



DISTRIBUTION & LOGISTICS REPORT

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



2H 2022

SDR*Ventures*

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DISTRIBUTION & LOGISTICS 2H22: WHAT TO KNOW

- ❑ If there were ever a case of learning everything we didn't already know about logistics, the hard way, the past few years is it. Post-pandemic, supply chains are getting back to normal, but it's not the old normal. We're into a new normal.
- ❑ Gone are the days of a supervisor on the dock with a hard hat checking off his clipboard as containers are unloaded. Today's supply chain management is cloud-enabled, fully digital, with end-to-end, real-time management. And, will robots solve the labor shortage?
- ❑ Some big winners emerged from the supply chain crisis. We're watching as they redeploy those windfalls into green energy, modern facilities, and tech. For the winners, 2023 could be the year of the bold move.

Supply Chain Woes In The Rearview, Lessons Learned

If 2021 was the year of a supply chain disruption so bad even the White House noticed, maybe 2H22 will be remembered as the period when things got back to normal. Not the "old normal" of just-in-time delivery, but a new normal built on diversified supply chains, automation, and broader distribution options. Just as the 1956 introduction of the standardized shipping container revolutionized distribution, the past years' global shipping shock may have created a sea of change. Without realizing it, we may be witnessing a revolution unfold. As with any period of great change, good things may fall to those who get ahead of the curve.^{1,2}

In 2H22, we've been closely watching how the intricate supply chain dance has changed. Over the past two years, a series of unfortunate events challenged JIT (just-in-time delivery) and exposed the folly of relying on any one country, producer, and shipping route. A global pandemic shut down producers and, in some cases, slashed demand, so producers slowed. Then a huge ship got stuck in the Suez Canal, blocking traffic. A whipsaw of renewed consumer demand clogged the giant ports of Southern California. Then there was a shortage of truck drivers. Then labor union unrest in rail and shipping.^{3,4,5,6,7}

When getting that gadget from Amazon's website to your doorstep requires so many parts moving in perfect tandem ... well, we saw what happened. Shortages of everything from toilet paper to computer chips. Automakers were left with cars they couldn't finish and sell.⁸

So, what's next? We're watching producers make substantial changes. Onshoring or nearshoring, or just in general diversifying production and supply lines. And we're watching how shippers react, adjust, and evolve. How will automation and robotics help companies keep up even as unemployment rates dive and workers are hard to come by or retain?

CONTENTS

[Transaction Activity](#)
[Active Buyers](#)
[Public Baskets](#)
[M&A Market Activity](#)
[About SDR Ventures](#)

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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Supply Chains Return To Normal ... But Is It The Same Normal?

The good news is, it finally appears supply chains are back up and running. Port backlogs cleared, factories in China are producing, ocean shipping costs are back to normal, and railroads dodged a labor strike. Whew.⁹

Now we look for what companies learned and how to avoid setting ourselves up for another jolt the next time. Spoiler: There's always a next time. Some ideas seem self-evident, such as multi-sourcing supplies in case one supplier is disrupted, but in 2H22, only a third of manufacturers appear to have fully developed alternative supply options. Producers will also need to diversify supplies geographically (as in, something other than China), and by the end of the year, some 90% of supply chain leaders said they got the message. Companies are looking to Mexico, Vietnam, and other countries. Plus, they're looking for better supply chain tech. Leaders across the industry say they need better tracking and routing technologies that allow end-to-end tracking and real-time, in-route adjustments.¹⁰

Maybe one of the highest-profile examples of a company "getting it" is Apple's frustration with China, home to multiple Foxconn assembly facilities responsible for Apple products. The company is stepping up plans to diversify away from China to Vietnam and India, after China's "Zero Covid" plan led to production slowdowns and later employee unrest in Zhengzhou, where up to 300,000 Chinese factory workers produce Apple's Pro line of iPhones (up to 85% of the Pro line). Apple's leaders have known for years it was too closely tied to China, but now spurred by disruptions – and perhaps by increasing China/U.S. military tension, the company is acting. But it won't be easy, Apple and China are tightly bound together.¹¹

Apple isn't the only player taking notice – and action. Leaders in India, Saudi Arabia, and north African countries are stepping up, wooing foreign manufacturers. Once, it was "Made in Japan." Now it's "Made in China." So why not a future of "Made All Over The Place?"¹²

In a 2H22 survey by publisher McKinsey & Company, business leaders across sectors – from electronics and high tech to consumer goods to healthcare – say they are leaning away from JIT, building inventory, and reworking supply strategies. Oddly, two areas hit the hardest by shortages, automotive and consumer goods, are lagging behind other sectors in their willingness to shake things up.¹³

Whenever there's a change this big, spanning the world from Zhengzhou, China, to your front door via planes, ships, trains, and trucks, we watch for opportunities for new efficiencies through mergers and acquisition activity. Each move may open doors for those ready to pounce. Perhaps the surest way to protect a supply chain may be to bring that work back home, within arm's reach. Even if manufacturers give up labor cost savings by coming back, they are trading new costs for more certainty. What good is making a product if you can't sell it? A new trend in onshoring is spurring renewed M&A activity. One example was Sky Peak Capital's 2022 formation of a manufacturing division and acquiring U.S.-based precision machining operations that can serve customers at home, even if supply chains abroad are in chaos, a potentially huge advantage for customers.¹⁴

Bouncing Back Better, Investing for Tomorrow

While manufacturers have learned lessons about their supply chain dependency, an "all the eggs in one basket" kind of thing, logistics companies are spotting room for improvement as well. Some providers did very well as a result of the snarls. Danish shipping and logistics giant Maersk continued its string of profit growth. The third quarter marked the 16th quarter in a row of year-over-year profit growth, coming in 37% higher than the prior year with logistics revenue at nearly \$23 billion for the quarter. Profits for the first three quarters of 2022 topped \$24 billion.¹⁵

As the company is predicting profits will slow as things get back to normal and shipping rates retreat, it is putting its windfalls to work. In December, the company inked a deal to build its first green and smart logistics hub in China's Shanghai Free Trade Zone. The project promises reduced greenhouse gas emissions and is expected to cost \$174 million. Maersk also spent \$61 million to acquire Martin Bencher, a Danish company providing end-to-end project logistics solutions for oversized freight. It also announced new cold storage facilities in Saudi Arabia and Norway; accelerated its move away from fossil fuels with green fuel initiatives; opened a warehouse in Brazil to strengthen its



DISTRIBUTION & LOGISTICS REPORT

footprint in Latin America, as well as adding warehouse space in Denmark, India, the Philippines, the U.K., and Ireland; opened a 560,000 square foot logistics park in Pakistan; and launched a Korea to U.S. air freight service. All in 2H22.¹⁶

But improving distribution & logistics goes beyond warehouses and ships. Tech is a big player and a big business. We're watching how innovators and implementers in digital tracking and systems management as well as robotics and automation increase efficiencies and build certainty. The Logistics Automation Market is expected to see compound annual growth (CAGR) topping 12% over the next five years. Key here are applications of IoT (Internet of Things) connecting systems that help industries work smarter, whether that's batching, picking, ordering, packaging or security and machine learning inspections or maintenance. It's estimated some 80% of warehouses today still operate manually, without digital automation. With persistent labor supply issues, that has to stop. Warehouse robotics and IoT connectivity are key to productivity, efficiency, and profitability. We anticipate M&A activity and investment across the industry. As we've often seen, sometimes the most efficient, fastest path to scale is by rolling up smaller players and buying out competitors. Watch for that.¹⁷

Industry experts expect warehouse adoption of robotics in the next five years to combat labor shortages and rising costs, as well as to improve safety and efficiency. As innovation speeds up, the time lag for ROI for newly installed solutions shortens. An investment in robotics soon will be expected to pay for itself in a single year.¹⁸

Warehouse and distribution leader Amazon – which already operates more than 500,000 robots to help stock, pick, and sort items – in 2H22 showcased a new class of robots under development that uses artificial intelligence and optical sensors that allow them to freely roam fulfillment centers, finding and carrying oversized or heavy items autonomously. The robots are learning to understand their surroundings in three dimensions and make their own decisions on a case-by-case basis, all without intimidating (or running over) human workers.¹⁹

Mergers & Acquisitions

- ❑ England's Linnworks inventory and order management software provider for e-commerce acquired Kentucky-based Skuvault, a warehouse and inventory management platform. The acquisition creates a single platform that helps omnichannel retailers streamline inventory and order management. The deal was touted as creating the most powerful growth platform for omnichannel sellers in the world. Distribution & logistics doesn't have to mean new ships and trucks. We're seeing plenty of activity in digital supply chain management. Terms were not disclosed.²⁰
- ❑ In December, Colorado-based industrial tech company Trimble acquired German transportation management and logistics platform Transporeon in an all-cash \$2 billion deal. Trimble leadership said they value Transporeon's cloud software model focused on connected supply chain infrastructure. The platform integrates with 3,000 global transportation management systems and facilitated more than 25 million on-platform transports in 2022.²¹
- ❑ To start the second half of the year, Iowa-based Heartland Express trucking acquired TFI International for \$525 million, doubling Heartland's size overnight and pushing the company's truckload business to the eighth largest in the U.S. The deal also included TFI's Mexican operations. Heartland acquired 2,000 tractors and 7,800 trailers, as well as a robust workforce. Earlier in the year, Heartland acquired Smith Transport, another trucking company, for \$170 million.^{22,23}

2023, Setting Sail ... But To Where?

In hindsight, 2022 was kind of a meh year in distribution & logistics M&A. So much chaos came into play. We started the year trying to catch up on shipping port backlogs in Los Angeles, and we finally cleared that up when China shut down its ports over Covid, maybe not ideal. Russia invaded its neighbor, clogging the Black Sea and mucking up Ukrainian food shipments. We had a shortage of truck drivers, labor disputes at ports and railways, general labor shortages, and then the Fed started raising interest rates (to combat nagging inflation) sparking fears of a global recession, slowing M&A in general in Q4. That's a lot of "headwinds."^{24,25}



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Deal value by volume across the industry was down 24% and by value by 16%. It gets a little worse if you're looking for momentum heading into 2023, deal value was down 69% comparing 2H22 to the first half of the year. If we want to put a happy face on this, maybe we could tell ourselves the industry is "coiling" for a big leap this year. But it's sure not looking that way. It's not all gloom and doom. As we've seen, players who made bank during the pandemic have money to spend on scale and vertical integration, maybe with less competition. Advances in technology (and a new awareness of where we need to work on our supply chains) look positive. Deals are there to be made, especially as the industry looks for help in fleet management, telematics, transportation management, digital freight matching, and warehouse management. Deal making in the distribution & logistics industry will largely be dependent on the macro factors impacting all industries; inflation, the pace of rate increases, and potential recessionary impacts on demand.^{26,27}

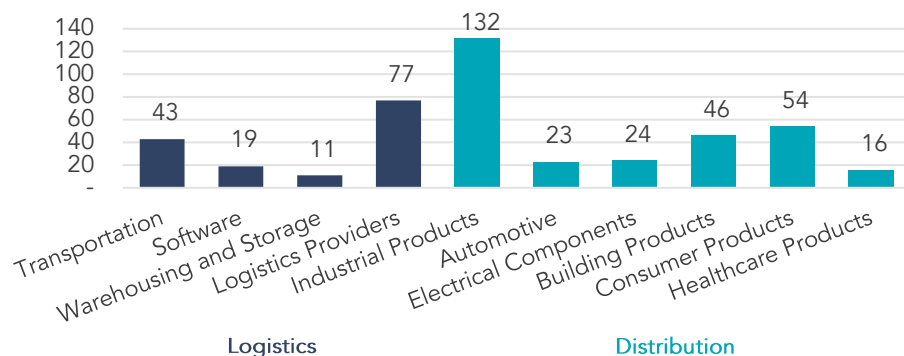
We're being honest, there's a lot of uncertainty. But there's opportunity, too. Trucking fleets need drivers, but that's where buying a smaller competitor or self-driving technologies can help. Warehouses need workers, but engineers and scientists are zeroing in on robotic workers through machine learning. If the last few years taught us anything, it's that we don't know what we don't know. What's that saying? Fortune favors the bold.²⁸



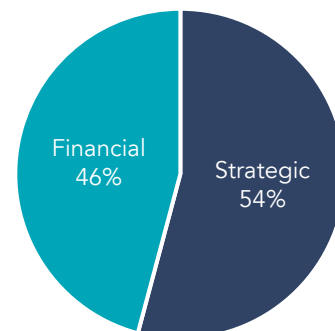


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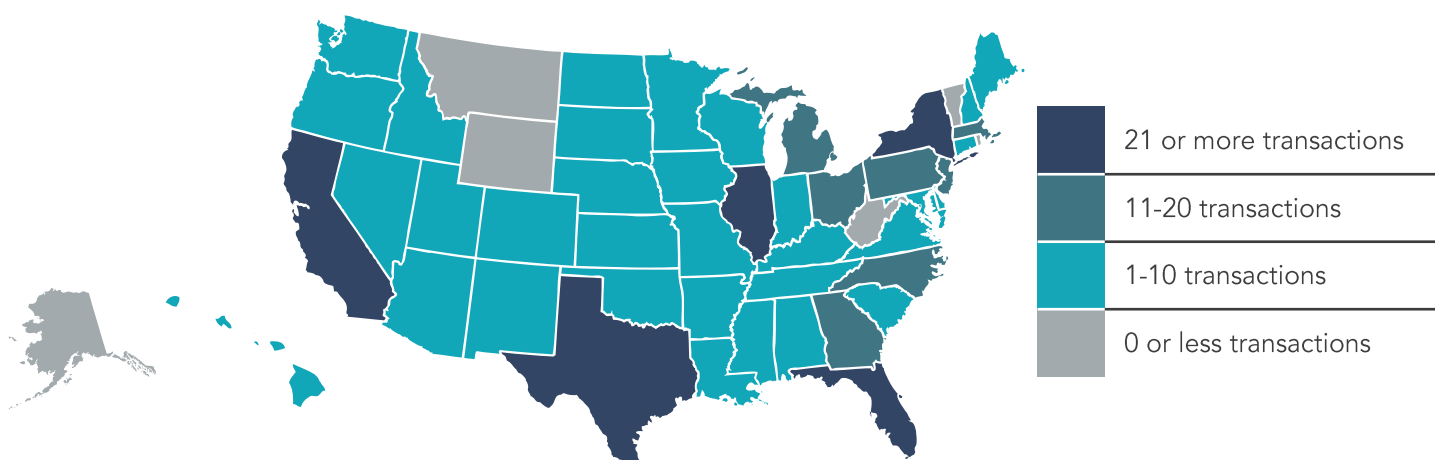
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
12/15/22	Wittichen Supply Company	Beijer Ref	Industrial Products	1,301.02	2.0x	13.7x
11/1/22	Terra Firma	DKSH Management	Industrial Products	360.00	15x	-
11/1/22	Formerra	H.I.G. Capital	Industrial Products	950.00	-	-
10/5/22	TexTrail	Dexter Axle	Automotive	922.00	-	-
10/4/22	SAAM Ports	Hapag-Lloyd	Logistics Providers	1,000.00	-	-

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

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.



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ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

FIRM	RECENT SUBSIDIARY ACQUISITIONS			
				 
				
				

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

FIRM	RECENT SUBSIDIARY ACQUISITIONS			
				
				
				
				
				

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.

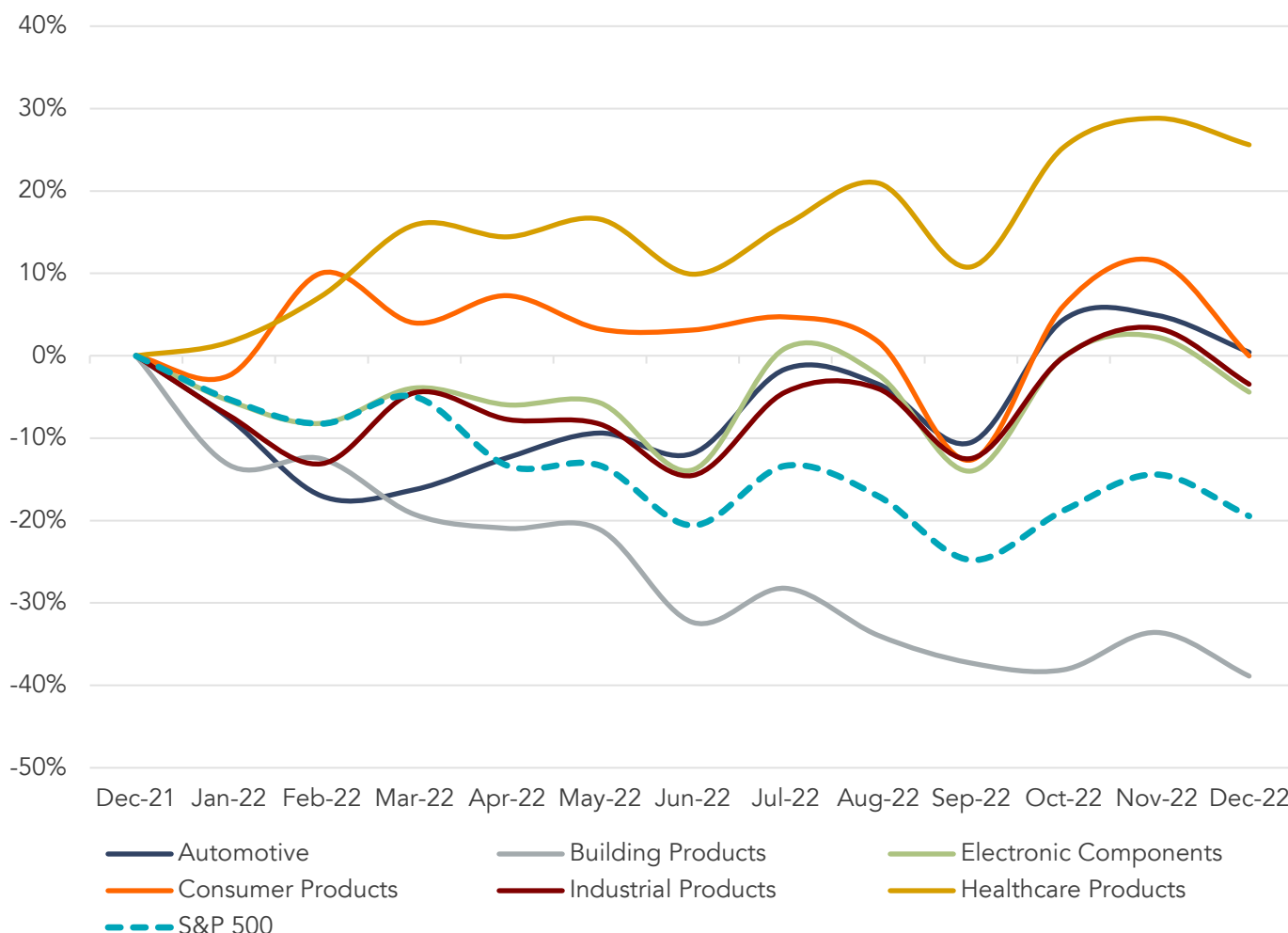


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DISTRIBUTION PUBLIC BASKET

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	\$ 24,493	\$ 173.51	23.8%	23.8%	92.4%	5.0%	9.3%	13x	14.1x	20.9x	12x	13.6x
LKQ	LKQ	14,270	53.41	(110%)	(110%)	88.4%	(19%)	14.1%	14x	9.7x	NM	14x	10.1x
Dorman Products	DORM	2,541	80.87	(28.4%)	(28.4%)	67.9%	20.2%	13.8%	17x	12.5x	18.5x	14x	8.9x
Uni-Select	UNS	1,384	31.60	56.5%	56.5%	92.3%	6.5%	9.0%	10x	11.2x	NM	0.9x	9.0x
Kaman	KAMN	625	22.30	(48.3%)	(48.3%)	48.0%	116%	112%	18x	16.2x	34.8x	16x	14.0x
Segment Average				(1.5%)	(1.5%)	77.8%	8.3%	11.5%	1.4x	12.7x	24.7x	1.3x	11.1x
Segment Median				(11.0%)	(11.0%)	88.4%	6.5%	11.2%	1.4x	12.5x	20.9x	1.4x	10.1x

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	\$ 53,190	\$ 375.12	50.9%	50.9%	93.4%	3.7%	15%	0.2x	14.5x	26.5x	0.2x	116x
AmerisourceBergen	ABC	33,486	165.71	24.7%	24.7%	94.9%	7.2%	13%	0.2x	116x	20.6x	0.1x	9.7x
Cardinal Health	CAH	20,150	76.87	49.3%	49.3%	94.2%	11.1%	(0.1%)	0.1x	NM	NM	0.1x	8.4x
Henry Schein	HSIC	10,826	79.87	3.0%	3.0%	86.2%	2.0%	8.7%	1.1x	12.1x	17.4x	10x	116x
Patterson Companies	PDCO	2,721	28.03	(4.5%)	(4.5%)	79.4%	2.7%	5.7%	0.5x	9.1x	13.8x	0.5x	NM
Owens & Minor	OMI	1,489	19.53	(55.1%)	(55.1%)	39.8%	3.0%	4.4%	0.4x	9.6x	12.2x	0.4x	7.1x
Segment Average				11.4%	11.4%	81.3%	5.0%	3.6%	0.4x	11.4x	18.1x	0.4x	9.7x
Segment Median				13.9%	13.9%	89.8%	3.4%	2.9%	0.3x	11.6x	17.4x	0.3x	9.7x

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	GWW	\$ 28,107	\$ 556.25	7.3%	7.3%	90.9%	7.6%	15.7%	2.1x	13.2x	19.9x	1.9x	12.5x
POOLCORP	POOL	11,806	302.33	(46.6%)	(46.6%)	53.1%	(3.1%)	17.7%	2.2x	12.5x	15.5x	2.3x	13.6x
Beacon Roofing Supply	BECN	3,435	52.79	(8.0%)	(8.0%)	80.8%	18%	10.3%	0.7x	7.3x	9.8x	0.7x	7.9x
Boise Cascade	BCC	2,709	68.67	(3.6%)	(3.6%)	80.6%	(10.8%)	15.5%	NM	18x	NM	0.3x	4.7x
BlueLinx Holdings	BXC	643	71.11	(25.7%)	(25.7%)	71.1%	(20.7%)	115%	NM	2.0x	NM	0.3x	4.2x
Helix BioPharma	HBP	32	0.16	(32.6%)	(32.6%)	59.5%	NM	NM	NM	NM	NM	NM	NM
Segment Average				(18.2%)	(18.2%)	72.7%	(5.0%)	14.1%	1.7x	7.3x	15.1x	1.1x	8.6x
Segment Median				(16.8%)	(16.8%)	75.9%	(3.1%)	15.5%	2.1x	7.3x	15.5x	0.7x	7.9x

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	GWW	\$ 28,107	\$ 556.25	7.3%	7.3%	90.9%	7.6%	15.7%	2.1x	13.2x	19.9x	1.9x	12.5x
Arrow Electronics	ARW	6,432	104.57	(22.1%)	(22.1%)	75.8%	(8.7%)	6.1%	0.3x	4.4x	4.9x	0.3x	4.8x
WESCO International	WCC	6,366	125.20	(4.9%)	(4.9%)	85.1%	7.3%	7.3%	0.6x	7.9x	8.7x	0.5x	6.6x
Avnet	AVT	3,805	41.58	0.8%	0.8%	82.8%	(6.8%)	4.7%	0.2x	5.2x	5.4x	0.3x	5.9x
ScanSource	SCSC	741	29.22	(16.7%)	(16.7%)	71.3%	7.9%	4.3%	0.3x	6.7x	8.3x	0.3x	5.5x
Richardson Electronics	RELL	297	21.33	57.8%	57.8%	78.3%	16.8%	10.4%	1.1x	10.6x	13.7x	0.9x	NM
Segment Average				3.7%	3.7%	80.7%	4.0%	8.1%	0.8x	8.0x	10.1x	0.7x	7.1x
Segment Median				(2.0%)	(2.0%)	80.6%	7.4%	6.7%	0.4x	7.3x	8.5x	0.4x	5.9x

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	SY	\$ 38,742	\$ 76.45	(2.7%)	(2.7%)	83.5%	9.1%	4.7%	0.7x	14.9x	27.1x	0.6x	114x
Performance Food Group	PFGC	9,090	58.39	27.2%	27.2%	94.2%	7.3%	17%	0.3x	14.3x	NM	0.2x	10.4x
US Foods	USFD	7,651	34.02	(2.3%)	(2.3%)	85.6%	8.5%	2.8%	0.4x	14.1x	37.8x	0.4x	8.8x
United Natural Foods	UNFI	2,316	38.71	(21.1%)	(21.1%)	75.7%	3.4%	2.5%	0.2x	8.2x	10.0x	0.2x	7.0x
The Chefs' Warehouse	CHEF	1,490	33.28	(0.1%)	(0.1%)	78.9%	218%	4.6%	0.7x	16.3x	36.6x	0.6x	9.6x
SpartanNash	SPTN	1,066	30.24	17.4%	17.4%	80.1%	4.8%	2.0%	0.2x	9.9x	19.6x	0.2x	7.4x
Segment Average				3.1%	3.1%	83.0%	9.2%	3.0%	0.4x	13.0x	26.2x	0.4x	9.1x
Segment Median				(1.2%)	(1.2%)	81.8%	7.9%	2.6%	0.3x	14.2x	27.1x	0.3x	9.2x

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
W.W. Grainger	GWW	\$ 28,107	\$ 556.25	7.3%	7.3%	90.9%	7.6%	15.7%	2.1x	13.2x	19.9x	19x	12.5x
Fastenal	FAST	27,103	47.32	(26.1%)	(26.1%)	73.6%	7.0%	23.4%	4.1x	17.3x	25.4x	3.8x	16.4x
Genuine Parts	GPC	24,493	173.51	23.8%	23.8%	92.4%	5.0%	9.3%	1.3x	14.1x	20.9x	12x	13.6x
WESCO International	WCC	6,366	125.20	(4.9%)	(4.9%)	85.1%	7.3%	7.3%	0.6x	7.9x	8.7x	0.5x	6.6x
MSC Industrial Supply	MSM	4,573	81.70	(2.8%)	(2.8%)	92.9%	4.1%	14.6%	1.5x	10.0x	13.5x	14x	9.3x
DistributionNOW	DNOW	1,403	12.70	48.7%	48.7%	94.0%	13.6%	6.9%	0.6x	8.3x	13.2x	0.5x	6.7x
MRC Global	MRC	968	11.58	68.3%	68.3%	86.1%	17.3%	4.3%	0.6x	13.6x	NM	0.5x	6.1x
Segment Average				16.3%	16.3%	87.9%	8.8%	11.6%	1.5x	12.1x	16.9x	1.4x	10.2x
Segment Median				7.3%	7.3%	90.9%	7.3%	9.3%	1.3x	13.2x	16.7x	1.2x	9.3x

Source: Pitchbook Financial Data and Analytics

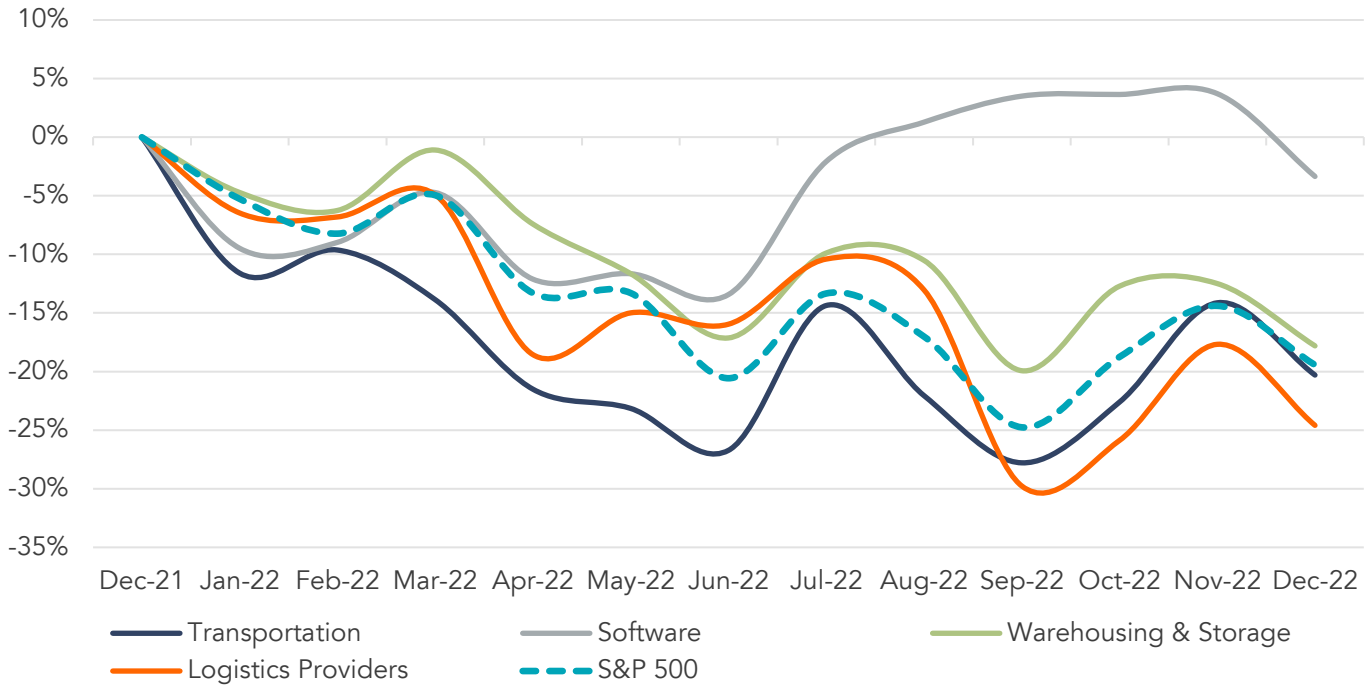


DISTRIBUTION & LOGISTICS REPORT

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	\$ 150,357	\$ 173.84	(18.9%)	(18.9%)	74.4%	(0.6%)	17.9%	16x	9.0x	13.6x	16x	9.9x
Old Dominion Freight Line	ODFL	31,352	283.78	(20.8%)	(20.8%)	78.8%	0.3%	33.2%	NM	NM	NM	NM	NM
J.B. Hunt Transport	JBHT	18,053	174.36	(14.7%)	(14.7%)	79.9%	(0.8%)	13.5%	13x	9.7x	18.2x	13x	9.3x
Knight Transportation	KNX	8,422	52.41	(14.0%)	(14.0%)	84.4%	(5.5%)	24.5%	14x	5.6x	9.9x	14x	6.4x
FedEx	FDX	5,876	173.20	(33.0%)	(33.0%)	64.9%	(2.3%)	9.5%	0.8x	8.6x	13.6x	0.8x	8.0x
Landstar System	LSTR	5,852	162.90	(9.0%)	(9.0%)	89.5%	(18.8%)	8.4%	0.8x	9.0x	13.5x	0.9x	11.8x
Saia	SAIA	5,549	209.68	(37.8%)	(37.8%)	61.1%	(0.7%)	22.8%	2.0x	8.8x	15.5x	2.0x	8.9x
Ryder System	R	4,199	83.57	14%	14%	85.9%	3.2%	27.6%	0.9x	3.4x	5.2x	0.9x	3.8x
Schneider National	SNDR	4,165	23.40	(13.0%)	(13.0%)	85.1%	(0.6%)	14.9%	0.6x	4.0x	8.7x	0.6x	4.3x
Atlas Air Worldwide Holdings	AAWW	2,859	100.80	7.1%	7.1%	99.2%	2.7%	212%	10x	4.8x	8.1x	10x	4.8x
Werner Enterprises	WERN	2,545	40.26	(15.5%)	(15.5%)	82.5%	8.1%	19.7%	0.9x	4.8x	10.2x	0.9x	5.0x
ArcBest	ARCB	1,710	70.04	(41.6%)	(41.6%)	56.5%	(2.0%)	10.8%	0.3x	3.2x	5.5x	0.4x	3.8x
Marten Transport	MRTN	1,604	19.78	15.3%	15.3%	84.4%	9.2%	20.6%	13x	6.2x	15.0x	12x	NM
Heartland Express	HTLD	1,211	15.34	(8.8%)	(8.8%)	88.6%	61.9%	39.0%	2.1x	5.5x	8.7x	13x	6.8x
Universal Logistics Holdings	ULH	879	33.44	77.3%	77.3%	82.0%	(3.4%)	14.3%	0.7x	4.7x	5.9x	0.7x	NM
P.A.M. Transportation Services	PTSI	575	25.90	(27.1%)	(27.1%)	64.8%	4.0%	216%	0.8x	3.8x	5.8x	0.8x	NM
Canadian General Investment	CGI	502	23.97	(30.6%)	(30.6%)	67.0%	NM	NM	NM	NM	NM	NM	NM
Roadrunner Transportation Services	RRTS	116	1.46	(32.1%)	(32.1%)	39.1%	NM	NM	NM	NM	NM	NM	NM
Usak Seramik Sanayi	USAK	60	0.24	106.8%	106.8%	93.3%	NM	12.9%	0.9x	7.3x	8.6x	NM	NM
Segment Average				(5.7%)	(5.7%)	76.9%	3.4%	19.6%	1.1x	6.1x	10.4x	1.1x	6.9x
Segment Median				(14.7%)	(14.7%)	82.0%	(0.6%)	19.7%	0.9x	5.5x	9.3x	0.9x	6.6x

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	\$ 13,257	\$ 205.40	35.0%	35.0%	77.9%	76.5%	43.6%	19.1x	43.7x	512x	10.8x	NM
Manhattan Associates	MANH	7,575	121.40	(21.9%)	(21.9%)	76.9%	9.8%	19.8%	10.0x	50.5x	69.4x	9.1x	34.5x
Descartes Systems Group	DSGX	5,906	69.65	(15.8%)	(15.8%)	83.3%	8.9%	40.3%	12.0x	29.8x	65.7x	11.0x	24.7x
SPS Commerce	SPSC	4,629	128.43	(9.8%)	(9.8%)	87.5%	21.6%	21.3%	10.2x	48.0x	NM	8.4x	28.9x
American Software	AMSWA	495	14.68	(43.9%)	(43.9%)	54.5%	(0.6%)	12.4%	NM	24.2x	47.4x	3.0x	19.1x
Park City Group	PCYG	91	4.95	(14.7%)	(14.7%)	46.4%	14.3%	30.2%	NM	NM	NM	3.4x	NM
Segment Average				(11.8%)	(11.8%)	71.1%	21.8%	27.9%	12.8x	39.2x	58.4x	7.6x	26.8x
Segment Median				(15.2%)	(15.2%)	77.4%	12.1%	25.8%	11.1x	43.7x	58.5x	8.7x	26.8x

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	\$ 49,212	\$ 280.19	(25.2%)	(25.2%)	66.4%	12.5%	138.1%	14.8x	10.7x	114x	13.2x	18.5x
PACCAR	PCAR	34,419	98.97	12.1%	12.1%	92.3%	7.8%	14.6%	NM	10.0x	13.3x	14x	8.9x
Extra Space Storage	EXR	19,711	147.18	(35.1%)	(35.1%)	64.3%	15.7%	76.0%	15.0x	19.7x	214x	13.0x	19.0x
Wabtec	WAB	18,152	99.81	8.4%	8.4%	94.6%	7.1%	18.3%	NM	14.7x	27.7x	2.5x	12.9x
Cubesmart	CUBE	9,039	40.25	(29.3%)	(29.3%)	70.2%	8.7%	67.7%	12.6x	18.3x	35.3x	11.6x	17.5x
National Storage Affiliates	NSA	3,282	36.12	(47.8%)	(47.8%)	51.6%	9.7%	65.6%	10.1x	15.4x	39.3x	9.2x	12.4x
Dana (Automotive)	DAN	2,169	15.13	(33.7%)	(33.7%)	59.3%	6.5%	4.9%	NM	10.0x	NM	NM	5.8x
Wabash National	WNC	1,084	22.60	15.8%	15.8%	86.2%	13.8%	5.6%	NM	11.2x	24.0x	NM	6.0x
American Axle & Manufacturing	AXL	896	7.82	(16.2%)	(16.2%)	65.4%	6.0%	11.6%	NM	NM	NM	NM	NM
Miton UK MicroCap Trust	MINI	73	0.77	(36.4%)	(36.4%)	60.6%	NM	NM	NM	NM	NM	NM	NM
Segment Average				(18.7%)	(18.7%)	71.1%	9.8%	44.7%	13.1x	13.7x	24.6x	8.5x	12.6x
Segment Median				(27.2%)	(27.2%)	65.9%	8.7%	18.3%	13.7x	12.9x	24.0x	10.4x	12.6x

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	\$ 150,357	\$ 173.84	(18.9%)	(18.9%)	74.4%	(0.6%)	17.9%	16x	9.0x	13.6x	16x	9.9x
Expeditors International of Washington	EXPD	16,537	103.92	(22.6%)	(22.6%)	76.9%	(33.1%)	115%	0.8x	6.8x	10.9x	12x	10.5x
C.H. Robinson Worldwide	CHRW	10,777	91.56	(14.9%)	(14.9%)	75.5%	(18.3%)	5.6%	0.5x	9.0x	11.1x	0.6x	12.2x
FedEx	FDX	5,876	173.20	(33.0%)	(33.0%)	64.9%	(2.3%)	9.5%	0.8x	8.6x	13.6x	0.8x	8.0x
XPO Logistics	XPO	3,834	33.29	(27.6%)	(27.6%)	70.4%	(42.5%)	13.1%	0.5x	4.1x	NM	0.9x	7.4x
Atlas Air Worldwide Holdings	AAWW	2,859	100.80	7.1%	7.1%	99.2%	2.7%	21.2%	10x	4.8x	8.1x	10x	4.8x
Forward Air	FWRD	2,789	104.89	(13.4%)	(13.4%)	83.4%	1.7%	15.5%	15x	10.0x	15.1x	15x	9.7x
Air Transport Services Group	ATSG	1,889	25.98	(11.6%)	(11.6%)	75.2%	9.2%	33.3%	16x	4.9x	11.2x	15x	4.8x
Park Ohio Holdings	PKOH	157	12.23	(42.2%)	(42.2%)	52.1%	11.1%	3.3%	0.5x	NM	NM	0.5x	7.0x
Segment Average				(19.7%)	(19.7%)	74.7%	(8.0%)	14.5%	1.0x	7.2x	11.9x	1.1x	8.2x
Segment Median				(18.9%)	(18.9%)	75.2%	(0.6%)	13.1%	0.8x	7.7x	11.2x	1.0x	8.0x

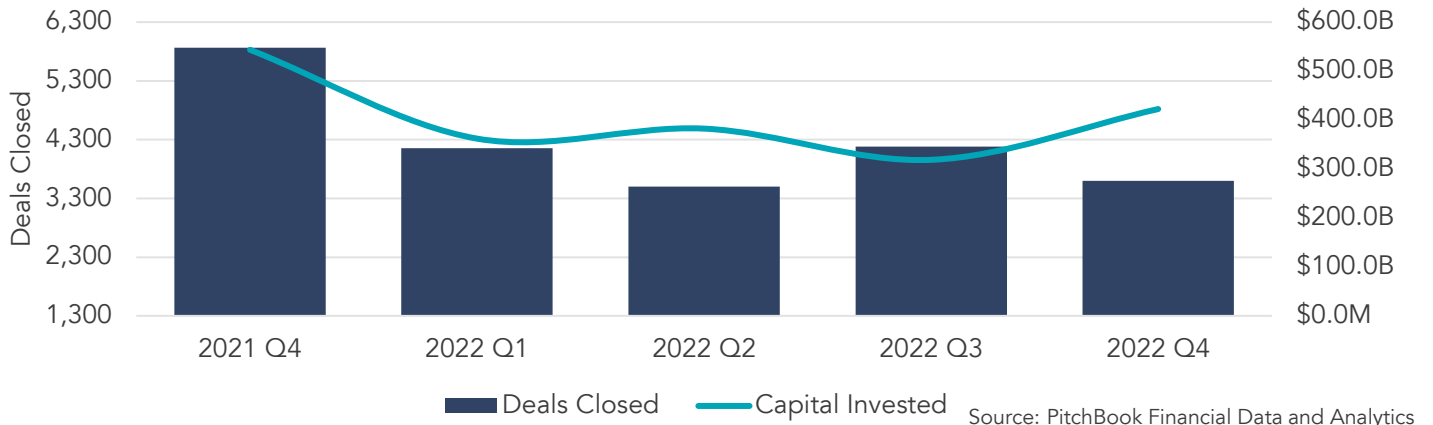
Source: Pitchbook Financial Data and Analytics



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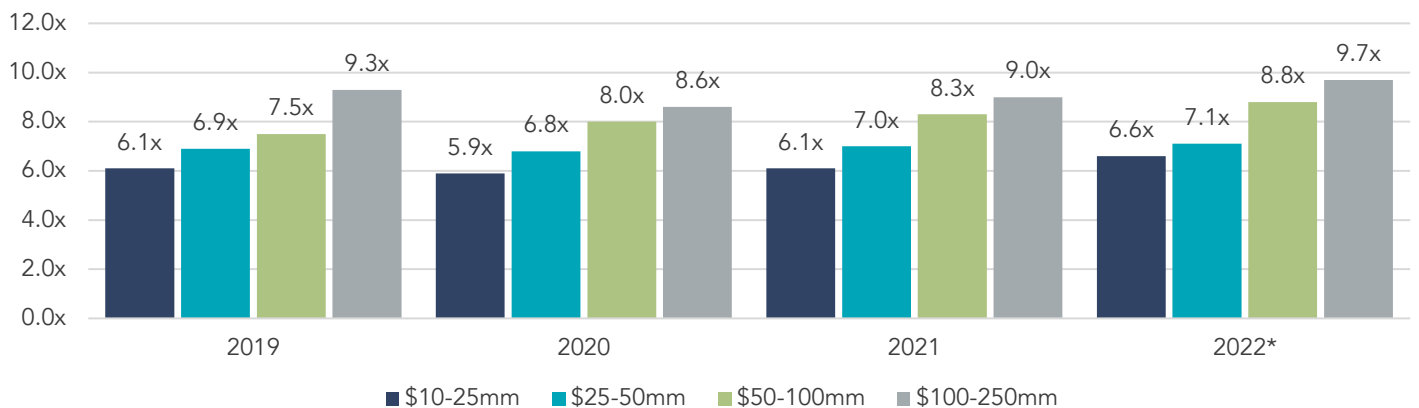
U.S. M&A ACTIVITY SNAPSHOT

OVERALL U.S. M&A ACTIVITY

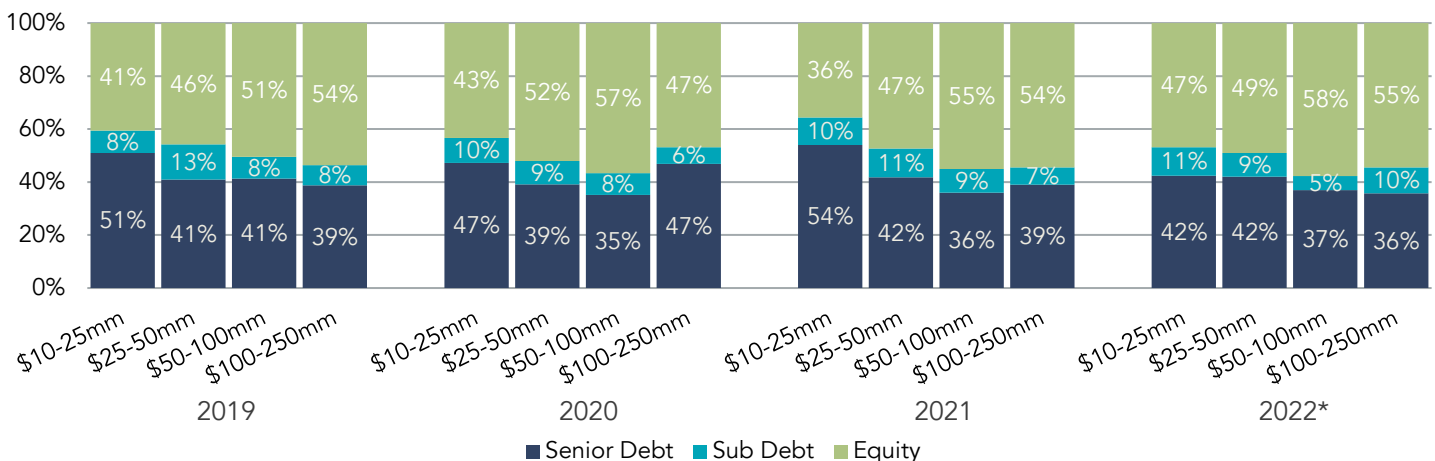


LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of November 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
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SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING



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