M&A INSIGHTS

Distribution

Q2 2026

ksm
Corporate Finance

KSM Corporate Finance
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Distribution M&A Insights

Q2 Update: Resilience Amid Moderating Volume

M&A activity moderated in the second quarter, reversing the rebound in transaction volume seen earlier in the year. The decline reflects an M&A market that remains uneven. Buyers continue to prioritize strategic fit, resilient business models, and certainty of close over increasing deal volume. Transaction activity returned to levels near the fourth quarter of 2025 and remained below the pace established during the first half of 2025. Despite the broader slowdown, industrial and building products distribution continued to demonstrate relative resilience.

Strategic acquirers remained the primary source of transaction activity, supported by strong balance sheets and a continued focus on acquisitions that expand market presence, strengthen capabilities, or generate identifiable synergies. Private equity firms remained active but disciplined, with add-on acquisitions continuing to drive sponsor-backed activity. While capital remains readily available, buyers continue to maintain a selective and highly disciplined approach to new investments.

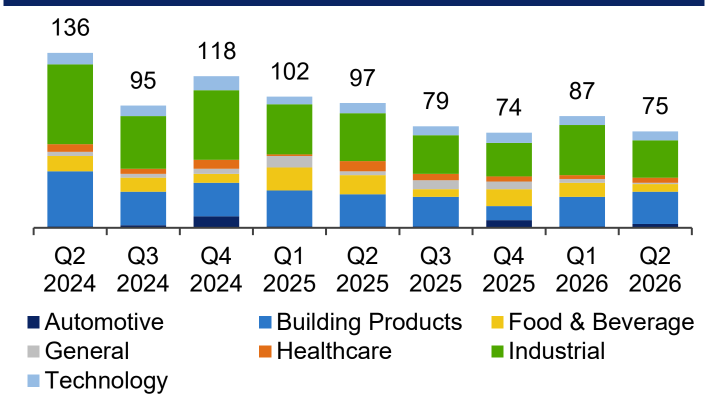
Looking ahead, the outlook for distribution M&A remains constructive, supported by sustained strategic buyer demand and continued interest in high-quality platforms. Distributors with defensible value-added capabilities, technical expertise, or attractive end-market exposure should continue to command strong buyer interest and competitive sale processes. Ongoing consolidation across building products distribution further reinforces the value of scale, strategic positioning, and proven execution.

> Our scale-advantaged business model and consistent cash generation enable us to invest in organic growth, consolidate our markets through acquisitions and return capital to shareholders.
>
> ***Kevin Murphy***
> *CEO*
> FERGUSON

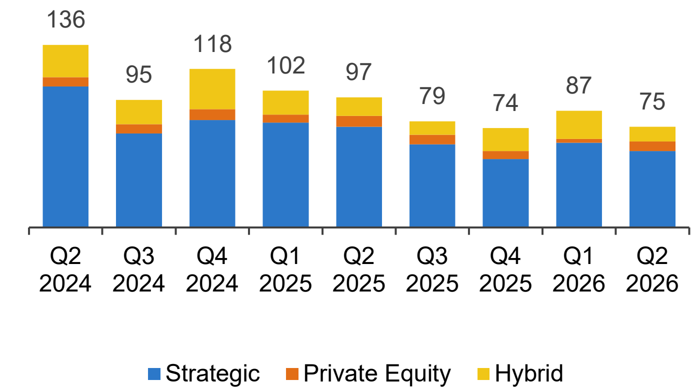
Key Distribution M&A Themes

- **Strategic Buyers Continue to Lead:** Strategic acquirers remain the most active buyers, supported by strong balance sheets and the ability to realize synergies.
- **Add-On Acquisitions Remain a Priority:** Private equity continues to favor add-ons that expand existing platforms and build scale.
- **Activity Remains Resilient:** Although Q2 transaction volume declined, deal activity occurred across end markets, with the industrial and building products end markets accounting for the strongest activity.
- **Private Equity Remains Selective but Active:** Sponsors continue to deploy capital while maintaining disciplined underwriting with a focus on high-quality assets.

Transaction Count by Segment



Transaction Count by Buyer Type



Source: Wall Street Research, Capital IQ, SEC Filings

Private Equity Spotlights

Hybrid M&A activity drove 14.7% of total distribution transactions in Q2 2026.

Active Private Equity Platforms

Platform	Ownership	Segment	Recent Transactions
Compactor Rentals of America	Kinderhook Industries	Industrial	6/5/26 – Reddy Equipment (Solon, OH) 6/2/26 – Diamond Compactor Rentals (Rantoul, IL) 4/30/26 – Tower Compactor Rentals (Scottsdale, AZ)
RelaDyne	American Industrial Partners	Automotive	11/20/26 – Sac River Holding (Springfield, MO) 5/31/26 – Chart Distribution Group (St. Louis, MO) 12/29/25 – Dion & Sons (Long Beach, CA)
White Cap	CD&R	Building Products	5/5/26 – Concrete Systems (Newark, NJ) 2/9/26 – Colony Hardware (Wyoming, MI) 8/6/25 – Beaver Source (Laredo, TX)
GME Supply	Incline Equity Partners	Industrial	5/5/26 – ASK Tower Supply (Albuquerque, NM) 9/11/25 – Wayne Enterprises (Houston, TX) 7/7/25 – Peak Trading Corporation (Saugerties, NY)
SouthernCarlson	TrueLink Capital	Industrial	5/1/26 – W Construction Supply (North Canton, OH) 3/18/26 – Greenwald Supply Direct (Hyattsville, MD) 1/21/26 – Kyocera Industrial Tools (Fukuyama, Japan)

Key Private Equity Activity

Key Private Equity Platform Acquisitions	Target:	Material Handling Exchange	Tallman Equipment Co., Inc.	Productivity Quality Inc
	Acquirer:	Architect Equity	Platte River Equity	Warren Equity Partners
	Date:	6/9/26	6/9/26	5/22/26
Key Private Equity Platform Exits	Target:	Total Safety Supplies & Solutions (Littlejohn & Co.)	FDH (Audax Group)	Brothers International Food Holdings, LLC (B·C·P)
	Acquirer:	Mill Point Capital	BainCapital	SK Capital
	Date:	6/13/26	6/8/26	4/22/26

Source: Wall Street Research, Capital IQ, SEC Filings

Key Deals Spotlight

DXP Enterprises (NASDAQ: DXPE) Acquires General Repair Service

NASDAQ: DXPE

On June 17, 2026, **DXP Enterprises (NASDAQ: DXPE)** ("DXP") completed the acquisition of **General Repair Service** ("GRS"), a Vadnais Heights, Minnesota-based provider of pumps, blowers and related process equipment and services. Founded in 1955, GRS serves water and wastewater and industrial customers across Minnesota and adjacent markets. The acquisition expands DXP's water and wastewater platform, establishes a presence in Minnesota and adds strong service, repair and technical-sales capabilities. DXP funded the transaction with cash from its balance sheet.

Read more about this deal online.

SRS Distribution Acquires Mingledorff's

On May 11, 2026, **SRS Distribution, a subsidiary of The Home Depot (NYSE: HD)** ("SRS") completed the acquisition of **Mingledorff's**, a wholesale distributor of HVAC equipment, parts and supplies serving residential and commercial customers through 42 locations across five Southeastern states. The acquisition adds HVAC distribution as a new vertical for SRS and broadens its suite of products, distribution network and strengthens its ability to serve professional customers across a wider range of trade products and services.

Read more about this deal online.

Robert Madden Industries Acquires AC Supply Co.

On May 11, 2026, **Robert Madden Industries** ("RMI") completed the acquisition of **AC Supply Co.** ("AC Supply"), a Fort Worth, Texas-based wholesale distributor of HVAC equipment, parts and supplies. Founded in 1959, AC Supply serves HVAC contractors through locations in the Arlington and Fort Worth areas. The acquisition expands RMI's presence across the Dallas-Fort Worth market, increasing its local branch network to five locations. The transaction also adds AC Supply's parts-and-supplies expertise, enabling RMI to serve customers with a wider equipment and product offering.

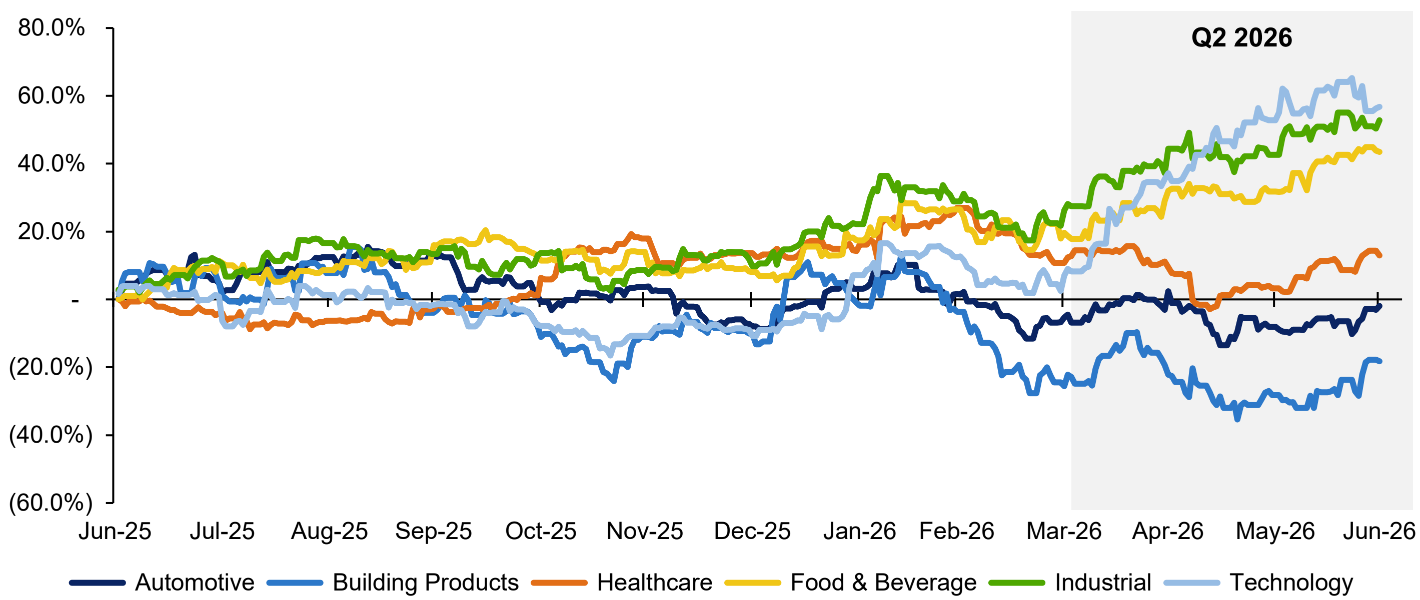
Read more about this deal online.

Source: Wall Street Research, Capital IQ, SEC Filings

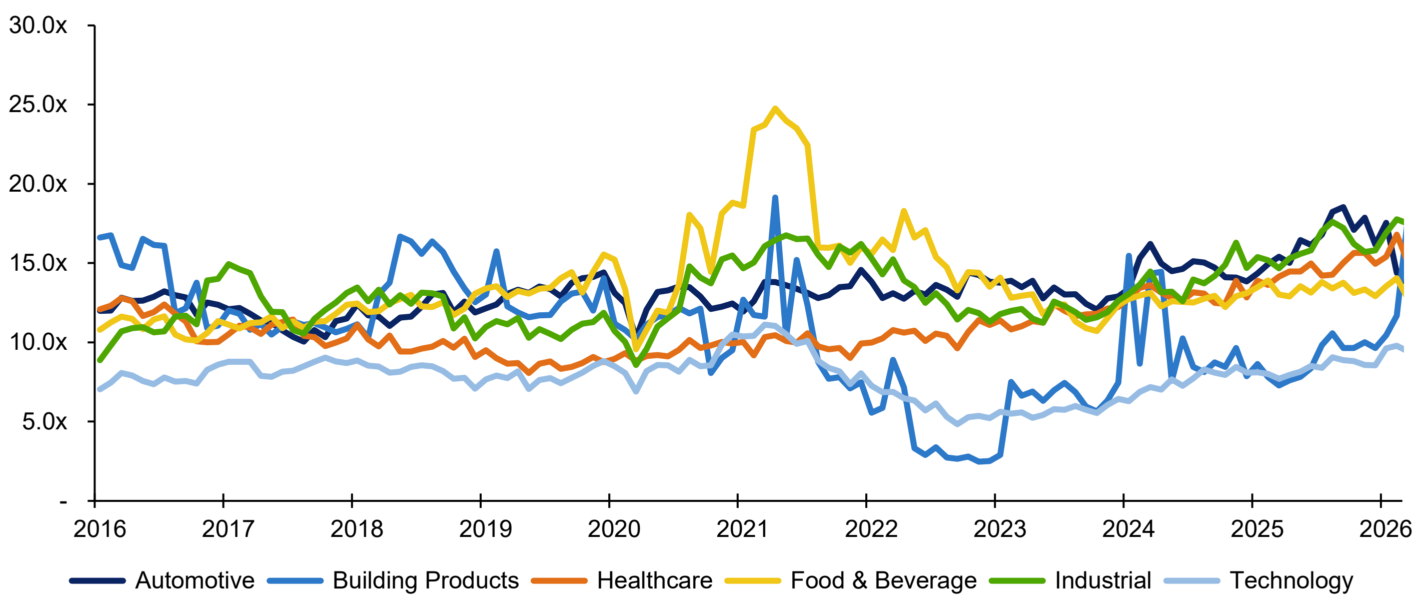
Public Valuation Trends

Valuations across the distribution industry rose slightly from Q1 2026 in Q2 2026, with most verticals increasing through the quarter. Automotive and building products distributors were the exception, posting negative share price performance in the quarter based on select industry subvertical performance.

One-Year Share Price Performance by Segment



Rolling EV/EBITDA by Segment



Source: Wall Street Research, Capital IQ, SEC Filings

Public Trading Data

Operating Statistics

	LTM Revenues		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	$(M)	3 yr CAGR	$(M)	Margin	3 yr CAGR	$(M)	Margin	$(M)	% Sales	EBITDA	Capital	EBITDA
Automotive												
Advance Auto Parts, Inc.	$8,632	(2.0%)	$570	6.6%	(12.7%)	$68	0.8%	$266	3.1%	4.7x	71.9%	9.9x
AutoZone, Inc.	19,986	5.2%	4,264	21.3%	3.6%	2,478	12.4%	1,439	7.2%	2.7x	127.0%	3.1x
Genuine Parts Company	25,072	3.2%	2,053	8.2%	(0.2%)	33	0.1%	426	1.7%	2.5x	59.4%	3.2x
LKQ Corporation	13,688	2.2%	1,403	10.2%	(6.6%)	464	3.4%	200	1.5%	2.8x	45.1%	3.8x
O'Reilly Automotive, Inc.	$18,573	7.3%	$4,170	22.5%	6.6%	$2,650	14.3%	$1,133	6.1%	2.0x	123.7%	2.3x
Mean		**3.2%**		**13.8%**	**(1.9%)**		**6.2%**		**3.9%**	**3.0x**	**85.4%**	**4.5x**
Median		**3.2%**		**10.2%**	**(0.2%)**		**3.4%**		**3.1%**	**2.7x**	**71.9%**	**3.2x**
Building Products												
BlueLinx Holdings Inc.	$3,010	(12.8%)	$79	2.6%	(30.8%)	($2)	(0.1%)	$16	0.5%	7.6x	51.9%	8.5x
Builders FirstSource, Inc.	14,449	(12.6%)	1,023	7.1%	(31.1%)	103	0.7%	259	1.8%	4.3x	56.7%	5.1x
QXO, Inc.	$9,898	-	$588	5.9%	nmf	($656)	(6.6%)	$112	1.1%	8.8x	36.3%	12.0x
Mean		**(8.4%)**		**5.2%**	**(31.0%)**		**(2.0%)**		**1.2%**	**6.9x**	**48.3%**	**8.5x**
Median		**(12.6%)**		**5.9%**	**(31.0%)**		**(0.1%)**		**1.1%**	**7.6x**	**51.9%**	**8.5x**
Healthcare												
Cardinal Health, Inc.	$254,248	7.4%	$4,244	1.7%	19.6%	$1,714	0.7%	$649	0.3%	2.2x	137.4%	2.4x
Cencora, Inc.	332,771	10.4%	5,546	1.7%	18.8%	2,625	0.8%	761	0.2%	2.4x	81.7%	2.6x
Henry Schein, Inc.	13,602	1.4%	1,080	7.9%	0.4%	403	3.0%	131	1.0%	3.2x	44.7%	3.5x
McKesson Corporation	$410,983	13.4%	$7,071	1.7%	14.2%	$4,592	1.1%	$437	0.1%	1.5x	112.4%	1.7x
Mean		**8.2%**		**3.2%**	**13.3%**		**1.4%**		**0.4%**	**2.3x**	**94.1%**	**2.5x**
Median		**8.9%**		**1.7%**	**16.5%**		**1.0%**		**0.2%**	**2.3x**	**97.0%**	**2.5x**
Food & Beverage												
Performance Food Group Company	$64,340	6.4%	$1,701	2.6%	10.5%	$359	0.6%	$384	0.6%	4.0x	61.4%	4.6x
Sysco Corporation	84,553	3.5%	4,554	5.4%	6.6%	1,757	2.1%	700	0.8%	3.0x	84.9%	3.3x
The Chefs' Warehouse, Inc.	4,392	16.7%	260	5.9%	20.9%	92	2.1%	36	0.8%	2.9x	59.4%	3.6x
US Foods Holding Corp.	40,133	5.0%	1,783	4.4%	9.7%	728	1.8%	423	1.1%	2.9x	55.8%	3.0x
United Natural Foods, Inc.	$31,206	3.2%	$575	1.8%	(2.3%)	($38)	(0.1%)	$174	0.6%	3.1x	66.4%	5.5x
Mean		**7.0%**		**4.0%**	**9.1%**		**1.3%**		**0.8%**	**3.2x**	**65.6%**	**4.0x**
Median		**5.0%**		**4.4%**	**9.7%**		**1.8%**		**0.8%**	**3.0x**	**61.4%**	**3.6x**
Industrial												
DXP Enterprises, Inc.	$2,139	10.8%	$236	11.0%	16.0%	$93	4.4%	$16	0.7%	3.5x	62.4%	3.8x
Fastenal Company	8,749	5.5%	1,955	22.3%	5.2%	1,352	15.5%	243	2.8%	0.2x	9.8%	0.2x
MSC Industrial Direct Co., Inc.	3,909	0.7%	444	11.4%	(8.7%)	231	5.9%	86	2.2%	1.2x	28.1%	1.3x
WESCO International, Inc.	25,013	3.2%	1,588	6.3%	(2.1%)	715	2.9%	109	0.4%	3.5x	56.3%	4.2x
W.W. Grainger, Inc.	$18,845	5.6%	$3,216	17.1%	6.1%	$1,870	9.9%	$665	3.5%	0.8x	38.3%	0.9x
Mean		**5.2%**		**13.6%**	**3.3%**		**7.7%**		**1.9%**	**1.8x**	**39.0%**	**2.1x**
Median		**5.5%**		**11.4%**	**5.2%**		**5.9%**		**2.2%**	**1.2x**	**38.3%**	**1.3x**
Technology												
Arrow Electronics, Inc.	$35,925	(6.0%)	$1,471	4.1%	(10.2%)	$812	2.3%	$111	0.3%	1.4x	23.5%	1.5x
Avnet, Inc.	27,633	-	802	2.9%	na	334	1.2%	74	0.3%	4.3x	40.9%	4.3x
ScanSource, Inc.	$3,086	(4.9%)	$122	3.9%	(9.7%)	$73	2.4%	$9	0.3%	0.9x	11.1%	0.9x
Mean		**(3.6%)**		**3.6%**	**(9.9%)**		**1.9%**		**0.3%**	**2.2x**	**25.1%**	**2.2x**
Median		**(4.9%)**		**3.9%**	**(9.9%)**		**2.3%**		**0.3%**	**1.4x**	**23.5%**	**1.5x**

Source: Wall Street Research, Capital IQ, SEC Filings

Public Trading Data

Trading Multiples

	Price	% 52-Wk	Market	Net	Tot. Ent.	Total Enterprise Value / Revenues		Total Enterprise Value / EBITDA		P / E	
	06/30/26	High	Cap	Debt	Value	LTM	NFY	LTM	NFY	LTM	NFY
Automotive											
Advance Auto Parts, Inc.	$62.22	88.9%	$3,754	$2,694	$6,448	0.7x	0.7x	11.3x	10.0x	nmf	19.3x
AutoZone, Inc.	3,195.94	72.8%	52,175	12,816	64,991	3.3x	3.0x	15.2x	13.6x	21.9x	19.1x
Genuine Parts Company	117.98	77.8%	16,237	6,111	22,348	0.9x	0.9x	10.9x	10.1x	nmf	14.7x
LKQ Corporation	26.33	66.2%	6,709	5,036	11,745	0.9x	0.8x	8.4x	8.0x	14.7x	9.1x
O'Reilly Automotive, Inc.	$92.09	84.7%	76,316	9,325	85,642	4.6x	4.4x	20.5x	19.4x	29.2x	26.6x
Mean		**78.1%**				**2.1x**	**2.0x**	**13.3x**	**12.2x**	**22.0x**	**17.7x**
Median		**77.8%**				**0.9x**	**0.9x**	**11.3x**	**10.1x**	**21.9x**	**19.1x**
Building Products											
BlueLinx Holdings Inc.	$61.88	70.1%	$482	$353	$835	0.3x	0.3x	10.5x	8.1x	nmf	32.9x
Builders FirstSource, Inc.	89.48	59.2%	9,624	5,173	14,797	1.0x	1.0x	14.5x	13.3x	96.3x	24.2x
QXO, Inc.	$17.28	62.6%	12,533	7,281	19,814	2.0x	1.3x	nmf	9.8x	nmf	35.8x
Mean		**64.0%**				**1.1x**	**0.8x**	**12.5x**	**10.4x**	**96.3x**	**31.0x**
Median		**62.6%**				**1.0x**	**1.0x**	**12.5x**	**9.8x**	**96.3x**	**32.9x**
Healthcare											
Cardinal Health, Inc.	$237.56	98.6%	$55,638	$5,301	$60,939	0.2x	0.2x	14.4x	13.8x	32.9x	18.9x
Cencora, Inc.	282.98	75.0%	55,057	11,836	66,893	0.2x	0.2x	12.1x	11.1x	21.0x	14.6x
Henry Schein, Inc.	83.52	93.5%	9,514	5,222	14,736	1.1x	1.1x	13.6x	12.1x	24.3x	14.8x
McKesson Corporation	$755.60	75.6%	88,464	9,571	98,035	0.2x	0.2x	13.9x	12.7x	20.2x	16.2x
Mean		**85.7%**				**0.4x**	**0.4x**	**13.5x**	**12.4x**	**24.6x**	**16.1x**
Median		**84.6%**				**0.2x**	**0.2x**	**13.8x**	**12.4x**	**22.7x**	**15.5x**
Food & Beverage											
Performance Food Group Company	$111.79	99.1%	$17,561	$7,689	$25,250	0.4x	0.4x	14.8x	11.6x	48.8x	20.0x
Sysco Corporation	83.58	91.0%	39,967	13,181	53,148	0.6x	0.6x	11.7x	11.1x	22.8x	16.5x
The Chefs' Warehouse, Inc.	96.10	98.4%	3,919	811	4,730	1.1x	1.0x	18.2x	14.3x	45.7x	34.8x
US Foods Holding Corp.	102.25	99.6%	22,518	5,349	27,867	0.7x	0.7x	15.6x	12.4x	31.5x	19.7x
United Natural Foods, Inc.	$45.67	80.1%	2,764	3,112	5,876	0.2x	0.2x	10.2x	8.0x	nmf	14.8x
Mean		**93.7%**				**0.6x**	**0.6x**	**14.1x**	**11.5x**	**37.2x**	**21.1x**
Median		**98.4%**				**0.6x**	**0.6x**	**14.8x**	**11.6x**	**38.6x**	**19.7x**
Industrial											
DXP Enterprises, Inc.	$168.74	91.8%	$2,616	$688	$3,305	1.5x	1.5x	14.0x	11.6x	29.7x	23.5x
Fastenal Company	48.03	94.9%	55,140	237	55,377	6.3x	5.9x	28.3x	24.9x	41.1x	35.9x
MSC Industrial Direct Co., Inc.	118.95	97.8%	6,641	481	7,123	1.8x	1.7x	16.0x	13.5x	28.7x	22.5x
WESCO International, Inc.	345.43	91.4%	16,824	5,890	22,714	0.9x	0.9x	14.3x	11.9x	23.9x	19.0x
W.W. Grainger, Inc.	$1,360.40	97.8%	64,229	2,590	66,819	3.5x	3.4x	20.8x	19.0x	34.7x	28.0x
Mean		**94.7%**				**2.8x**	**2.7x**	**18.7x**	**16.2x**	**31.6x**	**25.8x**
Median		**94.9%**				**1.8x**	**1.7x**	**16.0x**	**13.5x**	**29.7x**	**23.5x**
Technology											
Arrow Electronics, Inc.	$213.41	89.9%	$10,912	$2,000	$12,912	0.4x	0.3x	8.8x	7.0x	13.6x	9.7x
Avnet, Inc.	88.82	93.2%	7,285	3,320	10,606	0.4x	0.3x	13.2x	6.5x	34.7x	8.4x
ScanSource, Inc.	$52.09	99.4%	$1,059	($8)	$1,051	0.3x	0.3x	8.6x	7.1x	15.8x	12.0x
Mean		**94.2%**				**0.4x**	**0.3x**	**10.2x**	**6.9x**	**21.4x**	**10.0x**
Median		**93.2%**				**0.4x**	**0.3x**	**8.8x**	**7.0x**	**15.8x**	**9.7x**

Source: Wall Street Research, Capital IQ, SEC Filings

Distribution Industry Practice Team

Mike Brown
Partner & Managing Director
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Mike has more than 20 years of experience as a financial advisor to business owners, capital providers, and executive teams in a variety of M&A and financing transactions. Mike earned a Bachelor of Science degree in finance from the Leeds School of Business at the University of Colorado and received a Master of Business Administration degree with honors from the Booth School of Business at the University of Chicago. He holds FINRA securities registrations Series 7, 63, and 82.

Justin Pinto
Vice President
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Justin is a vice president in the investment banking practice. In his role, Justin is responsible for managing and executing M&A client engagements and assists in leading KSMCF's distribution practice. Justin received his Bachelor of Arts degree in Business with a minor in organizational leadership from Hope College in 2018 and is a member of ACG Western Michigan and the Van Andel Institute JBoard.

Alex Zoref
Analyst
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Alex joined KSM Corporate Finance as an intern in 2025 and started full-time in the summer of 2026. He supports KSMCF's M&A advisory and capital raise activities. His responsibilities include industry research, financial modeling, material creation, and more. He earned his Bachelor of Science in Business degree in finance and international business from the Kelley School of Business at Indiana University in 2026.

Recent Distribution Industry Experience

Allied Vision Group
National Lens • Opticon Inc. • PL LLC

Completed a recapitalization through

Mercantile Bank of Michigan

ksm Corporate Finance

UNICOA
Construction • Pipeline • Industrial Supply

Has been acquired by

NEFCO

A portfolio company of

Bertram Capital

ksm Corporate Finance

John A. Van Den Bosch Co.

Has been acquired by

Rubelmann Capital

ksm Corporate Finance

Fleet Engineers

Has been acquired by

Tramec Sloan

ksm Corporate Finance

Underground Pipe & Valve, Inc.

Has been acquired by

Ferguson

ksm Corporate Finance

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M&A INSIGHTS

KSM Corporate Finance

Selling a business, buying a company, or raising capital are big decisions. You need advice that's practical, informed, and grounded in how businesses actually run.

KSM Corporate Finance provides lower-middle-market investment banking with a hands-on, straightforward approach that is backed by the expanded resources, industry depth, and integrated capabilities of KSM.

Our team brings deep M&A experience combined with KSM's national advisory platform – giving clients more perspective, more connectivity, and more support, without losing the high-touch experience clients have long valued.

One team. Integrated support. Practical advice.

Type	Expertise
Sell-Side Advisory	▪ Exit readiness and planning ▪ Positioning and value narrative development ▪ Buyer identification and outreach ▪ Process management and negotiations
Buy-Side Advisory	▪ Acquisition strategy and target screening ▪ Financial analysis and diligence support ▪ Valuation, structuring, and negotiations
Capital Advisory	▪ Debt and equity alternatives ▪ Lender and investor preparation ▪ Recapitalizations and minority investments
Valuation & Strategic Alternatives	▪ Business and transaction valuation ▪ Strategic alternatives assessments ▪ Ownership and shareholder planning

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