

## SDR VENTURES – INDUSTRIAL SERVICES DIVISION

# PALLET INDUSTRY M&A OVERVIEW



### PALLET MANUFACTURING M&A GUIDEPOSTS

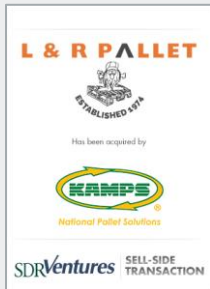
#### BEST-IN-CLASS ATTRIBUTES

- Strong revenue and EBITDA growth
- 20%+ gross margins, double digit EBITDA margins
- Strong management team with robust plant leadership
- Minimal customer concentration
- Best-in-class safety program
- Strong ability to recruit and retain talent
- Ability to maintain and build upon financial performance in current environment

#### MARKET DYNAMICS

- Select buyers willing to base valuations off recent financial performance spike
- Balanced mix of new and recycled business

### RECENTLY COMPLETED TRANSACTION



#### L&R PALLET

- Founded in 1974
- Based in Denver, Colorado
- 2.2M pallets managed annually
- Kamp's 6th acquisition since being purchased by private equity firm, Freeman Spogli & Co. in 2020
- Manages new and recycled pallets

### THE SDR VENTURES DIFFERENCE

#### CONSIDERATION

Increase your company's value through a competitive auction process with highly-targeted buyers. **Valuations in the pallet industry have never been higher.** SDR is available to perform customized valuations.

#### CERTAINTY OF CLOSE

Leverage SDR's long-standing relationships with vetted industry professionals and corporate buyers. On average, only 20-30% of deals close. **SDR's close rate is 88%.**

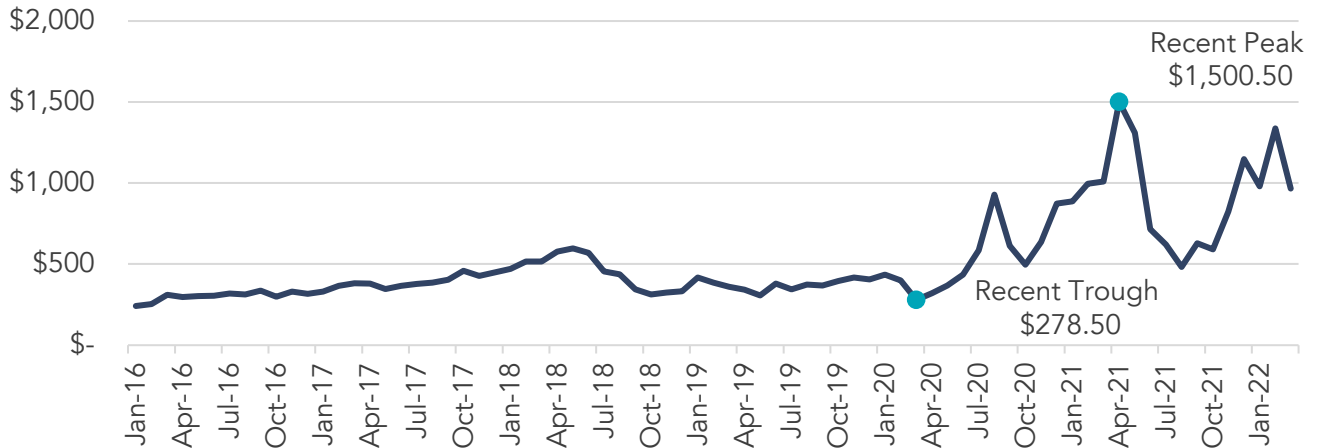
#### CLOSURE

SDR will create a menu of options so you can sell or recapitalize with the partner that will fit post-close objectives most important to you. **We provide a holistic approach to every client**

## PALLET INDUSTRY M&A AND INVESTMENT SNAPSHOT

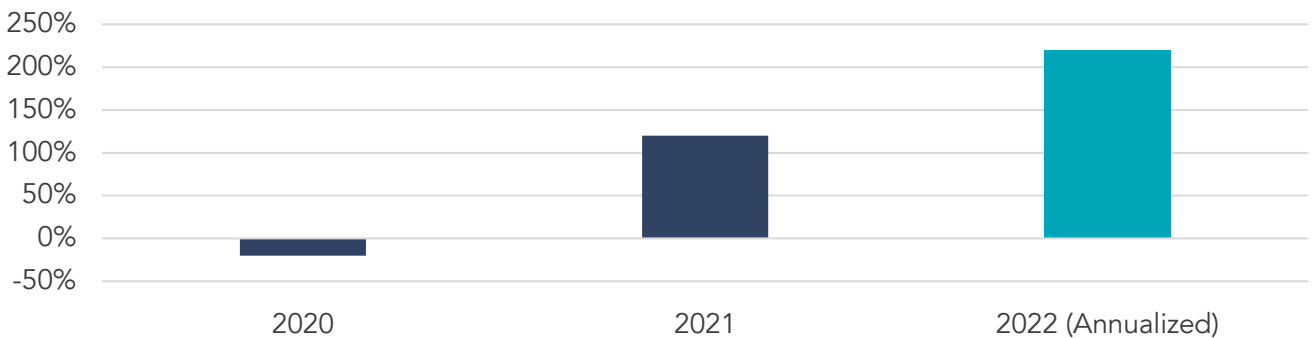
### MONTHLY U.S. TIMBER PRICES

Pallet industry players have seen an uptick in revenue and profit as supply-side constraints and raw material costs have caused prices to rise. This increase in financial performance may have a significant positive impact on valuation in the near term. However, if prices normalize to pre-COVID levels, valuations will likely drop.



### TRANSACTION TREND

% Change from 2019



Note: This data only reflects reported transactions from the top 10 most active acquirers in the industry.

## CONTACT THE INDUSTRIAL SERVICES TEAM



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For the past two decades, SDR Ventures has been a valuable resource and advisor for Industrial Services industry business owners. SDR's experience has placed it at the leading edge of the market, giving you a distinct advantage when you choose to seek investments to grow your business or exit.

Learn more at [sdrventures.com](https://sdrventures.com).