



DISTRIBUTION & LOGISTICS REPORT

Explore M&A Activity, Capital Market Conditions and Current Trends for the Distribution & Logistics Industry



1H 2022

SDR*Ventures*

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DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION & LOGISTICS 1H22: WHAT TO KNOW

- ❑ Every avenue of moving goods around the world has been shaken up by a maelstrom of factors, from the remnants of COVID to war in Europe to a reawakening of the global workforce.
- ❑ When ports close, truckers quit, and dockworkers demand higher wages, the rise of tech, self-driving vehicles, robotics, and better supply chain management are creating opportunities for those who innovate, invest, and advance.
- ❑ We're seeing some distribution giants look upward to air freight as an alternative when the world's biggest ports are backed up and locked down. It's a 3D world, is "up" the next move?

Conjunction Junction, What's Your Function?

Hooking up suppliers to customers shouldn't be this hard, should it? If you bought it, a truck brought it. But the supply chain woes of 2021 not only carried into 1H22, they are being exacerbated by inflation, wage pressure, labor shortages, fuel prices and a war in Europe. Shipping is more than a delivery truck. It's ocean freighters, airlines, and rail. And that means dock workers, freight handlers, airline pilots, ground crews, truck drivers, and warehouse workers. A lot of factors are coming home to roost across the entire supply chain. As players struggle to compete, adapt, and overcome, we're watching steady merger and acquisition activity as the Distribution & Logistics Industry adds components, modernizes, and scales.^{1,2}

Airports around the globe are understaffed (maybe because airlines and shippers laid off workers during the COVID pandemic and former workers are considering job security before agreeing to come back?). As the first half of the year closed, Singapore's main airport is looking for 6,600 workers. In England, one airline was asking the British military to step in and help. Never mind air freight operations, which generally use the same clogged airports as passenger airlines, many don't realize how much freight is moved by "passenger" flights. In 2021, freight was expected to be a \$152 billion boost to the passenger aviation model.^{3,4}

Add to that a shortage of truck drivers. And, by the way, 22,000 west coast dockworkers – the folks who unload all those imports from China – are in tense talks and may be on the brink of a labor strike.^{5,6}

We're witnessing a long-awaited reckoning in the distribution sector. Workers have been underpaid for a long time, and many don't want to do these jobs anymore. From trucking to warehouses, these are hard jobs, and the pay hasn't been great. Warehouse workers walk miles each day as part of their jobs, as well as lifting and loading. Truckers are on the road for days, even weeks at a time. It's been estimated warehouse and distribution giant Amazon experiences 150% annual workforce turnover, and the warehouse industry has already cycled through millions of workers

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ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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who won't go back. Innovators and disruptors – those who find new ways to put technology, connectivity, robotics, and automation to work – stand to benefit.^{7,8}

Ocean Shipping: Batten Down The Hatches

Seaports around the world have been tossed and turned for the past couple of years. And while port bottlenecks have alleviated somewhat, we see rough waters ahead. After 2021's massive bottlenecks, in 1H22 the world's largest port, Shanghai, ground to a COVID-induced shutdown under China's "Zero COVID" policy. Even after reopening, there have been hints it may shut down again for the same reason. And the busy third quarter holiday shipping season is already upon us. Even if ships can unload, there's a shortage of truckers to get that stuff off the docks, a warehouse shortage means there's no place to take that stuff, and looming dockworker labor woes mean there may not even be anyone to unload that stuff.^{6,9,10,11}

Stung by a string of misfortune, we are seeing ports overhauling their operations and working with third-party logistics specialists. And indications of slowing consumer demand may give them some time to reassess and modernize. Port automations, such as a major, cutting-edge automation project completed at the Chinese port of Tainjin, bear watching. The so called "Tainjin Solution" marked a full overhaul of the largest container port in the Beijing region. We are still seeing cargo ships stacked up outside west coast North American ports, but it's not nearly as bad as the bottlenecks we experienced in the latter half of 2012. And there are signs the storm clouds may lift, with opportunities for innovation and investment.^{9,12}

Trucking: Who's At The Wheel?

So far, the trucking industry seems to be at the mercy of ... truckers. Long-haul truck driving is a tough, dangerous job. Stress, weeks away from home, and complex pay structures are driving truckers away just as e-commerce is putting more freight on the road, creating a new, but vastly different, kind of demand for truck transport. The trucking industry reports it's short by as much as 80,000 drivers in the U.S. alone. Since trucks touch nearly three-quarters of all American freight, that's a problem. And when the industry reports a 95% driver turnover rate, that's an indicator that something has to give.^{13,14}

Similar to ocean freight, trucking companies in the U.S. continue to experience labor shortages leading to delivery delays and exacerbating inflation as trucking companies raise salaries. Companies are jacking up pay and offering options, including shorter routes, to attract and retain drivers.¹³

Unfortunately, there's not much freight companies can do about rising diesel prices.¹⁵

One innovation worth watching is the emergence of self-driving trucks. Even if navigating Boston's notoriously tangled city streets or Los Angeles traffic is too much for today's tech, there are ongoing experiments in "hub to hub" models where a human driver takes the load out of the city to a highway hub, the truck drives itself on the open miles of interstate highway, then pulls into another hub where a driver takes over and guides the truck through the last miles. Such models could reduce the cost of labor and increase trip frequency as federally mandated rest periods for drivers would no longer apply.¹⁶

The Plane (And Train) Alternative to Ships and Trucks

Worth tracking is how traditional ship-to-shore distribution will adapt to today's challenges.

Rail freight shipping had to adjust on the fly during the depths of the COVID pandemic as volume dropped and then rebounded rapidly. By academic accounts, the American network held together admirably for a while. But now we're seeing rail facing the same labor shortages and workforce demands as other segments. One solution may be similar to experiments in trucking, self-driving trains. Truth is, that's already a thing. Germany last year introduced what it called a "world first," a train that drives itself, even inside the railyard. Could driverless locomotives haul freight across the vast American West or the Australian Outback in the future?^{17,18,19}



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While ports are backlogged (or in the case of Shanghai, flat out closed at times) we're seeing shipping companies look up. Ocean shipping giant Maersk this year made bold moves by buying up both freight aircraft and air logistics companies. When the biggest ocean shipping company in the world turns its eyes to the skies, the rest of us should probably pay attention. And perpetual consumer elephant-in-the-room Amazon continues to build its own Amazon Air freight capacity while cutting deals and acquiring interests in other air freight operations. Amazon is reportedly in "secret" negotiations to build its own New Jersey air freight hub.^{20,21,24,25,26}

Mergers & Acquisitions

- ❑ As 1H22 closed, Lineage Logistics, the world's largest temperature-controlled real estate investment trust and logistics solutions provider, acquired Turvo Inc., a supply chain management software developer. The two companies have collaborated in the past, including prior Lineage investments in Turvo's supply chain solutions. Lineage leadership said the acquisition was developed during a spike in demand for transportation and warehousing, saying Turvo's platforms are ideally suited to maximizing available truck, rail, and container capacities during a time when supply chains are stretched thin. San Francisco-based Turvo serves the world's largest Fortune 500 shippers and freight brokers. Turvo will operate independently under its own brand, leadership and directors.²²
- ❑ Supply chain management platform e2open Parent Holdings in March acquired Logistyx Technologies, a global parcel and e-commerce shipping tech company, in a deal valued at \$185 million. In 2021, Logistyx grew to \$40 million in revenue. The sale reflected a price of about 11 times adjusted EBITDA once cost synergies are fully realized. Logistyx connects retailers and manufacturers with logistics providers through some 550 in-network carriers. The acquisition will add Logistyx's carrier library, including UPS, FedEx, DHL, and USPS to e2open's global network.²³
- ❑ Ocean container shipping monster Maersk in June continued to invest in the air cargo space in 1H22, announcing it was launching an air freight line, purchasing two jet freightliners, agreeing to purchase three more, and leasing three others. The company also completed the \$644 million acquisition of Senator International, a German integrated logistics company that includes air cargo. By July, Senator's logo already included the tagline, "A Maersk Company." Maersk reported after two years of COVID-related changes, widespread shipping and seaport congestion, the war in Ukraine, and production backlogs, customers have been demanding alternatives tailored to their shipping needs. Maersk began the year in February with a \$1.7 billion acquisition of U.S. freight forwarder Pilot Freight Services from private equity holders ATL Partners and British Columbia Investment Management Corp. Pilot specializes in first, middle and last-mile delivery and border crossing solutions in the "big and bulky" segment. All told, Maersk is adding rapid freight delivery and first and last mile solutions to its robust oceangoing capabilities.^{24,25,26}

Signed, Sealed, Delivered

We believe the sector may be witnessing a global supply chain reboot. Not because inertia craves change, but because a confluence of global events, natural and those of our own doing, have forced the hand. This may be creating opportunities, especially in private equity and investment. We've seen a steady rise in private equity deal value in the supply chain tech market. 2021 saw a jump in supply chain deals, accounting for some \$20 billion in deal value. At least some experts are expecting more to come. There's a new appreciation for the amount of work – the army of people and tech – it takes to bring food to table, toys to tots, and merchandise to the masses.^{27,28}

There's a lot of private equity dry powder on the sidelines globally, by one estimate nearly there's some \$1.8 trillion ready to spend. We see continued opportunities in supply chain modernization, inventory management and tracking, automation, robotics and even some degree of self-driving transport.²⁸

TRANSACTIONS BY SEGMENT



If You Are a Business Owner Looking for Additional Transaction Activity
Within Your Industry, Please Call Our Offices at 720.221.9220.

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.



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ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

| FIRM | RECENT SUBSIDIARY ACQUISITIONS | | | |
|--|--|--|---|---|
|  |  |  |  |  Pool & Electrical Products |
|  |  |  |  | |
|  |  |  |  THE ROCK GARDEN | |

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

| FIRM | RECENT SUBSIDIARY ACQUISITIONS | | | |
|---|--|--|--|---|
|  |  |  |  |  |
|  |   |  |  MORE THAN JUST DELI |    |
|  |  |   |   |  |

Source: Pitchbook Financial Data and Analytics

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.

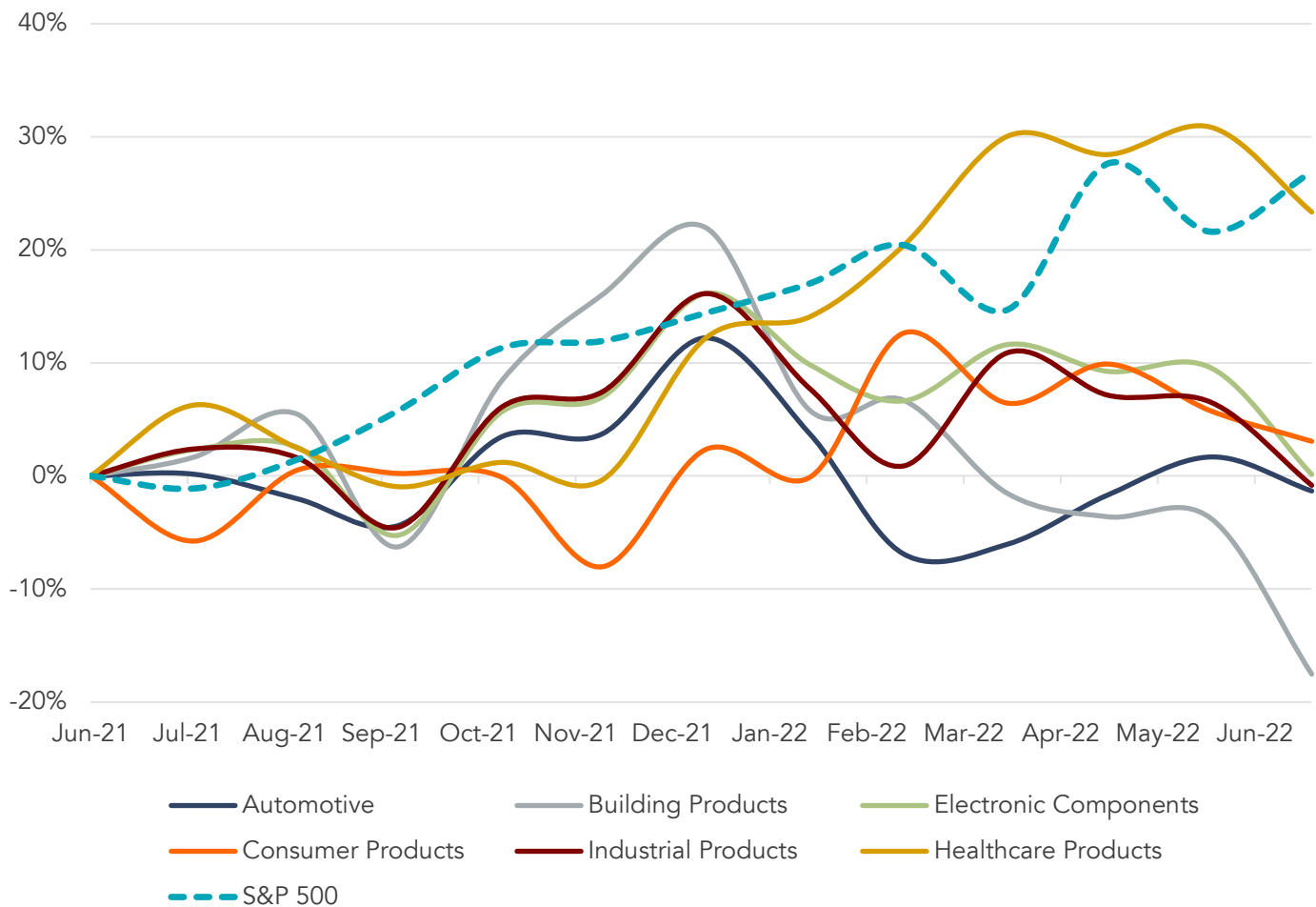


DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION PUBLIC BASKET

DISTRIBUTION SEGMENTS VS. S&P 500

Segment Market Cap Performance – Running 12 Months



AUTOMOTIVE

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|-------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|-------------|------------|------------------|-----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/ Rev | TEV/ EBITDA | Price/ EPS | TEV/ NTM Revenue | TEV/ NTM EBITDA |
| Genuine Parts | GPC | \$ 18,904 | \$ 133.00 | 3.7% | (5.1%) | 93.0% | 10.8% | 8.2% | 12x | 14.1x | 20.6x | 10x | 11.5x |
| LKQ | LKQ | 13,884 | 49.09 | (2.0%) | (18.2%) | 81.2% | (16%) | 13.0% | 13x | 10.3x | NM | 14x | 10.1x |
| Dorman Products | DORM | 3,293 | 109.71 | 4.0% | (2.9%) | 89.2% | 15.5% | 14.7% | 2.4x | 16.8x | 26.0x | 2.1x | 14.0x |
| Meritor | MTOR | 2,574 | 36.33 | 52.7% | 46.6% | 100.0% | NM | 10.1% | 0.9x | 8.8x | 118x | NM | NM |
| Dana (Automotive) | DAN | 2,038 | 14.07 | (42.1%) | (38.3%) | 55.0% | 11.7% | 7.8% | 0.5x | 6.9x | 14.2x | 0.5x | NM |
| Uni-Select | UNS | 966 | 22.20 | 67.7% | 9.9% | 83.2% | 6.0% | 5.6% | 0.8x | 14.9x | NM | 0.8x | 8.2x |
| Segment Average | | | | 14.6% | 5.1% | 90.9% | 8.2% | 11.5% | 1.5x | 12.5x | 19.5x | 1.5x | 11.9x |
| Segment Median | | | | 3.8% | (4.0%) | 91.1% | 10.8% | 11.5% | 1.2x | 12.2x | 20.6x | 1.4x | 11.5x |

Source: Pitchbook Financial Data and Analytics



DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION PUBLIC BASKET (CONTINUED)

HEALTHCARE PRODUCTS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|---------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|-------------|------------|------------------|-----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/ Rev | TEV/ EBITDA | Price/ EPS | TEV/ NTM Revenue | TEV/ NTM EBITDA |
| McKesson | MCK | \$ 46,838 | \$ 326.21 | 69.3% | 312% | 96.0% | 2.0% | 11% | 0.2x | 18.0x | 44.9x | 0.2x | 10.5x |
| AmerisourceBergen | ABC | 29,635 | 141.48 | 215% | 6.5% | 84.6% | 6.8% | 14% | 0.1x | 10.1x | 17.3x | 0.1x | 9.1x |
| Cardinal Health | CAH | 14,240 | 52.27 | (9.8%) | 15% | 810% | 5.7% | 0.1% | 0.1x | NM | NM | 0.1x | 7.0x |
| Henry Schein | HSIC | 10,594 | 76.74 | 16% | (10%) | 82.8% | 4.7% | 8.5% | 10x | 12.0x | 16.7x | 10x | 112x |
| Patterson Companies | PDCO | 2,931 | 30.30 | (15%) | 3.2% | 85.9% | 2.0% | 5.7% | 0.5x | 9.2x | 14.7x | 0.5x | 9.6x |
| Owens & Minor | OMI | 2,394 | 31.45 | (25.2%) | (27.7%) | 64.0% | 5.4% | 3.8% | 0.5x | 13.6x | 12.5x | 0.5x | 7.5x |
| Segment Average | | | | 9.3% | 2.3% | 82.4% | 4.4% | 3.4% | 0.4x | 12.5x | 21.2x | 0.4x | 9.1x |
| Segment Median | | | | 0.1% | 2.4% | 83.7% | 5.0% | 2.6% | 0.4x | 12.0x | 16.7x | 0.3x | 9.3x |

BUILDING PRODUCTS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|-----------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|-------------|------------|------------------|-----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/ Rev | TEV/ EBITDA | Price/ EPS | TEV/ NTM Revenue | TEV/ NTM EBITDA |
| W.W. Grainger | GWV | \$ 23,198 | \$ 454.43 | 2.2% | (12.3%) | 85.8% | 13.4% | 14.3% | 19x | 13.3x | 20.3x | 17x | 11x |
| POOLCORP | POOL | 14,058 | 351.23 | (24.0%) | (37.9%) | 60.3% | 118% | 17.2% | 2.8x | 16.2x | 19.5x | 2.5x | 14.9x |
| Beacon Roofing Supply | BECN | 3,531 | 51.36 | (5.4%) | (10.4%) | 78.7% | 13.8% | 9.0% | 0.9x | 9.5x | 14.7x | 0.7x | 8.1x |
| Boise Cascade | BCC | 2,347 | 59.49 | 15% | (16.4%) | 69.8% | (11.1%) | 14.9% | NM | 16x | 2.7x | 0.3x | NM |
| BlueLinx Holdings | BXC | 645 | 66.81 | 36.6% | (30.2%) | 66.8% | (6.6%) | 12.3% | NM | 2.1x | NM | 0.3x | 3.1x |
| Segment Average | | | | 2.2% | (21.5%) | 72.3% | 4.3% | 13.5% | 1.8x | 8.5x | 14.3x | 1.1x | 9.3x |
| Segment Median | | | | 1.5% | (16.4%) | 69.8% | 11.8% | 14.3% | 1.9x | 9.5x | 17.1x | 0.7x | 9.6x |

ELECTRONIC COMPONENTS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|-------------|------------|------------------|-----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/ Rev | TEV/ EBITDA | Price/ EPS | TEV/ NTM Revenue | TEV/ NTM EBITDA |
| W.W. Grainger | GWV | \$ 23,222 | \$ 454.43 | 2.2% | (12.3%) | 85.8% | 115% | 14.3% | 19x | 13.3x | 20.3x | 17x | 116x |
| Arrow Electronics | ARW | 7,402 | 112.09 | (2.5%) | (16.5%) | 813% | 7.1% | 5.6% | 0.3x | 5.2x | 6.3x | 0.3x | 4.6x |
| WESCO International | WCC | 5,432 | 107.10 | 3.1% | (18.6%) | 74.2% | 110% | 6.3% | 0.6x | 8.8x | 10.5x | 0.5x | 6.6x |
| Avnet | AVT | 4,189 | 42.88 | 6.6% | 4.0% | 85.4% | 7.0% | 4.0% | 0.2x | 6.0x | 8.1x | 0.2x | 4.9x |
| ScanSource | SCSC | 786 | 31.14 | 9.4% | (112%) | 75.9% | 7.0% | 4.3% | 0.3x | 6.3x | 9.0x | 0.3x | 5.2x |
| Richardson Electronics | RELL | 221 | 14.66 | 75.1% | 8.4% | 86.2% | 19.6% | 7.8% | 0.9x | 11.2x | 17.0x | 0.7x | NM |
| Segment Average | | | | 15.7% | (7.7%) | 81.5% | 10.5% | 7.1% | 0.7x | 8.5x | 11.9x | 0.6x | 6.6x |
| Segment Median | | | | 4.9% | (11.8%) | 83.3% | 9.0% | 5.9% | 0.4x | 7.5x | 9.8x | 0.4x | 5.2x |

Source: Pitchbook Financial Data and Analytics



DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION PUBLIC BASKET (CONTINUED)

CONSUMER PRODUCTS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|------------|-----------|-----------------|----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/Rev | TEV/EBITDA | Price/EPS | TEV/NTM Revenue | TEV/NTM EBITDA |
| Sysco | SYO | \$ 43,158 | \$ 84.71 | 10.3% | 7.8% | 92.5% | 118% | 4.7% | 0.8x | 17.7x | 43.7x | 0.7x | 13.0x |
| Performance Food Group | PFGC | 7,127 | 45.98 | (4.6%) | 0.2% | 79.1% | 25.2% | 15% | 0.3x | 17.1x | NM | 0.2x | 10.2x |
| US Foods | USFD | 6,869 | 30.68 | (19.3%) | (119%) | 77.2% | 10.5% | 2.6% | 0.4x | 15.1x | 48.7x | 0.4x | 8.8x |
| United Natural Foods | UNFI | 2,297 | 39.40 | 6.8% | (19.7%) | 68.1% | 4.5% | 2.6% | 0.2x | 7.9x | NM | 0.2x | 7.0x |
| The Chefs' Warehouse | CHEF | 1,490 | 38.89 | 24.1% | 16.8% | 92.2% | 30.1% | 3.7% | NM | NM | NM | NM | NM |
| SpartanNash | SPTN | 1,090 | 30.17 | 58.0% | 17.1% | 80.5% | 2.6% | 2.3% | 0.2x | 9.0x | NM | 0.2x | 7.9x |
| Segment Average | | | | 12.5% | 1.7% | 81.6% | 14.1% | 2.9% | 0.4x | 13.3x | 46.2x | 0.3x | 9.4x |
| Segment Median | | | | 8.5% | 4.0% | 79.8% | 11.1% | 2.6% | 0.3x | 15.1x | 46.2x | 0.2x | 8.8x |

INDUSTRIAL PRODUCTS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|--------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|------------|-----------|-----------------|----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/Rev | TEV/EBITDA | Price/EPS | TEV/NTM Revenue | TEV/NTM EBITDA |
| Fastenal | FAST | \$ 28,613 | \$ 49.92 | (4.1%) | (22.1%) | 77.1% | 12.0% | 23.3% | 4.6x | 19.8x | 29.2x | 4.1x | 17.8x |
| W.W. Grainger | GWW | 23,222 | 454.43 | 2.2% | (12.3%) | 85.8% | 115% | 14.3% | 19x | 13.3x | 20.3x | 17x | 116x |
| Genuine Parts | GPC | 18,904 | 133.00 | 3.7% | (5.1%) | 93.0% | 10.7% | 8.2% | 12x | 14.1x | 20.6x | 10x | 115x |
| WESCO International | WCC | 5,432 | 107.10 | 3.1% | (18.6%) | 74.2% | 110% | 6.3% | 0.6x | 8.8x | 10.5x | 0.5x | 6.6x |
| Msc Industrial Direct Co | MSM | 4,205 | 75.11 | (16.3%) | (10.6%) | 81.6% | 10.1% | 13.9% | 14x | 10.4x | 13.9x | 13x | 8.8x |
| DistributionNOW | DNOW | 1,083 | 9.78 | 0.6% | 14.5% | 77.9% | 17.9% | 4.3% | 0.5x | 10.9x | 23.9x | 0.4x | 6.7x |
| MRC Global | MRC | 831 | 9.96 | 2.6% | 44.8% | 74.1% | 18.9% | 2.8% | 0.6x | 21.8x | NM | 0.5x | 6.8x |
| Segment Average | | | | (1.2%) | (1.4%) | 80.5% | 13.2% | 10.4% | 1.5x | 14.2x | 19.7x | 1.4x | 10.0x |
| Segment Median | | | | 2.2% | (10.6%) | 77.9% | 11.5% | 8.2% | 1.2x | 13.3x | 20.4x | 1.0x | 8.8x |

Source: Pitchbook Financial Data and Analytics

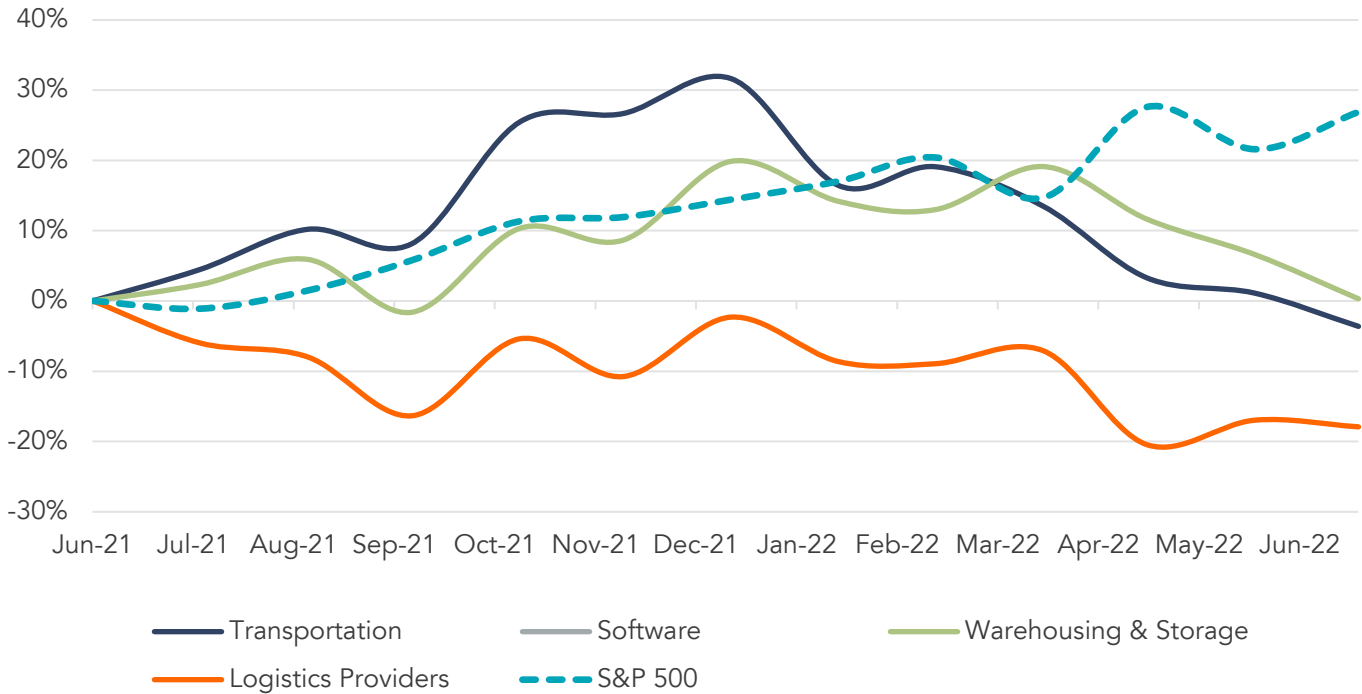


DISTRIBUTION & LOGISTICS REPORT

LOGISTICS PUBLIC BASKET

LOGISTICS SEGMENTS VS. S&P 500

Segment Market Cap Performance – Running 12 Months



TRANSPORTATION

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|------------------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|-------------|------------|------------------|-----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/ Rev | TEV/ EBITDA | Price/ EPS | TEV/ NTM Revenue | TEV/ NTM EBITDA |
| United Parcel Service | UPS | \$ 159,497 | \$ 182.54 | (13.2%) | (14.8%) | 78.1% | 4.5% | 17.7% | 17x | 9.9x | 14.9x | 17x | 10.0x |
| Old Dominion Freight Line | ODFL | 29,050 | 256.28 | (0.7%) | (28.5%) | 68.6% | 15.6% | 31.8% | 5.1x | 16.0x | 26.2x | 4.4x | 13.1x |
| J.B. Hunt Transport | JBHT | 16,500 | 157.47 | (5.7%) | (23.0%) | 72.2% | 17.2% | 13.3% | 14x | 10.1x | 19.5x | 12x | 8.5x |
| Knight Transportation | KNX | 7,572 | 46.29 | 10% | (24.0%) | 74.3% | 12.2% | 25.9% | 14x | 5.5x | 9.4x | 13x | 5.6x |
| FedEx | FDX | 5,876 | 226.71 | (24.2%) | (12.3%) | 74.9% | 7.5% | 12.5% | 10x | 9.4x | 15.8x | 0.9x | 7.4x |
| Landstar System | LSTR | 5,399 | 145.42 | (9.2%) | (18.8%) | 77.1% | (3.8%) | 8.5% | 0.8x | 8.9x | 12.9x | 0.8x | 9.7x |
| Saia | SAIA | 4,853 | 188.00 | (11.7%) | (44.2%) | 51.4% | 16.1% | 21.8% | 2.0x | 9.1x | 17.0x | 17x | 7.4x |
| Schneider National | SNDR | 3,982 | 22.38 | 1% | (16.8%) | 81.4% | 13.5% | 15.2% | 0.6x | 4.3x | 9.0x | 0.6x | 4.0x |
| Ryder System | R | 3,605 | 71.06 | (6.9%) | (13.8%) | 76.4% | 14.2% | 28.0% | 10x | 3.5x | 5.9x | 0.9x | 3.5x |
| Werner Enterprises | WERN | 2,507 | 38.54 | (13.8%) | (19.1%) | 79.0% | 9.4% | 21.9% | 10x | 4.5x | 9.7x | 0.9x | 4.6x |
| Atlas Air Worldwide Holdings | AAWW | 1,740 | 61.71 | (9.7%) | (34.4%) | 63.5% | 5.7% | 25.7% | 0.8x | 3.2x | 4.0x | 0.8x | 3.4x |
| ArcBest | ARCB | 1,706 | 70.37 | 17.0% | (41.3%) | 56.3% | 21.1% | 10.6% | 0.4x | 4.2x | 7.2x | 0.4x | 3.4x |
| Marten Transport | MRTN | 1,378 | 16.82 | 0.4% | (2.0%) | 84.4% | 25.8% | 21.8% | 13x | 5.8x | 14.8x | 10x | NM |
| Heartland Express | HTLD | 1,085 | 13.91 | (20.8%) | (17.3%) | 77.8% | 24.3% | 34.7% | 15x | 4.3x | 13.4x | 12x | 4.4x |
| Universal Logistics Holdings | ULH | 722 | 27.31 | 15.4% | 44.8% | 89.0% | 9.1% | 10.8% | 0.7x | 6.0x | 7.8x | 0.6x | NM |
| P.A.M. Transportation Services | PTSI | 610 | 27.39 | 106.5% | (22.9%) | 67.0% | 24.9% | 23.3% | 10x | 4.1x | 7.1x | 0.8x | NM |
| USA Truck | USAK | 284 | 31.42 | 89.5% | 58.0% | 99.2% | 8.1% | 11.1% | 0.6x | 5.4x | 8.2x | 0.6x | NM |
| Roadrunner Transportation Services | RRTS | 116 | 3.07 | (38.7%) | 42.8% | 56.6% | NM | NM | NM | NM | NM | NM | NM |
| Segment Average | | | | 4.2% | (10.4%) | 73.7% | 13.3% | 19.7% | 1.3x | 6.7x | 11.9x | 1.1x | 6.5x |
| Segment Median | | | | (6.3%) | (18.0%) | 75.6% | 13.5% | 21.8% | 1.0x | 5.5x | 9.7x | 0.9x | 5.6x |

Source: Pitchbook Financial Data and Analytics



DISTRIBUTION & LOGISTICS REPORT

LOGISTICS PUBLIC BASKET (CONTINUED)

SOFTWARE

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|-------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|------------|-----------|-----------------|----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/Rev | TEV/EBITDA | Price/EPS | TEV/NTM Revenue | TEV/NTM EBITDA |
| Aspen Technology | AZPN | \$ 114.19 | \$ 183.68 | 30.0% | 20.7% | 87.2% | 66.7% | 43.6% | 16.5x | 37.9x | 45.8x | 9.9x | NM |
| Manhattan Associates | MANH | 7,233 | 114.60 | (22.0%) | (26.3%) | 60.8% | 10.2% | 22.0% | 10.3x | 46.6x | 619x | 9.3x | 36.2x |
| Descartes Systems Group | DSGX | 5,263 | 62.06 | (10.0%) | (24.9%) | 67.9% | 10.0% | 39.9% | 11.4x | 28.7x | 58.5x | 10.4x | 23.5x |
| SPS Commerce | SPSC | 4,132 | 113.05 | 11.3% | (20.6%) | 64.8% | 20.3% | 20.7% | 9.8x | 47.1x | 88.3x | 8.1x | 27.9x |
| American Software | AMSWA | 544 | 16.16 | (28.2%) | (38.2%) | 48.6% | 4.5% | 13.8% | 3.3x | 23.7x | 43.7x | 3.1x | 24.9x |
| Park City Group | PCYG | 82 | 4.40 | (20.3%) | (24.1%) | 412% | 13.9% | 29.4% | 3.6x | NM | 24.4x | 3.1x | NM |
| Segment Average | | | | (6.5%) | (18.9%) | 61.8% | 20.9% | 28.2% | 9.1x | 36.8x | 53.8x | 7.3x | 28.2x |
| Segment Median | | | | (15.1%) | (24.5%) | 62.8% | 12.1% | 25.7% | 10.0x | 37.9x | 52.2x | 8.7x | 26.4x |

WAREHOUSING & STORAGE

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|-------------------------------|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|------------|-----------|-----------------|----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/Rev | TEV/EBITDA | Price/EPS | TEV/NTM Revenue | TEV/NTM EBITDA |
| Public Storage | PSA | \$ 54,883 | \$ 312.67 | 4.1% | (16.5%) | 74.1% | 13.7% | 80.8% | 18.2x | 22.5x | 30.4x | 16.0x | NM |
| PACCAR | PCAR | 28,628 | 82.34 | (7.3%) | (6.7%) | 84.4% | 12.8% | 13.6% | 14x | 10.5x | 14.5x | 13x | NM |
| Extra Space Storage | EXR | 22,844 | 170.12 | 3.2% | (25.0%) | 74.3% | 18.1% | 75.9% | 17.9x | 23.5x | 27.6x | 15.1x | NM |
| Wabtec | WAB | 14,992 | 82.08 | 0.3% | (10.9%) | 82.0% | 8.9% | 18.2% | 2.4x | 13.0x | 26.0x | 2.2x | 116x |
| Cubesmart | CUBE | 9,588 | 42.72 | (7.7%) | (24.9%) | 74.5% | 15.5% | 66.1% | 14.7x | 22.3x | 40.7x | 12.8x | NM |
| National Storage Affiliates | NSA | 4,583 | 50.07 | (0.5%) | (27.6%) | 715% | 23.6% | 65.9% | 13.2x | 20.0x | 49.1x | 10.7x | 14.4x |
| Meritor | MTOR | 2,574 | 36.33 | 52.7% | 46.6% | 100.0% | NM | 10.1% | 0.9x | 8.8x | 118x | NM | NM |
| Dana (Automotive) | DAN | 2,038 | 14.07 | (42.1%) | (38.3%) | 55.0% | 11.7% | 7.8% | 0.5x | 6.9x | 14.2x | NM | NM |
| American Axle & Manufacturing | AXL | 862 | 7.53 | (34.0%) | (19.3%) | 65.5% | 17.0% | 12.7% | 0.7x | 5.4x | NM | NM | NM |
| Wabash National | WNC | 662 | 13.58 | (12.1%) | (30.4%) | 62.8% | 35.6% | 4.2% | 0.6x | 13.0x | NM | NM | 4.6x |
| Segment Average | | | | (4.3%) | (15.3%) | 74.4% | 17.4% | 35.6% | 7.0x | 14.6x | 26.8x | 9.7x | 10.2x |
| Segment Median | | | | (3.9%) | (22.1%) | 74.2% | 15.5% | 15.9% | 1.9x | 13.0x | 26.8x | 11.7x | 11.6x |

LOGISTICS PROVIDERS

| Company Name | Symbol | Market Stats | | | | | Operating Stats | | LTM Multiples | | | NTM Multiples | |
|--|--------|------------------------|------------|------------|------------|-------------------|---------------------|---------------|---------------|------------|-----------|-----------------|----------------|
| | | Market Cap (\$ in Mil) | Price (\$) | LTM Change | YTD Change | % of 52 Week High | Est. Revenue Growth | EBITDA Margin | TEV/Rev | TEV/EBITDA | Price/EPS | TEV/NTM Revenue | TEV/NTM EBITDA |
| United Parcel Service | UPS | \$ 159,497 | \$ 182.54 | (13.2%) | (14.8%) | 78.1% | 4.5% | 17.7% | 17x | 9.9x | 14.9x | 17x | 10.0x |
| Expeditors International of Washington | EXPD | 16,349 | 97.46 | (23.4%) | (27.4%) | 70.7% | (9.0%) | 11.4% | 0.8x | 7.2x | 113x | 0.9x | 116x |
| C.H. Robinson Worldwide | CHRW | 12,901 | 101.37 | 7.6% | (5.8%) | 87.4% | 0.1% | 5.1% | 0.6x | 118x | 14.3x | 0.6x | 112x |
| FedEx | FDX | 5,876 | 226.71 | (24.2%) | (12.3%) | 74.9% | 7.5% | 12.5% | 10x | 9.4x | 15.8x | 0.9x | 7.4x |
| XPO Logistics | XPO | 5,539 | 48.16 | (41.5%) | (37.8%) | 53.1% | (14.7%) | 10.9% | 0.6x | 5.6x | 7.0x | 0.7x | 6.4x |
| Forward Air | FWRD | 2,470 | 91.96 | 1% | (24.1%) | 73.2% | 13.5% | 13.3% | 15x | 116x | 17.7x | 14x | NM |
| Air Transport Services Group | ATSG | 2,137 | 28.73 | 23.8% | (2.2%) | 83.2% | 11.8% | 38.9% | 19x | 4.8x | 10.7x | 17x | 5.1x |
| Atlas Air Worldwide Holdings | AAWW | 1,740 | 61.71 | (9.7%) | (34.4%) | 63.5% | 5.7% | 25.7% | 0.8x | 3.2x | 4.0x | 0.8x | 3.4x |
| Park Ohio Holdings | PKOH | 200 | 15.86 | (50.8%) | (25.1%) | 48.0% | 14.8% | 2.2% | 0.6x | 25.8x | NM | 0.5x | 7.6x |
| Segment Average | | | | (14.5%) | (20.4%) | 70.2% | 3.8% | 15.3% | 1.1x | 9.9x | 12.0x | 1.0x | 7.8x |
| Segment Median | | | | (13.2%) | (24.1%) | 73.2% | 5.7% | 12.5% | 0.8x | 9.4x | 12.8x | 0.9x | 7.5x |

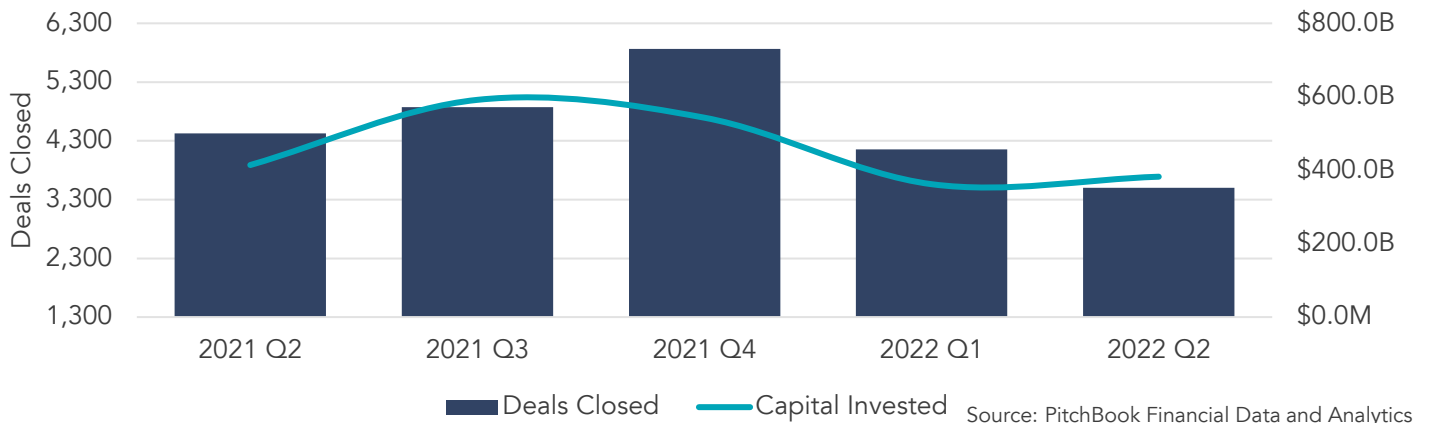
Source: Pitchbook Financial Data and Analytics



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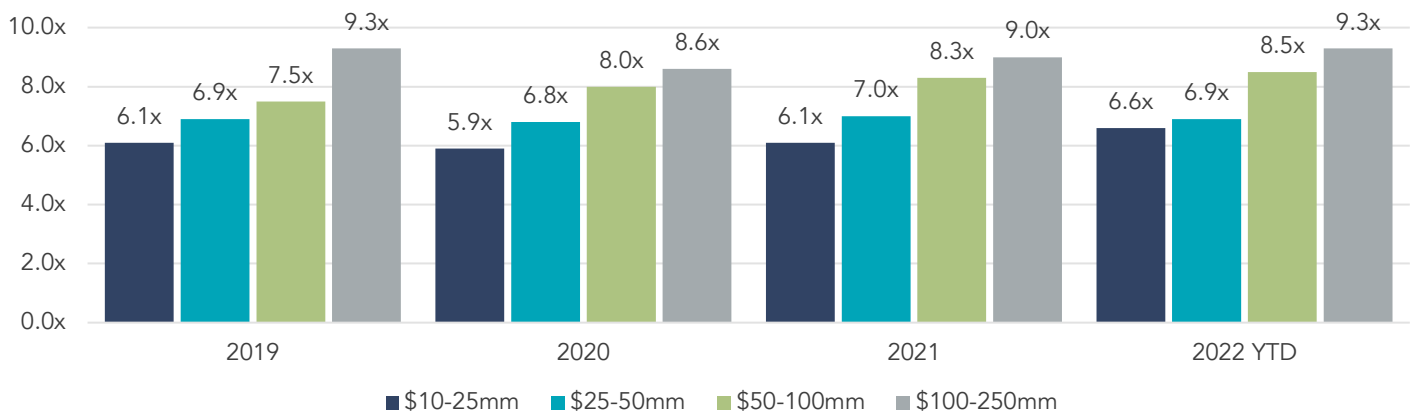
U.S. M&A ACTIVITY SNAPSHOT

OVERALL U.S. M&A ACTIVITY

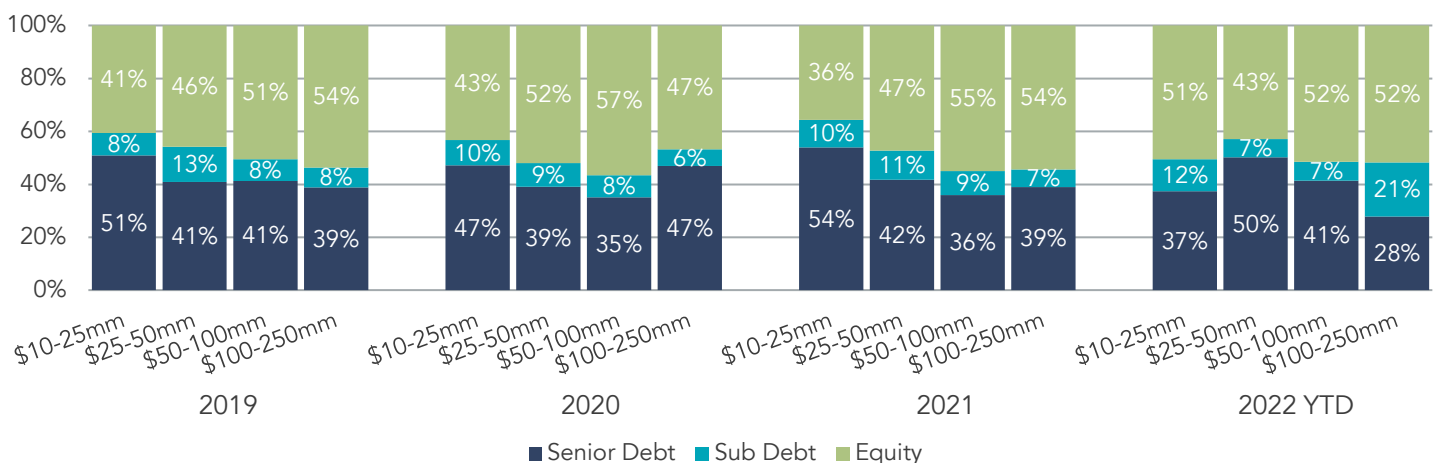


LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of May 2022.

Source: GF Data®



DISTRIBUTION & LOGISTICS REPORT

COMPREHENSIVE DISTRIBUTION & LOGISTICS EXPERTISE

With ownership and operations backgrounds in both logistics and distribution, our team has the depth of experience and industry expertise that you want on your side. Our team is active in the marketplace and consults regularly for dealership network peer groups on increasing transferable value. Let us help you understand the market and maximize the value of your transactions.

Our specialties in Logistics include: Our specialties in Distribution include:

- | | |
|--|--|
| <input type="checkbox"/> Trucking | <input type="checkbox"/> Consumer Products |
| <input type="checkbox"/> Logistics Software | <input type="checkbox"/> Electronic Components |
| <input type="checkbox"/> Warehousing and Storage | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Logistics Providers | <input type="checkbox"/> Healthcare |

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RECENT SDR TRANSACTIONS

SDR has completed numerous transactions in Distribution & Logistics, most recently:

| | | | | | |
|--|--|--|--|---|--|
| Has been acquired by A portfolio company of SDR Ventures SELL-SIDE TRANSACTION | Has been acquired by SDR Ventures SELL-SIDE TRANSACTION | Has been acquired by SDR Ventures SELL-SIDE TRANSACTION | Has been acquired by SDR Ventures SELL-SIDE TRANSACTION | Has acquired SDR Ventures BUY-SIDE TRANSACTION | Has been acquired by SDR Ventures SELL-SIDE TRANSACTION |
|--|--|--|--|---|--|

SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING



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