

M&A Activity Snapshot December - 2025

Industrial Supply Distribution Industry

WESTERN



The industrial supplies sector comprises wholesalers of general industrial supplies, including fasteners, hoses, valves, welding equipment, lubricants, abrasives, and safety gear. It broadly includes consumables and maintenance products used across manufacturing, construction, and industrial operations.

This sector in the U.S. has seen a notable shift in valuation dynamics, with multiples showing cyclical behavior after periods of volatility. EV/Revenue multiples declined from 0.9x in 2021 to a low of 0.4x in 2022 before rebounding to 1.0x in 2025 as revenue visibility improved and market conditions began to stabilize.

EV/EBITDA multiples followed a comparable pattern, rising from 12.2x in 2021 to 9.3x in 2023, dipping to 8.4x in 2024, and then rebounding to 10.9x in 2025. The alignment between EV/Revenue and EV/EBITDA trends signals that the sector is converging toward more sustainable valuation levels, with commodity price volatility and broader macroeconomic uncertainty shaping the outlook.

M&A activity has been led by strategic buyers such as DNOW, Distribution Solutions Group, and DXP Enterprises, Inc., reflecting consolidation across the sector. Key active buyers also include AFC Industries and BlackHawk Industrial Distribution, as well as financial sponsors such as AEA Investors, Frontenac Company, and Clayton, Dubilier & Rice. This mix of consolidation strategies underscores the fragmented nature of the industry and highlights strong competition for high-quality assets.

Transaction challenges in the sector include heavy reliance on cyclical end markets like manufacturing and construction, integration complexities, and supply chain risks, especially concerning global sourcing. Buyers are also increasingly factoring in sustainability and regulatory compliance. To mitigate these risks, businesses are advised to diversify into more stable sectors, streamline integration processes, bolster supply chain resilience, drive consolidation for better efficiency, and invest in sustainable technologies to meet regulatory standards.

EV/Revenue

EV/Revenue multiples for the U.S. industrial supplies sector demonstrated a cyclical trend from 2020 to 2025. Starting at 1.3x in 2020, multiples fell to 0.9x in 2021 and bottomed at 0.4x in 2022 amid inflation and supply chain disruptions. A recovery to 0.7x in 2023 and slight dip to 0.6x in 2024 reflected cautious optimism. By 2025, the multiple rebounded to 1.0x. The pattern underscores the sensitivity of revenue-based multiples to market dynamics, expanding during periods of strong demand and contracting swiftly when financing tightens and revenue visibility weakens.

Mean EV/Revenue

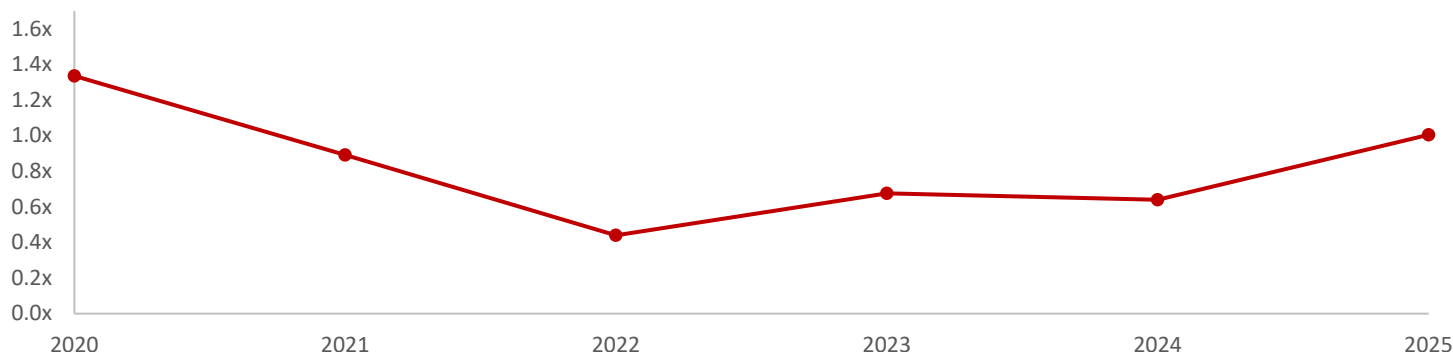
1.0x

Median EV/Revenue

0.7x

Median Enterprise Value (EV) / Revenue Valuation Multiple

January 1st, 2020, through December 1st, 2025



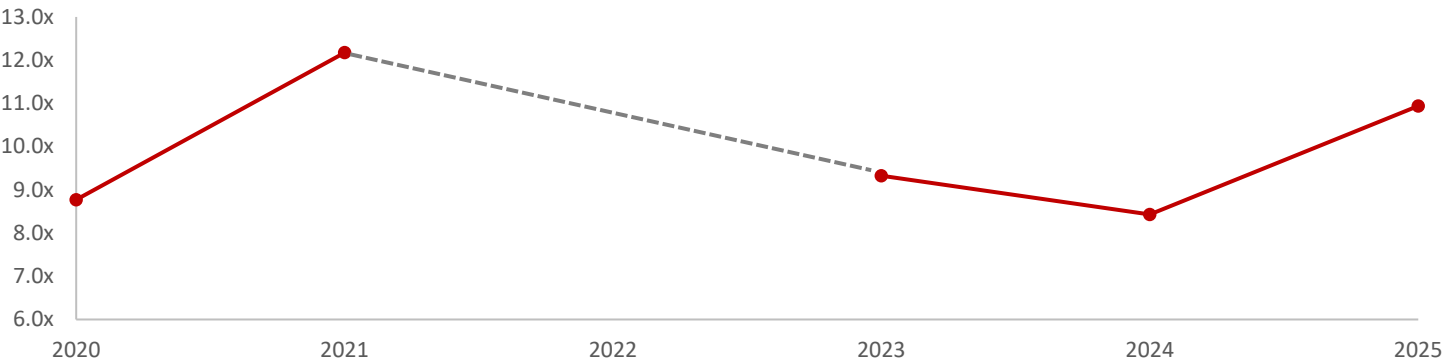
EV/EBITDA

The EV/EBITDA multiples for the U.S. industrial supplies sector exhibited notable fluctuations from 2020 to 2025. The multiple stood at 8.8x in 2020 amid pandemic-driven uncertainty, before rising to 12.2x in 2021 as economic recovery and market optimism took hold. By 2023, it had moderated to 9.3x, reflecting inflationary pressures and ongoing supply chain challenges. In 2024, the multiple dipped further to 8.4x as cost pressures and market tightening affected sector profitability. However, a rebound to 10.9x in 2025 signaled improving demand visibility and earnings traction. This trajectory highlights the sector’s cyclical valuation nature, with multiples expanding during periods of economic recovery and contracting amid cost volatility and macroeconomic uncertainty.

Mean EV/EBITDA
10.0x

Median EV/EBITDA
9.0x

Median Enterprise Value (EV) / EBITDA Valuation Multiple
January 1st, 2020, through December 1st, 2025



Recent Transactions

Major deals within the industry



was acquired by

Deal Size: \$1,780.0m
EV/Revenue: 0.5x
EV/EBITDA: 8.0x

was acquired by

Deal Size: \$80.1m
EV/Revenue: 2.0x
EV/EBITDA: 7.0x

was acquired by

Deal Size: \$28.6m
EV/Revenue: 0.6x
EV/EBITDA: NA

was acquired by

Deal Size: \$28.7m
EV/Revenue: 0.4x
EV/EBITDA: NA

was acquired by

Deal Size: \$270.4m
EV/Revenue: 0.7x
EV/EBITDA: 9.3x

was acquired by

Deal Size: \$60.9m
EV/Revenue: 2.1x
EV/EBITDA: 12.2x

was acquired by

Deal Size: \$1,000.0m
EV/Revenue: 1.4x
EV/EBITDA: 13.3x

was acquired by

Deal Size: \$185.0m
EV/Revenue: NA
EV/EBITDA: NA

Source: S&P Capital

Most Active Buyers

Strategic & Financial



Most Active Buyers	No. of Deals
Strategic Buyers	
AFC Industries	5
BlackHawk Industrial Distribution	5
Singer Industrial	3
Financial Buyers	
AEA Investors	12
Frontenac Company	5
Clayton, Dubilier & Rice	5

Key Transaction Challenges

How to Prepare for a Sale



- **Dependence on Cyclical End Markets:**
Demand is closely tied to manufacturing, construction, and energy cycles. Heavy exposure to a single sector or a small number of customers increases risk, leading buyers to apply discounts or structure deals with contingent payments. In advance of a sale, look to reduce reliance on cyclical industries by expanding into sectors with steadier or counter-cyclical demand and secure long-term service agreements to improve revenue stability. This resilience enhances M&A attractiveness, as buyers favor businesses with predictable cash flows and lower exposure to downturns.
- **Integration Complexity for Buyers:**
The broad SKU base, multiple customer segments, and often outdated IT/ERP systems make integration difficult. Buyers may lower offers if they anticipate costly post-deal system and logistics upgrades. A business owner can drive transaction value by modernizing ERP systems and centralizing inventory management to drive operational efficiency and simplify post-closing acquisition integration. Buyers value robust infrastructure that minimizes transition costs and accelerates synergy realization.
- **Supply Chain & Global Sourcing Risks:**
Exposure to imports, tariffs, or shipping disruptions creates uncertainty. Buyers will scrutinize supplier diversification and resilience, and reliance on single-source or overseas vendors may reduce perceived value. Diversifying suppliers and building strong regional relationships can ease these concerns by reducing dependency on single geographies and mitigating disruption risks.
- **Fragmented Industry & Scale Challenges:**
Larger players are consolidating to gain efficiency and bargaining power. Smaller wholesalers risk being viewed as niche or sub-scale, which can limit exit multiples unless a clear strategic fit is demonstrated. In the years leading up to a sale, look to expand through acquisitions or partnerships to build size, improve buying power, and increase operational efficiencies.
- **Sustainability & Regulatory Compliance:**
Buyers are increasingly factoring environmental and compliance risks into diligence. Businesses with outdated practices in packaging, waste handling, or sourcing could face valuation haircuts or longer deal timelines. An investment in certifications and energy-efficient practices that strengthen compliance in your industry can decrease the odds of deal-disrupting issues being found during diligence.

About Western

Western Commerce Group is an M&A and strategic advisory firm that focuses on family-owned and privately held businesses. Since its founding in 1998, the firm has completed transactions totaling \$13 billion and has advised 160 clients across more than 30 U.S. states, as well as Canada and Mexico. The firm emphasizes long-term client relationships, providing trusted advisory support that aligns with clients' strategic goals and preserves the legacy of their businesses.

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