KROLL®

Specialty Distribution

Industry Insights

Fall 2026

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Industry Highlights

Overview

- M&A deal volume in the North American industrial distribution industry increased 12.2% in YTD Oct-26 compared with YTD Oct-25
  - Improving financing conditions and narrowing valuation gaps have supported buyer confidence, driving M&A activity across the industrial distribution sector
  - While trade policy uncertainty and geopolitical developments continue to create some caution, business owners are increasingly moving forward with sale processes and buyers remain selective and focused on high-quality assets
  - Strong private equity dry powder, pent-up demand for investment and strategic buyers with strong balance sheets continue to drive M&A activity across specialty distribution
- The industrial distribution segment has seen strong stock performance since Nov-25, posting cumulative growth of 18.0% as of Oct-26.
  - Following a decline in 2025, the consumer discretionary subsector has rebounded and generated cumulative growth of 1.2% as of Oct-26

267 Deals reported in the Industrial Distribution sector in the YTD Oct-26 period

12.2% Increase in year-over-year (YoY) deals between YTD Oct-25 and YTD Oct-26

18.0% Increase in industrial subsector stock performance recorded between November 2025 and October 2026

13.3x Aggregate median enterprise value (EV)/TTM EBITDA multiple within the specialty distribution industry

Sources: Capital IQ, CME FedWatch

Sector Spotlight: Maintenance, Repair and Operations (MRO) Distribution

Consolidation of the North American MRO Distribution Market

The North American MRO distribution market enters late 2026 with improving demand, supported by industrial production gains and ongoing spending on operations, maintenance and safety initiatives. Investment in advanced manufacturing and facility modernization should sustain longer-term demand for small to midsized distributors supplying replacement parts, consumables and value-added services to the broader MRO distribution market.

Despite ongoing consolidation, the market remains highly fragmented, presenting significant opportunities for small to midsized distributors to gain market share from national distributors by offering localized customer support. MRO-focused distributors are increasingly differentiating through vendor-managed inventory programs and online solutions that streamline replenishment, reduce stockouts and lower customers' inventory costs. These value-added services embed distributors in customers' daily operations, creating stickier localized relationships.

Strategic buyers and private equity-backed platforms continue to target businesses with established customer relationships, value-added technical expertise and complementary capabilities to meet immediate and same-day customer needs.

MRO Distribution – Recent M&A Activity and Market Map

Recent MRO Distribution M&A Activity

	Date	Target	Buyer
Kroll served as sell-side advisor	Oct-26	GRADE 8 EIGHT	DSG DISTRIBUTION SOLUTIONS GROUP
	Oct-26	MCE MOTION & CONTROL ENTERPRISES	BERTRAM CAPITAL
	Sep-26	American FASTENERS CORP.	DSG DISTRIBUTION SOLUTIONS GROUP
	Jun-26	DSG DISTRIBUTION SOLUTIONS GROUP	LKCM HEADWATER INVESTMENTS
	Feb-26	obci Ocean Bio-Chem, Inc.	Recochem
	Aug-25	MRO SUPPLY LLC	HAGGARD & STOCKING
	Jun-25	MRC Global	DNOW
	Jan-25	MCKEE	MOTION
	Nov-24	AFI	ENDRIES INTERNATIONAL INC
	Oct-24	HERRON MECHANICAL SALES, LLC	TruckPro

Date	Target	Buyer
Aug-24	ORS Nasco	WC WYNNCHURCH | CAPITAL
Jul-24	Modern Fasteners inc.	NEFCO
Jun-24	CBN Fastening Solutions	AFC Industries
Jun-24	Aptex	MSC BUILT TO MAKE YOU BETTER
Mar-24	Peerless Aerospace	DIPLOMA PLC
Feb-24	kai KAPPE ASSOCIATES INC.	DXP
Dec-23	FRONTIER FASTENER & INDUSTRIAL SUPPLY	H&S Sales Inc.
Sep-23	T.W. INTERNATIONAL INC.	Earnest
Mar-23	STOCKD SUPPLY CONSIDER IT DONE	BLACKHAWK INDUSTRIAL
Mar-23	Hisco A TestEquity Company	DSG DISTRIBUTION SOLUTIONS GROUP

Note: The listed companies are not all pure-play distributors and may also offer in-house manufactured products or ancillary services

Industrial MRO Public Companies Spotlight

Company	DXP NASDAQ: DXPE	FASTENAL NASDAQ: FAST	GRAINGER NYSE: GWW	MSC NYSE: MSM
Share Price[1]	$171.31	$53.06	$1,381.44	$121.90
Market Cap[1]	$2.7 Billion	$60.2 Billion	$64.6 Billion	$6.9 Billion
Revenue Growth[2]	11.5%	13.5%	7.8%	6.4%
EBITDA Growth[2]	16.9%	13.9%	9.0%	17.3%
EV/EBITDA Multiple[2]	14.4x	29.3x	20.9x	15.5x
Market Commentary[3]	*"While the macro environment remains uncertain, including fiscal uncertainty, cautious central bank policies, market volatility, and geopolitical concerns, we believe DXP is well positioned to finish the second half of 2026 with momentum.* We remain focused on executing our strategic initiatives, integrating and pursuing acquisitions, generating strong cash flow, and positioning the Company for continued growth in 2027." **– David Little, Chairman & CEO**	*"Now onto the quarter [Q3 2026]. And for me, I think the headline is pretty simple. Sales grew 15.5%, earnings grew faster than sales. Our net sales were $2.46 billion, up $330 million last year. Operating margin was 21.5%, up 90 basis points, and our return on invested capital reached 32.5%, up 230 basis points. Operating income increased by $90 million last year.* *That's the largest year-over-year increase in a single quarter in Fastenal's history."* **– Jeffery Watts, President & CEO**	*"Despite ongoing geopolitical uncertainty, we executed well during the second quarter and delivered exceptional service to customers. Sales remained strong and core operating profitability was in line with expectations.* *Looking ahead, we are increasing our outlook to reflect our strong first half performance and the continued momentum we are seeing across the demand environment."* **– D.G. Macpherson, Chairman & CEO**	*"While we remain mindful of inflationary headwinds and tougher comparisons looking ahead, we are confident that profitable growth will remain the trend. Our strategic execution is building momentum as our end markets continue to improve.* *This positions MSC well entering fiscal 2027, as demonstrated by first-quarter sales trends showing low double-digit growth to date."* **– Martin Mclsaac, President & CEO**

(1): As of October, 30, 2026; (2): YoY Last Twelve Months (LTM) Nov-25 to Oct-26; (3): Sources: 2026 earnings transcripts

Broader Market Update

M&A Market Commentary

M&A activity in the North American industrial distribution sector has increased above historical levels, reflecting heightened buyer confidence, narrowing valuation gaps between buyers and sellers and improved financing conditions relative to recent years. Strategic and financial buyers continue to pursue high-quality assets with strong growth prospects and value-added capabilities.

Continued investment in manufacturing operations creates optimism for a continued increase in M&A activity. Contributing factors include consolidation of fragmented markets, an abundance of private equity capital seeking deployment, and pent-up demand for investment. Strategic buyers with strong balance sheets also continue to view M&A as an important lever for growth and market expansion.

M&A Transaction Volume: North American Industrial Distribution Industry



Source: Capital IQ
Note: Q4 2025 and Q4 2026 include closed M&A transactions through October 31, 2026

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Specialty Distribution Subsectors

Subsector	Median Public Trading Multiples[1]	Sector Description	Key Industry Participants
Consumer Discretionary	EV/LTM Rev: 1.1x EV/LTM EBITDA: 12.1x EBITDA Margin: 8.3%	Distributors supplying nonessential consumer goods, such as leisure products and luxury goods, catering to consumers' demands that are influenced by economic conditions and purchasing power.	CAPRI HOLDINGS LIMITED, PVH, POOLCORP Where Outdoor Living Comes to Life, tapestry, vf
Consumer Staples	EV/LTM Rev: 0.7x EV/LTM EBITDA: 12.6x EBITDA Margin: 4.9%	Essential product distributors that supply consumers with everyday necessities regardless of economic fluctuations. Consumer staple products include food, beverages, personal care goods and consumer packaged products.	Kimberly-Clark, P&G, PFG Performance Food Group, Sysco, UNFI BETTER FOOD. BETTER FUTURE.
Healthcare	EV/LTM Rev: 0.7x EV/LTM EBITDA: 14.7x EBITDA Margin: 4.8%	Suppliers ensuring the timely and secure delivery of medical products, pharmaceuticals and supplies to healthcare providers, pharmacies and patients, enabling efficient and reliable access to essential healthcare resources.	CardinalHealth, cencora, McKESSON, HENRY SCHEIN®, STERIS
Industrial	EV/LTM Rev: 1.6x EV/LTM EBITDA: 15.6x EBITDA Margin: 9.3%	Suppliers connecting manufacturers with businesses across various end markets by ensuring the distribution of essential industrial products and components.	FASTENAL, FERGUSON®, GRAINGER, DNOW, wesco
Technology	EV/LTM Rev: 0.5x EV/LTM EBITDA: 10.0x EBITDA Margin: 4.3%	Intermediaries connecting manufacturers of technology products and applications with resellers, retailers and end users by managing the distribution of hardware, software and technology services.	ARROW, AVNET, e+, Insight, TD SYNNEX

(1) As of October 30, 2026

Recent Industrials M&A Spotlight

Buyer / Target	Bertram Capital / MCE	Ferguson / FloWorks	QXO / Kodiak
Subsector	Industrials	Industrials	Industrials
Transaction Close	Oct 2026	Aug 2026	Apr 2026
Enterprise Value	Undisclosed	$1.6 Billion	$2.3 Billion
Transaction Multiple	Undisclosed	1.6x Revenue, ~10.0x EBITDA	1.0x Revenue, 9.3x EBITDA
Target Description	Value-added distributor providing application engineering, inventory management and repair services to industrial OEM and MRO customers across the U.S.	Specialty distributor of industrial valves, flow control products and technical services, operating more than 60 locations across the U.S. and Canada	Distributor of building products and MRO-related construction supplies to residential builders, commercial builders and remodelers.
Transaction Commentary	*"We have known Charley for many years and are excited to be partnering with him and the MCE team to scale the business, both organically and through acquisitions."* **- Kevin Yamashita, Managing Partner, Bertram Capital**	*"FloWorks strengthens our leading position in high-growth industrial end markets, while adding meaningful capabilities and geographic coverage which we can leverage across our non-residential customer groups."* **- Kevin Murphy, CEO, Ferguson Enterprises**	*"By acquiring Kodiak, we're providing our customers with a wider range of product offerings and value-added services. In addition, we expect the deal to be highly accretive to 2026 earnings and we remain on track to achieve our goal of $50 billion in annual revenue."* **- Brad Jacobs, Chairman & CEO, QXO, Inc**

Sources: PitchBook, Capital IQ, company press releases

Select Active Strategic Buyers

Buyer	FERGUSON	SiteOne LANDSCAPE SUPPLY	Graybar
Ownership	Public (NYSE:FERG)	Public (NYSE:SITE)	Private
Subsector	Industrial	Industrial	Industrial
Select Acquisitions	Chesapeake Environmental Equipment; Dealers Supply Company Inc; FloWorks; New England Applied Products; Tech Sales NE Environmental Process Technologies; Water Resources	AutumnRidge Stone & Landscape Supply, Inc.; Bourget Bros. Building Materials Bourget Flagstone Co.; CC Landscaping Warehouse; French Broad Stone & Supply Co.; Red's Home & Garden; Reinders	American Power Electrical Supply Co.; Blazer Electric Supply Company; Broken Arrow Electric Supply, Inc.; Samson Electrical Supply; Shepherd electric supply Since 1892; Valin Process Control & Automation
Acquisition Commentary	*Ferguson maintains a strong record of successful geographic and capability acquisitions, completing about 13 since 2024. Ferguson has completed two acquisitions in 2026 and announced three more. These acquisitions are intended to enhance and expand its service offerings as well as its market share*	*SiteOne has closed 27 transactions since 2023. Two of these transactions were closed in Q1 2026. SiteOne aims to continue pursuing strategic acquisitions to better serve its customers, expand market share and strengthen its leadership position across key local markets*	*M&A is a core part of Graybar's growth strategy, enabling the company to expand its geographic footprint, acquire key talent and introduce new product lines. Over the past three years, Core & Main has completed 6 acquisitions*

Sources: Capital IQ, company press releases, company annual filings

Select Active Strategic Buyers

Buyer	Imperial Brady	sonepar	HILLMAN
Ownership	Private Equity	Private	NASDAQ: HLMN
Subsector	Consumer Staples	Industrial	Industrial
Select Acquisitions	AJS We Deliver; San-A-Care, Inc.; Economy Products & Solutions Strategic Sourcing Solutions; BradyPLUS; Inland Supply Co. Industrial Cleaning Products; CALJAN California Janitorial Supply Corp.; Triple F; *Kroll served as sell-side advisor*	FAST Automation; Summit Electric Supply; COVAMA; Echo; Madison Electric Distribution on Demand; Sunrise Electric Supply, Inc.; *Kroll served as sell-side advisor*	Kanebridge Corporation; Delaney; Campbell Chain & Fittings; inlex; Koch Industries Inc
Acquisition Commentary	*Imperial Brady, backed by Bain Capital and Advent International, was formed through the March 2026 merger of Imperial Dade and BradyPLUS and pursues a buy-and-build strategy to expand its product offering and geographic footprint*	*Sonepar targets aggressive growth via M&A, with about 60% of growth in the past 20 years coming from acquisitions. Sonepar completed 17 acquisitions in 2024. Recent M&A targets for Sonepar have included industrial automation and cable and software distributors*	*Hillman continues to pursue strategic acquisitions to expand its specialty distribution footprint, acquiring Kanebridge, Delaney Hardware, and Campbell Chain & Fittings in 2026 to strengthen its presence across industrial fasteners and MRO markets*

Sources: Capital IQ, company press releases, company annual filings

Relevant Kroll Specialty Distribution Experience

Select Recent Specialty Distribution Case Study

Sell Side Advisor

GRADE 8 EIGHT

a portfolio company of

SHOREVIEW

has been acquired by

LAWSON DSG DISTRIBUTION SOLUTIONS GROUP

Exclusive financial advisor to GradeEight

GradeEight Holdings operates as a national distributor of maintenance, repair and operations ("MRO") products through its two divisions, Winzer and FastServ

- Winzer is a general-line distributor of fasteners and consumable maintenance supplies, offering more than 70,000 products from over 1,000 vendors. Winzer markets and sells through a network of approximately 300 independent, route-based franchisees, serving customers across industrial, automotive, institutional, government, military and facility end markets
- FastServ operates a network of brick-and-mortar stores offering a similar product assortment to Winzer's, primarily serving customers within a regional geographic footprint

Kroll served as the exclusive financial advisor to GradeEight in connection with its sale to Lawson, a division of Distribution Solutions Group ("DSG")

- DSG is a premier multi-platform specialty distribution company providing high-touch, value-added distribution solutions to the MRO, OEM, and industrial technologies markets. DSG's divisions include Lawson Products, Gexpro Services, and TestEquity
- DSG serves over 200,000 customers in several diverse end markets supported by approximately 4,300 dedicated employees and strong vendor partnerships

Market Commentary

"GradeEight, through its Winzer and FastServ Supply businesses, has successfully built a differentiated on-site business with committed franchisees serving a loyal customer base"

– **J. Bryan King, Chairman and CEO, Distribution Solutions Group**

GradeEight Operating Divisions

WINZER®

FASTSERV SUPPLY®

ONESOURCE

Source: Distribution Solutions Group Press Release, October 13, 2026

Select Kroll Specialty Distribution Experience

Recently Closed Deals Spotlight

Sell Side Advisor

ATEX DISTRIBUTING

has been acquired by

CLAVIS CAPITAL PARTNERS

Exclusive financial advisor to ATEX Distributing

ATEX Distributing and affiliated companies ("ATEX") is a specialty distributor of HVAC equipment for commercial modular construction, offering a comprehensive suite of HVAC products, technical expertise and services. ATEX's extensive product range is supported by tenured relationships with its suppliers and is further enhanced by value-added services and technical capabilities, such as conceptual engineering, customizable units, repair and post-sale services.

Sell Side Advisor

STUART INDUSTRIES

has been acquired by

FDH

a portfolio company of

Audax Private Equity

Exclusive financial advisor to Stuart Industries

Stuart Industries is an aerospace fastener distributor serving commercial, defense, and space programs worldwide. Known for its tradition of excellence and personalized service, the company supplies major aircraft and aerospace manufacturers around the globe, providing specialized fastening solutions to support demanding aerospace applications and customer requirements.

Additional Specialty Distribution Experience

Sell Side Advisor

STRATTON AVIATION

has been acquired by

IOP INDUSTRIAL OPPORTUNITY PARTNERS

Exclusive financial advisor to Stratton Aviation

Sell Side Advisor

CALCO AEROSPACE

has been acquired by

FDH

a portfolio company of

Audax Private Equity

Exclusive financial advisor to Calco Aerospace

Sell Side Advisor

TAPCO Safe travels.

has been acquired by

PEAK ROCK CAPITAL

Exclusive financial advisor to TAPCO

Sell Side Advisor

TRI STAR INDUSTRIAL

has been acquired by

VENTURI SUPPLY

a portfolio company of

TRIVE CAPITAL

Exclusive financial advisor to Tri Star Industrial

Sell Side Advisor

O'Neil ELECTRIC SUPPLY LIMITED

has been acquired by

FRANKLIN EMPIRE

Exclusive financial advisor to O'Neil Electric

Sell Side Advisor

SUNRISE ELECTRIC SUPPLY, INC.

has been acquired by

sonepar

Exclusive financial advisor to Sunrise Electric



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