



DISTRIBUTION & LOGISTICS REPORT

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



1H 2023

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DISTRIBUTION & LOGISTICS 1H23: WHAT TO KNOW

- ❑ Distribution and logistics made a lot of money during the shop-from-home go-go days of the COVID-19 pandemic. That ride is over.
- ❑ Deal volumes and valuations are down, but maybe that's OK.
- ❑ Savvy operators are plugging holes, making strategic moves and funding deals with pandemic profits. Deals have slowed, but there is cash on hand and opportunities to build for the future.

Pumping the Brakes on the Big Rig. Distribution and Logistics Return to Earth

Perhaps more than any sector, Distribution and Logistics has been on a wild ride since the beginning of the COVID-19 pandemic. We saw a spike in consumer demand, as customers raced to stock up on home office supplies and things to play with while stuck in their homes. We then saw the massive supply chain snarl as ports around the globe closed. At that point, there was a complete reconsideration of how wise "Just In Time" delivery was. Now, as people go back to their lives and seek out experiences instead of stuff, there's a return to earth with some companies cutting back and others seeing normalized profits instead of the windfalls over recent years.^{1,2,3,4,5}

In 1H23, "normal" is the new normal. Profits are down from the headiest days. Interest rates are up. Demand is slacking and merger and acquisition activity is slowing. Perhaps we're all waiting for the other shoe to drop – some certainty about where customer demand will level off and have more clarity on where interest rates will settle. Trucking and ocean freight profits are falling. FedEx is struggling. Worldwide shipping profits are diving. Not surprising, deal value in 1H23 is down across all sectors compared to the prior two years. Across all sectors, The Wall Street Journal reported M&A activity in the second quarter of \$315 billion, a decline of 30% from \$459 billion in 2Q22. Deals, too, are at lower valuations, with the deal size for the 10 leading investment banks down more than 20% in 2023 in comparison to 2022.^{6,7,8,9,10}

But distribution never fully sleeps. Some of the bigger players in the sector saw substantial profits during the supply chain crunch. While the cost of a 40-foot shipping container from Asia to the U.S. has fallen dramatically from 2021's \$20,000 peaks to under \$2,000 for some routes, the companies that profited still have very strong cash positions on their balance sheets. With money to burn, we'll be watching for strategic acquisitions in big shipping as players both retool for modernized distribution methods and collect competitors or add pieces to their operations.^{9,11}

It's undeniable that a brew of geopolitical uncertainty, the rising cost of money, and tight talent markets are headwinds for acquirers and

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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DISTRIBUTION & LOGISTICS REPORT

potentially dragging deal valuations for sellers. Keen players are looking at “silver lining opportunities,” eyeing additions to upgrade capabilities and strengthen their competitive position for the future.¹²

The Big Players Adjust Course and Adapt

There’s no doubt some of the biggest players in distribution and logistics are feeling the pinch. Global logistics giant Maersk saw annual revenue rocket from \$40 billion in 2019 to \$60 billion in 2021. In 1Q22, EBITDA was \$9.2 billion but in 1Q23, EBITDA plunged to \$4 billion. The shipping giant has steamed ahead with growth and modernization plans in 2023, deploying AI warehouse operations, ordering six methanol-powered vessels, and adding to its fledgling air cargo operations. The company sharpened its focus on logistics, divesting its operations in energy related activities in Maersk Supply Services in a \$685 million deal, and it unified its brand identity by killing off its Hamburg Sud and Sealand brands.^{13,14,15,16,17,18,19}

Other big operators in the space also focused on adjustments in 1H23. In May, French shipping powerhouse CMA CGM committed to purchase family-owned conglomerate Bolloré, with its 13,500 employees, in a deal valued at \$5.5 billion. Loaded with pandemic-era cash, CMA CGM is out to spend. The Bolloré acquisition moves the company into the top five in shipping and logistics. Closer to home, Memphis, Tennessee based FedEx continued cutting back in May, announcing plans to close 29 locations, consolidate operations, and initiate another round of employee furloughs. This was the fifth round of layoffs since November as the company adjusts to “market dynamics.”^{20,21}

Deals are being done but we are watching the pendulum swing back from pandemic demands to something closer to normal. Some are predicting continued growth, but at a slower 3-4% annual rate over the next couple of years. There are adjustments to be made and moving parts to monitor. It’s unclear if the war in Ukraine has permanently changed commodity sourcing, how the growth in consumer demands in China and India will affect trade, and how protectionism, regulations, and carbon restrictions will affect the industry. As companies react to a changing marketplace, we see opportunities for M&A activity.²²

Driving the Market: Mergers & Acquisitions

- ❑ The nation’s largest distributor of truck and trailer parts and service provider in the independent heavy-duty aftermarket, Fleetpride, one of a diverse family of holdings by private equity firm American Securities LLC, was busy making five acquisitions throughout 1H23. The company started the year in January, building on a busy 2022, by acquiring TML Truck & Trailer Repair, based in Ocala, Florida, along the busy I-75 corridor between Tampa and Atlanta. In February, the company scooped up family-owned TAM Truck & Trailer Service, a trailer and heavy-duty truck repair and parts business based in Georgia. In May, the company acquired Indiana-based Frame Service, Inc. a full-service truck and trailer repair business and Zender’s Truck & Equipment, Parts & Service, Inc., based in Bellingham, Washington. The company closed out the first half of the year in June buying up RPM Truck Repair, with locations in Effingham and Mount Vernon, Illinois. Terms were not disclosed.^{23,24}
- ❑ In H123, Imperial Dade – an independently owned and operated distributor of food service packaging, facilities maintenance supplies, floor equipment, and industrial packaging – made six acquisitions (and followed up in early July with three more). Many were touted as “scale” as the company expanded into Hawaii and reached Canada. Deals included the acquisition of New Hampshire-based Green States USA, a distributor of food service, industrial and packaging supplies throughout New England and the Boston Metro Area. Imperial Dade also made its first move into the Dallas area with the acquisition of Lovan Industries, a distributor of industrial and janitorial supplies founded in 1980. Terms of the private transactions were not disclosed. Imperial Dade also opened a new warehouse in northern Texas and logistics hubs in Florida and Nevada.²⁵



DISTRIBUTION & LOGISTICS REPORT

- ❑ This isn't to say banner buyouts aren't getting done across all markets. But sellers must be more flexible with structure to help shore up the capital stack. A good example of creative dealmaking is the acquisition of Copeland (formerly Emerson), a leading manufacturer and distributor of components for climate control systems. Acquired by Blackstone in a \$14 billion transaction, this transaction was highly structured with a 40% equity rollover and \$2.25 billion in a seller note. Even at the highest level of private equity deals, lenders have pulled back, and sellers must be willing to help buyers fill the financing gap. Opportunities are always out there but, in times like these, deals depend on the parties getting creative.^{26,27}

Where Do We Go From Here? There's No GPS For M&A

There are plenty of factors to consider as we head into the second half of the year. While buyout activity may remain slow, opportunities for M&A persist. Especially for strategic buyers of smaller competitors to gain scale or add new capabilities. Sellers, particularly on the smaller side, may find themselves with multiple suitors as larger corporations strive to keep pace with each other and take advantage of their strong balance sheets.^{28,29}

Not all is dire for businesses that move things. Well, people. While air freight is retooling post pandemic, passenger travel is booming. Traffic is up, and so are fares, hinting at double digit revenue growth per passenger ahead. Delta Airlines reported record earnings for 2Q23 and boosted its 2023 annual earnings estimate by up to 20%.^{30,37}

With every adjustment, those positioned for growth may find human resources available. When freight forwarder Flexport laid off 20% of its workforce, Chris Shields, global CEO and founder of the freight and logistics recruitment firm Freightalent, saw experienced talent available for hire in an otherwise tight labor market.³¹

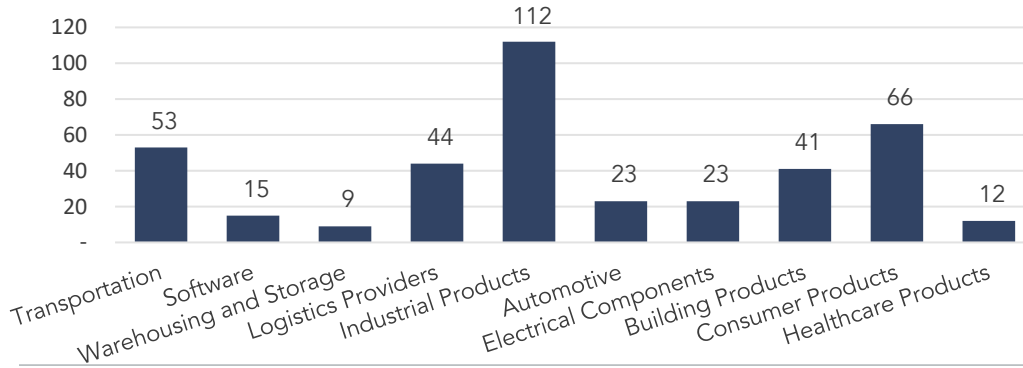
Uncertainty abounds. That's not in question. Financial considerations are not the least part. We're watching many deals built on dry powder held by private equity or funded by profits made during the pandemic. Banks are a little skittish about leveraged buyouts currently, and perhaps with good reason. In March, we saw Blackstone Group make a \$4.6 billion acquisition of software provider Cvent Holding Corp., borrowing just \$1 billion for the deal. The rest came from Blackstone and partners with cash on hand. Banks are spooked by this year's collapses, including Silicon Valley Bank. Plus, they can't be sure where central banks are going to land on interest rates. There are persistent whispers of the recession that never seems to materialize. When will the war in Ukraine end, and how? What happens next in the housing market and – more concerning – office and retail space markets? There's the looming threat of a strike at UPS, the shipping giant with 340,000 Teamsters moving 6% of America's GDP. FedEx, already in slim-down mode, won't be able to pick up the slack while everyone from small businesses to Amazon continue to pump out packages. It's an interesting exercise to imagine a world where UPS stops delivering, even if an accord is reached and a strike averted. In business, "interesting" is rarely a positive term.^{32,33,34,35}

Deals and valuations may have recoiled from pandemic highs, but it's important to keep in mind that as long as humans consume stuff, from food to home electronics to fuel, they'll have to be moved. To paraphrase an old saying, "If you bought it, a ship, or a plane, or a train, or a truck brought it." To start 2H23, Amazon's fake holiday "Prime Day" reportedly sent \$12 billion worth of goods out the door globally. Someone's getting that out of the warehouse and to our doorsteps.³⁶

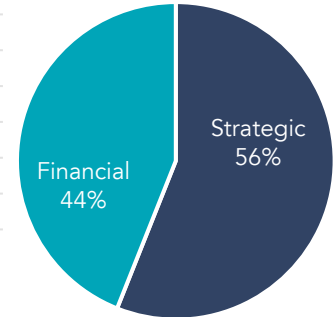


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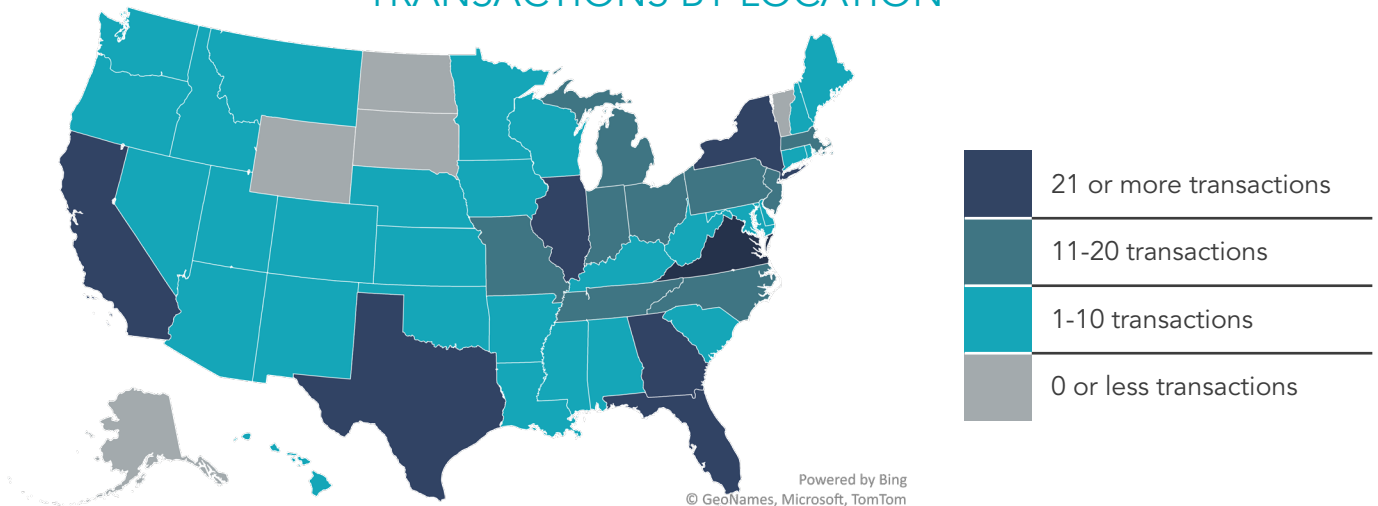
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
6/30/2023	MEI Rigging & Crating	Olympus Partners	Logistics Providers	610.00	-	-
5/31/2023	Copeland	Blackstone, Abu Dhabi Investment Authority	Industrial Products	14,000.00	2.8x	-
5/8/2023	Science Applications International	ASRC Federal	Logistics Providers	350.00	-	-
4/11/2023	Tessco Technologies	Twin Point Capital, Lee Equity Partners, Alliance Corporation	Electrical Components	161.40	0.4x	40.0x
4/3/2023	Blume Global	WiseTech Global	Software	414.00	-	-
3/29/2023	Lazer Logistics	EQT	Logistics Providers	1,535.00	-	-
3/24/2023	Berkshire Grey	SoftBank Group	Logistics Providers	310.68	4.7x	-
3/21/2023	U.S. Xpress Enterprises	Knight Transportation	Transportation	805.73	0.4x	18.1x

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			
 BEACON				
				
				

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.

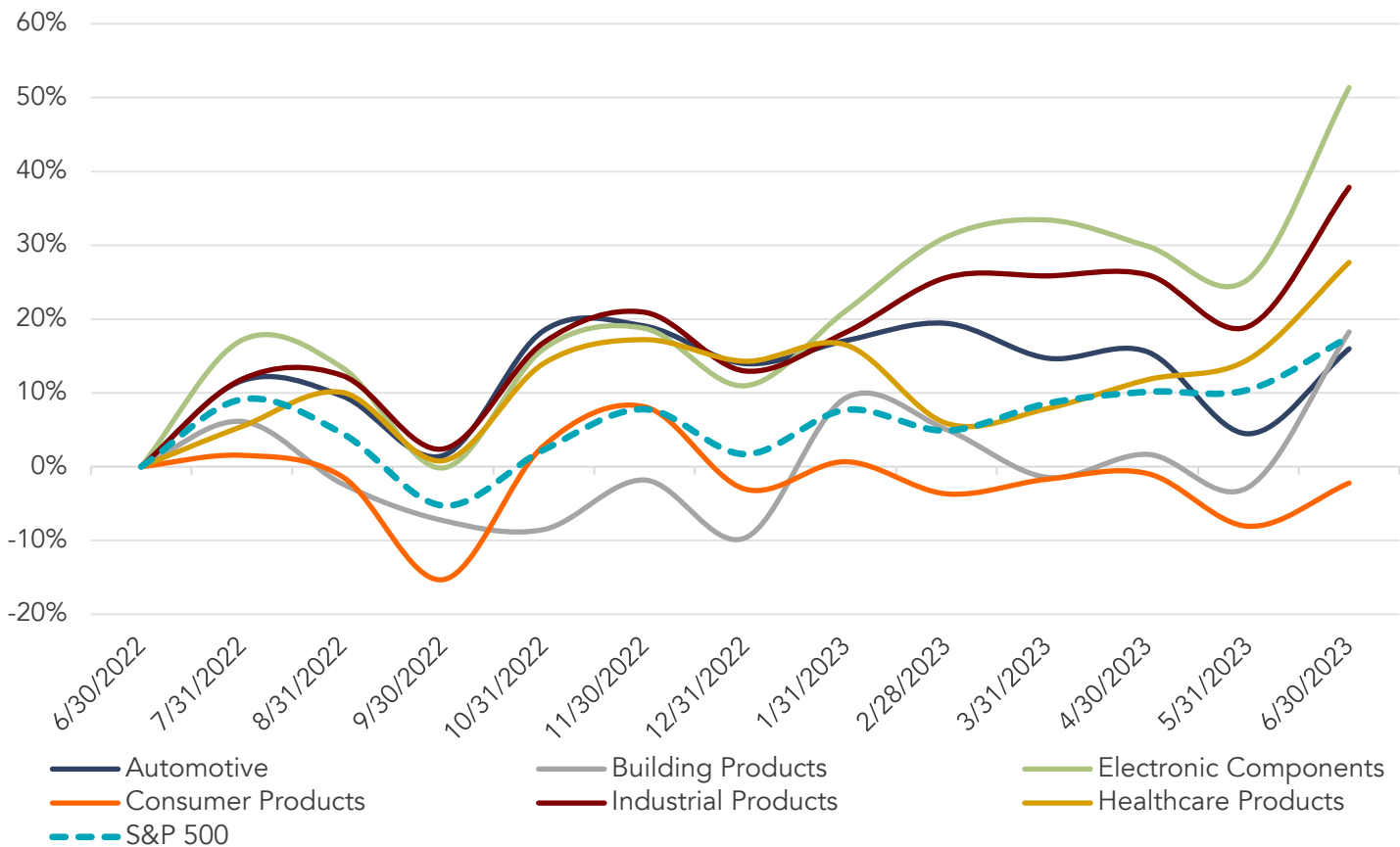


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DISTRIBUTION PUBLIC BASKET

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	\$ 23,779	\$ 169.23	26.9%	(2.5%)	90.1%	6.1%	9.2%	1.2x	13.2x	19.4x	1.1x	12.2x
LKQ	LKQ	15,575	58.27	17.6%	9.1%	98.2%	7.1%	14.6%	1.5x	10.4x	14.0x	1.4x	10.4x
Dorman Products	DORM	2,481	78.83	(29.4%)	(2.5%)	66.2%	14.3%	10.7%	1.8x	16.9x	27.1x	1.6x	9.9x
Uni-Select	UNS	1,558	35.50	60.0%	12.3%	99.1%	5.6%	9.7%	1.1x	10.9x	23.7x	1.0x	9.2x
Kaman	KAMN	686	24.33	(23.0%)	9.1%	68.9%	3.1%	0.1%	1.7x	NM	NM	1.7x	11.5x
Segment Average				10.4%	5.1%	84.5%	7.2%	8.8%	1.5x	12.9x	21.0x	1.4x	10.6x
Segment Median				17.6%	9.1%	90.1%	6.1%	9.7%	1.5x	12.1x	21.5x	1.4x	10.4x

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	\$ 57,906	\$ 427.31	29.7%	13.9%	99.4%	8.0%	1.9%	0.2x	11.3x	17.1x	0.2x	11.8x
AmerisourceBergen	ABC	38,921	192.43	34.4%	16.1%	99.5%	7.3%	1.2%	0.2x	14.4x	24.7x	0.2x	10.7x
Cardinal Health	CAH	24,078	94.57	78.1%	23.0%	99.4%	12.5%	0.7%	0.1x	19.2x	NM	0.1x	9.0x
Henry Schein	HSIC	10,624	81.10	5.2%	1.5%	90.4%	4.4%	7.1%	1.1x	15.1x	23.0x	1.0x	11.6x
Patterson Companies	PDCO	3,169	33.26	8.7%	18.7%	99.4%	3.8%	6.0%	0.6x	9.4x	15.7x	0.5x	9.6x
Owens & Minor	OMI	1,451	19.04	(41.2%)	(2.5%)	51.4%	4.7%	3.6%	0.4x	10.9x	NM	0.4x	6.6x
Segment Average				19.2%	11.8%	89.9%	6.8%	3.4%	0.4x	13.4x	20.1x	0.4x	9.9x
Segment Median				19.2%	15.0%	99.4%	6.0%	2.8%	0.3x	12.9x	20.0x	0.3x	10.1x

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	\$ 39,561	\$ 788.59	70.9%	41.8%	99.1%	8.9%	16.6%	2.7x	16.2x	24.2x	2.5x	15.0x
POOLCORP	POOL	14,625	374.64	6.5%	23.9%	88.4%	(5.0%)	16.3%	2.7x	16.7x	22.2x	2.9x	18.5x
Beacon Roofing Supply	BECN	5,290	82.98	57.9%	57.2%	98.7%	4.5%	9.9%	0.9x	9.6x	16.0x	0.9x	9.2x
Boise Cascade	BCC	3,577	90.35	49.1%	31.6%	99.6%	(13.0%)	13.1%	0.4x	3.1x	5.5x	0.5x	6.0x
BlueLinx Holdings	BXC	852	93.78	35.3%	31.9%	97.3%	(9.9%)	7.7%	0.3x	3.5x	4.8x	0.3x	5.1x
Segment Average				44.0%	37.3%	96.6%	(2.9%)	12.7%	1.4x	9.8x	14.5x	1.4x	10.8x
Segment Median				49.1%	31.9%	98.7%	(5.0%)	13.1%	0.9x	9.6x	16.0x	0.9x	9.2x

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	\$ 39,561	\$ 788.59	70.9%	41.8%	99.1%	8.8%	16.6%	2.7x	16.2x	24.2x	2.5x	15.1x
Arrow Electronics	ARW	8,091	143.23	28.2%	37.0%	98.7%	(10.4%)	5.9%	0.3x	5.4x	6.8x	0.4x	6.9x
WESCO International	WCC	9,181	179.06	69.2%	43.0%	99.4%	7.2%	7.5%	0.7x	9.0x	11.4x	0.6x	7.6x
Avnet	AVT	4,611	50.45	19.4%	21.3%	98.9%	(9.0%)	5.3%	0.3x	5.6x	5.6x	0.3x	7.3x
ScanSource	SCSC	736	29.56	(5.1%)	1.2%	83.3%	(1.9%)	4.3%	0.3x	6.2x	8.3x	0.3x	5.9x
Richardson Electronics	RELL	233	16.50	13.6%	(22.6%)	60.6%	9.8%	11.9%	0.8x	6.7x	8.8x	0.7x	NM
Segment Average				32.7%	20.3%	90.0%	0.8%	8.6%	0.8x	8.2x	10.8x	0.8x	8.6x
Segment Median				23.8%	29.2%	98.8%	2.6%	6.7%	0.5x	6.4x	8.6x	0.5x	7.3x

Source: Pitchbook Financial Data and Analytics



DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION PUBLIC BASKET (CONTINUED)

FOOD AND BEVERAGE 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	SYT	\$ 37,596	\$ 74.20	(14.0%)	(2.9%)	83.5%	5.9%	4.5%	0.6x	14.4x	24.6x	0.6x	11.3x
US Foods	USFD	10,311	44.00	40.6%	29.3%	99.8%	5.7%	3.3%	0.4x	13.5x	31.7x	0.4x	9.6x
Performance Food Group	PFGC	9,406	60.24	27.2%	3.2%	95.3%	5.3%	2.0%	0.2x	12.2x	29.0x	0.2x	9.7x
The Chefs' Warehouse	CHEF	1,490	35.76	(8.2%)	7.5%	86.0%	23.8%	4.7%	0.8x	16.5x	NM	0.6x	10.2x
United Natural Foods	UNFI	1,146	19.55	(50.7%)	(49.5%)	40.5%	2.5%	2.0%	0.1x	7.5x	9.1x	0.1x	8.2x
SpartanNash	SPTN	782	22.51	(26.5%)	(25.6%)	59.6%	4.0%	1.7%	0.2x	9.9x	30.4x	0.2x	6.3x
Segment Average				(5.3%)	(6.3%)	77.5%	7.9%	3.0%	0.4x	12.3x	24.9x	0.4x	9.2x
Segment Median				(11.1%)	0.1%	84.8%	5.5%	2.7%	0.3x	12.8x	29.0x	0.3x	9.7x

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	\$ 39,561	\$ 788.59	70.9%	41.8%	99.1%	8.8%	16.6%	2.7x	16.2x	24.2x	2.5x	15.1x
Fastenal	FAST	33,686	58.99	18.6%	24.7%	99.5%	4.4%	23.3%	4.8x	20.5x	NM	4.6x	19.8x
Genuine Parts	GPC	23,779	169.23	26.9%	(2.5%)	90.1%	6.1%	9.2%	1.2x	13.2x	19.4x	1.1x	12.2x
WESCO International	WCC	9,181	179.06	69.2%	43.0%	99.4%	7.2%	7.5%	0.7x	9.0x	11.4x	0.6x	7.6x
MSC Industrial Supply	MSM	5,341	95.28	27.6%	16.6%	96.9%	2.1%	14.4%	1.5x	10.1x	14.9x	1.4x	9.7x
DistributionNOW	DNOW	1,108	10.36	6.8%	(18.4%)	69.7%	6.1%	7.2%	0.4x	6.1x	9.1x	0.4x	5.4x
MRC Global	MRC	848	10.07	0.6%	(13.0%)	72.4%	10.6%	5.6%	0.5x	9.0x	12.4x	0.5x	5.5x
Segment Average				31.5%	13.2%	89.6%	6.5%	12.0%	1.7x	12.0x	15.2x	1.6x	10.8x
Segment Median				26.9%	16.6%	96.9%	6.1%	9.2%	1.2x	10.1x	13.6x	1.1x	9.7x

Source: Pitchbook Financial Data and Analytics

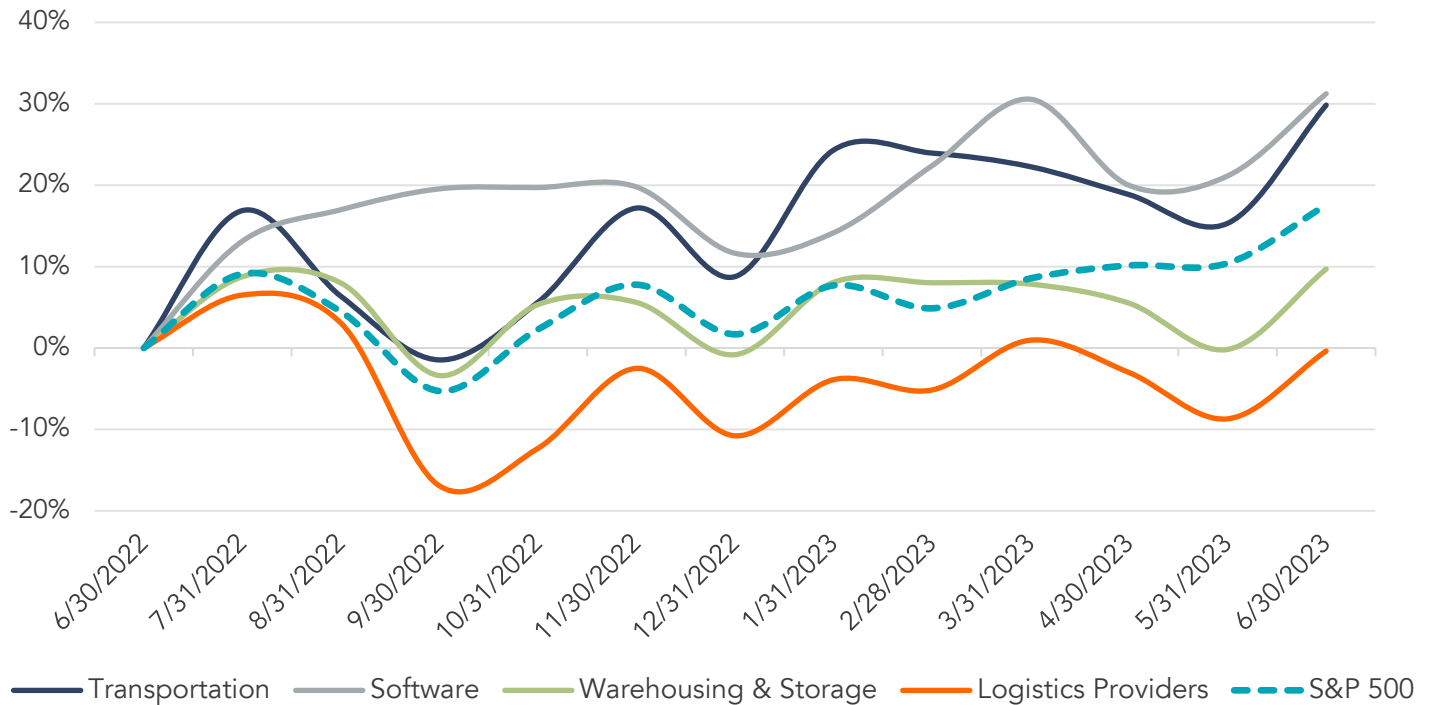


DISTRIBUTION & LOGISTICS REPORT

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 of America	UPS	\$ 153,955	\$ 179.25	(3.1%)	3.1%	85.6%	0.4%	18.1%	1.7x	9.5x	14.5x	1.7x	10.6x
FedEx	FDX	62,310	247.90	10.9%	43.1%	99.1%	(2.7%)	9.3%	1.1x	9.5x	16.0x	1.1x	9.1x
Old Dominion Freight Line	ODFL	40,544	369.75	41.7%	30.3%	96.8%	(3.0%)	33.8%	6.5x	19.3x	30.4x	6.7x	19.7x
J.B. Hunt Transport	JBHT	18,763	181.03	13.2%	3.8%	90.2%	(10.1%)	13.4%	1.4x	10.3x	20.5x	1.5x	10.3x
Saia	SAIA	9,085	342.41	83.3%	63.3%	97.4%	3.3%	22.5%	3.2x	14.4x	25.8x	3.1x	13.5x
Knight Transportation	KNX	8,947	55.56	16.5%	6.0%	86.3%	9.8%	22.2%	1.5x	6.7x	13.5x	1.4x	8.5x
Landstar System	LSTR	6,919	192.54	31.1%	18.2%	99.1%	(19.1%)	8.2%	1.0x	11.8x	18.5x	1.2x	NM
Schneider National	SNDR	5,124	28.72	26.4%	22.7%	92.9%	(6.4%)	15.2%	0.8x	5.0x	11.1x	0.8x	5.5x
Ryder System	R	3,942	84.79	17.6%	1.5%	82.8%	1.5%	26.8%	0.9x	3.3x	5.1x	0.9x	4.0x
Werner Enterprises	WERN	2,800	44.18	13.6%	9.7%	87.8%	1.0%	17.9%	1.0x	5.7x	12.7x	1.0x	5.8x
ArcBest	ARCB	2,367	98.80	39.5%	41.1%	94.2%	(8.9%)	9.2%	0.5x	5.3x	10.1x	0.5x	5.8x
Marten Transport	MRTN	1,747	21.50	27.6%	8.7%	91.8%	(6.3%)	19.8%	1.3x	6.5x	16.5x	1.4x	NM
Heartland Express	HTLD	1,296	16.41	16.6%	7.0%	90.3%	15.5%	30.2%	1.4x	4.7x	10.1x	1.2x	NM
Universal Logistics Holdings	ULH	757	28.81	6.0%	(13.8%)	64.0%	(6.2%)	15.5%	0.6x	3.9x	5.0x	0.6x	NM
P.A.M. Transportation Services	PTSI	590	26.77	(4.4%)	3.4%	71.5%	(10.8%)	17.6%	0.7x	4.2x	8.4x	0.8x	NM
Canadian General Investment	CGI	547	26.24	5.6%	9.5%	97.9%	NM	NM	NM	NM	NM	NM	NM
Usak Seramik Sanayi	USAK	32	0.13	17.3%	(46.8%)	49.7%	NM	13.2%	0.6x	4.2x	2.9x	NM	NM
Segment Average				21.1%	12.4%	86.9%	(2.8%)	18.3%	1.5x	7.8x	13.8x	1.6x	9.3x
Segment Median				16.6%	8.7%	90.3%	(3.0%)	17.8%	1.0x	6.1x	13.1x	1.2x	8.8x

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	\$ 10,873	\$ 167.61	(12.4%)	(18.4%)	63.6%	164.4%	36.7%	22.1x	62.1x	NM	9.1x	17.8x
Manhattan Associates	MANH	12,398	199.88	70.5%	64.6%	99.4%	11.6%	21.9%	15.1x	69.1x	NM	13.5x	NM
Descartes Systems Group	DSGX	6,813	80.11	26.9%	15.0%	97.7%	12.9%	41.0%	13.1x	32.0x	63.6x	11.6x	26.4x
SPS Commerce	SPSC	7,016	192.06	72.3%	49.5%	99.7%	19.9%	21.8%	14.4x	66.2x	NM	12.0x	40.2x
American Software	AMSWA	355	10.51	(35.8%)	(28.4%)	54.3%	(6.0%)	12.7%	NM	22.6x	33.9x	2.0x	12.3x
Park City Group	PCYG	185	10.09	126.7%	103.8%	96.1%	11.3%	32.4%	8.6x	26.7x	40.4x	7.8x	20.4x
Segment Average				41.4%	31.0%	85.1%	35.7%	27.7%	14.7x	46.4x	45.9x	9.3x	23.4x
Segment Median				48.7%	32.3%	96.9%	12.2%	27.1%	14.4x	47.1x	40.4x	10.4x	20.4x

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	\$ 51,316	\$ 291.88	(8.0%)	4.2%	81.7%	6.8%	NM	14.4x	11.6x	12.4x	13.5x	NM
PACCAR	PCAR	43,714	83.65	51.4%	26.8%	98.2%	(3.5%)	17.3%	1.6x	9.3x	13.9x	1.7x	9.9x
Extra Space Storage	EXR	20,102	148.85	(14.6%)	1.1%	68.7%	42.9%	71.6%	14.3x	20.0x	23.4x	10.0x	NM
Wabtec	WAB	19,726	109.67	32.0%	9.9%	99.2%	5.3%	17.4%	2.7x	15.6x	30.5x	2.6x	13.4x
Cubesmart	CUBE	10,034	44.66	2.5%	11.0%	87.4%	6.7%	70.9%	12.8x	18.1x	28.8x	12.0x	NM
National Storage Affiliates	NSA	3,076	34.83	(32.5%)	(3.6%)	59.7%	6.9%	65.8%	9.5x	14.4x	34.8x	8.9x	12.2x
Dana (Automotive)	DAN	2,454	17.00	18.3%	12.4%	88.1%	5.8%	4.8%	NM	10.7x	NM	NM	6.0x
Wabash National	WNC	1,217	25.64	87.3%	13.5%	85.2%	6.1%	10.1%	NM	6.0x	8.3x	NM	5.1x
American Axle & Manufacturing	AXL	968	8.27	11.0%	5.8%	69.1%	2.1%	12.2%	0.6x	NM	17.2x	NM	NM
Miton UK MicroCap Trust	MINI	66	0.70	(17.2%)	(8.8%)	80.8%	NM	NM	NM	NM	NM	NM	NM
Segment Average				13.0%	7.2%	81.8%	8.8%	33.8%	8.0x	13.2x	21.2x	8.1x	9.3x
Segment Median				6.7%	7.8%	83.5%	6.1%	17.4%	9.5x	13.0x	20.3x	9.5x	9.9x

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 of America	UPS	\$ 153,955	\$ 179.25	(3.1%)	3.1%	85.6%	0.4%	18.1%	1.7x	9.5x	14.5x	1.7x	10.6x
FedEx	FDX	62,310	247.90	10.9%	43.1%	99.1%	(2.7%)	9.3%	1.1x	9.5x	16.0x	1.1x	9.1x
Expeditors International of Washington	EXPD	18,508	121.13	24.1%	16.6%	99.9%	(28.8%)	11.4%	1.1x	9.8x	15.8x	1.6x	NM
C.H. Robinson Worldwide	CHRW	10,986	94.35	(7.6%)	3.0%	77.8%	(14.8%)	5.2%	0.6x	11.0x	15.0x	0.7x	16.7x
XPO (US)	XPO	6,836	59.00	106.2%	77.2%	98.6%	(6.2%)	2.6%	1.2x	NM	26.9x	1.3x	10.1x
Forward Air	FWRD	2,754	106.11	16.2%	1.2%	90.3%	(5.7%)	16.0%	1.6x	9.9x	15.3x	1.7x	10.1x
Air Transport Services Group	ATSG	1,351	18.87	(33.4%)	(27.4%)	55.5%	5.4%	30.6%	1.4x	4.6x	9.8x	1.3x	4.4x
Park Ohio Holdings	PKOH	243	19.00	22.7%	55.4%	89.0%	13.4%	5.7%	0.6x	11.2x	NM	0.5x	6.9x
Segment Average				17.0%	21.5%	87.0%	(4.9%)	12.4%	1.2x	9.4x	16.2x	1.2x	9.7x
Segment Median				13.5%	9.8%	89.6%	(4.2%)	10.3%	1.2x	9.8x	15.3x	1.3x	10.1x

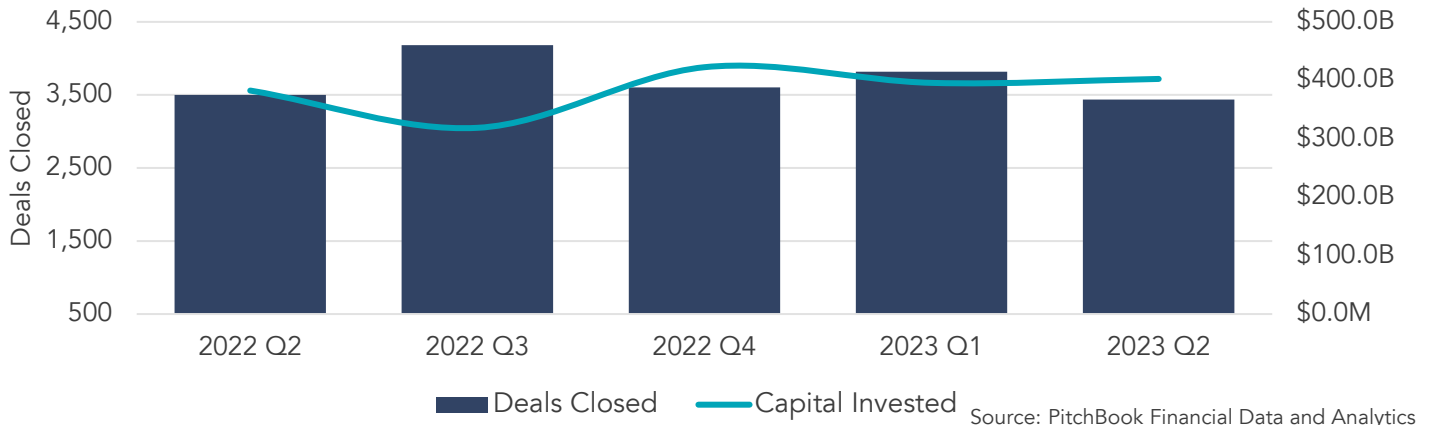
Source: Pitchbook Financial Data and Analytics



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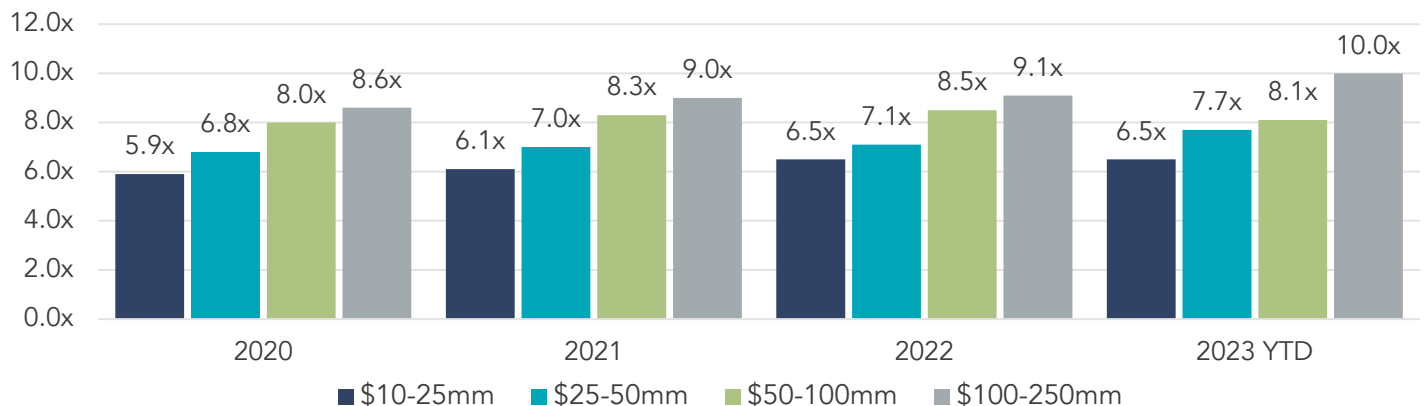
U.S. M&A ACTIVITY SNAPSHOT

OVERALL U.S. M&A ACTIVITY

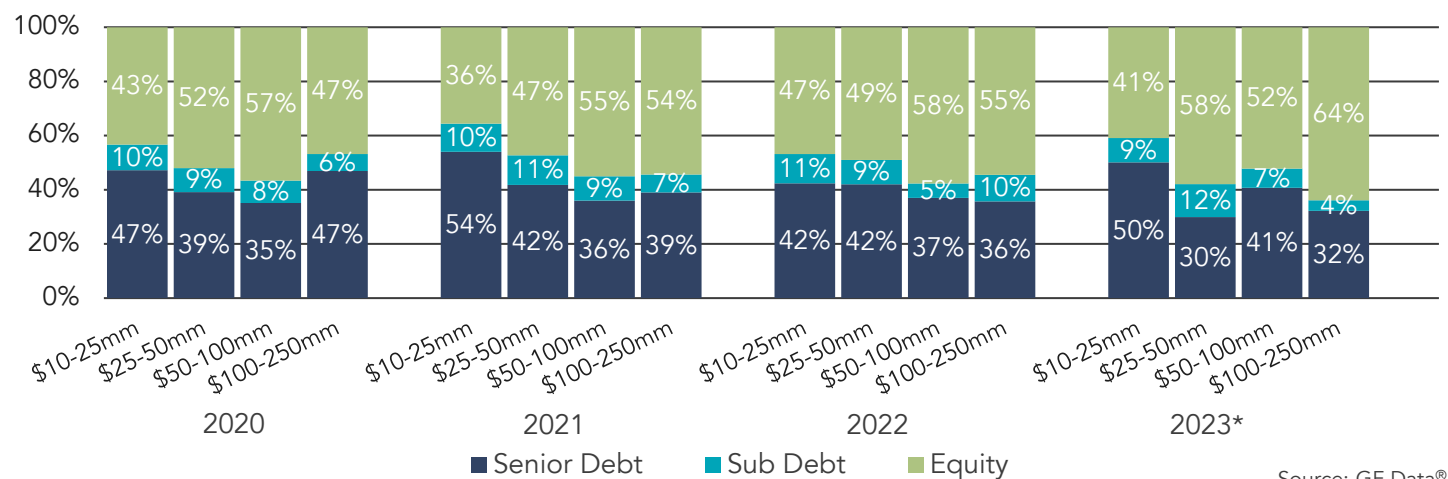


LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

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 2023.



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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