



Wholesale & distribution industry update

December 2022

Wholesale & distribution market trends

Deloitte thoughtware

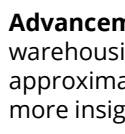


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Highlighted market trends



Covid-triggered supply chain disruptions have highlighted **supply chain vulnerabilities**, leading to European wholesalers seeking more control on product availability through, amongst others, **reshoring** and **improvement of inventory management systems**



Advancement of e-commerce is radically changing (traditional) warehousing and distribution processes, while new digital solutions approximate **full automation** and **PIM and WMS solutions** provide more insights and management control



European businesses witnessed a **63% increase in ransomware cyberattacks** in 2022-H1. Despite increasing awareness, cybersecurity needs to become a priority focus for management, investing resources in both **prevention and mitigation** of cyberattacks

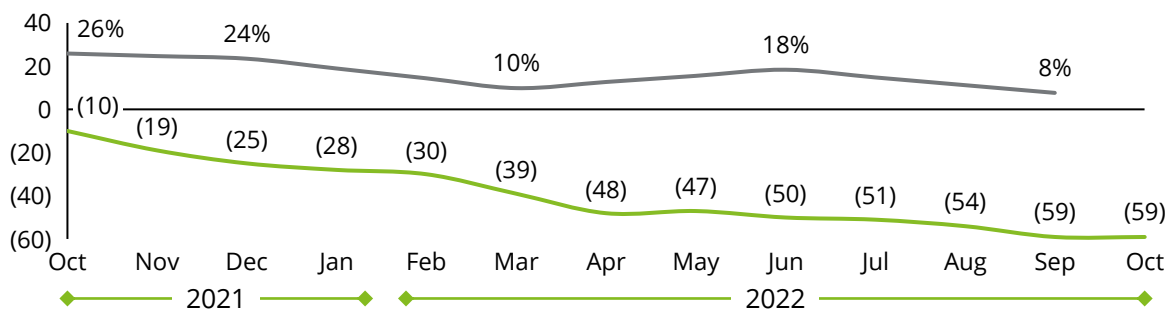


Accumulated stockpiles during the pandemic and the current decrease in consumer spending are leading to **record high occupancy rates** of up to 99% in Dutch warehouses, resulting in significant increases of rents for logistical real estate

Macroeconomic climate



Confidence indicators (NL)

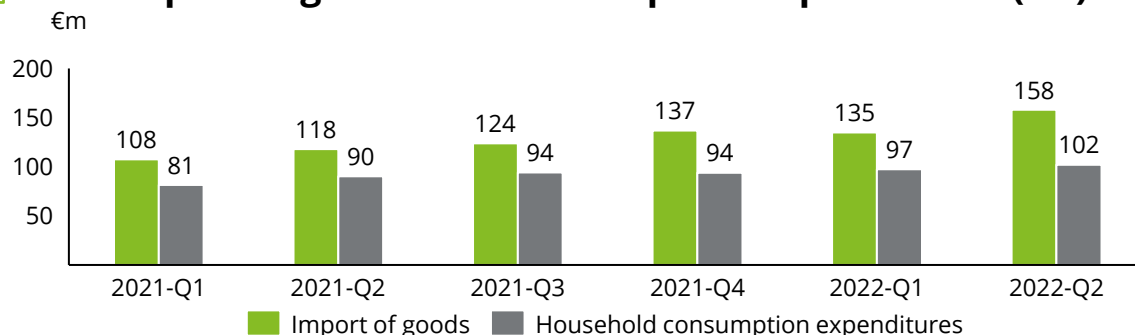


— Consumer confidence¹ — Quarterly % change in business confidence by wholesale & trade sector²

Notes: (1) Indicator based on the average ratio of consumer responses to questionnaires regarding their personal current financial circumstances and their perspective on the economic environment, 2) Indicator based on the expectations of Dutch entrepreneurs on how future GDP will evolve



Import of goods and consumption expenditures (NL)

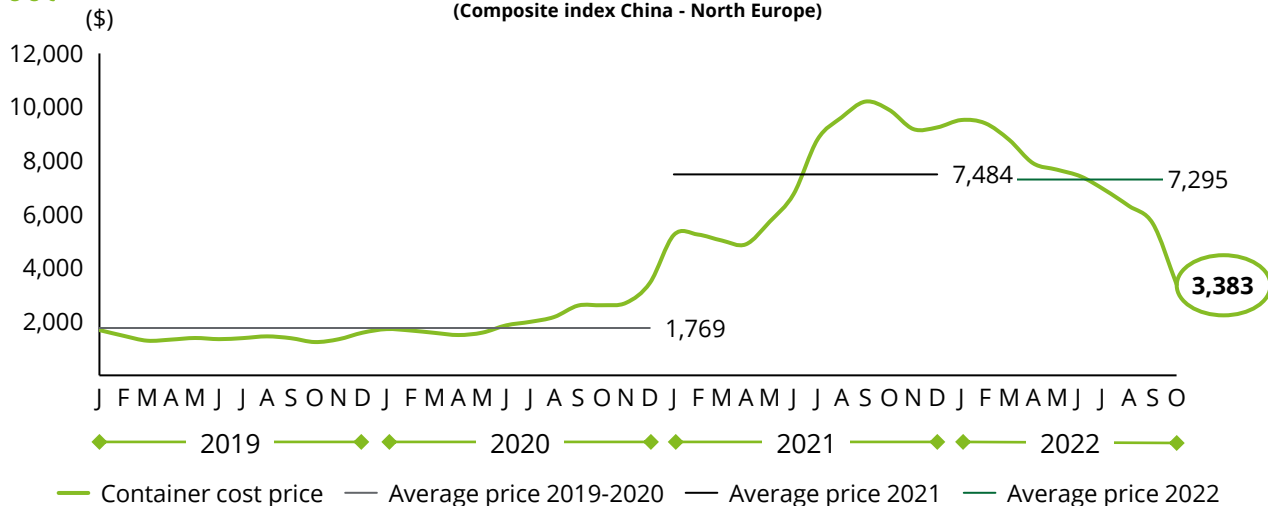


Key industry parameters



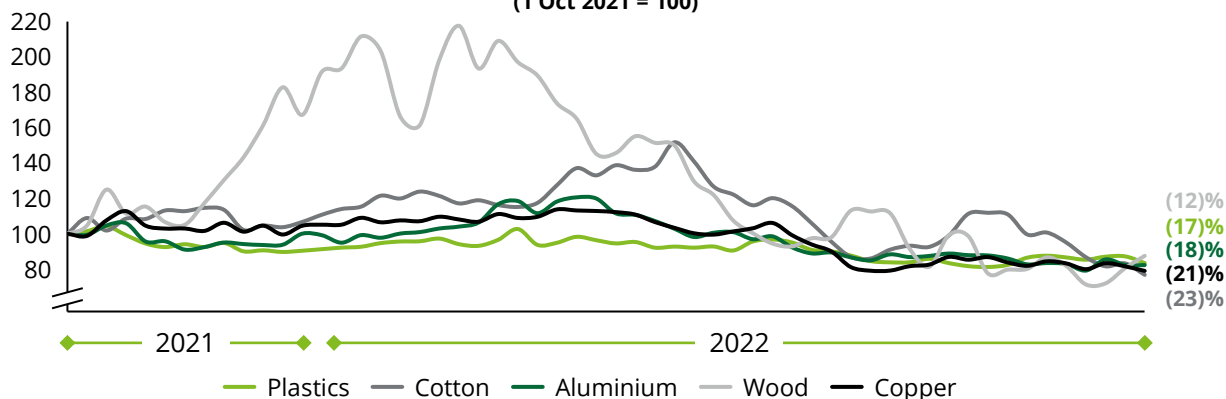
Global container freight rates

(Composite index China - North Europe)

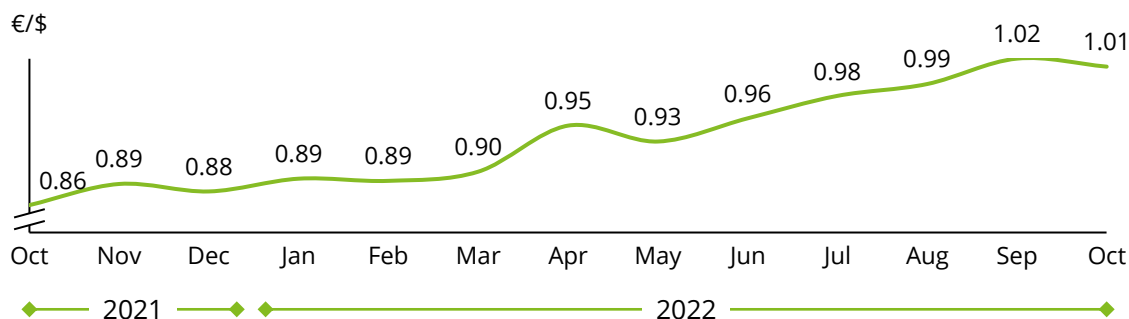


Raw material indices

(1 Oct 2021 = 100)



Foreign exchange rate EUR - USD

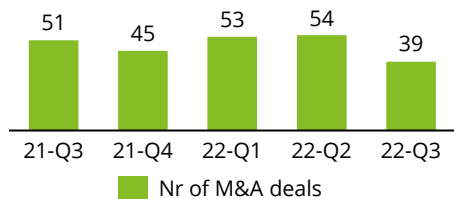


Wholesale & distribution M&A market update

Nr of wholesale & distribution M&A deals in Europe ¹

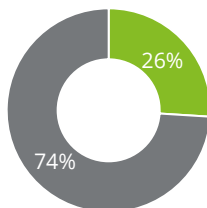
Total disclosed deal value YTD22-Q3:

€13.7bn

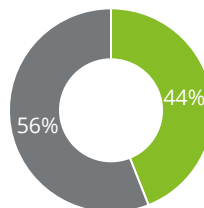


Notes: (1) Deals are often reported with delay, partly explaining the observed decline in Q3 as deals are yet to be announced

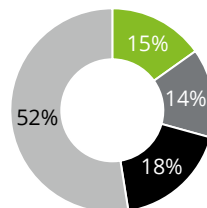
PE involvement (YTD22-Q3)



Cross-border deals (YTD22-Q3)



Target region split (YTD22-Q3)



D.

Private equity developments

European **dry powder levels increased to almost \$340bn** in 2021. These high levels of available funding are the result of low interest rates during the recent years and related low yields on bonds, lower expected returns from public markets and the **strong historical performance of PE funds** as an asset class. The coming years these **new funds are to be invested**, however both PEs and banks are becoming more picky as a result of changing market circumstances

Current M&A dynamics

The M&A market seems to be cooling down during H1-2022, although **current deal activity is still above long-term average levels**. Strategic and private equity investors are still engaging in M&A where there is a clear strategic rationale or reasonable prospects. However, **preparation and market sounding are even more important** to probe the level of appetite and to time the go-to-market moment

Highlighted recent M&A transactions

May 2022



May 2022

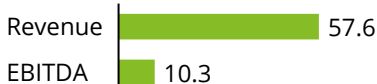


Target description

Nootboom Textiles is a leading European wholesaler of women and children fabrics for home sewing, small tailors and home-decoration

- Based in Tilburg (NL)
- c. 100 employees

Key financials (€m)²



Transaction rationale

Exit by former PE shareholder Egeria after, amongst others, transforming the company from an owner-led organization to a business with a new and broader management team

Target description

SHI is a wholesaler of non-food consumer products, mainly supplying DIY products for home improvement such as electronics, tools, painting materials and sanitary

- Based in Asten (NL)
- c. 185 employees


















Key financials (€m)³



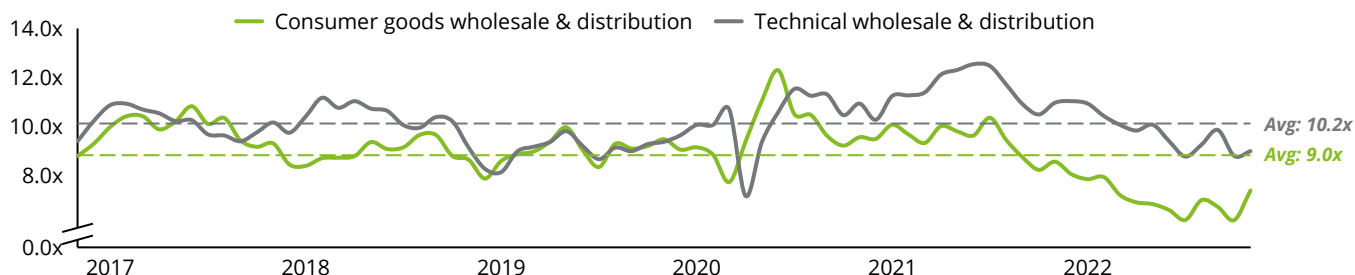
Transaction rationale

Following the acquisition of Edelman in 2021 (a wholesaler of decorative items), Edco continues its strong buy-and-build strategy with the acquisition of SHI, rapidly scaling the business and product offering

YTD22-Q3 wholesale & distribution M&A transactions (non-exhaustive)

Date	Target	HQ	Acquirer	HQ	EV ¹ (€m)	Private equity	Target description
Aug-22	Silk-Ka		Roko		n/a	✓	Distributor of artificial flowers and plants
Jul-22	Van Egmond Group		Delta Participaties		n/a	✓	Wholesaler of electrical products
Jul-22	Plinten & Profielen Centrale		NewPort Capital		n/a	✓	Wholesaler of hard floors and related items
Jul-22	Rosewood Pet Products		Dayes		n/a	✓	Designer and distributor of pet accessories, pet treats and related products.
Jul-22	AFL Groep		Bunzl		n/a	✗	Distributor of logistics and warehouse related supplies
Jun-22	Mid Ocean Group		Solo Group		n/a	✗	Wholesaler of business gifts and premiums
Jun-22	Vinga of Sweden		Xindao		n/a	✓	Distributor of business gifts and gift cards
Jun-22	De Hobbyist		Powersports Distribution Group		n/a	✓	Distributor of parts for BMW motorcycles
May-22	Nooteboom Textiles		Bencis Capital Partners		n/a	✓	Wholesaler of fabrics for ladies- and children's clothing
May-22	SHI		Edco Eindhoven		n/a	✓	Supplier of home improvement essentials
May-22	Multifix Group		Navitas Capital		n/a	✓	Distributor of fasteners, customized components and assembled products
Apr-22	Its About Romi		BG Light BV		n/a	✗	Wholesaler of decorative lighting and home accessories
Apr-22	Nelemans Combinatie		Building Materials Europe		n/a	✗	Distributor of building materials
Apr-22	DTC Elektro		Rensa Groep		n/a	✗	Provider of electrical products
Mar-22	IP Zanten		Duursma		n/a	✗	Wholesaler of MRO related products and services
Feb-22	Regts		Isero		n/a	✗	Distributor of tools, ironmongery and fixings

Through-the-cycle analysis (forward-looking multiples¹)



Notes: (1) through-the-cycle multiples incorporate the enterprise value at a given moment in time divided by the estimated EBITDA for the next twelve months

Trading multiples of listed companies active in wholesale & distribution

Company	Country	Market cap (€m)	Enterprise value (€m)	Revenue (€m)	EBITDA margin	EV / Sales			EV / EBITDA			
						2021	2022	2023	2021	2022	2023	
Consumer goods wholesale & distribution												
1	Lifetime Brands	US	150	509	864	10.1%	0.6x	0.7x	0.7x	5.7x	7.0x	6.2x
2	B&S Group	LU	411	869	1,850	5.0%	0.5x	0.4x	0.4x	8.6x	8.1x	7.2x
3	Bunzl	GB	11,238	13,387	11,784	8.7%	1.1x	1.0x	0.9x	15.0x	11.2x	11.1x
4	La-Z-Boy	US	1,059	1,243	1,700	10.5%	0.7x	0.5x	0.5x	6.8x	5.1x	5.5x
5	Fiskars	FI	1,244	1,592	1,223	16.9%	1.3x	1.2x	1.2x	9.6x	7.3x	7.5x
6	Newell Brands	US	5,281	11,115	10,350	13.2%	1.1x	1.2x	1.2x	8.1x	9.0x	8.8x
7	UP Global Sourcing Holdings	GB	137	175	156	11.9%	1.1x	1.0x	0.9x	12.4x	8.3x	7.6x
8	Headlam Group	GB	260	292	770	7.4%	0.4x	0.4x	0.4x	5.4x	5.2x	5.2x
9	Portmeirion Group	GB	49	64	119	12.5%	0.5x	0.5x	0.5x	5.9x	4.2x	3.8x
	Average					10.7%	0.8x	0.8x	0.8x	8.6x	7.3x	7.0x
	Median					10.5%	0.7x	0.7x	0.7x	8.1x	7.3x	7.2x
Technical wholesale & distribution												
1	Rexel	FR	5,449	8,476	14,560	8.8%	0.6x	0.5x	0.5x	9.0x	5.2x	6.0x
2	Solar	DK	599	761	1,660	8.6%	0.5x	0.4x	0.4x	9.2x	4.8x	5.4x
3	W.W. Grainger	US	30,114	32,749	12,827	15.7%	2.5x	2.2x	2.1x	18.8x	13.9x	13.6x
4	Ferguson	GB	23,146	27,469	22,432	11.0%	1.2x	1.0x	1.0x	12.3x	8.8x	9.3x
5	Travis Perkins	GB	2,131	3,165	5,317	9.4%	0.6x	0.5x	0.6x	7.3x	5.8x	6.3x
6	Grafton Group	IE	1,904	1,820	2,413	15.4%	0.8x	0.7x	0.7x	5.1x	4.6x	5.1x
7	MSC Industrial Direct	US	4,605	5,428	3,224	14.8%	1.7x	1.5x	1.4x	12.5x	10.0x	9.7x
8	TIM	PL	125	671	1313	10.4%	0.5x	0.5x	n.a.	4.7x	4.4x	n.a.
9	LKQ Corporation	US	13,962	17,392	12,894	13.4%	1.3x	1.4x	1.4x	10.0x	10.2x	9.9x
10	Fastenal Company	US	28,290	28,863	5,904	23.1%	4.8x	4.2x	4.2x	21.0x	18.1x	18.1x
11	Genuine Parts Company	US	25,291	28,691	18,591	9.0%	1.5x	1.3x	1.3x	18.5x	14.7x	14.7x
	Average					12.7%	1.5x	1.3x	1.3x	11.7x	9.1x	9.8x
	Median					11.0%	1.2x	1.0x	1.1x	10.0x	8.8x	9.5x

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Selected Deloitte M&A credentials

<p>M&A Services Acted as financial advisor to</p>  <p>in the acquisition of</p>  <p>May 2022</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the sale of edelman S I N C E 1 8 9 8</p>  <p>to</p> <p>Dec 2021</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to the shareholder of</p>  <p>in the sale to</p>  <p>Oct 2021</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to the shareholders of</p>  <p>in the sale to</p>  <p>May 2021</p> <p>Deloitte.</p>
<p>M&A Services Acted as financial advisor to the shareholders of</p>  <p>in the sale of a minority stake in</p>  <p>to three undisclosed family offices</p> <p>May 2021</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the sale to</p>  <p>Apr 2021</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the sale of a majority stake to</p>  <p>Jul 2020</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the sale of an equity stake to</p>  <p>Dec 2019</p> <p>Deloitte.</p>
<p>M&A Services Acted as financial advisor to</p>  <p>in the acquisition of</p>  <p>Nov 2019</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the sale of XINDAO</p>  <p>Jul 2019</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the acquisition of</p>  <p>Oct 2018</p> <p>Deloitte.</p>	<p>M&A Services Acted as financial advisor to</p>  <p>in the merger with</p>  <p>Dec 2017</p> <p>Deloitte.</p>

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