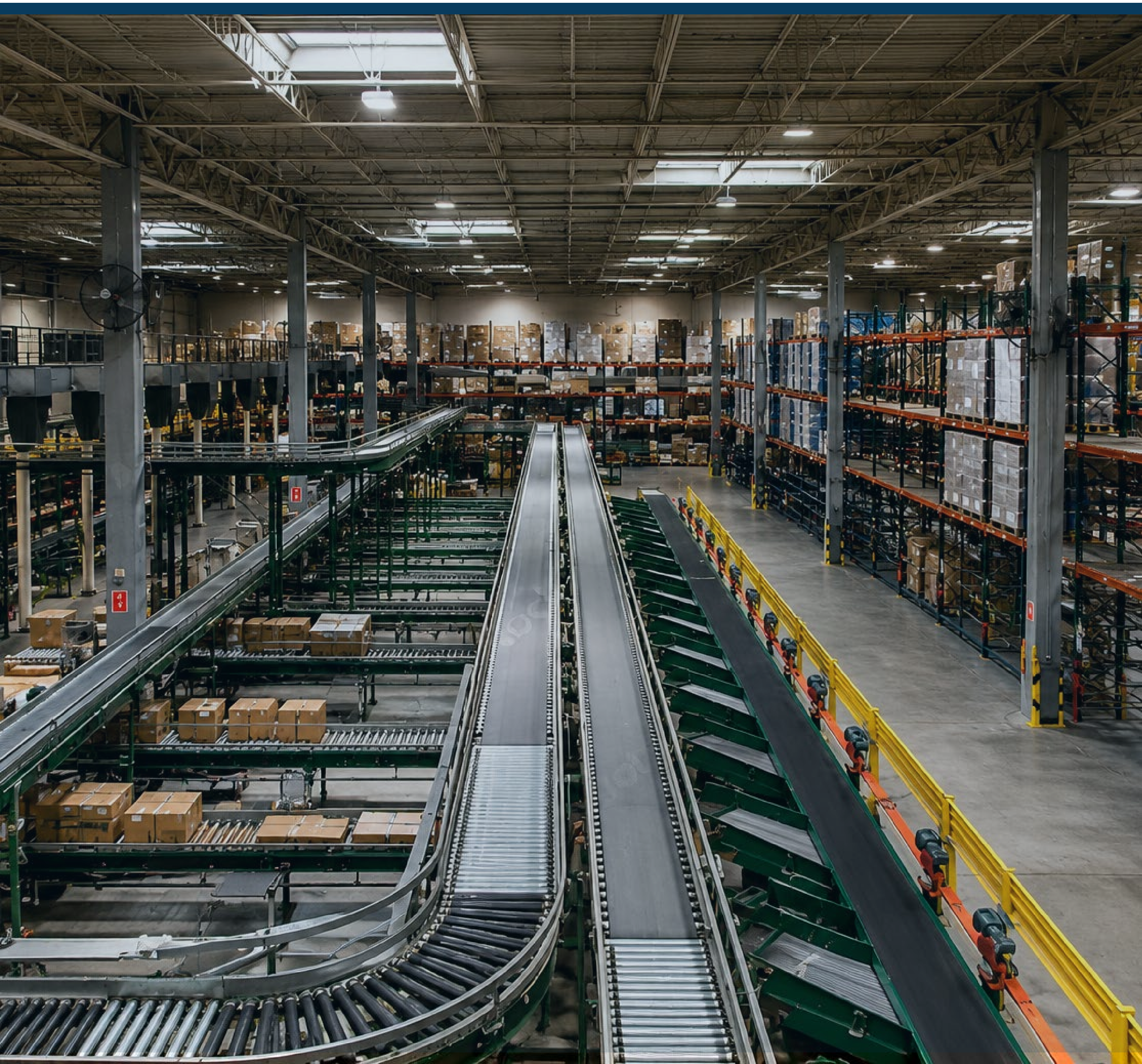
Specialty Distribution

INDUSTRY UPDATE | **Q1 2026**



IN THIS EDITION

Key Insights and Observations

- Q1 2026 reflected a mixed but resilient operating backdrop, as U.S. growth rebounded while inflation, tariff-related uncertainty, and geopolitical volatility continued to cloud visibility for investors and management teams.
- Specialty Distribution M&A remained active but selective in Q1, with buyers continuing to pursue assets that enhance scale, geographic density, technical capabilities, and product breadth. Building Products, Electrical, and Industrial / MRO represented notable areas of activity, including transactions involving SRS Distribution / Mingledorff's, SouthernCarlson / Greenwald Supply Direct, and Graybar / Broken Arrow Electric Supply.
- Across the broader deal market, strategic acquirers continued to prioritize high-conviction transactions tied to AI enablement, infrastructure, and capability expansion, while financial sponsors remained focused on higher-quality assets with clear operational value-creation levers. These themes are increasingly relevant to distribution businesses as automation, data quality, procurement agility, and supply-chain resilience become more central to competitive positioning and margin stability / enhancement.
- Inflation, energy price volatility, and evolving tariff policies continued to influence sourcing decisions, inventory positioning, and pricing actions across distribution businesses, keeping working capital discipline and contractual pricing flexibility in focus.
- Despite a slower exit backdrop, financial sponsors continued to deploy capital into higher-quality platforms, favoring resilient cash flow profiles and consolidation potential over assets dependent on improving market conditions.

Stout Specialty Distribution Experience

TRANSACTION SPOTLIGHT

NICKERSON
FURNITURE • EQUIPMENT • DESIGN • SERVICE
a portfolio company of
CHICAGO CAPITAL PARTNERS
has been acquired by
CROSS RAPIDS
SELL-SIDE ADVISOR

- Stout served as the exclusive financial advisor to Nickerson Corporation, a portfolio company of Chicago Capital Partners, on its sale to Cross Rapids Capital. The transaction closed in March 2026.
- Founded in 1952, Nickerson is a leading specialty and value-added distributor of educational furniture, athletic equipment, casework, and maintenance and repair services to educational facilities, operating primarily in the Northeast.

VOGUE TYRES SINCE 1914
has been acquired by
STA SAILUN TIRE AMERICAS
a portfolio company of
SAILUN
SELL-SIDE ADVISOR

ABC STONE
has received an investment from
CHICAGO CAPITAL PARTNERS
SELL-SIDE ADVISOR

WESTERN DRUG MEDICAL SUPPLY
has been acquired by
SG Homecare
a portfolio company of
SVERICA
SELL-SIDE ADVISOR

RUSSELL PLYWOOD
has been acquired by
WÜRTH
SELL-SIDE ADVISOR

NAP The Bodyman's First Choice
has been acquired by
PALLADIUM
SELL-SIDE ADVISOR

safco DENTAL SUPPLY
has been acquired by
PNC RIVERARCH CAPITAL
SELL-SIDE ADVISOR

Aterian INVESTMENT PARTNERS
has acquired
STEIN FIBERS, LTD.
BUY-SIDE ADVISOR

SG Homecare
has been acquired by
SVERICA
SELL-SIDE ADVISOR

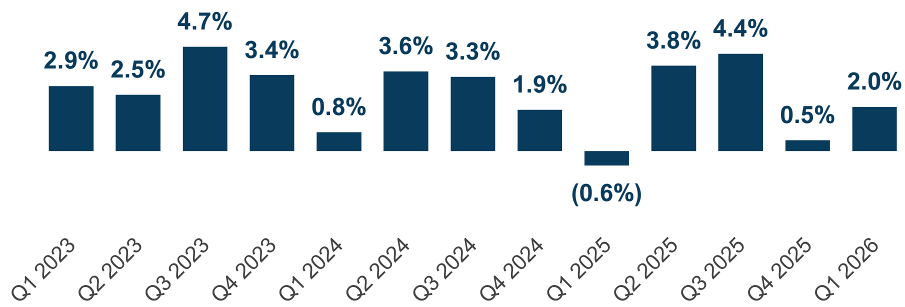
U.S. Macroeconomic Backdrop

U.S. Economic Growth Reaccelerated in Q1 2026, but Persistent Geopolitical Concerns Continued to Weigh on Market Confidence and Visibility

- Real GDP rebounded to 2.0% annualized growth in Q1 2026, up from 0.5% in Q4, supported by federal spending and business investment, while consumer spending softened, residential investment remained a drag, and imports weighed on growth.
- The labor market remained resilient with job gains occurring in the healthcare, construction, transportation, and warehousing sectors. Consumer confidence remained subdued entering quarter-end, reflecting persistent household sensitivity to rapidly increasing energy prices driven by the Gulf conflict, persistent general inflation, and broader uncertainty.
- PMI increased QoQ and jumped above 50, while industrial activity held steady amid macroeconomic and geopolitical uncertainty.

Real U.S. Quarterly GDP Growth

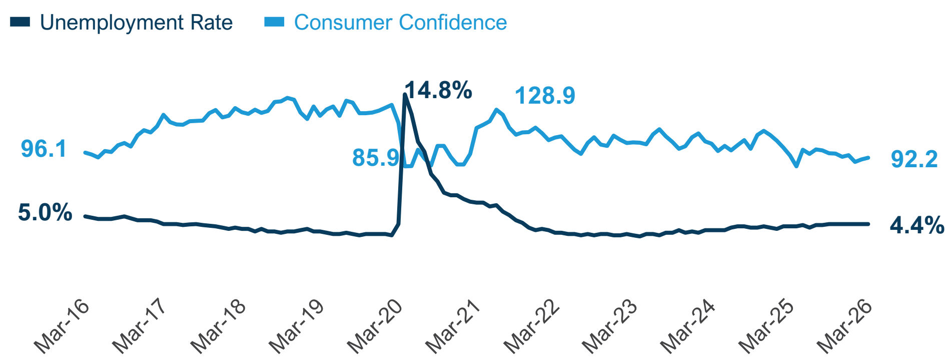
(Annualized quarterly percentage change)



Source: S&P Capital IQ

U.S. Unemployment Rate and Consumer Confidence

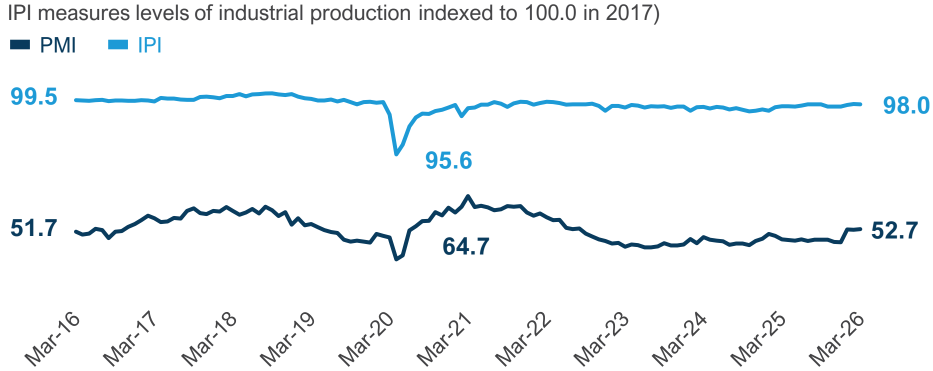
(Percentage of unemployed persons in U.S. labor force; index of consumer sentiment)



Source: S&P Capital IQ

Purchasing Managers' 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: Federal Reserve Economic Data and Institute for Supply Management

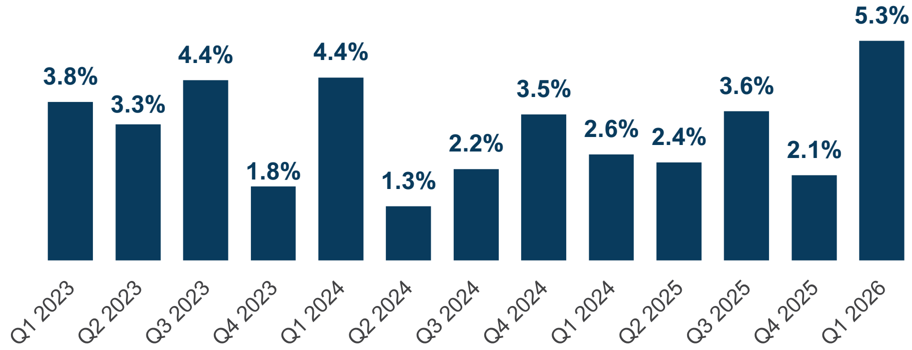
U.S. Macroeconomic Backdrop

Inflationary Pressure Reemerged in Q1 2026 as Import Activity Accelerated, Keeping Rate Policy, Working Capital, and Margin Discipline in Focus

- ❖ Inflationary pressure reemerged during Q1, with the annualized rate rising meaningfully from Q4 levels. The uptick in inflation reflects continued pressure from higher energy prices, driven primarily by the Gulf conflict, which is having a severe impact on global energy prices and supply.
- ❖ Although freight costs remained below prior-cycle peaks, the upward movement in long-distance freight pricing during Q1 underscored the continued importance of supply-chain discipline, route optimization, and contractual pricing flexibility.
- ❖ Real imports increased in Q1, suggesting pulled-forward purchasing activity and heightened sourcing urgency amid policy and cost uncertainty.

Real U.S. Inflation Rate

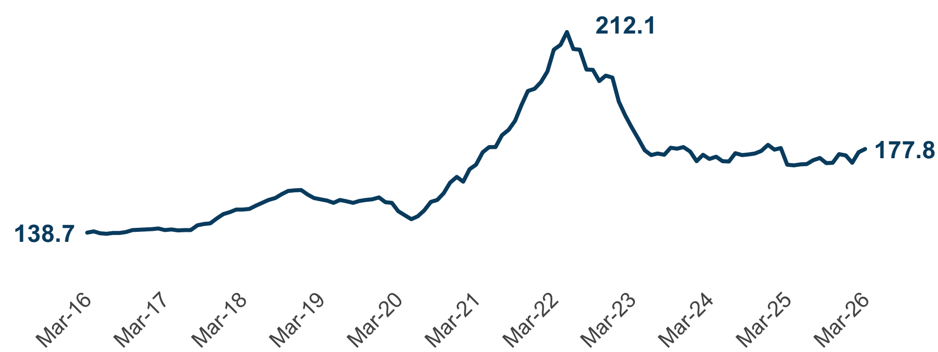
(Annualized quarterly percentage rate)



Source: S&P Capital IQ

Producer Price Index: General Long-Distance Freight

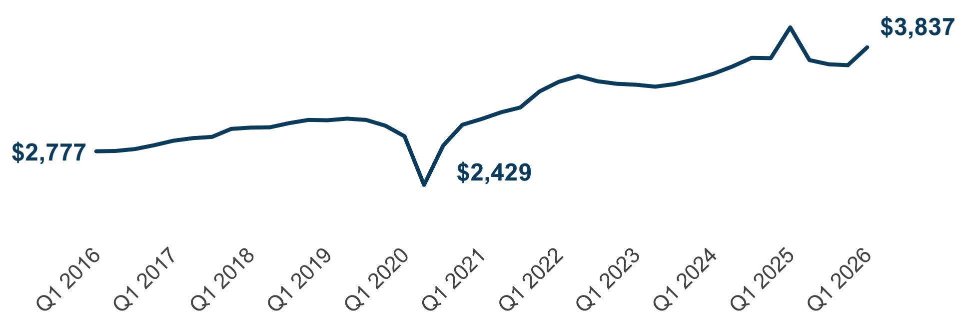
(Indexed to 100.0 as of 3/31/1992)



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

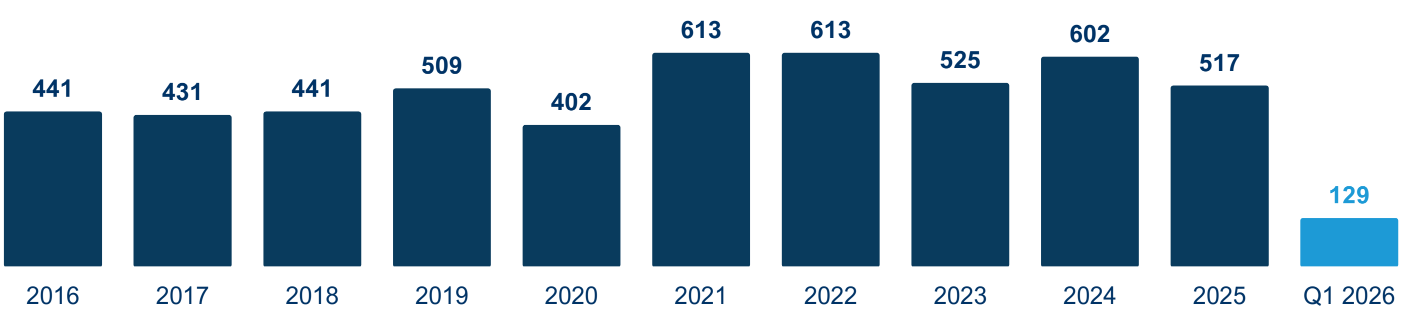
M&A activity in Specialty Distribution began 2026 at a measured pace, with 129 announced transactions in Q1. On an annualized basis, the quarter's pace is broadly consistent with full-year 2025 activity, though still below the record levels observed earlier in the cycle. Average observed EV / LTM EBITDA multiples expanded to 13.9x in Q1 2026, reflecting the mix which favors large transactions, scarcity value for scaled assets, and sustained buyer appetite for high-quality platforms with defensible margins, strong customer relationships, and resilient end-market exposure.

Private equity remained active but selective as sponsors balanced substantial dry powder against a more challenging exit environment and heightened diligence around cyclicality, tariff exposure, inventory quality, and cash conversion. As a result, investors continued to favor assets with clear organic growth, resilient margins, and actionable buy-and-build opportunities, while momentum remained more limited for businesses dependent on improved market conditions.

Building Products, Electrical, and Industrial / MRO distributors remained the most active specialty distribution segments during the quarter, as strategic acquirers and sponsor-backed platforms continued to pursue regional density, product breadth, and technical service capabilities.

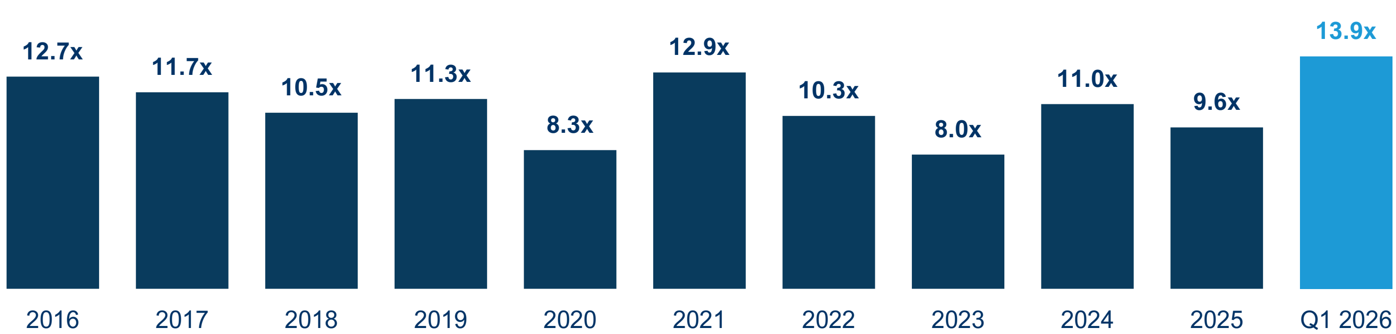
Historical Aggregate M&A Transaction Volume

(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 03/31/2026
Note: Q1 2026 EV/LTM EBITDA Multiple is reflective of limited data disclosure for announced deals

Market Summary & Perspectives

PUBLIC MARKET

- U.S. public markets entered 2026 with momentum but also greater volatility, as investors balanced continued earnings resilience and AI-led capital investment against renewed inflation, rates, and energy-price concerns.
- The S&P 500 declined ~4% in Q1 2026 as weakness in mega-cap technology and tariff-related uncertainty weighed on index performance.
- The Fed's ongoing pause, with the federal funds target range unchanged at 3.50%–3.75%, kept markets focused on inflation and labor trends, while sustained elevated financing costs continued to shape valuation sensitivity across more cyclical assets.
- Rate-cut expectations repriced meaningfully over the quarter. The market entered January expecting two cuts in 2026, but by the end of Q1, expectations decreased to one rate cut, with momentum signaling a possibility of zero rate cuts in 2026. Recent momentum suggests the debate is shifting beyond the possibility of no cuts and toward the risk of a rate increase, as the Gulf conflict has contributed to higher energy prices and renewed inflation pressure.
- Despite broader market pressure, investor appetite remained concentrated around distribution platforms with durable margins, recurring demand, and demonstrated pricing power, while companies tied to discretionary, rate-sensitive, or supply-chain-impacted end markets faced greater scrutiny.

M&A MARKET

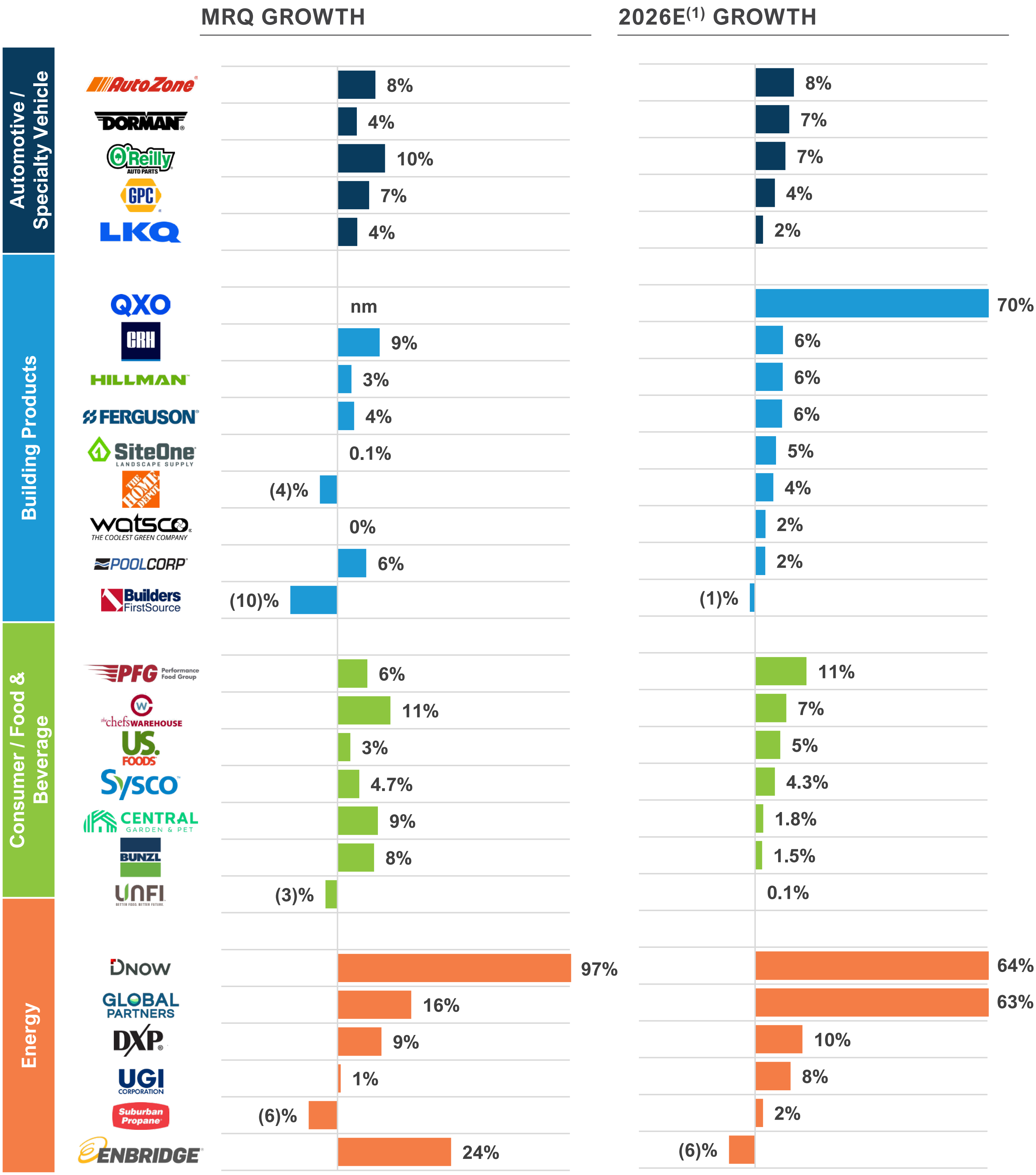
- The broader M&A market showed renewed momentum through Q1 2026, with March activity for transactions greater than $100 million increasing 43% year-over-year in value and 25% year-over-year in volume. The rebound was driven by better alignment between buyer and seller valuation expectations, continued strategic demand for assets with strong AI, technology and capability profiles, utilization of creative deal structures, and ongoing megadeal activity.
- Private equity deployment remained active but disciplined in Q1 2026, as sponsors balanced significant available capital against market volatility, exit timing considerations, and increased diligence around valuation durability. PE deal value totaled ~$172 billion in Q1 2026, while exit activity remained broadly in line with recent trends, reinforcing sponsor focus on operational value creation rather than multiple expansion.
- Despite improving transaction momentum, geopolitical risk, energy-price volatility, tariff uncertainty, and higher-for-longer rate expectations continued to influence deal timing, financing assumptions, and underwriting discipline. In response, dealmakers remained focused on high-conviction opportunities with clear strategic value, resilient cash flow profiles, and identifiable synergy or transformation levers.
- Looking ahead, M&A remains an important strategic lever for companies seeking to accelerate growth, reshape portfolios, and build resilience in a more complex operating environment. Ample corporate capital, PE dry powder, and the continued need to monetize long-held assets should support transaction pipelines, though execution is likely to remain concentrated around higher-quality assets and clearly defined strategic theses.

Company Spotlight: Q1 Sales & EBITDA Performance

Companies	Quarterly Highlights	Select Commentary
O'Reilly Auto Parts **LTM Data:** Sales: $18,206M EBITDA: $4,085M Stores: 6,644	• MRQ sales Δ: +10.2% • YTD sales Δ: +10.2% • MRQ EBITDA Δ: +13.1% • YTD EBITDA Δ: +13.1%	*"Our team successfully translated these robust sales results into an impressive 14% increase in operating profit through our focus on profitable growth and expense control. We coupled this strong operating performance with the return of excess capital through our share repurchase program to deliver a 16% increase in diluted earnings per share in the quarter. We also saw strength in our DIY side of our business, which generated a mid-single-digit comp during the first quarter."*
CRH **LTM Data:** Sales: $38,061M EBITDA: $7,583M Branch Locations: ~4,000	• MRQ sales Δ: +9.1% • YTD sales Δ: +9.1% • MRQ EBITDA Δ: +16.9% • YTD EBITDA Δ: +16.9%	*"Total revenues were 21% ahead of the prior year period, with robust volumes across all product lines reflecting good early season project activity, strong commercial execution, and contributions from acquisitions. In essential materials, first quarter revenues were 31% ahead. Our aggregates volumes increased by 14%, while pricing was 1% behind, reflecting geographic and project-related mix effects."*
Central Garden & Pet **LTM Data:** Sales: $3,163M EBITDA: $362M	• MRQ sales Δ: +8.7% • YTD sales Δ: +2.3% • MRQ EBITDA Δ: +13.0% • YTD EBITDA Δ: +6.2%	*"We've moved our DoMyOwn business into our Covington fulfillment center. We're also consolidating the TDBBS manufacturing into our dog and cat platform in New Jersey to better leverage scale and what we believe are best-in-category capabilities. We formed a joint venture with a leading U.S. pet food distributor, Phillips Pet Food & Supplies, where we'll retain a 20% ownership stake."*
Enbridge **LTM Data:** Sales: $49,467M EBITDA: $12,220M	• MRQ sales Δ: +24.4% • YTD sales Δ: +24.4% • MRQ EBITDA Δ: -5.5% • YTD EBITDA Δ: -5.5%	*"Compared to the first quarter of 2025, adjusted EBITDA remained consistent, DCF per share is up CAD 0.03 and EPS is down about CAD 0.05. In Liquids, as expected, the absence of a litigation settlement, lower contributions from our market access pipelines and lower Line 9 tolls resulted in a decrease compared to Q1 2025."*
QXO **LTM Data:** Sales: $8,559M EBITDA: $459M	• MRQ sales Δ: +12,716.3% • YTD sales Δ: +12,716.3% • MRQ EBITDA Δ: +113.3% • YTD EBITDA Δ: +113.3%	*"Our first quarter results reflect the softness we're seeing in the building products industry, and our investments in the business, including people and technology. On M&A, we recently closed the $2.25 billion acquisition of Kodiak Building Partners and announced the landmark $17 billion acquisition of TopBuild. We remain firmly on track to achieve $50 billion in annual revenue within a decade."*
SPX Technologies **LTM Data:** Sales: $2,349M EBITDA: $493M	• MRQ sales Δ: +17.4% • YTD sales Δ: +17.4% • MRQ EBITDA Δ: +25.8% • YTD EBITDA Δ: +25.8%	*"We had a strong start to the year with year-over-year growth and adjusted EBITDA of 23% and adjusted EPS of 22%. We continued to execute well, driving significant profit growth in both segments and making meaningful progress on several key initiatives."*
TD Synnex **LTM Data:** Sales: $65,138M EBITDA: $2,026M	• MRQ sales Δ: +18.1% • YTD sales Δ: +18.1% • MRQ EBITDA Δ: +46.8% • YTD EBITDA Δ: +46.8%	*"In the first quarter, we delivered record non-GAAP gross billings and non-GAAP earnings per share while continuing to expand profitability and built on the execution and momentum established over the past year. Walking through the numbers, our non-GAAP gross billings for the first quarter was $25.8 billion, increasing 24% year-over-year or 20% year-over-year in constant currency and exceeded the high end of our guidance range…"*

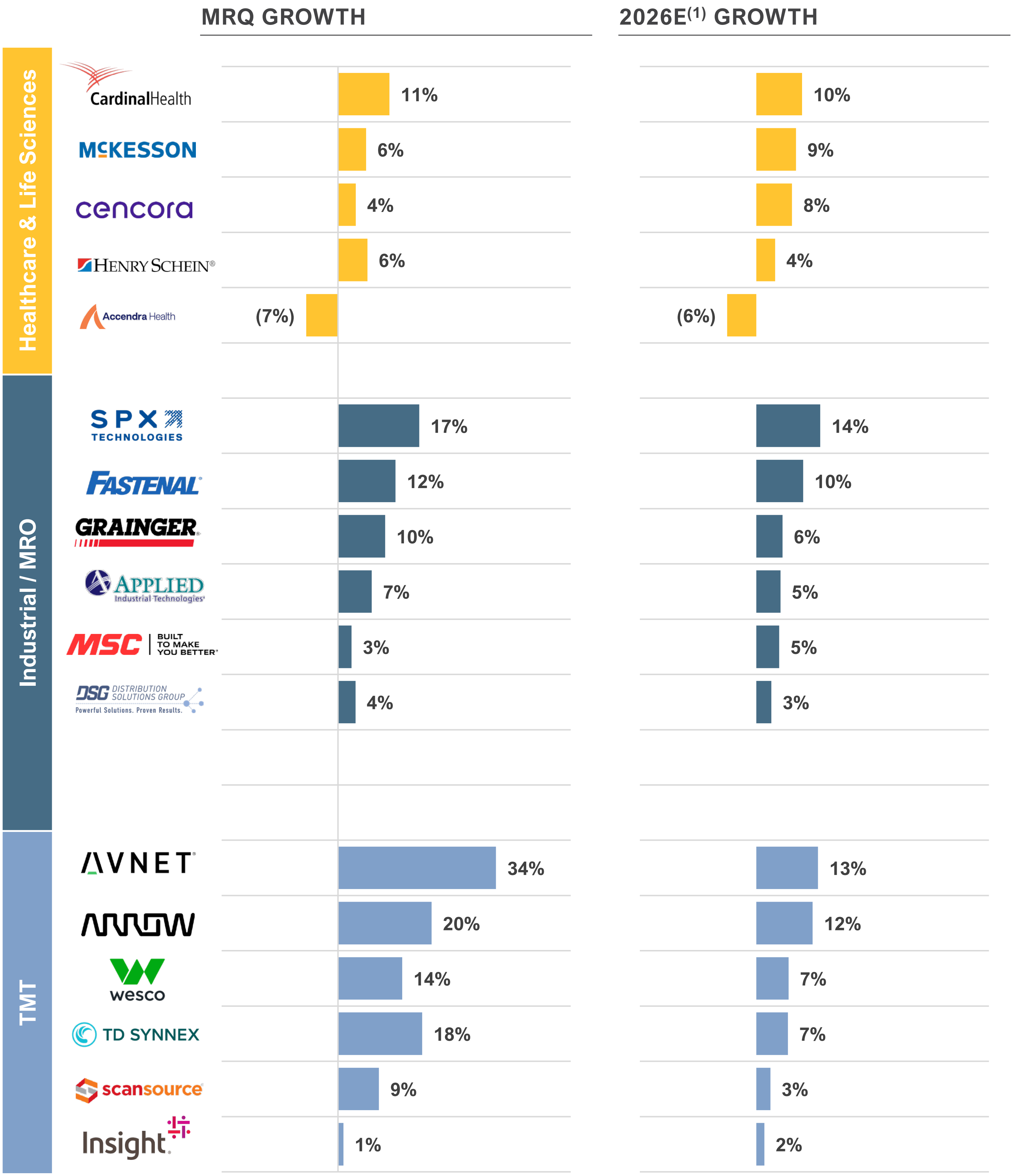
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Revenue Growth Trends



Source: S&P Capital IQ as of 03/31/2026, (1) Representative of Calendar Year 2026
Note: QXO and DNOW growth rates include the impact of significant M&A activity, including QXO's acquisition of Beacon Roofing Supply and DNOW's MRC Global merger

Revenue Growth Trends



Source: S&P Capital IQ as of 03/31/2026, (1) Representative of Calendar Year 2026

Automotive Aftermarket Distribution

KEY SUBSECTOR DRIVERS

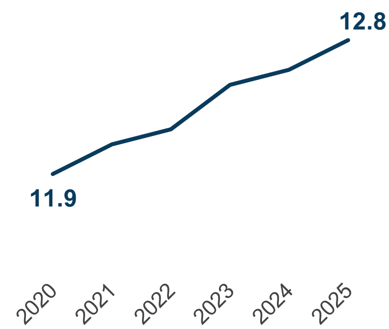
Regular All Formulations Gas Prices

(Dollars per gallon, weekly ending Mondays)

Source: Federal Reserve Economic Data

Average Age of Automobiles and Trucks

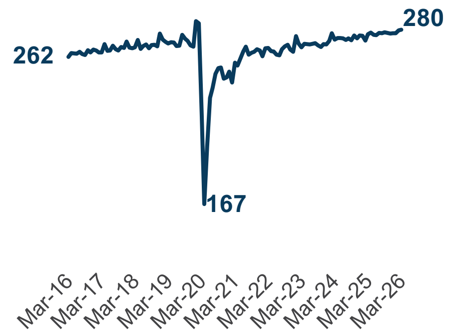
(Years)



Source: U.S. Department of Transportation

Vehicle Miles Traveled

(Millions of miles, seasonally adjusted)

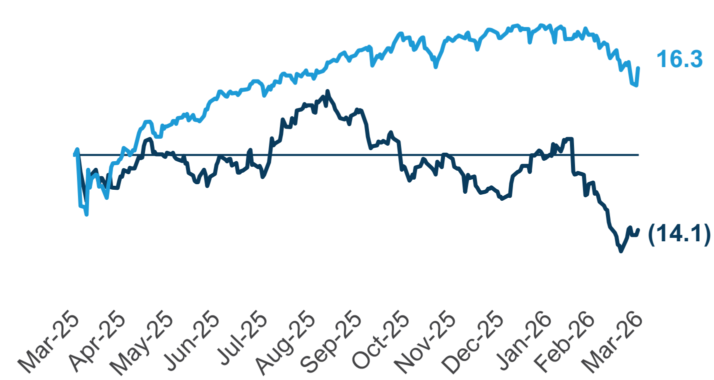


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

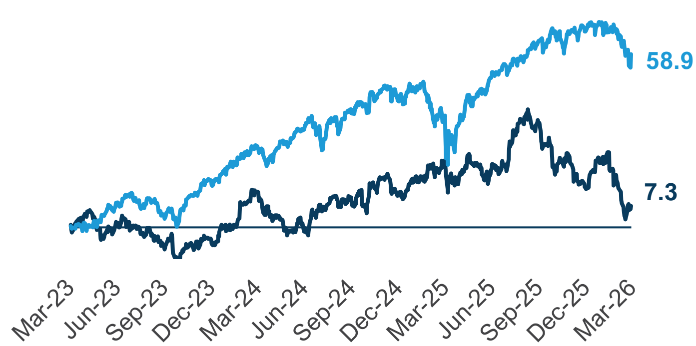
(Indexed to 0.0 as of 3/31/2025) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

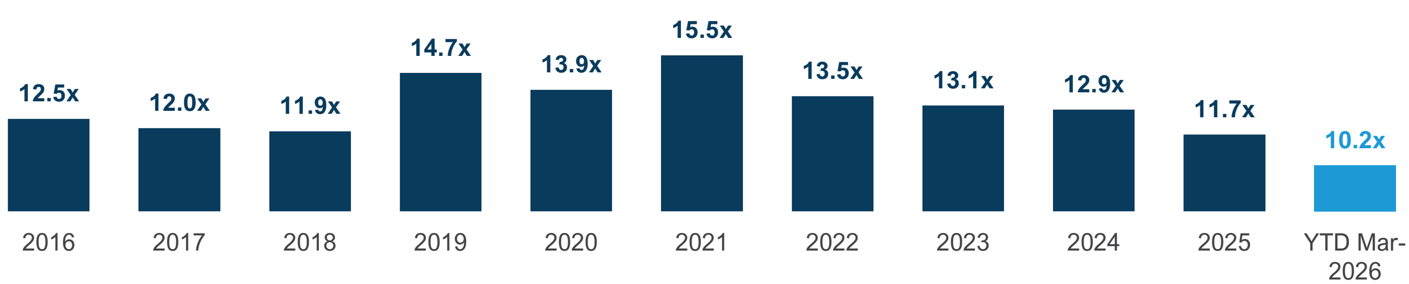
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



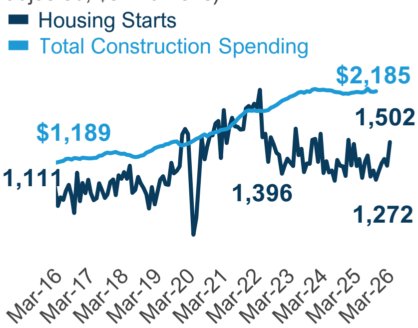
Source: S&P Capital IQ as of 3/31/2026, Stout Proprietary Index

Building Products Distribution

KEY SUBSECTOR DRIVERS

Housing Starts and Construction Spending

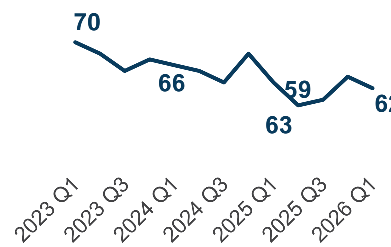
(Thousands of units, seasonally adjusted, $s in billions)



Source: Federal Reserve Economic Data

NAHB Remodeling Index

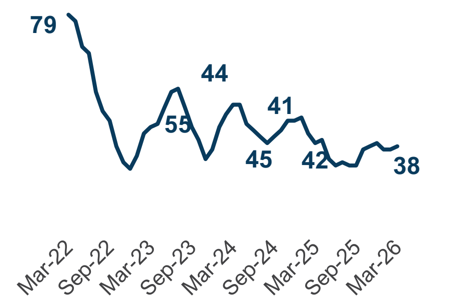
(Reflects health of current and future remodeling market from 0 – 100)



Source: National Association of Home Builders

NAHB Housing Market Index

(Reflects health of housing sales from 0 – 100)

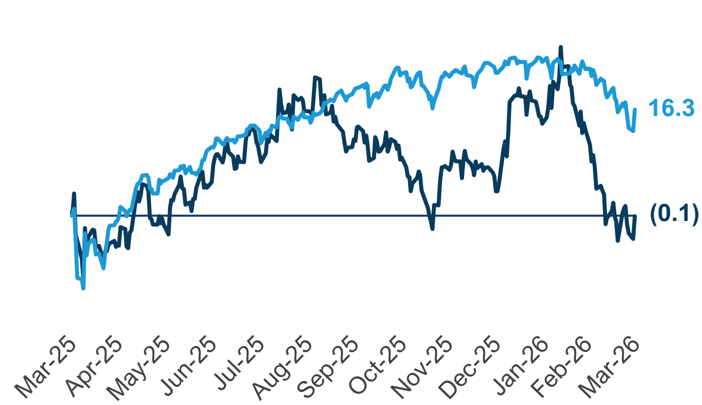


Source: National Association of Home Builders

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

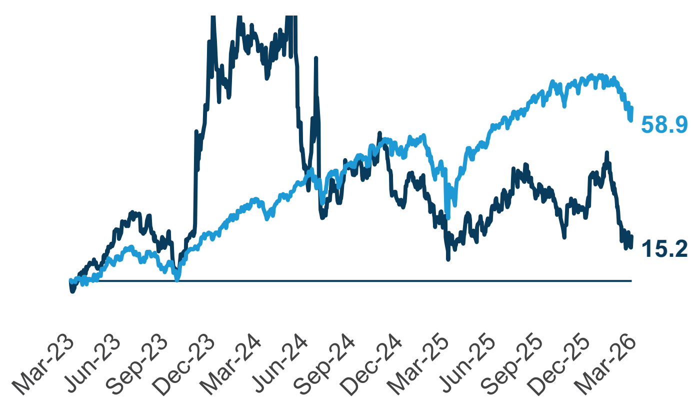
(Indexed to 0.0 as of 3/31/2025)



Source: S&P Capital IQ, Stout Proprietary Index

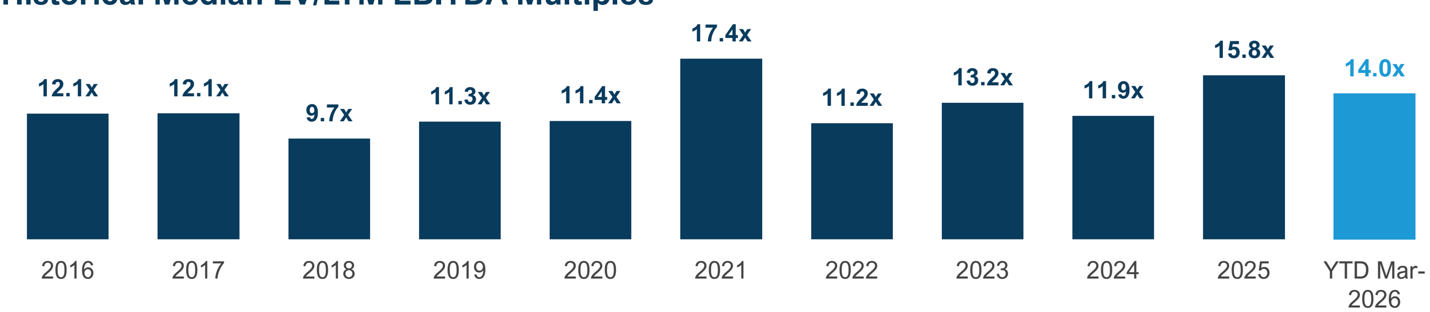
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023)



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



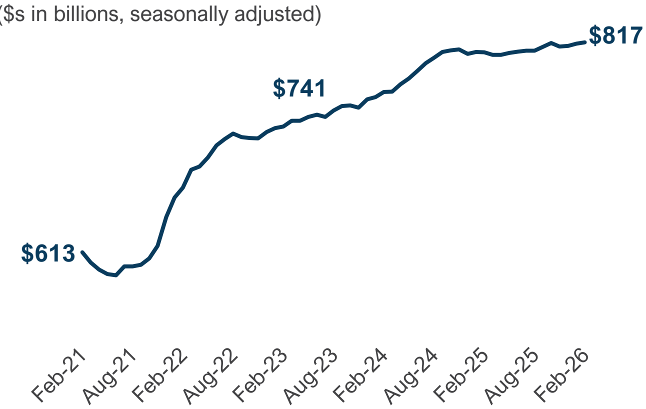
Source: S&P Capital IQ as of 3/31/2026, Stout Proprietary Index

Consumer / Food & Beverage Distribution

KEY SUBSECTOR DRIVERS

U.S. Retailers' Inventories

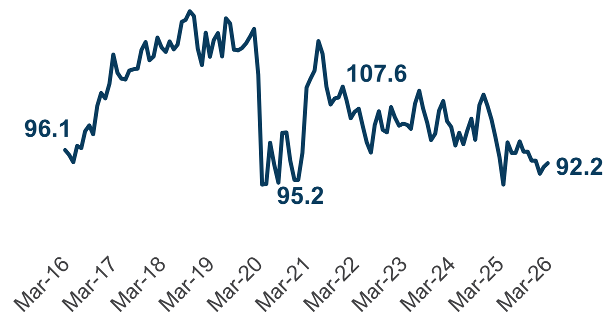
($s in billions, seasonally adjusted)



Source: Federal Reserve Economic Data

U.S. Consumer Confidence

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

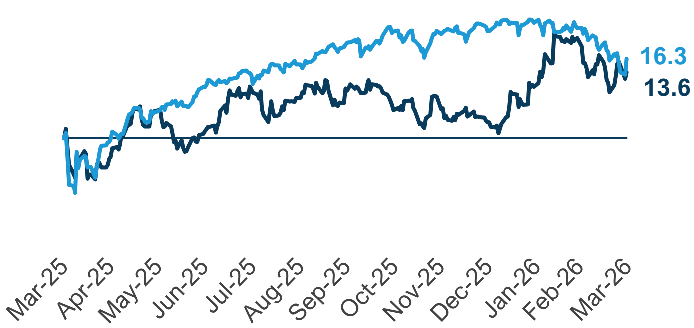


Source: S&P Capital IQ

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

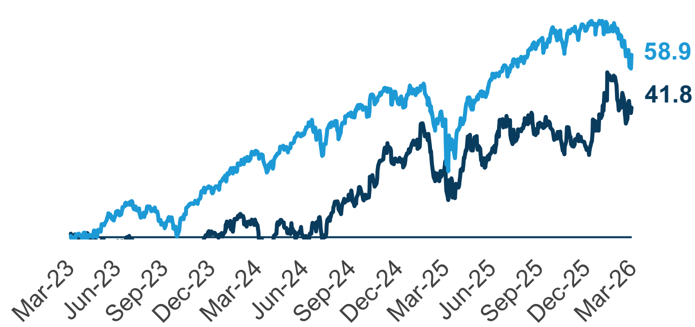
(Indexed to 0.0 as of 3/31/2025) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

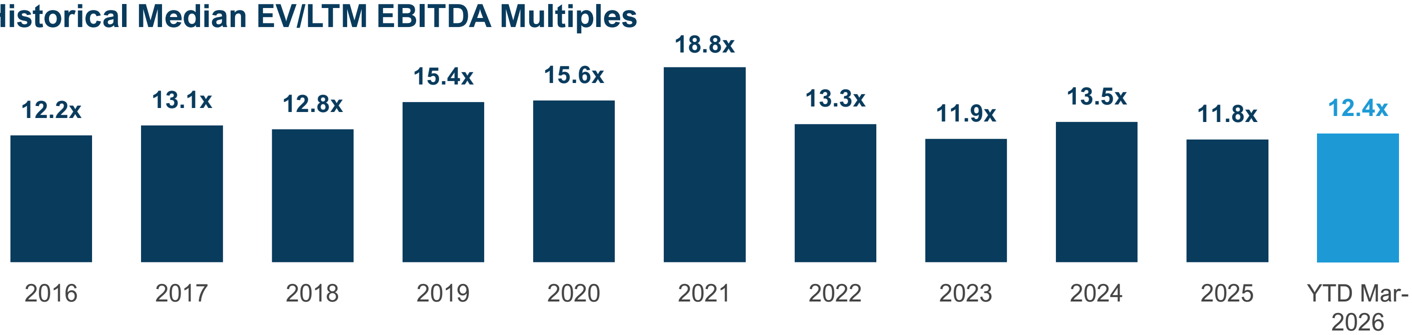
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



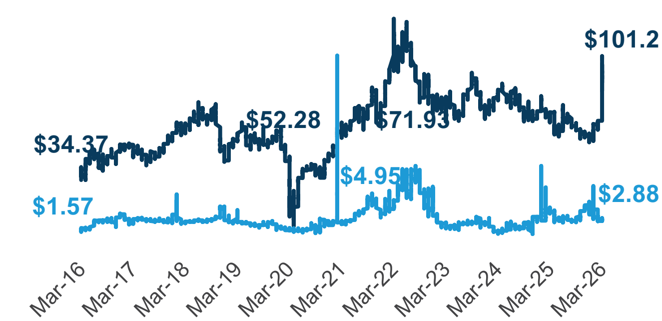
Source: S&P Capital IQ as of 3/31/2026, Stout Proprietary Index

Energy Distribution

KEY SUBSECTOR DRIVERS

Natural Gas and Crude Oil Prices

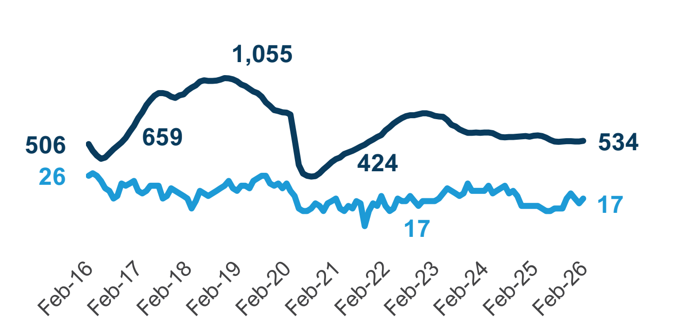
Natural Gas ($s per MMBtu)   Crude Oil ($ per barrel)



Source: S&P Capital IQ

Natural Gas and Crude Oil Rigs in Operation

Onshore Rigs   Offshore Rigs

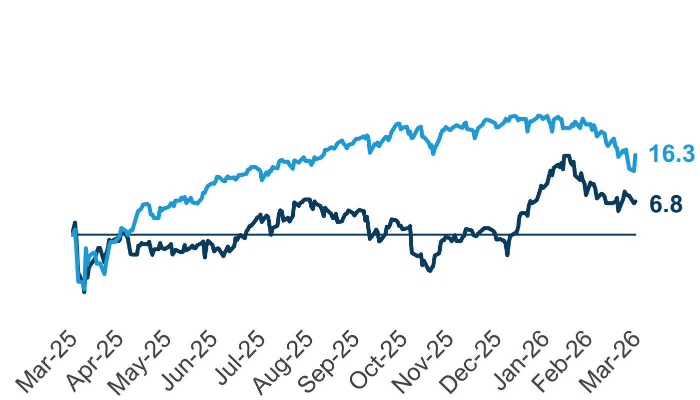


Source: U.S. Energy Information Administration

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

(Indexed to 0.0 as of 3/31/2025)   Stout Index   S&P 500



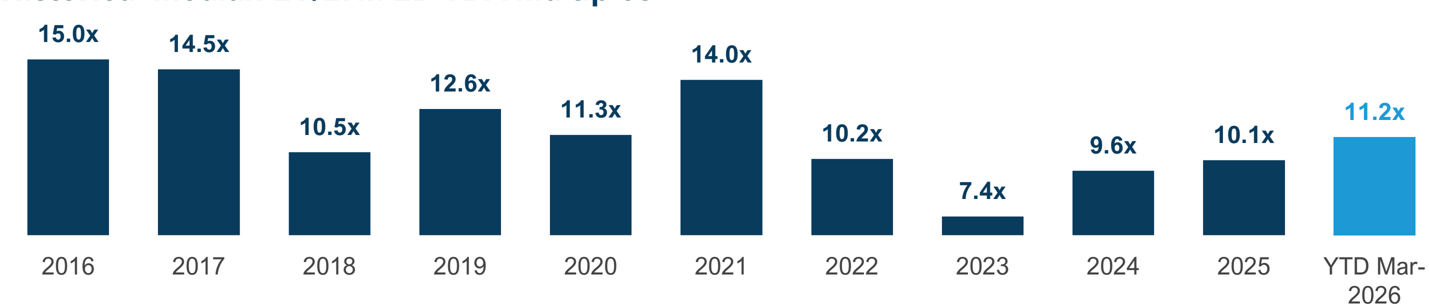
Source: S&P Capital IQ, Stout Proprietary Index

Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023)   Stout Index   S&P 500

Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



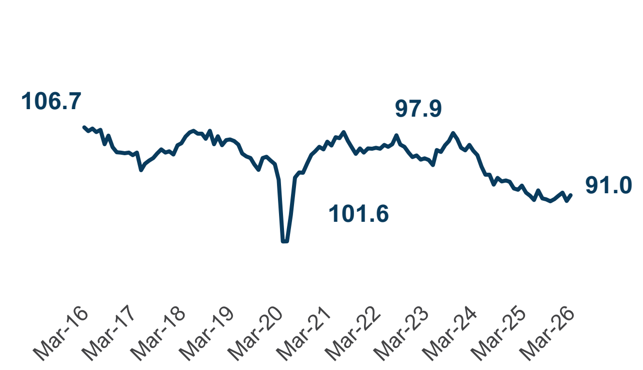
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Healthcare & Life Sciences Distribution

KEY SUBSECTOR DRIVERS

Medical Equipment Production Index

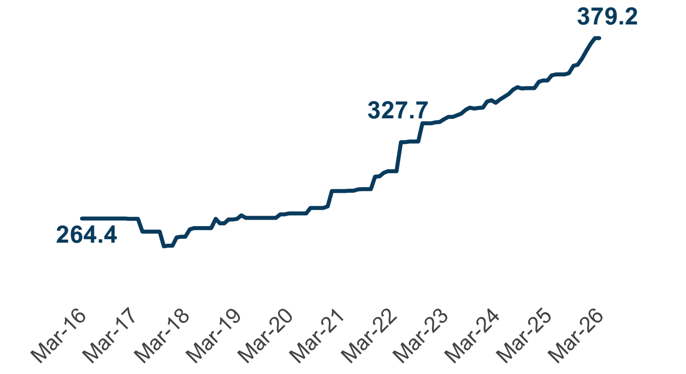
(Indexed to 100.0 as of 1/1/2017)



Source: Federal Reserve Economic Data

PPE Producer Price Index

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

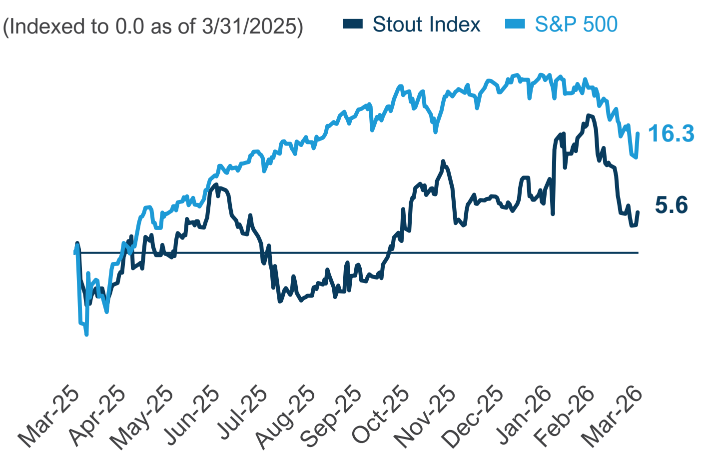


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

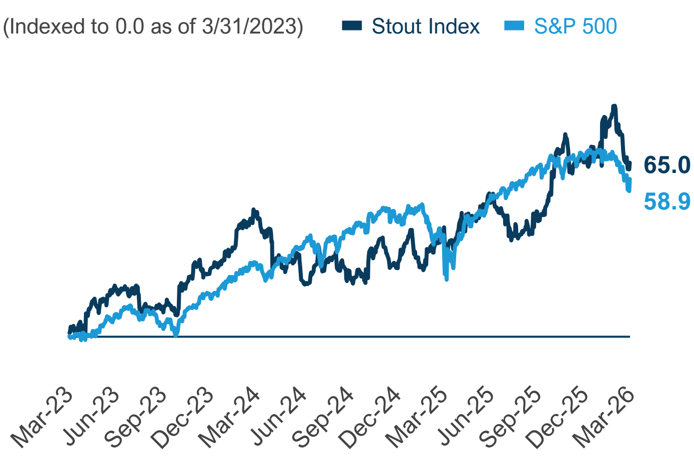
(Indexed to 0.0 as of 3/31/2025)



Source: S&P Capital IQ, Stout Proprietary Index

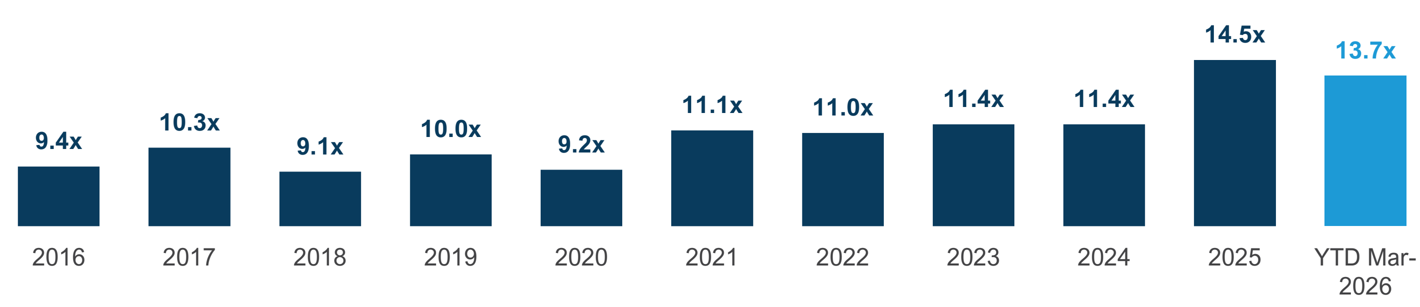
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023)



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



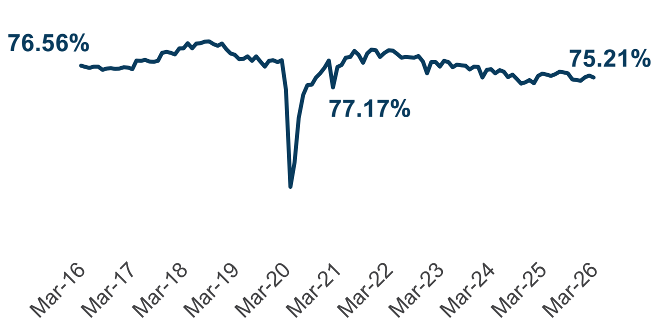
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

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

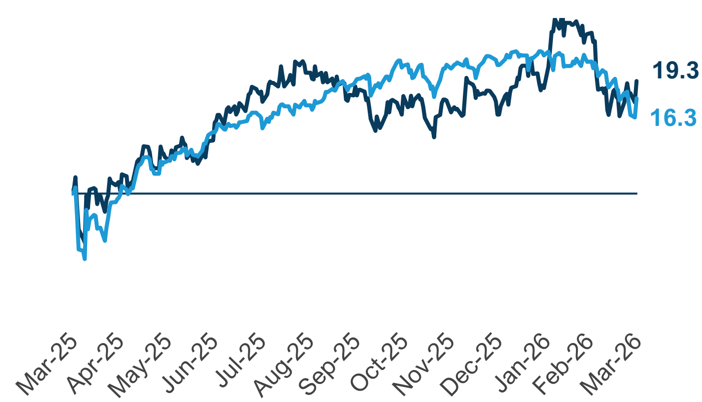
(Measures health of manufacturing sector 0 – 100)

Source: Institute for Supply Management

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

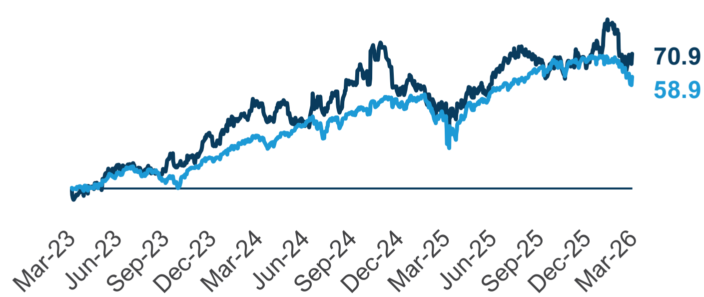
(Indexed to 0.0 as of 3/31/2025)



Source: S&P Capital IQ, Stout Proprietary Index

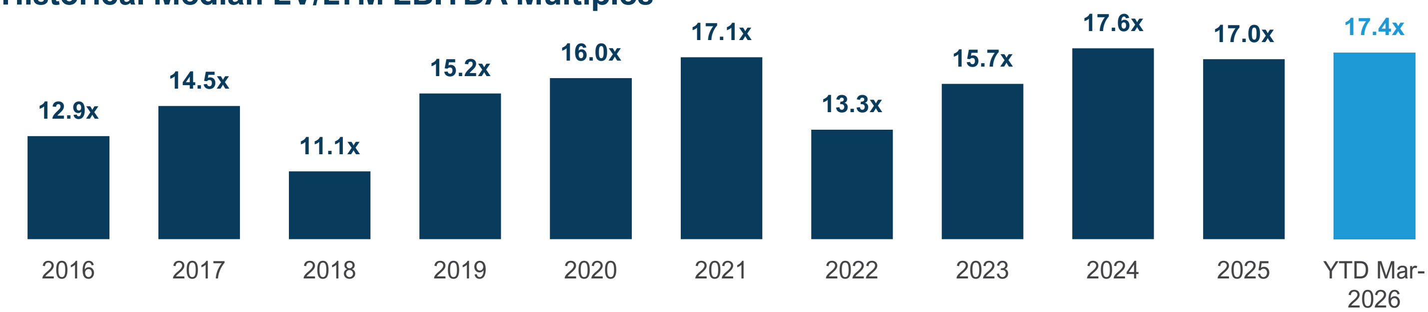
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023)



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples



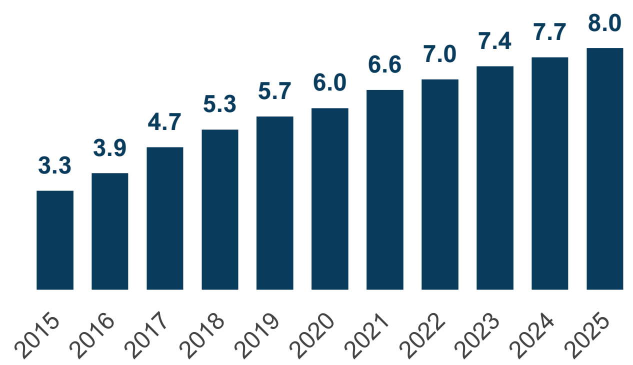
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Technology, Media, & Telecom Distribution

KEY SUBSECTOR DRIVERS

Global Mobile Broadband Subscriptions

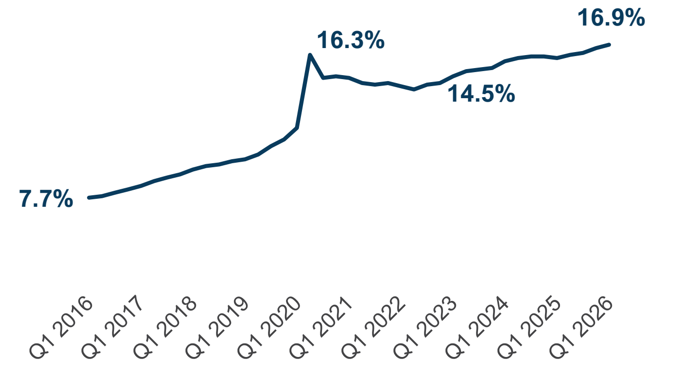
(Billions)



Source: International Telecommunication Union, Ericsson

E-Commerce Percent of Retail Sales

(Share of total retail sales globally)

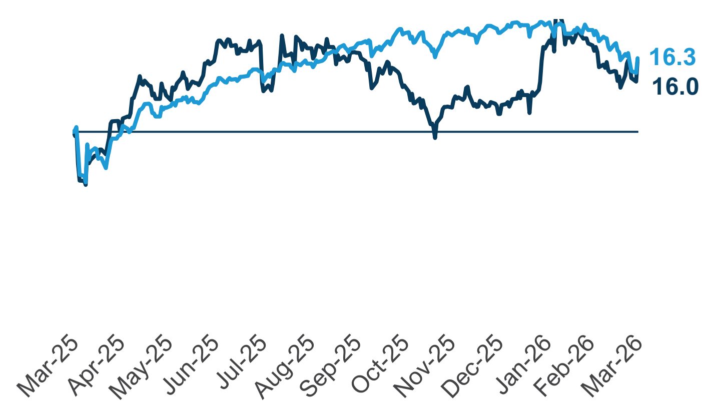


Source: Federal Reserve Economic Data

STOUT SUBSECTOR INDEX PERFORMANCE

Indexed Stock Performance — Last 12 Months

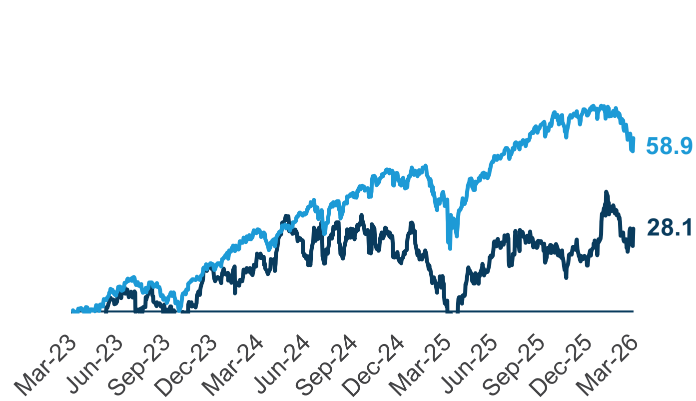
(Indexed to 0.0 as of 3/31/2025) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

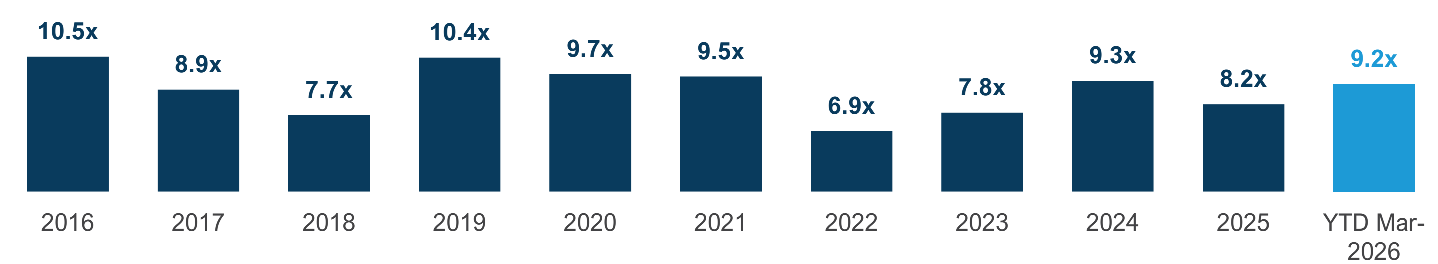
Indexed Stock Performance — Last 3 Years

(Indexed to 0.0 as of 3/31/2023) Stout Index S&P 500



Source: S&P Capital IQ, Stout Proprietary Index

Historical Median EV/LTM EBITDA Multiples

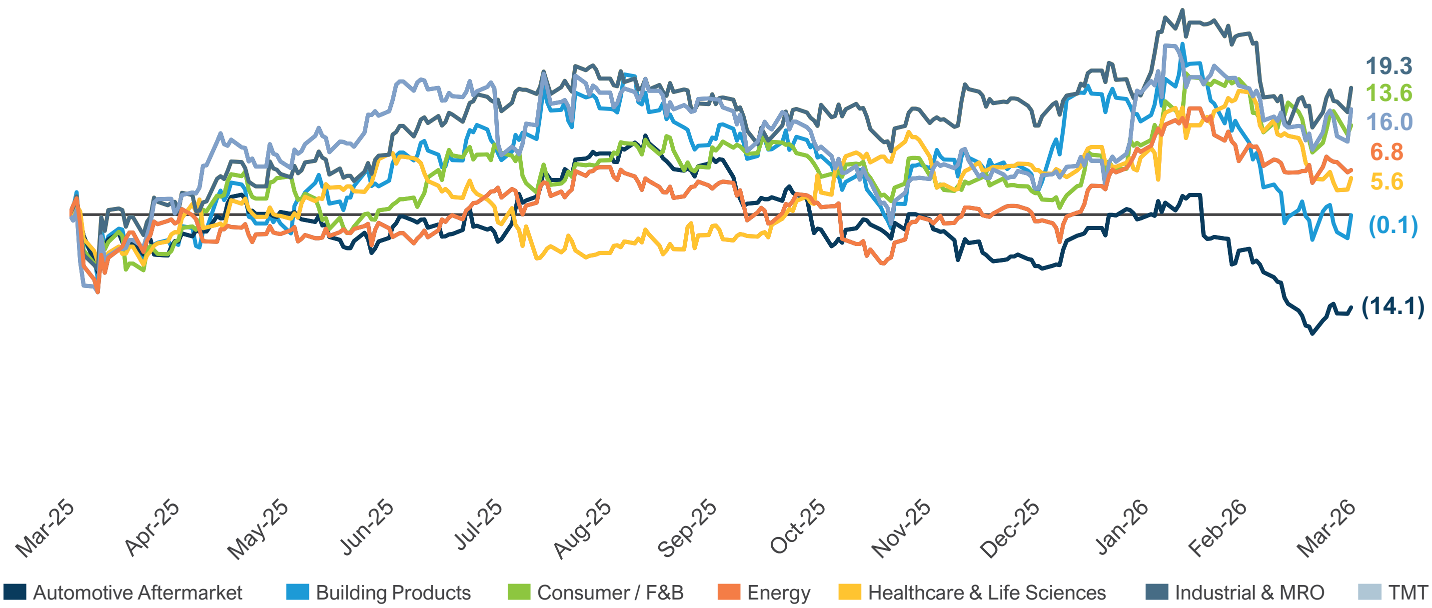


Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Indexed Stock Performance by Subsector

Specialty Distribution Indexed Stock Performance — Last 12 Months

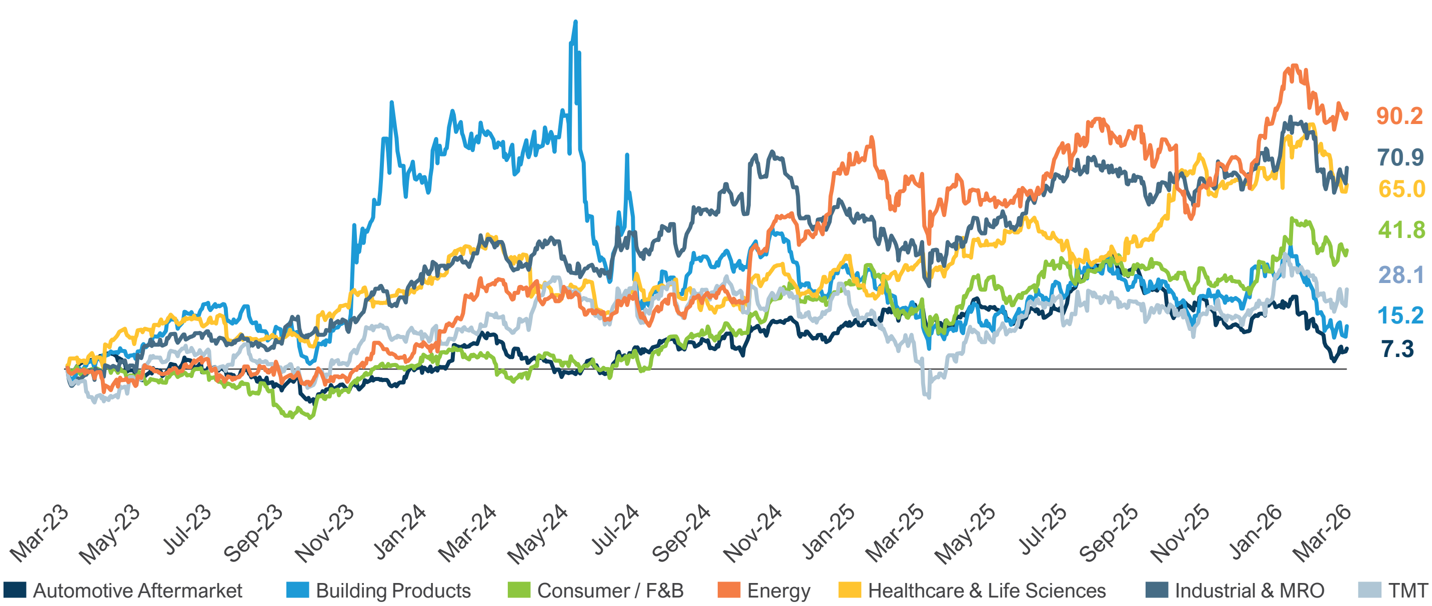
(Indexed to 0.0 as of 3/31/2025)



Source: S&P Capital IQ, Stout Proprietary Index

Specialty Distribution Indexed Stock Performance — Last 3 Years

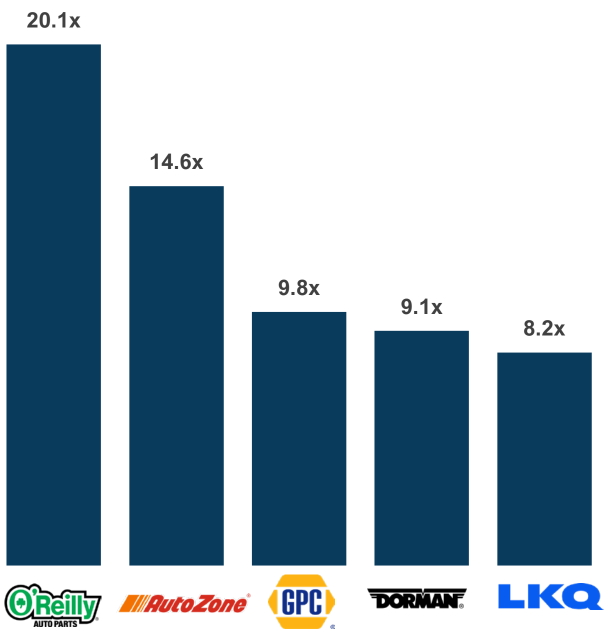
(Indexed to 0.0 as of 3/31/2023)



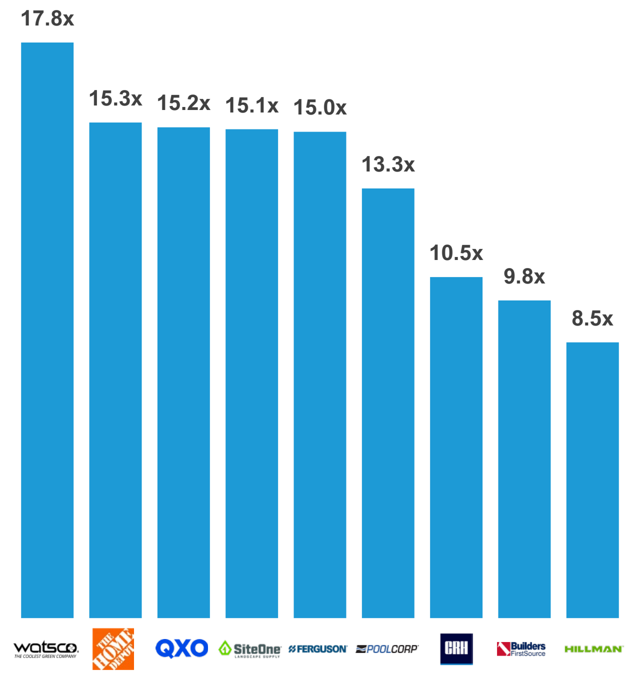
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Valuations by Sector (TEV / Forward EBITDA)

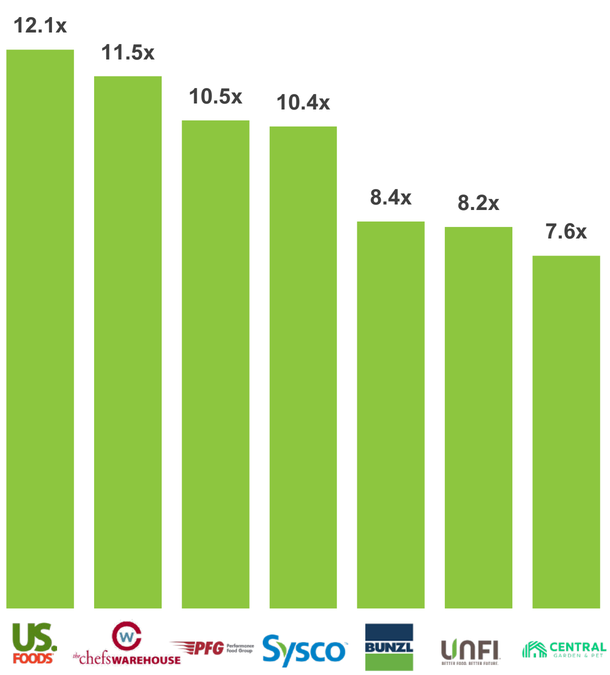
AUTOMOTIVE / SPECIALTY VEHICLE



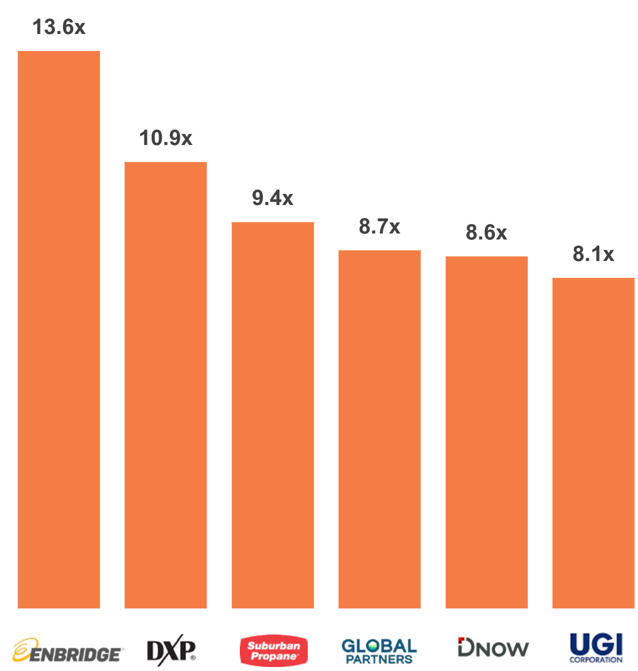
BUILDING PRODUCTS



CONSUMER / FOOD & BEVERAGE



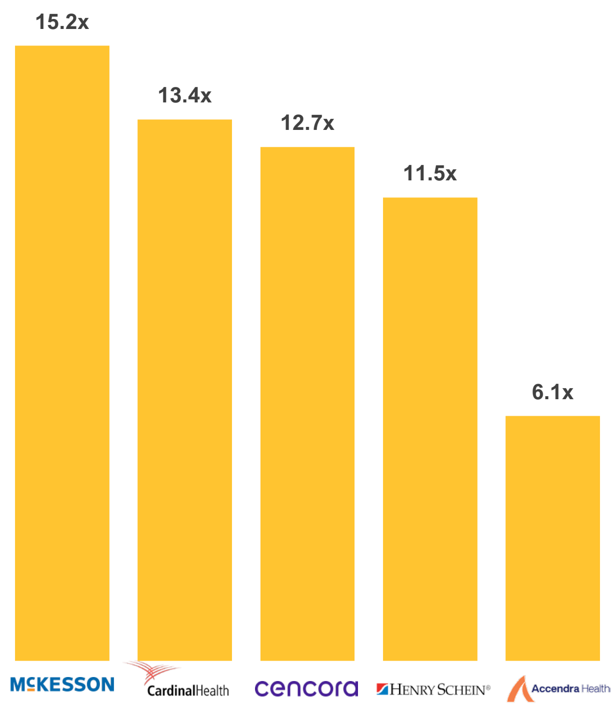
ENERGY



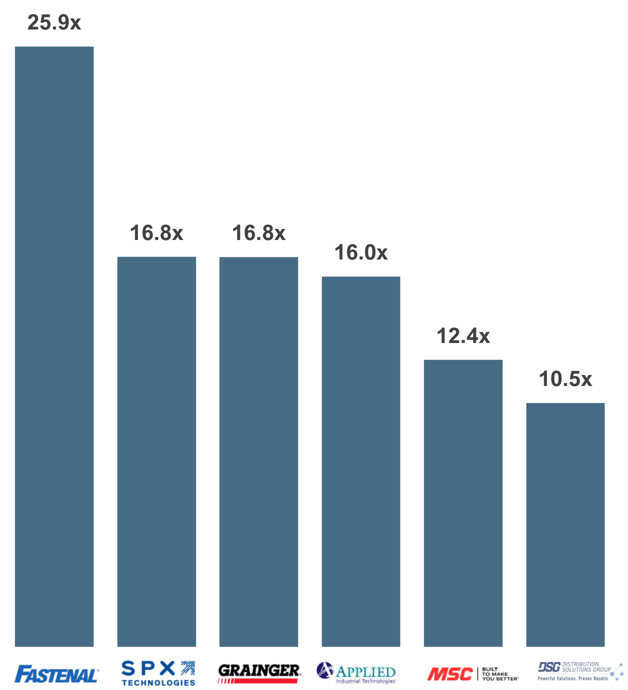
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Valuations by Sector (TEV / Forward EBITDA)

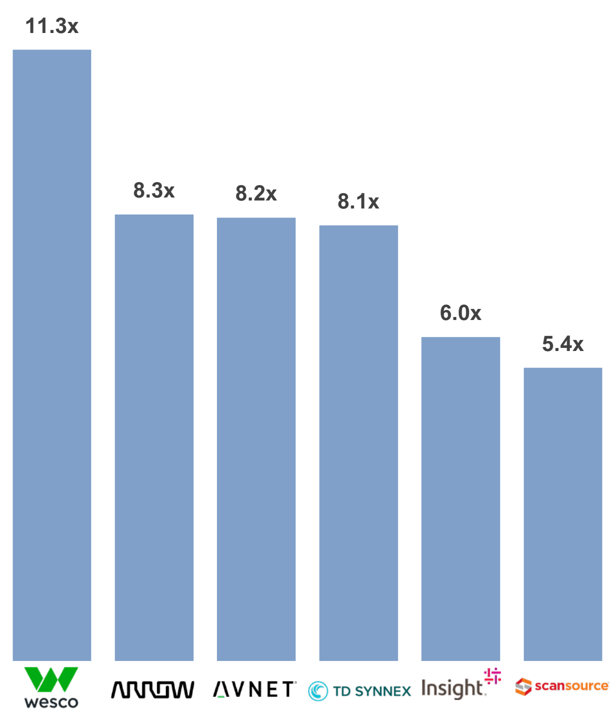
HEALTHCARE & LIFE SCIENCES

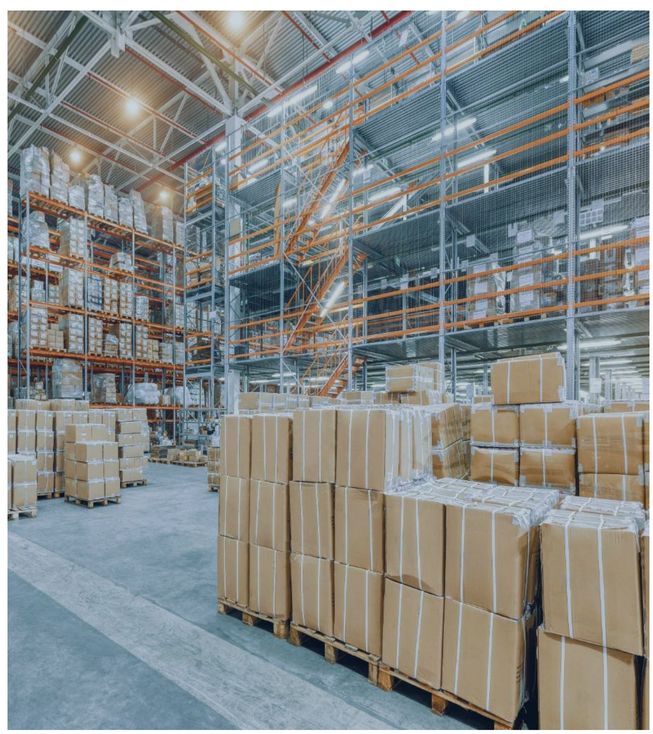


INDUSTRIAL / MRO



TMT

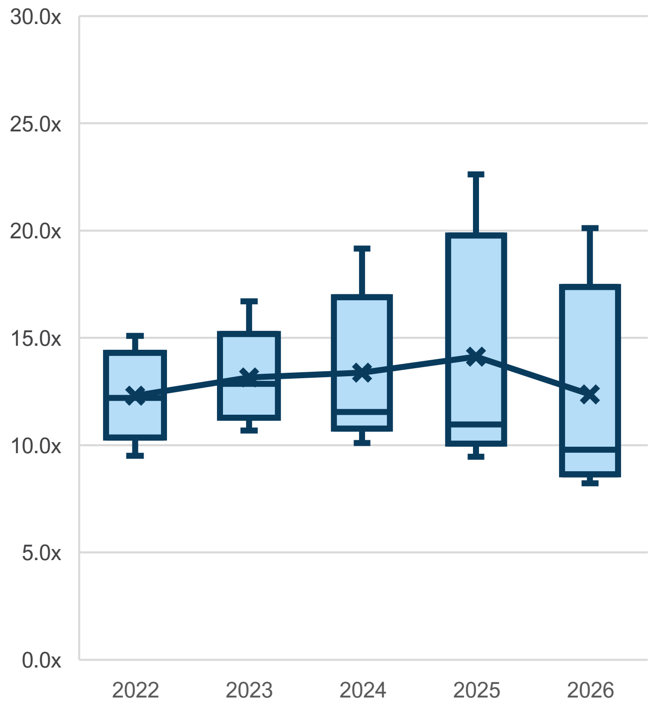




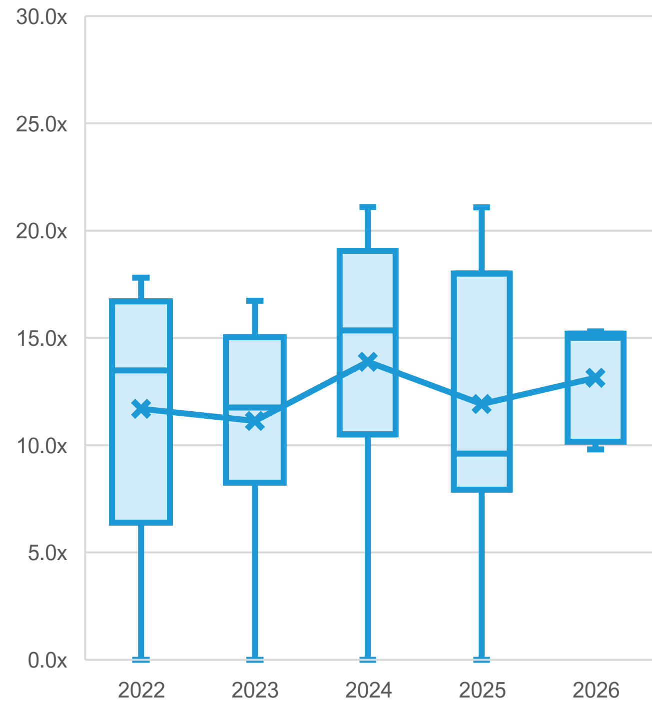
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Sector Valuation Trends (TEV / Forward EBITDA)

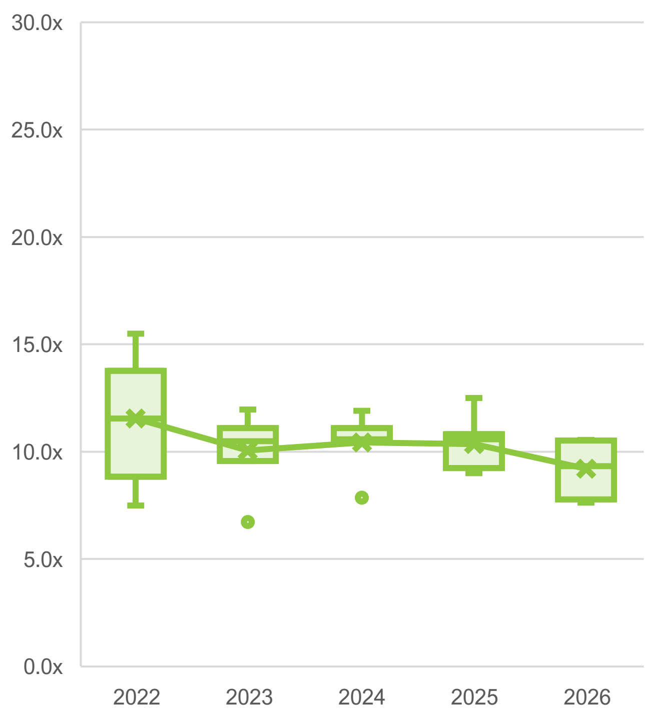
AUTOMOTIVE / SPECIALTY VEHICLE



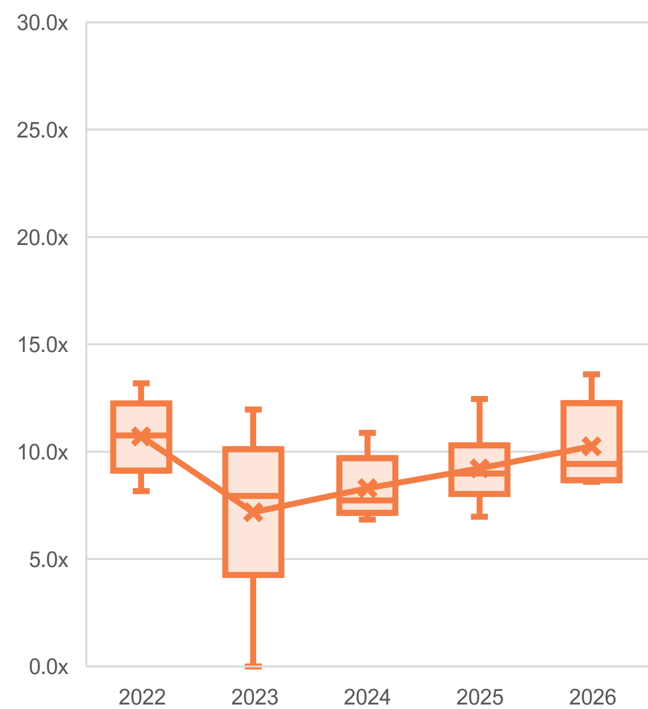
BUILDING PRODUCTS



CONSUMER / FOOD & BEVERAGE



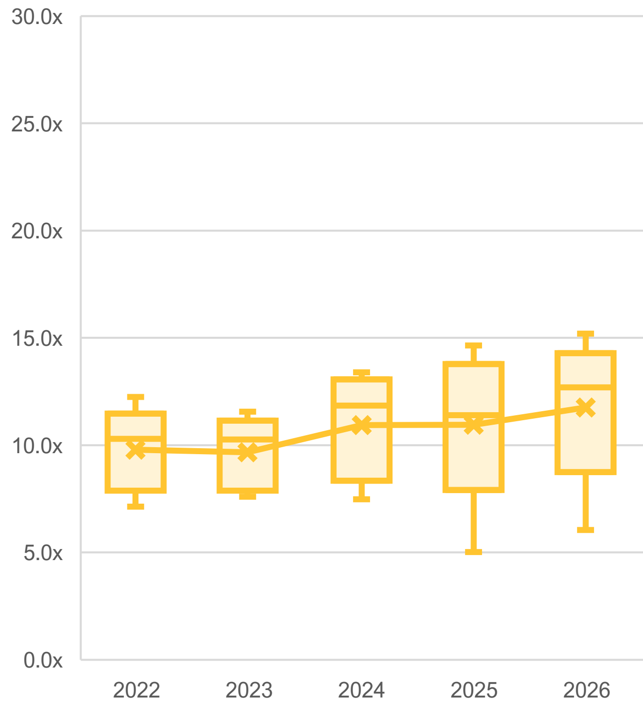
ENERGY



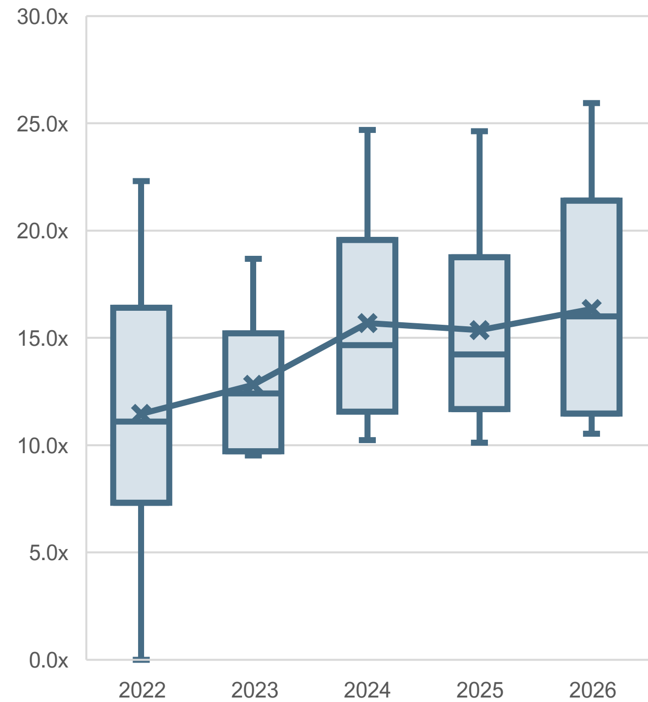
Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Sector Valuation Trends (TEV / Forward EBITDA)

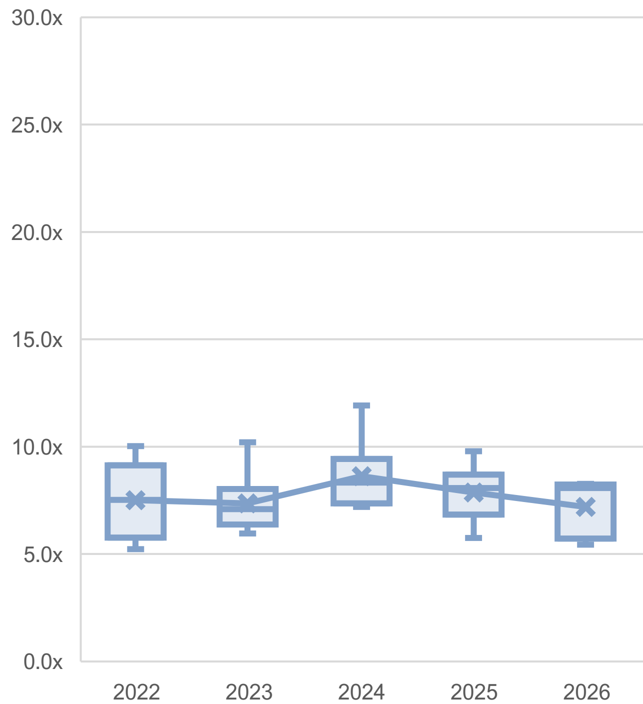
HEALTHCARE & LIFE SCIENCES

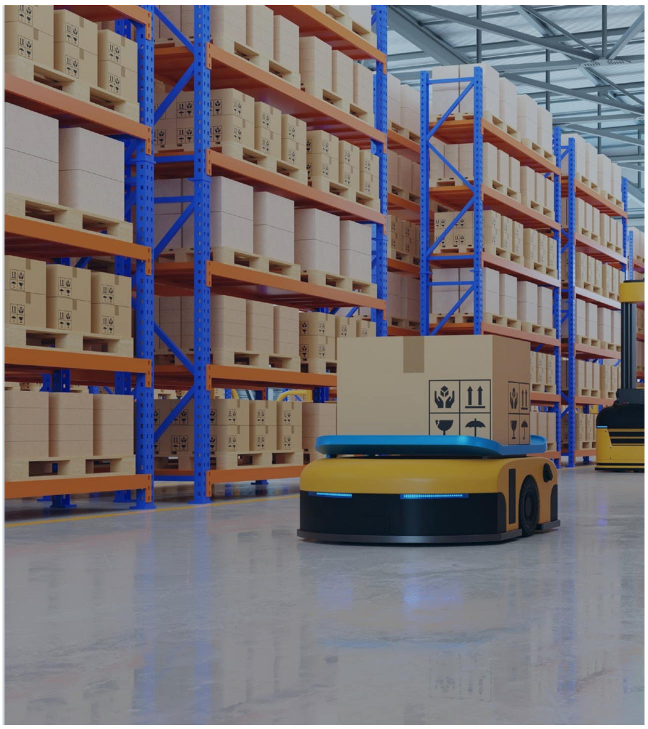


INDUSTRIAL / MRO



TMT





Source: S&P Capital IQ as of 03/31/2026, Stout Proprietary Index

Recent M&A Highlights

Select notable transactions from Q1 2026 are highlighted below

JETRO RESTAURANT DEPOT ACQUIRED BY SYSCO

Founded in 1976, Jetro Restaurant Depot is a cash-and-carry wholesaler of perishable and non-perishable food products to smaller, independent food businesses across the greater United States. The company operates 166 large-format warehouse stores across 35 states, blending the cash-and-carry offerings to over 725,000 independent restaurants and foodservice operators.

GREENWALD SUPPLY DIRECT ACQUIRED BY SOUTHERNCARLSON

Founded in 1950, Greenwald Supply Direct is a family-owned distributor of concrete, masonry and general contractors with building materials, safety products, and job site supplies across the Mid-Atlantic region. The company serves customers across commercial, industrial, and residential end markets.

FENCO SUPPLY ACQUIRED BY AVERON GROUP

Founded in 1973, Fenco Supply is a multi-generation, family-owned distributor of HVAC equipment, parts, and supplies serving contractors and facility managers throughout Eastern Tennessee. With over 50 years in the HVAC industry, the company has built a reputation for exceptional customer service, technical expertise, and reliable product availability.

ENDPOINT INDUSTRIAL CONTROLS COMPLETES MERGER WITH ELECTRIC EQUIPMENT ENGINEERING

Founded in 2019, Endpoint Industrial Controls is a designer and manufacturer of low-voltage electrical products serving data center, energy, and industrial end markets. The company's products are deployed in mission-critical environments and are supported by strong design responsiveness and reliable execution for its customers.

ARCH STREET GLASS ACQUIRED BY THE COOK & BOARDMAN GROUP

Founded in 2013, Arch Street Glass provides a complete interior glass package, ranging from partition systems to specialty glass, to customers in Boston and across the greater New England area. The company has grown significantly over the last decade, driven by its commitment to maintaining a talented studio and showroom team dedicated to helping clients meet their design and construction needs.

Source: S&P Capital IQ, Stout Proprietary Database

M&A Transaction Highlights

Date	Acquiror (Ownership)	Target (Seller)	Industry Subsector
30-Mar	Sysco Corp (NYSE: SYY)	Jetro Restaurant Depot	Food & Beverage
26-Mar	Graybar	Broken Arrow Electric Supply	Electrical
24-Mar	SRS Distribution Inc (The Home Depot)	Mingledorff's, Inc.	Building Products
24-Mar	Cross Rapids Capital	Nickerson Corporation (Chicago Capital Partners)	Building Products
18-Mar	GMS (SRS Distribution)	Above Interior Distributors	Building Products
18-Mar	SouthernCarlson (Truelink Capital)	Greenwald Supply Direct	Building Products
5-Mar	ORS Nasco (Wynnchurch Capital)	AD Member Supply and Alliance Distribution Partners	Industrial / MRO
3-Mar	All Metals Fabricating	Power Electric Supply Company	Energy
2-Mar	Decks & Docks Company (CCMP)	Pro Deck Supply	Building Products
25-Feb	Genuine Cable Group (Audax)	United Wire & Cable	Building Products
24-Feb	TopBuild Corp. (NYSE: BLD)	Johnson Roofing	Building Products
19-Feb	AIR Control Concepts (Blackstone)	Technical Air Systems	Building Products
13-Feb	United Flow Technologies (Berkshire Partners)	CS3 Water Works and Principle Environmental	Flow Control
12-Feb	Border States	WEDCO	Electrical
9-Feb	PSS Industrial Group	Cross Country Infrastructure	Building Products
4-Feb	Averon Group (Trinity Hunt Partners)	Fenco Supply	Building Products
3-Feb	RelaDyne (American Industrial Partners)	Dion and Sons	Building Products
29-Jan	White Cap (Clayton, Dubilier & Rice)	Colony Hardware (Audax Management Company)	Building Products
29-Jan	Electric Equipment Engineering (HKW)	Endpoint Industrial Controls	Electrical
27-Jan	Applied Industrial	Thompson Industrial Supply	Industrial / MRO
26-Jan	Core & Main Inc. (NYSE: CNM)	Pioneer Supply	Building Products
20-Jan	US LBM	XO Windows	Building Products
19-Jan	Richelieu Hardware	Klassen Bronze	Building Products
18-Jan	First Supply	Able Distributors	Building Products
6-Jan	Cook & Boardman (Platinum Equity)	Arch Street Glass	Building Products
6-Jan	Cameron Ashley Building Products (Pacific Avenue)	Therm-All (Incline Equity)	Building Products
5-Jan	Feit Electric	Good Earth Lighting	Electrical

Source: S&P Capital IQ, Stout Proprietary Database

What We Are Reading

State of AI in Distribution 2026

Distribution Strategy Group

Across a broad cross-section of distributors, AI has moved from theoretical concept to practical business tool. While adoption continues to accelerate—especially in areas like marketing automation and digital engagement—efficiency gains in fulfillment, warehouse operations, and core order-to-cash processes are emerging as key drivers of investment.

Read the full article here

Automotive Industry Outlook 2026

PWC

New vehicle prices in the US and Europe have increased sharply—rising on average by 15–25% since 2020—driven by inflationary pressures, semiconductor scarcity, raw material cost surges, and supply chain constraints. […] Consumer preferences have evolved as well, with many buyers favoring used cars, alternative transportation modes, or delaying purchases.

Read the full article here

New Tariffs, New Timeline: Preparing Your Supply Chain for the 150-Day Countdown

TransImpact

After a year of tariff uncertainty, many experts believed supply chains were poised to enter a calmer phase in Q2 2026. […] Shaking up the markets, however, was a long-awaited U.S. Supreme Court ruling on the legality of IEEPA duties issued on February 20. […] But the subsequent reaction from the President was to announce a 15% Section 122 tariff.

Read the full article here

Senate Bill Would Exclude Building Materials from Tariffs

NAHB

NAHB highlighted proposed legislation that would create an exemption process for building materials affected by tariffs, citing the impact of higher input costs on builders, distributors, and housing affordability. The article underscores how tariff policy remains a key source of uncertainty across the building products value chain.

Read the full article here

Construction Material Prices Continued to Rise in February

ENR

Material prices increased 3.1% in February, year-over-year, according to the Producer Price Index recently released by the U.S. Bureau of Labor Statistics. Prices are up 1.3% since January. […] Construction materials costs surged in February due to significant increases in oil, copper, lumber and steel prices.

Read the full article here

Dallas Fed Energy Survey

Dallas Fed

Activity in the oil and gas sector increased in first quarter 2026, according to oil and gas executives responding to the Dallas Fed Energy Survey. The business activity index, the survey's broadest measure of the conditions energy firms face in the Eleventh District, turned positive, increasing from -6.2 in the fourth quarter of 2025 to 21.0 in the first quarter of 2026.

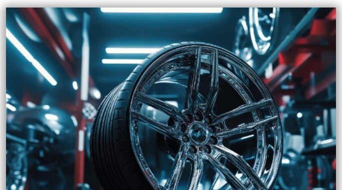
Read the full article here

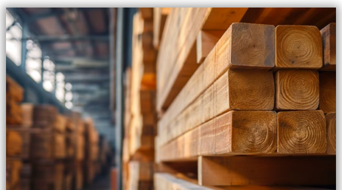
Specialty Distribution Practice Overview

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

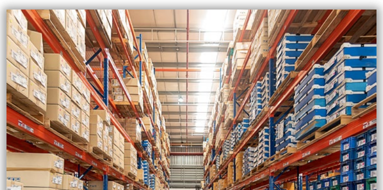

Automotive Aftermarket

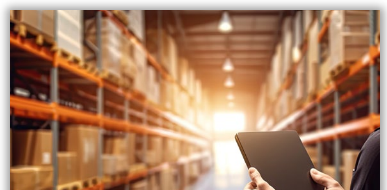

Building Products


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**.