

EXECUTIVE SUMMARY

Citizens is pleased to present our **Industrial Distribution Insights** with commentary and analysis on trends across this dynamic space.

WHO WE ARE

The Citizens Industrials team provides deep industry knowledge and customized solutions to meet your financial and strategic needs. Our experienced bankers understand the complex needs of industrial distribution companies. As a growth-oriented institution, we provide a full suite of financing options and investment banking services.



Dedicated industry coverage experts



Broad capital markets and strategic advisory capabilities



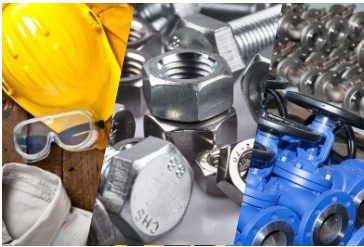
Long-term relationships with blue-chip private equity firms



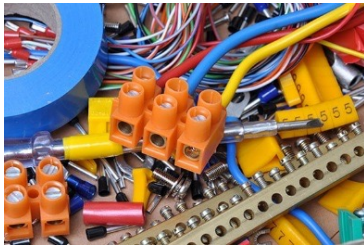
Value-added market insights

INDUSTRIAL DISTRIBUTION SUBSECTORS

BROADLINE INDUSTRIALS



ELECTRICAL PRODUCTS



CHEMICAL PRODUCTS



ELECTRONICS & TECHNOLOGY



ENERGY AND OIL & GAS



SPECIALTY/NICHE



NEWSLETTER TABLE OF CONTENTS

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CITIZENS CAPITAL MARKETS & ADVISORY

Atlanta

3550 Lenox Road NE
Atlanta, GA 30326

Boston

28 State Street
Boston, MA 02109

Charlotte

4250 Congress St.
Charlotte, NC 28209

Chicago

10 South Wacker Drive
Chicago, IL 60606

Cleveland

200 Public Square
Cleveland, OH 44114

Los Angeles

11755 Wilshire Blvd.
Los Angeles, CA 90025

Minneapolis

8530 Eagle Point Blvd.
Lake Elmo, MN 55402

New York

437 Madison Ave.
New York, NY 10022

New York

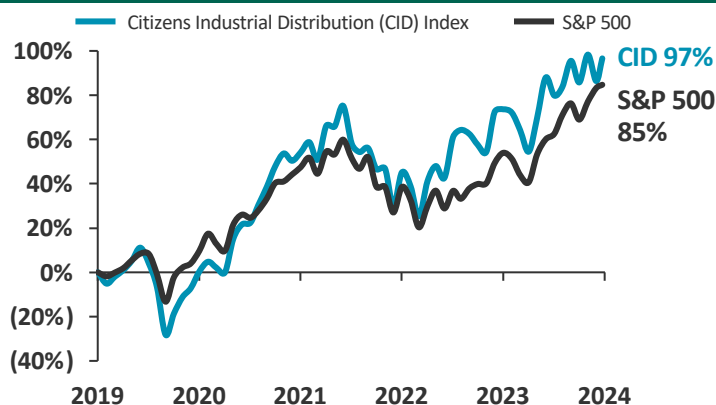
450 Park Avenue
New York, NY 10022

San Francisco

600 Montgomery Street
San Francisco, CA 94111

EXECUTIVE SUMMARY (CONT'D)

PUBLIC TRADING METRICS¹



EV/NTM EBITDA (MEDIAN)

1-YR INDEX

Broadline Industrials	12.5x	15.2%
Electrical Products	8.1x	15.4%
Electronics / Tech	8.2x	19.8%
Energy / O&G	7.2x	27.3%
Chemical Products	13.4x	16.0%
Specialty / Niche	16.6x	(1.6%)
S&P 500	14.5x	20.0%

SELECT INDUSTRY EVENTS

SHOW	LOCATION	DATES
ASCM (Supply Chain National Conference)	Austin, TX	Sep. 9 – 11, 2024
SHIFT (MDM National Conference)	Denver, CO	Sep. 11 – 13, 2024
NAW (CEO Roundtable – Large Company ²)	Minneapolis, MN	Oct. 15 – 16, 2024
PTDA (Industry Summit)	Colorado Springs, CO	Oct. 24 – 26, 2024
STAFDA (National Convention)	Nashville, TN	Nov. 10 – 12, 2024
ASA (NETWORK 2024)	Chicago, IL	Nov. 13 – 15, 2024



THEMES & TRENDS

Following a strong year for M&A in 2023, YTD 2024 M&A volume in industrial distribution has remained steady and is expected to continue throughout the year

Macroeconomic uncertainty, specifically related to inflation and interest rates, has remained top-of-mind for key decision-makers and has been influential on deal timing

While disruptions may still arise, the global supply chain has stabilized substantially, supporting reduced lead times, better inventory management and smoother operations

Private equity is sitting on trillions of dollars in dry powder with mounting pressure to deploy capital to generate a return for their investors

Valuations remain strong for “A” assets as strategic buyers fund acquisitions with cash and private equity funds look to deploy capital

1) Citizens Industrial Distribution (CID) Index consists of 38 publicly-traded industrial distribution companies across 6 subsectors tracked by Citizens
Source: S&P Capital IQ (7/22/2024)

2) For companies with revenue between \$80 – \$800 million

ELECTRICAL DISTRIBUTION MOMENTUM

CITIZENS' HIGHLIGHT TRANSACTIONS IN THE ELECTRICAL DISTRIBUTION INDUSTRY



ACQUIRED BY



A SUBSIDIARY OF



JUNE 2024

Headquartered in Burlington, MA, ESC is one of the fastest growing electrical distributors in the Greater New England region

Established in 1972, the Company provides an industry-leading product portfolio, superior service and technical expertise to its extensive base of commercial contractors

Leveraging our industry expertise, Citizens conducted a limited auction process to the most likely strategic buyers to maximize value and certainty of close while maintaining confidentiality

The transaction was highly successful for our client and underscores Citizens' commitment and expertise to the electrical distribution space, further building upon our momentum delivering outstanding value to our clients in the distribution space.

"I would like to thank the M&A team at Citizens for their advice and guidance throughout the process. Their M&A expertise and industry experience were critical to achieving this exceptional outcome for me and my company."

– Larry LaFreniere, President & Owner of Electric Supply Center



ACQUIRED BY



A SUBSIDIARY OF



JUNE 2023

Headquartered in Delran, NJ, Billows is a leading value-added electrical distributor in the Mid-Atlantic region

Established in 1950, the company serves the commercial, institutional and residential end markets, delivering a broad product offering, extensive technical expertise and superior service to its customers

Citizens designed, navigated and executed a highly competitive process, resulting in a collection of attractive bids from key domestic and global players in electrical distribution










Citizens' process narrowed in on a select group of finalists and ultimately achieved an attractive valuation for the company, high certainty of close and expedient confirmatory diligence

"My family is grateful to the Citizens team for their invaluable support and expertise. Citizens demonstrated a deep understanding and insight into our business and provided a tailored solution and strategic advice that was instrumental in achieving a successful outcome. Citizens facilitated a well-structured and efficient process. The partnership with Cooper/Sonepar marks the beginning of an exciting new chapter in our company's history and a promising future alongside our new partner."

– Jeff Billow, Owner of Billows Electric Supply

CITIZENS' EXPERIENCE

REPRESENTATIVE M&A TRANSACTIONS WITHIN INDUSTRIAL DISTRIBUTION

 <small>DRIVEN TO HELP YOU COMPLETE</small> ACQUIRED BY  <small>A Sonepar Company</small> A SUBSIDIARY OF  <small>Powered by Difference</small>	 ACQUIRED BY  <small>A Sonepar Company</small> A SUBSIDIARY OF  <small>Powered by Difference</small>	 RECAPITALIZED BY  <small>CAPITAL CORPORATION</small>	 <small>HVAC Distributors</small> ACQUIRED BY  <small>A PORTFOLIO COMPANY OF</small>  <small>EQUITY PARTNERS™</small>
 RECAPITALIZED BY  <small>O2 Investment Partners, LLC</small>	 RECAPITALIZED BY  <small>SILVER OAK PARTNERS</small>	 And its affiliates HB Chemical Mexico, S.A. de C.V. and HB Alchemy LLC ACQUIRED BY 	 <small>A PORTFOLIO COMPANY OF</small>  ACQUIRED BY  <small>A PORTFOLIO COMPANY OF</small> 

REPRESENTATIVE FINANCING TRANSACTIONS WITHIN INDUSTRIAL DISTRIBUTION

 A PORTFOLIO COMPANY OF  \$160,000,000 SENIOR CREDIT FACILITIES Left Lead Arranger and Joint Bookrunner	 \$500,000,000 SENIOR CREDIT FACILITY Participant	 \$85,000,000 SENIOR CREDIT FACILITY Left Lead Arranger, Joint Bookrunner and Administrative Agent	 A PORTFOLIO COMPANY OF  \$923,900,000 SENIOR CREDIT FACILITIES Joint Lead Arranger and Joint Bookrunner
 A PORTFOLIO COMPANY OF  <small>Advent International GLOBAL PRIVATE EQUITY</small> \$2,003,000,000 SENIOR CREDIT FACILITY Joint Lead Arranger and Joint Bookrunner	 A PORTFOLIO COMPANY OF   <small>LEONARD GREEN & PARTNERS</small> \$200,000,000 SENIOR CREDIT FACILITY Sole Lead Arranger, Sole Bookrunner and Administrative Agent	 \$100,000,000 SENIOR CREDIT FACILITY Joint Lead Arranger, Sole Bookrunner and Administrative Agent	 A PORTFOLIO COMPANY OF  <small>Partners Group Passion for Private Markets</small> \$1,215,000,000 SENIOR CREDIT FACILITIES Joint Lead Arranger and Joint Bookrunner

NOTABLE INDUSTRY ARTICLES



U.S. FED HOLDS RATE, EYES ONLY 1 RATE CUT THIS YEAR

(Source: Modern Distribution Management)

The U.S. Federal Reserve again maintained its current benchmark interest rate in latest Federal Open Market Committee statement on June 12, while noting that the U.S. Central Bank envisions only one rate cut in 2024. [\(Link to Article\)](#)



U.S. ECONOMIC GROWTH REVISED DOWN, BUT CONSUMERS KEPT SPENDING

(Source: Industrial Distribution)

Consumer spending rose but at a slower pace than previously thought, a sign that high interest rates and lingering inflation are pressuring household budgets. [\(Link to Article\)](#)



WHY CLOUD MIGRATION IS IMPERATIVE FOR MANUFACTURERS & DISTRIBUTORS IN 2024

(Source: Industrial Supply)

Looking back at the transformative COVID era, those who migrated to the cloud gained a significant advantage. The adaptability and remote accessibility provided by cloud-based tools proved invaluable. [\(Link to Article\)](#)



WHAT DISTRIBUTORS SHOULD KNOW BEFORE ADDING AI TO THEIR TOOLBOXES

(Source: Distribution Strategy Group)

Everyone knows AI is the future of business, but how can distributors get the most out of it? [\(Link to Article\)](#)



CAN GIG WORK HELP DISTRIBUTORS IN THE WAREHOUSE?

(Source: Modern Distribution Management)

Consumer apps like Uber, Lyft and Doordash have taken the gig economy to new heights. Here, we discuss how distributors can also take advantage. [\(Link to Article\)](#)



REGARDLESS OF ELECTION RESULTS, HEAVY TARIFFS ON IMPORTS SEEM POISED TO STAY

(Source: Industrial Distribution)

On trade policy, the two presumptive presidential nominees have embraced surprisingly similar approaches. [\(Link to Article\)](#)

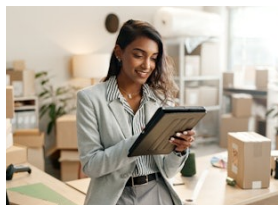


FOUR REASONS DISTRIBUTORS NEED A SOLID CYBERSECURITY PLAN RIGHT NOW

(Source: Distribution Strategy Group)

The stakes are high: Distributors must protect their businesses.

[\(Link to Article\)](#)



IS VALUE-ADDED SELLING RIGHT FOR YOUR COMPANY?

(Source: Industrial Distribution)

A strategic response to market forces that demand more and more — for less and less.

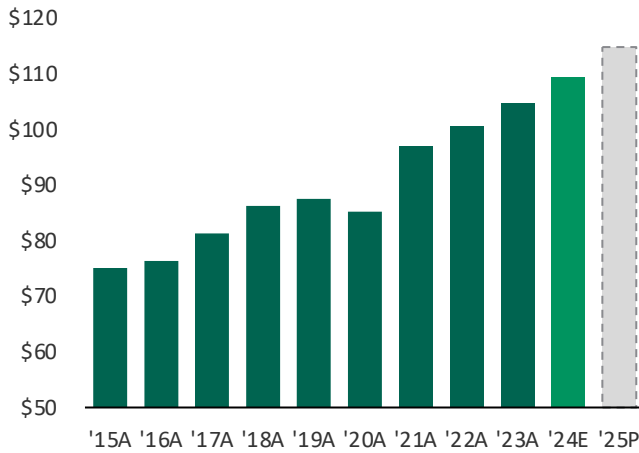
[\(Link to Article\)](#)

KEY ECONOMIC INDICATORS

GLOBAL ECONOMIC INDICATORS

GLOBAL REAL GDP

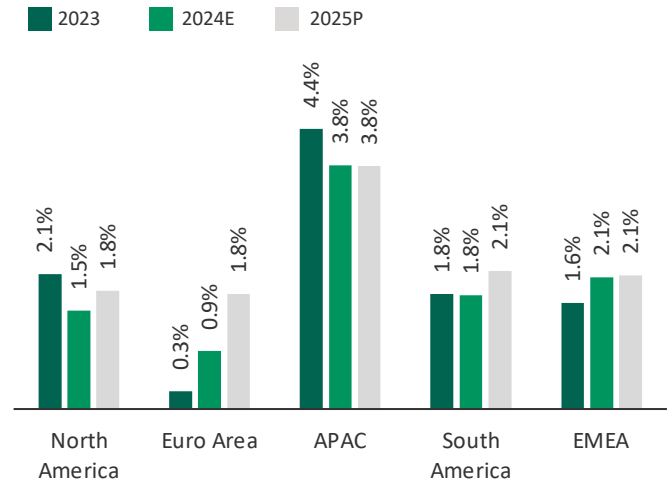
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International Monetary Fund as of April 2024 – World Economic Outlook (\$ in Trillions)

GLOBAL ECONOMIC PROJECTIONS

2

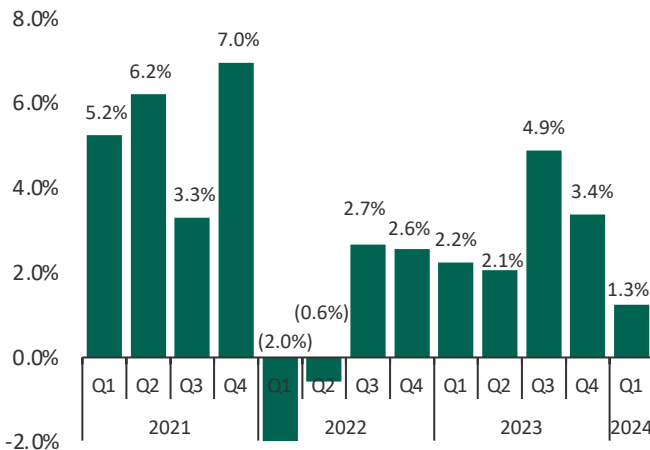


International Monetary Fund as of April 2024 (YoY growth)

U.S. ECONOMIC INDICATORS

U.S. REAL GDP (%)

3



St. Louis Fed, Real GDP, Billions of Chained 2017 Dollars, Q-o-Q, Seasonally Adjusted Annualized Rate

CORE CONSUMER PRICE INDEX (CPI)

4

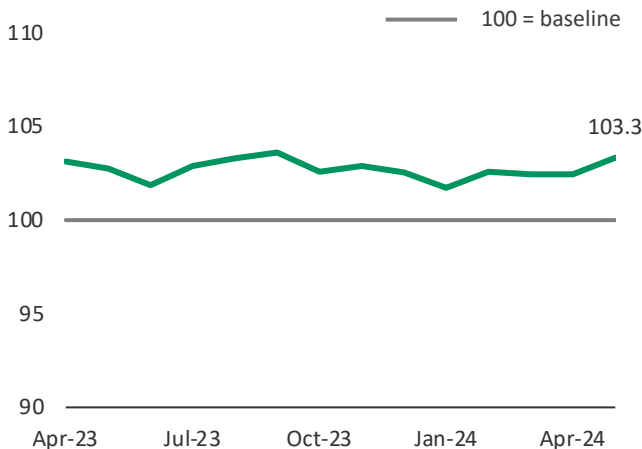


St. Louis Fed, Consumer Price Index: All Urban Consumers, All Items Less Food & Energy, % Change from Year Ago

U.S. MANUFACTURING INDICATORS

INDUSTRIAL PRODUCTION INDEX (IPI®)

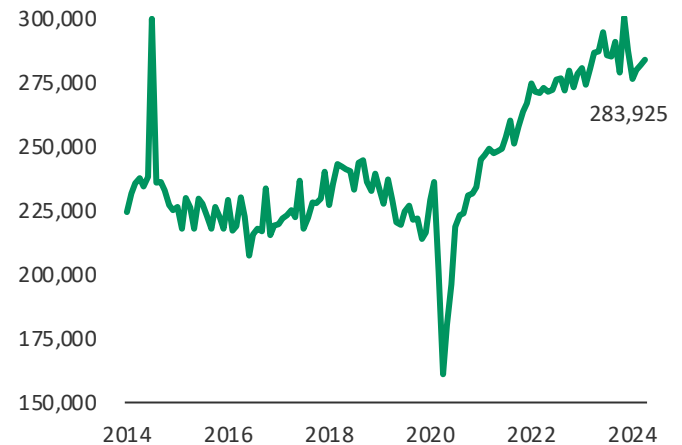
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St. Louis Fed, Industrial Production Index, Monthly, Seasonally Adjusted

DURABLE GOODS NEW ORDERS

6



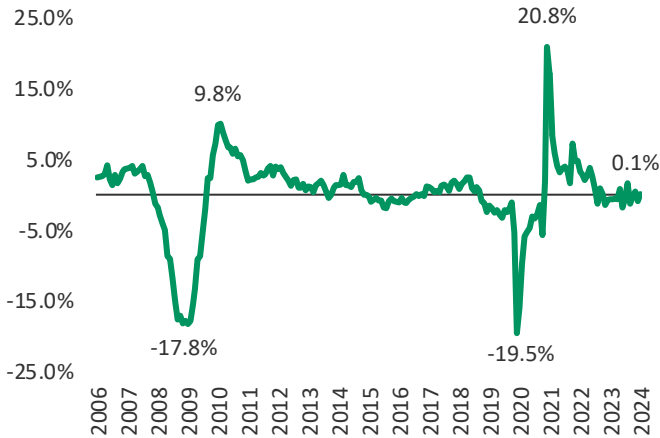
St. Louis Fed, Manufacturer's New Orders: Durable Goods, Millions of Dollars, Monthly, Seasonally Adjusted

KEY ECONOMIC INDICATORS

U.S. MANUFACTURING INDICATORS

MANUFACTURING IP

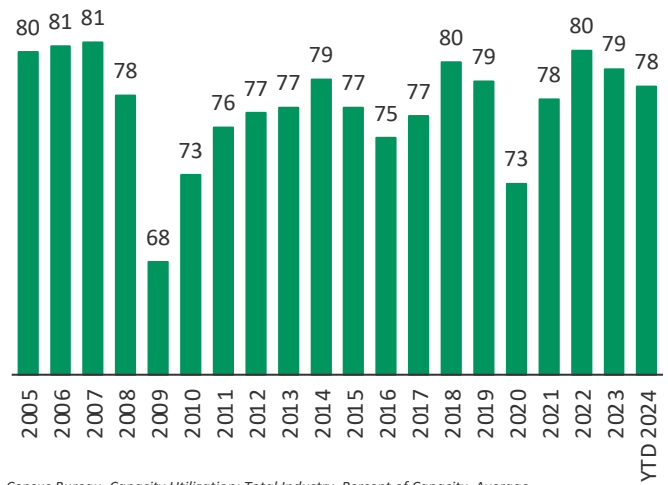
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St. Louis Fed, Industrial Production Manufacturing, % Change from Year Ago, Monthly, Seasonally Adjusted

CAPACITY UTILIZATION (%)

8

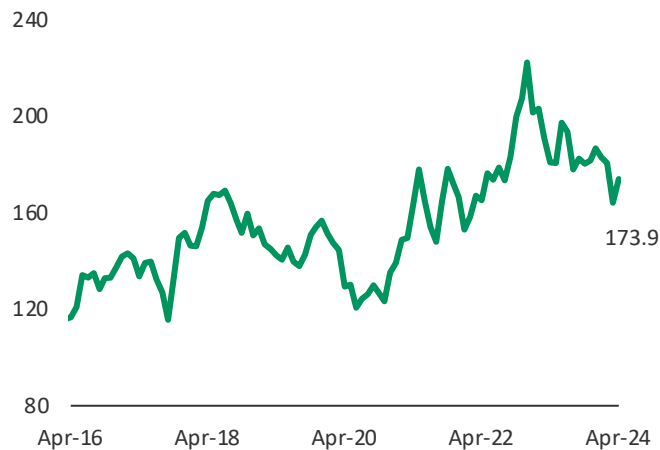


Census Bureau, Capacity Utilization: Total Industry, Percent of Capacity, Average, Seasonally Adjusted

U.S. COMMERCIAL DEMAND INDICATORS

DODGE MOMENTUM INDEX

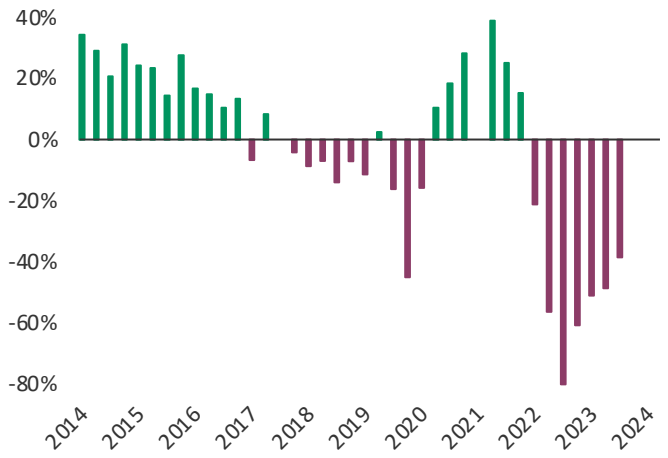
9



Dodge Data & Analytics, Dodge Construction Network (2000 = 100)

COMMERCIAL REAL ESTATE LOAN DEMAND

10

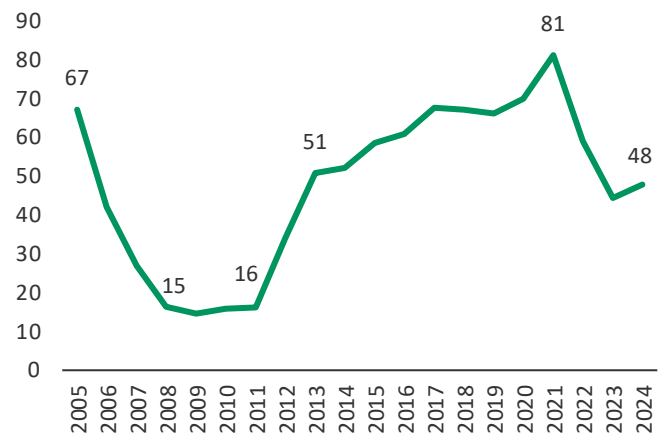


St. Louis Fed, Net % of Domestic Banks Reporting Stronger Demand for Commercial Real Estate

U.S. RESIDENTIAL CONSTRUCTION INDICATORS

NAHB HOUSING MARKET INDEX

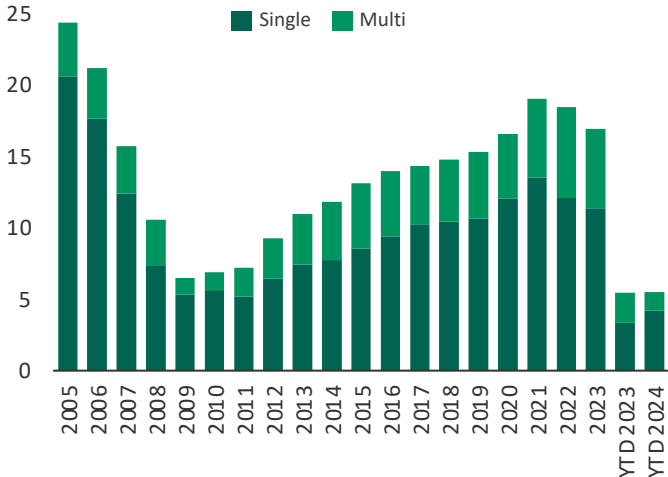
11



National Association of Home Builders, Average Throughout Year, Range from 0 - 100

HOUSING STARTS

12



U.S. Census Bureau (in thousands)
YTD 2023 & 2024 as of April

M&A ACTIVITY & TRENDS

Deal Volume

- YTD 2024 deal volume (140 transactions) has been steady but tracking below the record-breaking levels of 2023
- Continued focus on potential interest rate cuts and the Fed's ability to reduce inflation coupled with tight debt markets limited acquisition activity in the first half of 2024

Deal Value

- A few very large announced transactions (e.g., SRS Distribution at \$18.6B) are driving the \$23.1 billion in YTD 2024 aggregate transaction value, far outpacing historical averages

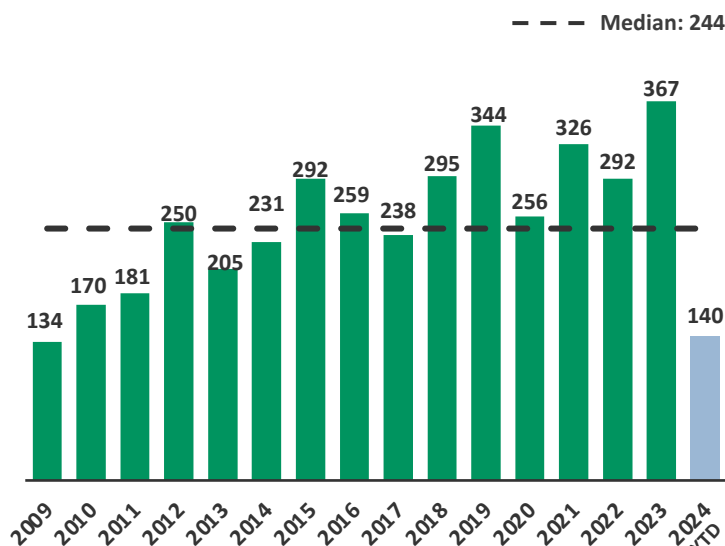
M&A Multiples

- Disclosed YTD 2024 EV/EBITDA multiples are higher than historical medians, driven by a few marquee announced deals

2nd Half of 2024 Outlook

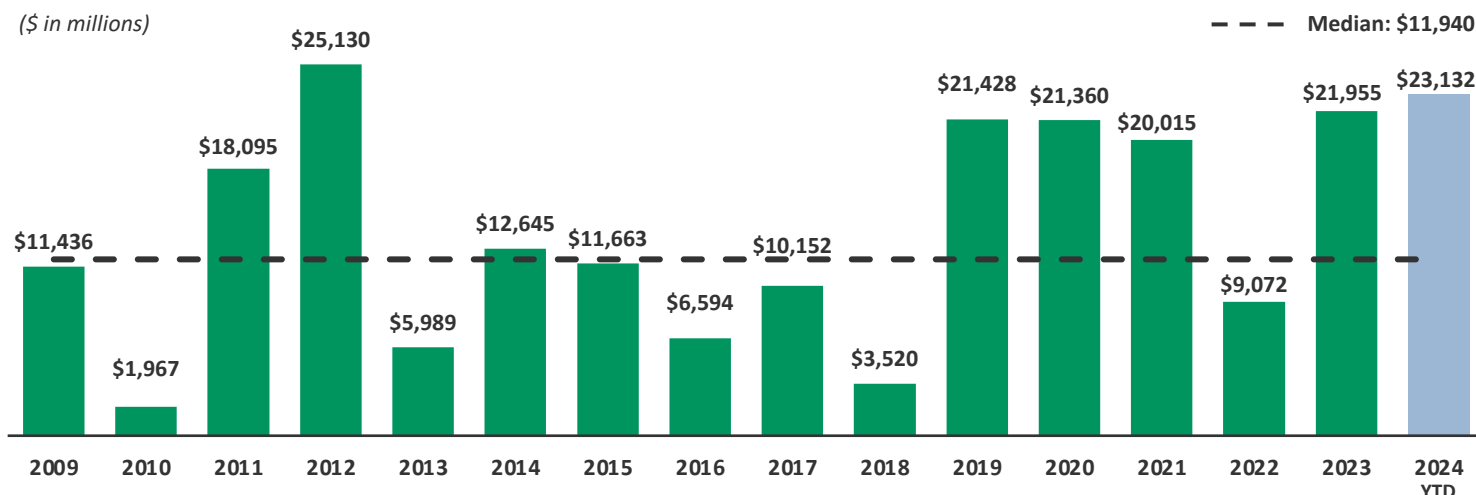
- Despite some uncertainty in 2024, there is optimism for M&A in the second half of 2024 with improved visibility into interest rate policy (1 cut expected²) and the likelihood of a soft-landing
- Record levels of private equity dry powder coupled with robust corporate balance sheets may buoy transaction volume

M&A DEAL VOLUME

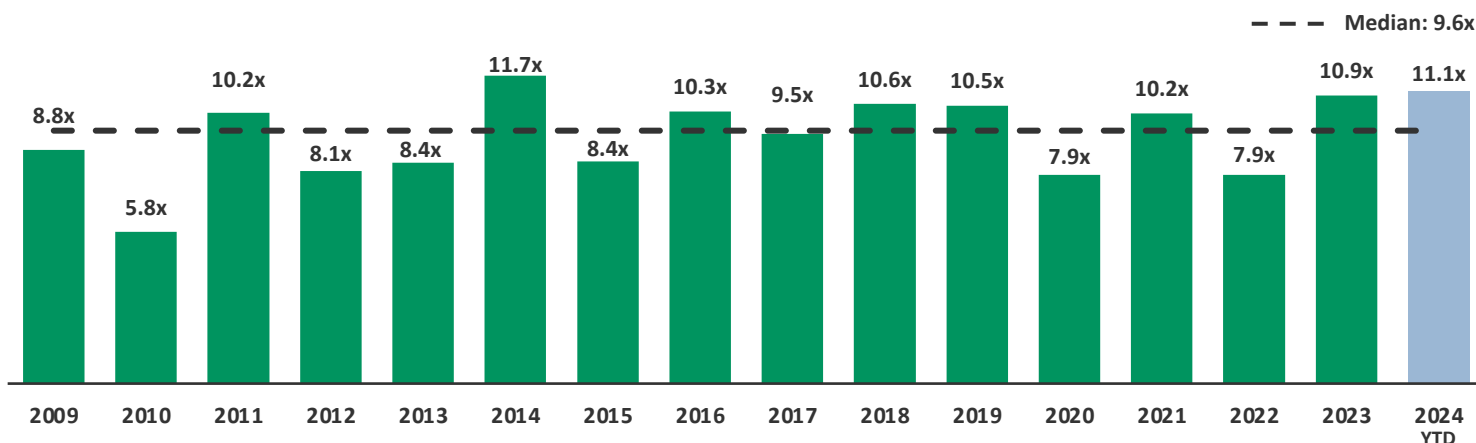


M&A DEAL VALUE (AGGREGATE TRANSACTION SIZE)¹

(\$ in millions)



M&A MULTIPLES¹



Sources: S&P Capital IQ, Pitchbook

1) Reflects publicly available enterprise value and multiples within the sector. YTD 2024 deal statistics include both announced and closed transactions

2) As of the FOMC's June meeting (June 11th & 12th)

SPOTLIGHT TRANSACTIONS

TALLEY

ACQUIRED BY



Announced May 2024

- **MAY 2024:** France-based electrical distributor Rexel has announced a major addition to its U.S. telecommunication unit with the acquisition of Talley, Inc.
- Headquartered in Los Angeles, California, Talley is one of the largest distributors of network infrastructure products, serving mobile network operators, installers, infrastructure operators and end-users across the continental U.S.
- With 11 distribution centers and more than 300 employees, Talley is expected to generate more than \$360M of revenue in FY2024
- The acquisition boosts Rexel's robust datacom and data center divisions, totaling pre-acquisition revenue of over \$1B. Furthermore, the acquisition grants Rexel access to numerous high-growth verticals and tailwinds related to network infrastructure

**FUTURE
ELECTRONICS**

ACQUIRED BY



WT MICROELECTRONICS

Announced Apr. 2024

- **APRIL 2024:** Taiwan-based semiconductor components distributor WT Microelectronics announced a major acquisition of Future Electronics for \$3.8B
- Headquartered in Montreal, Canada, Future Electronics is an electronic components distributor with 5,500 employees and 170 locations worldwide
- The combination of the two entities solidifies the company as a global force, with total revenues of over \$25B, 25,000+ global customers and a presence in over 48 countries
- The acquisition brings together two highly complementary business models and value-added service capabilities, which the strengths and expertise of each company can be leveraged to offer greater value to both its customers and suppliers

**SRS
DISTRIBUTION**

ACQUIRED BY



Announced Mar. 2024

- **MARCH 2024:** Atlanta-based home improvement retailer Home Depot announced a major acquisition of SRS Distribution for \$18.25B, implying a 16.1x 2023E Adj. EBITDA and representing the fourth largest private equity exit ever
- Headquartered in McKinney, TX, SRS Distribution is a distributor of roofing, landscaping and pool supplies. As a portfolio company of private equity firm, Leonard Green & Partners, the company boasts 44 local distribution brands, 2,500 employees and over 650 locations
- In 2023, SRS achieved revenues of ~\$10B and Adjusted EBITDA of ~\$1.1B. Management successfully executed an aggressive growth strategy via strategic M&A, expansion of the company's digital commerce capabilities and growth of same-store sales
- The acquisition is complementary to Home Depot's "Pro Ecosystem" that is tailored towards professional contractors, increasing Home Depot's overall TAM by ~\$50B

wesco

(Integrated Supply Unit)

ACQUIRED BY



Announced Feb. 2024

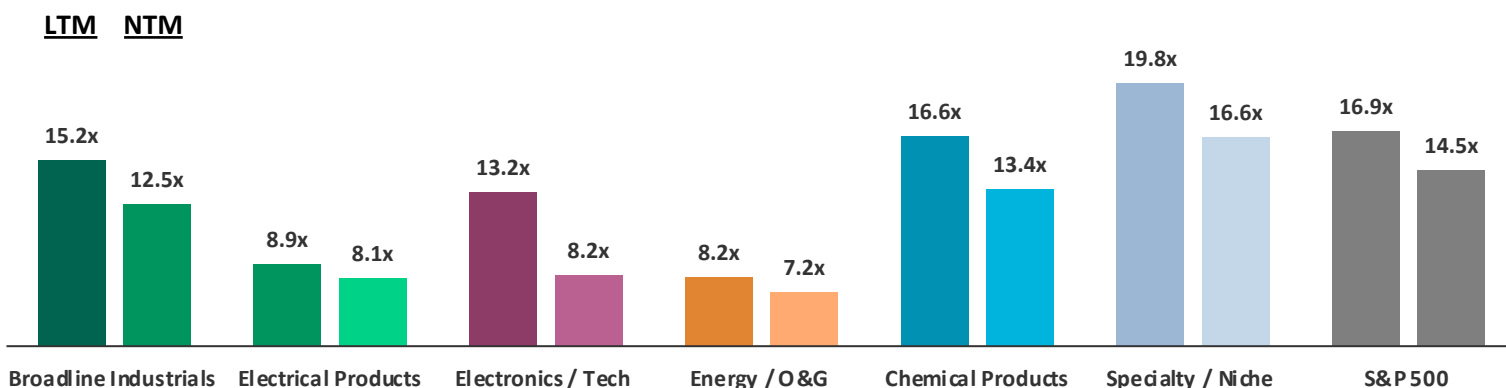
- **FEBRUARY 2024:** North Carolina-based MRO distributor Vallen Distribution has announced the acquisition of Wesco's Integrated Supply Unit for \$350M
- Headquartered in Pittsburgh, Pennsylvania, Wesco International is one of the largest global distributors of electrical products. Wesco decided to divest its Integrated Supply Unit to concentrate on its core strategic focus: electrical products – stating several long-term, high-growth tailwinds
- Vallen, a distributor specializing in MRO products and provider of inventory and technical services, was initially divested by Sonepar in mid-2022 and acquired by Nautic Partners, a private equity firm specializing in industrial distribution
- The Integrated Supply Unit produced \$784M of revenue in FY2023 and will add significant scale and market presence to Vallen's current geographic footprint and overall capabilities

OTHER NOTABLE INDUSTRIAL DISTRIBUTION TRANSACTIONS

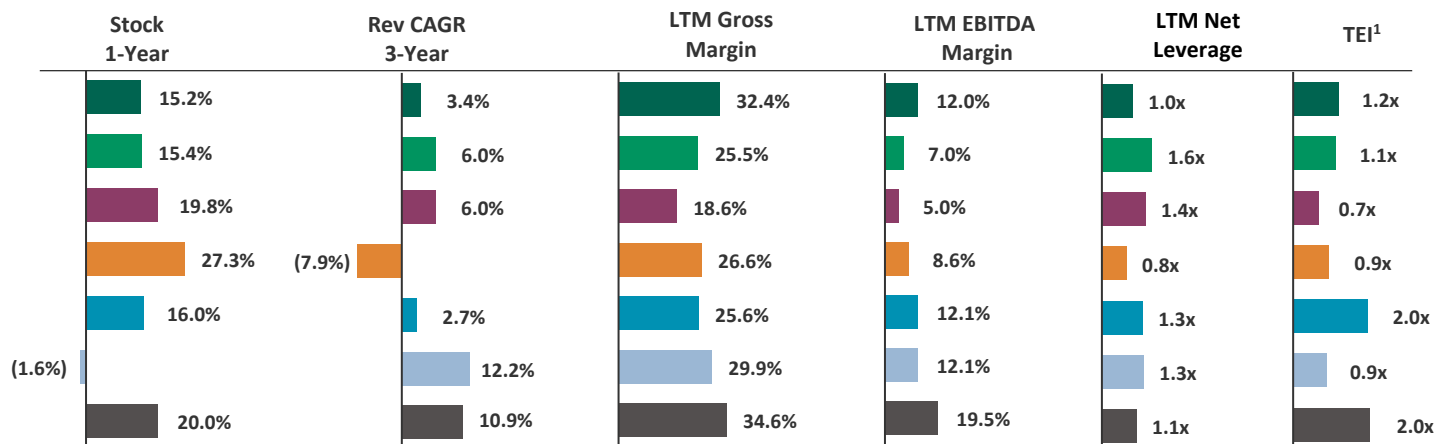
Annnc'd Date	Target	Acquiror	Target Business Description
Jul-24			Distributor of HVAC/R products
Jul-24		 / 	U.K.-based distributor of C-class fasteners and components
Jun-24			Distributor of measurement, regulation and control instruments for the maritime and offshore industry
Jun-24		 / Frontenac	Distributor of process valves and instrumentation solutions
May-24			Distributor of PVF supplies, bathroom and kitchen fixtures and HVAC equipment
May-24		 / 	Distributor of conveyor belts, motors, drives, hose and fittings, gearboxes, and other industrial products
Apr-24		One Equity Partners	Distributor and manufacturer of lifting, material handling and safety product
Apr-24		 / INVESTCORP	Distributor of HVAC products
Apr-24		TENEX	Distributor of plumbing, HVAC, and roofing supplies
Mar-24		 Powered by Difference	Madison Electric: Distr. of electrical, plumbing & HVAC products Standard Electric: Distributor of electrical products
Mar-24			Distributor of industrial power tools and equipment
Feb-24		NAUTIC	Distributor of loose and coated abrasives, specialty ceramic materials and related spare parts and equipment
Feb-24		 / 	Distributor of janitorial and sanitation products
Jan-24		 / 	Distributor of heaters, sensors, controls, and comprehensive technical support to manufacturers
Jan-24			Distributor of plumbing and HVAC equipment
Jan-24		 / 	Distributor of a wide range of sealing products and O-rings

PUBLIC MARKET VALUATIONS

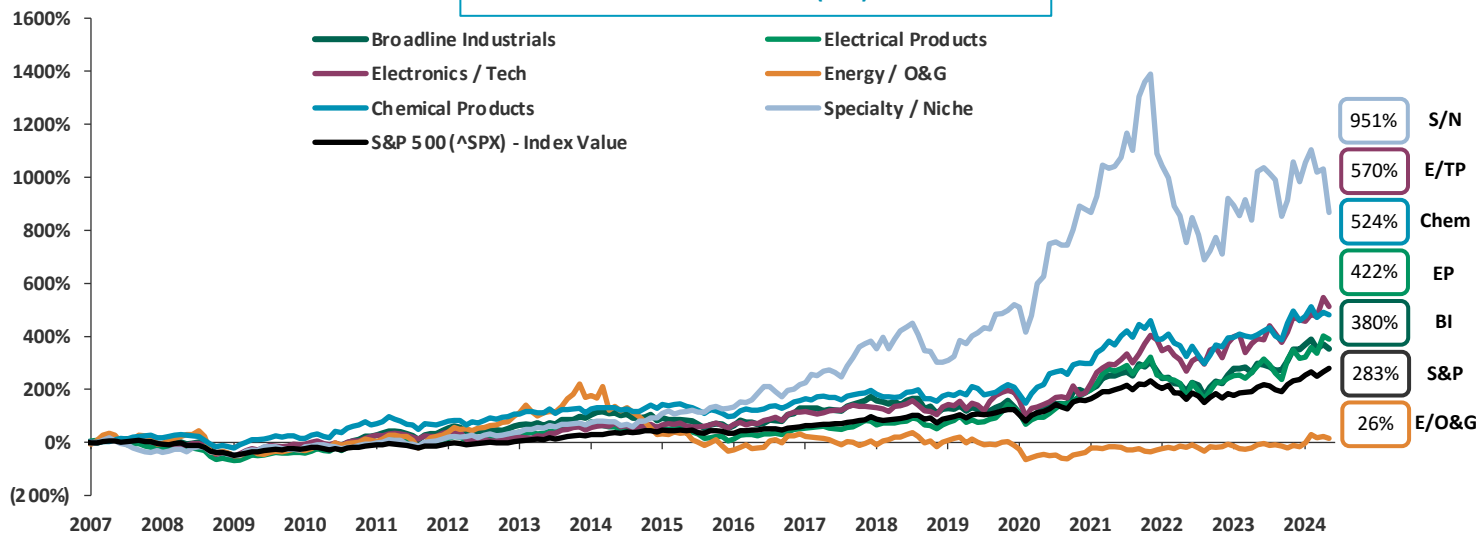
EV/EBITDA MULTIPLES (MEDIAN)



(Median Values)



Citizens Industrial Distribution (CID) Index²: 479%



1) TEI = Turn/Earn Index (Gross Margin x Inventory Turns)

2) Citizens Industrial Distribution (CID) Index consists of 39 publicly-traded industrial distribution companies across 6 subsectors tracked by Citizens

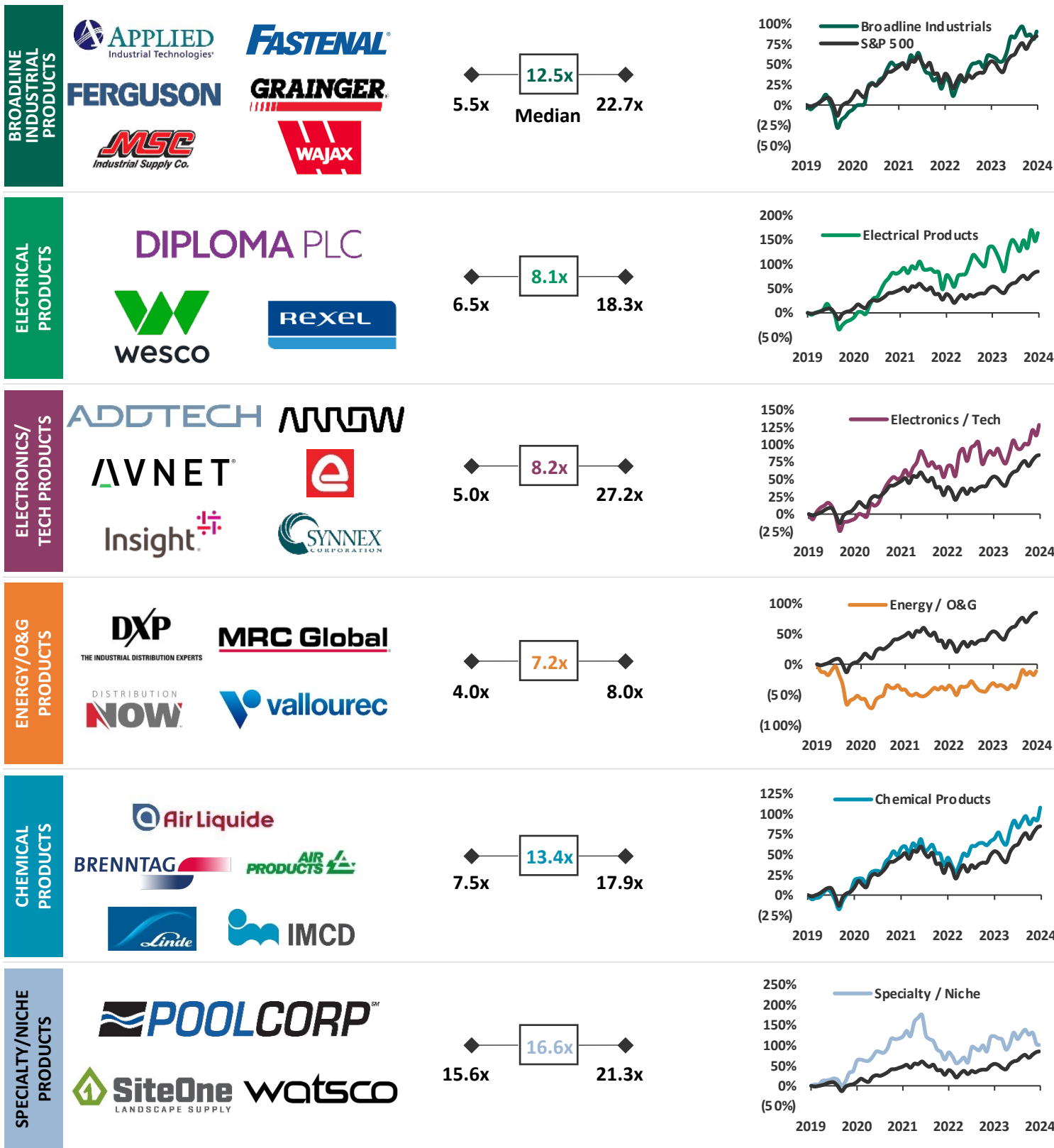
Source: S&P Capital IQ (7/22/2024)

PUBLIC MARKET VALUATIONS

SELECT INDEX MEMBERS

NTM EBITDA MULTIPLE

5-YR STOCK RETURN



PUBLIC COMPARABLES

Broadline Industrials

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High	Value	Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
W.W. Grainger, Inc.	\$951.61	92.0%	\$48,928	\$16,622	39.3%	4.6x	\$2,818	17.0%	0.6x	17.4x	16.5x	1.8x	6.1%	4.2%
Ferguson plc	208.58	90.7%	46,949	29,527	30.5%	5.0x	2,947	10.0%	1.1x	15.9x	14.7x	1.5x	(1.1%)	1.1%
Fastenal Company	68.28	86.4%	39,361	7,416	45.5%	2.6x	1,692	22.8%	0.0x	23.3x	22.7x	1.2x	2.4%	8.8%
Applied Industrial Technologies, Inc.	207.14	97.6%	8,114	4,477	29.5%	6.1x	536	12.0%	0.3x	15.2x	14.2x	1.8x	3.7%	7.8%
Toromont Industries Ltd.	92.20	93.6%	7,330	3,391	26.8%	2.8x	636	18.7%	(0.4x)	11.5x	11.2x	0.8x	6.4%	14.0%
MSC Industrial Direct Co., Inc.	84.23	79.6%	5,282	3,904	41.0%	3.3x	511	13.1%	1.0x	10.3x	11.2x	1.4x	(2.3%)	3.4%
Bossard Holding AG	250.15	96.7%	2,206	1,114	32.4%	1.8x	133	12.0%	2.0x	16.6x	12.6x	0.6x	(12.5%)	1.1%
Distribution Solutions Group, Inc.	32.63	87.5%	2,104	1,638	34.5%	3.7x	116	7.1%	4.4x	18.2x	12.7x	1.3x	21.7%	0.0%
OEM International AB (publ)	11.43	95.0%	1,566	486	35.5%	3.1x	74	15.3%	(0.3x)	21.0x	NM	1.1x	1.6%	6.2%
Global Industrial Company	34.32	73.1%	1,372	1,324	33.9%	5.3x	104	7.9%	(0.2x)	13.2x	12.5x	1.8x	15.0%	9.1%
Park-Ohio Holdings Corp.	29.33	98.3%	1,024	1,654	16.7%	3.3x	128	7.7%	4.7x	8.0x	7.2x	0.5x	6.1%	(6.6%)
Wajax Corporation	19.34	76.1%	810	1,566	21.3%	2.5x	108	6.9%	2.6x	7.5x	5.5x	0.5x	4.0%	2.6%
Trifast plc	0.93	73.8%	187	295	25.9%	1.9x	20	6.7%	1.9x	9.4x	7.7x	0.5x	2.9%	2.4%
Mean	\$153	87.7%	\$12,710	\$5,647	31.7%	3.5x	\$756	12.1%	1.4x	14.4x	12.4x	1.1x	4.2%	4.2%
Median	\$68	90.7%	\$2,206	\$1,654	32.4%	3.3x	\$133	12.0%	1.0x	15.2x	12.5x	1.2x	3.7%	3.4%

Electrical Products

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High	Value	Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
WESCO International, Inc.	\$172.25	88.1%	\$13,604	\$22,213	21.5%	4.8x	\$1,529	6.9%	2.7x	8.9x	8.1x	1.0x	0.9%	17.1%
Rexel S.A.	27.87	88.7%	11,855	21,171	25.5%	6.1x	1,475	7.0%	1.6x	8.0x	6.5x	1.6x	2.4%	(1.8%)
Diploma PLC	55.69	98.6%	7,915	1,586	29.8%	3.7x	338	21.3%	1.0x	23.4x	18.3x	1.1x	9.5%	6.0%
Mean	\$85	91.8%	\$11,125	\$14,990	25.6%	4.9x	\$1,114	11.7%	1.8x	13.5x	11.0x	1.2x	4.3%	7.1%
Median	\$56	88.7%	\$11,855	\$21,171	25.5%	4.8x	\$1,475	7.0%	1.6x	8.9x	8.1x	1.1x	2.4%	6.0%

Electronics & Technology

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High	Value	Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
TD SYNNEX Corporation	\$117.78	88.0%	\$13,487	\$56,291	7.1%	7.0x	\$1,699	3.0%	2.0x	7.9x	7.3x	0.5x	(7.4%)	6.0%
Arrow Electronics, Inc.	125.30	87.4%	10,075	31,295	12.4%	5.3x	1,568	5.0%	2.1x	6.4x	5.4x	0.7x	(14.9%)	2.6%
Addtech AB (publ.)	31.70	97.8%	8,975	1,922	32.1%	4.2x	296	15.4%	1.4x	30.4x	26.2x	1.3x	4.8%	17.8%
Avnet, Inc.	53.66	96.8%	7,825	24,749	11.9%	3.9x	1,080	4.4%	2.6x	7.2x	5.6x	0.5x	(6.1%)	0.4%
Insight Enterprises, Inc.	216.81	97.1%	7,788	9,231	18.6%	34.5x	525	5.7%	1.4x	14.8x	12.2x	6.4x	(8.6%)	7.6%
RS Group plc	10.48	95.2%	5,505	3,716	43.0%	2.6x	416	11.2%	1.1x	13.2x	11.5x	1.1x	(1.3%)	8.9%
Transcat, Inc.	144.07	98.0%	1,302	259	32.3%	10.2x	35	13.5%	(0.4x)	37.2x	27.2x	3.3x	12.5%	6.4%
ScanSource, Inc.	47.95	94.1%	1,183	3,461	11.9%	4.8x	131	3.8%	(0.1x)	9.0x	8.2x	0.6x	(9.0%)	(5.1%)
Richardson Electronics, Ltd.	11.89	80.6%	154	208	29.7%	1.4x	6	2.9%	(2.9x)	25.1x	5.0x	0.4x	(21.7%)	4.4%
Mean	\$84	92.8%	\$6,255	\$14,570	22.1%	8.2x	\$640	7.2%	0.8x	16.8x	16.8x	1.6x	-5.7%	5.4%
Median	\$54	95.2%	\$7,788	\$3,716	18.6%	4.8x	\$416	5.0%	1.4x	13.2x	8.2x	0.7x	(7.4%)	6.0%

1) Net Leverage defined as (Total Debt – Operating Leases – Cash & Cash Equivalents) / LTM EBITDA

2) TEI = Turn/Earn Index (Inventory Turns x Gross Margin)

Source: Capital IQ as of 7/22/2024

Note: \$ in millions except per share data; Enterprise Value and Debt metrics exclude operating leases

PUBLIC COMPARABLES

Energy / Oil & Gas

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise Value	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High		Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
Vallourec S.A.	\$16.37	82.7%	\$4,425	\$5,142	31.5%	2.4x	\$746	14.5%	0.7x	5.9x	4.0x	0.8x	(10.2%)	(4.7%)
MRC Global Inc.	14.42	97.8%	1,942	3,333	20.2%	4.4x	208	6.2%	0.8x	9.3x	8.0x	0.9x	(4.9%)	(11.1%)
NOW Inc.	14.61	93.8%	1,440	2,300	22.9%	4.3x	170	7.4%	(1.0x)	8.5x	7.1x	1.0x	2.4%	(15.1%)
DXP Enterprises, Inc.	52.05	90.7%	1,286	1,667	30.2%	10.7x	164	9.8%	2.5x	7.8x	7.3x	3.2x	5.1%	(0.1%)
Mean	\$24	91.2%	\$2,273	\$3,110	26.2%	5.4x	\$322	9.5%	0.7x	7.9x	6.6x	1.5x	(1.9%)	(7.8%)
Median	\$15	92.3%	\$1,691	\$2,817	26.6%	4.3x	\$189	8.6%	0.8x	8.2x	7.2x	0.9x	(1.3%)	(7.9%)

Chemicals Products

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise Value	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High		Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
Linde plc	\$446.10	93.4%	\$231,319	\$32,761	47.3%	8.3x	\$12,202	32.3%	1.3x	19.0x	17.8x	3.9x	(1.8%)	33.9%
L'Air Liquide S.A.	179.80	92.0%	115,895	30,516	59.6%	5.6x	8,048	23.5%	1.3x	14.4x	13.4x	3.3x	(7.8%)	0.2%
Air Products and Chemicals, Inc.	248.55	80.8%	68,368	12,153	31.4%	12.2x	4,115	31.1%	2.7x	16.6x	12.6x	3.8x	(7.5%)	2.7%
Brenntag SE	71.27	75.2%	12,754	17,575	24.4%	8.0x	1,305	8.0%	1.6x	9.8x	7.5x	2.0x	(16.1%)	0.1%
IMCD N.V.	144.16	78.3%	9,606	4,933	25.6%	5.5x	577	11.8%	2.3x	16.7x	15.0x	1.4x	(3.4%)	13.4%
DKSH Holding AG	75.66	94.1%	5,294	12,129	8.2%	7.6x	403	3.1%	0.2x	13.1x	9.9x	0.6x	(4.0%)	(0.8%)
Hawkins, Inc.	105.87	97.6%	2,326	919	21.1%	8.9x	136	12.1%	0.7x	17.1x	17.9x	1.9x	(1.7%)	3.8%
Mean	\$182	87.3%	\$63,652	\$15,855	31.1%	8.0x	\$3,827	17.4%	1.4x	15.2x	13.4x	2.4x	(6.0%)	7.6%
Median	\$144	92.0%	\$12,754	\$12,153	25.6%	8.0x	\$1,305	12.1%	1.3x	16.6x	13.4x	2.0x	(4.0%)	2.7%

Specialty / Niche

Company Name	Market Data			Operating Statistics						EV as a Multiple of		TEI	Revenue Growth	
	Price	% of 52	Enterprise Value	LTM						EBITDA		LTM	LTM	3 Yr Rev
	7/22/2024	Week High		Revenue	% GM	Inv. Turn	EBITDA	% Margin	Net Lev. ¹	LTM	NTM	TEI ²	Growth	CAGR
Watsco, Inc.	\$499.89	96.1%	\$18,805	\$7,298	27.1%	3.3x	\$768	11.5%	(0.2x)	24.5x	21.3x	0.9x	(0.0%)	5.2%
Pool Corporation	331.57	78.4%	13,930	5,456	29.9%	2.4x	750	17.8%	1.3x	18.6x	15.6x	0.7x	(8.7%)	12.2%
SiteOne Landscape Supply, Inc.	139.18	74.0%	7,180	4,369	34.5%	3.1x	363	12.1%	1.4x	19.8x	16.6x	1.1x	8.0%	13.3%
Mean	\$324	82.8%	\$13,305	\$5,707	30.5%	2.9x	\$627	13.8%	0.8x	20.9x	17.8x	0.9x	(0.3%)	10.2%
Median	\$332	78.4%	\$13,930	\$5,456	29.9%	3.1x	\$750	12.1%	1.3x	19.8x	16.6x	0.9x	0.0%	12.2%

1) Net Leverage defined as (Total Debt – Operating Leases – Cash & Cash Equivalents) / LTM EBITDA

2) TEI = Turn/Earn Index (Inventory Turns x Gross Margin)

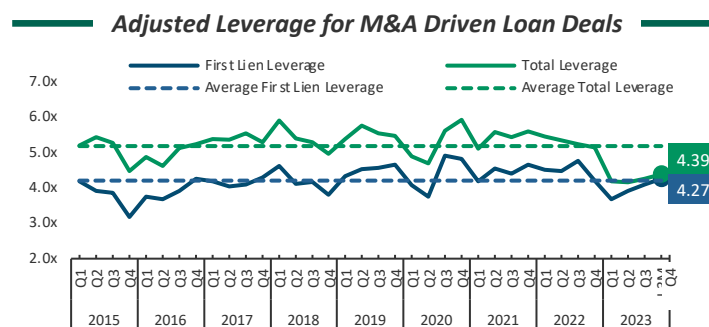
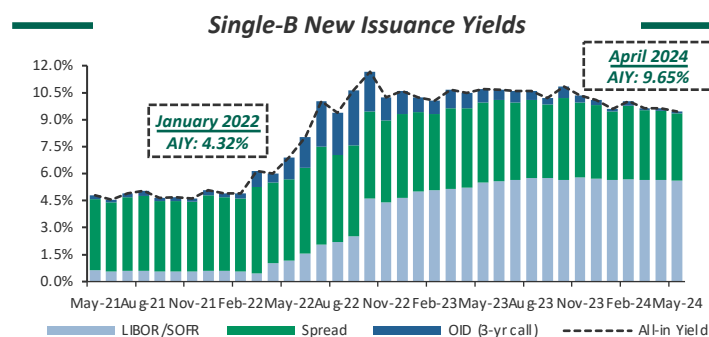
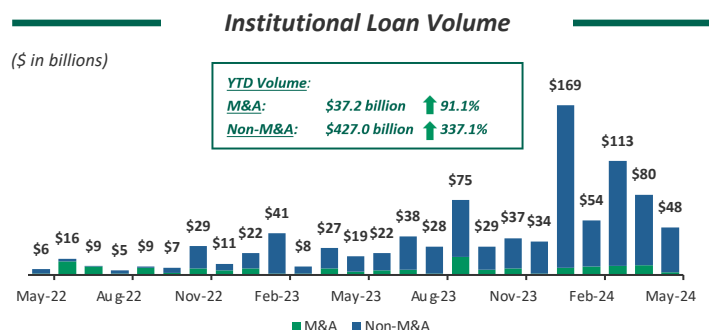
Source: Capital IQ as of 7/22/2024

Note: \$ in millions except per share data; Enterprise Value and Debt metrics exclude operating leases

CAPITAL MARKETS: FINANCING MARKET TRENDS

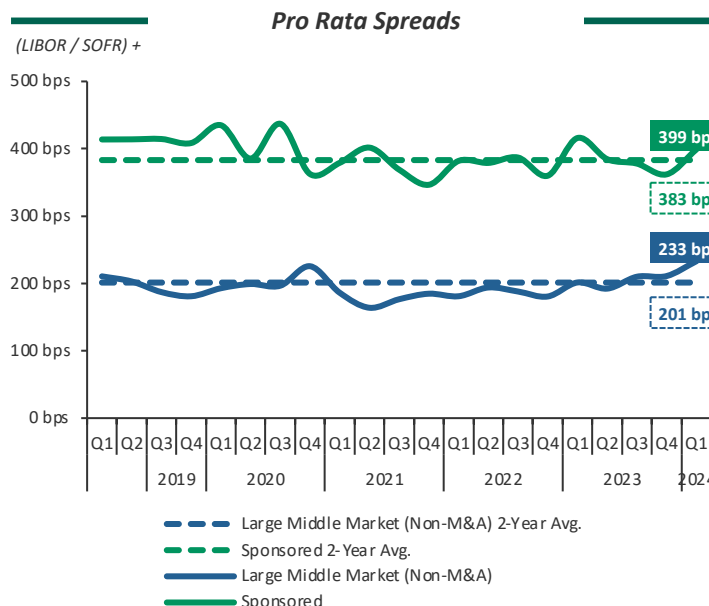
INSTITUTIONAL LOAN MARKET

- **A Strong Start to 2024:** The tone in the Institutional Loan Market is optimistic as Q1 momentum carries into April and May. While buyout activity remains well below historical levels due to the valuation gap and elevated interest rates, M&A deals are beginning to emerge on a limited basis.
- **Increasing Opportunistic Volume:** Primary market volume has picked up considerably in 2024, with over \$450 billion of volume coming to market so far this year. Opportunistic transactions continue to drive the bulk of market activity, with repricings, amend & extends, and refinancings representing >75% of deal flow in 2024, with a handful of dividend recaps, direct lender takeouts, and M&A financings thrown in the mix.
- **Yields Contract as Secondary Approaches Par:** A sustained rally in the US leveraged loan secondary market, coupled with limited new-money deals in the primary, has created a favorable environment for opportunistic debt issuers this year. We expect this trend to continue through the remainder of 2024 as new money activity remains muted.
- **Technical Focus and Continued Muted Leverage:** In addition to broader headwinds such as macroeconomic uncertainty and geopolitical concerns, the loan asset class faces its own unique challenges. Elevated SOFR could translate to more downgrades and rise in loan defaults, while competition from high yield and the private market will persist in 2024. Leverage levels are materially lower than prior years, driven by the cost of capital paradigm. As rates start to tick down and the current stock and bond rally persists, we expect more aggressive structures and leverage levels will follow suit heading into late 2024 and 2025.
- **CLO Outlook:** Coming off an outstanding year for loan returns, CLO issuance has reached record levels so far in 2024, with last month being the busiest April on record. YTD US CLO issuance has totaled almost \$70 billion (~64% YoY increase), but despite the fast start, bank desks are forecasting \$130-145 billion of volume, well below 2021 issuance.



PRO RATA MARKET

- **Q1 2024 Volume Recap:** While spreads continue to remain around two-year averages, Q1 2024 saw a general increase in spreads for both large middle market and sponsored transactions as banks continue to focus on returns. Despite spreads increasing, which helps banks with hitting their credit-only return thresholds, volume was down for Q1 2024 compared to Q1 2023 as lenders remain selective, resulting in less activity in the market.
- **Relationship-focused Lending:** A primary focus for many banks in 2023 was needing cross-sell and/or deposits in order to commit capital to a transaction. This theme is expected to remain through 2024, although the magnitude of these asks has moderated so far in 2024, providing signs for a more open Pro Rata "Bank" Market in the second half of the year.
- **2H 2024 Outlook:** In the near-term, the tone of the Pro Rata "Bank" Market is anticipated to remain cautious, but constructive, with banks expected to remain supportive of their key relationships. Lenders will be focused on supporting clients with cross-sell and financings that offer a leadership role within a bank group to maximize their positioning for future capital markets events.



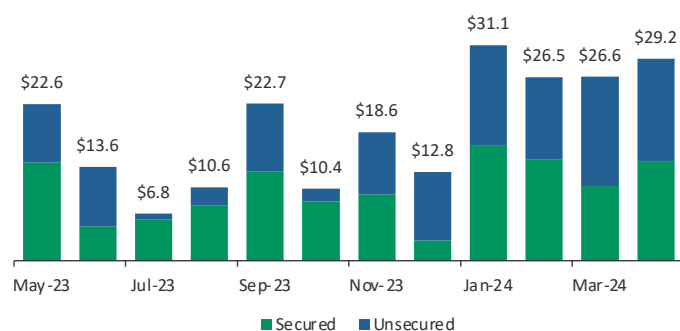
CAPITAL MARKETS: FINANCING MARKET TRENDS

HIGH YIELD MARKET

- **Strong Start to 2024:** Following a relatively strong late-year rally in 2023, there has been over \$110 billion of issuance YTD April, including January 2024 being the busiest month since November 2021 with \$31.1 billion of issuance. The High Yield primarily market has gained substantial momentum so far in 2024 as the “Higher for Longer” sentiment has returned, issuers look to push out maturities, and investors continue to look for new paper given the lack of new money issuance.
- **Market Anticipation of Fed Rate Cuts:** History tells us the results of Fed hiking are followed by market disruption in the form of a recession or some other episode, spreads go wider in such an event and Fed policy usually reverses. After substantial tightening of spreads and yields at the end of 2023, both have leveled out so far this year. This is a result of the “Higher for Longer” sentiment among investors returning as the Fed has been more hawkish than expected coming into the year.
- **Looming Maturity Wall:** In addition, and in stark contrast to 2022 and 2023, a looming maturity wall approaches with the High Yield Index near record lows for effective duration at ~3.3 years with \$1.3 trillion in the Index. In other words, borrowers will be forced to address maturities irrespective of the rate environment and we urge issuers to take advantage of attractive windows with so much uncertainty ahead.
- **2024 Outlook:** All told, we expect \$225 - \$250 billion of High Yield new issuer supply, or a 35% increase over 2023.

High Yield Issuance Volume

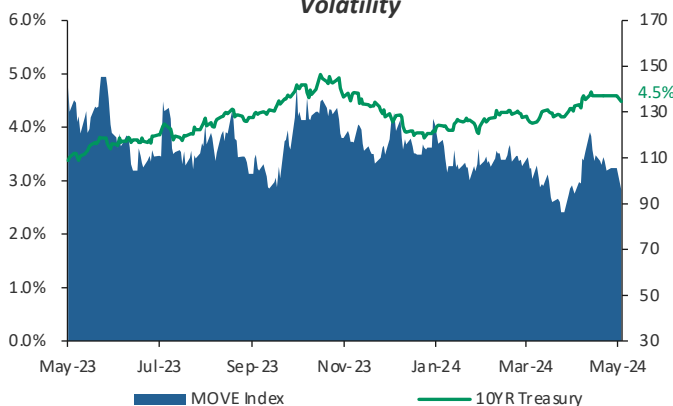
(\$ in billions)



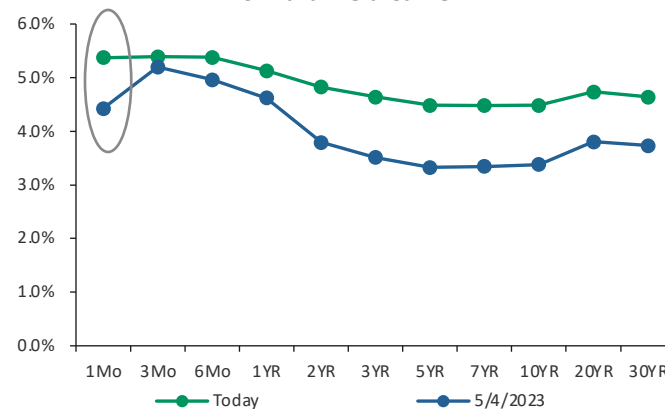
High Yield Trading Levels



10-Year U.S. Treasury and Volatility

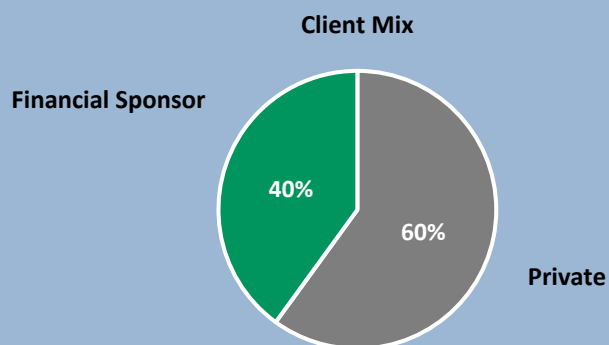


Forward Yield Curve



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CITIZENS INDUSTRIAL DISTRIBUTION BANKING TEAM

CORPORATE FINANCE

Michael Musser

Managing Director
704-496-5843
michael.musser@citizensbank.com

MERGERS & ACQUISITIONS

David Dunstan

Managing Director
216-589-9530
david.dunstan@citizensbank.com

Daniel Fearer

Vice President
216-539-4807
daniel.fearer@citizensbank.com

CAPITAL MARKETS

Jacqui VanDeventer

Managing Director
617-994-7031
jacqueline.vandeventer@citizensbank.com