

BAIRD'S DISTRIBUTION SECTOR REVIEW

December 2024

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EXECUTIVE SUMMARY

WHAT WE'RE WATCHING AS 2025 GETS UNDERWAY

KEY THEMES

SUMMARY THOUGHTS

Managing Potential Tariffs

Many industrial supplies are sourced from China (fasteners predominantly so) and we would expect distributors to adjust sales prices, passing on any increases to customers to maintain gross margin percentage. While we view incremental inflation ultimately as a net positive for distributors, repricing timing lags and demand erosion could represent near-term challenges. Tariffs could also impact how quickly rates moderate into the back half of 2025.

Recovering Industrial Demand

De-stocking has mostly worked its way through the channel yet distributor performance has lagged the prolific growth seen in 2021-early 2023. Weaker industrial production activity remains the major obstacle for distributors, as PMI has been in contraction since October 2022. Industrial pent-up demand, expectations of further rate cuts and post-election stability are fueling confidence that the industrial environment will improve throughout 2025.

Continued North American Nearshoring and Reshoring

In response to prolonged supply chain disruptions and increasing global tensions, manufacturers are prioritizing investments in domestic capabilities to reduce supply chain risks. Domestic manufacturing construction spending has surged more than 200% compared to pre-COVID levels, and since 2020 the U.S. has added back over 1 million jobs. The shift toward nearshoring and reshoring is expected to create substantial incremental demand over the mid- to longer-term for distributors across various subsectors, driven by the economic flywheel effect generated by the expansion of manufacturing operations throughout the country.

Numerous Factors Suggest An Uptick in M&A Activity Throughout 2025

Due to their powerful combination of large and diverse markets, secular tailwinds, attractive niches and clear equity story, a range of subsectors within distribution will continue to attract investor interest throughout 2025. Further, several technical factors combine to suggest a strong outlook in M&A for distributors throughout 2025. First, sponsor DPI is holding at 14-year lows, indicating private equity firms should be more motivated to seek exits. Additionally, the current constructive and available debt markets provide favorable conditions for exits. Finally, the number of private equity owned portfolio companies in the U.S. continues to rise, now surpassing 11,500, creating a larger pool of potential targets.

2024 BAIRD GLOBAL INDUSTRIAL CONFERENCE RECAP

BAIRD

KEY TAKEAWAYS



New Industrial Up-Cycle
Forming



Election Impact: Managing
Trade / Tariff Uncertainty



Labor Constraints Continue to
Drive Demand



Larger Providers Will Continue
to Take Share as Customers
Consolidate Spend



Cost Inflation and Pricing
Pressure Still Prevalent for High
Volume, Less Technical Products

2024 INDUSTRIAL CONFERENCE 1X1 MEETINGS AND PRESENTERS



KEY CONSIDERATIONS FOR INVESTORS

BAIRD

BAIRD'S 2024 DISTRIBUTION ACTIVITY



Baird's Unique, Recent Involvement Across the Distribution Ecosystem Provides Differentiated Insights

KEY DILIGENCE CONSIDERATIONS



Price / Volume

Ability for business to maintain price increases from last several years

Volume improvements from share gains, expanded product set, etc.



End Market Exposure

Underlying end market exposure and ability to diversify

Assets levered to high-growth (i.e., data centers, life sciences, etc.) end markets and away from historically cyclical (e.g., new build, O&G, etc.) trading at differentiated multiples



Commodity Costs

Volatility in the underlying commodity driving margin expansion and contraction in certain end markets

Investors are underwriting price risk inherent to commoditized product sets



Tech-Enablement & Integration

Level of technology and data science capabilities

Level of integration across the Company – cross-selling, back-office, common systems / ERP, best practice sharing, culture and data usage



Margin Sustainability

Sustainability of margin expansion and potential contraction

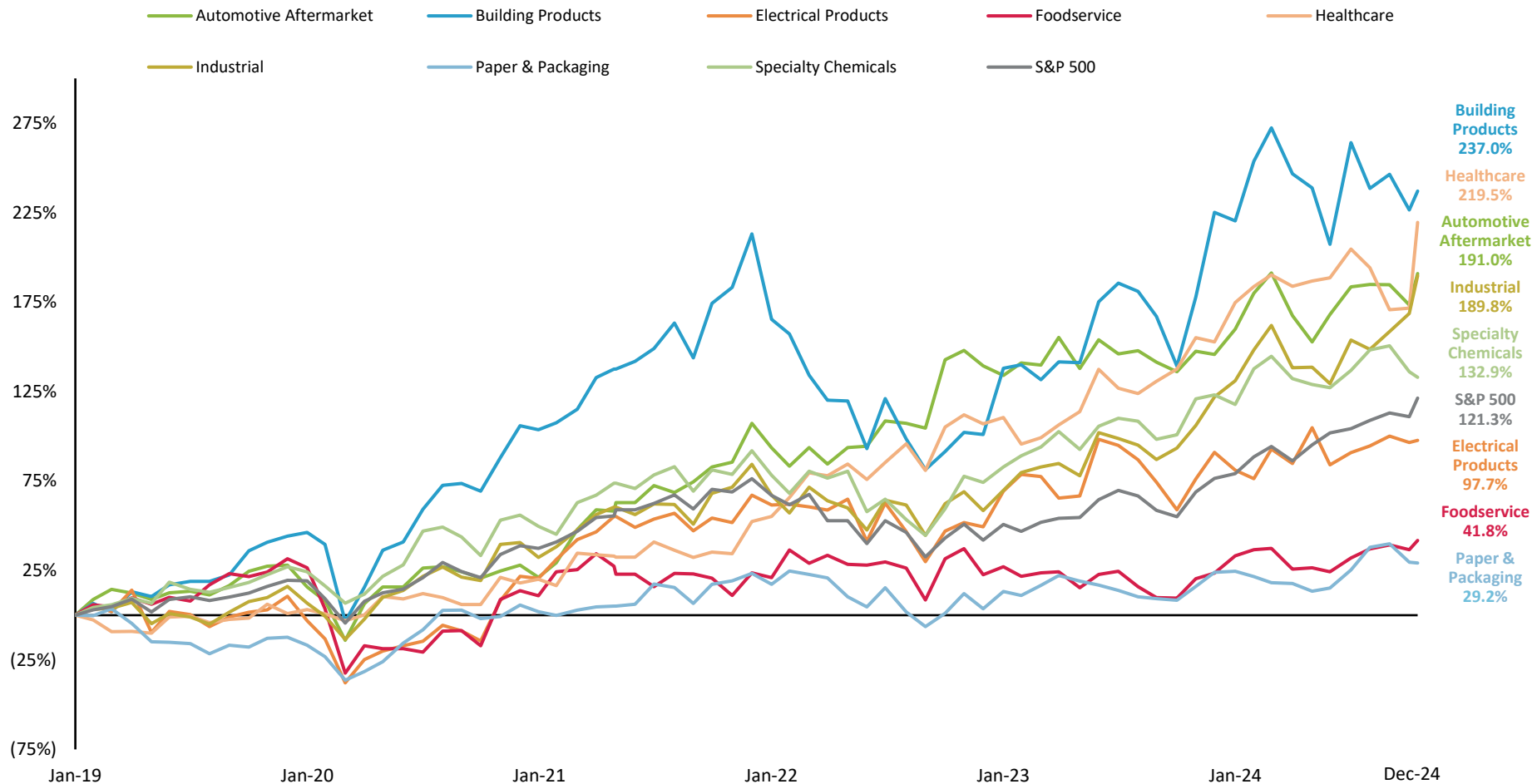
A grayscale photograph of a large industrial robotic arm in a factory setting. The arm is positioned on the left, extending towards the center. The background shows a high ceiling with a complex steel truss structure and large windows. A blue semi-transparent banner is overlaid across the middle of the image.

PUBLIC MARKET UPDATE

DISTRIBUTION STOCK PERFORMANCE

Distribution stocks across subsectors have provided investors positive returns over the last 5 years, with Building Products, Healthcare, Automotive Aftermarket, Industrial and Specialty Chemicals outperforming the S&P 500

RELATIVE STOCK PRICE PERFORMANCE (LAST FIVE YEARS)



Source: Capital IQ as of December 2024.

Note: Distributor subsector indexes inclusive of distributors listed on pages 6-7.

VALUATION STATISTICS AS OF DECEMBER 2024

Company Name	Market Cap	TEV	Net Debt / EBITDA	TEV / EBITDA		Stock Performance	
				2024E	2025E	2023	2024
(USD in millions)							
Automotive Aftermarket							
AutoZone, Inc.	\$53,579	\$65,809	2.8x	15.1x	15.0x	5%	23%
Genuine Parts Company	\$17,620	\$22,546	2.4x	10.9x	11.0x	(18%)	(7%)
LKQ Corporation	\$10,214	\$15,651	3.2x	9.1x	9.0x	(9%)	(15%)
O'Reilly Automotive, Inc.	71,772	79,297	2.0x	21.3x	20.3x	13%	31%
Median	\$35,599	\$44,178	2.6x	13.0x	13.0x	(2%)	8%
Building Products Distributors							
ADENTRA Inc.	\$736	\$1,308	3.2x	7.0x	6.4x	15%	31%
Beacon Roofing Supply, Inc.	\$6,995	\$10,630	3.9x	11.4x	10.8x	65%	30%
Beijer Ref AB (publ)	\$7,986	\$8,922	2.4x	21.2x	19.4x	1%	29%
BlueLinx Holdings Inc.	\$1,053	\$1,163	0.8x	8.9x	9.5x	59%	11%
Builders FirstSource, Inc.	\$21,460	\$25,469	1.7x	11.0x	11.2x	157%	12%
Ferguson Enterprises Inc.	\$43,346	\$48,292	1.6x	16.1x	15.8x	55%	13%
GMS Inc.	\$3,942	\$5,561	2.8x	9.5x	9.2x	66%	22%
Installed Building Products, Inc.	\$6,400	\$6,960	1.1x	13.6x	13.4x	118%	27%
Pool Corporation	\$14,350	\$15,496	1.7x	22.9x	21.9x	34%	(4%)
SiteOne Landscape Supply, Inc.	\$6,915	\$7,808	2.3x	20.7x	18.6x	39%	(6%)
Travis Perkins plc	\$2,037	\$3,140	2.7x	7.8x	7.2x	(3%)	(7%)
TopBuild Corp.	11,454	12,786	1.2x	11.9x	11.8x	139%	4%
Watsco, Inc.	20,673	21,017	(0.1x)	25.9x	23.6x	77%	32%
Median	\$6,995	\$8,922	1.7x	11.9x	11.8x	59%	13%
Electrical Products							
Arrow Electronics, Inc.	\$6,319	\$9,417	2.7x	8.4x	8.2x	17%	(2%)
Avnet, Inc.	\$4,757	\$7,675	3.6x	9.4x	9.0x	24%	11%
Rexel S.A.	\$7,690	\$11,908	2.7x	7.5x	7.1x	43%	3%
WESCO International, Inc.	\$10,367	\$15,302	3.2x	10.1x	9.8x	40%	23%
Median	\$7,005	\$10,663	3.0x	8.9x	8.6x	32%	7%
Foodservice							
HF Foods Group Inc.	\$199	\$406	5.6x	11.1x	9.4x	32%	(29%)
Performance Food Group Company	\$13,748	\$19,486	3.6x	12.2x	10.7x	18%	28%
SpartanNash Company	\$641	\$1,548	3.5x	6.0x	6.0x	(21%)	(15%)
Sysco Corporation	\$37,878	\$50,584	3.0x	11.8x	11.1x	(2%)	8%
The Chefs' Warehouse, Inc.	\$1,768	\$2,647	4.1x	12.3x	11.4x	(12%)	52%
United Natural Foods, Inc.	1,488	4,996	6.5x	9.3x	9.0x	(58%)	53%
US Foods Holding Corp.	16,252	21,139	2.8x	12.2x	11.3x	33%	54%
Median	\$1,768	\$4,996	3.6x	11.8x	10.7x	(2%)	28%

VALUATION STATISTICS AS OF DECEMBER 2024 (CONT.)

Company Name	Market Cap	TEV	Net Debt / EBITDA	TEV / EBITDA		Stock Performance	
				2024E	2025E	2023	2024
(USD in millions)							
Healthcare							
Cardinal Health, Inc.	\$29,583	\$31,881	0.8x	10.9x	10.0x	34%	23%
Cencora, Inc.	\$48,620	\$51,251	0.3x	12.5x	11.9x	25%	24%
Henry Schein, Inc.	\$9,607	\$13,941	2.7x	13.0x	12.3x	(5%)	2%
McKesson Corporation	\$79,782	\$84,903	0.8x	14.9x	13.8x	24%	36%
Owens & Minor, Inc.	1,039	3,166	3.9x	5.8x	5.4x	(1%)	(30%)
Median	\$29,583	\$31,881	0.8x	12.5x	11.9x	24%	23%
Industrial							
Applied Industrial Technologies, Inc.	\$10,562	\$10,596	0.1x	19.4x	18.9x	38%	60%
Bossard Holding AG	\$1,742	\$2,023	1.9x	14.4x	12.5x	13%	(8%)
Bufab AB (publ)	\$1,416	\$1,680	2.8x	16.3x	17.1x	68%	7%
Core & Main, Inc.	\$9,353	\$12,057	2.9x	13.2x	12.9x	109%	20%
Distribution Solutions Group, Inc.	\$1,832	\$2,612	4.4x	14.7x	12.7x	71%	24%
Diploma PLC	\$7,594	\$8,234	1.0x	19.2x	18.7x	32%	27%
DXP Enterprises, Inc.	\$1,150	\$1,690	3.0x	9.4x	8.6x	22%	117%
Fastenal Company	\$47,870	\$48,105	0.1x	28.2x	26.7x	41%	32%
Global Industrial Company	\$1,080	\$1,127	0.5x	13.0x	11.6x	70%	(25%)
MRC Global Inc.	\$1,191	\$1,779	1.1x	8.7x	8.8x	(5%)	27%
MSC Industrial Direct Co., Inc.	\$4,801	\$5,349	1.2x	11.8x	13.2x	29%	(12%)
DNOW Inc.	1,593	1,401	(1.2x)	8.6x	8.9x	(11%)	33%
RS Group plc	4,300	4,856	1.3x	10.6x	10.2x	(6%)	(11%)
W.W. Grainger, Inc.	58,700	60,818	0.6x	21.0x	20.1x	51%	47%
Median	\$3,066	\$3,734	1.2x	13.8x	12.8x	35%	25%
Paper & Packaging							
Bunzl plc	\$14,974	\$17,645	1.8x	11.7x	11.5x	18%	14%
Macfarlane Group PLC	\$211	\$266	1.1x	5.6x	5.6x	16%	(8%)
Richards Packaging Income Fund	\$233	\$268	0.9x	6.9x	6.7x	(16%)	(10%)
TAKKT AG	550	696	2.4x	10.7x	11.3x	7%	(35%)
Median	\$392	\$482	1.4x	8.8x	9.0x	11%	(9%)
Specialty Chemicals							
L'Air Liquide S.A.	\$95,653	\$108,527	1.5x	13.0x	12.3x	35%	(0%)
Azelis Group NV	\$4,739	\$6,324	2.8x	11.6x	11.1x	(16%)	(16%)
Brenntag SE	\$9,293	\$12,153	1.9x	7.8x	7.4x	43%	(24%)
DKSH Holding AG	\$4,826	\$5,207	0.6x	9.7x	9.5x	(14%)	16%
Hawkins, Inc.	\$2,813	\$2,919	0.7x	18.2x	18.1x	85%	92%
IMCD N.V.	8,538	10,217	2.8x	16.9x	16.2x	20%	(8%)
Linde plc	219,504	238,009	1.3x	18.6x	17.8x	28%	13%
Median	\$8,538	\$10,217	1.5x	13.0x	12.3x	28%	(0%)
Overall Median ⁽¹⁾	\$7,294	\$9,170	2.2x	11.8x	11.3x	25%	13%

Source: Capital IQ as of December 2024.

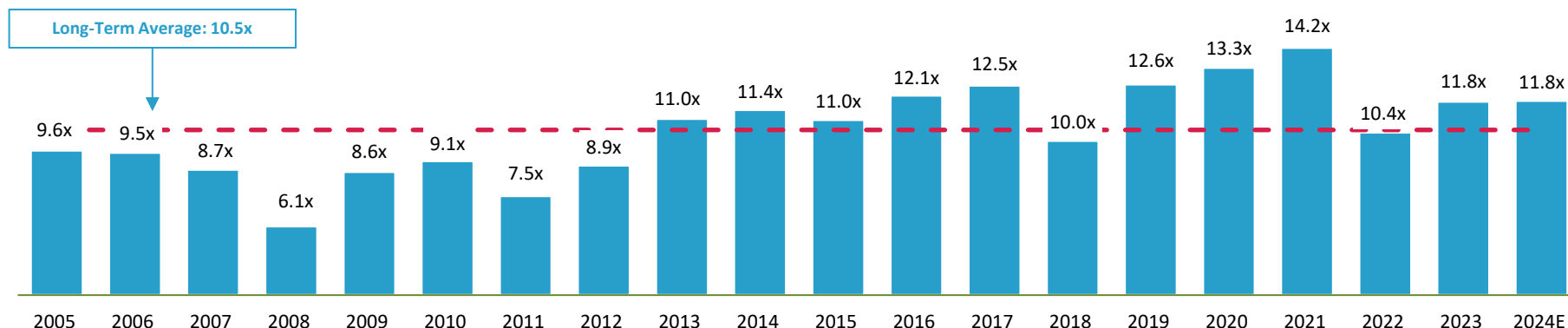
(1) Overall Median includes distributors listed on pages 6-7.

SUPPORTIVE PUBLIC DISTRIBUTOR VALUATION TRAJECTORY

Valuation multiples have contracted following record levels in 2020 and 2021, however, remain in-line with long-term historical averages

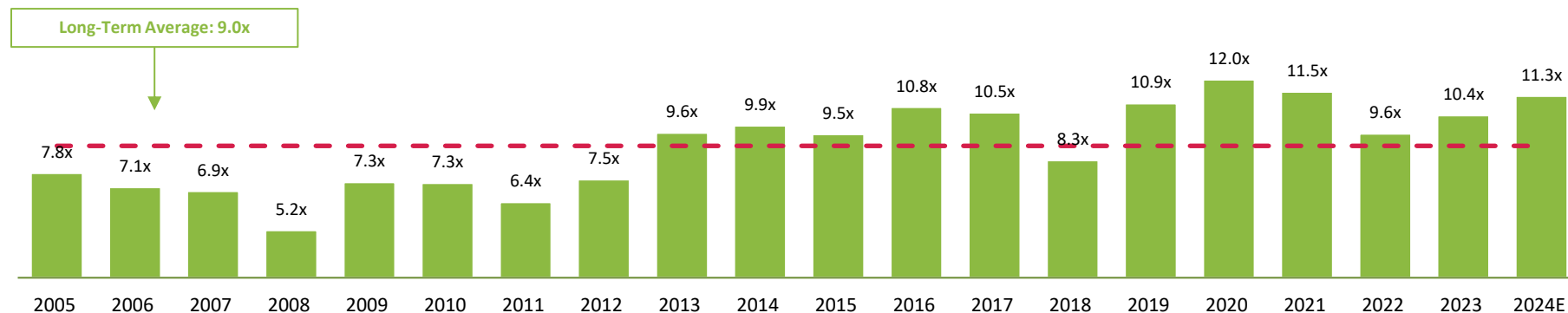
TEV / LTM EBITDA MULTIPLE

(median YE EV / LTM EBITDA multiple of distributor group)



TEV / NTM EBITDA MULTIPLE

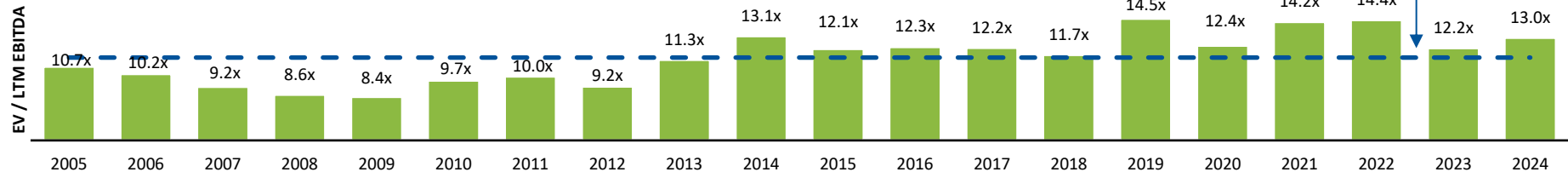
(median YE EV / NTM EBITDA multiple of distributor group)



VALUATION TRENDS BY SUBSECTOR

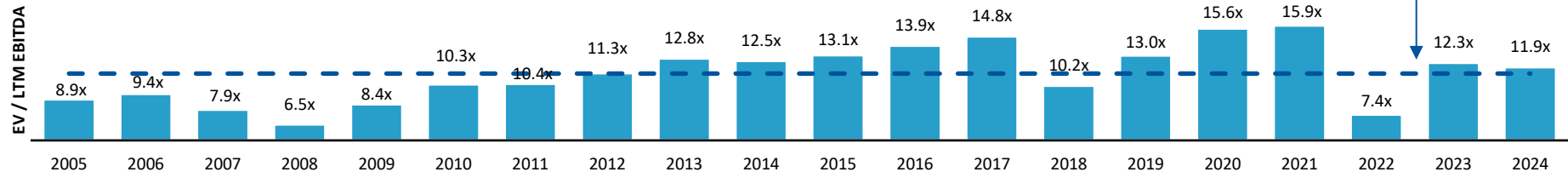
AUTOMOTIVE AFTERMARKET DISTRIBUTION (1)

(median EV / LTM EBITDA multiple of distributor group)



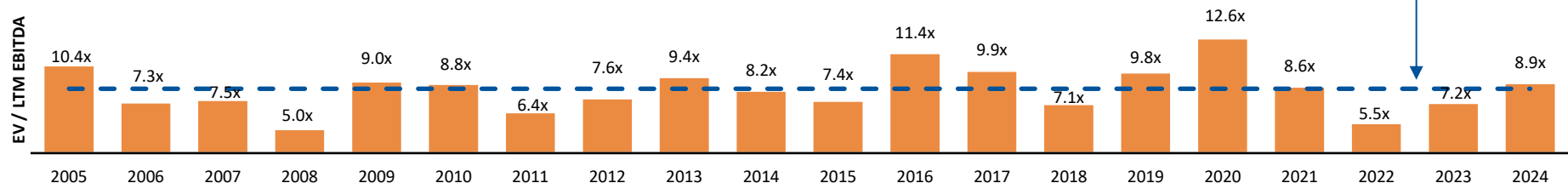
BUILDING PRODUCTS DISTRIBUTION (2)

(median EV / LTM EBITDA multiple of distributor group)



ELECTRICAL PRODUCTS DISTRIBUTION (3)

(median EV / LTM EBITDA multiple of distributor group)



Source: Capital IQ as of December 2024. Multiples in 2024 represent EV / 2024E EBITDA.

(1) Includes: AutoZone, CarParts.com, Genuine Parts Company, LKQ and O'Reilly Automotive.

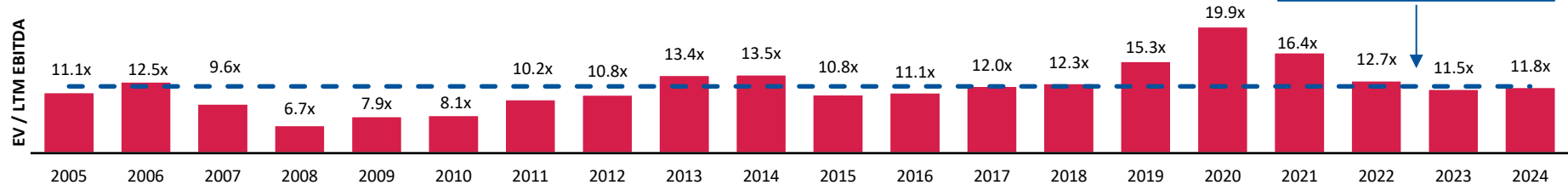
(2) Includes: ADENTRA, Beacon Roofing Supply, Beijer Ref, BlueLinX, Builders FirstSource, Ferguson, GMS, Installed Building Products, Pool Corporation, SiteOne Landscape Supply, Travis Perkins, TopBuild and Watsco.

(3) Includes: Arrow Electronics, Avnet, Rexel and WESCO International.

VALUATION TRENDS BY SUBSECTOR (CONT.)

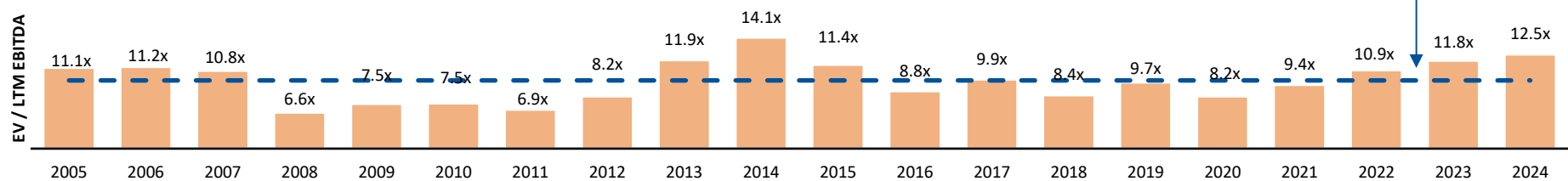
FOODSERVICE DISTRIBUTION ⁽¹⁾

(median EV / LTM EBITDA multiple of distributor group)



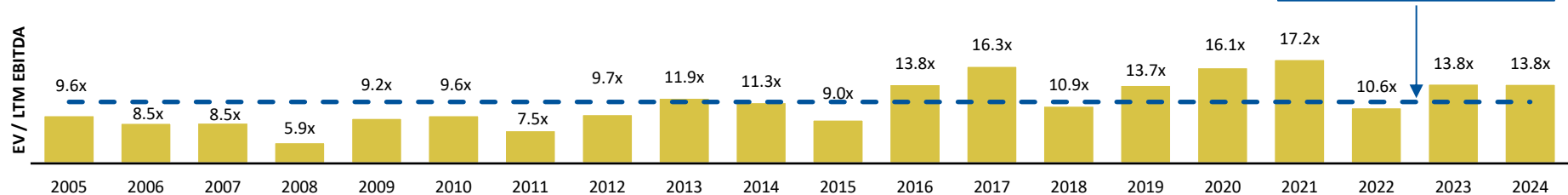
HEALTHCARE DISTRIBUTION ⁽²⁾

(median EV / LTM EBITDA multiple of distributor group)



INDUSTRIAL DISTRIBUTION ⁽³⁾

(median EV / LTM EBITDA multiple of distributor group)



Source: Capital IQ as of December 2024. Multiples in 2024 represent EV / 2024E EBITDA.

(1) Includes: HF Foods, Performance Food Group, SpartanNash, Sysco, The Chefs' Warehouse, United Natural Foods and US Foods.

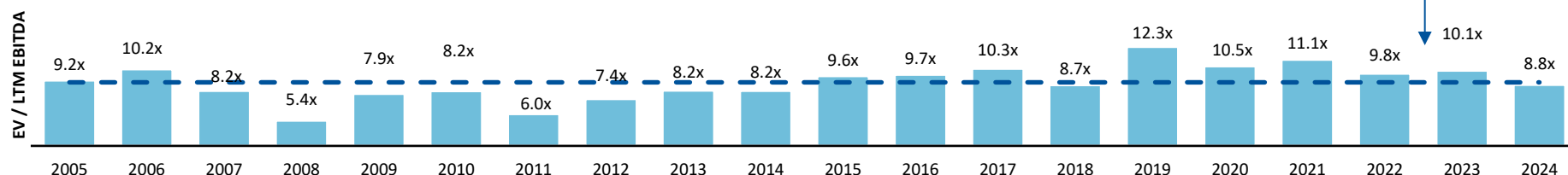
(2) Includes: Cardinal Health, Cencora, Henry Schein, McKesson and Owens & Minor.

(3) Includes: Applied Industrial Technologies, Bossard Holding, Bufab, Core & Main, Diploma, Distributions Solutions Group, DNOW Inc., DXP Enterprises, Fastenal, Global Industrial Company, MRC Global, MSC Industrial Direct, RS Group and W.W. Grainger.

VALUATION TRENDS BY SUBSECTOR (CONT.)

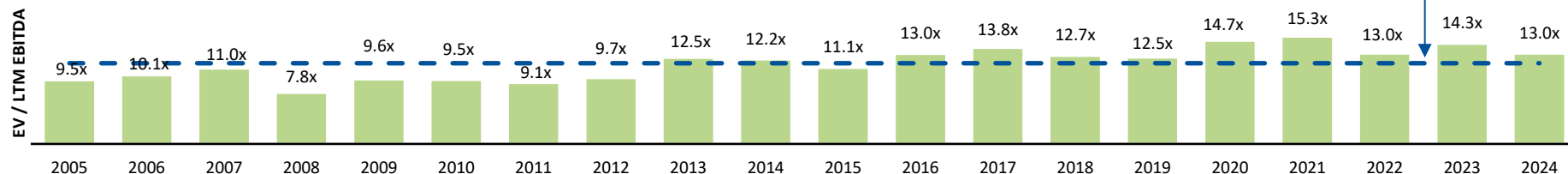
PAPER & PACKAGING DISTRIBUTION (1)

(median EV / LTM EBITDA multiple of distributor group)



SPECIALTY CHEMICALS DISTRIBUTION (2)

(median EV / LTM EBITDA multiple of distributor group)



Source: Capital IQ as of December 2024. Multiples in 2024 represent EV / 2024E EBITDA.

(1) Includes: Bunzl, Macfarlane Group, Richards Packaging and TAKKT.

(2) Includes: L'Air Liquide S.A., Azelis Group, Brenntag, DKSH Holding, Hawkins, IMCD and Linde.

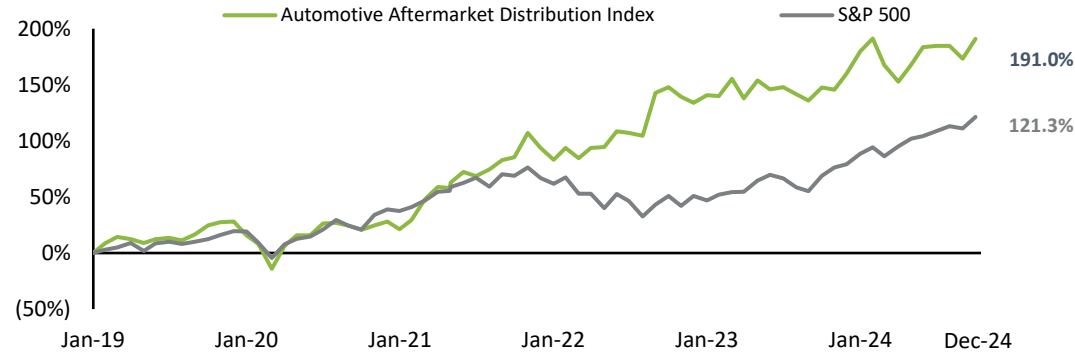


DISTRIBUTION SUBSECTOR UPDATES

AUTOMOTIVE AFTERMARKET DISTRIBUTION

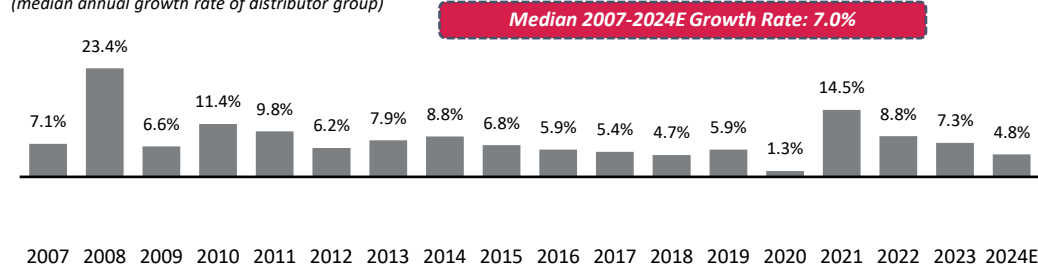
BAIRD

5-YEAR STOCK PERFORMANCE



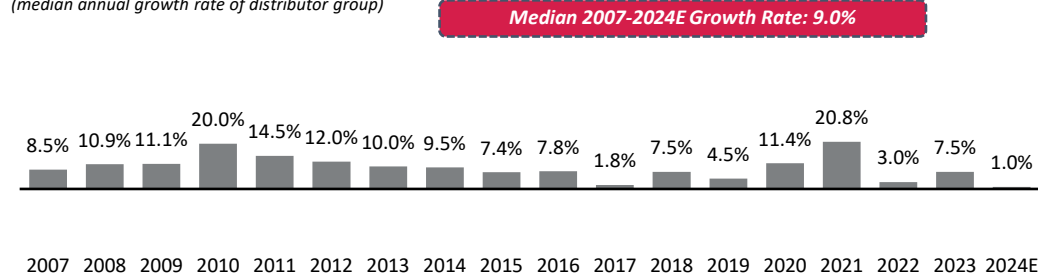
REVENUE GROWTH

(median annual growth rate of distributor group)



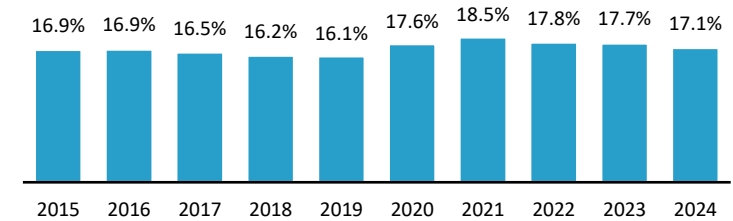
ADJUSTED EBITDA GROWTH

(median annual growth rate of distributor group)



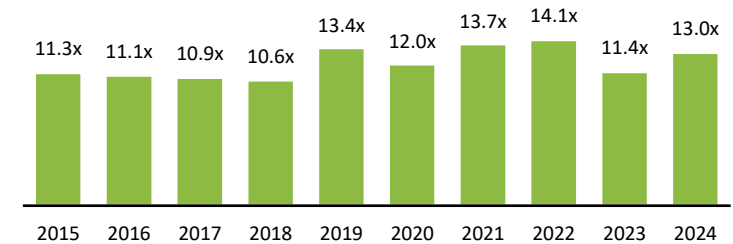
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



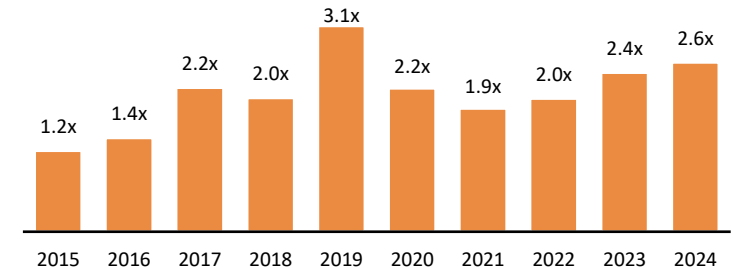
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

(median multiple of distributor group)



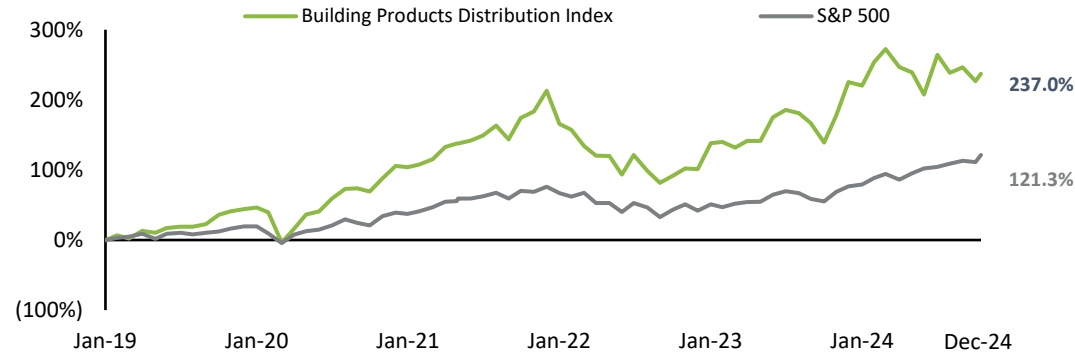
Source: Capital IQ as of December 2024. Multiples in 2024 use 2025E EBITDA.

Note: Financial detail includes AutoZone, CarParts.com, Genuine Parts Company, LKQ and O'Reilly Automotive.

BUILDING PRODUCTS DISTRIBUTION

BAIRD

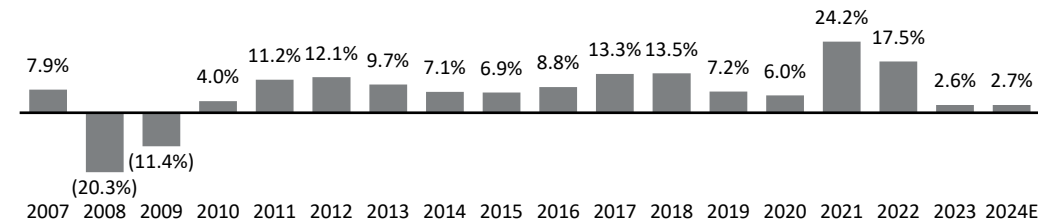
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

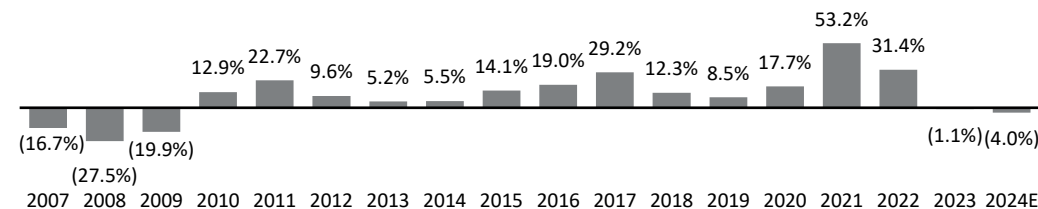
Median 2007-2024E Growth Rate: 7.6%



ADJUSTED EBITDA GROWTH

(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 11.0%

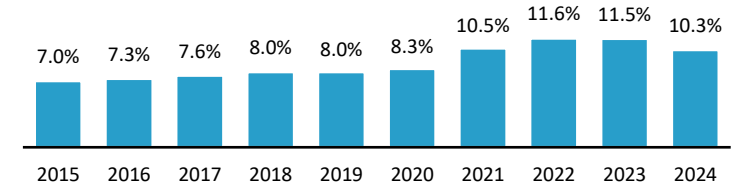


Source: Capital IQ as of December 2024. Multiples in 2024 use 2025E EBITDA.

Note: Financial detail includes ADENTRA, Beacon Roofing Supply, Beijer Ref, BlueLinX, Builders FirstSource, Ferguson, GMS, Installed Building Products, Pool Corporation, SiteOne Landscape Supply, Travis Perkins, TopBuild and Watsco.

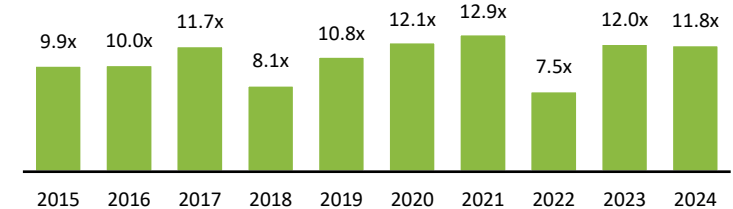
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



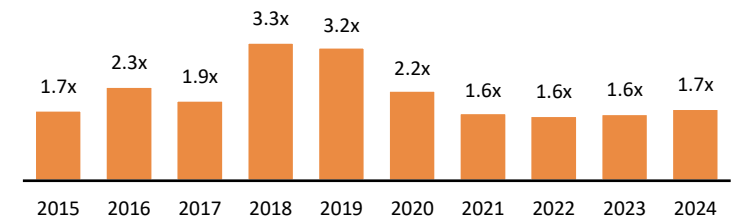
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

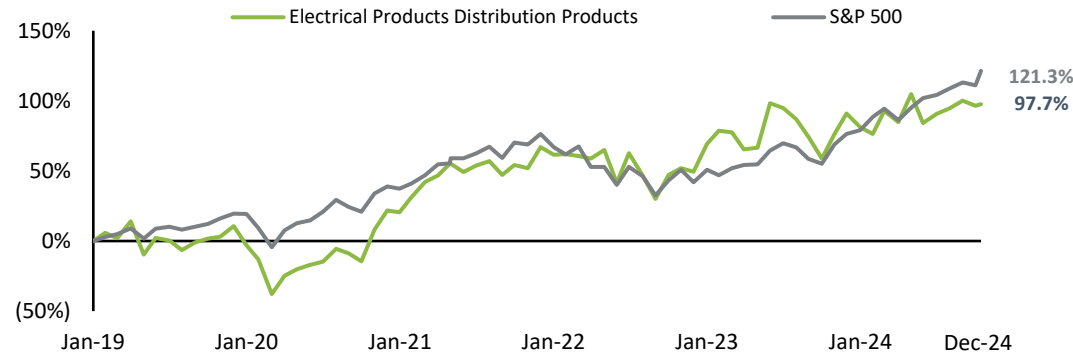
(median multiple of distributor group)



ELECTRICAL PRODUCTS DISTRIBUTION

BAIRD

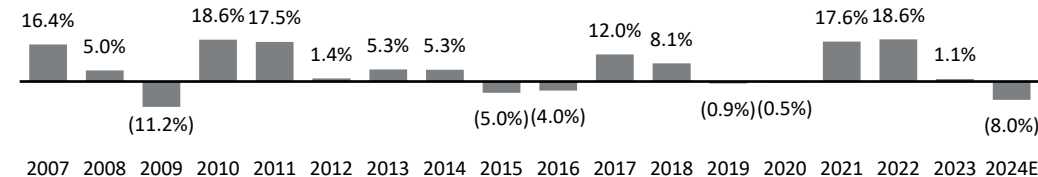
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

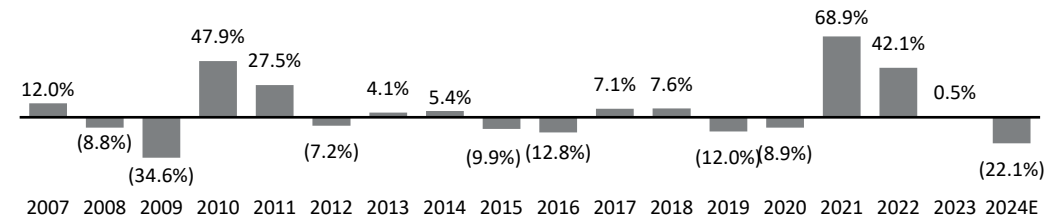
Median 2007-2024E Growth Rate: 5.1%



ADJUSTED EBITDA GROWTH

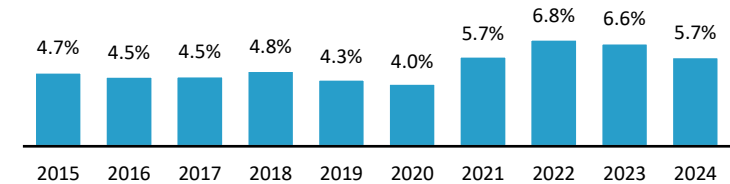
(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 2.3%



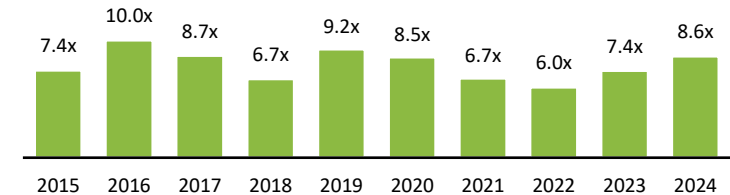
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



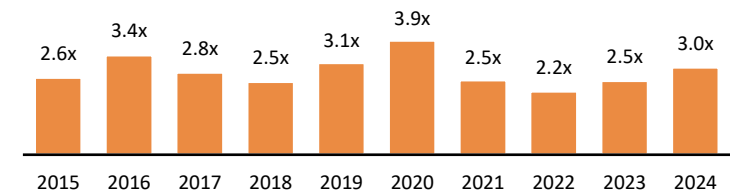
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

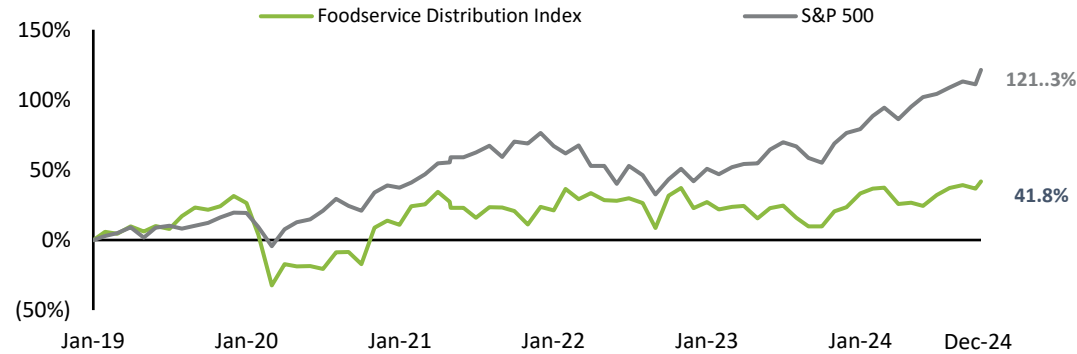
(median multiple of distributor group)



FOODSERVICE DISTRIBUTION

BAIRD

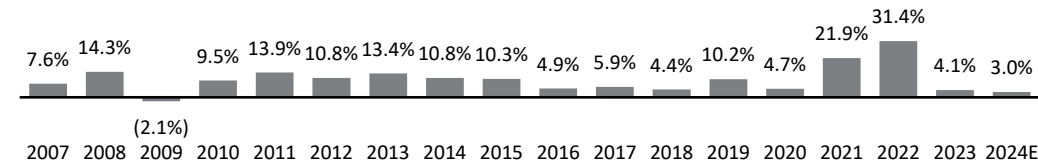
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

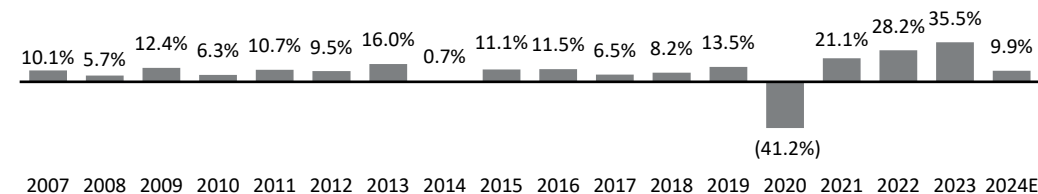
Median 2007-2024E Growth Rate: 9.8%



ADJUSTED EBITDA GROWTH

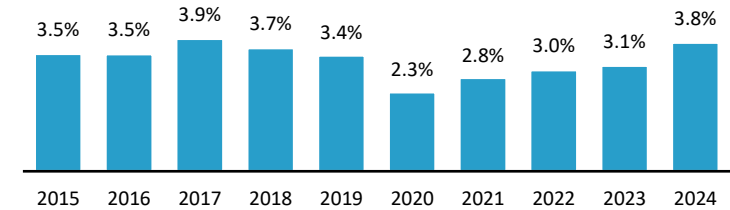
(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 10.4%



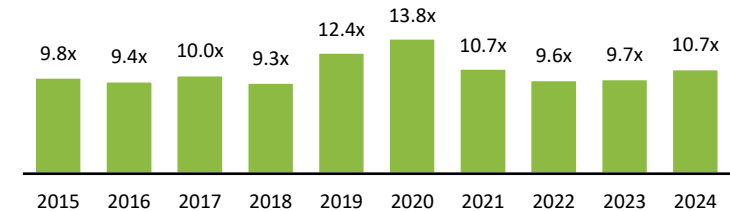
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



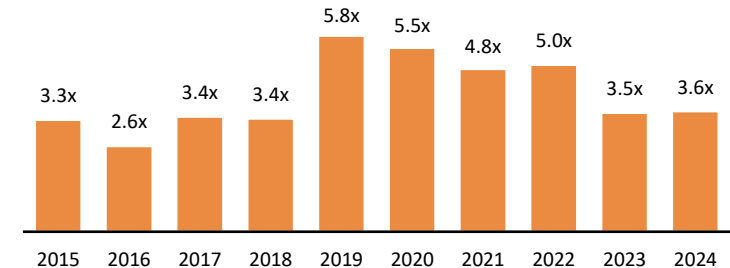
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

(median multiple of distributor group)



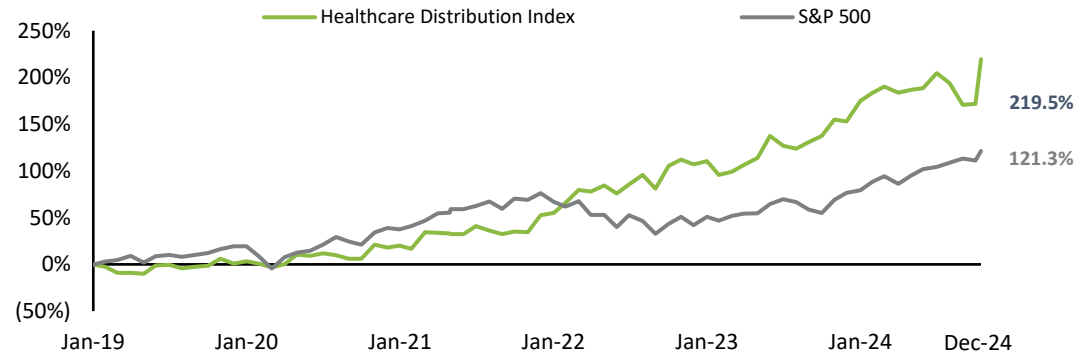
Source: Capital IQ as of December 2024. Multiples in 2024 use 2025E EBITDA.

Note: Financial detail includes HF Foods, Performance Food Group, SpartanNash, Sysco, The Chefs' Warehouse, United Natural Foods and US Foods.

HEALTHCARE DISTRIBUTION

BAIRD

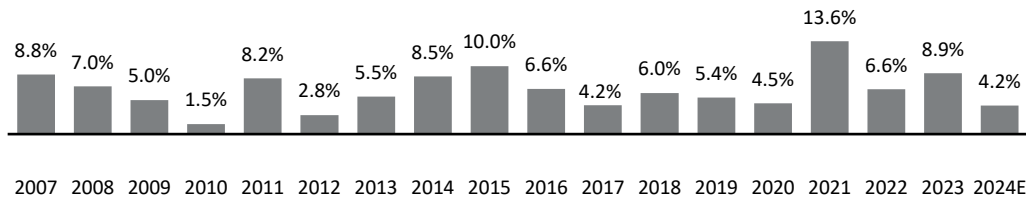
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

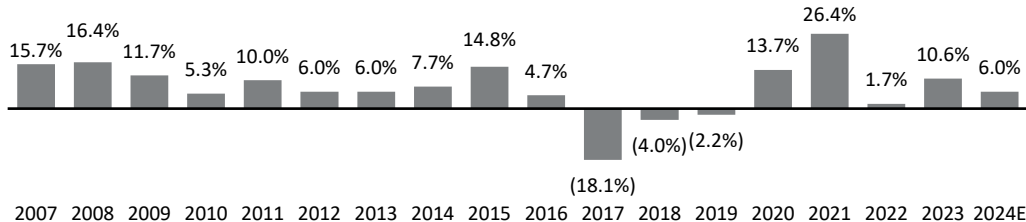
Median 2007-2024E Growth Rate: 6.3%



ADJUSTED EBITDA GROWTH

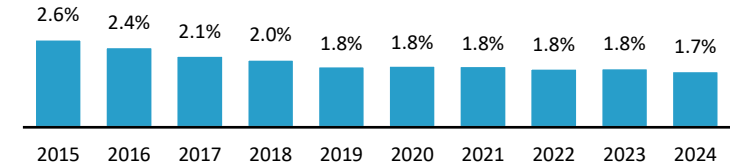
(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 6.9%



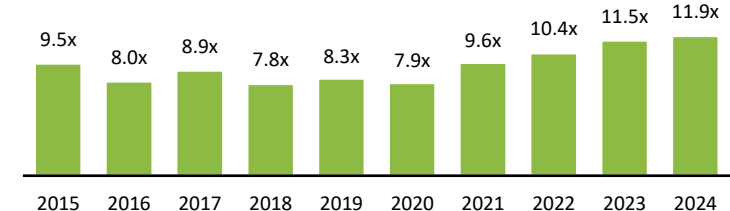
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



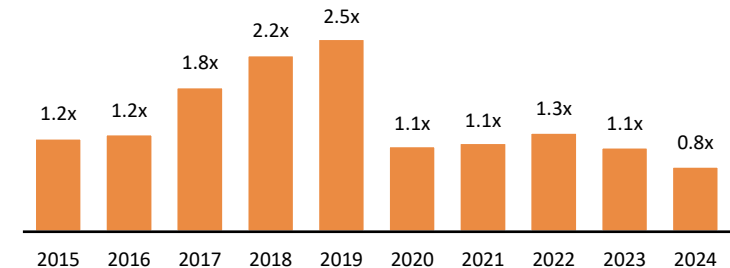
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

(median multiple of distributor group)



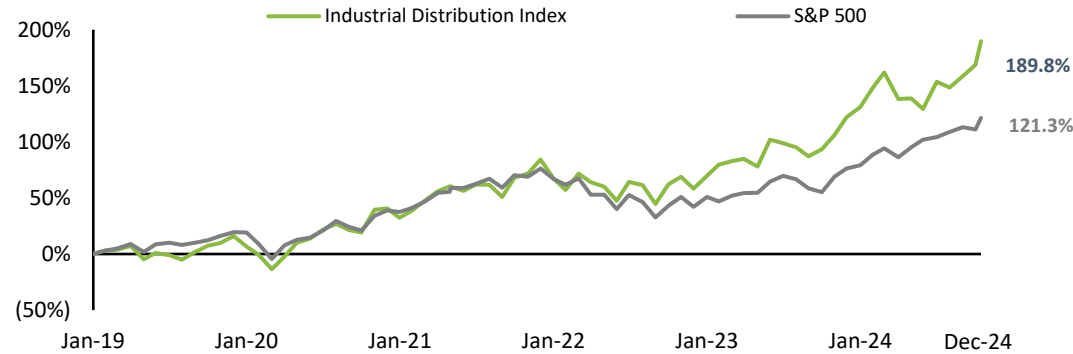
Source: Capital IQ as of December 2024. Multiples in 2024 use 2025E EBITDA.

Note: Financial detail includes Cardinal Health, Cencora, Henry Schein, McKesson and Owens & Minor.

INDUSTRIAL DISTRIBUTION

BAIRD

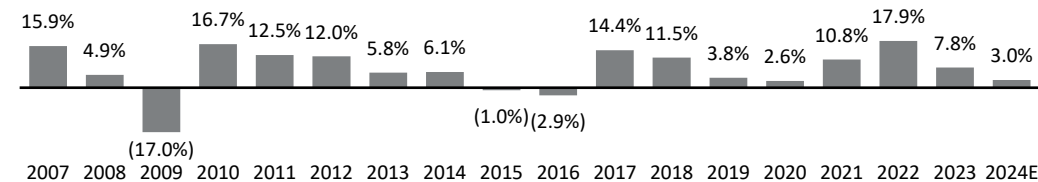
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

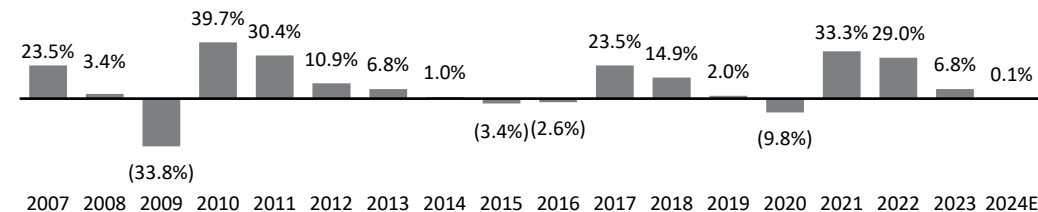
Median 2007-2024E Growth Rate: 6.9%



ADJUSTED EBITDA GROWTH

(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 6.8%

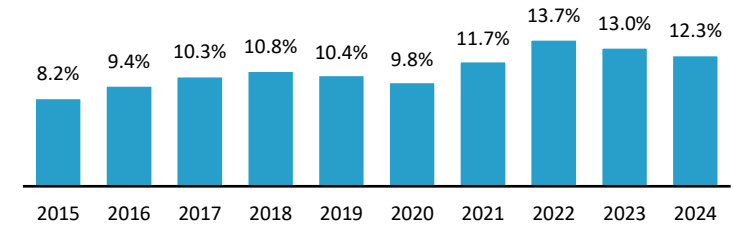


Source: Capital IQ as of December 2024. Multiples in 2024 use 2025E EBITDA.

Note: Financial detail includes Applied Industrial Technologies, Bossard Holding, Bufab, Core & Main, Diploma, Distributions Solutions Group, DNOW Inc., DXP Enterprises, Fastenal, Global Industrial Company, MRC Global, MSC Industrial Direct, RS Group and W.W. Grainger.

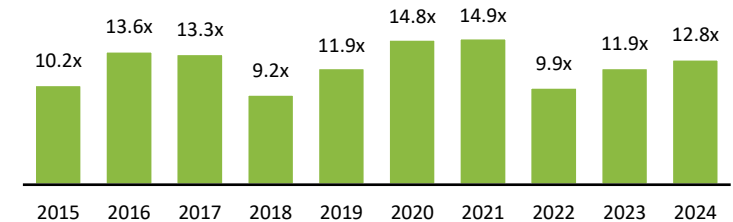
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



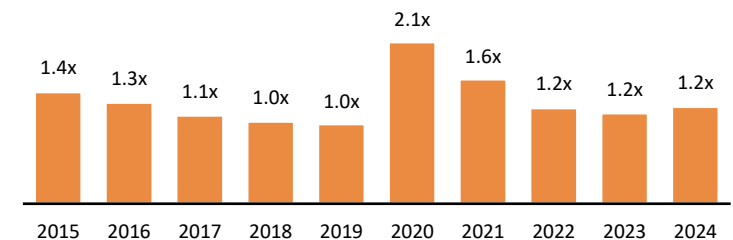
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

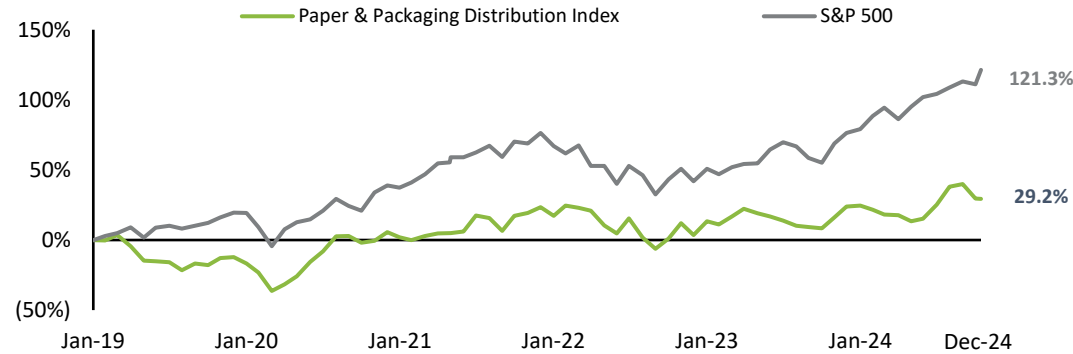
(median multiple of distributor group)



PAPER & PACKAGING DISTRIBUTION

BAIRD

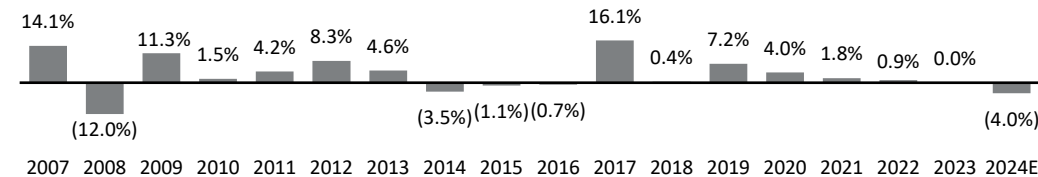
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

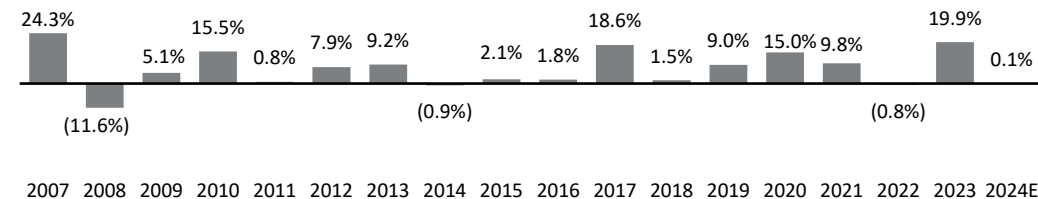
Median 2007-2024E Growth Rate: 1.6%



ADJUSTED EBITDA GROWTH

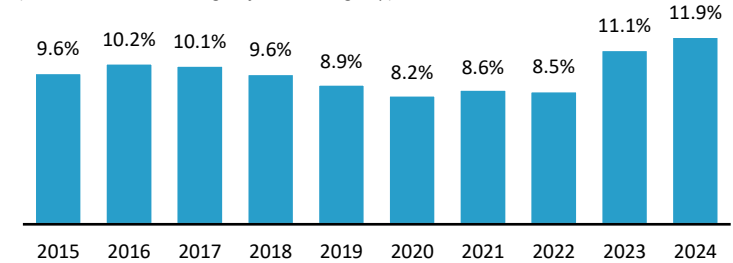
(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 6.5%



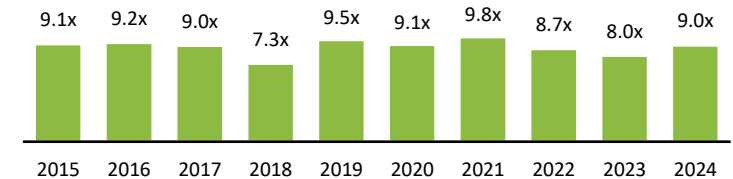
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



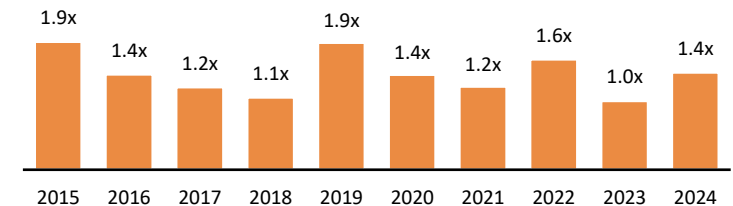
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



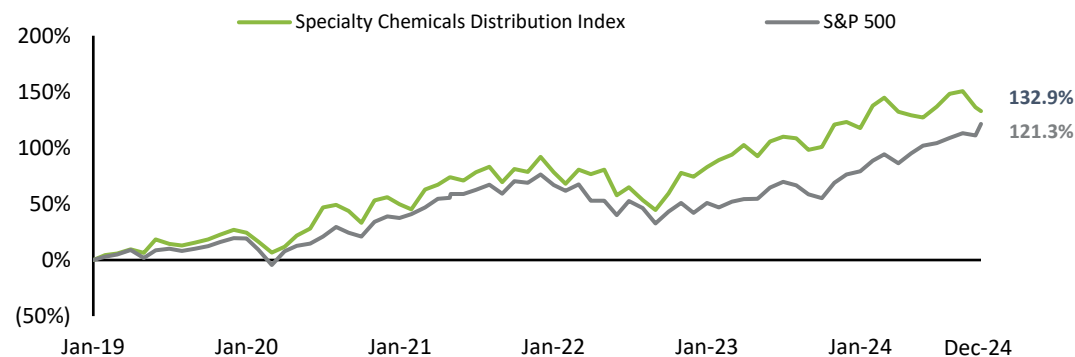
NET DEBT / EBITDA MULTIPLE

(median multiple of distributor group)



SPECIALTY CHEMICALS DISTRIBUTION

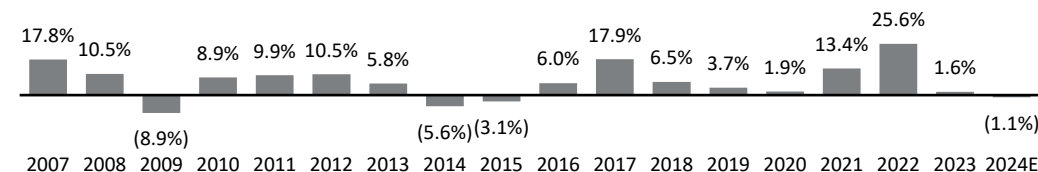
5-YEAR STOCK PERFORMANCE



REVENUE GROWTH

(median annual growth rate of distributor group)

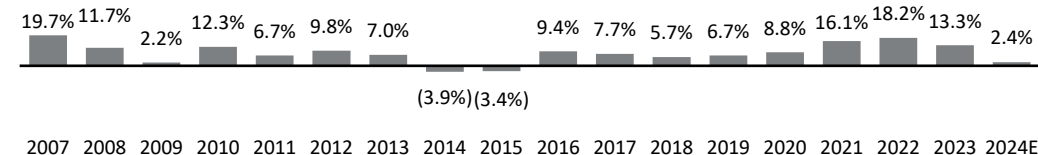
Median 2007-2024E Growth Rate: 6.3%



ADJUSTED EBITDA GROWTH

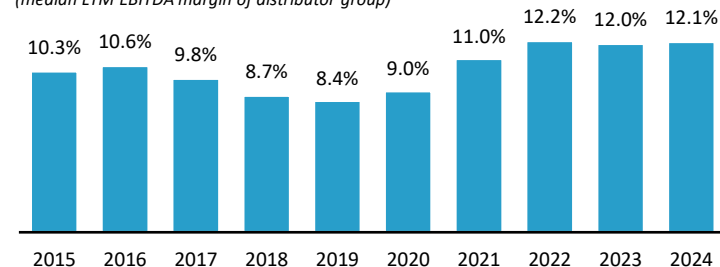
(median annual growth rate of distributor group)

Median 2007-2024E Growth Rate: 8.2%



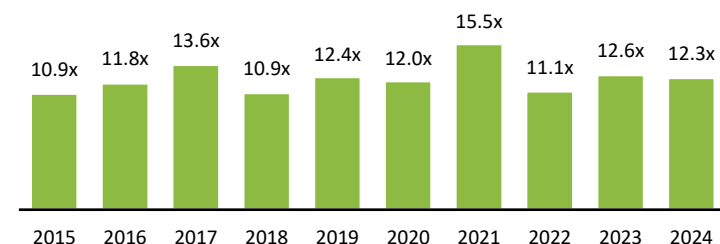
EBITDA MARGIN

(median LTM EBITDA margin of distributor group)



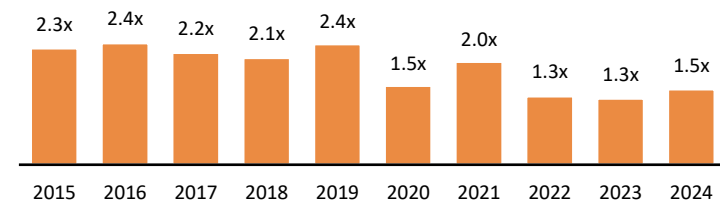
TEV / FWD EBITDA MULTIPLE

(median multiple of distributor group)



NET DEBT / EBITDA MULTIPLE

(median multiple of distributor group)



A black and white photograph of a warehouse interior. In the foreground, a worker wearing a hard hat and safety glasses is seen from the side, holding a laptop. The laptop screen displays a software interface with a table of data and a bar chart. In the background, several robotic arms are visible, some holding boxes, and high industrial shelving units filled with boxes. The scene is brightly lit with overhead lights.

BAIRD'S GLOBAL DISTRIBUTION GROUP

BAIRD'S DISTRIBUTION GROUP

BAIRD

Over 25 years of proven success and thought leadership in distribution

~165
Transactions

100+
M&A Transactions

60+
Financing Transactions

~\$25B
Capital Raised for Distribution
Clients

17
Initial Public Offerings

\$330M+
Average Capital Raised per Equity
Transaction

Global Team Exclusively Dedicated to Distribution



Extensive Experience Partnering with Leading Distributors Across Diverse End Markets and Business Models



**Building
Products**



Commercial



Electrical



**Engineered
Products**



Healthcare



**Industrial
Automation**



Manufacturing



**Test &
Measurement**



**Vehicle
Aftermarket**



*Collaborative,
Partnership
Approach*



*Deep Sector
Relationships and
Expertise*



*Proprietary Market
Data and Analytics*



*Bespoke Process
Architecture*



*Premier Track
Record of Success*



*14 Distribution
Stocks Under Baird
Research Coverage*

LEADING DISTRIBUTION M&A FRANCHISE

BAIRD DISTRIBUTION M&A VELOCITY

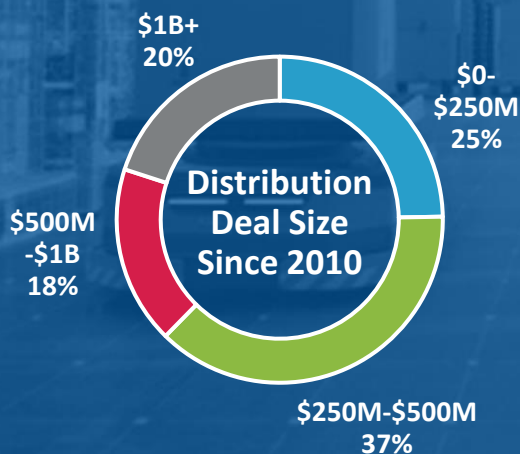
37

Closed Distribution M&A
Transactions Since 2021

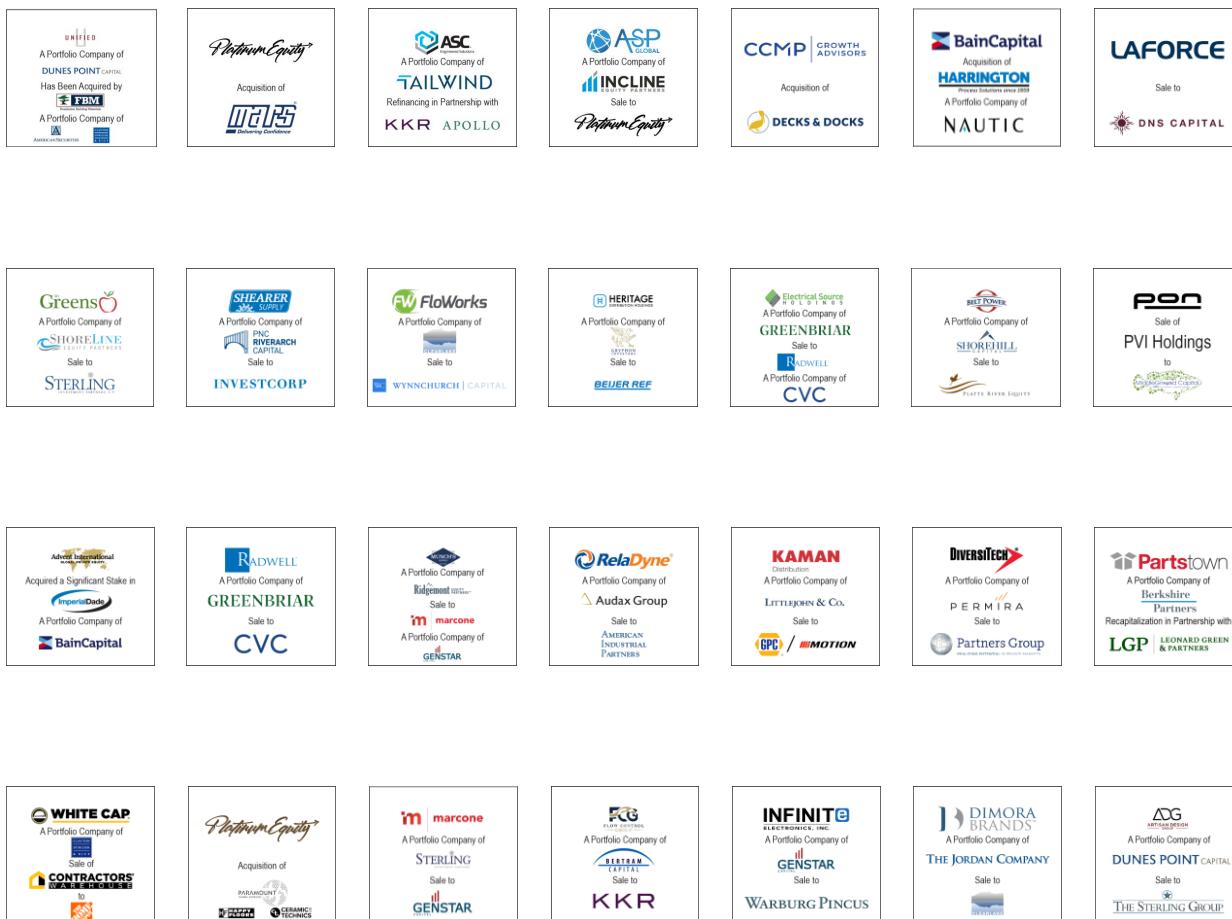
85

Closed Distribution M&A
Transactions Since 2010

BAIRD DISTRIBUTION TEAM DEAL SIZE STATISTICS



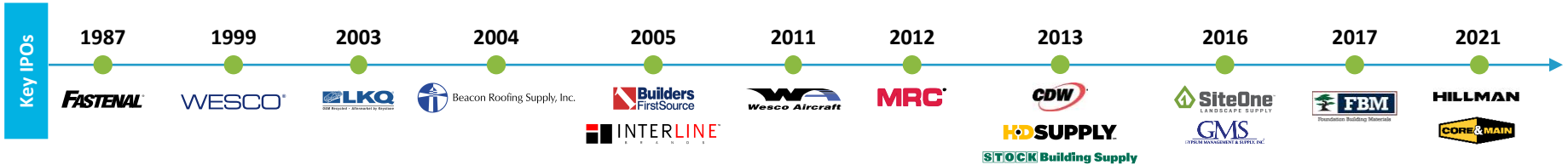
Select Baird distribution M&A transactions



LEADING DISTRIBUTION EQUITY UNDERWRITING FRANCHISE

BAIRD

Baird has supported leading distributors in the capital markets for 35+ years



Recent Transactions			Select Additional Equity Offerings			
HILLMAN \$175,149,000 Common Stock <i>Follow-on Offering</i>	HILLMAN \$230,000,000 Common Stock <i>Follow-on Offering</i>	HILLMAN \$149,500,000 Common Stock <i>Follow-on Offering</i>	FBM Foundation Building Materials \$206,080,000 Common Stock <i>Initial Public Offering</i>	HD SUPPLY \$897,000,000 Common Stock <i>Follow-on Offering</i>	STOCK Building Supply \$112,700,000 Common Stock <i>Initial Public Offering</i>	HD SUPPLY \$1,101,063,816 Common Stock <i>Initial Public Offering</i>
watsco \$300,000,000 Common Stock <i>At-the-Market Offering</i>	CORE & MAIN \$1,043,023,251 Common Shares <i>Initial Public Offering</i>	HILLMAN Merger with LANDCADIA HOLDINGS	CDW \$454,537,500 Common Stock <i>Initial Public Offering</i>	Wesco Aircraft \$276,000,000 Common Stock <i>Follow-on Offering</i>	MRC \$477,272,733 Common Stock <i>Initial Public Offering</i>	Wesco Aircraft \$315,000,000 Common Stock <i>Initial Public Offering</i>
GMS GYPSUM MANAGEMENT & SUPPLY, INC. \$189,750,000 Common Stock <i>Follow-on Offering</i>	SiteOne LANDSCAPE SUPPLY \$546,250,000 Common Stock <i>Follow-on Offering</i>	watsco \$250,000,000 Common Stock <i>At-the-Market Offering</i>	WESCO \$345,000,000 Convertible Debt <i>Exchange Offer</i>	LKO Corporation \$427,800,000 Common Stock <i>Follow-on Offering</i>	Beacon Roofing Supply, Inc. \$276,718,750 Common Stock <i>Follow-on Offering</i>	Builders FirstSource \$225,400,000 Common Stock <i>Initial Public Offering</i>
GMS GYPSUM MANAGEMENT & SUPPLY, INC. \$233,780,625 Common Stock <i>Follow-on Offering</i>	SiteOne LANDSCAPE SUPPLY \$341,550,000 Common Stock <i>Follow-on Offering</i>	watsco \$609,938,640 Common Stock <i>Bought Deal</i>	WESCO \$289,200,000 Common Stock <i>Follow-on Offering</i>	INTERLINE \$215,625,000 Common Stock <i>Initial Public Offering</i>	Beacon Roofing Supply, Inc. \$201,825,000 Common Stock <i>Initial Public Offering</i>	MSC Industrial Direct \$191,820,000 Common Stock <i>Follow-on Offering</i>

BAIRD'S GLOBAL DISTRIBUTION GROUP

BAIRD

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BAIRD INDUSTRIAL DISTRIBUTION RESEARCH COVERAGE

BAIRD

Leading distribution research with extensive coverage for 14 public distributors

DAVE MANTHEY – SENIOR RESEARCH ANALYST



- Over 25 years of experience
- Extensive and close relationships with institutional investors in the distribution sector
- Baird's Quarterly Distribution Survey, which polls ~500 private companies with ~\$100 billion in aggregate annual revenue, provides unique industry insight

BROAD PUBLIC COMPANY COVERAGE (1)



Baird's Quarterly Distribution Survey



- Overview of secular dynamics in the distribution industry as well as a snapshot into the major sectors within coverage universe
- Quarterly call held to discuss the team's most recent survey of distributors, with sector specific commentary

SELECT CALL PARTICIPANTS



(1) Other public company coverage includes Clean Harbors, Republic Services, Stericycle and Waste Management.

