



Specialty Distribution

INDUSTRY UPDATE | Q4 2025





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Key Insights and Observations

- ❖ Dealmakers entered 2025 with measured optimism, which gained meaningful traction by mid-year as capital deployment accelerated. On a year-over-year basis, aggregate deal value increased ~57%, materially outpacing a ~15% rise in transaction volume. The divergence underscores a clear shift among strategic acquirors and private equity toward fewer, larger, high-conviction platform investments.
- ❖ Consolidation in building products continued in Q4 as Builders FirstSource (NYSE: BLDR) completed its acquisition of Lengefeld Lumber, a family-owned distributor of lumber products, sheeted goods, concrete, cement & masonry accessories, roofing & ventilation, and other building materials and supplies.
- ❖ Now, M&A markets are positioned for a renewed cycle of strategic transformation. Elevated volatility has forced companies to reassess priorities while also presenting attractive acquisition opportunities. Increasingly, corporates are deploying capital toward capability-driven transactions that bolster strategic positioning and future-proof their businesses. These deals are reshaping portfolios, redefining competitive landscapes, and laying the groundwork for sustained long-term growth.
- ❖ M&A activity in 2026 is expected to be driven by several structural dynamics. Companies are increasingly pursuing acquisitions to build AI and technology capabilities, while private equity dry powder continues to put pressure on investors to deploy capital. At the same time, corporate balance sheets and the need to position for a rapidly evolving business and economic environment are supporting larger transactions.

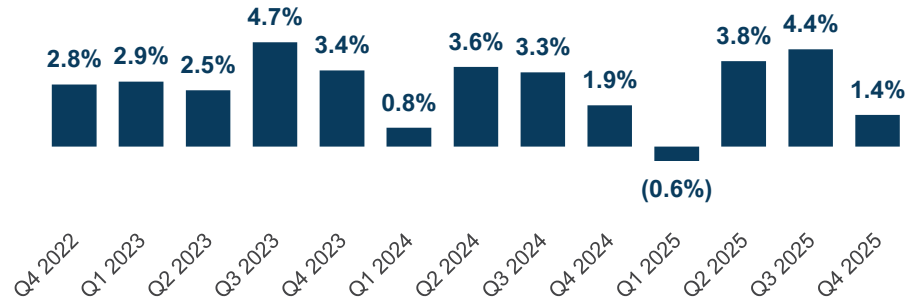
U.S. Macroeconomic Backdrop

Ongoing U.S. Policy Uncertainty and the 43-Day Government Shutdown Hindered Economic Growth Through Q4

- ❖ GDP increased at a 1.4% annualized rate in the fourth quarter, supported by continued strength in consumer spending and AI-related capital investment.
- ❖ While unemployment rose slightly to 4.4%, the market showed signs of cooling with employment contracting, driven by federal layoffs and reduced hiring. Consumer confidence exhibited deterioration quarter-to-quarter as systemic economic concerns persisted.
- ❖ PMI's sub-50 reading signals continued manufacturing contraction; however, the relative resilience in Industrial Production indicates strength within certain industrial subsectors. The data suggests a late-cycle normalization rather than a sharp downturn, with activity moderating but not collapsing.

Real U.S. Quarterly GDP Growth

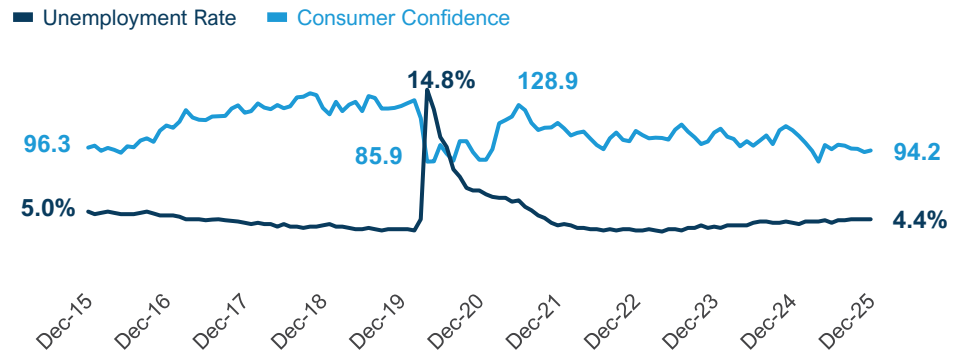
(Annualized quarterly percentage change)



Source: S&P Capital IQ

U.S. Unemployment Rate and Consumer Confidence

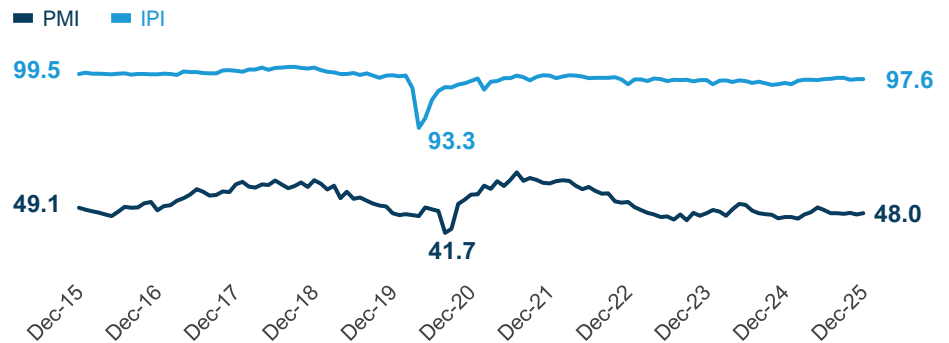
(Percentage of unemployed persons in U.S. labor force; index of consumer sentiment)



Source: S&P Capital IQ

Purchasing Manager's Index and Industrial Production Index

(PMI reflects health of manufacturing and services sectors from 0 – 100 [>50 represents expansion]; IPI measures levels of industrial production indexed to 100.0 in 2017)



Source: S&P Capital IQ and Federal Reserve Economic Data

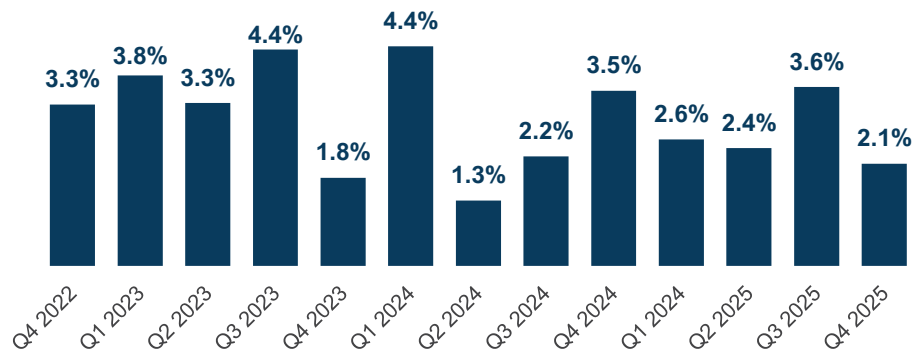
U.S. Macroeconomic Backdrop

Markets Reacted to Several Key Developments, Including the Final of Three Rate Cuts in 2025, but Ongoing Tariff Ambiguity and Geopolitical Tension Continue to Raise Concerns About Future Growth

- ❖ Evolving concerns around labor market moderation and easing inflationary pressures shaped the Fed's decision to implement its interest rate cut of 25 basis points in Q4.
- ❖ Inflation moderated through Q4, posting an annualized rate of 2.1%. These results indicate a cooling trend, while still remaining slightly above the Federal Reserve's target inflation rate of 2%.
- ❖ The stabilization in Q4 freight costs reduces a source of earnings volatility for distributors, with margin performance increasingly driven by volume and pricing discipline rather than input cost swings.
- ❖ The trade deficit held steady, as 2025 tariff revenue totaled ~\$287B, with ~\$98B collected in Q4.

Real U.S. Inflation Rate

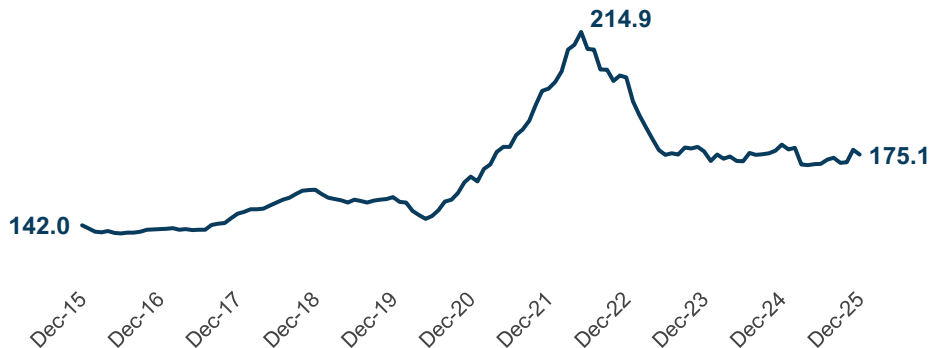
(Annualized quarterly percentage rate)



Source: S&P Capital IQ

Producer Price Index: General Long-Distance Freight

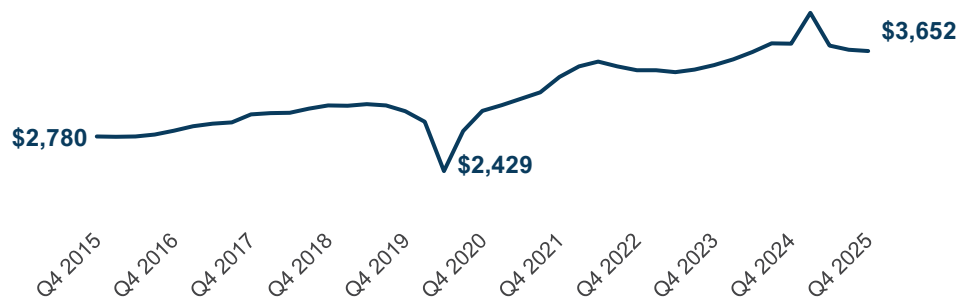
(Indexed to 100.0 as of 12/31/1992)



Source: Federal Reserve Economic Data

Real U.S. Imports of Goods and Services

(Billions of chained 2017 dollars, seasonally adjusted)



Source: Federal Reserve Economic Data

U.S. Specialty Distribution M&A Update

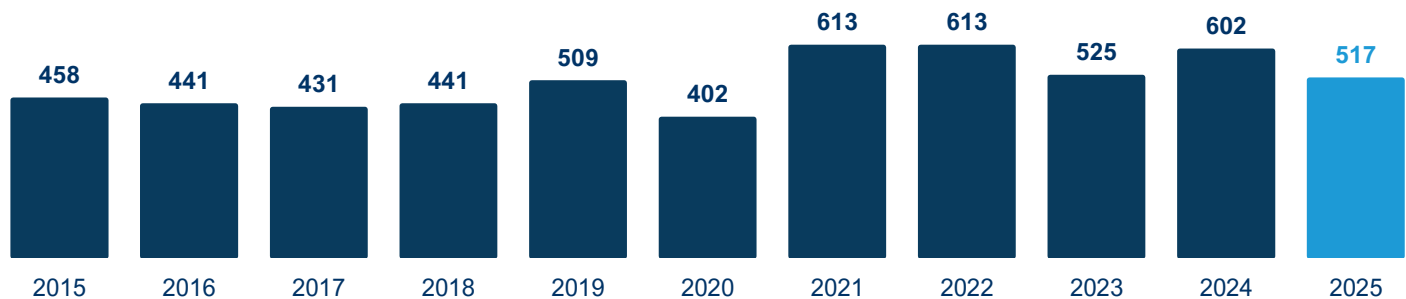
M&A activity in Specialty Distribution through 2025 trailed 2024 levels but remained broadly consistent with 2023 activity. A total of 517 deals were announced year-to-date, compared to 602 in the prior year. Average valuation multiples improved approximately 1.4x relative to 2023 primarily due to the increase in transaction size, with larger companies demanding multiples on the higher end of the spectrum. While pockets of strength are emerging, continued selectivity across the market has tempered a full rebound in valuations.

Private equity activity has improved throughout 2025. Private equity sponsors remain eager to deploy capital, though exit activity for sponsors remains constrained by the prevailing market environment, which some are seeing as a structural, longer-term shift. Heading into 2026, private equity firms face mounting pressure to realize long-duration investments while putting substantial dry powder to work, which is driving a buoyant secondaries market.

Specialty Distribution sustained steady deal momentum in 2025, with Building Products and Industrial assets representing a meaningful portion of completed transactions. Large acquirers, including QXO and TopBuild Corp., ranked among the year's most active, executing multiple large transactions.

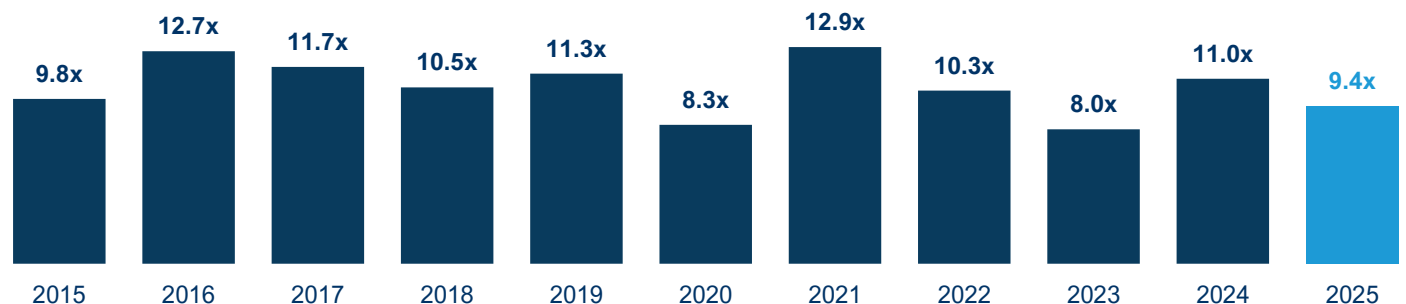
Historical Aggregate M&A Transaction Volume

(Number of announced M&A transactions; target based in the U.S.)



Source: S&P Capital IQ

Historical Average EV/LTM EBITDA Multiples



Source: S&P Capital IQ, average multiple reflects TTM period ending 12/31/2025

Market Summary & Perspectives

PUBLIC MARKET

- ❖ The S&P 500 concluded 2025 with a total return of 16.4%, extending its run to three consecutive years of strong performance. The year's gains were notably concentrated, with the “Magnificent 7” contributing ~43% of the index's total return, underscoring the continued leadership of mega-cap technology names in driving market performance.
- ❖ The S&P 500 and other major indexes reached lows in early April following “Liberation Day”. Shortly thereafter, the markets began to recover, notwithstanding persistent choppiness largely stemming from the ever-changing trade policies and ultimately closed the year with strong momentum.
- ❖ As of Q4 2025, the Federal Reserve maintained its policy rate at 3.50%–3.75% after consecutive reductions, but persistent inflation pressures and geopolitical uncertainty have caused policymakers to remain cautious, balancing moderating price trends against a resilient labor market and uncertain economic outlook before signaling further rate adjustments.
- ❖ On a YoY basis, five of seven Specialty Distribution subsector indexes posted gains of ~1% to ~20%. The TMT and Building Products subsectors were the only segments that experienced negative results, posting a YoY ~9% and ~4% decline, respectively.

M&A MARKET

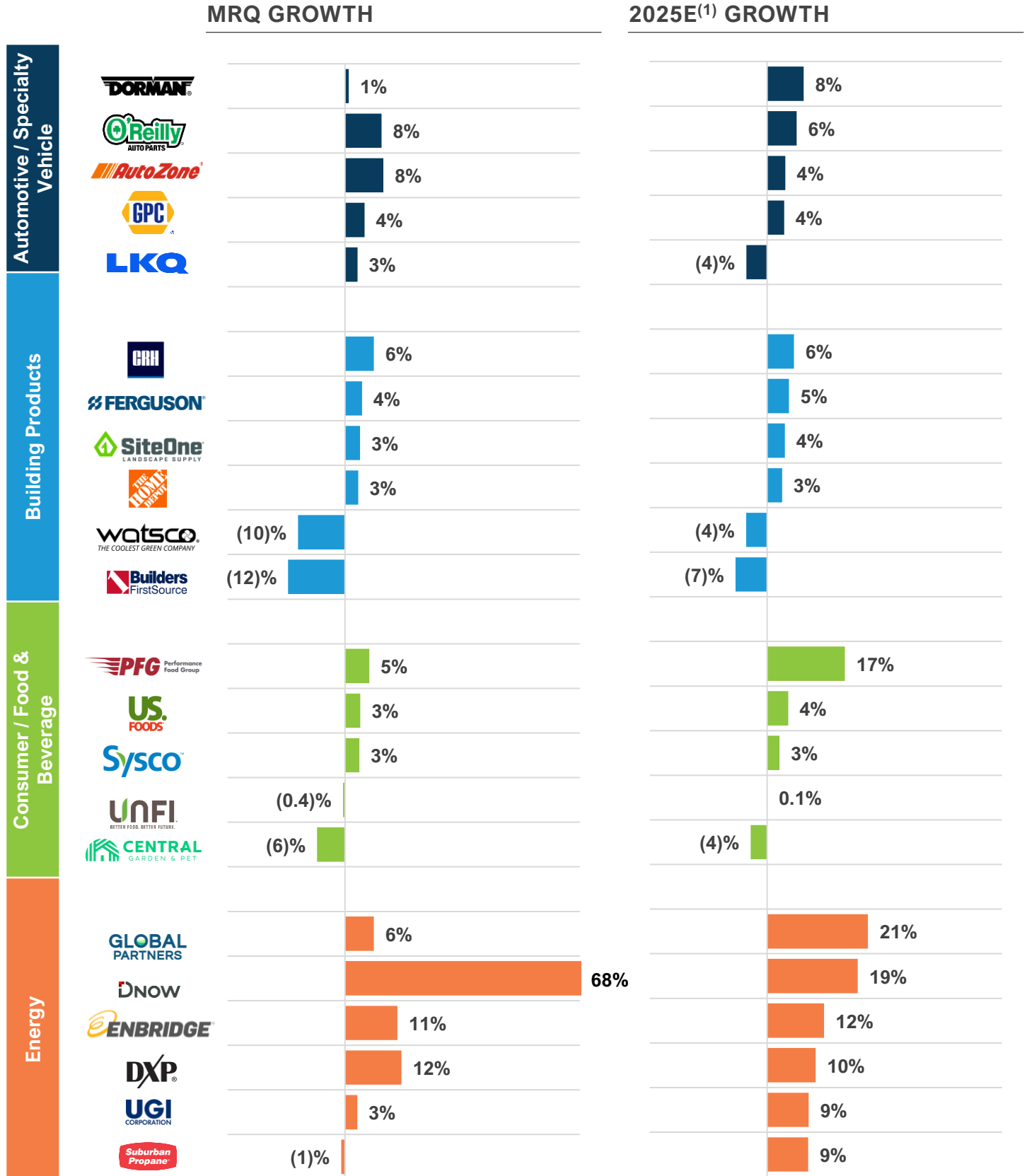
- ❖ As we enter 2026, several catalysts are positioned to support increased deal activity, driven by improved financing conditions, resilient balance sheets, and strengthening CEO confidence. Looking ahead, momentum is expected to be further propelled by AI-driven investment priorities and continued strategic efforts to achieve greater scale and operating leverage.
- ❖ Private equity firms continue to hold substantial and growing levels of un-deployed capital, alongside a meaningful inventory of unrealized portfolio companies, while investment durations increased materially. While limited partner pressure to generate distributions has intensified, a more challenging fundraising environment is leading certain sponsors to adopt a more disciplined and increasingly selective approach to capital deployment.
- ❖ The market reflects a meaningful accumulation of both supply and demand that has yet to find a value range in which to transact. Sellers, in particular, remain measured in their approach. Private equity sponsors have largely maintained subdued divestiture activity, opting to defer asset sales, portfolio rationalizations, and carve-outs until visibility improves. This posture has resulted in a growing backlog of deferred deal flow poised to re-enter the market in anticipation of more favorable conditions. On the other hand, corporates continue to conduct portfolio reviews and execute divestitures and strategic realignments as determined by decision makers.
- ❖ Amid persistent geopolitical and tariff-related uncertainty, M&A remains a critical strategic lever for companies seeking to accelerate growth and drive sustained value creation. In the current environment, organizations that pursue proactive acquisition strategies—leveraging transactions to diversify supply chains, broaden sourcing capabilities, and capitalize on shifting demand dynamics—are likely to outperform peers that adopt a more defensive posture.

Company Spotlight: Positive Q4 Sales & EBITDA Performance

Companies	Quarterly Highlights	Select Commentary
 <p>LTM Data: Sales: \$24,300M EBITDA: \$2,014M Stores: 10,815</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +4.1% • YTD sales Δ: +3.5% • MRQ EBITDA Δ: +4.9% • YTD EBITDA Δ: +0.02% • MRQ Stores Δ: +80 • YTD Stores Δ: +25 	<p>"We stayed focused on what we can control, executing defined initiatives to deliver growth and improve productivity. As GPC has evolved with its markets for nearly a century, today's announcement to separate our automotive and industrial businesses is another exciting step forward in our history that is expected to unlock value for our stakeholders and better position our businesses for an even stronger future. We plan to aggressively pursue growing our share of wallet with existing customers and adding new customers."</p>
 <p>LTM Data: Sales: \$4,705M EBITDA: \$374M Branch Locations: 670</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +3.2% • YTD sales Δ: +3.6% • MRQ EBITDA Δ: +167.6% • YTD EBITDA Δ: + 13.7% • MRQ Branch Locations Δ: -10 • YTD Branch Locations Δ: -20 	<p>"The fourth quarter marked a good close to a challenging year as we delivered positive Organic Daily Sales growth and continued adjusted EBITDA margin expansion despite a persistently unfavorable operating environment. We benefitted from positive pricing during the quarter, and we expect this to continue in 2026 as the effects of commodity deflation dissipate. For the full year, we are pleased with our performance against the many headwinds."</p>
 <p>LTM Data: Sales: \$82,646M EBITDA: \$4517M</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +3.0% • YTD sales Δ: +3.1% • MRQ EBITDA Δ: +5.3% • YTD EBITDA Δ: +4.8% 	<p>"Second quarter results reflected high-quality performance across the income statement and cash flow. These results highlight our operational execution on Sysco specific initiatives. Looking ahead, our underlying momentum and continued focus on Sysco specific initiatives support our confidence in raising our full year adjusted EPS guidance to the high-end of the prior range."</p>
 <p>LTM Data: Sales: \$2,820M EBITDA: \$161M Locations: 300</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +68.0% • YTD sales Δ: +18.8% • MRQ EBITDA Δ: -2.5% • YTD EBITDA Δ: -3.2% 	<p>"DNow delivered strong financial results in 2025 generating \$2.8 billion in revenue, with Adjusted EBITDA totaling 7.4% of revenues. Excluding the contribution from MRC Global in the fourth quarter, 2025 marked DNow's fifth consecutive year of revenue growth and its highest Adjusted EBITDA year ever."</p>
 <p>LTM Data: Sales: \$13,184M EBITDA: \$1,023M</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +7.7% • YTD sales Δ: +4.0% • MRQ EBITDA Δ: +3.1% • YTD EBITDA Δ: +0.4% 	<p>"Our fourth-quarter sales reflect continuing momentum resulting in the highest sales growth in 15 quarters. We are pleased with the sales results across all our businesses, particularly our global equipment, specialty products and technology businesses. This drove our strong fourth-quarter earnings which exceeded the increased 2025 financial guidance we provided in our third quarter earnings release."</p>
 <p>LTM Data: Sales: \$4,754M EBITDA: \$585M</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +8.4% • YTD sales Δ: +8.8% • MRQ EBITDA Δ: +4.1% • YTD EBITDA Δ: +9.4% 	<p>"During the second quarter we continued to effectively manage through an evolving but still mixed end-market backdrop while positioning the Company for stronger growth that we see ahead. Sales and EBITDA margins were in line with our guidance, and earnings grew modestly over the prior year."</p>
 <p>LTM Data: Sales: \$23,151M EBITDA: \$696M</p>	<ul style="list-style-type: none"> • MRQ sales Δ: +11.6% • YTD sales Δ: +8.4% • MRQ EBITDA Δ: +7.2% • YTD EBITDA Δ: -2.5% 	<p>"We delivered year-over-year sales growth across all of our Electronic Components regions and Farnell, and both total Company revenue and earnings per share were above our expectations. Sequentially, our adjusted operating income grew two times faster than sales, demonstrating the expected leverage in our business model....The trends we see are encouraging, and our third quarter outlook implies above-trend seasonal growth and improving margins."</p>

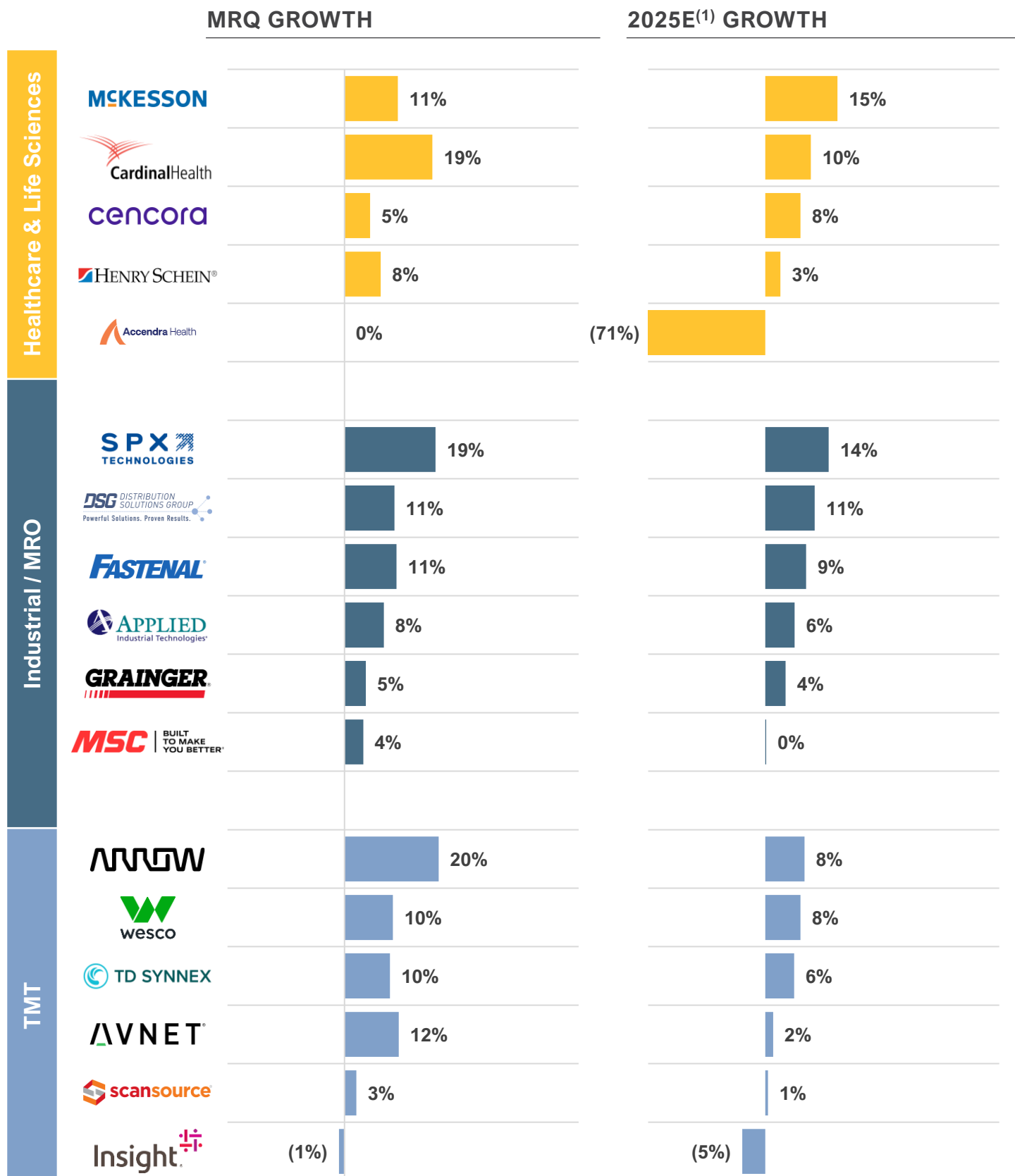
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Revenue Growth Trends



Source: S&P Capital IQ as of 12/31/2025, (1) Representative of Calendar Year 2025

Revenue Growth Trends



Source: S&P Capital IQ as of 12/31/2025, (1) Representative of Calendar Year 2025

Automotive Aftermarket Distribution

KEY SUBSECTOR DRIVERS

Regular All Formulations Gas Prices

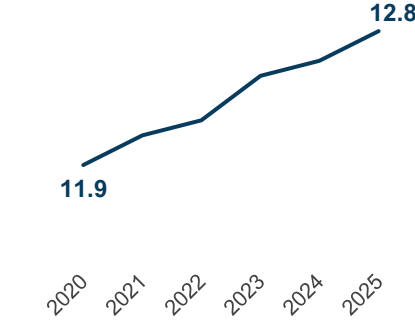
(Dollars per gallon, weekly ending Mondays)



Source: Federal Reserve Economic Data

Average Age of Automobiles and Trucks

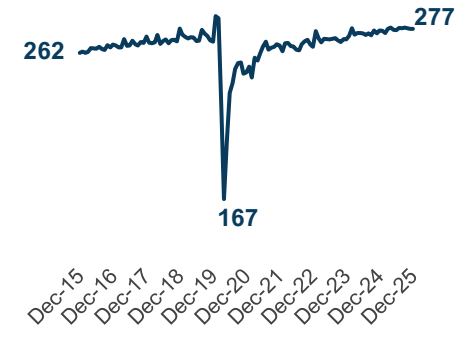
(Years)



Source: U.S. Department of Transportation

Vehicle Miles Traveled

(Millions of miles, seasonally adjusted)

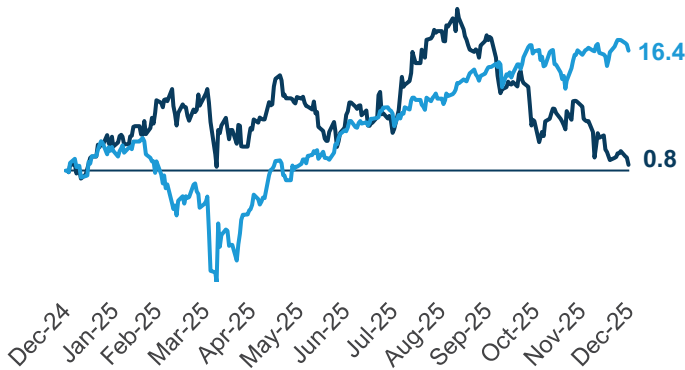


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

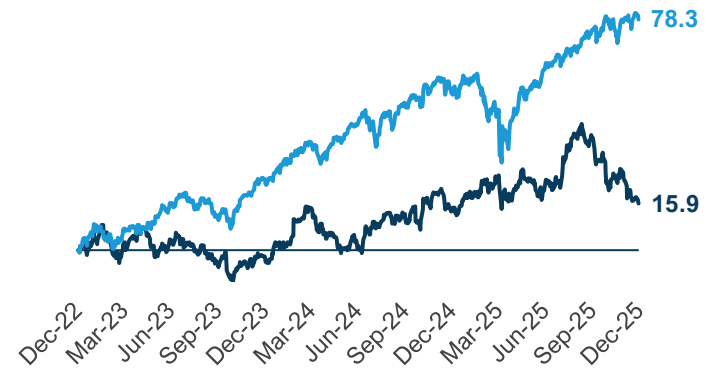
(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

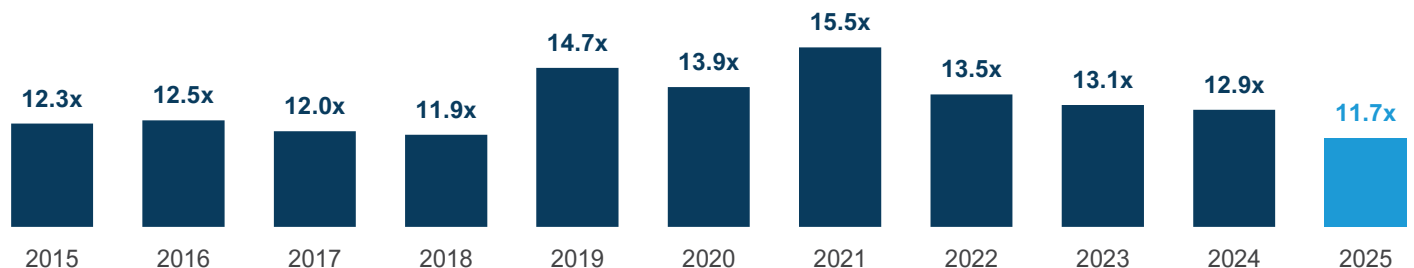
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



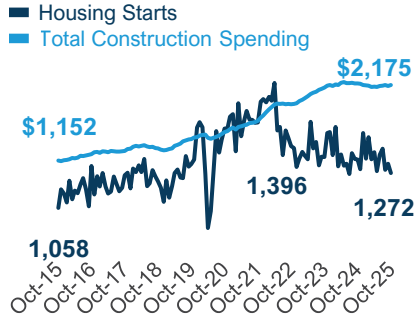
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Building Products Distribution

KEY SUBSECTOR DRIVERS

Housing Starts and Construction Spending

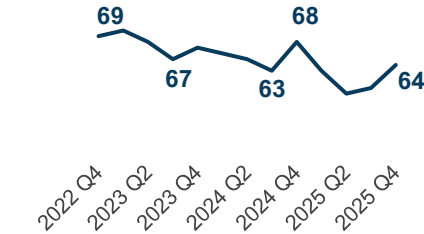
(Thousands of units, seasonally adjusted, \$ in billions)



Source: Federal Reserve Economic Data

NAHB Remodeling Index

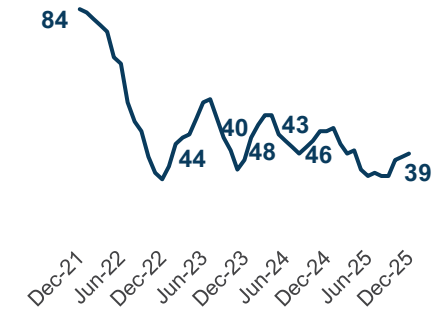
(Reflects health of current and future remodeling market from 0 – 100)



Source: National Association of Home Builders

NAHB Housing Market Index

(Reflects health of housing sales from 0 – 100)

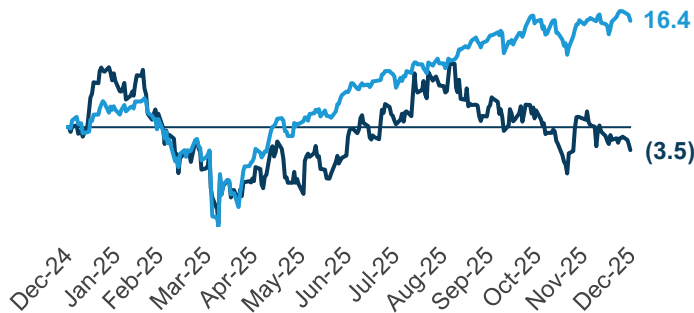


Source: National Association of Home Builders

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

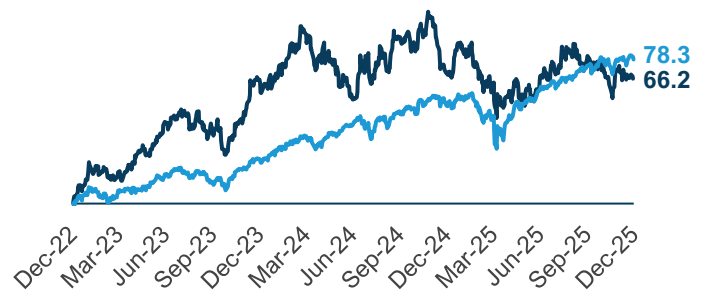
(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

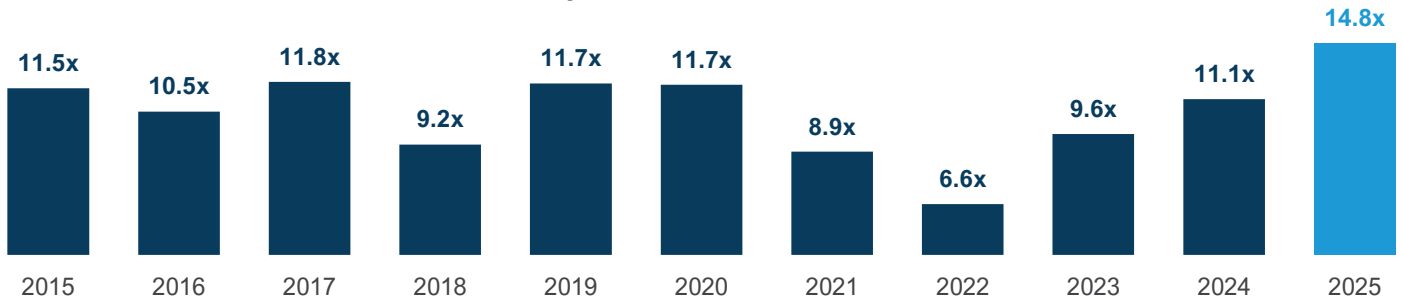
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



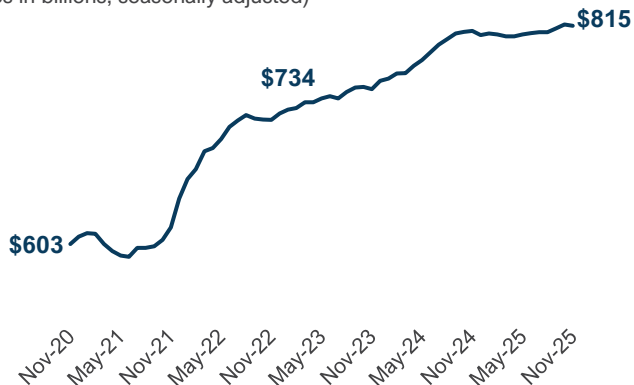
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Consumer / Food & Beverage Distribution

KEY SUBSECTOR DRIVERS

U.S. Retailers' Inventories

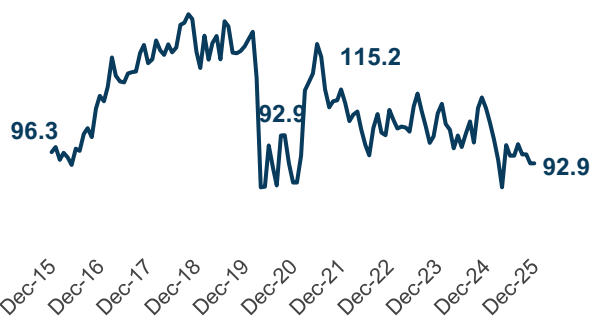
(\$s in billions, seasonally adjusted)



Source: Federal Reserve Economic Data

U.S. Consumer Confidence

(Index of consumer sentiment; long-term average = 100)

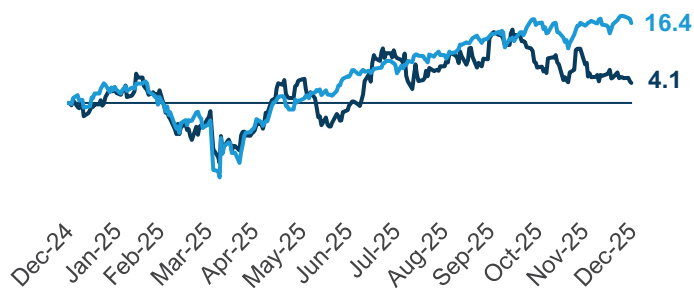


Source: S&P Capital IQ

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

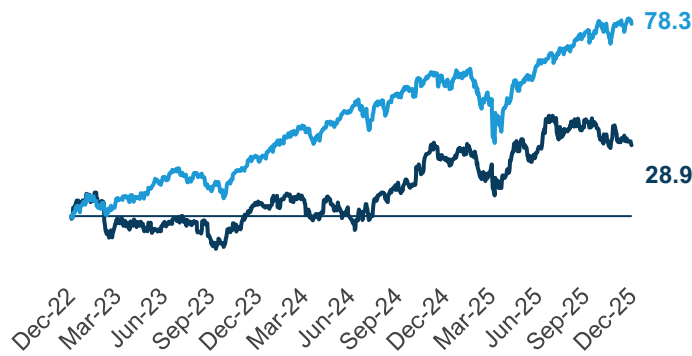
(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

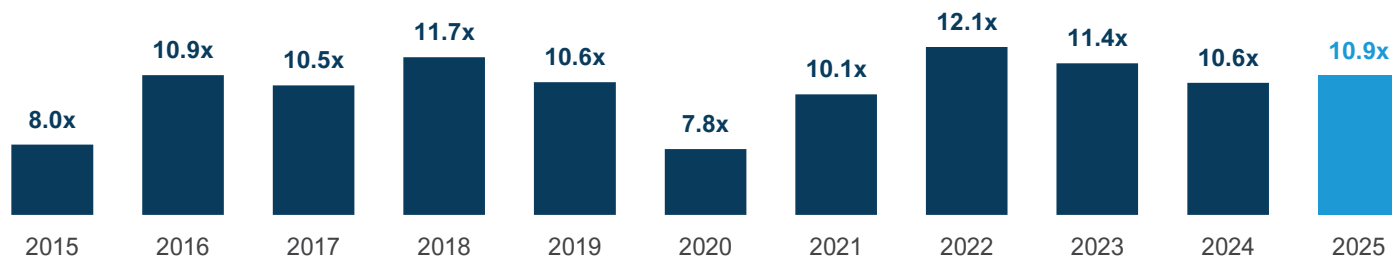
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples

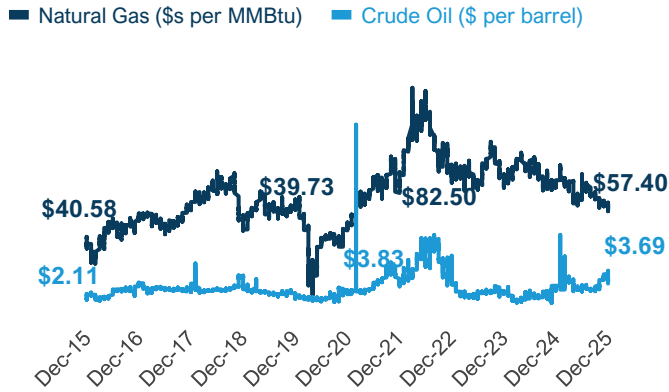


Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Energy Distribution

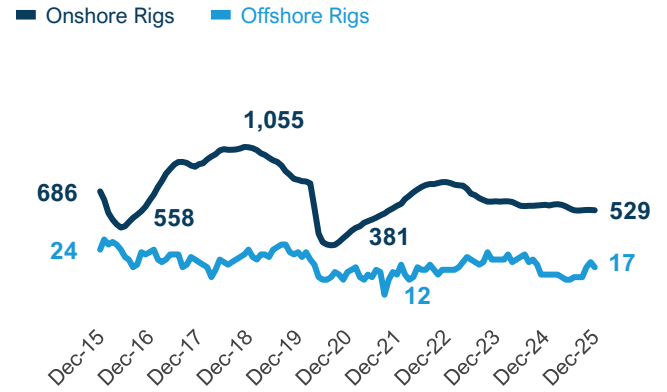
KEY SUBSECTOR DRIVERS

Natural Gas and Crude Oil Prices



Source: S&P Capital IQ

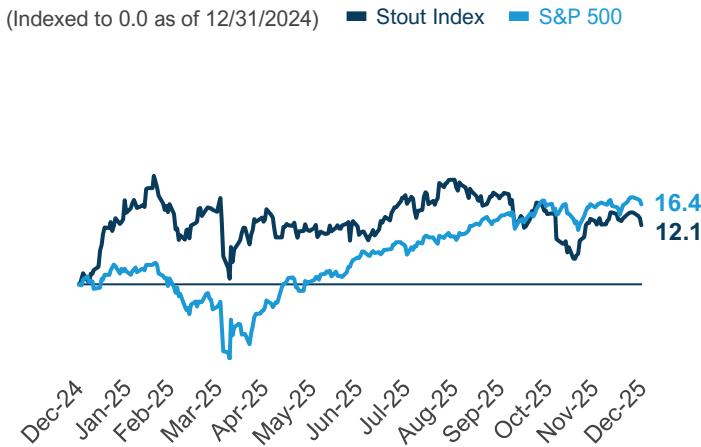
Natural Gas and Crude Oil Rigs in Operation



Source: U.S. Energy Information Administration

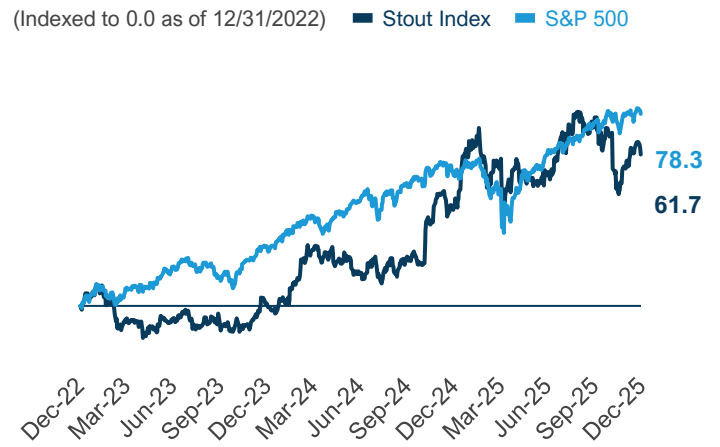
STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months



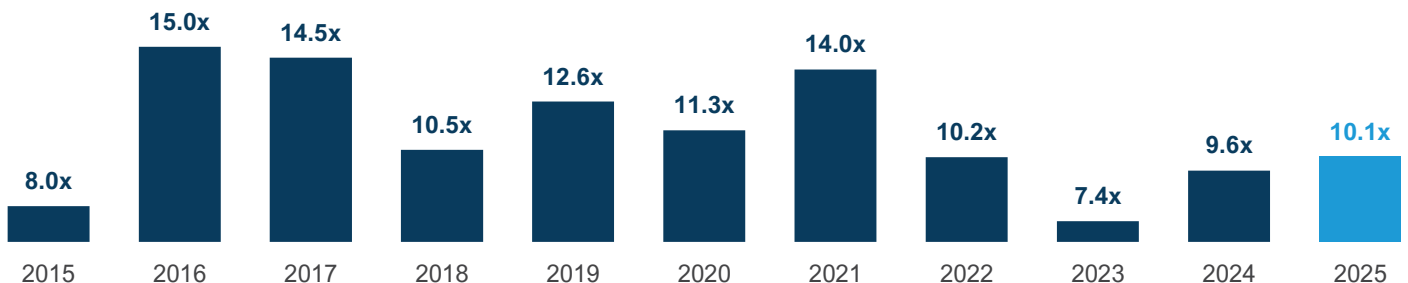
Source: S&P Capital IQ, Stout Proprietary Index

Indexed Stock Performance — Last 3 Years



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Healthcare & Life Sciences Distribution

KEY SUBSECTOR DRIVERS

Medical Equipment Production Index

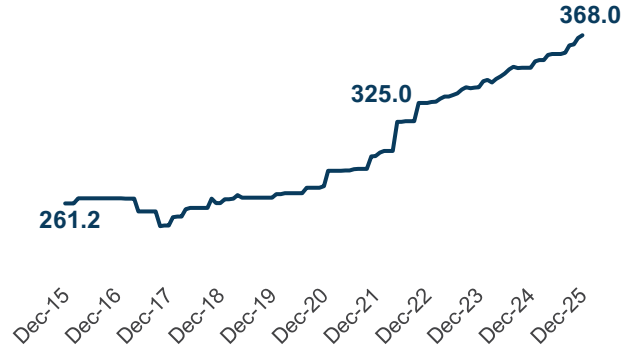
(Indexed to 100.0 as of 1/1/2017)



Source: Federal Reserve Economic Data

PPE Producer Price Index

(Indexed to 100.0 as of 1/1/1982)

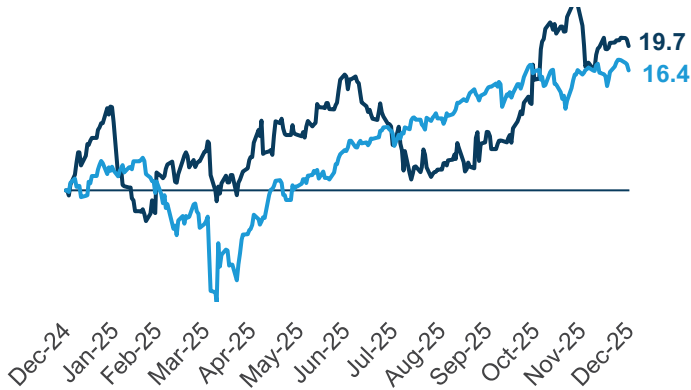


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

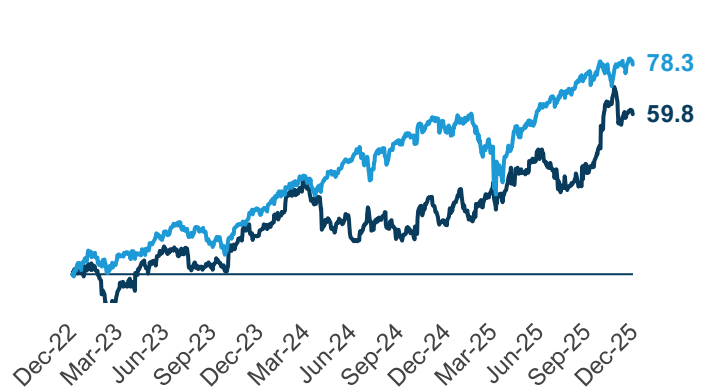
(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

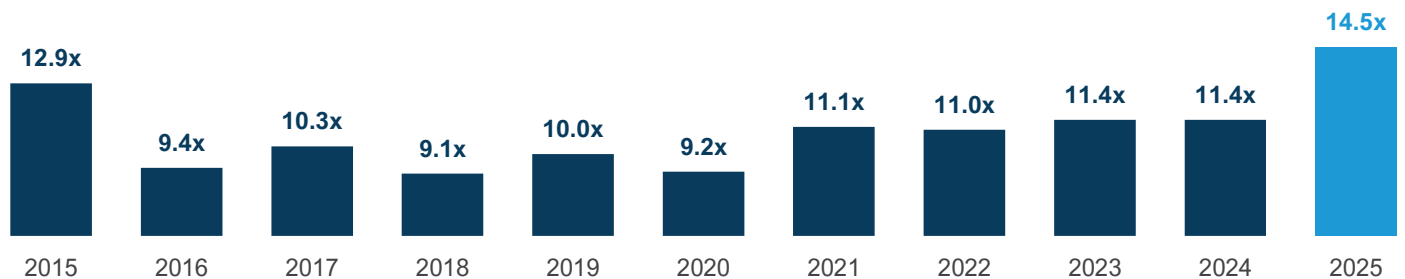
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



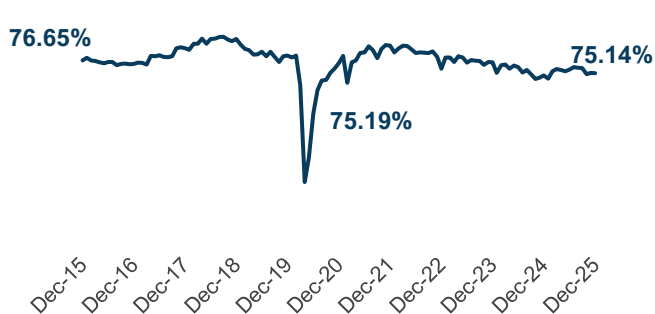
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Industrial & MRO Distribution

KEY SUBSECTOR DRIVERS

U.S. Manufacturing Capacity Utilization

(Percent of capacity, seasonally adjusted)



Source: Federal Reserve Economic Data

Manufacturing Purchasing Managers' Index

(Measures health of manufacturing sector 0 – 100)

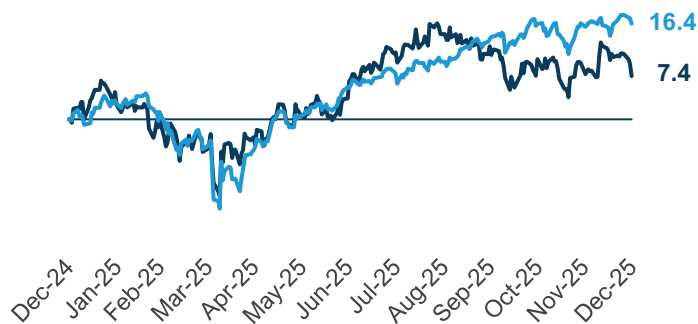


Source: Institute for Supply Management

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

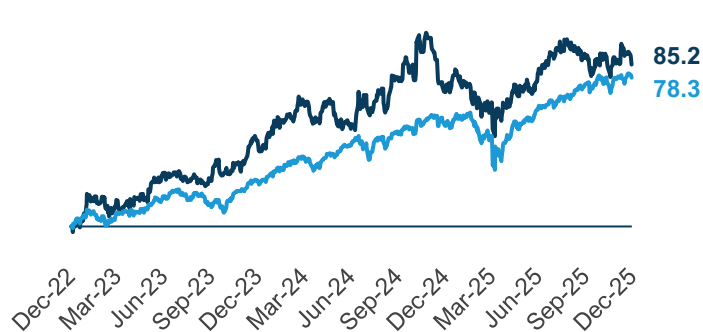
(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

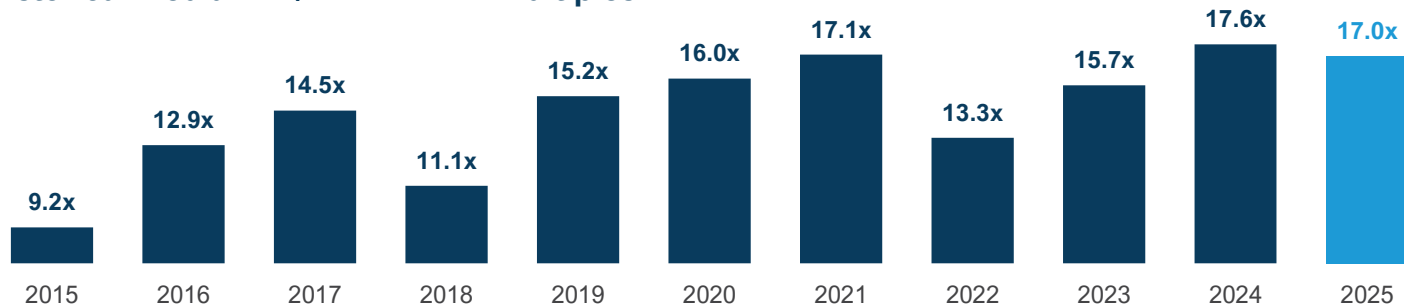
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



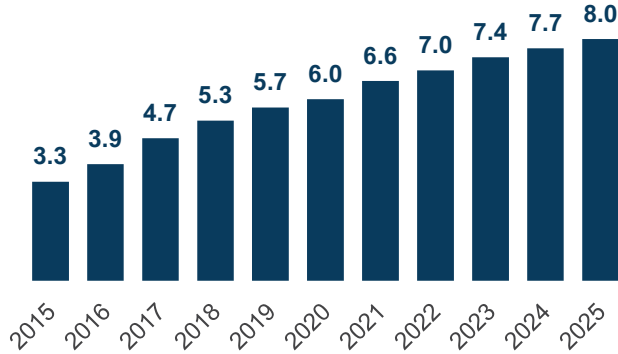
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Technology, Media, & Telecom Distribution

KEY SUBSECTOR DRIVERS

Global Mobile Broadband Subscriptions

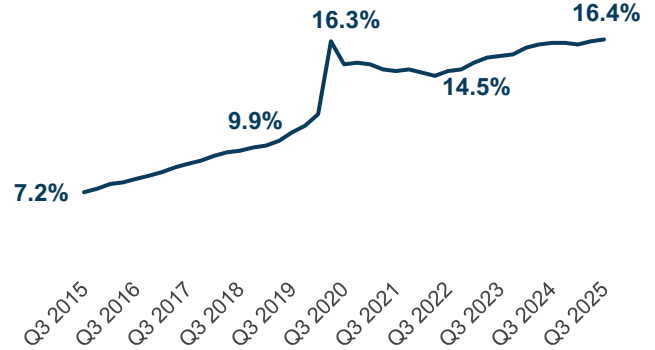
(Billions)



Source: International Telecommunication Union, Ericsson

E-Commerce Percent of Retail Sales

(Share of total retail sales globally)

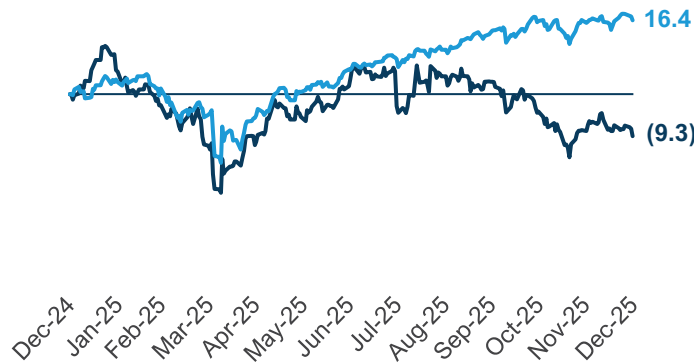


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

(Indexed to 0.0 as of 12/31/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

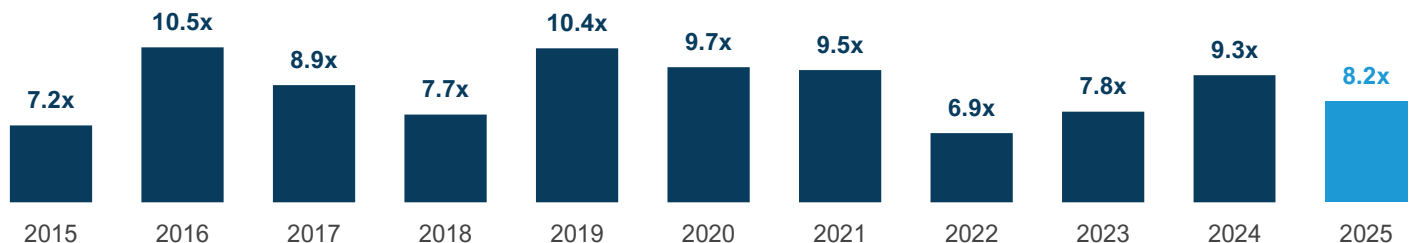
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 12/31/2022) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples

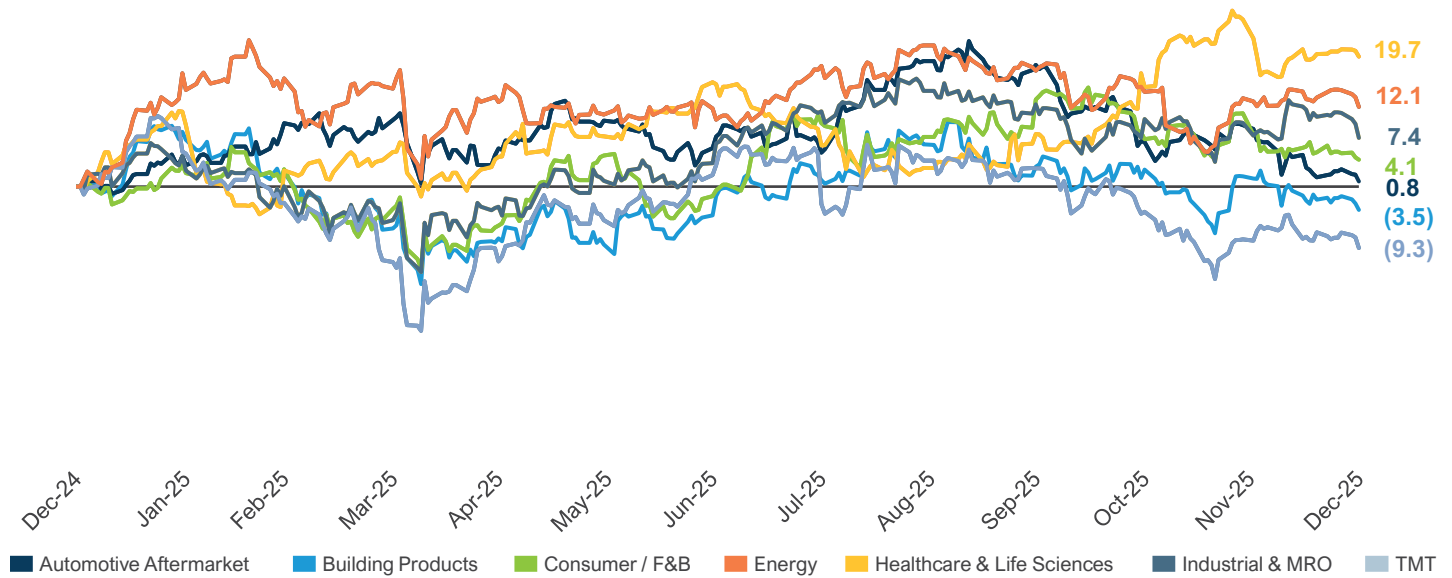


Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Indexed Stock Performance by Subsector

Specialty Distribution Indexed Stock Performance — Last 12 Months

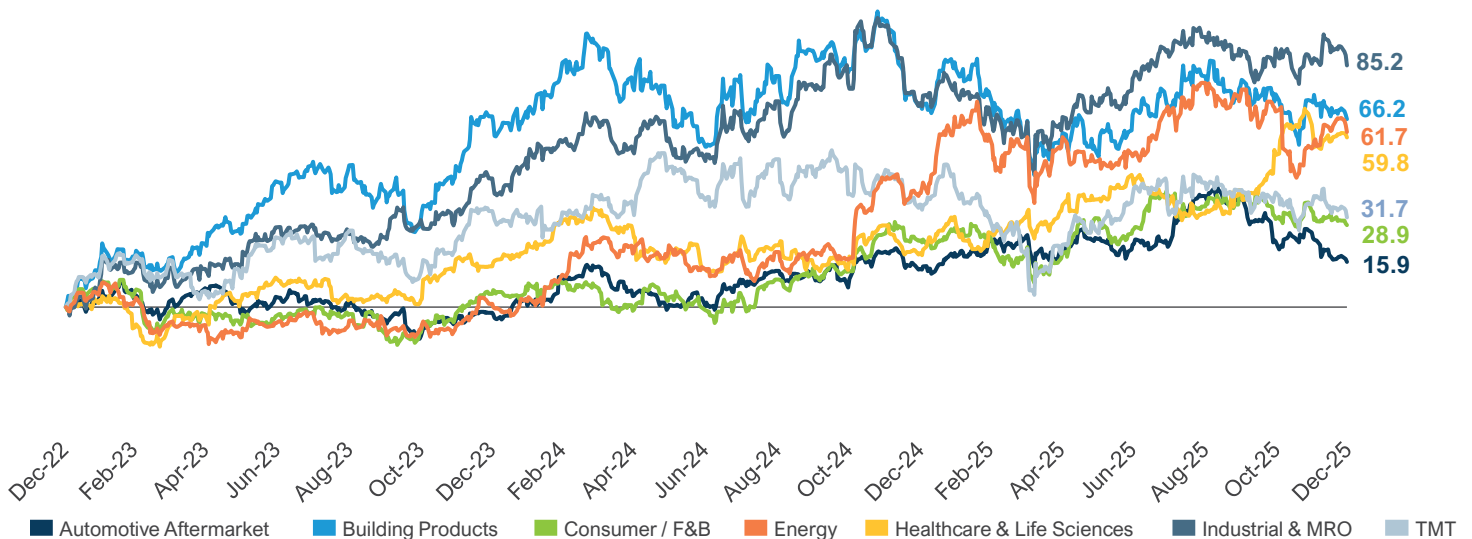
(Indexed to 0.0 as of 12/31/2024)



Source: S&P Capital IQ, Stout Proprietary Index

Specialty Distribution Indexed Stock Performance — Last 3 Years

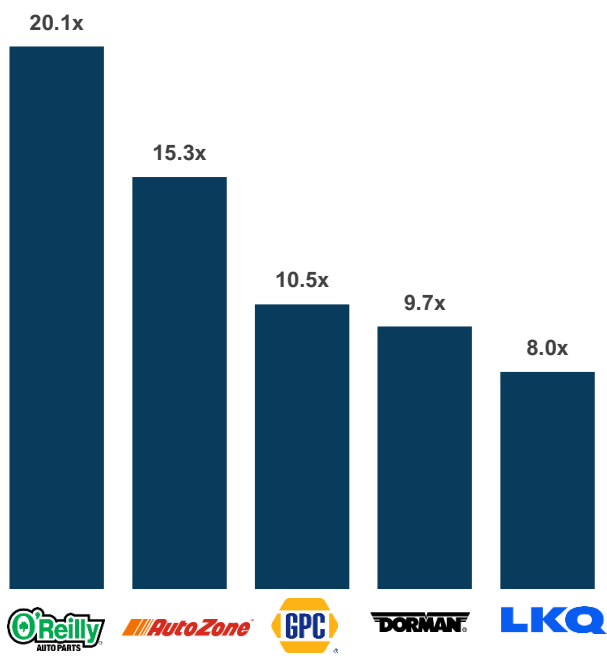
(Indexed to 0.0 as of 12/31/2022)



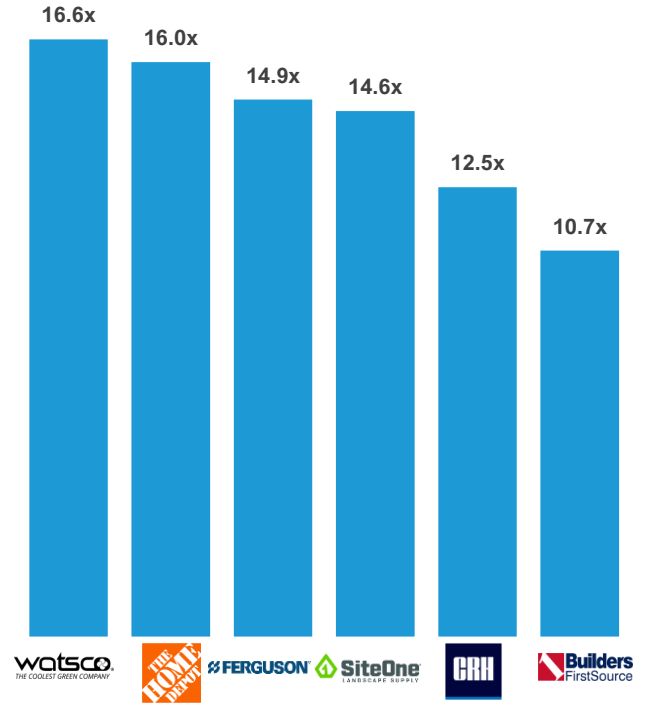
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Valuations by Sector (TEV / Forward EBITDA)

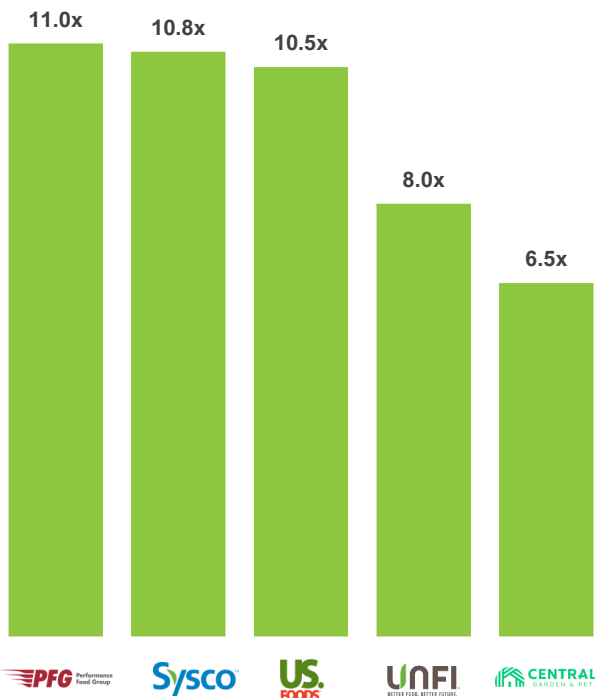
AUTOMOTIVE / SPECIALTY VEHICLE



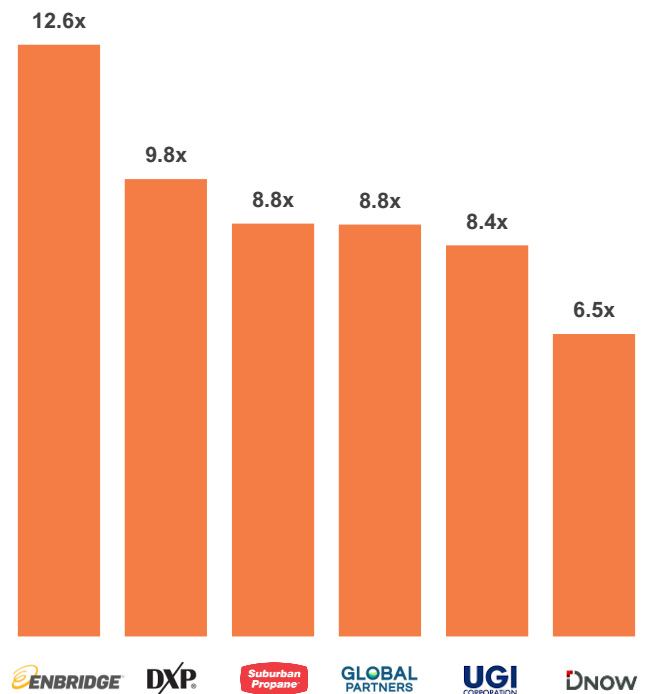
BUILDING PRODUCTS



CONSUMER / FOOD & BEVERAGE



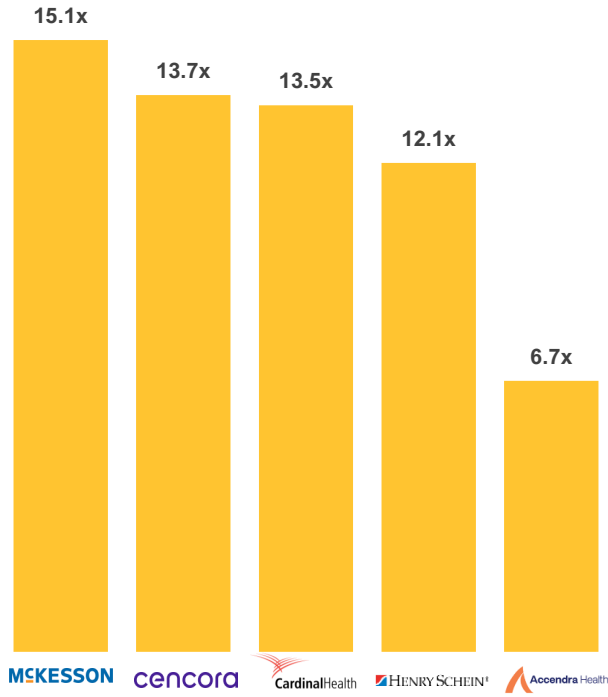
ENERGY



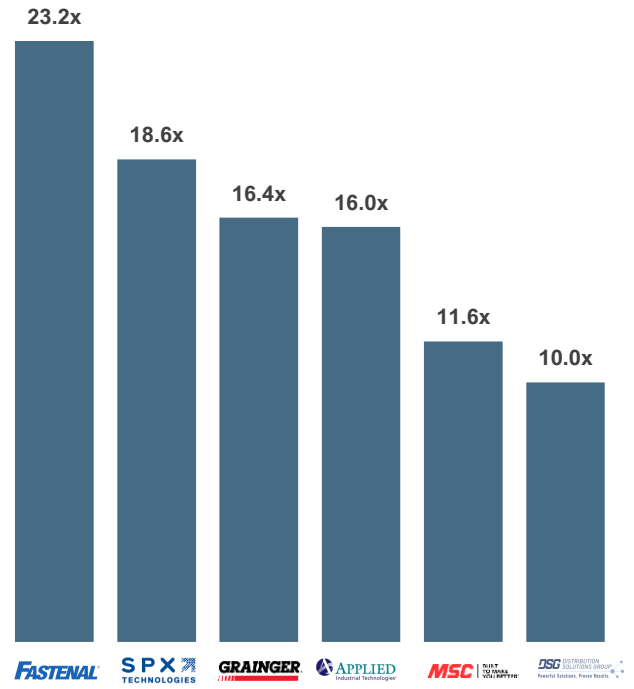
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Valuations by Sector (TEV / Forward EBITDA)

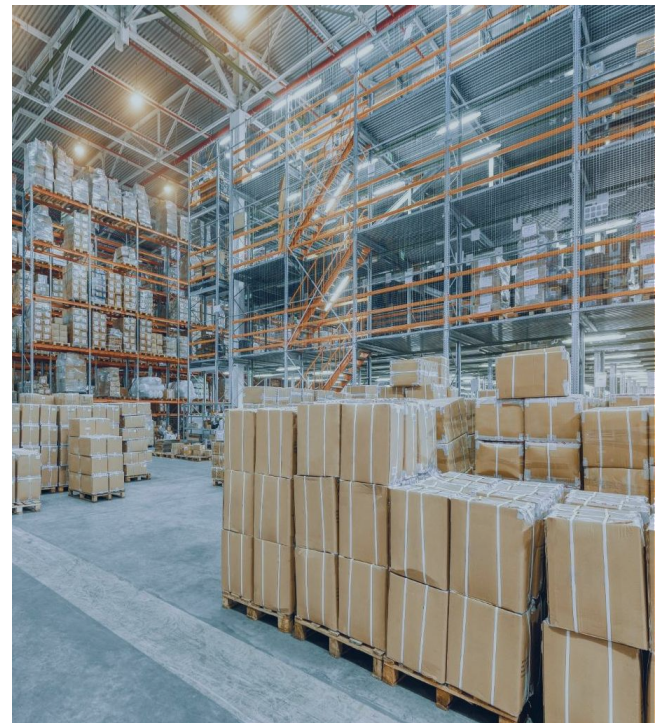
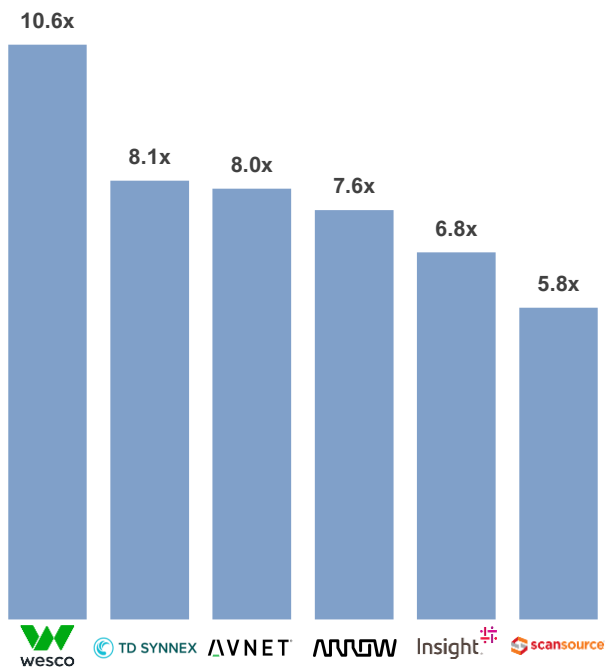
HEALTHCARE & LIFE SCIENCES



INDUSTRIAL / MRO



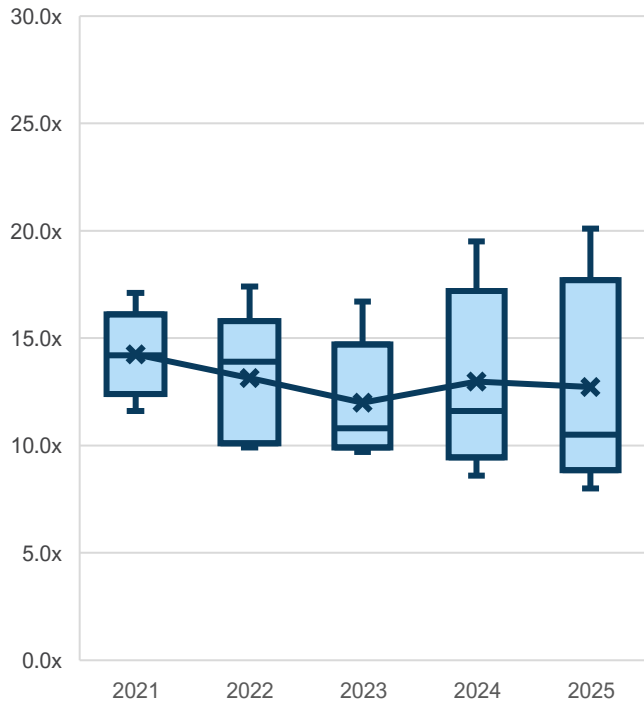
TMT



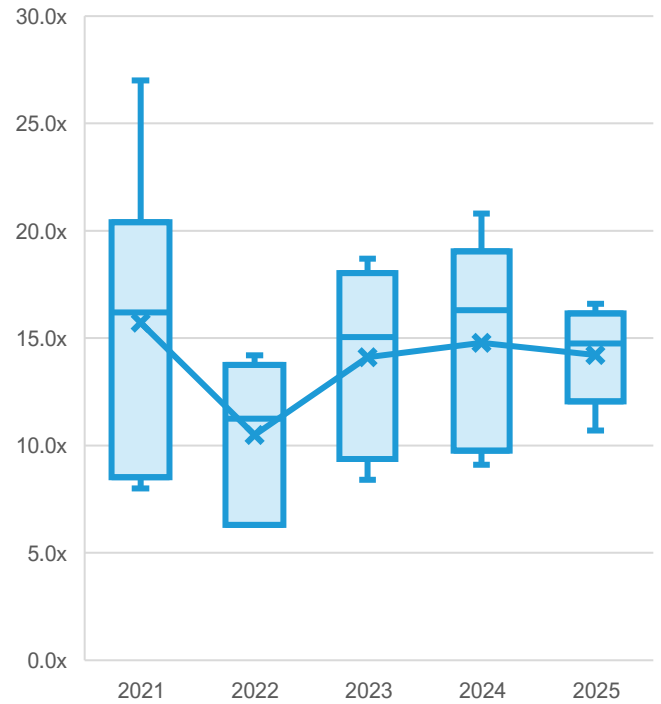
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Sector Valuation Trends (TEV / Forward EBITDA)

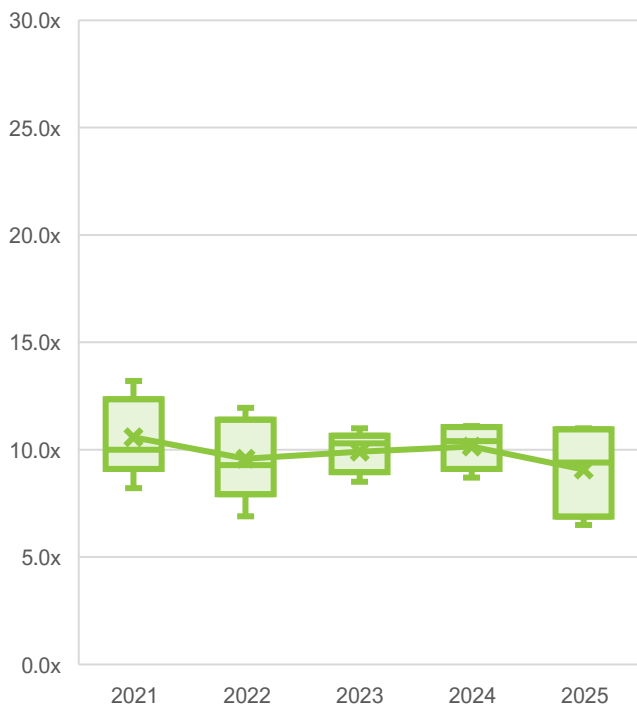
AUTOMOTIVE / SPECIALTY VEHICLE



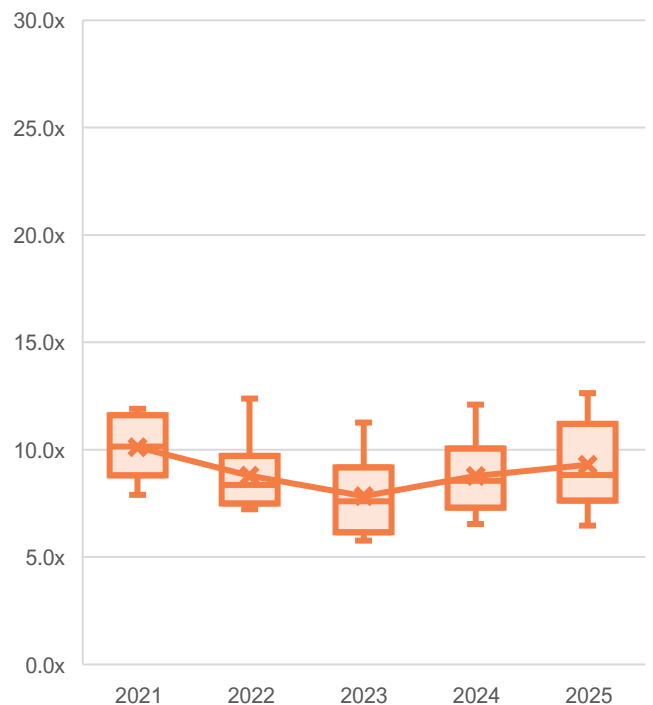
BUILDING PRODUCTS



CONSUMER / FOOD & BEVERAGE



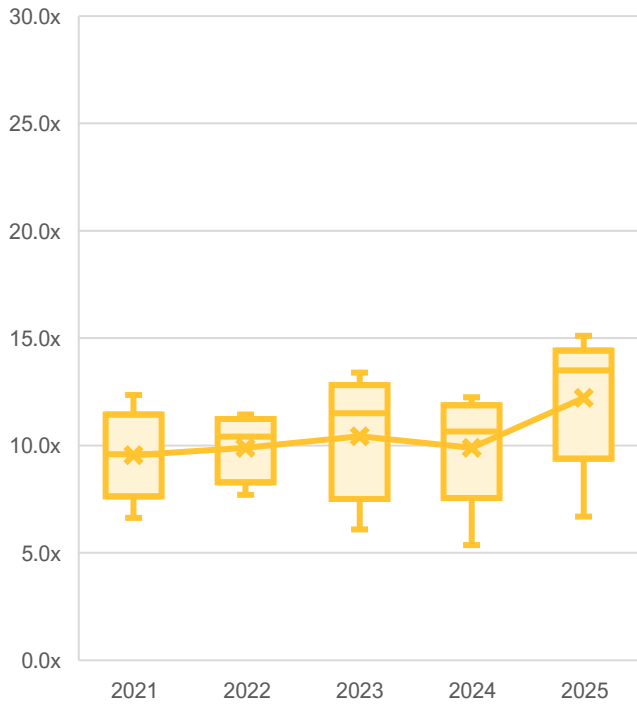
ENERGY



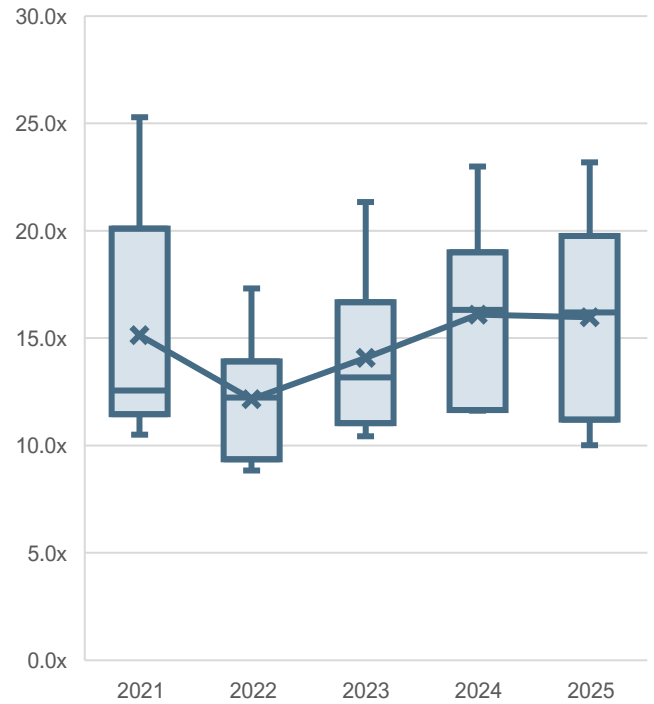
Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Sector Valuation Trends (TEV / Forward EBITDA)

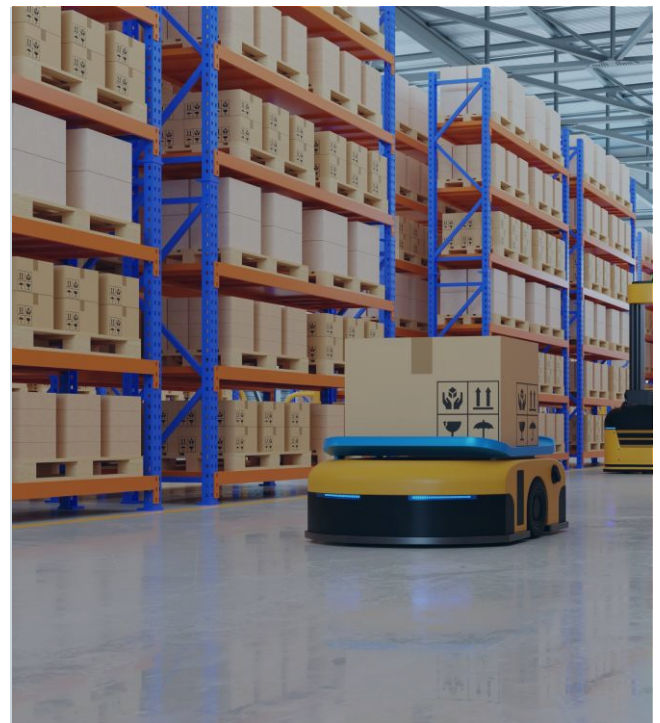
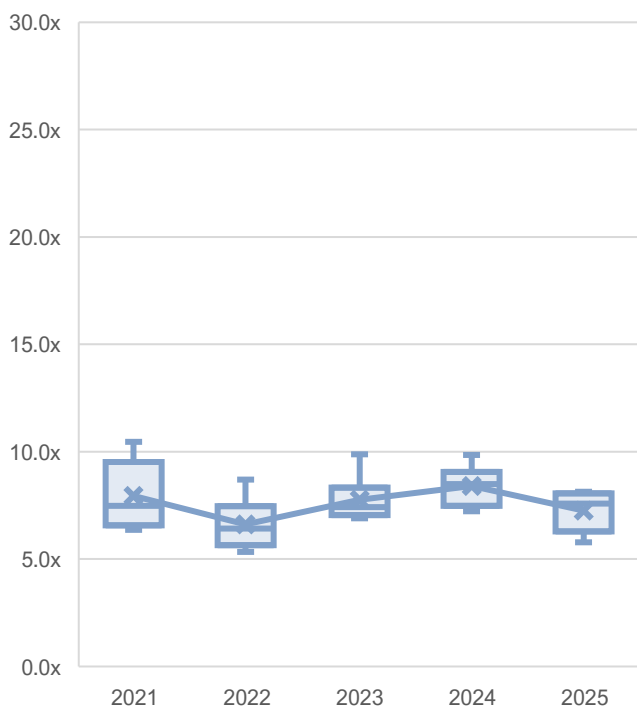
HEALTHCARE & LIFE SCIENCES



INDUSTRIAL / MRO



TMT



Source: S&P Capital IQ as of 12/31/2025, Stout Proprietary Index

Recent M&A Highlights

Select notable transactions from Q4 2025 are highlighted below



CRANFORD EQUIPMENT COMPANY ACQUIRED BY FLOWWORKS INTERNATIONAL



Founded in 1984, Cranford Equipment is a distributor of filtration products, serving diverse industrial applications such as chemical power generation, renewable fuels manufacturing, food & beverage, pharmaceutical, upstream, midstream, and refining. The products are sold under brands such as Parker Hilliard, Jonell Systems, Knight Corporation, Koch Filters, Donaldson Filtration, Coleman Filters, Leem Filtration, and Shawndra



SPECIALTY PRODUCTS AND INSULATION, A PORTFOLIO COMPANY OF INCLINE EQUITY PARTNERS ACQUIRED BY TOPBUILD



Founded in 1982, Specialty Products and Insulation is a leading value-added distributor and fabricator of insulation and related products. Its products are used in thermal, acoustic, and fire protection applications across commercial, industrial, marine, and OEM markets. SPI's product lines include 35,000 SKUs, and the company employs ~1,000 people across 90 branches and serves a broad base of customers across North America



LENGEFELD LUMBER ACQUIRED BY BUILDERS FIRSTSOURCE



Founded in 1951, Lengefeld is a fourth-generation, family-owned business serving Central Texas. It provides lumber products, sheeted goods, concrete, cement & masonry accessories, roofing & ventilation, and other products. It also offers several services such as roofing conveyor service, on-site return service, and new home estimation, among others



POWERCON CORPORATION ACQUIRED BY ELECTRO-MECHANICAL



Founded in 1959, Powercon Corporation designs and manufactures medium voltage metal-clad and metal-enclosed switchgear and fully integrated power distribution centers with complementary products, including load-break switches, high-resistance grounding systems, and circuit breaker racking systems. The company serves utility, data center, and industrial customers across North America



SALEM PLUMBING SUPPLY ACQUIRED BY GRANITE GROUP



Founded in 1948, Salem Plumbing Supply operates as a distributor of plumbing, heating, and cooling supplies, with three branch locations and two decorative plumbing showrooms in eastern Massachusetts. It serves residential and commercial customers. Its product offerings include boilers, chemicals, faucets, fixtures, pipe, valves, pumps, radiators, tools & test equipment, water heaters, and filters, among others

Source: S&P Capital IQ, Stout Proprietary Database

M&A Transaction Highlights

Date	Acquiror (Ownership)	Target (Seller)	Industry Subsector
22-Dec	FloWorks (Wynnchurch Capital)	Cranford Equipment Company	Flow Control
21-Dec	Granite Group	Salem Plumbing Supply (The Beringer Group)	Building Products
16-Dec	Bertram Capital	Left Lane Auto	Automotive Aftermarket
10-Dec	Power Grid Components (Centerbridge Partners)	MacLean Power Systems	Electrical
9-Dec	Lindsay Goldberg	EMCO Chemical Distributors	Energy
2-Dec	Capstone (NASDAQ:CAPS)	Canadian Stone Industries	Building Products
19-Nov	SRS Distribution (The Home Depot)	Specialty Wood Products	Building Products
18-Nov	Homewerks Worldwide	Character Project (Character Home)	Building Products
17-Nov	The Cook & Boardman	Norwood Hardware and Supply	Building Products
5-Nov	Builders FirstSource (NYSE:BLDR)	Lengefeld Lumber	Building Products
3-Nov	TopBuild (NYSE:BLD)	Insulation Fabrics, Diamond Door Products, Performance Insulation Fabricators & L&L Insulation	Building Products
3-Nov	BlueLinX (BlueLinX Holdings ((NYSE:BXC)	Disdero Lumber (Tumac Lumber)	Building Products
30-Oct	Palmetto Garage Works	4 Midas stores	Automotive & Specialty Vehicle
30-Oct	Big Brand Tire & Service (Percheron Capital)	Burt Brothers Tire & Service	Automotive Aftermarket
28-Oct	FleetPride	TruckPro (Platinum Equity)	Automotive Aftermarket
24-Oct	GreatWater 360 Auto Care	Ed's Car Care Center Shop	Automotive Aftermarket
24-Oct	Electro-Mechanical	Powercon Corporation	Electrical
14-Oct	Sun Auto Tire & Service (Leonard Green & Partner)	Vannoy's Tires	Automotive Aftermarket
Annc'd ¹	I Squared Capital	Liberty Tire Rec (Energy Capital)	Automotive Aftermarket
9-Oct	Marine Equipment Solutions	Humco Marine Products	Automotive & Specialty Vehicle
8-Oct	TopBuild (NYSE:BLD)	Specialty Products & Insulation (Incline Equity Partners)	Building Products
Annc'd ²	Capstone Holding (NASDAQ:CAPS)	Multi-location Stone Distribution business	Building Products
2-Oct	Builder's FirstSource (NYSE:BLDR)	Builder's Door & Trim & Rystin Construction	Building Products
1-Oct	One Equity Partners	McNichols	Industrial / MRO
1-Oct	Cooper Machinery Services (Arcline Investment Management)	Power Parts Supply	Automotive Aftermarket

Source: S&P Capital IQ, Stout Proprietary Database; (1) Announced on 13-Oct, completion pending; (2) Announced on 7-Oct, completion pending

What We're Reading

Automotive Semiconductor Shortage Leads to Supply Chain Challenges

S&P Global

A dynamic random-access memory (DRAM) shortage is looming in 2026 as AI data-center demand overwhelms supply [...] This automotive semiconductor shortage could cause automotive-grade DRAM prices to spike 70–100%, triggering panic buying and production disruptions across the industry.

Read the full article [here](#).

Construction Costs Continue to Moderate Amid Regional Variability & Supply Chain Dynamics

Mortenson

Nonresidential construction conditions remained steady through the fourth quarter, with overall cost escalation continuing to moderate at the national level [...] From a supply chain perspective, conditions entering 2026 reflect improving resilience rather than full normalization.

Read the full article [here](#).

Resilient Growth and Mixed Signals Amid Labor Market Headwinds

National Restaurant Association

The National Restaurant Association forecasts U.S. economic growth of 2.2% in 2025 and 2.5% in 2026 [...] Lower borrowing costs should help reduce the cost of capital for restaurant operators and support firmer consumer spending.

Read the full article [here](#).

Life Sciences Sector Enters Growth Phase amid Slower Development

Cushman & Wakefield

The U.S. life sciences real estate sector is entering a more measured phase of growth as vacancy holds steady, new construction slows, and capital markets activity regains momentum [...] The overall U.S. life sciences vacancy rate was 23.1% in Q4 2025, 320 basis points above year-ago levels.

Read the full article [here](#).

Trump Administration Has Moved to Exert More Direct Control Over The Power System

Utility Dive

In 2026, the electric utility sector faces unprecedented load growth that is challenging the physical infrastructure of the grid and the regulatory and market structures [...]. At the same time, the Trump administration has moved to exert more direct control over the power system under the banner of “energy dominance.”

Read the full article [here](#).

M&A activity in the North American Specialty Distribution Industry Slowed

Kroll

M&A activity in the North American specialty distribution industry slowed in the Trailing Twelve Months (TTM) Aug-25 period [...] The consumer discretionary distribution sector has been the most resilient, showing positive growth in TTM Aug-25 compared to TTM Aug-24.

Read the full article [here](#).

Specialty Distribution Practice Overview

ABOUT

The Stout Specialty Distribution team leverages deep advisory experience as well as dedicated coverage and expertise across a range of business models and key distribution subsectors. The team maintains strong, long-standing relationships with highly active financial sponsors and key strategic consolidators in the space, alongside a deep understanding of the broader value chain, which enables Stout to provide superior outcomes for our clients.

FOCUS AREAS



Automotive Aftermarket



Building Products



Consumer /
Food & Beverage



Energy



Healthcare & Life Sciences



Industrial & MRO



Technology, Media, &
Telecom

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ABOUT STOUT INVESTMENT BANKING

Stout's Investment Banking group provides mergers and acquisitions (M&A) advisory, capital market financing, and other financial advisory services to portfolio companies of private equity firms, closely held or family-owned businesses, and divisions of large corporate parents. Learn more about our [Investment Banking services](#).

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