxes and enclosures, power distribution products and more.



has been acquired by



Rocky Mountain Industrial Supply (RMI) is a family business that provides lifesaving safety equipment that meets the demands of the industrial workforce.

Mallory Safety and Supply, Inc. distributes safety, fire, cleanroom, forestry, and industrial supplies for various industries in the United States. The company offers safety and personal protective equipment.

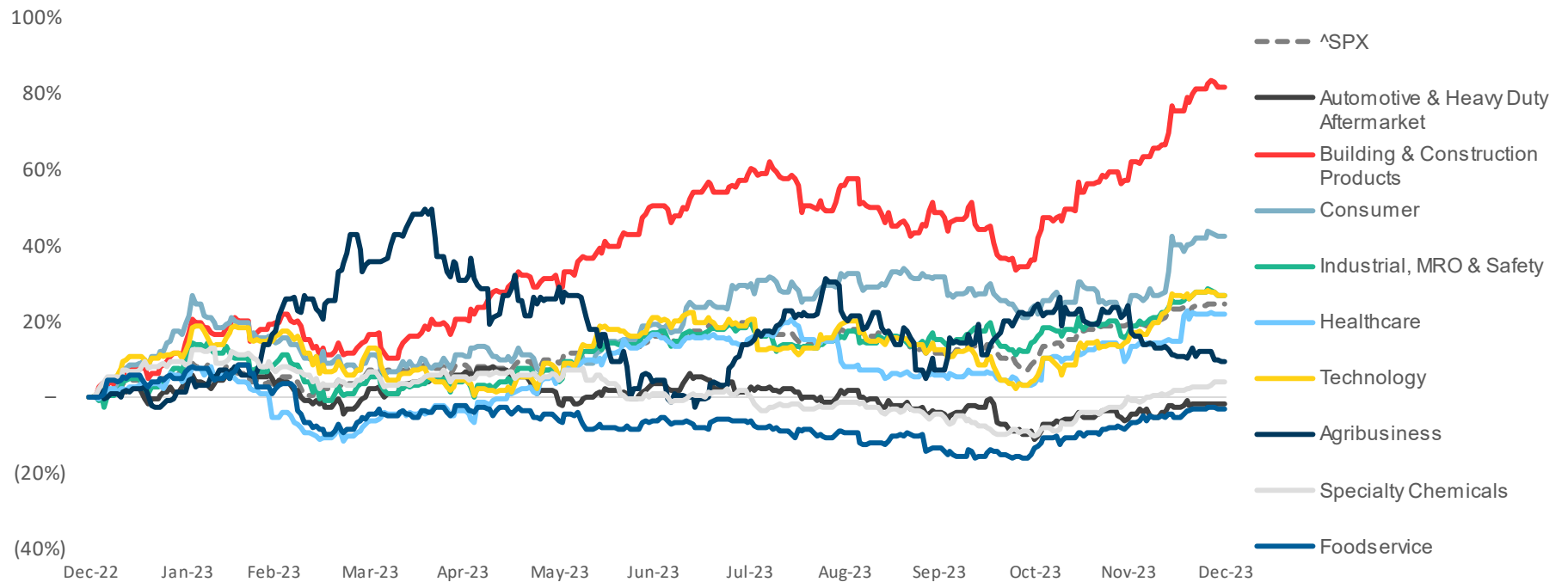


Denotes a Lakeside Partners-led transaction

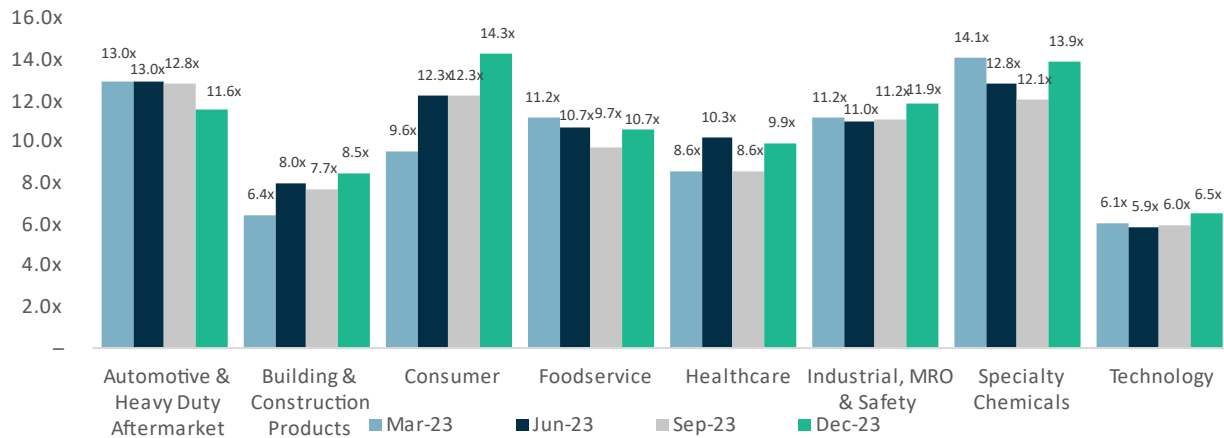
# SPECIALTY DISTRIBUTION PUBLIC COMPANY PERFORMANCE

Below is a look at how publicly traded distribution companies performed by sector

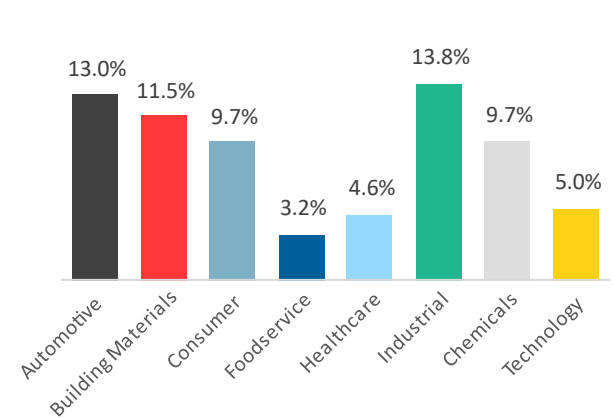
## ONE-YEAR HISTORICAL STOCK PRICE PERFORMANCE (AS OF 12/31/23)



## EBITDA TRADING MULTIPLES BY QUARTER-END

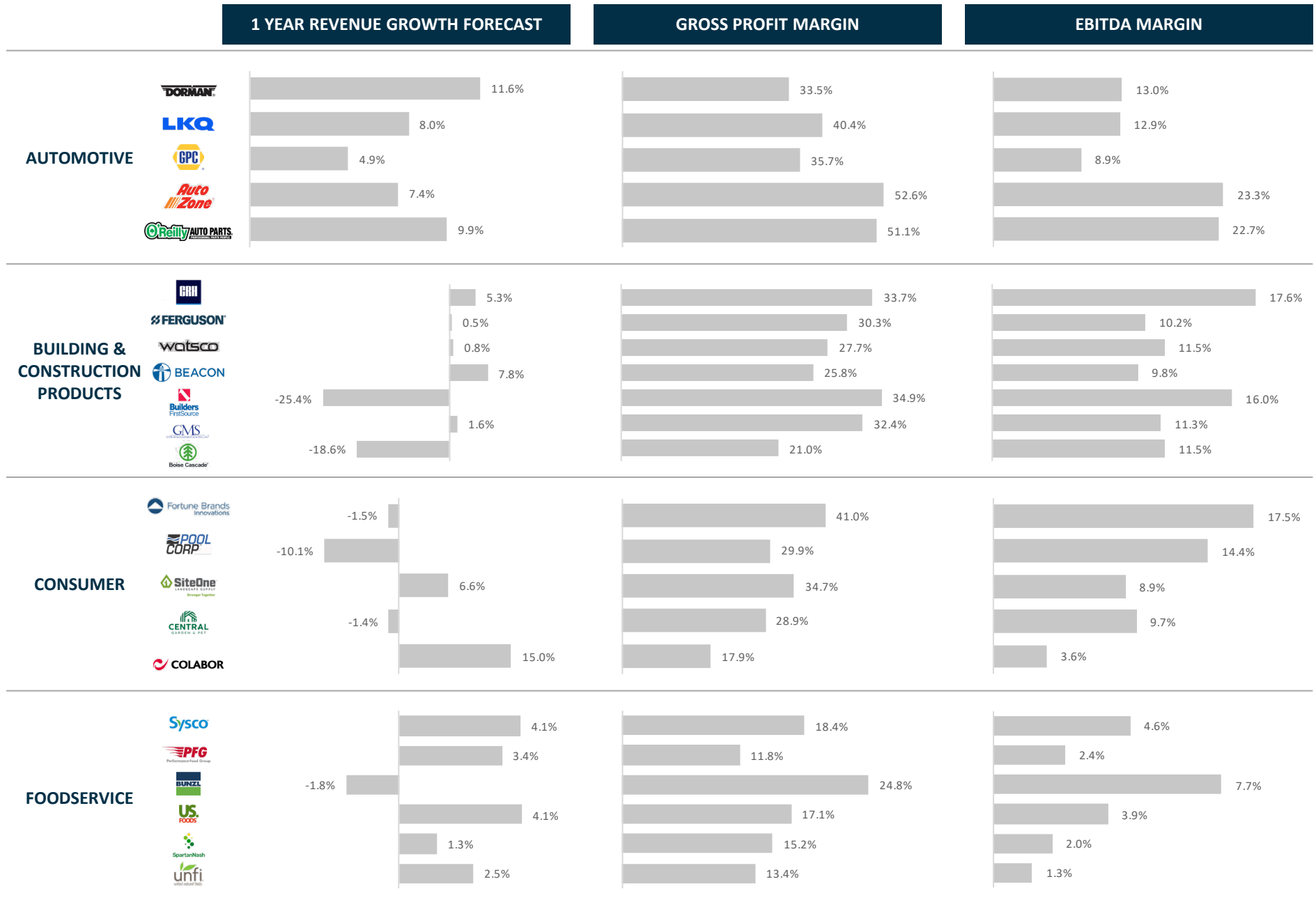


## EBITDA MARGIN BY SECTOR

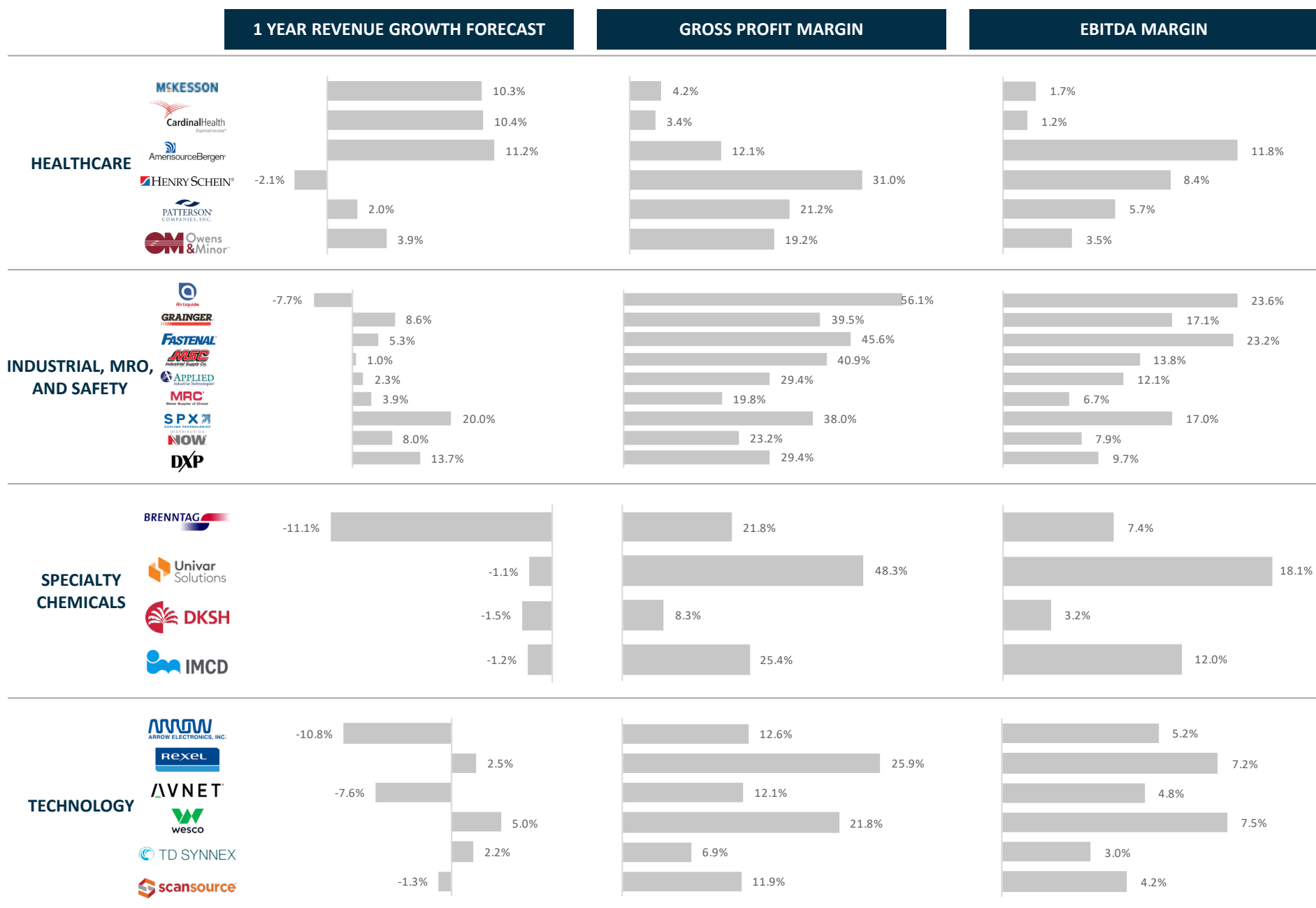


Source: Capital IQ

# SPECIALTY DISTRIBUTION PUBLIC COMPANY BENCHMARKING BY SECTOR



# SPECIALTY DISTRIBUTION PUBLIC COMPANY BENCHMARKING BY SECTOR (CONT'D)

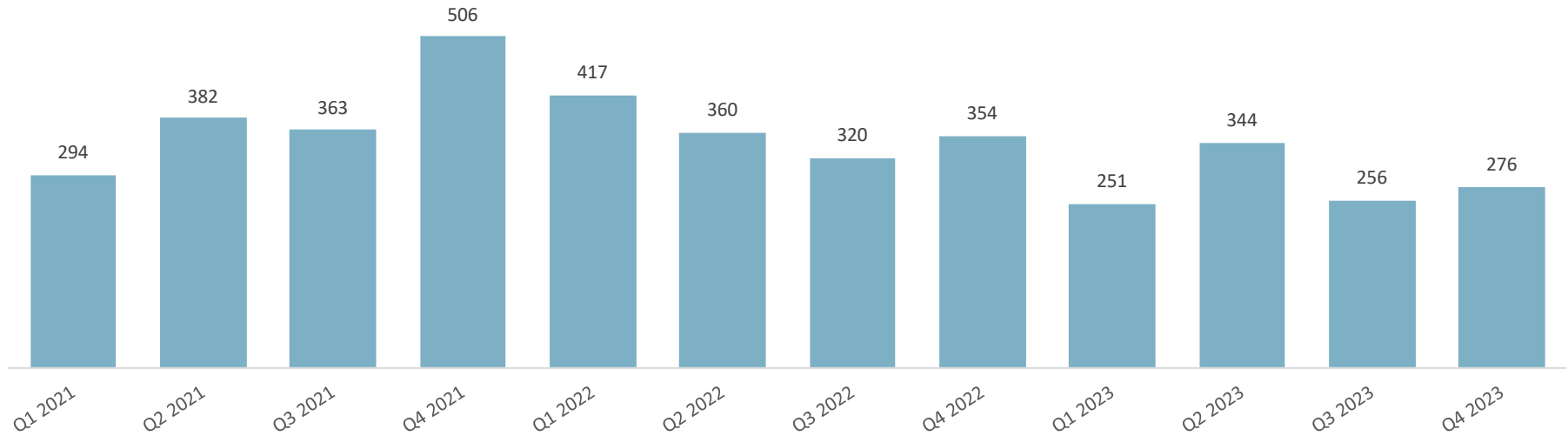




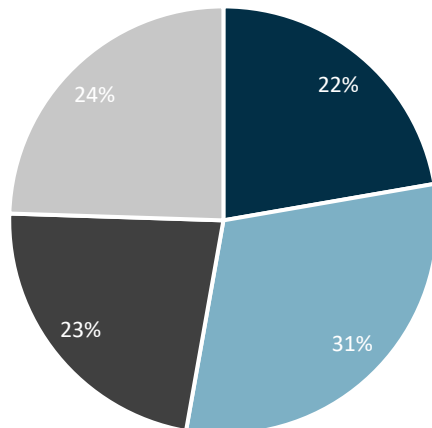
## SPECIALTY DISTRIBUTION M&A STATISTICS

Below is an overview of M&A volume by quarter for Specialty Distribution

NUMBER OF DISTRIBUTION TRANSACTIONS BY QUARTER FOR PAST 3 YEARS

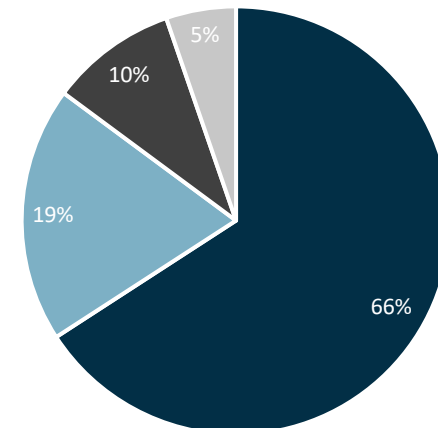


PERCENT OF TRANSACTION VOLUME COMPLETED BY QUARTER



■ Q1 2023 ■ Q2 2023 ■ Q3 2023 ■ Q4 2023

DISTRIBUTION OF TRANSACTIONS BY EV FOR PAST 3 YEARS<sup>1</sup>



■ \$0-\$50M ■ \$51-\$250M ■ \$251-\$1,000M ■ \$1,000+M

## SELECT RECENT SPECIALTY DISTRIBUTION TRANSACTIONS

Transaction Date	Target Name	Business Description	Acquirer
11/28/2023	Automotive Color & Supply Corp.	Automotive Color & Supply Corp. operates as a distributor of paint and supply products intended to serve the automotive industry.	WILsquare Capital LLC
12/30/2023	Florida Seal & Rubber, LLC	Florida Seal & Rubber, LLC engages in the distribution of sealing solutions.	Wyatt Seal, Inc.
12/21/2023	Kamco Building Supply Corp.	Kamco Building Supply Corp. distributes building materials in Eastern Pennsylvania, Southern New Jersey, Maryland, Virginia, and Washington D.C.	GMS Inc.
12/20/2023	Webb Supply Co.	Webb Supply Co. distributes HVAC equipment, hydronic boilers, and many other heating and cooling products.	Beijer Ref AB (publ)
12/20/2023	Stark Metal Sales, Inc.	Stark Metal Sales, Inc. distributes steel.	Pennsylvania Steel Company, Inc.
12/19/2023	Online Labels Group, LLC	Online Labels, Inc. retails blank and custom printed sheeted, and roll labels online through its website to businesses and consumers.	Sentinel Capital Partners, L.L.C.
12/19/2023	English COLOR and supply, inc.	English COLOR and supply, inc. retails automotive paint and body shop supplies for customers in Texas, Oklahoma, Louisiana, Tennessee, Mississippi, Alabama, and Florida.	Wesco Group LLC
12/18/2023	Galleher Corporation	Galleher Corporation distributes floor covering products for residential/commercial projects.	Transom Capital Group, LLC
12/18/2023	Tighe-Zeman Equipment LLC	Tighe-Zeman Equipment LLC distributes fluid processing equipment, mixers, pumps, tanks, and engineered systems.	A.A. Anderson & Co., Inc.
12/15/2023	Substantially all of the assets of Uni-Select USA, I	Substantially all of the assets of Uni-Select USA, Inc. comprises automotive parts distribution business.	LKQ Corporation
12/13/2023	American Chemie, Inc.	American Chemie, Inc. engages in the distribution of chemicals, ingredients, and additives.	Catalynt Solutions, Inc.
12/8/2023	Cool River Beverages LLC	Cool River Beverages LLC engages in the distribution of beverages to retailers.	GlacierPoint Enterprises, Inc.
12/5/2023	Trelltex, Inc.	Trelltex, Inc., doing business as, Texcel, provides industrial products.	Harbour Group Industries, Inc.
12/5/2023	Fasco Fasteners and Supply Company, LLC	Fasco Fasteners and Supply Company, LLC distributes construction fasteners, tools, and supplies.	NEFCO Holding Company LLC
12/4/2023	Winter Equipment Corporation	Winter Equipment Corporation distributes new and used waste handling and recycling equipment, parts, and services.	Komar Industries, Inc.
12/4/2023	J.D. Johnson Co.	J.D. Johnson Co. operates as a HVAC products distributor.	F.W. Webb Company, Inc.
11/27/2023	Dobie Supply, LLC	Dobie Supply, LLC supplies traffic control devices and manufactures roadway and commercial signage.	RoadSafe Traffic Systems, Inc.
11/22/2023	Sierra Packaging, Inc.	Sierra Packaging, Inc. distributes packaging, food service disposables, and JanSan and safety products.	BradyIFS+Envoy Solutions
11/20/2023	International Designs Group LLC	International Designs Group LLC operates as a slab and tile distribution company that specializes in supplying high-quality materials for the kitchen and bath industry.	The Home Depot, Inc.
11/16/2023	ClipLizard Systems, LLC	ClipLizard Systems, LLC distributes automotive clips and fasteners to paint body and equipment distributors.	Auto-Vehicle Parts Co.
11/15/2023	Trimco Millwork	Trimco Millwork engages in the distribution of building products, such as molding, exterior and interior doors, fasteners, hardware, and millwork.	Woodgrain Inc.
11/14/2023	Qualmax Supplies Inc.	Qualmax Supplies Inc. operates as a trading and distributors company.	BradyIFS+Envoy Solutions
11/13/2023	John S. Wilson Lumber Company	John S. Wilson Lumber Company engages in the distribution of lumber yard products to the building industry.	American Builders & Contractors Supply Co., Inc.
11/13/2023	Ryeco Inc.	Ryeco Inc. operates as a distributor of fruits and vegetables.	Tourtelhot & Co., Inc.
11/9/2023	Saladino's, Inc.	Saladino's, Inc. distributes food products for restaurants in California, Arizona, Nevada, and Oregon.	US Foods Holding Corp.
11/9/2023	Neighbors Coffee Company	Neighbors Coffee Company supplies coffee machines and brewing equipment.	Quench USA, Inc.

Source: Capital IQ

## SELECT RECENT SPECIALTY DISTRIBUTION TRANSACTIONS (CONT'D)

Transaction Date	Target Name	Business Description	Acquirer
11/9/2023	Metal Deck Direct	Metal Deck Direct supplies roof decks, composite floor decks, form decks, accessories, and fasteners and services to the construction industry.	SSJS, INC.
11/8/2023	Westland Distributing Partners, LLC	Westland Distributing Partners, LLC distributes manufactured housing supplies.	Style Crest, Inc.
11/8/2023	LC Automotive, Inc.	LC Automotive, Inc., doing business as Eco Automotive Distributors, distributes aftermarket automotive parts to the collision repair market across San Francisco North Bay counties.	Collision Auto Parts LLC
11/7/2023	Access Ingredients, Inc.	Access Ingredients, Inc. distributes personal care cosmetics raw materials.	Vivify Specialty Ingredients
11/7/2023	Mullins Auto Parts & Services	Mullins Auto Parts & Services distributes OEM recycled auto parts for both road and performance automobiles.	Road Tested Parts, LLC
11/2/2023	Power Grid Supply LLC	Power Grid Supply LLC engages in the distribution of transformer parts and components for the production, repair, and remanufacturing of transformers.	EIS Legacy, LLC
11/2/2023	Hoosier Penn Oil Company, Inc.	Hoosier Penn Oil Company, Inc. is a distributors company.	Cadence Petroleum Group
11/1/2023	H & H Roofing Supply, LLC	H & H Roofing Supply, LLC engages in the distribution of residential and non-residential roofing materials.	Beacon Roofing Supply, Inc.
11/1/2023	Advance Shipping Supplies Inc.	Advance Shipping Supplies Inc. distributes industrial supplies, packaging materials, and janitorial products.	Imperial Dade Intermediate Holdings, LLC
11/1/2023	Interior Concepts, Inc.	Interior Concepts, Inc. supplies ceramic tiles, carpet, hardwood, and laminate products for residential and commercial installations.	Impact Floors of Texas, LLC
11/1/2023	Les Attaches Viscan Inc.	Les Attaches Viscan Inc. supplies specialized screws, general fasteners, and related components.	Endries International, Inc.
10/31/2023	Extrusion Technology Group, Inc.	Extrusion Technology Group, Inc. engages in the supply of extrusion equipment and downstream processing equipment.	Davis-Standard, LLC
10/30/2023	Apache Stone LLC	Apache Stone LLC distributes masonry, hardscape, and landscape supplies.	Outdoor Living Supply, LLC
10/30/2023	ADP Distributors Inc.	ADP Distributors Inc. distributes turbocharges, heavy-duty engine parts, fuel injection, racor filtration, and fuel additives.	Cloyes Gear and Products, Inc.
10/26/2023	Iverson's Lumber Company, Inc.	Iverson's Lumber Company, Inc. supplies lumber, building materials, tools, and hardware for contractors, builders, and homeowners.	The Schockman Lumber Company
10/24/2023	Texas Book Company	Texas Book Company distributes textbooks in the United States.	Bibliotech Education Ltd.
10/23/2023	Rose	Rose distributes air compressors, positive displacement blowers, vacuum pumps, nitrogen generators, air dryers, and ancillary equipment.	ISG Enterprises, LLC
10/19/2023	Box PureAir, LLC	Box PureAir, LLC distributes air purification technologies.	SinglePoint Inc.
10/19/2023	Sunrise Electric Supply, Inc.	Sunrise Electric Supply, Inc. operates as an electrical distributor.	Viking Electric Supply, Inc.
10/17/2023	Avera Products, Inc	Avera Products, Inc distributes lawn and garden products.	Syndicate Sales, Inc.
10/16/2023	US LBM Holdings, LLC	US LBM Holdings, LLC distributes specialty building materials in the United States.	Platinum Equity, LLC
10/11/2023	Edward Don & Company, LLC	Edward Don & Company, LLC distributes food service equipment worldwide.	Sysco Corporation
10/10/2023	Bramlett Implement, Inc.	Bramlett Implement, Inc. distributes of agriculture machinery and compact utility tractors and equipment such as ballers, mowers, rotary cutters, gators, other equipment.	Tellus Equipment Solutions, LLC
10/9/2023	Clarion Electric Supply Co.	Clarion Electric Supply Co. distributes electrical parts and equipment.	Schaedler Yesco Distribution Inc.
10/4/2023	Scepter Supply, LLC	Scepter Supply, LLC distributes cementing and centralization equipment as well as bits, reamers, and other drilling equipment.	Summit Casing Equipment
10/4/2023	Decks and Docks Lumber Company, LLC	Decks and Docks Lumber Company, LLC engages in the distribution of marine construction materials.	CCMP Growth Advisors, LP

Source: Capital IQ

## ABOUT LAKESIDE PARTNERS



Lakeside Partners is a boutique investment bank specializing in M&A advisory services. We serve founder & family-owned businesses in the lower middle market by advising their owners through transactions. We leverage decades of experience and relationships to execute processes that unlock exceptional value.

### FIRM CONTACTS

**Tom Newell**  
Managing Director  
(206) 295-9746  
tnewell@lakesidepartners.com

**Josh Garner**  
Managing Director  
(206) 475-8557  
jgarner@lakesidepartners.com

**Chase Wichelmann**  
Director  
(651) 356-1753  
cwichelmann@lakesidepartners.com

**Jacob Atkinson**  
Senior Associate  
(360) 773-9164  
jatkinson@lakesidepartners.com

OFFICE LOCATIONS: SEATTLE | MINNEAPOLIS

### OUR INDUSTRY EXPERIENCE

