

Prairie Industry Perspective

Electrical Distribution Industry

PRAIRIE

September 2022



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Recent Industry Performance

The most recent information available from the National Association of Electrical Distributors (“NAED”) indicates that, during the second quarter of 2022, labor and supply chain issues impacted the electrical distributors industry. Indeed, during the second quarter of 2022, NAED’s “Expected Sales Growth Index”—which gauges industry leaders’ revenue expectations for the next 12 months and asks about capital spending, technology investment, sales backlog, inventory backlog and more—fell to 3.64, down from 4.02 in the first quarter of 2022. NAED suggests that the current inflationary environment and other economic factors may be challenging leaders’ optimism for the coming year; second quarter 2022 results show that fewer respondents are confident that sales growth will be as strong as they had anticipated it would be during the first three months of the year. During the first quarter of 2022, 81.0% of respondents forecast at least moderate growth for the next 12 months, while just 61.0% made the same prediction during the second quarter. Still, despite labor and supply chain challenges, respondents anticipate that overall industry momentum will remain strong throughout the rest of 2022 with a projected increase in sales of more than 10.0%.

Meanwhile, a survey conducted by financial firm Robert W. Baird & Company in partnership with the Electrical Distributor (“tED”) magazine found that, during the second quarter of 2022 (latest available), electrical firms recorded year-over-year revenue growth averaging 13.5%, up from 12.6% growth in the first quarter and 13.2% in the fourth quarter of 2021. (tED notes that, of the electrical firms responding to the survey, the vast majority were electrical distributors, with about one-fourth electrical manufacturers.) However, looking to the third quarter of 2022, respondents expect revenue gains to slow to a 10.6% pace. Additionally, the survey found that product pricing for electrical firms continued to rise in the second quarter, up 11.9% versus an 11.3% climb in the first quarter and the sixth consecutive quarterly increase in this metric.

Similarly, *Electrical Wholesaling* (“EW”) reports that electrical distributors are facing significant product price increases. Like NAED, EW also notes that electrical distributors must deal with supply chain delays as well as labor shortages, both in the field and at their own companies. Nevertheless, many of the distributors on EW’s 2022 ranking of the top 150 electrical distributors in the U.S. are confident they will be able to overcome these challenges. Further, these 150 firms have what EW calls “tremendous clout in the market.”

Combined, they recorded approximately \$84.0 billion in 2021 revenues and operate more than 7,000 locations. *EW* estimates that these companies account for about 70.0% of the electrical wholesaling industry's total sales. Further, *EW* indicates that the five largest distributors—WESCO International, Inc. ("WESCO"), Sonepar North America, Graybar Electric Co. ("Graybar"), Consolidated Electrical Distributors and Rexel Group ("Rexel")—account for 37.0% of the market.

Like many of the distributors on *EW*'s top 150 list, both the number one distributor, WESCO, and the number five distributor, Rexel, anticipate an overall increase in sales during 2022.

- **WESCO** – WESCO reports that, during the second quarter of 2022, net sales were \$5.5 billion compared to \$4.6 billion in the second quarter of 2021, an increase of 19.3%, which the company says reflects "pricing, strong demand, secular growth trends, and expanded product and service offerings." At the end of the second quarter, backlog increased by more than 80.0% to a record level compared to the end of the second quarter of 2021. Moreover, backlog grew approximately 10.0%, marking the sixth consecutive quarter of sequential growth. For the first half of 2022, WESCO's net sales were \$10.4 billion, up from \$8.6 billion in the first six months of 2021, an increase of 20.6%. Dave Schulz, executive vice president and chief financial officer, says that, although supply chain challenges continue "to impact certain pockets of our business...We continue to strategically invest in inventory in the quarter to address these challenges." According to Schultz, as a result of the expanding backlog and continued synergies of cross-selling WESCO and Anixter products, WESCO is raising its 2022 outlook. The company expects sales to increase in the range of 16.0% to 18.0%. This is up from an anticipated 5.0% to 8.0% increase as 2022 began. Schultz notes, "We expect the demand environment for our products, services and solutions to continue to be strong. However, we recognize that supply chain constraints and the pace of inflation present some uncertainties for the second half of the year."
- **Rexel** – Rexel reports that, during the second quarter of 2022, activity was robust and same-day sales were up 12.0%. Sales were driven by electrification trends,

increased digital penetration, volume growth in North America and higher non-cable selling prices in all geographies. Additionally, during the first six months of 2022, Rexel reported recurring net income of approximately US\$481.0 million, up 94.9% from the first half of 2021, an all-time high. The company also registered record first-half adjusted EBITA of US\$718.5 million, up 63.4% from the same period in 2021 and adjusted EBITA margin at 7.7% (up 228.0 basis points) due to actual-day sales growth of 15.3% as well as price pass-through. According to Guillaume Texier, Rexel's CEO, "I am very pleased that Rexel again posted record results in H1 2022, demonstrating the robustness of our business model in an environment still marked by solid demand, but also high product cost increases and continued supply chain challenges...By continuously increasing digital sales, focusing on electrification trends and ESG, and concentrating our portfolio on our strengths, as we have done with two acquisitions and two divestments, we will continue to enhance our growth profile and further reinforce our resilience and our agility." For 2022 as a whole, Rexel confirmed its prior guidance, which indicated that fiscal 2022 same-day sales growth will be in the range of 4.0% to 6.0%; this forecast is supported by record-high backlog.

Electrical Distributor Industry Trends/Drivers

Trends and drivers currently impacting electrical distributors include the following:

- *The Construction Industry Experiences Positives Among Uncertainty* – While the construction industry was threatened by multiple waves of COVID-19 infections as well as labor shortages and higher material prices in 2021, total construction starts reached a value of \$901.0 billion during the year, up 12.0% from \$800.9 billion in 2020, according to Dodge Data & Analytics ("Dodge Data").

During the first six months of 2022, total construction starts reached a value of \$484.8 billion, up 5.0% from \$461.8 billion during the same period in 2021. Further, for the 12 months ending June 2022, total construction starts were 7.0% higher when compared to the 12 months ending June 2021. However, June 2022 saw construction starts fall by 5.0% month-over-month after recording the following pattern during the first five months of the year: January, up 4.0%; February, up 9.0%; March, down 12.0%;

April, up 3.0%; and May, up 4.0%. According to Richard Branch, chief economist for Dodge Construction Network, “Construction markets are getting jittery as the odds of recession increase. While projects are still moving through the planning process, the velocity has downshifted reflecting uncertainties over how rising interest rates will impact the economy, construction material prices, and ultimately, construction starts.”

Branch projects that the probability of a recession within the next year is 35.0%, which he calls “uncomfortably high.” However, he also anticipates that, if a recession occurs, it will likely be similar to the one in 2001, which lasted less than one year. Moreover, Dodge Data reports the U.S. construction backlog is currently strong, which leads Branch to believe that construction starts will grow throughout the rest of 2022, albeit while facing some volatility.

Overall, Dodge Data’s May 2022 (latest available) forecast—which does not take into account the possibility of a recession—indicates that total U.S. construction starts will increase by 9.0% in 2022.

With regard to specific sections of the construction industry:

- ◊ *Residential Construction* – The National Association of Home Builders (“NAHB”) notes that, at the end of June 2022, 824,000 single-family homes were under construction, up 21.0% from one year prior, while 856,000 apartments were under construction, up 24.0%. The NAHB reports that, as the second half of 2022 began, total housing under construction was up by 24.0% compared to the same period in 2021. However, the NAHB also suggests, “The number of single-family units in the construction pipeline is now peaking for the business cycle and will decline in the months ahead given recent declines in buyer traffic.”

With regard to the remodeling market, the Joint Center for Housing Studies of Harvard University’s (“Joint Center”) “Leading Indicator of Remodeling Activity” projects that remodeling expenditures will grow by 17.4% in 2022 but then decelerate to

10.1% by the second quarter of 2023. According to Carlos Martín, project director of the Remodeling Futures Program at the Joint Center, “Slowing sales of existing homes, rising mortgage interest rates, and moderating house price appreciation are expected to dampen owners’ investments in home improvements and maintenance over the coming year. Steep slowdowns in homebuilding, retail sales of building materials, and renovation permits all also point to a cooling environment for residential remodeling.” Even so, spending growth for home remodeling will likely remain well above the 5.0% historical average. Indeed, the Joint Center forecasts that annual remodeling expenditures will total nearly \$450.0 billion during the first half of 2023.

- ◊ *Nonresidential Construction* – In their mid-year outlook, Dodge Data projects that commercial starts will grow by 14.0% in 2022, with the retail sector up 21.0%, the warehouse sector up 15.0%, the hotel sector up 21.0% and the office sector up 9.0%. Institutional starts are forecast to increase by 11.0% in 2022, with the education sector up 13.0% and the healthcare sector up 11.0%. Manufacturing construction starts are anticipated to rise by 26.0% in 2022.

Meanwhile, a forecast issued on July 22, 2022, by the American Institute of Architects (“AIA”) indicates that a recovery for commercial construction is underway in 2022, while “key institutional categories are bottoming out.” At the same time, the AIA reports that the industrial sector is seeing a “disproportionate share of growth.” According to the AIA’s Consensus Construction Forecast Panel (“Panel”)—which is an average of the forecasts issued by eight leading economists—total nonresidential construction spending is projected to increase by 9.1% in 2022, with specific construction segments recording the following pattern: total commercial construction, up 6.7%; office construction, up 2.6%; retail and other commercial construction, up 11.5%; hotel construction, down 5.4%; total industrial

construction, up 31.0%; total institutional construction, up 2.6%; healthcare construction, up 5.0%; education construction, up 2.0%; religious construction, down 8.7%; public safety construction, down 10.0%; and amusement and recreation construction, up 7.5%.

The Panel notes, “This outlook is somewhat more optimistic than what was projected at the beginning of the year, largely due to the extremely strong gains in the manufacturing category, as well as surprising strength in retail facilities.” Both categories benefited from increases in consumer spending on goods during the COVID-19 pandemic as well as the reshoring of some manufacturing and the increasing of storage capacity in an effort to cope with any potential disruptions to the supply chain.

- *Inflation Impacting the Industry* – DISC Corp., a provider of economic forecasting for the electrical wholesale industry, notes that growth rates for electrical distributors are currently tied to inflation. Further, DISC Corp. estimates that, during the second quarter of 2022 (latest available), the inflation rate in the electrical industry was 10.8% year-over-year, which is in addition to 2021’s second quarter inflation rate of 19.8.”
- *Copper Prices Fluctuate in 2022* – While copper prices rose above \$3.00 per pound for the very first time in August 2020, by early February 2021, the metal was trading above \$4.00 per pound, and by May 10, 2021, it had reached a record high of \$4.80 per pound. Copper ended 2021 at \$4.46 per pound, up 26.0% during the year. During early 2022, prices continued to rise slightly. However, copper prices posted a decline of nearly 22.0% during the second quarter, the largest quarterly percentage loss since the third quarter of 2011. By mid-July, the price of copper had dropped to about \$3.00 per pound. Following these heavy losses, prices began to rebound; by late July 2022, copper was back to \$3.58 per pound, and while it rose as high as \$3.70 per pound during August, it ended the month at \$3.44 per pound.
- *Opportunity for Expansion in the Utility Market?* – A relatively small number of electrical distributors sell to the utility market. Currently, WESCO, OneSource Supply

Solutions, Irby Utilities and Border States Electric Supply (“Border States”) are the largest full-line distributors with a major focus on this sector. Therefore, it makes sense that, according to *Electrical Marketing’s* forecast, utility products will only account for an estimated 2.9% of all product sales by electrical distributors in 2022, totaling an estimated \$3.5 billion. This forecast includes pole-line hardware and related utility products but does not take into account electrical products needed for utility-scale solar fields or wind farms, such as switchgear and related distribution equipment, wire and cable, grounding equipment, lugs and termination, or products needed for the construction of natural gas-powered utility plants, which *EW* calls “a fast-growing segment of the utility industry.” However, *EW* anticipates that electrical distributors’ sales of utility products will grow in the near future because of an increase in federal funding related to the recently-passed U.S. infrastructure bill, the Infrastructure Investment and Jobs Act; growth of utility-scale renewables; as well as increased cybersecurity spending in order to protect the electrical grid against online attacks. Looking longer term, a study by Americans for a Clean Energy Grid says that, from 2022 to 2042, there will be an investment of \$240.0 billion to replace and upgrade 96,000 circuit miles of transmission lines.”

- *New Marketing Strategies* – *tED* report that more than 50.0% of current business to business (“B2B”) buyers are millennials, and 77.0% of all B2B customers research the internet thoroughly before making a buying decision. Further, more than 50.0% of B2B clients prefer making purchases from companies that create their own content, and 66.0% say they are most interested in product specifications. Video is also gaining ground in the B2B space, where 83.0% of companies say the medium helps them attract more leads and increase conversion rates. As a result of these trends, consulting firm McKinsey & Company suggests digital selling and marketing is the wave of the future. Therefore, many electrical distributor firms are increasing their social media presence on platforms such as Instagram, Facebook, LinkedIn and Twitter in an effort to help the distributorship tell its story, interact with both current and future customers, and increase familiarity with its products and services. Distributors are also putting

more effort into their corporate websites, where they are providing more interactive product content and increasing their educational content. According to experts, electrical distributors who grow their digital marketing efforts are also increasing their chances of making a sale. Tasha Hicks, director of marketing at OneSource Distributors, points to the fact that B2B buyers are constantly receiving messages about products and services. “While estimates vary widely, the consensus about how many touches it takes before a customer makes a decision is, well, a lot,” Hicks explains. “It could be 10, it could be 60, it could be more, depending on the customer and the message.” Regardless of how many points of contact it takes to get customers to hit the “buy now” button, when they do make a decision, you want [your] firm to be the one... they choose. “This means that you want to be available to them however they are looking,” says Hicks. *tED* adds, “In other words, being where your customers are when they finally pull the trigger on the sale is the key to success.”

Recent M&A Trends for Electrical Distributors

The electrical distribution industry continues to experience a strong trend of merger and acquisition (“M&A”) activity. According to *EW*, over the past two years, no less than 18 distributors formerly ranked in the publication’s top tier of electrical distributors nationwide have been acquired. Moreover, if the number of distributors with \$20.0 million or more in sales that have been acquired over the past five years are included, that adds at least 20 more distributors that were in *EW*’s annual rankings before they were acquired. Recent notable M&A deals include the following:

- On April 5, 2022, Winsupply Inc. (Dayton, OH) completed the purchase of all three Williams Wholesale Supply, a plumbing and electrical distributor with locations outside of Nashville, Knoxville and Chattanooga, TN. The locations will continue to do business as Williams Wholesale, a Winsupply company. Winsupply is a privately-held company with collective sales of \$5.5 billion through 630 wholesaling locations in 45 states.
- In April 2022, Elliott Electric Supply of Nacogdoches, TX, purchased the assets of Kansas City Electrical Supply

(Kansas City, MO), a two-location company with \$24.6 million in 2020 (latest available) sales. Elliott Electric Supply is #9 in *EW*’s 2022 Top 150 listing with \$1.5 billion in 2021 revenues. The company currently has 168 locations. According to *EW*, “While Elliott Electric Supply is well-known throughout the electrical market for its aggressive branch expansion strategy, the company also makes strategic acquisitions and according to *Electrical Marketing*’s records acquired at least four companies over the past few years, including Star Electric Supply, Wichita, KS (2015); AMO Electric Supply, Rogers, AR (2013); Key Electrical Supply, Houston (2011); and Treadway Electric Co.’s Springdale and Fort Smith, AR locations (2011).”

- Also in April 2022, Inline Electric Supply (“Inline”) (Huntsville, AL) acquired Williams Electric Supply. Williams Electric Supply has locations in Nashville and Columbia, TN. Inline said in a press release that the combination of Williams Electric Supply and Inline will create a new company with significant strength and the resources to enhance its ability to serve its customers and continue its growth in the middle Tennessee area. “Both our companies share similar visions of doing everything possible to service our customers every day and with Williams Electric Supply employees now becoming employee-owners they will be more equipped than ever to provide that service to every customer,” said Bruce Summerville, Inline’s president. Inline is a 19-location company with branches in Alabama, Tennessee and Georgia. The company was ranked #58 on *EW*’s 2022 Top 150 listing with \$181.0 million in 2021 revenues and 257 employees. The company converted to a 100.0% employee-owned firm in 2012.
- On April 30, 2022, Border States (Fargo, ND) and Advance Electrical Supply Co. (“Advance”) (Chicago, IL) merged. Border States is ranked the sixth largest electrical distributor in the U.S. by *EW*. After the merger with Advance, Border States will have more than 2,600 employee-owners and more than 100 branches in 24 states. Meanwhile, Advance, which has more than 100 employees serving the Chicago market, has achieved double-digit revenue growth, on average, over the past five years with sales generated primarily in the construction market. They will join the East Region of Border States, forming the East North Central Area.

According to David White, CEO of Border States, “In acquisitions, we focus on the people, the leadership team and the culture. Advance has great talent throughout the organization and is managed by a progressive leadership team that has created high engagement and a winning culture—our two companies share similar values and approaches to success.”

- On May 4, 2022, Rexel announced that it acquired Valley Electric Supply. With the acquisition, the Rexel Mountain Plains Region will continue to expand its market-leading 12-branch integrated network in Colorado. Valley Electric Supply is a successful longstanding family-owned business located in Glenwood Springs, CO, which primarily services the Roaring Fork Valley and adjacent geographies in Western Colorado. “We are thrilled to welcome the Valley Electric Supply team to the Rexel USA family,” said Eric Packer, Rexel’s Mountain Plains Region president. “This acquisition provides a strategic location and experienced team that will help accelerate our growth strategy and improve our ability to better serve our customers.”
- In June 2022, it was announced that City Electric Supply (“City Electric”) of Dallas, TX, acquired Phyl-Mar Electrical Supply (“Phyl-Mar”) of Santa Clarita, CA, and will incorporate the Santa Clarita location into the growing City Electric branch network. City Electric and Phyl-Mar align in catering to a variety of contractors in commercial, residential, industrial fields and government municipalities. With the company’s primary California locations based in Los Angeles and stretching down to San Diego, this Santa Clarita location will extend the company 45 minutes farther north, becoming the most northern City Electric branch in the state. “This location means our customer base in southern California will have a greater reach to CES resources,” said David Hoyle, City Electric vice president of operations. “The Phyl-Mar customers now have access to City Electric Supply’s vast branch network.” City Electric is ranked #7 on *EW*’s 2022 Top 150 ranking.
- On July 8, 2022, Rexel announced that it signed a definitive agreement to acquire Horizon Solutions, headquartered in Rochester, NY, with 10 branch locations in New York and New England. With the

acquisition, Rexel expands its presence as a leading authorized Rockwell Automation distributor and strengthens its Northeast U.S. region. “Horizon Solutions has partnered with Rexel to help bring our business to the next level for our customers, suppliers and employees,” said John Kerkhove, president of Horizon Solutions. “Our strong industrial automation, industrial supply and electrical products, solutions and services are a great complement to Rexel’s branch network and commercial offer, and we are excited about our ability to deliver exceptional customer service.”

- On August 3, 2022, Graybar completed the acquisition of Walker Industrial Products Inc. (“Walker Industrial”) (Newtown, CT). In addition, Shingle & Gibb Automation, a Graybar subsidiary based in Moorestown, NJ, acquired New England Drives & Controls (“New England Drives”), based in Southington, CT. Walker Industrial and New England Drives provide advanced automation and control solutions to original equipment manufacturers, industrial users and system integrators. Like Shingle & Gibb Automation, both companies are authorized distributors for large automation suppliers, such as Banner Engineering, Turck and Red Lion Controls. Moving forward, they will continue to do business under their current organizational names, with the same employees and supplier relationships. According to Kathleen M. Mazzarella, Graybar’s chairman, president and CEO, “Combined with our existing industrial business, these acquisitions position Graybar as one of New England’s leading automation and control distributors.” Graybar is ranked #3 on *EW*’s 2022 Top 150 listing.
- In August 2022, Winsupply Inc. of Dayton, OH, completed the purchase of First SOURCE Electrical (Houston, TX) a full-line distributor of commercial, multi-family, residential and low-voltage electrical supplies. The company will continue doing business as First Source Electrical from its Houston location. “We are excited to welcome First Source Electrical to our already growing electrical portfolio within the Winsupply family of companies. We share a common culture that prioritizes our contractors, vendor partnerships and employees,” said Greg Holbrock, Winsupply’s vice president of due diligence and financial

integration. Winsupply is ranked #25 on *EW's* 2022 Top 150 listing of the largest electrical distributors in North America and First SOURCE is ranked #99.

- In early September 2022, Sonepar North America (“Sonepar”) announced that its U.S. subsidiary, World Electric, entered into an agreement to acquire Advance Electrical & Industrial Supply. With a strong presence in Atlanta, GA, the Advance Electrical acquisition offers World Electric the opportunity to expand in Atlanta, one of the 10 largest electrical markets in the U.S. According to Rob Taylor, president of Sonepar, “This is a great opportunity to connect geographies and expertise and expand the level of services and capabilities for customers.” Sonepar is ranked #2 on *EW's* 2022 Top 150 listing with \$11.0 billion in sales and more than 500 locations in North America, and Advance Electrical is ranked #109 with \$54.0 million in sales, two locations and 48 employees.

Notable Closed M&A Transactions

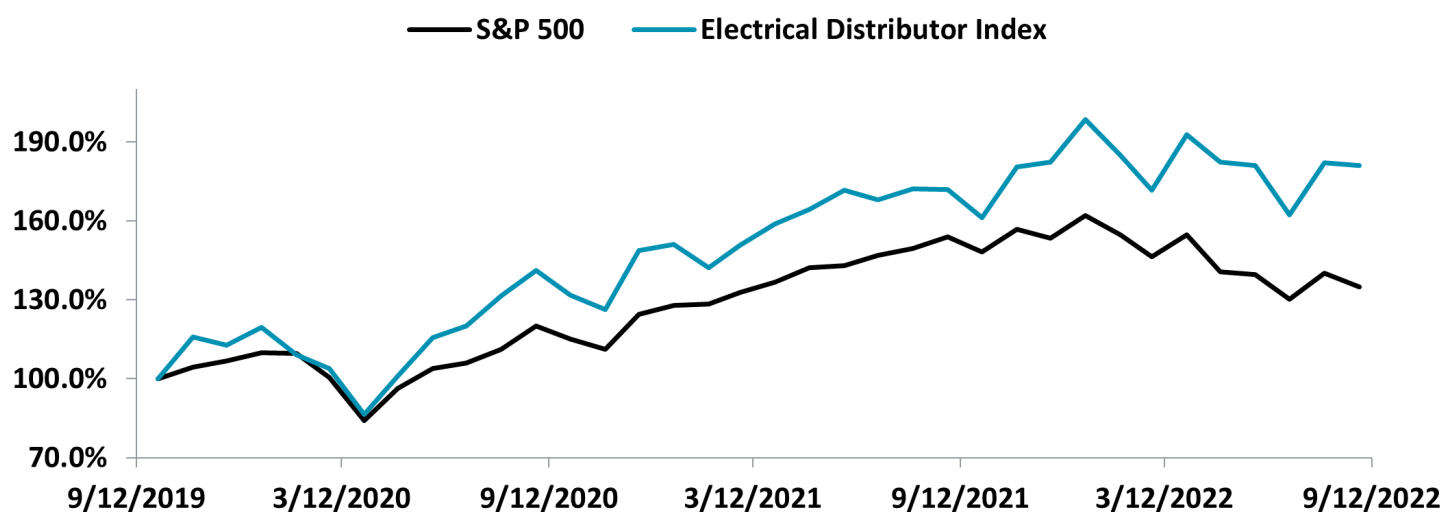
Year Closed	Target	Acquirer	Distribution Category
	Name:	Name:	
2022	Tower Fasteners Co., Inc.	All Integrated Solutions	Electrical hardware supplier
2022	Walker Industrial Products Inc.	Graybar Electric Company, Inc.	Distributes electric components and factory automation solutions
2022	Advanced Electrical & Industrial Supply	World Electric Supply, Inc.	Distributes electrical products
2022	First SOURCE Electrical	Winsupply Inc.	Distributor of various electrical products
2022	Phyl-Mar Electrical Supply	City Electric Supply	Electrical products
2022	Valley Electric Supply	Rexel	Electrical products
2022	Kansas City Electrical Supply	Elliott Electric Supply	Electrical products
2022	Williams Wholesale Supply	Winsupply Inc.	Plumbing and electrical distributor
2022	W.A.Bragg & Company, Inc.	Plumbing Distributors, Inc.	Distributes electrical plumbing supplies
2022	Williams Electrical Supply	Inline Electric Supply	Electrical products
2022	Advance Industrial Devices Company LLC	Black Bay Energy Capital, LLC	Distributes electric motors and motor controls
2022	Atlantic Electrical Supply Corporation	Encompass Supply, Inc.	Electrical products wholesaler
2022	Winkle Electric Company	Rexel USA, Inc.	Electrical products - distributor of Rockwell Automation products
2021	Caniff Electric Supply Co., Inc.	McNaughton-McKay Electric Company, Inc.	Electrical products wholesaler
2021	Mid-Coast Electric Supply	Reynolds Company	Electrical products
2021	Richard Electric Supply Company	Sonepar USA	Electrical products
2021	Steven Engineering	Graybar Electrical Company	Distributor of automation, motion control and pneumatic solutions
2021	Metro Electric Supply	Graybar Electrical Company	Electrical products
2021	Topaz Lighting Corporation	Southwire	Provider of electrical fittings, components and lighting products
2021	Engineered Fastener Company	Frontenac Company LLC	Electrical components distributor
2021	Mayer Electric Supply Company, Inc.	Rexel USA, Inc.	Electrical products wholesaler
2021	Soligent	City Electric Company	Solar electrical equipment
2021	Stealth Aerospace, Inc.	Aircraft Fasteners International, LLC	Electrical products supplier to aerospace industry
2021	Advanced Controls & Distribution, LLC	Connect-Air International, Inc.	Industrial electrical products
2021	French Gerleman Electric Company	Agilix Solutions, LLC	Automation, electrical, power transmission, and safety products
2021	Richmond Electrical Supply, LLC	Cape Electrical Supply, LLC	Electrical products
2021	HCA Distributing	Volutone Distributing, Co.	Electrical products
2021	Houston Wire & Cable Company	Omni Cable Corporation	Wire and cable products
2021	Shanor Electric Supply, Inc.	NOCO Energy Corp.	Lighting and lighting control products
2021	Assets of Mid-West Electrical Supply, Inc.	Van Meter, Inc.	Automation, datacomm, electrical, lighting, and power transmission products
2020	HD Supply Holdings, Inc.	The Home Depot, Inc. (NYSE: HD)	Electrical products
2020	Foley Group, Inc.	Convergence Partners, Inc.	Lighting and electrical equipment
2020	Assets of Titan Wire & Cable, LLC	Monroe Engineering, LLC	Wire and cable products
2020	Chelsea Lighting	Kinzie Capital Partners	Lighting and lighting control products
2020	Baynes Electrical Supply	Granite City Electric Supply	Electrical and lighting products
2020	Crescent Electric's Bronx, NY Location	Long Island Electrical Distributing	Electrical products
2020	Rexel's Pittston, PA & Johnson City, NY Locations	Schaeffler Yesco Distribution Inc	Electrical products
2020	Anixter International Inc	WESCO	Network & security, electrical & electronic, and utility power products
2020	Galco Industrial Electronics, Inc	AEA Investors	Electrical control, automation, and motion products
2019	Frost Electric Supply Company	CED	Electrical supplies
2019	NABCO	Greenbriar Equity	Circuit breakers, fuses, motor controls, and connects
2019	Pittsburgh Wire and Cable Inc	TPC Wire & Cable Corp	Electrical wire and cable
2019	BTC Electronic Components	Aircraft Fasteners International	Connectors and wire management products
2019	Intro Corporation	BJG Electronics, Inc	Electrical connectors, tools, and accessories
2019	EIS	Audax Private Equity	Electrical wire, cable, and assemblies
2019	Omni Cable Corporation	Dot Family Holdings	Redistributor of wire, cable, and electrical products
2019	Franklin Electric	US Electrical Services (CED)	Electrical products
2019	Kaman Industrial Technologies	Littlejohn & Co.	Electrical and industrial products
2019	Richmond Electric Supply Co	Locke Supply Company	Electrical supplies, lighting fixtures, and construction products
2019	City Electric Company Inc	Sonepar	Commercial, residential, and industrial electrical products
2019	The Hite Company	Mayer Electric Supply Company, Inc	Electrical, lamps, and lighting products
2019	Kentucky Lighting & Supply, Inc	Wiseway, Inc.	Lighting and electrical products

Sources: S&P Capital IQ and public data

Publicly-traded Distributors of Electrical Products

(\$ in millions) Company	Enter- prise Value	% of 52- Wk. High	LTM		Revenue Growth		LTM Margins		EV / LTM		EV / NFY	
			Revenue	EBITDA	1 Year	3 Years	G. Profit	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Fastenal Company	29,692	78.4%	6,569	1,676	15.3%	8.2%	46.5%	25.5%	4.5x	17.7x	4.2x	18.3x
Rexel S.A.	8,564	81.1%	17,474	1,312	22.9%	7.1%	26.4%	7.5%	0.5x	6.5x	0.5x	5.7x
WESCO International, Inc.	12,559	96.9%	19,996	1,328	18.3%	34.7%	21.3%	6.6%	0.6x	9.5x	0.6x	7.3x
W.W. Grainger, Inc.	31,601	96.5%	14,215	2,145	16.0%	8.0%	37.5%	15.1%	2.2x	14.7x	2.0x	13.8x
Median		88.8%	\$ 15,844	\$ 1,502	17.2%	8.1%	31.9%	11.3%	1.4x	12.1x	1.3x	10.5x
Mean		88.2%	\$ 14,563	\$ 1,615	18.1%	14.5%	32.9%	13.7%	2.0x	12.1x	1.8x	11.3x

Electrical Distributor Index Performance vs. S&P 500



The electrical distributor index has experienced significant gains off of its March 2020 lows and has consistently outperformed the gains of the S&P 500. Over the last three years, the electrical distributor index has increased 81.0%.

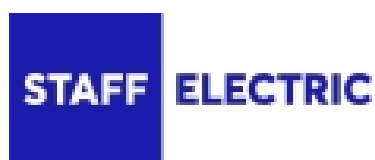
Note: Valuation data as of 09/12/2022

Sources: S&P Capital IQ and public data

About Prairie Capital Advisors

Prairie offers investment banking, ESOP advisory, valuations & opinions and financial reporting valuations to support the growth and ownership transition strategies of middle-market companies. Headquartered in Oakbrook Terrace, Illinois, Prairie is a leading advisor to closely-held companies nationwide.

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