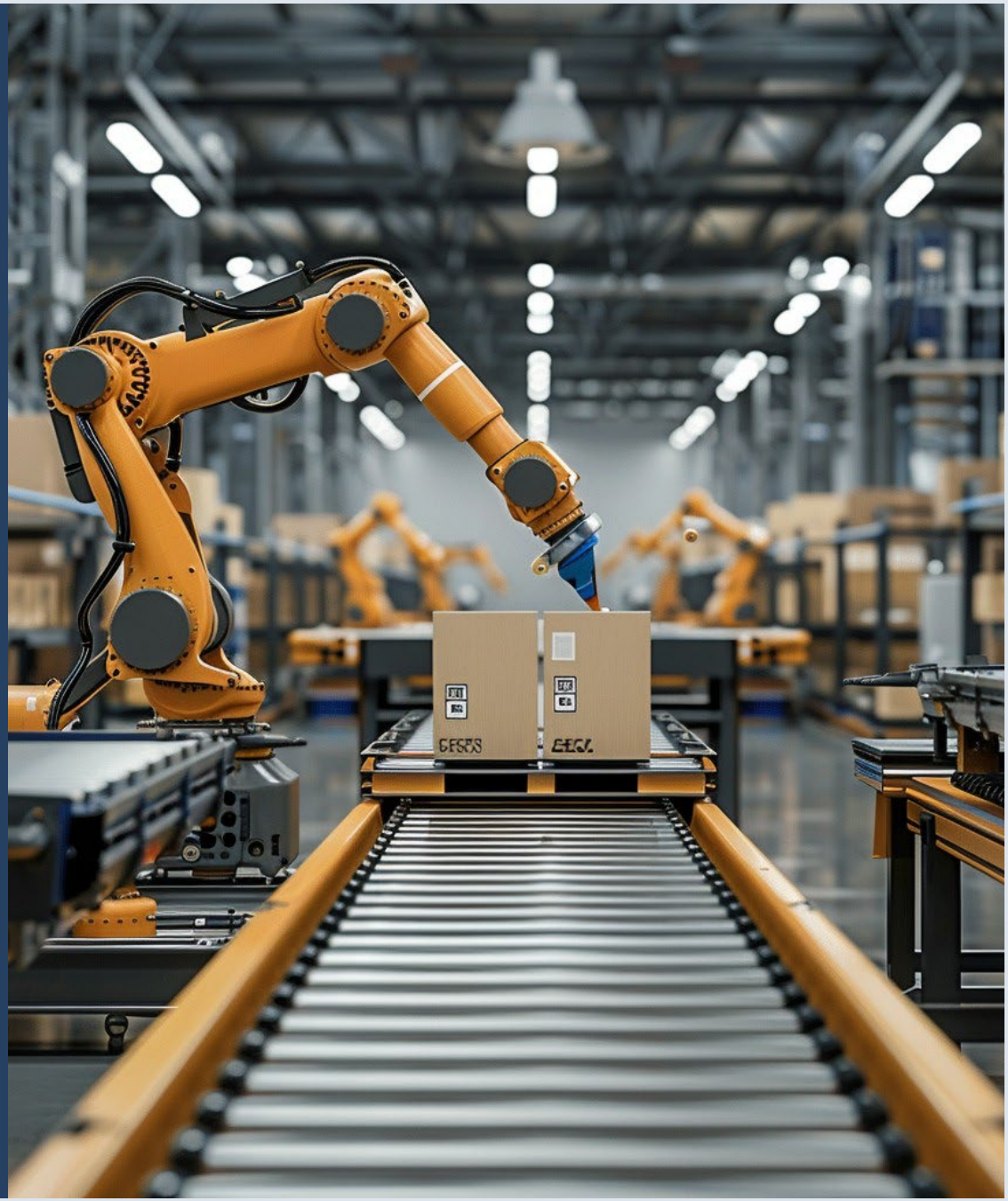
Shields & Company

INVESTMENT BANKERS

Specialty Distribution

Sector Update

Q3 2026



Shields & Company, Inc. is a FINRA Registered Broker-Dealer and a member of SIPC.

Sector M&A Activity Was Robust While Stocks Underperformed

M&A Summary

- U.S. M&A deal activity slowed significantly in Q3. Quarterly M&A volume fell to 3,443 closed transactions, which represents a 15% decrease compared to Q3 2025. Year-to-date (YTD) transaction volume was down approximately 4% compared to the same period in 2025. M&A transaction activity declined in Q3 due to the hawkish interest rate outlook, continued inflation above the Fed's target, increasing geopolitical tensions, uncertainty regarding the economy and the upcoming midterm elections, and concerns about AI negatively impacting certain industries.

- Specialty Distribution fared better than the overall market with transaction closings reaching 121 in Q3, representing a 19% increase from Q3 2025. As a result, YTD transaction volume was 1% higher than in the same period last year.

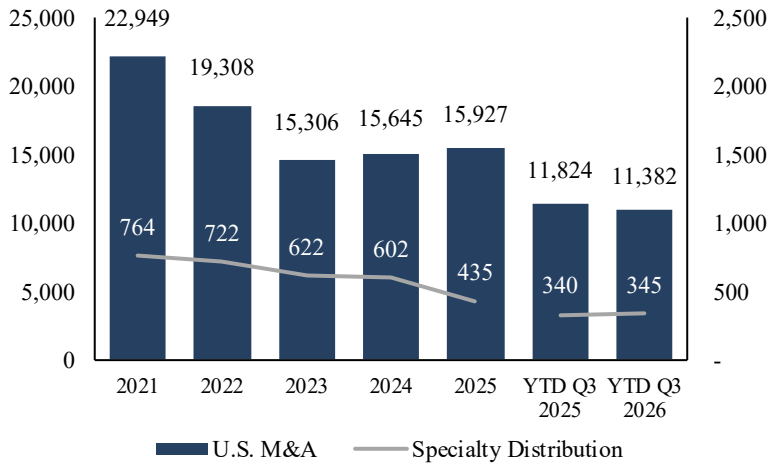
- Economic and geopolitical uncertainty are likely to continue weighing on the M&A market and may provide ongoing headwinds.

Public Company Performance

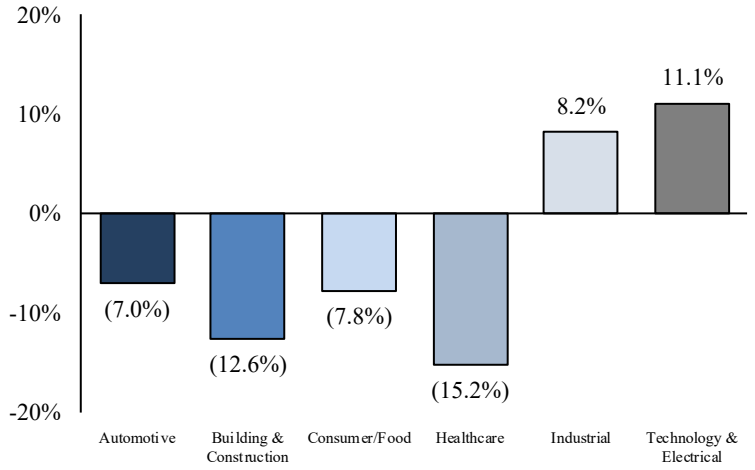
- Our Specialty Distribution peer groups performed poorly during Q3. Industrial and Technology & Electrical were the only subsectors that generated positive returns and outperformed the S&P 500, which returned 2.2% in Q3.

- At the end of Q3, the sector median TEV/LTM EBITDA multiple was 11.8x. The highest multiple subsectors were Industrial (16.5x) and Healthcare (13.1x).

M&A Transaction Volume



Q3 2026 Peer Group Returns (1)

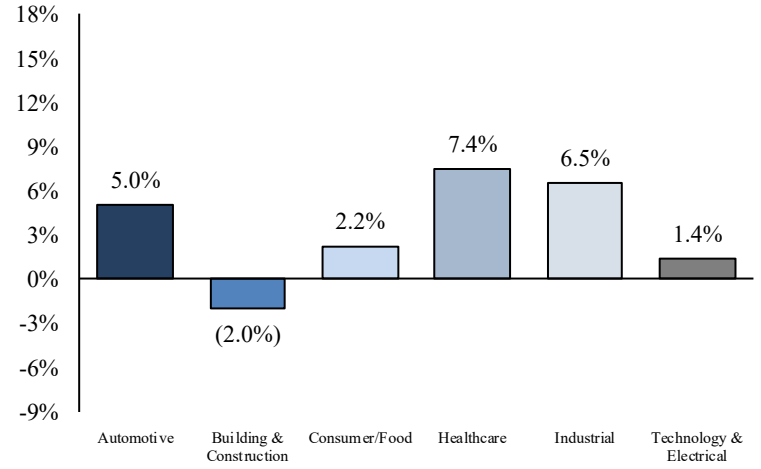


Select Specialty Distribution Transactions

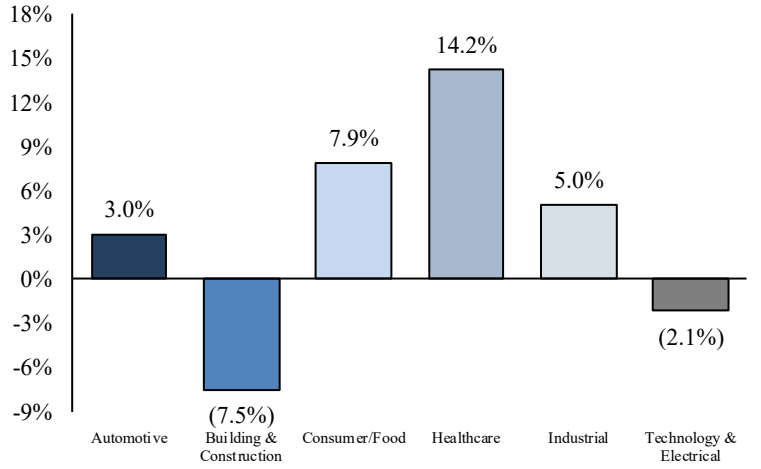
Date	Target	Description	Buyer
Sep-26	AMD Supply LLC	AMD Supply LLC distributes aluminum and vinyl fencing, gates, hurricane shutters, aluminum extrusions, castings, hardware, and screen doors.	Eastern Metal Supply, Inc.
Sep-26	The Conrad Company	The Conrad Company operates as a diversified distribution and manufacturing services holding company.	Incline Management, L.P.
Sep-26	American Piping Products Inc.	American Piping Products Inc. distributes steel pipe, tube, fittings, and flanges, including carbon steel, stainless steel, chrome moly, and alloy pipe.	SCF Partners, Inc.
Sep-26	American Fasteners Corporation	American Fasteners Corporation distributes MRO products, including screws, bolts, nuts, rods, anchors, power tools, safety gear, fall protection, abrasives, and more.	Distribution Solutions Group, Inc.
Sep-26	Peerless Electronics Inc.	Peerless Electronics Inc. distributes switches, circuit breakers, relays, sensors, and electronic components.	Fastener Distribution Holdings, LLC
Aug-26	FloWorks International LLC	FloWorks International supplies valves, automation, pumps, and fluid handling systems to the refining, chemical, power, mining, and pharmaceutical industries.	Ferguson Enterprises Inc.
Aug-26	Pegasus Supply Group	Pegasus Supply Group distributes wire management, wire harnesses, and 12V automotive power solutions.	Midland Industries, Co., Inc.
Aug-26	National Auto Parts Warehouse, LLC	National Auto Parts Warehouse, LLC, doing business as National Performance Warehouse Inc., operates as a warehouse distributor of traditional, performance, and truck parts.	Parts Authority, LLC
Aug-26	J&F Lockwood, Inc.	J&F Lockwood, Inc., doing business as CSC of Salinas, distributes agricultural and industrial hydraulic products.	Motion and Flow Control Products, Inc.
Aug-26	H.M. Royal, Inc.	H.M. Royal, Inc. provides specialty chemicals and raw materials to compounders in North America.	Univar Solutions LLC
Jul-26	Salentine Pump & Equipment Inc.	Salentine Pump & Equipment Inc. distributes industrial pumps and related equipment in the United States.	Motion & Control Enterprises, LLC
Jul-26	Graco Supply Company	Graco Supply Company, doing business as GracoRoberts, distributes specialty chemicals in the North American aerospace market.	Tinicum Incorporated
Jul-26	Exotic Rubber & Plastics Corporation	Exotic Rubber & Plastics Corporation distributes motion control and custom molded rubber and plastics.	Value Added Distributors, LLC
Jul-26	Rocket Seals, Inc.	Rocket Seals, Inc. distributes seals and O-rings for hydraulic shops, automobile part stores, the aerospace industry, and breweries.	Marco Rubber & Plastics, LLC
Jul-26	Total Safety Supplies & Solutions, Inc.	Total Safety Supplies & Solutions, Inc. operates as a distributor of industrial safety products offering personal protective equipment and maintenance, repair, and operations products.	Mill Point Capital LLC
Jul-26	Ohio Paint Supply	Ohio Paint Supply distributes automotive and industrial paint and supply products.	Automotive Color & Supply Corp.

Public Company Operating Metrics

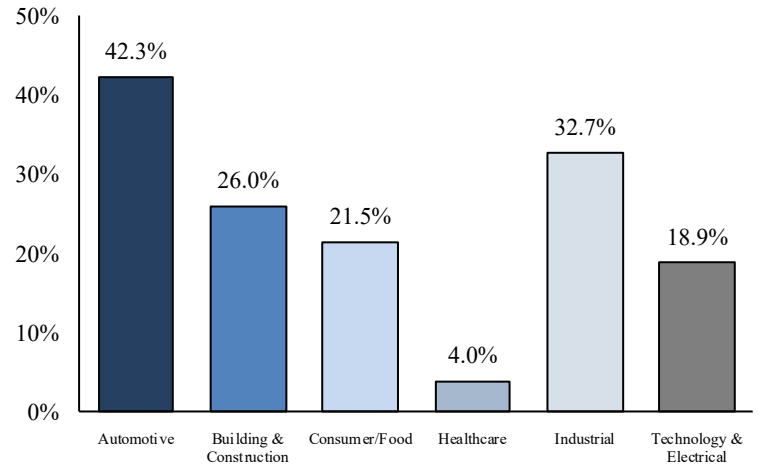
3-Year Revenue CAGR (2)



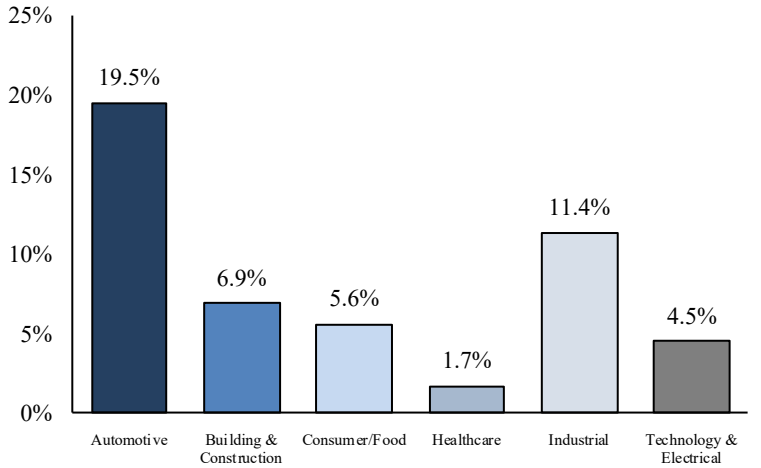
3-Year EBITDA CAGR (2)



LTM Gross Margin (2)

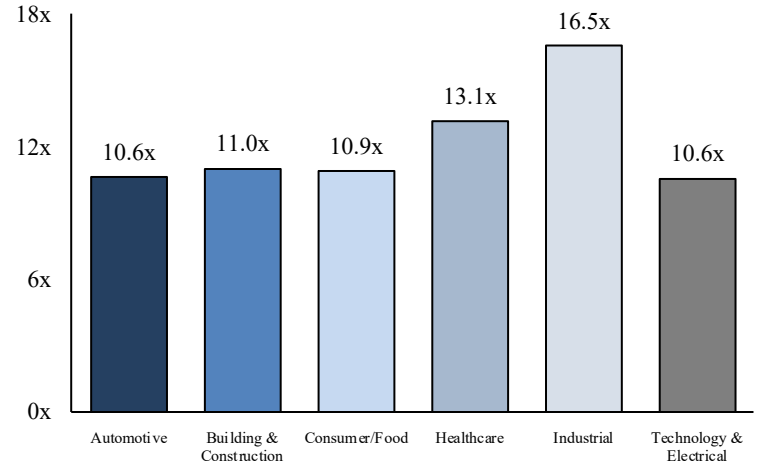


LTM EBITDA Margin (2)

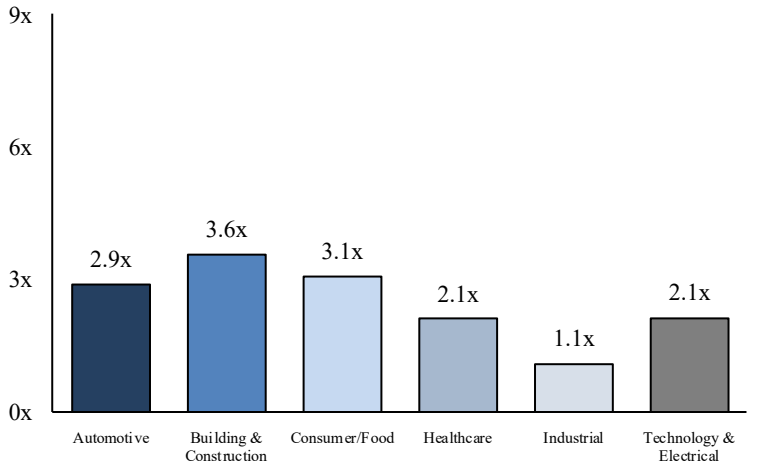


Public Company Valuation Metrics

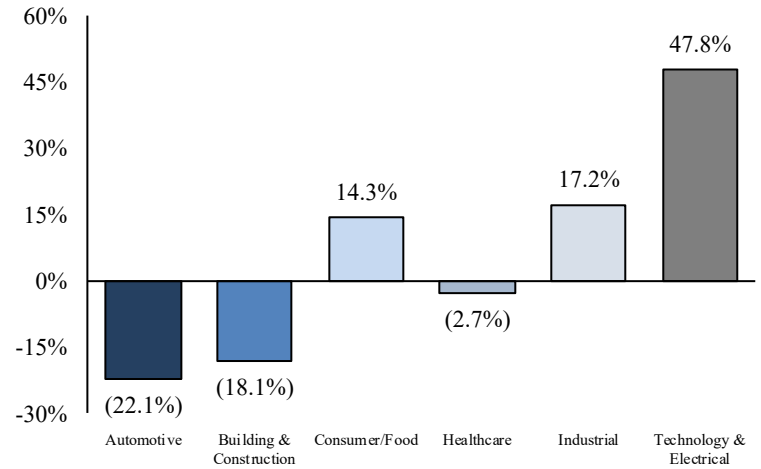
TEV/LTM EBITDA (2)



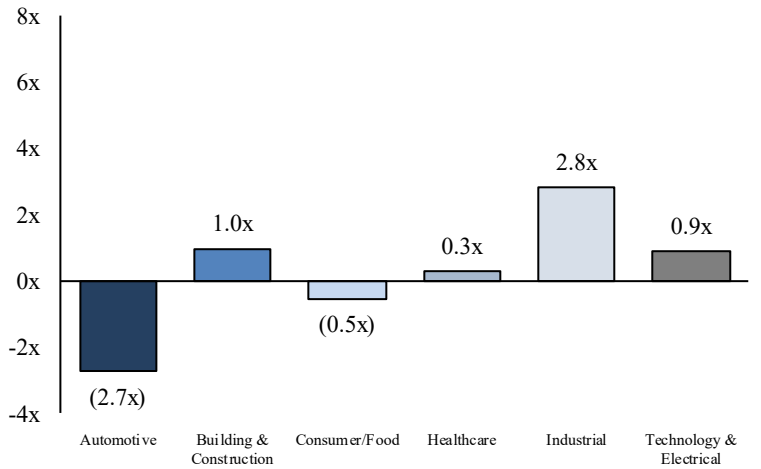
Net Debt/LTM EBITDA (2)



LTM Change in Stock Price (1)



LTM Change in EBITDA Multiple (2)



3-Year Stock Return (1)



Consumer/Food
205.2

Industrial
195.7

S&P 500
178.4

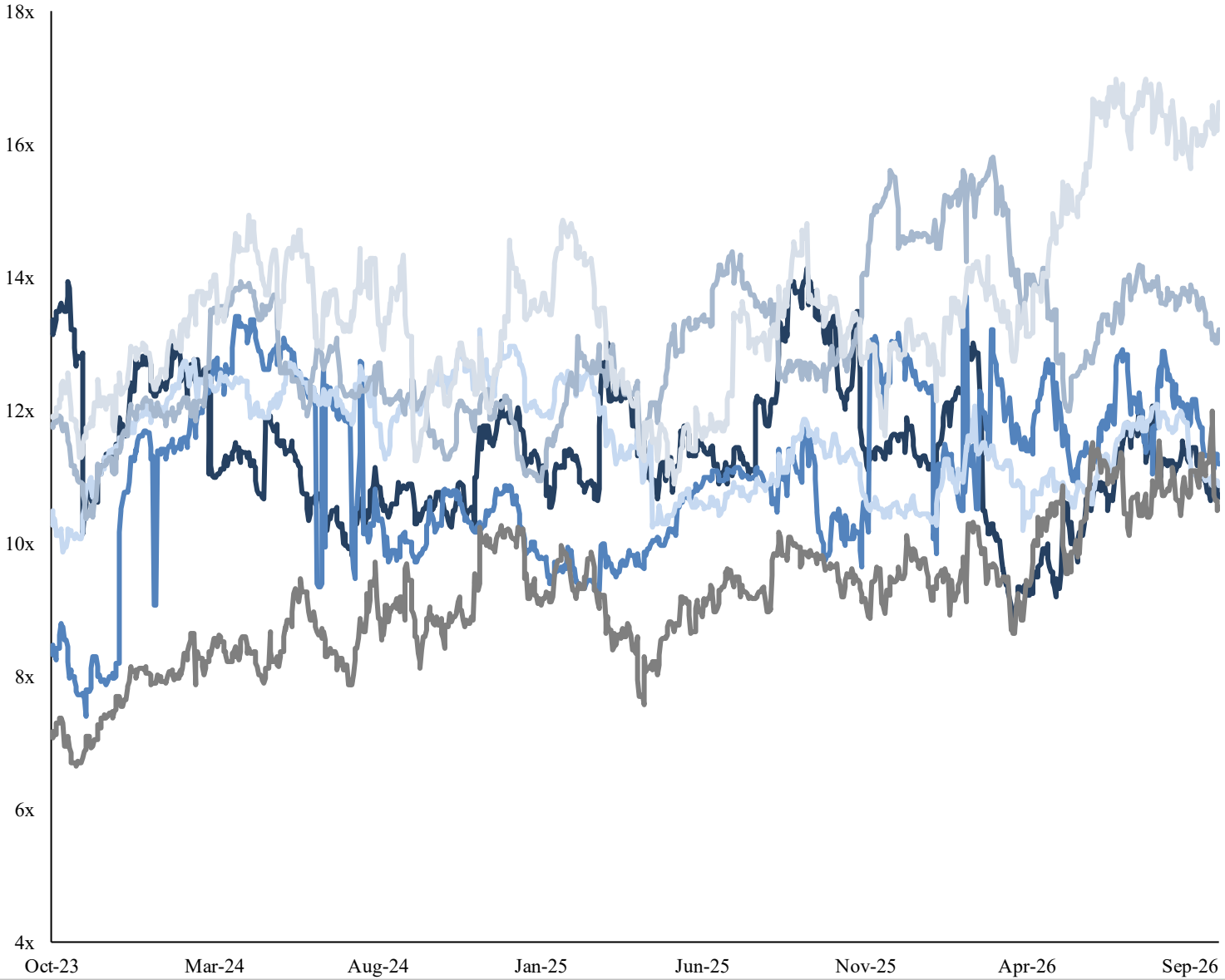
Technology & Electrical
174.4

Healthcare
147.7

Automotive
110.3

Building & Construction
83.1

3-Year LTM EBITDA Multiple (2)



Industrial
16.5x

Healthcare
13.1x

Building & Construction
11.0x

Consumer/Food
10.9x

Automotive
10.6x

Technology & Electrical
10.6x

PUBLIC COMPARABLE COMPANIES

($ in millions)	TEV	Latest Twelve Months Revenue	Latest Twelve Months Gross Profit	Latest Twelve Months EBITDA	TEV / LTM Revenue	TEV / LTM EBITDA	TEV / EBITDA 2026P	TEV / EBITDA 2027P
Automotive								
AutoZone, Inc.	$54,939	$20,339	$10,645	$4,342	2.7x	12.7x	12.2x	11.4x
Dorman Products, Inc.	$3,947	$2,155	$912	$421	1.8x	9.4x	9.6x	9.1x
Genuine Parts Company	$21,772	$25,072	$9,418	$2,053	0.9x	10.6x	10.3x	9.6x
LKQ Corporation	$9,432	$13,688	$5,248	$1,403	0.7x	6.7x	6.8x	6.1x
O'Reilly Automotive, Inc.	$75,775	$18,573	$9,590	$4,170	4.1x	18.2x	17.5x	16.5x
				Automotive Median	**1.8x**	**10.6x**	**10.3x**	**9.6x**
Building & Construction								
ADENTRA Inc.	$1,235	$2,279	$488	$138	0.5x	9.0x	6.5x	6.1x
BlueLinx Holdings Inc.	$854	$3,010	$477	$79	0.3x	10.8x	8.0x	7.5x
Boise Cascade Company	$2,777	$6,458	$1,066	$322	0.4x	8.6x	7.5x	6.5x
Builders FirstSource, Inc.	$10,660	$14,449	$4,217	$1,023	0.7x	10.4x	9.8x	8.7x
Doman Building Materials Group Ltd.	$1,451	$2,248	$366	$151	0.6x	9.6x	7.7x	7.4x
Ferguson Enterprises Inc.	$47,533	$31,446	$9,633	$3,071	1.5x	15.5x	13.7x	12.4x
Pool Corporation	$7,188	$5,394	$1,596	$643	1.3x	11.2x	10.9x	10.4x
QXO, Inc.	$18,595	$9,898	$2,429	$592	1.9x	31.4x	14.7x	8.3x
SiteOne Landscape Supply, Inc.	$4,498	$4,775	$1,677	$387	0.9x	11.6x	10.3x	9.4x
Watsco, Inc.	$11,751	$7,284	$2,004	$701	1.6x	16.8x	15.3x	14.0x
				Building & Construction Median	**0.8x**	**11.0x**	**10.0x**	**8.5x**

PUBLIC COMPARABLE COMPANIES (CONTINUED)

($ in millions)	TEV	Latest Twelve Months Revenue	Latest Twelve Months Gross Profit	Latest Twelve Months EBITDA	TEV / LTM Revenue	TEV / LTM EBITDA	TEV / EBITDA 2026P	TEV / EBITDA 2027P
Consumer/Food								
Bunzl plc	$14,032	$16,133	$4,636	$1,329	0.9x	10.6x	8.9x	8.8x
Central Garden & Pet Company	$2,356	$3,084	$1,005	$338	0.8x	7.0x	6.3x	6.3x
Fortune Brands Innovations, Inc.	$6,884	$4,392	$1,944	$738	1.6x	9.3x	8.6x	8.6x
Performance Food Group Company	$21,132	$64,340	$8,091	$1,701	0.3x	12.4x	10.4x	9.1x
Sysco Corporation	$50,164	$84,553	$15,639	$4,493	0.6x	11.2x	11.0x	10.1x
The Chefs' Warehouse, Inc.	$5,165	$4,392	$1,074	$260	1.2x	19.8x	16.5x	14.6x
United Natural Foods, Inc.	$4,241	$31,152	$4,216	$631	0.1x	6.7x	5.9x	5.4x
US Foods Holding Corp.	$25,297	$40,133	$7,045	$1,783	0.6x	14.2x	11.8x	10.9x
			Consumer/Food Median		**0.7x**	**10.9x**	**9.7x**	**8.9x**
Healthcare								
Accendra Health, Inc.	$1,754	$2,647	$1,187	$288	0.7x	6.1x	5.8x	5.2x
Cardinal Health, Inc.	$55,761	$254,248	$9,774	$4,244	0.2x	13.1x	12.8x	11.8x
Cencora, Inc.	$66,392	$332,771	$13,182	$5,546	0.2x	12.0x	11.9x	11.0x
Henry Schein, Inc.	$14,229	$13,602	$4,260	$1,080	1.0x	13.2x	12.0x	11.2x
McKesson Corporation	$107,145	$410,983	$14,933	$7,071	0.3x	15.2x	14.6x	13.2x
			Healthcare Median		**0.3x**	**13.1x**	**12.0x**	**11.2x**

PUBLIC COMPARABLE COMPANIES (CONTINUED)

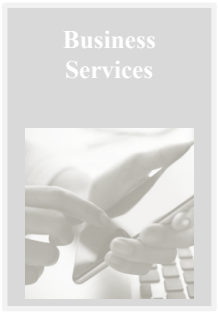
($ in millions)	TEV	Latest Twelve Months Revenue	Latest Twelve Months Gross Profit	Latest Twelve Months EBITDA	TEV / LTM Revenue	TEV / LTM EBITDA	TEV / EBITDA 2026P	TEV / EBITDA 2027P
Industrial								
Applied Industrial Technologies, Inc.	$12,299	$4,967	$1,507	$615	2.5x	20.0x	19.0x	18.0x
Core & Main, Inc.	$9,850	$7,698	$2,082	$935	1.3x	10.5x	10.2x	9.6x
Distribution Solutions Group, Inc.	$2,278	$2,053	$671	$157	1.1x	14.5x	12.1x	11.2x
DNOW Inc.	$3,185	$4,083	$826	$151	0.8x	21.1x	14.2x	9.3x
DXP Enterprises, Inc.	$3,410	$2,139	$680	$236	1.6x	14.5x	12.8x	11.6x
Fastenal Company	$56,751	$8,749	$3,911	$1,955	6.5x	29.0x	27.0x	24.4x
Global Industrial Company	$1,512	$1,436	$501	$103	1.1x	14.7x	12.4x	13.7x
MSC Industrial Direct Co., Inc.	$7,342	$3,909	$1,596	$444	1.9x	16.5x	14.9x	13.3x
W.W. Grainger, Inc.	$60,877	$18,845	$7,424	$3,216	3.2x	18.9x	17.9x	16.7x
				Industrial Median	**1.6x**	**16.5x**	**14.2x**	**13.3x**
Technology & Electrical								
Arrow Electronics, Inc.	$13,555	$35,925	$4,049	$1,471	0.4x	9.2x	7.0x	7.0x
Avnet, Inc.	$11,261	$27,633	$2,882	$944	0.4x	11.9x	8.0x	7.5x
CDW Corporation	$21,943	$23,500	$5,020	$2,011	0.9x	10.9x	9.9x	9.3x
ePlus inc.	$1,991	$2,449	$614	$188	0.8x	10.6x	9.8x	8.9x
Insight Enterprises, Inc.	$5,966	$8,580	$1,896	$627	0.7x	9.5x	9.4x	9.1x
PC Connection, Inc.	$1,937	$2,988	$564	$135	0.6x	14.4x	12.3x	12.3x
ScanSource, Inc.	$1,196	$3,226	$437	$127	0.4x	9.4x	7.4x	7.0x
TD SYNNEX Corporation	$25,079	$75,674	$5,212	$2,479	0.3x	10.1x	8.9x	8.1x
WESCO International, Inc.	$22,644	$25,013	$5,352	$1,588	0.9x	14.3x	12.4x	11.2x
				Technology & Electrical Median	**0.6x**	**10.6x**	**9.4x**	**8.9x**
				TOTAL INDUSTRY MEDIAN	**0.8x**	**11.8x**	**10.7x**	**9.5x**

About Shields & Company

Founded in 1991, Shields & Company, Inc. is a leading, independent, middle-market investment bank located in the Boston area providing corporate finance advisory services to privately-owned and closely-held businesses in North America. While our services include a full range of corporate finance advisory services, our focus is on sell-side merger and acquisition advisory and valuation services. Our M&A practice focuses on six key industries (Business Services; Consumer, Food, & Beverage; Healthcare & Human Services; Industrial Products & Services; Niche Manufacturing; and Specialty Distribution) and our typical client generates $5–30 million of EBITDA.

The Shields & Company team utilizes its deep experience and knowledge to provide creative, thorough, and professional financial advice. We are committed to providing senior-level attention and objective financial advice for our clients. We embrace a philosophy where our clients' goals come first and, as a result, we design and execute tailored sale processes that maximize shareholder outcomes and exceed client expectations.

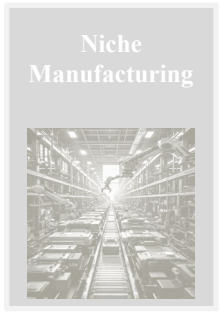
INDUSTRIES

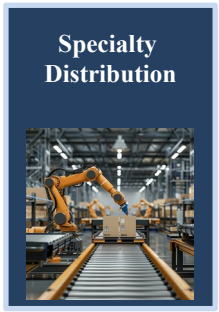












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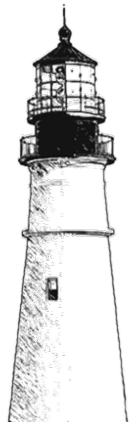
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Sources

Sources: S&P Capital IQ data as of September 30, 2026, and Shields & Company.

Footnotes

(1) Peer group returns calculated based on equal-weighted indices, indexed to 100.

(2) Metrics are peer group medians.