



M&A INSIGHTS

Distribution

Q3 2026

ksm
Corporate Finance

Distribution M&A Insights

Q3 Update: Transaction Volume Rebounds

M&A activity rebounded in the third quarter, reversing the decline in transaction volume seen in the second quarter. Transaction count rose to 87, up 16% from 75 in Q2 2026 and 10% from 79 in Q3 2025, matching Q1 2026 as the highest quarterly total since the second quarter of 2025. The increase reflects an M&A market that is regaining momentum, although buyers continue to prioritize strategic fit, resilient business models, and certainty of close. Industrial distribution led the recovery, while building products activity softened from the prior quarter.

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 and hybrid transactions drove the quarter's increase, 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.



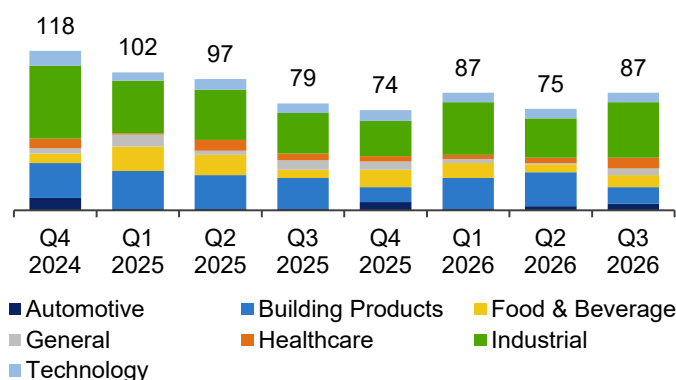
Kanebridge diversifies our customer base and expands our presence in the industrial distribution channel, which is positioned to benefit from secular tailwinds.

Jon Michael Adinolfi
President & CEO
HILLMAN™

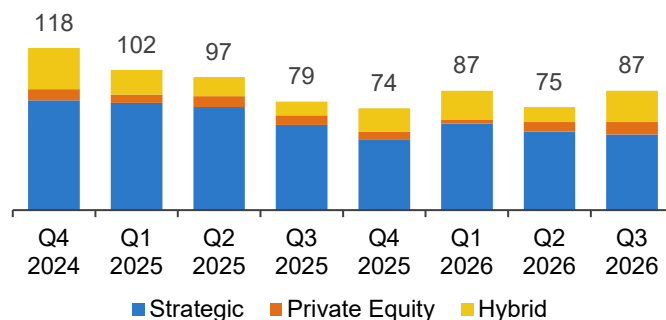
Key Distribution M&A Themes

- **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.
- **Industrial Leads the Rebound:** Q3 volume increased across most end markets, led by industrial distribution, while building products moderated from Q2.
- **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 26.4% of total distribution transactions in Q3 2026.

Active Private Equity Platforms			
Platform	Ownership	Segment	Recent Transactions
	AMERICAN INDUSTRIAL PARTNERS	Automotive	9/17/26 – Rossee Oil (Eatonton, GA) 7/31/26 – OilRed (Itagui, Colombia) 5/31/26 – Chart Distribution Group (St. Louis, MO)
	CD&R	Building Products	9/1/26 – Ace Contractors Supply (La Grange, TX) 8/3/26 – Gierke-Robinson (Davenport, IA) 5/5/26 – Concrete Systems (Newark, NJ)
	Kinderhook INDUSTRIES	Industrial	6/5/26 – Reddy Equipment (Solon, OH) 6/3/26 – Diamond Compactor Rentals (Rantoul, IL) 4/30/26 – Tower Compactor Rentals (Scottsdale, AZ)
	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)
	TRUELINK CAPITAL	Industrial	5/1/26 – W Construction Supply (North Canton, OH) 3/18/26 – Greenwald Supply Direct (Hyattsville, MD) 11/24/20 – Manor Hardware (Lynnwood, WA)

Key Private Equity Activity				
Key Private Equity Platform Acquisitions	Target:			
	Acquirer:			
	Date:	9/29/26	9/24/26	8/24/26
Key Private Equity Platform Exits	Target:	 Kinderhook INDUSTRIES	 CM EQUITY PARTNERS	 SLATE CAPITAL GROUP
	Acquirer:			
	Date:	8/26/26	7/23/26	7/16/26

Source: Wall Street Research, Capital IQ, SEC Filings

Key Deals Spotlight

Hillman Solutions (NASDAQ: HLMN) Acquires Kanebridge Corporation

HILLMAN
(NASDAQ: HLMN)



K KANEBRIDGE
CORPORATION

On September 3, 2026, **Hillman Solutions (NASDAQ: HLMN)** (“Hillman”) completed the acquisition of **Kanebridge Corporation** (“Kanebridge”), a master distributor of commercial and military-grade fasteners. Kanebridge supplies more than 44,000 fastener SKUs to distributors across the U.S. and Canada. The approximately \$315 million acquisition, first announced on August 3, 2026, establishes Hillman’s U.S. industrial master distribution presence and expands its industrial addressable market to approximately \$3 billion. Hillman funded the transaction with cash, revolver borrowings and a new term loan.

[Read more about this deal online.](#)

DXP Enterprises (NASDAQ: DXPE) Acquires Mequipco Ltd

DXP
(NASDAQ: DXPE)



MEQUIPCO
50 YEARS

On August 1, 2026, **DXP Enterprises (NASDAQ: DXPE)** (“DXP”) completed the acquisition of **Mequipco Ltd** (“Mequipco”), a Calgary, Alberta-based manufacturer’s representative for mechanical equipment used in municipal and industrial water and wastewater systems. Founded in 1974, Mequipco serves Western Canada through three locations. The acquisition gives DXP Water its first platform in Canada and marks DXP’s fifth acquisition of 2026. DXP announced the closing on August 4 and funded the transaction with cash from its balance sheet and DXP common stock.

[Read more about this deal online.](#)

FreightCar America (NASDAQ: RAIL) Acquires Southern Parts & Equipment

**FREIGHTCAR
AMERICA**
(NASDAQ: RAIL)



Southern Parts & Equipment

On July 21, 2026, **FreightCar America (NASDAQ: RAIL)** (“FreightCar America”) completed the acquisition of **Southern Parts & Equipment, Inc.** (“SP&E”), a Monroe, Georgia-based distributor of new, used and reconditioned railcar parts and equipment. SP&E serves repair shops, railroads, private car owners and other industrial customers, and also provides rail industry consulting, inspections and project-related services. The transaction is FreightCar America’s second railcar aftermarket acquisition in the past year and is expected to be immediately accretive.

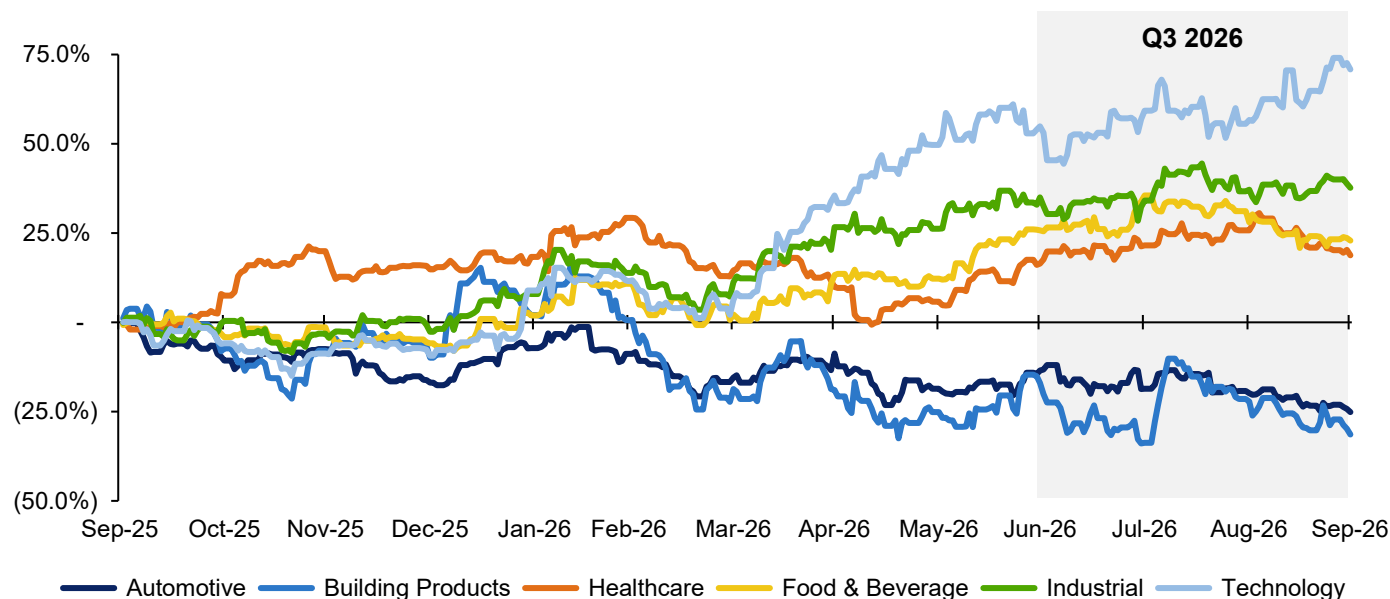
[Read more about this deal online.](#)

Source: Wall Street Research, Capital IQ, SEC Filings

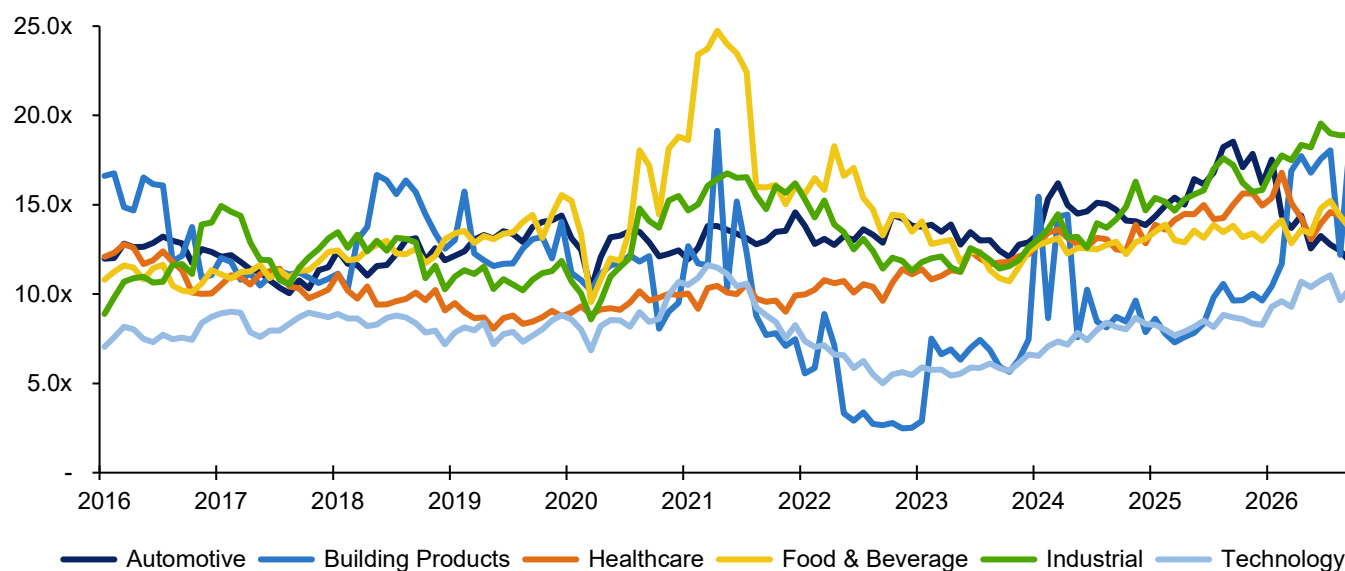
Public Valuation Trends

Distribution share prices diverged in Q3 2026. Technology led with a gain of about 10%, while healthcare and industrial each rose about 2% and food & beverage slipped 2%. Automotive and building products fell 14% and 17%, extending their one-year declines to 25% and 31%.

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.	\$8,622	(2.0%)	\$629	7.3%	(5.3%)	\$109	1.3%	\$289	3.4%	4.5x	71.4%	4.0x
AutoZone, Inc.	20,339	5.2%	4,342	21.3%	3.0%	2,573	12.6%	1,496	7.4%	2.7x	124.2%	2.9x
Genuine Parts Company	25,072	3.2%	2,053	8.2%	(0.2%)	33	0.1%	426	1.7%	2.5x	59.4%	3.0x
LKQ Corporation	13,688	2.2%	1,403	10.2%	(6.6%)	464	3.4%	200	1.5%	2.8x	45.1%	3.6x
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%	2.2x
Mean		3.2%		13.9%	(0.5%)		6.3%		4.0%	2.9x	84.7%	3.1x
Median		3.2%		10.2%	(0.2%)		3.4%		3.4%	2.7x	71.4%	3.0x
Building Products												
BlueLinX Holdings Inc.	\$3,010	(12.8%)	\$79	2.6%	(30.8%)	(\$2)	(0.1%)	\$16	0.5%	7.6x	51.9%	4.5x
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	-	\$592	6.0%	nmf	(\$656)	(6.6%)	\$112	1.1%	8.8x	36.3%	12.3x
Mean		(12.7%)		5.2%	(31.0%)		(2.0%)		1.2%	6.9x	48.3%	7.3x
Median		(12.7%)		6.0%	(31.0%)		(0.1%)		1.1%	7.6x	51.9%	5.1x
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%	1.2x
Cencora, Inc.	332,771	10.4%	5,546	1.7%	18.8%	2,625	0.8%	761	0.2%	2.4x	81.7%	2.1x
Henry Schein, Inc.	13,602	1.4%	1,080	7.9%	0.4%	403	3.0%	131	1.0%	3.2x	44.7%	4.8x
McKesson Corporation	\$410,983	13.4%	\$7,071	1.7%	14.2%	\$4,592	1.1%	\$437	0.1%	1.5x	112.4%	1.4x
Mean		8.2%		3.2%	13.3%		1.4%		0.4%	2.3x	94.1%	2.4x
Median		8.9%		1.7%	16.5%		1.0%		0.2%	2.3x	97.0%	1.7x
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%	4.5x
Sysco Corporation	84,553	3.5%	4,493	5.3%	6.1%	1,757	2.1%	700	0.8%	3.1x	85.0%	3.0x
The Chefs' Warehouse, Inc.	4,392	16.7%	260	5.9%	20.9%	92	2.1%	36	0.8%	2.9x	59.4%	3.1x
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.	\$31,152	1.0%	\$631	2.0%	9.8%	\$84	0.3%	\$217	0.7%	3.0x	65.2%	4.8x
Mean		6.5%		4.1%	11.4%		1.4%		0.8%	3.2x	65.3%	3.7x
Median		5.0%		4.4%	9.8%		1.8%		0.8%	3.0x	61.4%	3.1x
Industrial												
Applied Industrial Technologies, Inc.	\$4,967	4.0%	\$615	12.4%	5.4%	\$415	8.3%	\$24	0.5%	0.7x	20.6%	0.6x
DXP Enterprises, Inc.	2,139	10.8%	236	11.0%	16.0%	93	4.4%	16	0.7%	3.5x	62.4%	2.9x
Fastenal Company	9,079	5.5%	2,044	22.5%	6.6%	1,418	15.6%	257	2.8%	0.2x	9.8%	0.1x
MSC Industrial Direct Co., Inc.	3,909	0.7%	444	11.4%	(8.7%)	231	5.9%	86	2.2%	1.2x	28.1%	1.1x
WESCO International, Inc.	25,013	3.2%	1,588	6.3%	(2.1%)	715	2.9%	109	0.4%	3.5x	56.3%	3.7x
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%	0.8x
Mean		5.0%		13.5%	3.9%		7.8%		1.7%	1.7x	35.9%	1.5x
Median		4.8%		11.9%	5.8%		7.1%		1.5%	1.0x	33.2%	0.9x
Technology												
Arrow Electronics, Inc.	\$35,925	(6.0%)	\$1,471	4.1%	(10.2%)	\$812	2.3%	\$111	0.3%	1.4x	23.5%	1.4x
Avnet, Inc.	27,633	1.4%	802	2.9%	(9.8%)	334	1.2%	74	0.3%	4.3x	40.9%	4.1x
ScanSource, Inc.	\$3,226	(5.2%)	\$127	3.9%	(8.2%)	\$79	2.4%	\$9	0.3%	0.8x	10.9%	0.2x
Mean		(3.3%)		3.6%	(9.4%)		2.0%		0.3%	2.2x	25.1%	1.9x
Median		(5.2%)		3.9%	(9.8%)		2.3%		0.3%	1.4x	23.5%	1.4x

Note: LTM figures reflect each company's most recently reported fiscal quarter as of 09/30/26; most companies had not yet reported Q3 2026.
Source: Wall Street Research, Capital IQ, SEC Filings

Public Trading Data

Trading Multiples

	Price 09/30/26	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /					
						Revenues		EBITDA		P / E	
						LTM	NFY	LTM	NFY	LTM	NFY
Automotive											
Advance Auto Parts, Inc.	\$38.91	59.7%	\$2,350	\$2,508	\$4,858	0.6x	0.6x	7.7x	7.7x	27.9x	11.6x
AutoZone, Inc.	2,830.02	65.9%	45,770	12,539	58,309	2.9x	2.7x	13.4x	12.3x	18.6x	16.6x
Genuine Parts Company	125.74	83.0%	17,334	6,111	23,446	0.9x	0.9x	11.4x	10.6x	nmf	15.7x
LKQ Corporation	22.83	61.5%	5,776	5,036	10,812	0.8x	0.8x	7.7x	7.4x	12.8x	7.9x
O'Reilly Automotive, Inc.	\$85.41	79.1%	69,093	9,325	78,419	4.2x	4.0x	18.8x	17.7x	27.1x	24.6x
Mean		69.8%				1.9x	1.8x	11.8x	11.1x	21.6x	15.3x
Median		65.9%				0.9x	0.9x	11.4x	10.6x	22.8x	15.7x
Building Products											
BlueLinx Holdings Inc.	\$71.13	75.8%	\$559	\$353	\$912	0.3x	0.3x	11.5x	8.8x	nmf	37.9x
Builders FirstSource, Inc.	57.01	43.4%	6,134	5,173	11,307	0.8x	0.8x	11.1x	10.5x	61.4x	17.1x
QXO, Inc.	\$11.69	42.3%	12,128	7,281	19,409	2.0x	1.0x	nmf	10.4x	nmf	29.0x
Mean		53.8%				1.0x	0.7x	11.3x	9.9x	61.4x	28.0x
Median		43.4%				0.8x	0.8x	11.3x	10.4x	61.4x	29.0x
Healthcare											
Cardinal Health, Inc.	\$222.50	86.1%	\$51,522	\$5,301	\$56,823	0.2x	0.2x	13.4x	12.8x	30.8x	17.7x
Cencora, Inc.	300.25	79.5%	57,296	11,836	69,132	0.2x	0.2x	12.5x	12.4x	22.3x	15.6x
Henry Schein, Inc.	83.97	91.1%	9,358	5,222	14,580	1.1x	1.0x	13.5x	11.9x	24.5x	14.8x
McKesson Corporation	\$853.81	85.5%	99,546	9,571	109,117	0.3x	0.2x	15.4x	14.2x	22.8x	18.3x
Mean		85.6%				0.4x	0.4x	13.7x	12.8x	25.1x	16.6x
Median		85.8%				0.2x	0.2x	13.4x	12.6x	23.6x	16.7x
Food & Beverage											
Performance Food Group Company	\$91.51	77.9%	\$14,416	\$7,689	\$22,105	0.3x	0.3x	13.0x	10.1x	40.0x	16.1x
Sysco Corporation	77.96	84.9%	38,350	13,265	51,615	0.6x	0.6x	11.5x	10.7x	21.3x	15.4x
The Chefs' Warehouse, Inc.	112.17	95.3%	4,576	811	5,387	1.2x	1.1x	20.7x	16.3x	53.4x	40.8x
US Foods Holding Corp.	92.21	82.8%	19,948	5,349	25,297	0.6x	0.6x	14.2x	11.2x	28.4x	17.7x
United Natural Foods, Inc.	\$44.79	78.6%	2,702	2,998	5,700	0.2x	0.2x	9.0x	7.6x	33.4x	13.4x
Mean		83.9%				0.6x	0.6x	13.7x	11.2x	35.3x	20.7x
Median		82.8%				0.6x	0.6x	13.0x	10.7x	33.4x	16.1x
Industrial											
Applied Industrial Technologies, Inc.	\$332.29	88.7%	\$12,195	\$356	\$12,551	2.5x	2.4x	20.4x	18.8x	30.3x	27.6x
DXP Enterprises, Inc.	181.21	87.1%	2,812	688	3,500	1.6x	1.5x	14.8x	12.3x	31.9x	25.2x
Fastenal Company	49.53	93.6%	56,836	240	57,075	6.3x	5.8x	27.9x	25.0x	42.3x	35.9x
MSC Industrial Direct Co., Inc.	123.72	94.8%	6,909	481	7,391	1.9x	1.8x	16.6x	13.9x	29.9x	23.1x
WESCO International, Inc.	359.59	93.3%	17,524	5,890	23,414	0.9x	0.9x	14.7x	12.3x	24.9x	19.7x
W.W. Grainger, Inc.	\$1,245.76	87.7%	58,676	2,590	61,266	3.3x	3.0x	19.1x	17.4x	31.8x	25.7x
Mean		90.9%				2.8x	2.5x	18.9x	16.6x	31.9x	26.2x
Median		91.0%				2.2x	2.1x	17.8x	15.7x	31.1x	25.5x
Technology											
Arrow Electronics, Inc.	\$227.00	95.6%	\$11,556	\$2,000	\$13,555	0.4x	0.3x	9.2x	7.4x	14.5x	10.3x
Avnet, Inc.	99.95	95.6%	8,203	3,320	11,524	0.4x	0.3x	14.4x	7.1x	24.9x	9.5x
ScanSource, Inc.	\$58.73	87.9%	\$1,183	\$23	\$1,206	0.4x	0.3x	9.5x	7.3x	16.1x	12.1x
Mean		93.1%				0.4x	0.3x	11.0x	7.3x	18.5x	10.6x
Median		95.6%				0.4x	0.3x	9.5x	7.3x	16.1x	10.3x

Note: LTM figures reflect each company's most recently reported fiscal quarter as of 09/30/26; most companies had not yet reported Q3 2026.

Source: Wall Street Research, Capital IQ, SEC Filings

Distribution Industry Practice Team



Mike Brown
Partner & Managing Director
mike.brown@ksmcpa.com

Mike is a partner and managing director at KSM Corporate Finance with more than 20 years of experience advising business owners, capital providers, and executive teams on M&A and financing transactions. He earned a Bachelor of Science degree in finance from the Leeds School of Business at the University of Colorado and a Master of Business Administration degree with honors from the Booth School of Business at the University of Chicago. He holds FINRA Series 7, 63, and 82 registrations.



Justin Pinto
Vice President
justin.pinto@ksmcpa.com

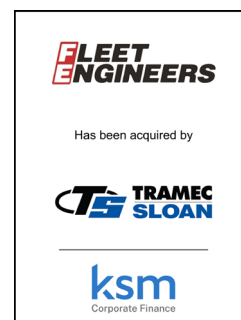
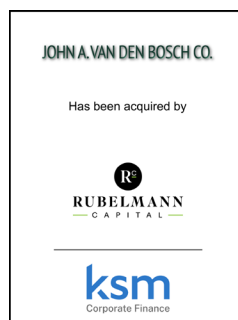
Justin is a vice president at KSM Corporate Finance, where he manages and executes M&A client engagements and helps lead the firm's distribution practice. He earned a Bachelor of Arts degree in business, with a minor in organizational leadership, from Hope College in 2018. He is a member of ACG Western Michigan and the Van Andel Institute JBoard.



Alex Zoref
Analyst
alexander.zoref@ksmcpa.com

Alex is an analyst at KSM Corporate Finance, where he supports M&A advisory and capital raising engagements. He joined the firm as an intern in 2025 and started full-time in the summer of 2026. His responsibilities include industry research, financial modeling, and preparing transaction materials. He earned a Bachelor of Science in Business degree in finance and international business from the Kelley School of Business at Indiana University in 2026.

Distribution Industry Experience



Transactions were performed by principals of KSMCF acting in their capacity as registered representatives of M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from KSM Corporate Finance and Katz, Sapper & Miller.

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

Broker dealer services offered through M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from KSM Corporate Finance and Katz, Sapper & Miller. The testimonials presented may not be representative of the experience of other clients and are not indicative of future performance or success.

M&A Advisory Team

Mike Brown

Partner & Managing Director
mike.brown@ksmcpa.com

Mark Streekstra

Partner & Managing Director
mark.streekstra@ksmcpa.com

Jenny Dakoske

Director
jenny.dakoske@ksmcpa.com

Zach Wiersma

Director
zach.wiersma@ksmcpa.com

Justin Pinto

Vice President
justin.pinto@ksmcpa.com

Mike Welch

Vice President
mike.welch@ksmcpa.com

Matt Miller

Associate
matt.miller@ksmcpa.com

Cam Gugel

Associate
cameron.gugel@ksmcpa.com

Gavin Houtkooper

Analyst
gavin.houtkooper@ksmcpa.com

Alex Zoref

Analyst
alexander.zoref@ksmcpa.com