

# INDUSTRIALS & MANUFACTURING

## Q4 2023 MARKET UPDATE

### Stretching Across the Supply Chain: How Food Distributors Can Add Value Through Integration

The last two years have presented common challenges across industries, including the high cost of capital, disruptions along the supply chain, and inflationary impacts on demand. Against this backdrop, all distributors have sought to optimize route density, supply chain visibility, product variety, and customer service. However, distributors of perishable goods have higher hurdles, thanks to limited shelf lives and diverse—and evolving—consumer preferences. For many smaller players lacking scale, the business model has become challenging and unsustainable.

Luckily, savvy acquirers can taste the opportunity. Food is an inelastic essential that accounts for an increasing share—up to 13%—of Americans’ disposable income.<sup>1</sup> What’s more, food distribution is both highly fragmented and regional, presenting consolidation and national scaling opportunities for buyers. As a result, standout sellers have captured meaningful multiples.

In 2024, capital markets headwinds are expected to persist, meaning dealmakers will continue to be selective, even when assessing aligned targets.<sup>2</sup> To increase their companies’ acquisition eligibility or stake out a more competitive position, management teams should explore three areas of investment that span the supply chain.

### Food Distribution Supply Chain

Procurement	Import and Worldwide Ops	Inventory Management	Logistics and Distribution Planning	Client Management	Sales
<ul style="list-style-type: none"> <li>Manage a global network of growers/ sources of</li> <li>Monitor forecasts to inform inventory planning</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate imports</li> <li>Oversee strategic warehouse planning</li> <li>Optimize in-country distribution</li> </ul>	<ul style="list-style-type: none"> <li>Comply with food safety and quality standards</li> <li>Manage inventory</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate outbound logistics</li> <li>Support field-level distribution partners</li> </ul>	<ul style="list-style-type: none"> <li>Deliver curated product offerings</li> <li>Provide culinary insights and operator training</li> </ul>	<ul style="list-style-type: none"> <li>Assign dedicated sales teams by customer type (retail vs. foodservice)</li> <li>Maintain competitive pricing and margins</li> </ul>
Purchase and Transfer Goods	Import		Distribution		Program Development and Execution Support

<sup>1</sup>[Share of income spent on food increased 13 percent in 2022, led by food-away-from-home spending. Economic Research Service: U.S. Department of Agriculture. \(2023, August 14\).](#)

<sup>2</sup>[Food and beverage makers to be ‘more careful and strategic’ with M&A in 2024. Food Drive \(2024, January 2\).](#)

# INDUSTRIALS & MANUFACTURING

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## Q4 2023 MARKET UPDATE

### 1. Invest in Vendor Variety

The food supply chain is global and complex, spanning raw material production, processing, packaging, distribution, and retail. Overseeing thousands of inventory items and serving a range of customers, food distributors are responsible for maintaining quality, consistency, and competitive costs.

Redundancies are required to maintain operations in the face of environmental, geopolitical, or labor disruption. While holding extra inventory isn't always possible for perishable products, distributors can increase supply chain resilience by maintaining multiple vendor relationships to:

- Maximize supplier access,
- Diversify products, and
- Support a more efficient flow of goods.

### 2. Differentiate with Value-Add Services

Where a company sits within the supply chain dramatically impacts its flexibility in the face of market disruption. Distributors seeking to increase redundancy and add value could explore acquiring food processing capabilities to gain greater supply chain control and enable product customization. Together, these dimensions can deliver meaningful competitive differentiation.

However, a distributor's decision to build its value-add breadth by acquiring processing capabilities—or boosting distribution with tech-enabled enhancements, such as inventory management systems, route optimization, and data analytics—should align with the overall business strategy and market dynamics. The need for additional managerial and technical expertise, and facility and equipment investment should be factored into the assessment.

### 3. Get Closer to the Customer

With supply chain sequence in mind, many companies are vertically integrating to get closer to customers and better positioned to pivot without overstretching their balance sheets. Stronger customer relationships can lead to prized institutional contracts with schools, hospitals, and prisons. This recurring revenue allows companies to pass along pricing discounts and enforces the virtuous customer experience cycle.

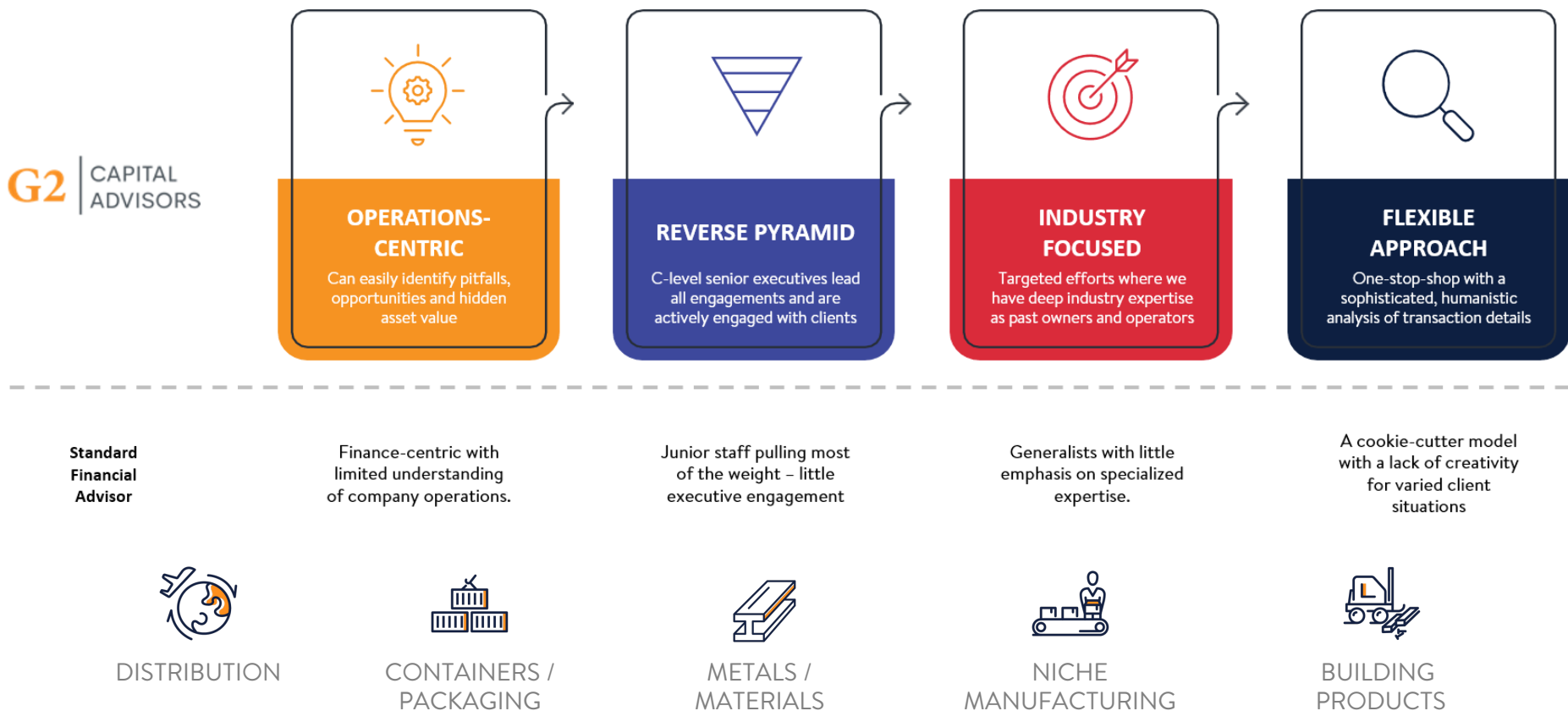
To capture these benefits—or course correct—food distributors can engage outside advisors to assess operational and financial fitness, structure bespoke capital solutions, and identify acquisition opportunities to help operators integrate across the supply chain. Investing in the right support for the road ahead will pay dividends.

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### In Closing

Acquirers gravitate to the regional food distribution sector for its essential role in the food supply chain, stability, potential for consolidation, and opportunities for technological integration and operational improvements. Smart sellers will find a way to enhance one or more of these dimensions to get attention and maximize the deal value.



# SELECT ONGOING G2 PROJECTS

## Industrial Distribution

### PROJECT SIGN

Buy-Side

#### About the Mandate:

G2 is currently serving as the buy-side advisor to a manufacturer and distributor of safety signs and other solutions. G2 is assisting the company with acquisition opportunities in the North American market.

## Vertically Integrated Construction

### PROJECT BRIDGE

Sell-Side

#### About the Mandate:

G2 is currently serving as the sell-side advisor to a vertically-integrated heavy highway civil construction firm serving public and private customers across the Northeastern U.S. The Company's operational model delivers hard to replicate competitive advantages

## Consumer Products

### PROJECT ROUGHNECK

Sell-Side

#### About the Mandate:

G2 is currently serving as the sell-side advisor to a leading provider of consumer plastics solutions. The company develops and sells plastic storage and organization products under both national consumer and private label brands.

## Commercial HVAC Design Build

### PROJECT GLACIER

Sell-Side

#### About the Mandate:

G2 is currently advising on the sale of a provider of design, build, and construction services for large, commercial HVAC projects. The Company designs and manufactures complex HVAC solutions for industries including healthcare, retail, educational, and hospitality

## Food Manufacturing Plant

### PROJECT COAST

Sell-Side

#### About the Mandate:

G2 is currently advising on the sale of a frozen fruit manufacturing facility. The plant manufactures private label and branded frozen fruit and is a divestiture of a multinational agricultural corporation.

## Steel Products Manufacturing

### PROJECT SHIELD

Financing

#### About the Mandate:

G2 is currently serving as the financial advisor for a steel product manufacturing plant. The Company is looking to raise both equity and debt financing to capitalize on an opportunity to build a market-leading, state-of-the-art steel plant and become the cost-leader in the industry.

# KEY I&M TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM <sup>1</sup>			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Aerospace Manufacturing	17	\$8,785	3.4%	6.4%	1.9x	13.8x
Building Products	14	\$8,474	-0.4%	-0.2%	1.8x	12.3x
Chemicals	18	\$25,479	-1.3%	1.0%	1.8x	14.3x
Construction	11	\$9,126	2.3%	2.9%	1.0x	14.1x
CPG	11	\$25,295	-0.3%	-0.3%	2.4x	14.5x
Electrical Equipment	11	\$18,640	0.9%	1.3%	3.5x	15.5x
Food	13	\$26,035	0.1%	2.5%	1.9x	12.2x
Industrial Technology	10	\$44,661	0.4%	-1.5%	4.1x	16.1x
Materials	15	\$11,829	0.6%	2.3%	3.4x	12.4x
Metals	11	\$10,898	-1.9%	-6.0%	0.8x	7.0x
Packaging	12	\$16,433	-1.4%	0.0%	1.4x	8.9x
Plastics	11	\$2,379	-3.9%	-1.2%	1.0x	8.5x

1) LTM December 31, 2023  
Source: S&P Capital IQ

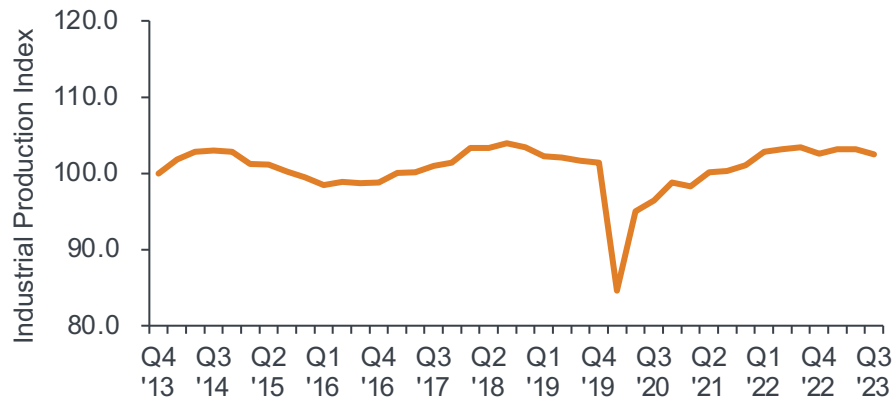
# Q4 2023 M&A TRANSACTIONS

DATE	ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
Dec-2023	Undisclosed	Boart Longyear Group Ltd.	Boart Longyear Group Ltd. provides drilling services, drilling equipment, and performance tooling for mining and mineral drilling companies in North America, Latin America, the Asia Pacific, Europe, the Middle East, and Africa.	\$550.6	0.5x	4.8x
Dec-2023	Opta Group LLC	ANKER Industries LLC	ANKER Industries LLC manufactures metallurgical powders and briquettes.	-	-	-
Dec-2023	Samyang Specialty Solutions LLC	Verdant Specialty Solutions LLC	Verdant Specialty Solutions LLC manufactures surfactants, gelling agents, emulsifiers, and corrosion inhibitors.	\$250.0	-	-
Dec-2023	Granite Construction Incorporated	Memphis Stone & Gravel Company/Lehman-Roberts Company	Memphis Stone & Gravel Company/Lehman-Roberts Company represents the combined operation of Memphis Stone & Gravel Company and Lehman-Roberts Company in their sale to Granite Construction Incorporated.	\$278.0	-	-
Dec-2023	NewMarket Corporation	American Pacific Corporation	American Pacific Corporation manufactures specialty chemicals, primarily oxidizers.	\$700.0	-	-
Nov-2023	AMPAM Parks Mechanical, Inc.	Multi Mechanical, Inc.	Multi Mechanical, Inc. provides heating, ventilation, and air conditioning installation services to multifamily residential and commercial projects.	-	-	-
Nov-2023	CRH Americas Materials, Inc.	Martin Marietta South Texas Cement, LLC	Martin Marietta South Texas Cement, LLC/Martin Marietta's South Texas ready-mix concrete operations comprises a cement plant and ready-mix concrete operations.	\$2,100.0	-	-
Nov-2023	Snap-on Incorporated	Mountz, Inc.	Mountz, Inc. is a building products company.	\$40.0	-	-
Nov-2023	Alta Equipment Group Inc.	Ault Industries Inc.	Ault Industries Inc. operates as an equipment distributor.	\$33.0	0.7x	4.4x
Oct-2023	Paceline Equity Partners, LLC	Kelso Industries, LLC	Kelso Industries, LLC provides installation and maintenance services for heating, ventilation, air conditioning, refrigeration, and other mechanical building systems, including plumbing and process piping systems.	-	-	-
Oct-2023	Undisclosed	HeatLink Group, Inc.	HeatLink Group, Inc. designs and manufactures radiant heating, cooling, and potable water systems.	\$26.0	-	-
Oct-2023	Masonite Corporation	Fleetwood Aluminum Products, Inc.	Fleetwood Aluminum Products, Inc. manufactures aluminum windows and door products for luxury homes.	\$285.0	-	-
Oct-2023	ShoreView Industries	P&F Industries, Inc.	P&F Industries, Inc., through its subsidiaries, designs, imports, manufactures, and sells pneumatic hand tools primarily to the retail, industrial, automotive, and aerospace markets primarily in the United States.	\$49.2	0.8x	15.2x
Oct-2023	Plaskolite, LLC	Vycom Plastics, Inc.	Vycom Plastics, Inc. manufactures and sells plastic sheet products.	\$140.0	-	-
Oct-2023	Olympic Steel, Inc.	Central Tube and Bar, Inc.	Central Tube and Bar, Inc. manufactures and markets tube and bar products.	\$37.8	0.9x	-
Oct-2023	Joseph T. Ryerson & Son, Inc.	Norlen, Inc.	Norlen, Inc. operates as a contract manufacturer of metal products.	\$30.2	-	-
Oct-2023	Greif, Inc.	Reliance Products Ltd.	Reliance Products is a leading manufacturer of blow molded packaging with injection molding capabilities.	\$20.2	-	-

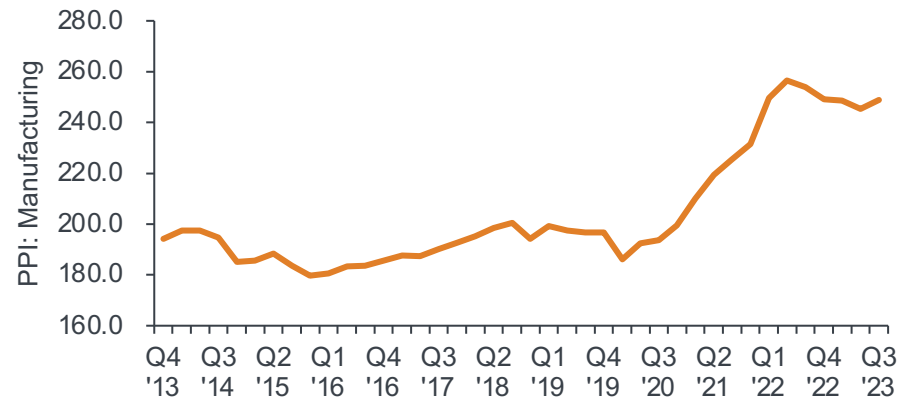
Source: S&amp;P Capital IQ, company websites

# MARKET INDICATORS

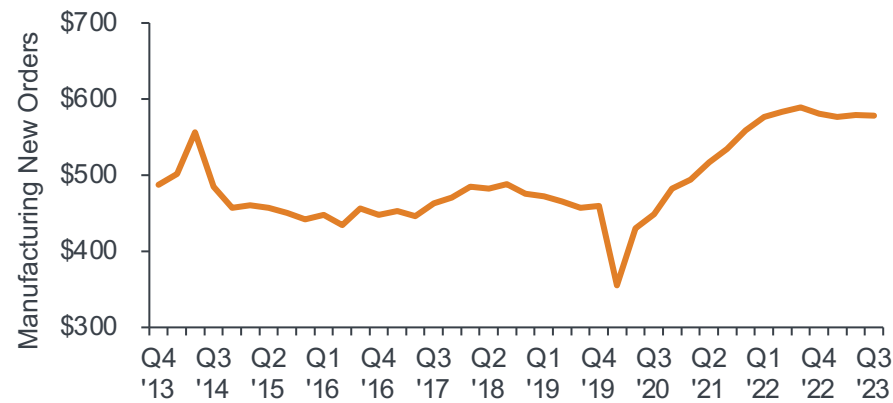
Industrial Production Index



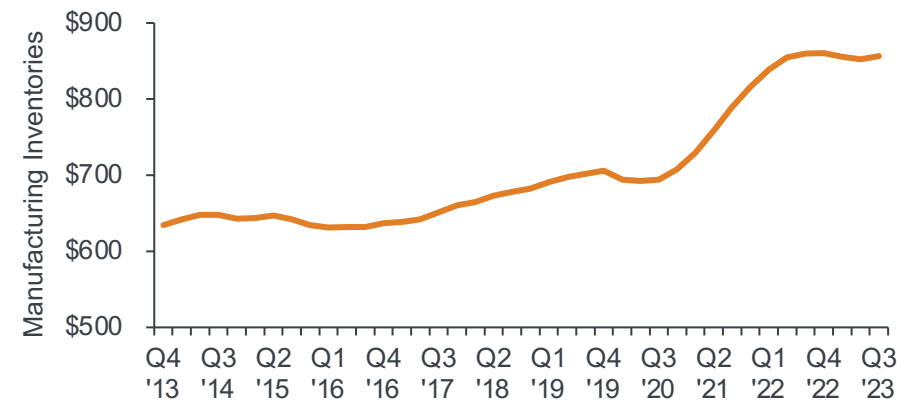
Producer Price Index: Manufacturing



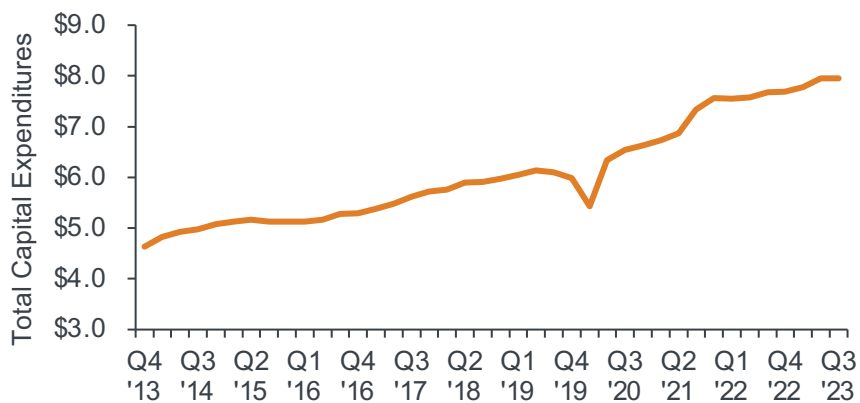
Manufacturing New Orders (\$B)



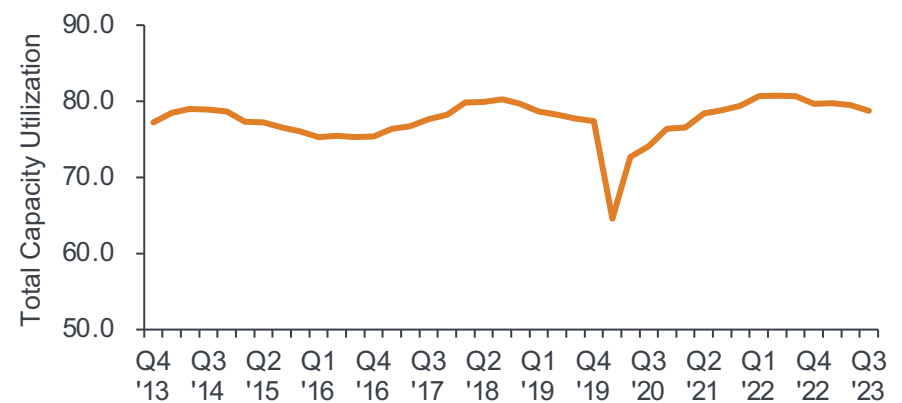
Manufacturing Total Inventories (\$B)



Total Capital Expenditures (\$TN)



Total Capacity Utilization

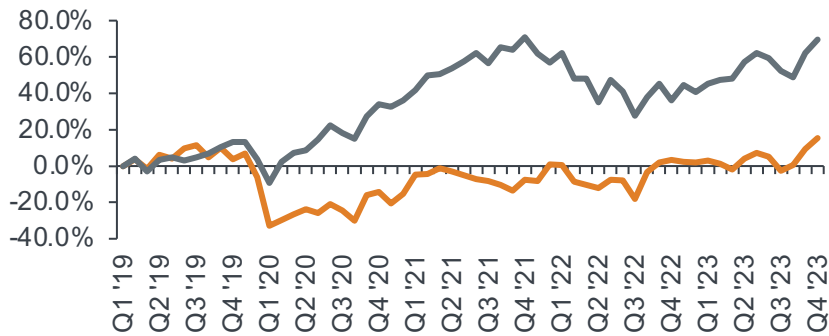


Source: Federal Reserve Economic Data

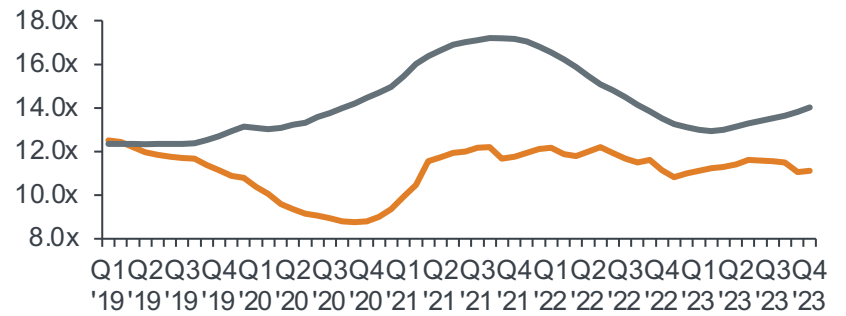


# MARKET INDICATORS

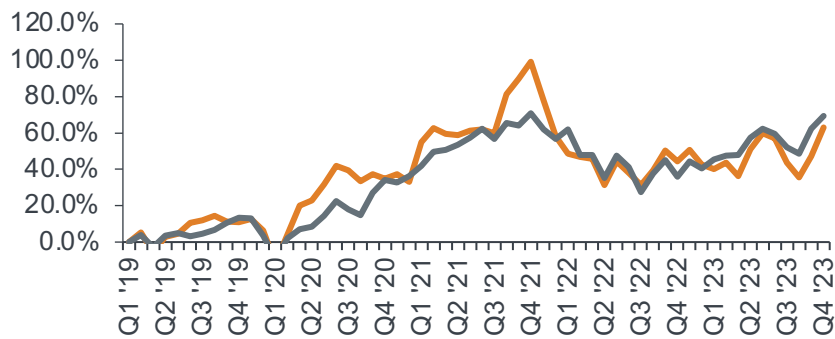
Aerospace Manufacturing Market Cap



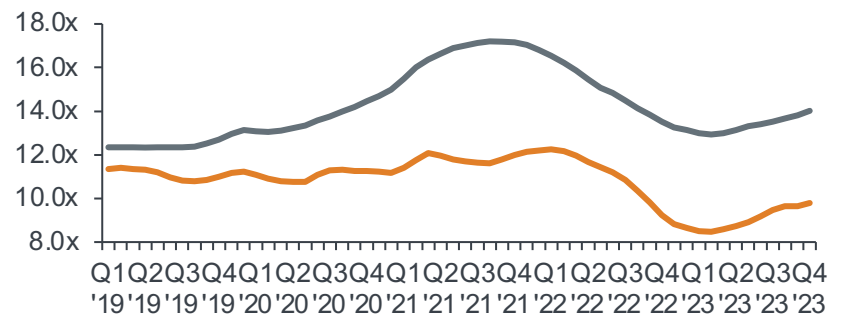
Aerospace Manufacturing EV / EBITDA



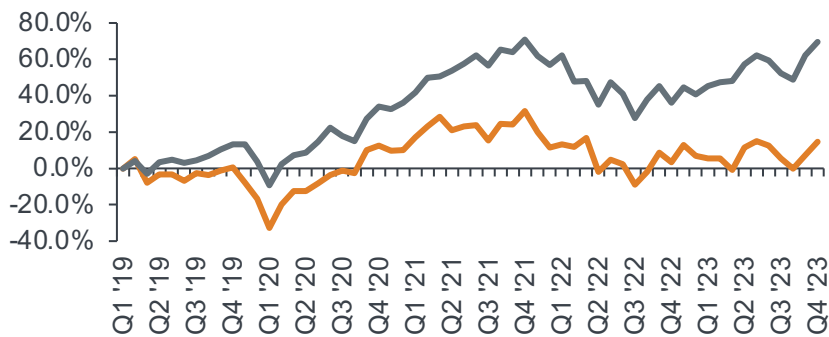
Building Products Market Cap



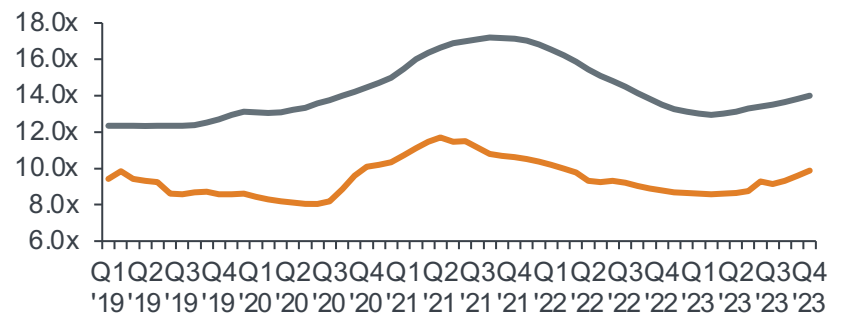
Building Products EV / EBITDA



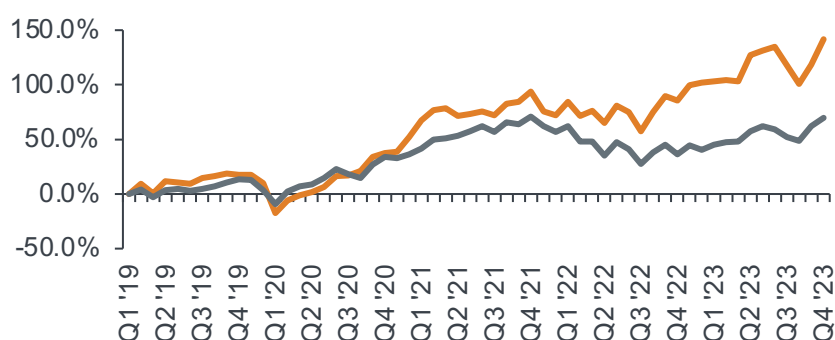
Chemicals Market Cap



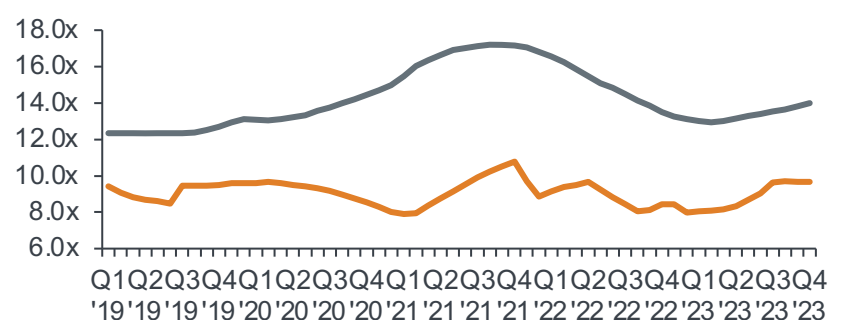
Chemicals EV / EBITDA



Construction Market Cap



Construction EV / EBITDA



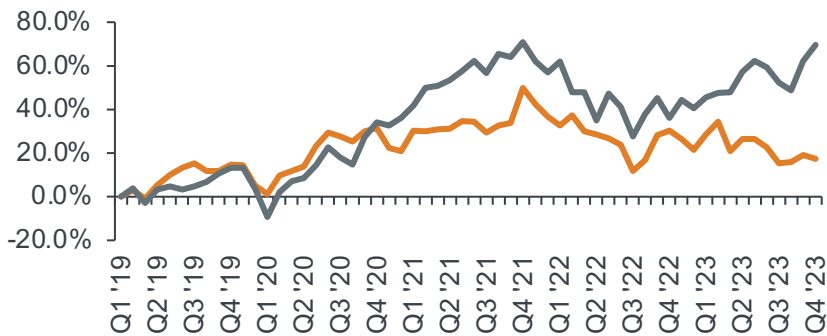
I&M Sector S&P 500

Source: S&P Capital IQ as of trading on December 31, 2023  
Past performance is no guarantee of future results

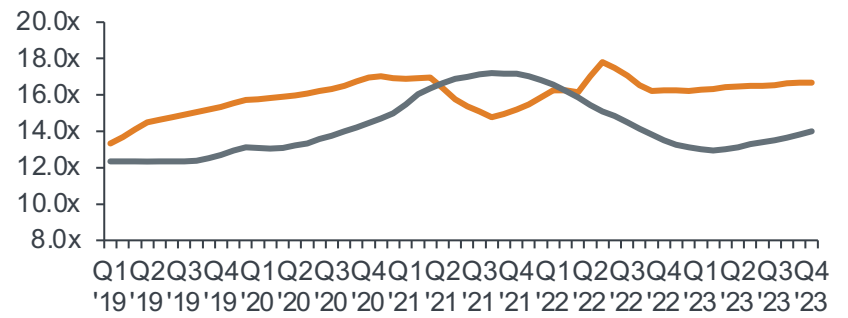


# MARKET INDICATORS

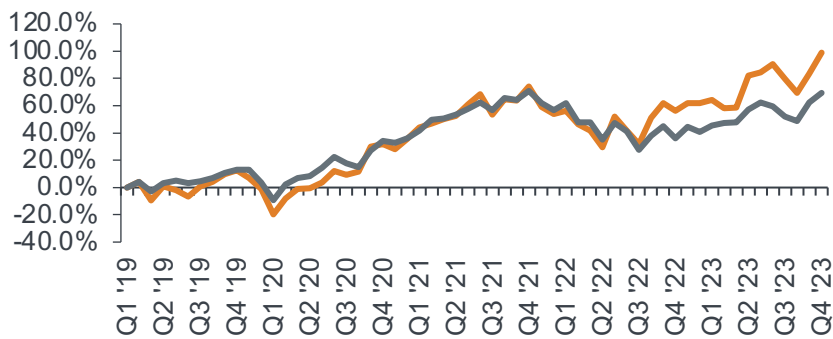
CPG Market Cap



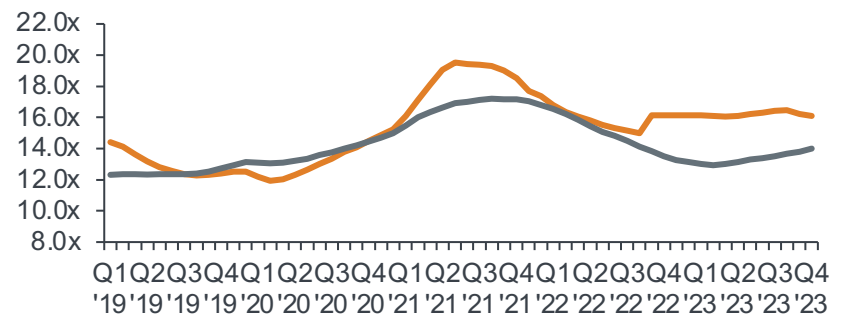
CPG EV / EBITDA



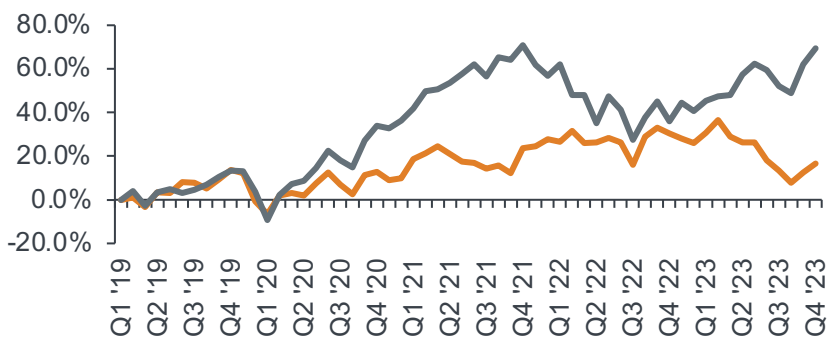
Electrical Equipment Market Cap



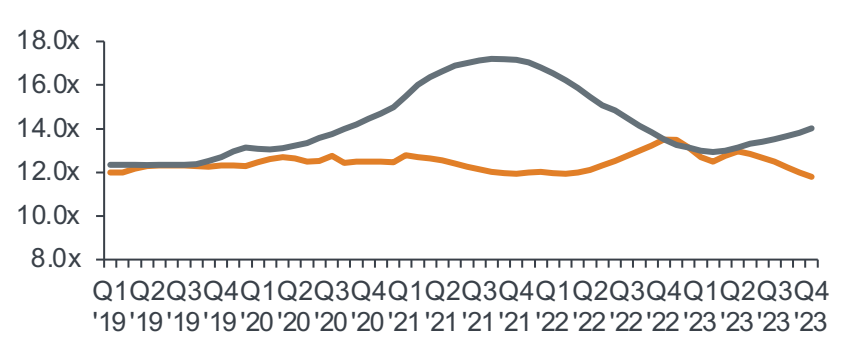
Electrical Equipment EV / EBITDA



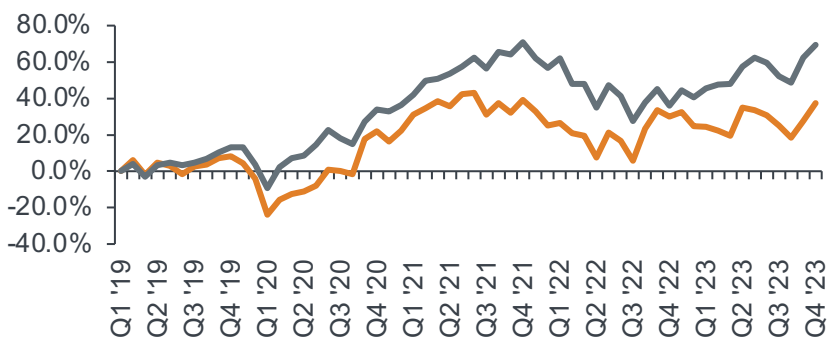
Food Market Cap



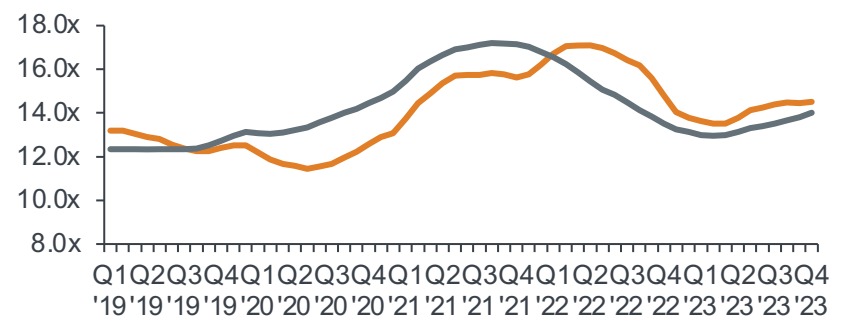
Food EV / EBITDA



Industrial Technology Market Cap



Industrial Technology EV / EBITDA

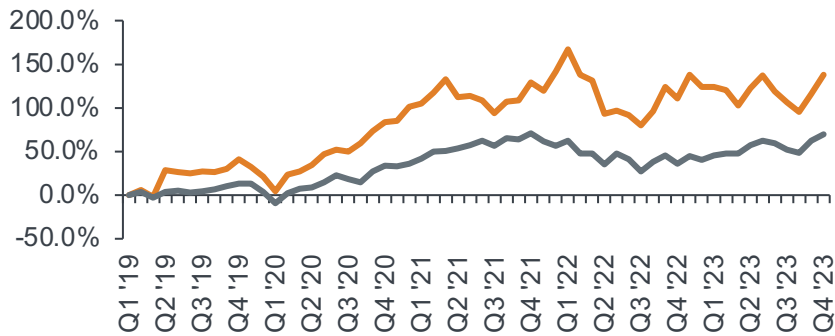


— I&M Sector — S&P 500

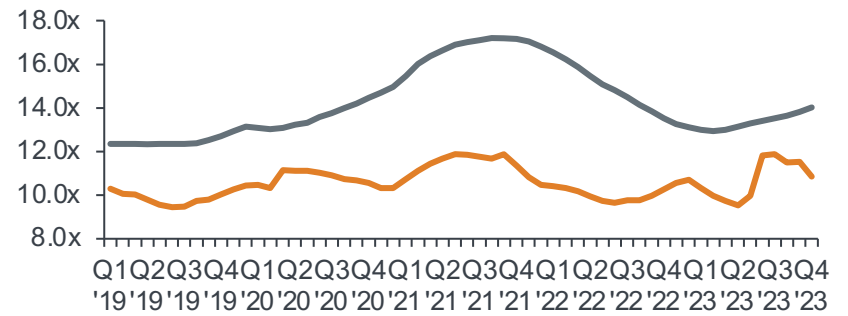
Source: S&P Capital IQ as of trading on December 31, 2023  
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# MARKET INDICATORS

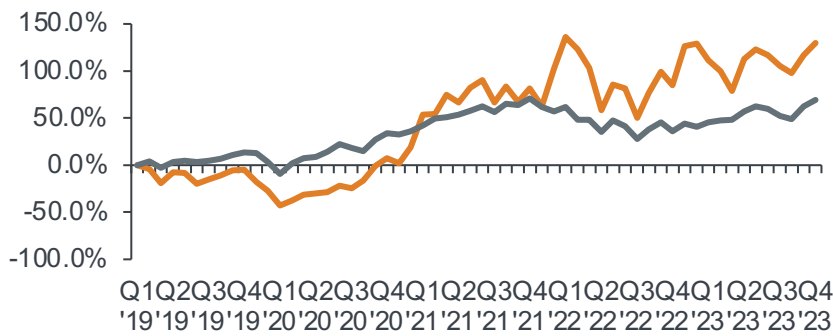
Materials Market Cap



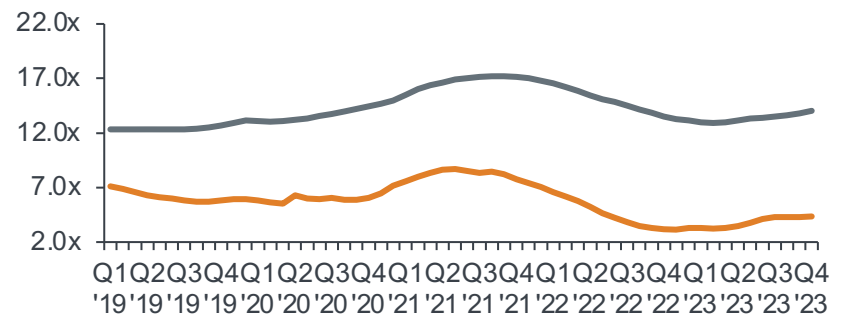
Materials EV / EBITDA



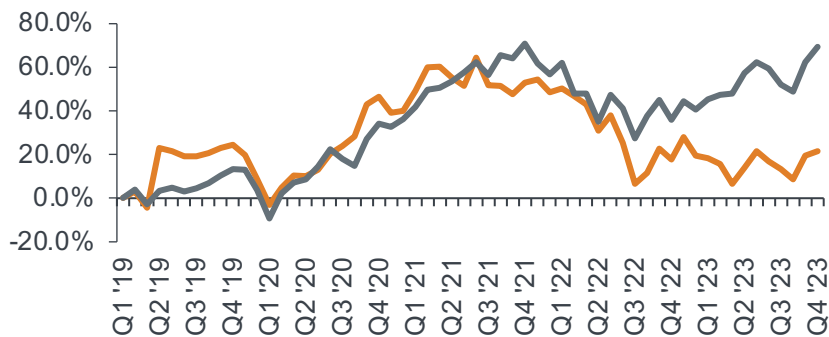
Metals Market Cap



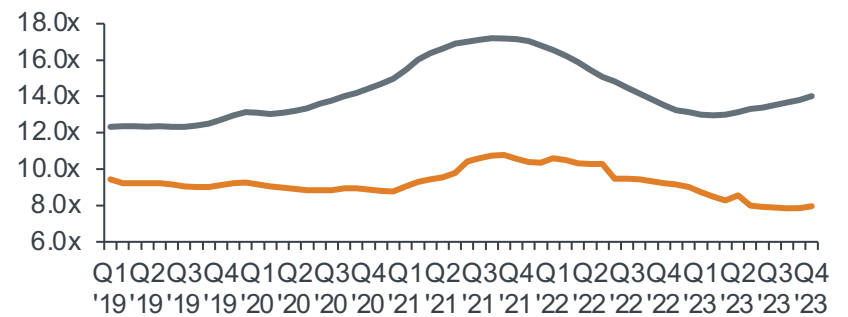
Metals EV / EBITDA



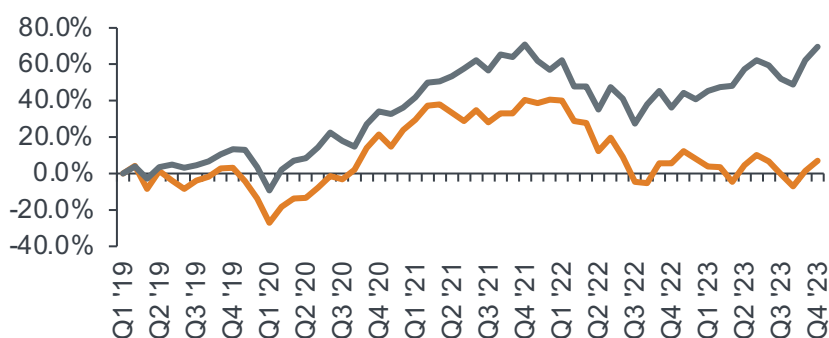
Packaging Market Cap



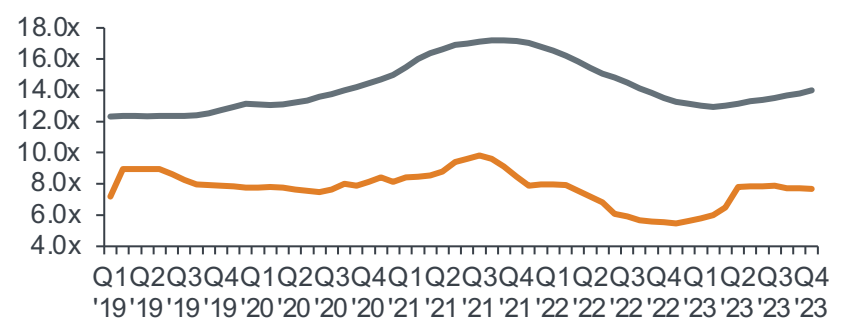
Packaging EV / EBITDA



Plastics Market Cap



Plastics EV / EBITDA



— I&M Sector — S&P 500

Source: S&P Capital IQ as of trading on December 31, 2023  
Past performance is no guarantee of future results

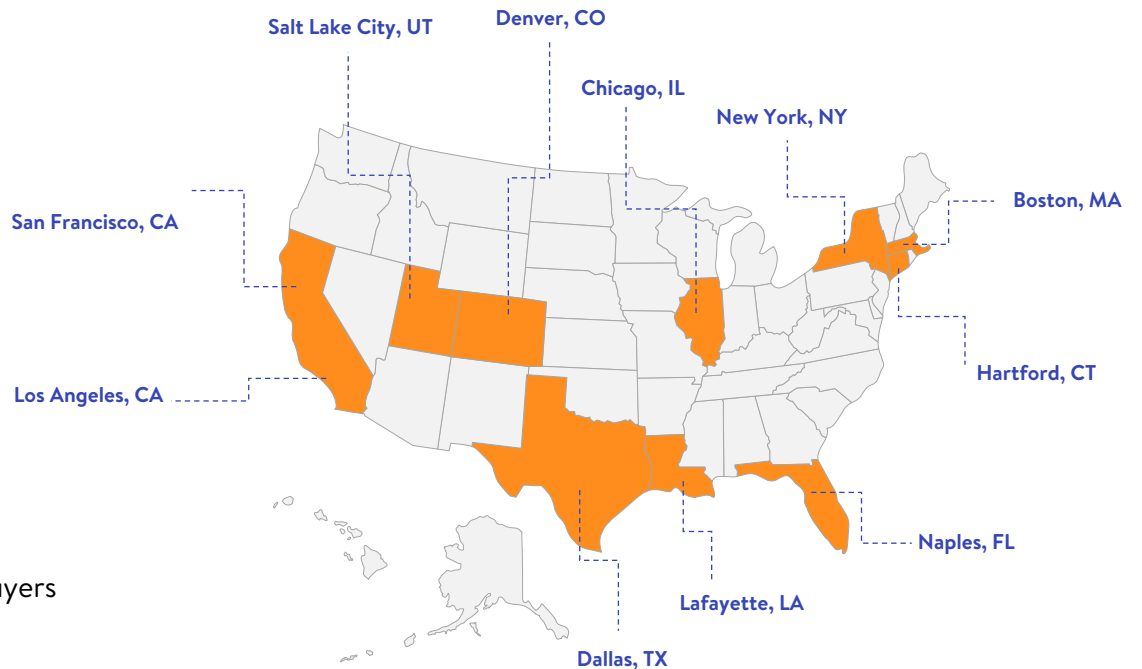
# G2 FIRM OVERVIEW

## Overview:

- 500+ mandates in 12 years
- \$5B+ total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers

## A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



## Sector Expertise:



Industrials & Manufacturing

### I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution



Transportation & Logistics

### T&L Focus Sectors:

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment



Technology & Business Services

### TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Consumer & Retail

### C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

## Connect With Our Team:



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