

Q1 2024

# Manufacturing & Distribution: Market Overview

# Market Update: Manufacturing & Distribution

## Dean Dorton's State of the Market

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After a subdued 2023, the M&A market quietly gained momentum in Q1, propelled by robust earnings, anticipated interest rate cuts and a resilient equity market. Data suggests that during Q1 2024, M&A volume surged by 59% to \$431.9 billion driven by the active pursuit of acquisitions by cash-rich buyers.

In the manufacturing sector, expansionary momentum was observed for the first time in 16 months driven by favorable demand dynamics, strengthened output and supportive input conditions. Furthermore, increasing demand fueled by reduced customer softness and expanding new orders indicates favorable investment conditions.

Despite persistent raw material supply chain challenges, suppliers are exhibiting early signs of recovery, reflecting resilience and potential improvement in the landscape. Production execution witnessed a surge in January and February 2024 with continued stability observed throughout March, signaling expansion.

Looking forward, we anticipate the obstacles holding back M&A to gradually ease, with the possibility of rate cuts by the end of 2024. This could lead to a revitalized environment as we move into Q1'25. This upcoming change in monetary policy is likely to boost investor confidence and spark renewed interest in strategic transactions in key sectors.

## What We Are Reading:

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### Global M&A Picks up in Q1 After Flurry of Large Deals

Reuters

An in-depth discussions on trends and statistics on Q1 M&A performance both globally and domestically [Read here.](#)

### Top M&A Trends in 2024

McKinsey & Company

Trends and best practices to help navigate the global M&A environment in 2024. [Read here.](#)

### Industrial manufacturing: US Deals 2024 outlook

PWC

Despite these M&A market headwinds, strategic industrial manufacturing M&A can prove valuable amid economic uncertainty. [Read here.](#)

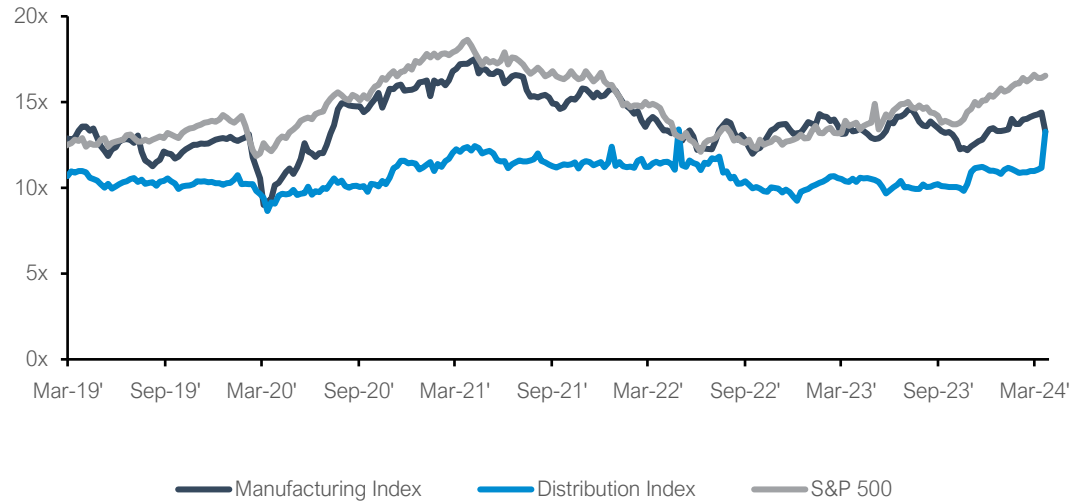
### Distribution M&A: Outlook on 2024

Century Conveyor

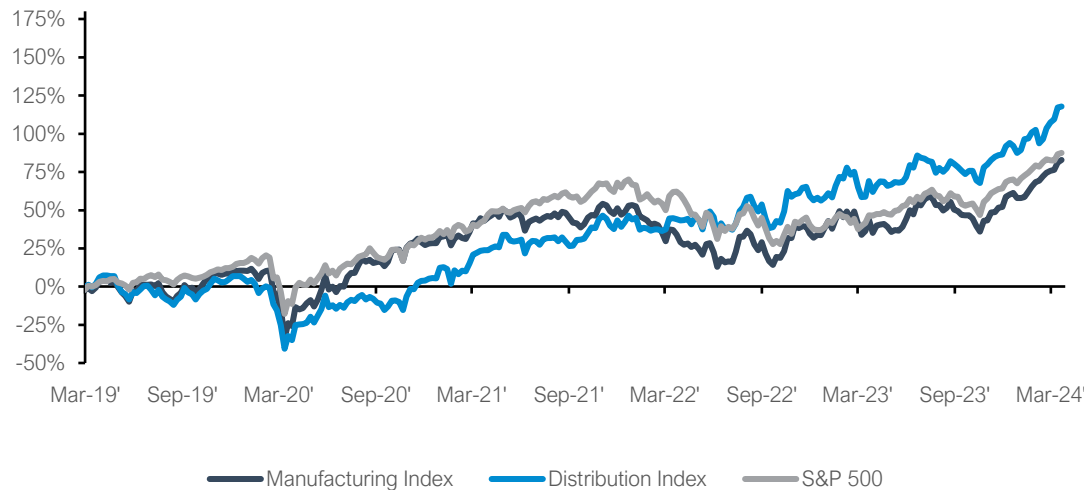
While 2024 isn't projected to be a slump in distribution, prevailing factors suggest it may not be profitable as previous years. [Read here.](#)

# Public Company Performance

Historical Median TEV/LTM EBITDA Multiple – Last 5 Years<sup>1</sup>



Historical Stock Price Changes (%) – Last 5 Years<sup>1</sup>

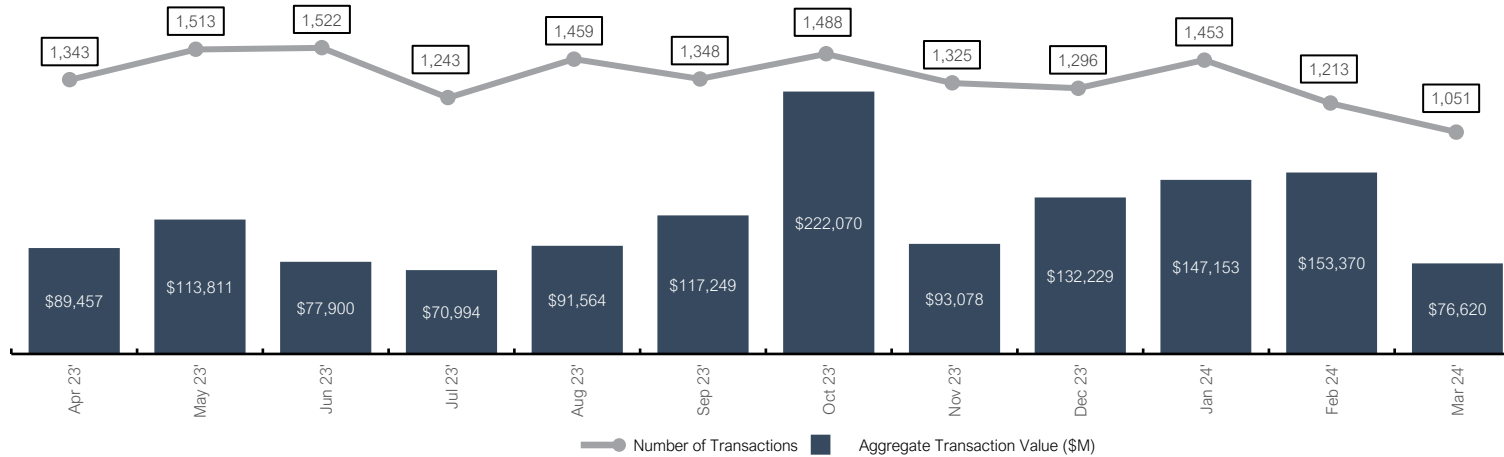


Comparable Public Companies by Sub-Sector<sup>2</sup>

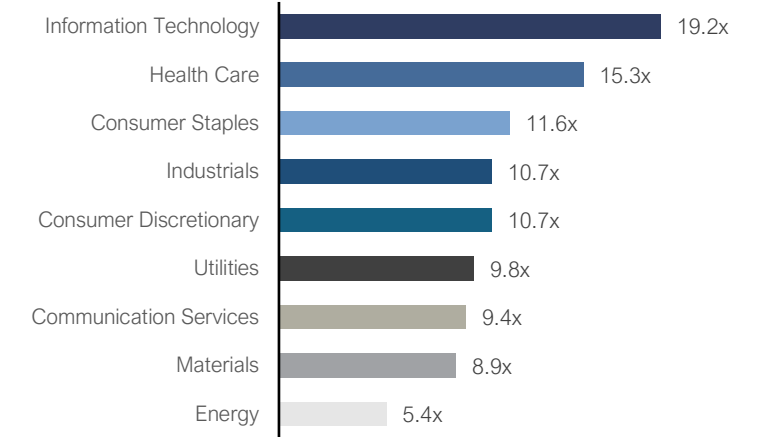
Manufacturing	
Engine / Automotive	<b>PACCAR</b> <b>Cummins</b>
Industrial	<b>ITW</b> <b>Rockwell Automation</b> <b>FORTIVE</b>
Engineering	<b>Whirlpool</b> <b>Parker</b>
Specialty	<b>DOVER</b> <b>Wabtec CORPORATION</b> <b>CORNING</b>
Distribution	
Automotive	<b>GPC</b> <b>O'Reilly</b> <b>AutoZone</b>
Industrial	<b>wesco</b> <b>DXP</b> <b>APPLIED Industrial Technologies</b>
Electronics	<b>ARROW ELECTRONICS</b> <b>AVNET</b>
Pharmaceuticals / HCS	<b>CardinalHealth</b> <b>MCKESSON</b>

# Market Observations: M&A Trends

Aggregate LTM Transaction Value (\$mm) and Deal Count<sup>1</sup>

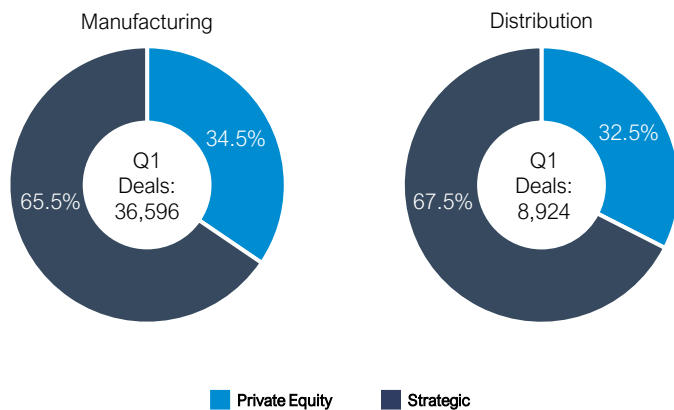


LTM Transaction Value to EBITDA<sup>1</sup>

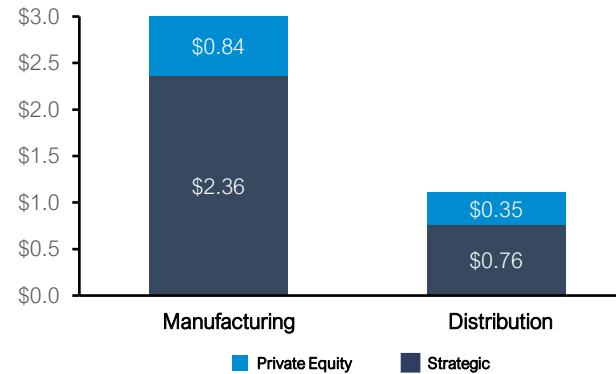


5 Year Historical M&A Deal Count and Capital Raised<sup>2</sup>

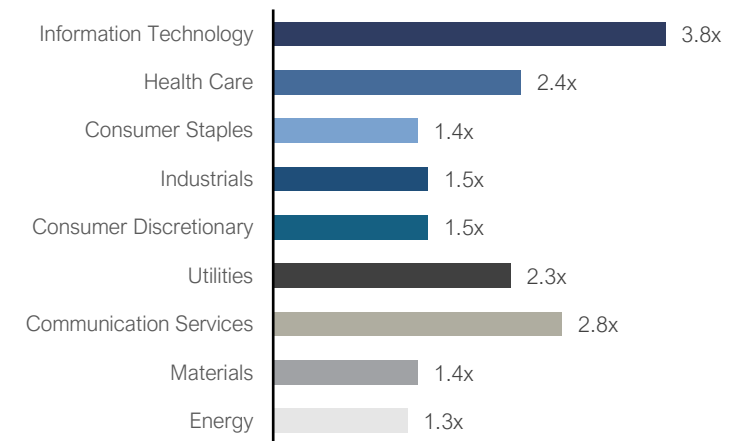
M&A Deal DNA



Capital Raised (\$tn)

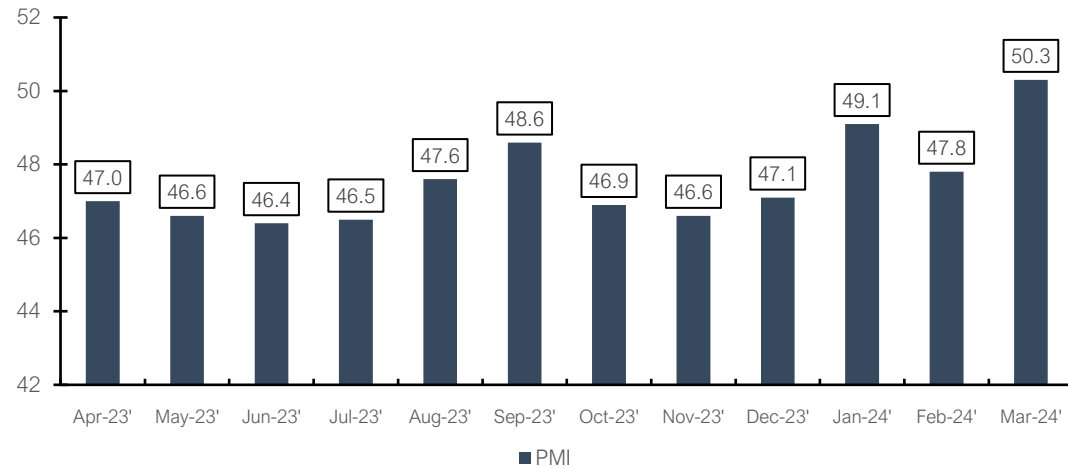


LTM Transaction Value to Revenue<sup>1</sup>

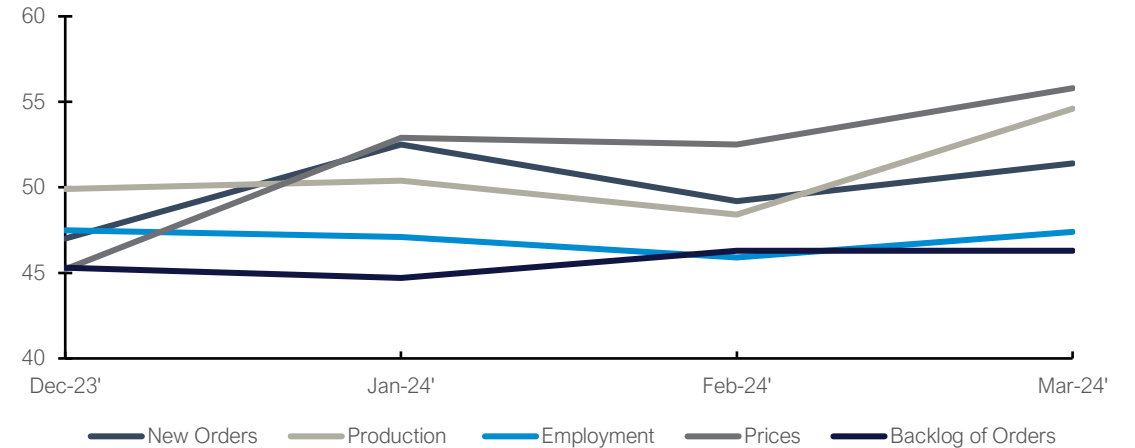


# Manufacturing & Distribution: Economic Trends

LTM Manufacturing PMI<sup>1</sup>



Manufacturing Sector Breakdown PMI<sup>1</sup>



Commodities Up/Down in Price and In Short Supply<sup>2</sup>

Commodity Matrix

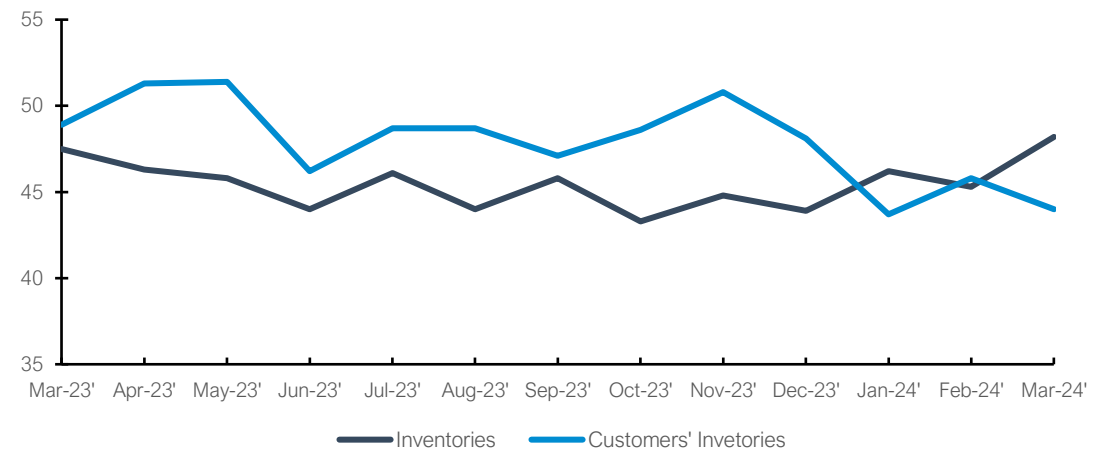
Aluminum (4)	Copper	Natural Gas (4)
Electrical Components (42)	Corrugated Boxes	Polyethylene Resins
Packaging Materials (4)	Hydraulic Components	Electrical Equipment (2)
Gasoline	Road Freight	Crude Oil
Plastic Resins	Semiconductors	Steel (2)
Polypropylene (6)	Steel Products (2)	Hydraulic Components
Steel Scrap	Ocean Freight (3)	MRO Supplies (2)

Price Increase

Price Decrease

Supply Shortage

Distribution: Inventories & Customer Inventories PMI<sup>1</sup>


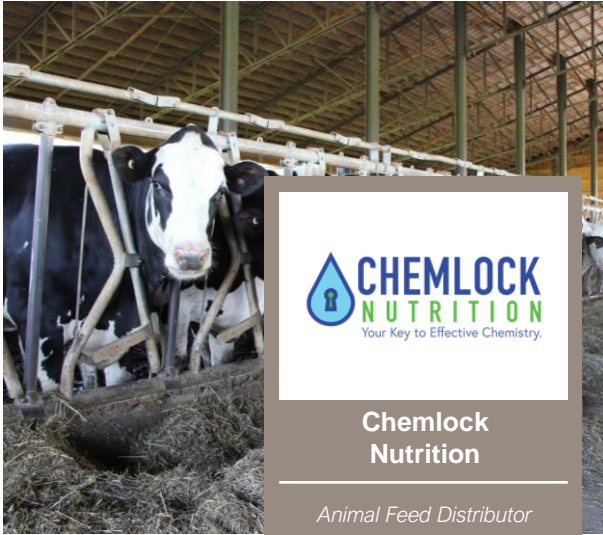


# Select Recent Transactions

## Manufacturing & Distribution

Target	Acquirer	Date	EBITDA Multiple	Revenue Multiple	Target Description
American Pole Products	Arcosa	Mar-24	9.0x	1.9x	Manufacturer of poles for traffic controlled street lighting
Superior Drilling Products	Drilling Tools International	Mar-24	6.8x	1.5x	Distributor and manufacturer of drilling tools for the oil, gas, & mining industry
Signature Systems	Myers Industries	Feb-24	8.0x	2.9x	Manufacturer and distributor if composite mats and portable event flooring
Masonite	Owens Corning	Feb-24	11.6x	1.4x	Distributor and manufacturer of interior and exterior doors
Haynes International	Acerinox	Feb-24	12.4x	1.6x	Developer, manufacturer, and distributor of nickel and cobalt based alloys
PGT Innovations	Miter Brands	Jan-24	12.8x	2.1x	Supplier and manufacturer of window sand doors
Pulse Technologies	IntegerHoldings	Apr-24	12.7x	3.3x	Manufacturer in medical device components assemblies
Vian Enterprises	Crane Company	Jan-24	12.9x	3.1x	Developer and manufacturer of aerospace and oil lubrication systems
P&F Industries	ShoreView Industries	Dec-23	18.9x	0.7x	Manufacturer importer of power tools, gears, and engineered equipment
Rototest	Toyo	Nov-23	6.8x	2.2x	Manufacturer of test equipment designed to assist in automotive industry
Chase Corporation	KKR	Nov-23	15.3x	3.2x	Specialty distributor and manufacturer o industrial coatings
CIRCOR	KKR	Oct-23	11.2x	2.1x	Designer and manufacturer if technology products and sub-systems
NuVasive	GlobusMedical	Sep-23	15.9x	2.5x	Manufacturer and developer of procedural solutions for spinal surgeries
Schenck Process Group	Hillenbrand	Sep-23	11.0x	1.4x	Designer and manufacturer of food process and material holding equipment
Terphane	Oben Group	Sep-23	7.1x	0.8x	Manufacturer of polyester products intended for food and industrial applications
MB Aerospace Holdings	Bames	Aug-23	11.1x	2.2x	Manufacturer of critical engine components for aerospace and defense markets
W encorGroup	HIECO	Aug-23	13.4x	2.8x	Manufacturer of aircraft parts and highly engineered after-market replacement components
Cheetah NetSupply Chain	Edward Transit Express	Aug-23	19.9x	1.6x	Distributor of parallel-import vehicles sources in the U.S. to be sold in the China Market
UnivarSolutions	Apollo Funds	Aug-23	9.9x	0.8x	Distributor of commodity and specialty chemicals and ingredients across a range of industries
Evolis	HID Group	Jul-23	9.9x	2.1x	Designer and manufacturer of printing systems and plastic card personalization solutions
GS Optics	G&H Photonics	Jun-23	10.5x	1.6x	Manufacturer of customer designed injected molded polymer optics
Strong GlobalEntertainment	Innovative Cinema Solutions	May-23	9.3x	0.7x	Manufacturer and distributor of large format projection screens
GlobalTraffic Technologies	Miovision	Apr-23	10.1x	2.7x	Manufacturer of traffic management systems intended for emergency response
Altra IndustrialMotion	RegalRexnord	Mar-23	15.3x	2.6x	Designer and manufacturer of electromechanical power transmission control
		<b>Average</b>	<b>11.7x</b>	<b>2.0x</b>	
		<b>Median</b>	<b>11.2x</b>	<b>2.1x</b>	
		<b>High</b>	<b>19.9x</b>	<b>3.3x</b>	
		<b>Low</b>	<b>6.8x</b>	<b>0.7x</b>	

# Dean Dorton Relevant Transactions



**Chemlock Nutrition**

*Animal Feed Distributor*

## Company Background:

Chemlock Nutrition, is a leading player in the U.S. feed additives and ingredients sector. Their competitive edge lies in advanced R&D and exclusive supply chain partnerships, offering promising investment prospects in the dynamic agricultural industry.

## Transaction Overview

- Chemlock's growth necessitated expansion and increased capital. Our M&A team facilitated a partnership with a financial investor, injecting significant funds to broaden customer and product range, fuel more research and ramp up production.



**Unistrut Midwest**

*Specialty Distribution*

## Company Background:

Unistrut Midwest is the largest distributor of authentic Unistrut-Branded channel, fittings, and accessories in the US. The company operates as a specialty distributor, fabricator / certified installation expert, and design consultant. Unistrut is the most recognized and specified light-duty metal framing support systems.

## Transaction Overview

- The business sought a partner to adapt to rapid growth and further professionalize the business. Dean Dorton successfully identified a partner experienced in managing robust growth and specializing in niche industry players.



**Faxon Machining**

*Precision Manufacturing*

## Company Background:

Faxon Machining is a leading precision CNC machining company headquartered in Southwest Ohio. They specialize in high quality precision components and parts providing services to the aerospace, defense, medical and automotive industries.

## Transaction Overview

- Considering the company's remarkable growth, the owners embarked on sale of the company. Our team strategically identified a partner who specialized in assisting industrial companies achieve step changes in growth trajectory.



**Murphy Supply Company**

*Chemical Distributor*

## Company Background:








Murphy Supply Company is a Midwest distributor with a diverse product range including but not limited to chemicals, odor control, toilet tissue, paper towels, mops, etc. The multi-generation company was driven by a loyal customer base, low maintenance operations, and many growth opportunities for both products and services.

## Transaction Overview

- The owner was pursuing a buyer that was willing to retain existing staff and clients. Our team facilitated the partnership between the company and a local buyer equipped with resource and experience to meet client requests.

# Dean Dorton Select Transactions

## Manufacturing & Distribution

 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has purchased</p>  <p>Buy-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>
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## Business Services

 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-side Advisor</p>	 <p>Has purchased</p>  <p>Buy-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Management Buyout</p> <p>Executive Advisor</p>
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## Healthcare

 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>	 <p>Has sold to</p>  <p>Sell-Side Advisor</p>
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# Dean Dorton Dedicated M&A Team

Dean Dorton's sale process employs a partnership-based approach, leveraging a team of dedicated professionals with extensive experience and industry perspective in their respective fields. Our value proposition is strengthened by the inclusion of Dean Dorton's strategic advisors, 150+ CPAs, and a total staff of 547, ensuring a comprehensive and well-rounded team.

## Transaction Leads



### Keith Carlson

*Managing Director*

- 20+ Years of M&A experience (buy & sell-side)
- Bank of America, Capital South Partners, Roebing Capital



### Nick Wunderlich

*Director of M&A*

- 20+ Years of M&A experience
- Wells Fargo and JP Morgan Chase



### Tom Laine

*Director of Transaction Advisory*

- 13+ years of M&A and financial accounting
- Ernst & Young and Grant Thornton



### Brian Malthouse

*Director of Tax*

- 40+ years of Tax and M&A experience
- Arthur Anderson and Roebing Capital

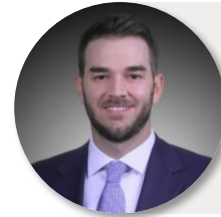
## M&A Team Members



### Rob Newman

*Associate*

- 3 years of M&A experience
- 2 years of Equity Research



### Conner Malthouse

*Associate*

- 3.5 years of M&A experience
- 7 years of Audit



### Matthew Fetterman

*Analyst*

- 1 year of M&A experience
- 1 year of Audit

## Strategic Advisors



### Emir Hodzic

*Shareholder & Assurance Director*

- 20+ Years of experience with firm
- Background in Manufacturing and Distribution

# Dean Dorton Offices and Locations



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317.469.0169




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Lexington, KY 40507  
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**Louisville**  
435 North Whittington Parkway, Suite 400  
Louisville, KY 40222  
502.589.6050




**Raleigh**  
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Raleigh, NC 27612  
919.782.9265



**Durham**  
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Durham, NC 27707  
919.354.2584



**Pittsboro**  
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Pittsboro, NC 27312  
919.542.6000



**Smithfield**  
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Smithfield, NC 27577  
919.934.1121

## Further Inquires

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Fort Wright, KY 41011

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