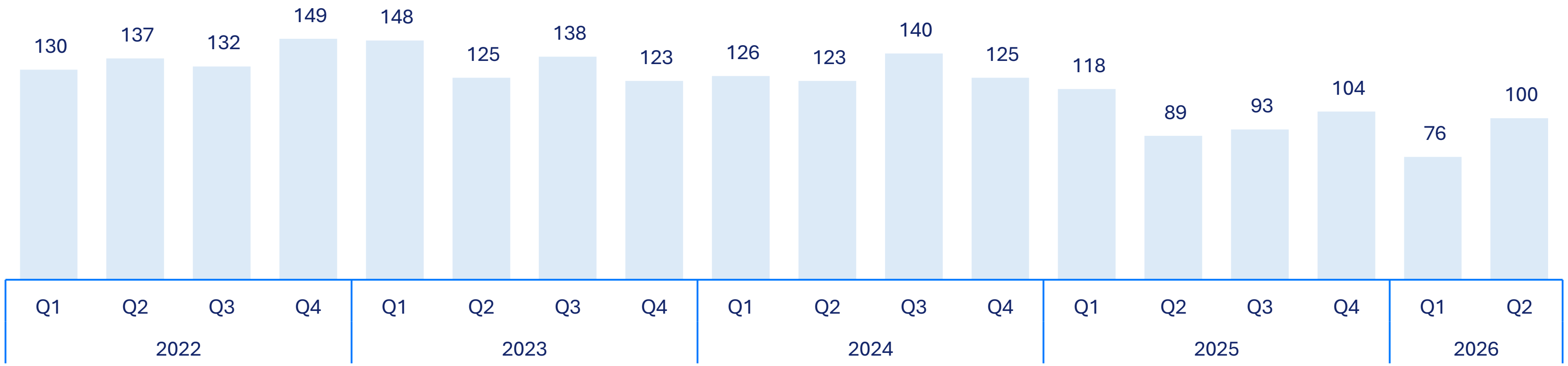
Specialty Distribution Industry Update

July 2026

Specialty Distribution - M&A Market Update

Specialty Distribution M&A Deal Count | United States

Source: Pitchbook



Select Recent and Large Transactions

Date	July 2026	May 2026	April 2026	April 2026	March 2026
Value	$1.6 Billion	$3.0 Billion	$17.0 Billion	$2.3 Billion	$29.1 Billion
Target	FloWorks	NSI	TopBuild	Kodiak Building Partners	Restaurant Depot
Acquirer	Ferguson	Hubbell	QXO	QXO	Sysco

SC&H Insights & Observations

- Deal activity is picking back up. Q2 2026 deal count jumped 32% over Q1 to 100 transactions - the first year-over-year increase in six quarters - with middle-market activity expected to build through 2H 2026.
- Transaction value hit multi-year highs. H1 2026 produced the two largest specialty distribution deals in recent memory - Sysco / Restaurant Depot ($29.1B) and QXO / TopBuild ($17.0B) - amid the strongest global megadeal activity since 2021.
- Strategic buyers are competing for scale - and paying for it. QXO completed $19B+ of acquisitions in under a year, Ferguson announced its largest deal in years ($1.6B FloWorks), and Home Depot's SRS entered HVAC distribution.
- Private equity remains highly active - new platform creation (Emerald Lake / WECS) and continued add-on-driven roll-ups across fragmented verticals.
- Data center and AI infrastructure is a defining M&A theme. Cited in the rationale for TopBuild, NSI, FloWorks, NEFCO, and WECS - distributors serving power and infrastructure end markets are attracting exceptional buyer interest.
- Buyers are rewarding supply chain strength - diversified sourcing, strong vendor relationships, and pricing power are earning differentiated valuations as tariffs keep resilience in focus.
- Conditions favor established independents. Multiple well-capitalized buyer groups are active simultaneously, and well-run distributors are commanding genuine scarcity value heading into 2H 2026.

Notable Specialty Distribution M&A Spotlights by Subsectors

	Automotive & Aftermarket	Building Products	Electrical & Electronics Distribution	Consumer & Food Service	Medical & Healthcare	General Industrial
	Rumored	May 2026 - Closed	July 2026 - Closed	March 2026 - Announced	March 2026 - Closed	July 2026 - Announced
Target / Acquirer	NAPA / O'Reilly Auto Parts	Mingledorff's / SRS Distribution (The Home Depot)	WECS / Emerald Lake Capital Management	Where Restaurants Shop / Sysco	sangro homecare / AXCEL	FloWorks / FERGUSON
Valuation	Potentially $10B	Undisclosed	Undisclosed	$29.1bn // 14.6x EV/EBIT	Undisclosed	$1.6bn // 10.0x EV/EBITDA
Deal Notes	Per Bloomberg reports, O'Reilly has made a ~$10B bid for NAPA, seeking to preempt parent Genuine Parts Company's planned 2027 spin-off of the business. If completed, the deal would combine two of the largest auto parts distributors in America.	"We're focused on combining our collective strengths to deliver a seamless experience for our customers. By bringing Mingledorff's deep HVAC expertise into our national network, we're providing Pros with even greater convenience and more ways to grow their businesses through a single, reliable partner" -- Home Depot, CEO	Emerald Lake invested in WECS and Electrical Cable Specialists (ECS), merging the two into a specialty cable distribution platform operating under the WECS name. The combination brings together complementary expertise in critical electrical products, complex cable packages, and project execution serving renewable energy, data center, and infrastructure markets.	"Together, Sysco and Jetro Restaurant Depot will enhance value for small independent restaurants and the consumers they serve by expanding access to more affordable, fresh food products and delivering more choice and convenience." -- Sysco, CEO	"As a leading distributor and logistics provider in this market, Sangro plays an essential role in ensuring fast, reliable and high-quality supply of homecare products to patients across Germany. With Axcel's backing, we gain an experienced partner for the next chapter as an independent company, enabling us to further expand, win new customers and strengthen the important services we provide." -- Sangro, CEO	"FloWorks strengthens our leading position in high-growth industrial end markets, while adding meaningful capabilities and geographic coverage, which we can leverage across our non-residential customer groups." -- Ferguson, CEO
	June 2026 - Closed	April 2026 - Closed	May 2026 - Closed	March 2026 - Closed	January 2026 - Closed	January 2026 - Closed
Target / Acquirer	PREMA / Mighty	TopBuild / QXO	NSI (Backed by Sentinel) / HUBBELL	ImperialDade (Advent, BainCapital) / BradyPLUS (KELSO, Warburg Pincus)	Owens & Minor P&HS Segment / Platinum Equity	NEFCO (Backed by Bertram Capital) / Leonard Green & Partners
Valuation	Undisclosed	$17bn // 14.9x EV/EBITDA	$3bn // 15.5x EV/EBITDA	$1bn+ // Undisclosed	$375mm // Undisclosed	Undisclosed
Deal Notes	PREMA Canada brings an established customer base, strong supplier relationships, and extensive expertise in the Canadian automotive aftermarket. The acquisition expands the Mighty brand, offering a direct presence in Canada and creates new opportunities for franchisees, distributors, suppliers, and customers across both countries.	"The TopBuild transaction will also give us critical mass in the insulation sector and expand our exposure to large, complex projects like data centers, where scale matters." -- QXO, CEO	"As electrification megatrends drive attractive growth across the electrical industry over the next several years, NSI offers highly complementary products and industry-leading brands" -- Hubbell, CEO	Imperial Dade and BradyPLUS completed their merger in March 2026, creating a leading North American distributor of foodservice packaging, disposables, and JanSan products with ~$10 billion in revenue and 13,000+ employees. The combined company rebranded as Imperial Brady in May 2026.	Platinum Equity acquired Owens & Minor's Products & Healthcare Services (P&HS) segment, a vertically integrated medical supply distribution platform. "We believe the aging U.S. population and increasing demand for healthcare services will continue to drive sustainable long-term demand for medical supplies distribution." -- Platinum Equity, MD	Leonard Green & Partners acquired NEFCO from Bertram Capital. NEFCO is a value-added distributor of construction and industrial supplies - serving contractors nationwide from 70+ locations, with growing exposure to data center and infrastructure end markets. Under Bertram, NEFCO expanded from a regional distributor to a national platform through a disciplined buy-and-build strategy.

Subsector Spotlight – Auto Paint Distribution

M&A activity in auto paint distribution remains highly active, driven by consolidation at every level of the channel - manufacturers, distributors, and the collision repair customers they serve. With multiple well-capitalized buyers competing for a thinning field of established independents, conditions remain favorable for owners considering a transaction.

Below are the key themes SC&H is observing in the paint distribution sector:

Key Auto Paint Distribution Themes

Multiple well-capitalized buyers are competing for quality independents

Private equity-backed platforms and large strategic consolidators are all actively acquiring and competing for high-quality assets. PSE completed ten add-ons under a single sponsor, and Wesco has closed multiple deals in the past two years.

Scarcity value is building for established distributors

A decade of consolidation has thinned the field of scaled, well-run independents; those remaining - particularly distributors with premier paint-line authorizations and loyal shop relationships - command increasing strategic attention from buyers with maps to fill.

Distributors with strong regional footprints remain highly attractive to buyers

Nearly every recent deal in the space has geographic logic - buyers acquiring to enter new regions or deepen existing ones, because paint-line authorizations and local shop relationships take years to build organically. For established distributors, a defensible regional footprint is often exactly the entry point a national platform needs.

Buyers are diversifying beyond collision

Collision and automotive remain the core of buyer demand - and platforms continue to acquire actively there - while also adding industrial, commercial, aerospace, and marine coatings capabilities through both acquisition and organic investment.

Manufacturer consolidation is elevating the value of strong distribution

With AkzoNobel and Axalta merging (expected close late 2026), the paint OEMs are getting bigger and fewer - and they'll rely on a smaller group of strong distributors to reach the shop floor. Distributors with deep manufacturer relationships become more valuable, not less.

The customer base is consolidating too

Chains like Caliber, Gerber, Crash Champions, and Classic Collision increasingly buy paint and supplies through national programs rather than shop by shop - driving distributors to expand and making established local footprints valuable pieces of a larger network.

SC&H Capital Auto Paint Distribution Experience

Color Systems

has been acquired by

PSE GROUP

A portfolio company of

Odyssey

Sell Side Advisor

Target – Color Systems: Distributor of automotive paint and ancillary products serving collision repair centers, fleet services, and light industrial customers across Rhode Island, Connecticut, and Massachusetts.

Buyer – PSE Group: Leading distributor of automotive and industrial paint, coatings, and associated products with 75+ locations across the Midwest, Mid-Atlantic, and Southeast; the acquisition extended PSE's footprint into Greater New England.

Paint Works

has been acquired by

Automotive Color & Supply Corp.

A portfolio company of

WL

Sell Side Advisor

Target – Paint Works: Leading distributor of AkzoNobel automotive paints in East Texas, serving auto body shops and collision repair centers from four locations across East Texas, North Texas, Northern Louisiana, and Southern Arkansas.

Buyer – Automotive Color & Supply: Indianapolis-based distributor with ten locations serving automotive, heavy truck, and recreational vehicle customers in the Midwest; a portfolio company of WILsquare Capital.

Nyquist

has been acquired by

Painters Supply & Equipment Co.

a portfolio company of

PNC Riverarch Capital

Sell Side Advisor

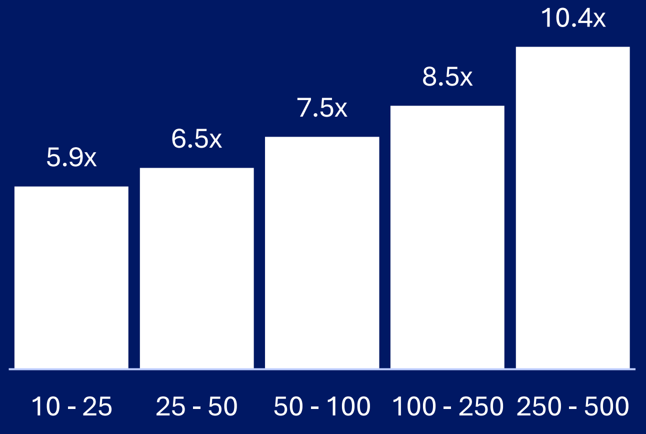
Target – Nyquist: Distributor of PPG and AkzoNobel automotive paints serving auto body shops, collision repair centers, and dealerships across Maryland, DC, Delaware, Pennsylvania, and North Carolina from five locations.

Buyer – PSE Group : Painters Supply & Equipment Co.: Distributor of automotive and specialty coatings with 45 locations across the Midwest and Southeast at the time of the transaction; a portfolio company of PNC Riverarch Capital.

Lower Middle-Market Specialty Distribution Valuation Insight

Lower middle-market valuation multiples in specialty distribution remain healthy. Buyer appetite continues to be strong for platforms with defensible market positions, differentiated service capabilities, and strong customer retention. Investors are rewarding businesses that demonstrate scalable infrastructure, diversified end-market exposure, and consistent margin performance, with larger, more resilient platforms continuing to command premium valuations.

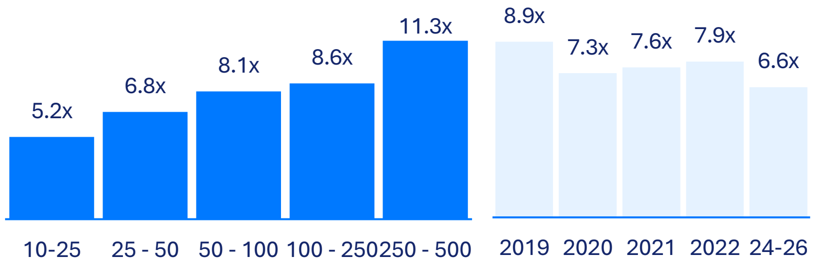
Lower-Middle Market Distribution EV/EBITDA Multiples | TEV Range



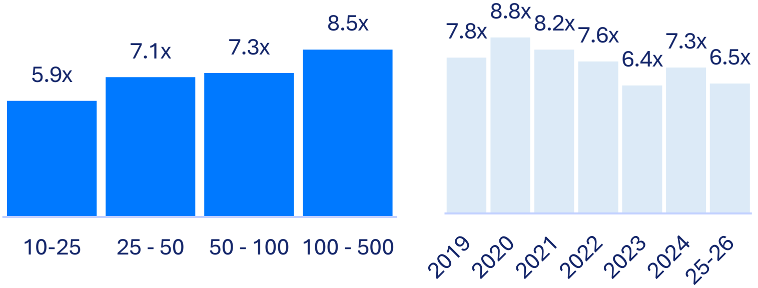
EV/EBITDA By TEV Range (in $ millions)

EV/EBITDA Multiples By Subsectors

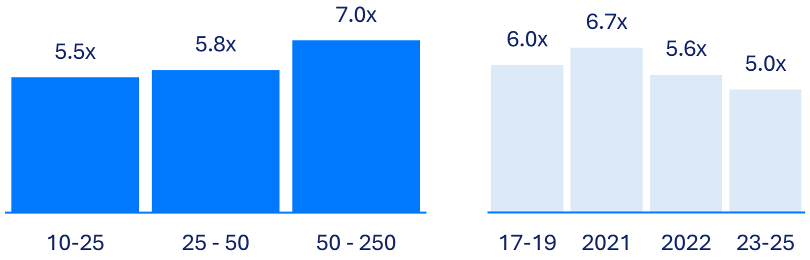
General Industrial



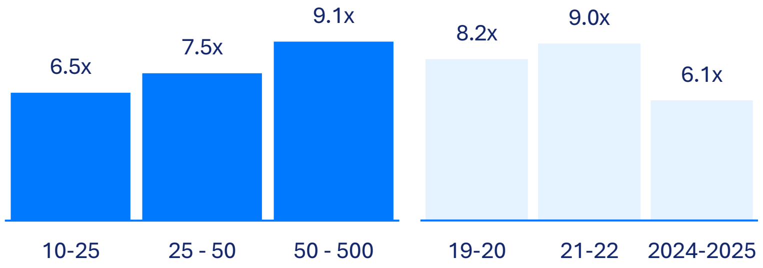
Consumer and Food Service



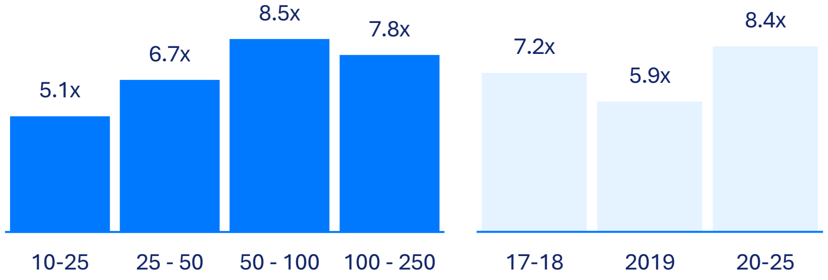
Building Products



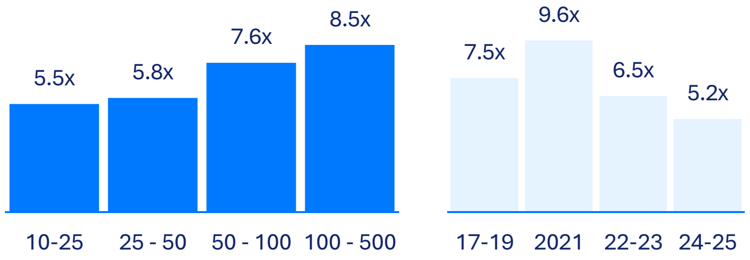
Medical & Healthcare[1]



Electrical & Electronics Distribution



Automotive & Aftermarket



Source: GF Data, buckets vary by subsector based on sample size
1. 2023 data unavailable

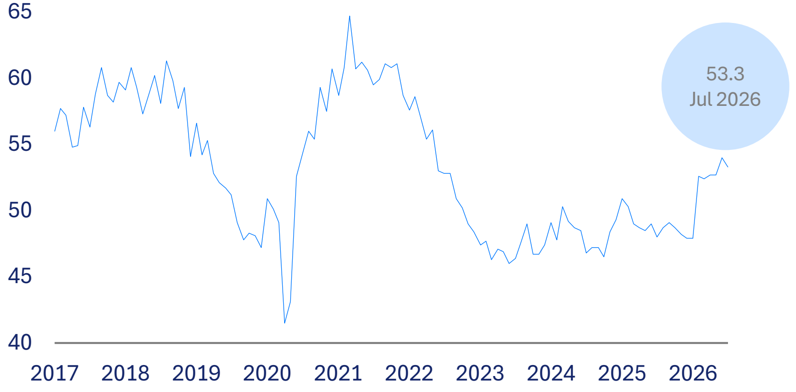
EV/EBITDA By TEV Range (in $ millions)

EV / EBITDA By Year

Economic Trends and Data

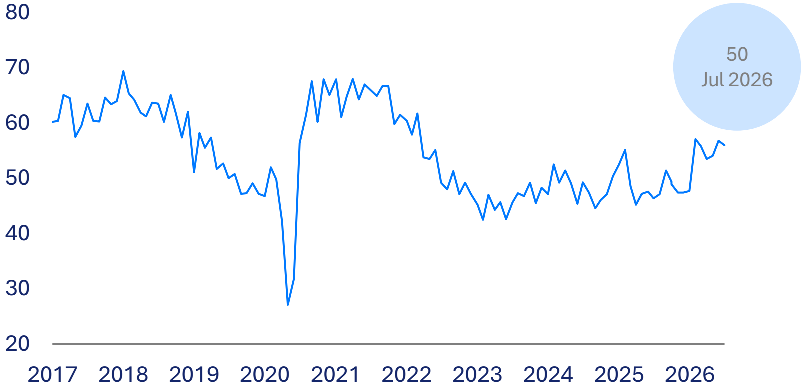
Purchasing Managers' Index

Tracks overall manufacturing activity - affects specialty distributors who supply industrial, construction, and commercial customers.



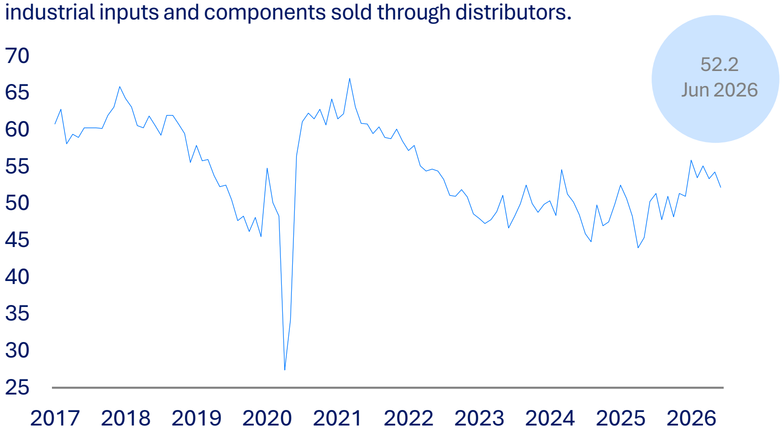
ISM New Orders Index

Indicates forward-looking demand from manufacturers — an early signal for distributors' order pipelines.



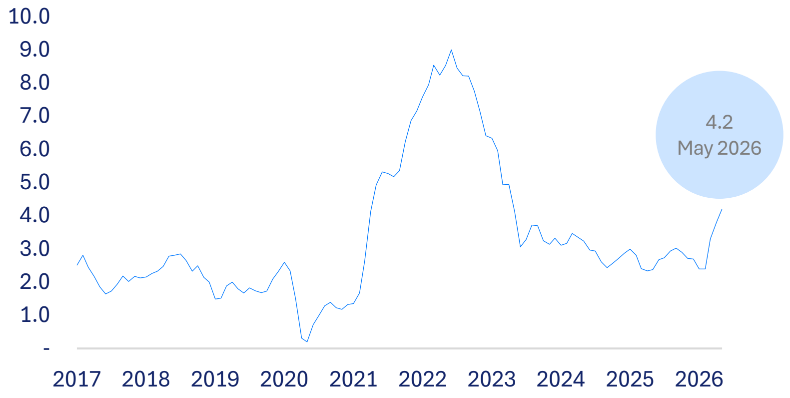
ISM Production Index

Reflects manufacturing output, which drives consumption of industrial inputs and components sold through distributors.



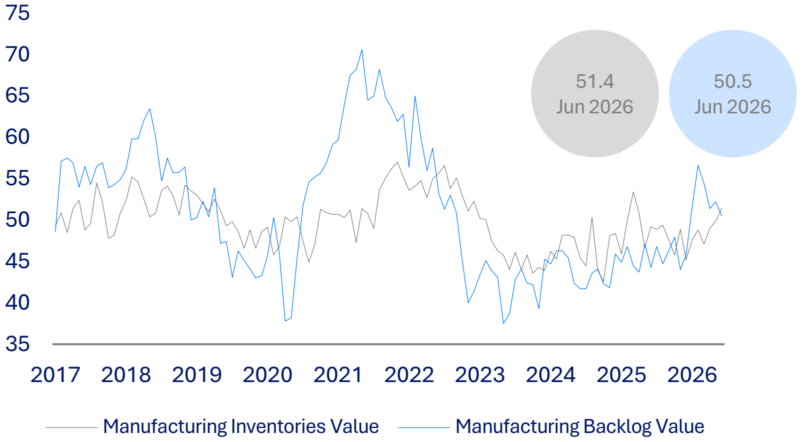
Consumer Price Index

Captures inflationary pressure on goods and services, which affects both distributor input costs and customer purchasing power.



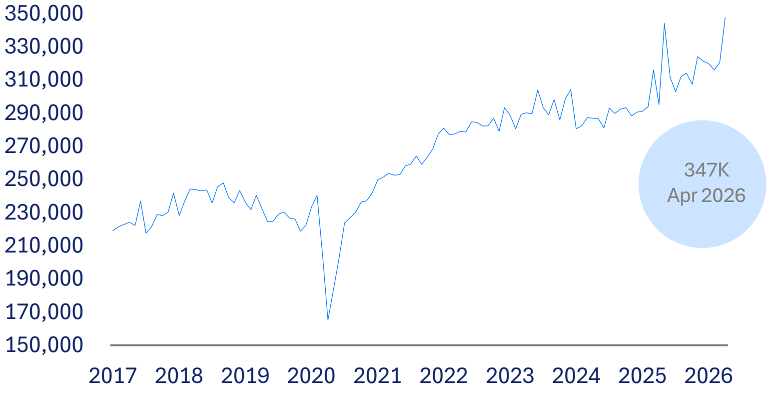
Manufacturing Inventory and Backlog

Balance between supply/demand in mfg. — excess inventory or backlogs influence distributors' order timing and inventory turnover.



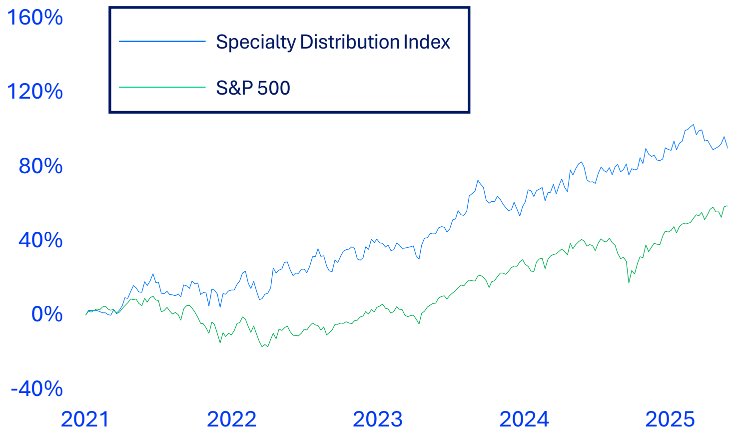
Mfg. New Order – Durable Goods

Durable goods orders reflect capital spending trends, a key leading indicator for long-cycle industrial and construction demand.

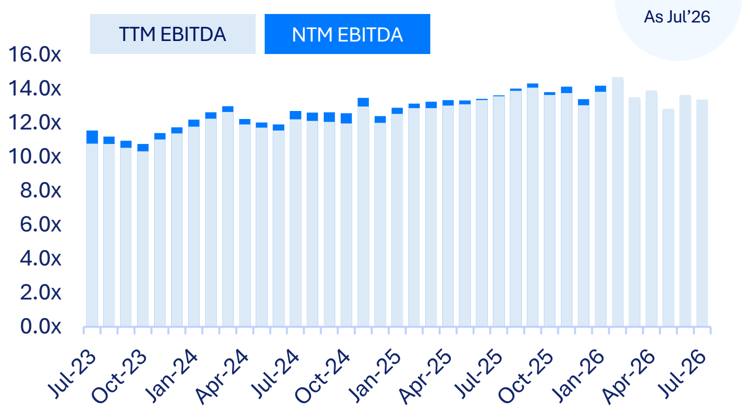


Public Market Pulse

Index Share Performance Against SP500 (Last 5 years)



Median TEV/ EBITDA Multiples (Last 3 years)

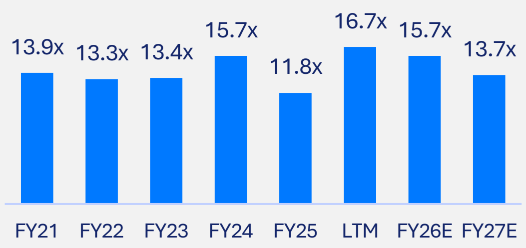


Financial Overview by Subsectors

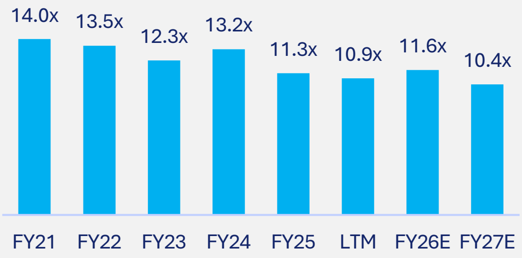
Subcategory	Market Cap	TEV	LTM Revenue	LTM EBITDA	Gross Margin %	EBITDA Margin %	EV/LTM Revenue	EV/LTM EBITDA
General Industrial	$6.9	$7.4	$3.9	$0.5	33.1%	12.2%	1.9x	16.7x
Automotive & Aftermarket	$16.8	$23.0	$18.2	$2.6	40.9%	19.9%	2.2x	10.9x
Building Products	$7.9	$11.2	$6.3	$0.9	29.8%	11.2%	1.4x	10.6x
Electrical & Electronics Distribution	$11.8	$15.3	$24.6	$1.5	16.2%	5.8%	0.6x	11.2x
Consumer and Food Service	$17.7	$25.6	$39.7	$1.8	17.4%	4.5%	0.6x	13.8x
Medical & Healthcare	$53.9	$59.0	$250.7	$4.2	3.8%	1.8%	0.2x	12.9x

Historical and Estimated Median TEV/EBITDA Multiples

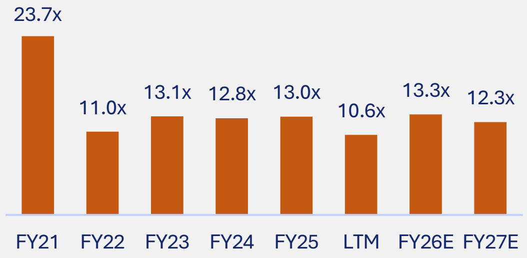
General Industrial



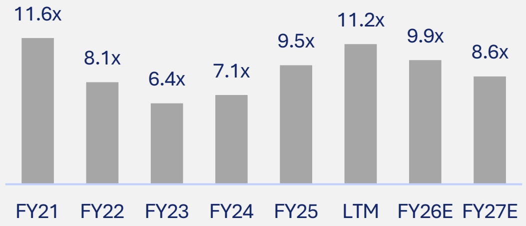
Automotive & Aftermarket



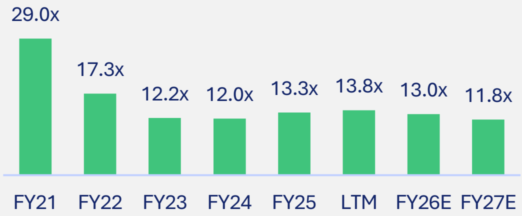
Building Products



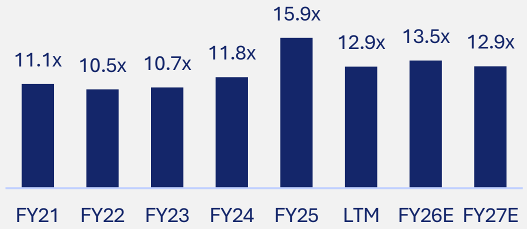
Electrical & Electronics Distribution



Consumer and Food Service



Medical & Healthcare



About SC&H Capital

SC&H Capital is an investment banking advisory firm focused on delivering outstanding results to leading middle market and growth companies.

Our solution-driven approach combines creativity and industry experience to help founder owned businesses navigate the M&A process and achieve their goals.

Business Services	Software and Technology	Healthcare	Government Contracting	Manufacturing	**Specialty Distribution**

Boutique Firm Attention + Large Firm Execution

- SC&H Capital has completed hundreds of M&A advisory, financing, and ESOP transactions with an aggregate economic value of over $275 billion
- Senior banking team professionals have an average of over 20 years of experience in transaction advisory services
- Recognized by clients for providing relevant market and industry insights to help unlock their full strategic value
- Deep specialty distribution sector expertise

Automotive & Aftermarket

Building Products

Electrical & Electronics

Consumer and Food Services

Medical and Healthcare

General Industrial

Our Solutions

Mergers & Acquisitions

Debt Capital Markets

ESOP Transactions

Special Situations

Business Valuations

Click to learn more about our services

SC&H Capital brings deep expertise and extensive experience in the specialty distribution sector, consistently delivering exceptional outcomes for our clients.

Industry Coverage Overview

Automotive Aftermarket	PBE (Automotive Paint)	Industrial Paint
HVAC / Plumbing	Industrial Food Products	Construction Equipment
Industrial Equipment / Components	Electrical Products	Safety Products
Technology & Electronics	Coatings, Chemicals, & Materials	And More...

1000+

Completed Transactions

$500B+

in Deal Value Since Inception

40

Seasoned Investment Bankers

SC&H Capital Specialty Distribution Experience

sc&h /capital

Below is a sample of our recent transactions.

Color Systems ... More than just paint
has been acquired by
PSE GROUP
a portfolio company of
Odyssey
Sell Side Advisor

Automotive Distribution

Distributor of automotive paint and ancillary products

Reisinger Poultry, Inc.
has been acquired by
Affiance PARTNERS
Sell Side Advisor

Wholesale Food Distribution

Distributor of poultry, meat and other food service products

FJ Nugent & Associates, Inc.
has been acquired by
FCG FLOW CONTROL GROUP
a portfolio company of
KKR
Sell Side Advisor

Commercial / Industrial Distribution

Distributor of a variety of Paints and valves for the hazardous waste and wastewater industries

FASCAN International, Inc.
has been acquired by
FASSI
Sell Side Advisor

Commercial / Industrial Distribution

Wholesale distributor of hydraulic articulating cranes

Paint Works
has been acquired by
automotive COLOR & SUPPLY corp.
a portfolio company of
WL
Sell Side Advisor

Automotive Distribution

Automotive paint, body & equipment (PBE) Distributor

AMES
has been acquired by
FCG FLOW CONTROL GROUP
a portfolio company of
KKR
Sell Side Advisor

Commercial / Industrial Distribution

Distributor of water and wastewater treatment equipment (Paints and Paint systems), plumbing, and HVAC equipment

Valley Supply & Equipment Co. Inc.
has been acquired by
SEI Stephenson Equipment, Inc. Proud to be an Employee-Owned Company
Sell Side Advisor

Construction Equipment Distribution

Provider of construction and paving equipment to the Mid-Atlantic region

CARPET FAIR Commercial Flooring
has been acquired by
LELORA
Sell Side Advisor

Building Products Distribution

Provider of floor coverings and home furnishings to residential and commercial customers

NYQUIST
has been acquired by
PAINTERS SUPPLY & EQUIPMENT CO.
a portfolio company of
PNC RIVERARCH CAPITAL
Sell Side Advisor

Automotive Distribution

Automotive paint, body & equipment (PBE) Distributor

GRAYBILL PROCESSING, LLC
has been acquired by
NCK CAPITAL
and
GRAYCLIFF PARTNERS
Sell Side Advisor

Agricultural Distribution

Value-added distributor of industrial animal feed supplement and logistics services

GEIGER PUMP & EQUIPMENT
has been acquired by
CRANE ENGINEERING
a portfolio company of
AEA
Sell Side Advisor

Commercial / Industrial Distribution

Distributor of Paints and process equipment to the industrial and municipal end markets

COSMOS GRANITE & MARBLE
has continued operations through a transaction with
Justh Holdings, LLC
Sell Side Advisor

Building Products Distribution

Family-owned granite and marble distributor

Contact Us For More Information

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Guided by our values — for our clients, colleagues, and communities. Driven by results.

Expertly Qualified

We pursue excellence through continuous learning, expanded expertise, and proactive exploration of new opportunities.

Exceptionally Responsive

We deliver timely, high-value outcomes by actively listening, honoring our commitments, and exceeding expectations.

People-Focused

Integrity guides everything we do. We value collaboration, accountability, and a commitment to our clients, colleagues, and communities.

Results Driven

We take ownership of outcomes and innovate continuously to achieve measurable, lasting success for our clients.