



DISTRIBUTION & LOGISTICS REPORT

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

2H 2023

SDR*Ventures*

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DISTRIBUTION & LOGISTICS REPORT

DISTRIBUTION & LOGISTICS 2H23: WHAT TO KNOW

- ❑ Reducing, even eliminating, carbon emissions is a priority for a sector that produces a whole lot of CO₂, whether that's from Transpacific shipping, big trucks, or cold storage warehouses. Deal volumes and valuations are down, but maybe that's OK.
- ❑ Across the sector, we're watching startups developing cleaner ways of moving and storing all the stuff we buy and consume. Innovation is an exciting word in the world of M&A.
- ❑ Governments bear watching in 2024. Whether it's federal, state, or international regulators and legislators, we're seeing a carrot and stick approach to pressing the sector to reduce emissions through both tighter regulations and generous incentives.

Stepping on the Gas in the Drive to Reduce Carbon Emissions

In 2H23, the distribution and logistics sector saw a distinct focus on carbon emissions, carbon regulations, and the drive to carbon neutrality. As the transport, warehousing, and distribution fields adapt to tightening government regulations – and maybe even reap some financial rewards – we are seeing an increased demand for innovation. And we believe that means opportunity for those who invest wisely and act swiftly.¹

Transportation – by land, air, and sea – accounts for about a third of global carbon emissions. And things have been going in the wrong direction, with transport emissions up 3% in 2022 as pandemic restrictions lifted. In 2023, the historic United Nations Climate Change Conference (COP28) meeting of some 200 countries produced agreements that the U.N. called the “beginning of the end” of the fossil fuel era targeting every use of fossil fuels in scores of applications, including trucking, transportation, and shipping. Considering there are some 13 million trucks on U.S. roads alone (about 3 million 18-wheelers) driving \$940 billion in annual revenue, change won't be easy or subtle.^{1,2,3,4}

In some cases, the industry is taking the initiative, seeing the writing on the wall and the benefits to brand reputation, as well as access to special financing and lower fuel expenses. In some cases, the world's governments, even individual states, are prodding the sector with regulations, incentives, and eventually deadlines for carbon neutrality. The discussion about the need to reduce carbon emissions – and the impact of the distribution and logistics sector – appears to be chugging to a conclusion. The industry is riding a freight train of momentum toward lower carbon emissions.^{1,5,6,7}

Carbon Carrots and Sticks

It's hard to know what will become law at the federal level in the United States, especially during an election year with a divided Congress.

The information contained herein is based on sources we believe reliable but is not guaranteed by us and is not to be considered all-inclusive. It is not to be construed as an offer or consultation of an offer to sell or buy any securities.

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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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there are moves afoot, and they even have some industry support. The proposed Clean Shipping Act of 2023 aims to require carbon-free operations of ocean freight shippers using U.S. ports by 2040, with benchmarked reductions along the way. In 2H23, regulators from nearly every country in the International Maritime Organization reached provisional agreements to eliminate the shipping industry's greenhouse gas emissions by 2050, likewise with benchmark reductions earlier. Smaller oceanside and island nations, concerned about rising sea levels, in part drove the movement.^{8,9,10}

On the road, European nations have backed an ambitious road-freight movement to force trucking operators to reduce CO2 emissions by 45% by 2030, a goal that will require putting an estimated 400,000 zero emission trucks on the roads by then. In China, sales of zero emission light duty trucks and buses hit record highs, driven by government policies and subsidies. The global electric truck market is expected to more than triple from \$17.8 billion in 2022 to \$65 billion in 2032.^{11,12,13}

Even individual states are pushing for lower freight emissions. Maybe some states wouldn't have much impact, but when California – boasting the country's largest economy by GDP – talks, people listen. The state's Advanced Clean Trucks Act, with the blessing of the federal Environmental Protection Agency, will require half of all new heavy truck sales be electric by 2035. Another seven states jumped in with similar regulations. By 2030, it's estimated that nearly half of all sales of medium and heavy trucks will be electric.^{7,13,14}

By carrot or by stick, government intervention is pushing shippers to reduce harmful emissions.

Impacts and Actions. One if by Land, Two if by Sea, Something Else if by Air

Across the distribution and logistics sector, players on land, sea, and air are seeking greener, more sustainable methods of doing business. Change may be driven by government regulation, but there's a savvy element of positive reputational development built in, as evidenced by delivery stalwart UPS' boasting of using natural gas-powered vehicles or Norfolk Southern railroad's "Sustainability Means Business" initiative.^{15,16}

Shipping

There's a saying in distribution, "As goes Maersk, so goes the world." Actually, we just made that up. But when the monster Danish shipping company makes a move, it's worth noting. In September, the company partnered with another titan, Amazon, to move 20,000 containers by ship with a greener biofuel that is estimated to keep 44,000 metric tons of CO2 out of the atmosphere. The program is dubbed "ECO Delivery." And while both sides boasted about the initiative and helping the environment, there is also a potential financial benefit as it's been reported the new biofuel provides price stability by delinking from potentially volatile fossil fuel markets. Maersk also took on 51% ownership of a huge Egyptian wind farm as part of its \$15 billion clean fuel strategy. And maybe pirates had it right all along: Wind energy – sails – provide free, zero emission energy. In August, the freighter Pyxis Ocean employed newly developed sails. The high-tech WindWings fixed-wing system features 123-foot-tall "sails" (they don't look anything like the kind of sails on a pirate ship) cutting 30% of the ship's carbon footprint. The Wall Street Journal asked, "Are Sailboats The Future Of Shipping?"^{5,17,18,19}

Trucking

On the ground, electric isn't the only new way to go. There's hydrogen, a gas fuel that allows truckers to run longer with faster fill-ups than with battery powered electric vehicles. As California imposes regulations barring new diesel trucks from its ports, the longer range of hydrogen – along with state subsidies for purchases – is drawing attention. Depending on how the hydrogen is produced, it can deliver an 85% reduction in greenhouse gas emissions compared to diesel. There are also design changes that can play a role. In November, global truck parts and components provider ConMet acquired TruckLabs, a tech company focused on reducing truck emissions. The company's TruckWings product is an aerodynamic shield that deploys at higher speeds, spreading horizontally like flaps to cover the gap between the cab and the trailer on each side, improving fuel economy by up to 6%.^{20,21,22}



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Air Transport

Electric airplanes, once a dream, are becoming a zero-emissions reality. To start the new year, shipper DHL announced the maiden commercial flight of its all-electric plane "Alice." Meanwhile, privately held startup Beta successfully flew a two-man crew down the East Coast in its all-electric plane, boosted by some \$800 million in funding from big-name investors. The plane was delivered to the Air Force for further testing and is eventually expected to haul 1,250 pounds of freight and include a version capable of vertical take-off and landing. And if electric planes don't take off, Virgin Atlantic in November announced the successful completion of the first-ever Transatlantic flight by a large passenger plane – a Boeing 787 – powered entirely by an alternative, greener fuel made of crops, household waste and cooking oils.^{23,24,25}

Warehousing

Not to be forgotten is where all that stuff in the distribution and logistics chain is stored. Warehouses can consume massive amounts of space and resources. But there are moves to update warehouses with lighting efficiencies and adding solar panels on those spacious rooftops, or even adding rooftop vegetation to moderate interior temperatures and reduce heat reflection. In the cold storage market, some are experimenting with sophisticated temperature management software to reduce refrigeration run cycles, nighttime refrigeration maximization, and alternative energy sources.^{26,27}

Now Arriving: Mergers & Acquisitions

- ❑ In November, large truck and car maker Volvo acquired startup electric bus maker Proterra's EV battery division for \$210 million as Proterra, in bankruptcy, sold off parts of its business. The division makes batteries for medium and heavy-duty commercial vehicles. The deal includes Proterra's development facility in California and its assembly plant in Greer, South Carolina, the home of BMW's massive American plant. Proterra's battery operations focus on commercial vehicles, including delivery trucks. Volvo officials said the acquisition will accelerate its dive into EVs and its goal of making all-electric vehicles 35% of sales by 2030. Volvo also announced a partnership with CRH materials to accelerate the development of net-zero heavy-duty construction vehicles.^{28,29}
- ❑ Chevron was busy in the new energy field. In September, the fuel giant bought a majority stake (78%) in the world's largest "green" hydrogen production and storage project, the Advanced Clean Energy Storage project (ACES) in Utah. Mitsubishi is the other large holder. And in July, Chevron continued its quest for renewable fuels, partnering with grain and soybean powerhouse Bunge to acquire Argentina's agribiz Chacraservicios, which produces high oil content foods. Both acquiring partners are seeking new sources of lower carbon products. Chevron adds to its supply of oil seeds to produce cleaner, less polluting diesel, while Bunge – the world's largest oilseed crusher – adds to its supply of cleaner feedstocks. Chevron earlier agreed to pony up about \$600 million in cash while Bunge would contribute two soybean processing plants in the joint deal. Chevron has been hunting biofuel processors in recent years. In this case, the deal falls under Chevron's Renewable Energy Group division, built around a company Chevron acquired in 2022 for \$3.15 billion.^{30,31,32,33}
- ❑ In December, Alaska Airlines announced its agreement to purchase Hawaiian Airlines for \$1.9 billion, though the deal is expected to see some regulatory review and requires shareholder approval. The combined airlines, operating as separate brands, would be based in Seattle. It's a potentially interesting move as the Biden Administration is already seeking to block the proposed \$3.8 billion merger of Jet Blue and Spirit airlines. Hawaiian Airlines' cargo operation is the largest of any passenger airline serving the islands, moving healthcare, retail, and agricultural products.^{34,35}

Now Arriving: Mergers & Acquisitions

It feels like the drive to more sustainable transport and storage of the goods we need – whether transporting a container across the Pacific or a box of widgets across town – are only gaining momentum. A perfect storm of innovation from startups, new efficiencies, cost benefits, and wholesale changes both incentivized and required by governments appear to be moving the industry to wholesale adoption.



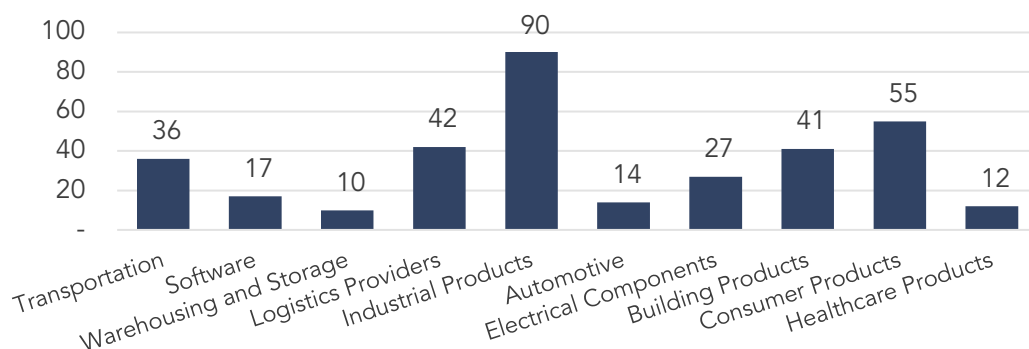
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Change may not come easy. We can't know how federal and state regulations will emerge, or where they'll collide with economic realities. And the logistics and distribution sector doesn't operate inside the confines of any one country. It's a truly global endeavor, and players in the space will need to adapt to international regulations that may vary from country to country or even state to state. But the pace of innovation appears unstoppable, and investors are taking note in the distribution and logistics chain from clean energy to robotics and supply-chain management and visibility. It's hard to think of a sector that touches us more in so many ways so many times a day, and it's a sector we've relied on since the first farmer rode into town with a bag of potatoes strapped to his horse. In this enduring field, we're looking forward to an exciting year ahead.^{36,37}

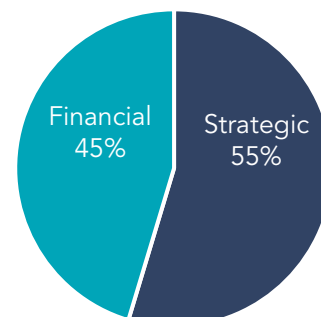


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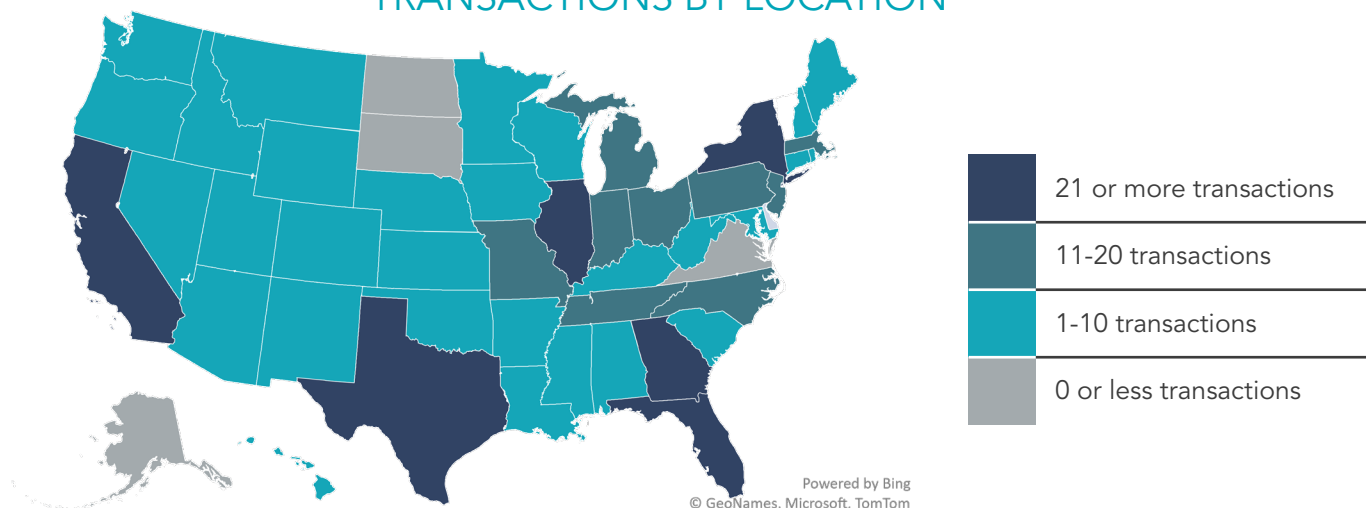
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
12/22/2023	Daseke	TFI International	Transportation	1,022.80	0.6x	5.9x
12/20/2023	Forward Air	Hub Group	Transportation	262.00	-	-
11/30/2023	Rudd Equipment Company	Ferronordic	Industrial Products	95.00	-	-
11/1/2023	The Cook & Boardman Group	Platinum Equity	Building Products	863.00	-	-
10/31/2023	Envoy Solutions	Brady Industries, Warburg Pincus	Consumer Products	2,698.41	-	-
9/7/2023	Swire Coca-Cola	John Swire & Sons	Consumer Products	3,900.00	-	-
9/6/2023	Gateway Supply	Watsco	Consumer Products	106.34	-	-
7/25/2023	Simply Storage Management	Public Storage	Warehousing and Storage	2,200.00	-	-

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		
 BEACON			 GARVIN CONSTRUCTION PRODUCTS 
 TFI International	 JHT	 DASEKE Dahlsten Truck Line, Inc.	
 GrubMarket		 LONDON FRUIT	 Mendez International Harvested for Happiness

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

FIRM	RECENT SUBSIDIARY ACQUISITIONS		
 Advent International GLOBAL PRIVATE EQUITY	 ATLANTIS PACKAGING	 NORTHEAST – WESTERN ENERGY SYSTEMS USA LLC  PrimePaper YOUR RELIABLE PACKAGING SUPPLY SOURCE	 Q&M THE OHIO & MICHIGAN PAPER CO. EST. 1868  Supreme Paper A DIVISION OF: 
 AEA	 CAPITAL RUBBER & GASKET	 ME MONROE ELECTRONICS	 MRO HARDWARE  CRANE ENGINEERING
 Frontenac	 FR FILTER RESOURCES, Inc.	 CITY LINE FOODSERVICE	 rockfarm Supply Chain Solutions  RAY LEWIS & Company
		 AIC	 INTEGRATED OPENINGS SOLUTIONS

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.

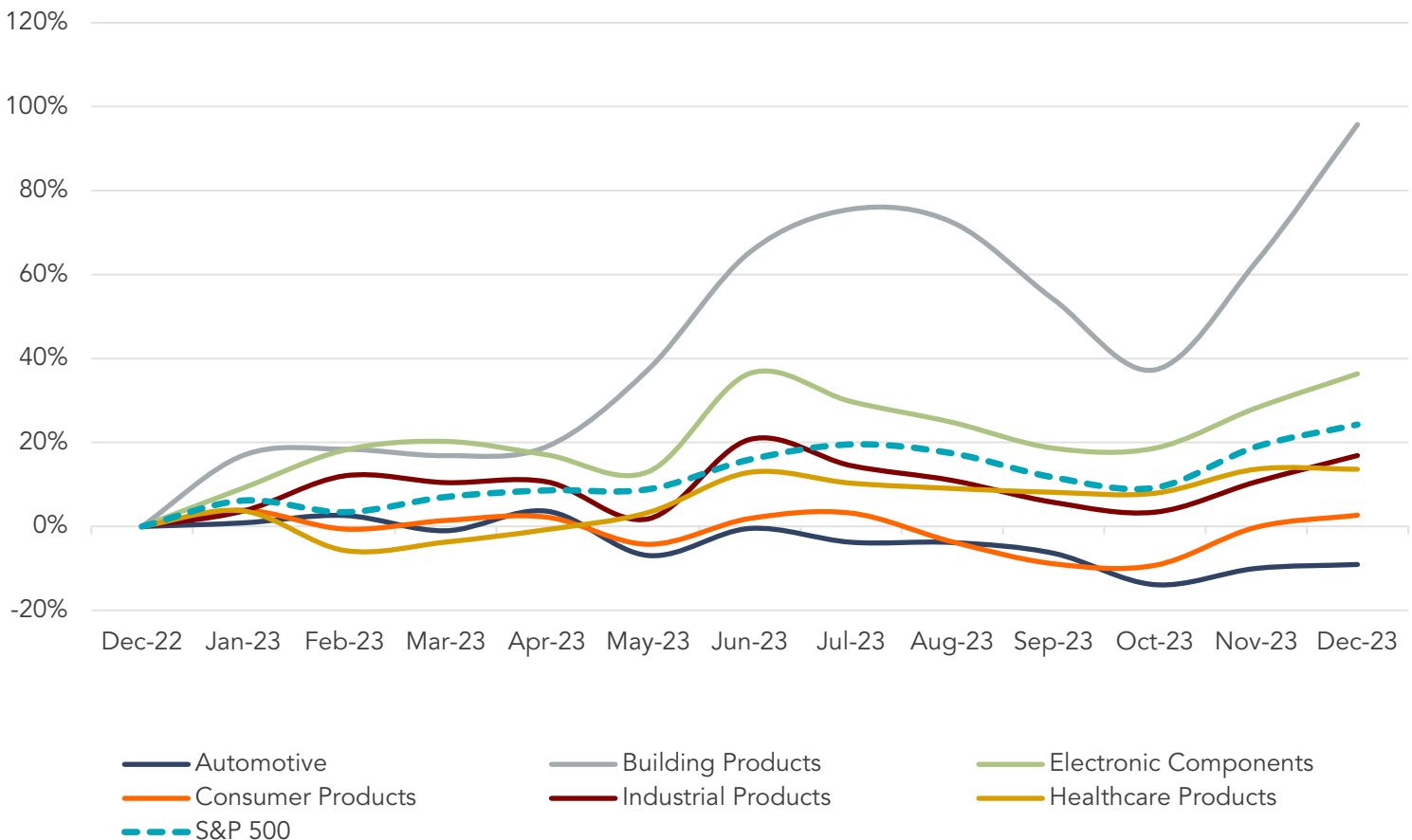


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DISTRIBUTION PUBLIC BASKET

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	
AutoZone	AZD	\$ 44,710	\$ 2,585.61	4.8%	4.8%	94.0%	7.5%	23.3%	3.2x	13.7x	18.8x	3.0x	NM	
Genuine Parts	GPC	19,417	138.50	(20.2%)	(20.2%)	76.4%	4.5%	9.0%	1.0x	11.1x	15.6x	1.0x	10.1x	
LKQ	LKQ	12,789	47.79	(10.5%)	(10.5%)	80.5%	14.4%	12.8%	1.4x	10.6x	13.5x	1.2x	9.3x	
Dorman Products	DORM	2,626	83.41	3.1%	3.1%	81.6%	5.2%	11.7%	1.7x	14.5x	27.3x	1.6x	10.5x	
Kaman	KAMN	677	23.95	7.4%	7.4%	90.3%	2.8%	3.4%	1.6x	NM	NM	1.6x	10.3x	
Segment Average				(3.1%)	(3.1%)	84.6%	6.9%	12.0%	1.8x	12.5x	18.8x	1.7x	10.0x	
Segment Median				3.1%	3.1%	81.6%	5.2%	11.7%	1.6x	12.4x	17.2x	1.6x	10.2x	

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	\$ 61,605	\$ 462.98	23.4%	23.4%	97.2%	11.3%	1.8%	0.2x	12.9x	18.3x	0.2x	12.5x
Alcon	ALC	38,268	77.81	13.7%	13.7%	89.9%	7.2%	NM	4.6x	24.9x	NM	4.3x	16.4x
Cardinal Health	CAH	24,844	100.80	31.1%	31.1%	92.6%	12.8%	0.6%	0.1x	20.1x	NM	0.1x	8.1x
Henry Schein	HSIC	9,838	75.71	(5.2%)	(5.2%)	84.4%	1.9%	6.9%	1.1x	15.3x	22.4x	1.0x	12.5x
Patterson Companies	PDCO	2,636	28.45	1.5%	1.5%	82.4%	2.2%	5.9%	0.5x	8.5x	13.8x	0.5x	8.4x
Owens & Minor	OMI	1,474	19.27	(1.3%)	(1.3%)	81.4%	4.9%	2.7%	0.4x	12.8x	NM	0.3x	6.1x
Segment Average				10.5%	10.5%	88.0%	6.7%	3.6%	1.1x	15.7x	18.2x	1.1x	10.7x
Segment Median				7.6%	7.6%	87.1%	6.0%	2.7%	0.4x	14.1x	18.3x	0.4x	10.5x

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
Builders Firstsource	BLDR	\$ 20,592	\$ 166.94	157.3%	157.3%	97.6%	1.8%	16.0%	1.4x	8.8x	14.0x	1.4x	9.7x
Beacon Roofing Supply	BECN	5,508	87.02	64.8%	64.8%	97.3%	6.4%	9.6%	1.0x	10.0x	NM	0.9x	8.9x
Boise Cascade	BCC	5,121	129.36	88.4%	88.4%	98.4%	4.4%	11.5%	0.6x	5.6x	10.2x	0.6x	6.2x
United States Lime & Minerals	USLM	1,313	230.35	63.6%	63.6%	95.7%	NM	39.7%	4.2x	10.5x	19.2x	NM	NM
BlueLinx Holdings	BXC	993	113.31	59.3%	59.3%	96.8%	(1.4%)	5.8%	0.3x	6.0x	10.2x	0.4x	6.4x
Segment Average				86.7%	86.7%	97.2%	2.8%	16.5%	1.5x	8.2x	13.4x	0.8x	7.8x
Segment Median				64.8%	64.8%	97.3%	3.1%	11.5%	1.0x	8.8x	12.1x	0.8x	7.6x

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	GWW	\$ 41,131	\$ 828.69	49.0%	49.0%	98.5%	7.2%	17.2%	2.7x	15.6x	23.1x	2.5x	14.8x
WESCO International	WCC	8,881	173.88	38.9%	38.9%	93.9%	4.0%	7.3%	0.6x	8.7x	11.6x	0.6x	7.6x
Arrow Electronics	ARW	6,621	122.25	16.9%	16.9%	82.9%	(11.0%)	5.4%	0.3x	5.6x	6.8x	0.3x	6.3x
Avnet	AVT	4,560	50.40	21.2%	21.2%	97.6%	(5.9%)	5.5%	0.3x	5.4x	5.9x	0.3x	6.8x
ScanSource	SCSC	995	39.61	35.6%	35.6%	97.9%	3.4%	4.1%	0.3x	7.9x	12.7x	0.3x	6.6x
Richardson Electronics	RELL	191	13.35	(37.4%)	(37.4%)	53.5%	(2.1%)	8.9%	0.7x	7.7x	11.1x	0.7x	NM
Segment Average				20.7%	20.7%	87.4%	(0.7%)	8.1%	0.8x	8.5x	11.9x	0.8x	8.4x
Segment Median				28.4%	28.4%	95.7%	0.6%	6.4%	0.5x	7.8x	11.4x	0.5x	6.8x

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	SYU	\$ 36,885	\$ 73.13	(4.3%)	(4.3%)	88.8%	5.7%	4.9%	0.6x	12.7x	20.6x	0.6x	10.7x
US Foods Holding	USFD	11,164	45.41	33.5%	33.5%	99.1%	6.4%	3.7%	0.4x	12.0x	25.2x	0.4x	9.2x
Performance Food Group	PFGC	10,760	69.15	18.4%	18.4%	98.8%	5.4%	2.3%	0.3x	12.1x	25.6x	0.3x	10.1x
The Chefs' Warehouse	CHEF	1,490	29.43	(11.6%)	(11.6%)	74.5%	12.7%	4.4%	0.6x	14.1x	NM	0.5x	9.4x
United Natural Foods	UNFI	964	16.23	(58.1%)	(58.1%)	36.9%	2.9%	1.1%	0.1x	13.9x	NM	0.1x	8.7x
SpartanNash	SPTN	795	22.95	(24.1%)	(24.1%)	70.9%	0.8%	2.0%	0.2x	8.3x	18.8x	0.2x	6.1x
Segment Average				(7.7%)	(7.7%)	78.2%	5.7%	3.1%	0.4x	12.2x	22.6x	0.4x	9.0x
Segment Median				(8.0%)	(8.0%)	81.6%	5.6%	3.0%	0.4x	12.4x	22.9x	0.3x	9.3x

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	\$ 41,131	\$ 828.69	49.0%	49.0%	98.5%	7.2%	17.2%	2.7x	15.6x	23.1x	2.5x	14.8x
Fastenal	FAST	37,023	64.77	36.9%	36.9%	98.6%	7.4%	23.2%	5.1x	22.1x	32.7x	4.8x	20.6x
Genuine Parts	GPC	19,417	138.50	(20.2%)	(20.2%)	76.4%	4.5%	9.0%	1.0x	11.1x	15.6x	1.0x	10.1x
WESCO International	WCC	8,881	173.88	38.9%	38.9%	93.9%	4.0%	7.3%	0.6x	8.7x	11.6x	0.6x	7.6x
MSC Industrial Supply	MSM	5,712	101.26	23.9%	23.9%	95.7%	2.8%	13.8%	1.5x	11.2x	16.6x	1.5x	10.4x
DistributionNOW	DNOW	1,204	11.32	(10.9%)	(10.9%)	76.2%	3.0%	7.1%	0.5x	6.4x	9.6x	0.4x	5.7x
MRC Global	MRC	928	11.01	(4.9%)	(4.9%)	79.2%	4.0%	6.7%	0.5x	7.4x	10.4x	0.5x	6.7x
Segment Average				16.1%	16.1%	88.4%	4.7%	12.0%	1.7x	11.8x	17.1x	1.6x	10.8x
Segment Median				23.9%	23.9%	93.9%	4.0%	9.0%	1.0x	11.1x	15.6x	1.0x	10.1x

Source: Pitchbook Financial Data and Analytics

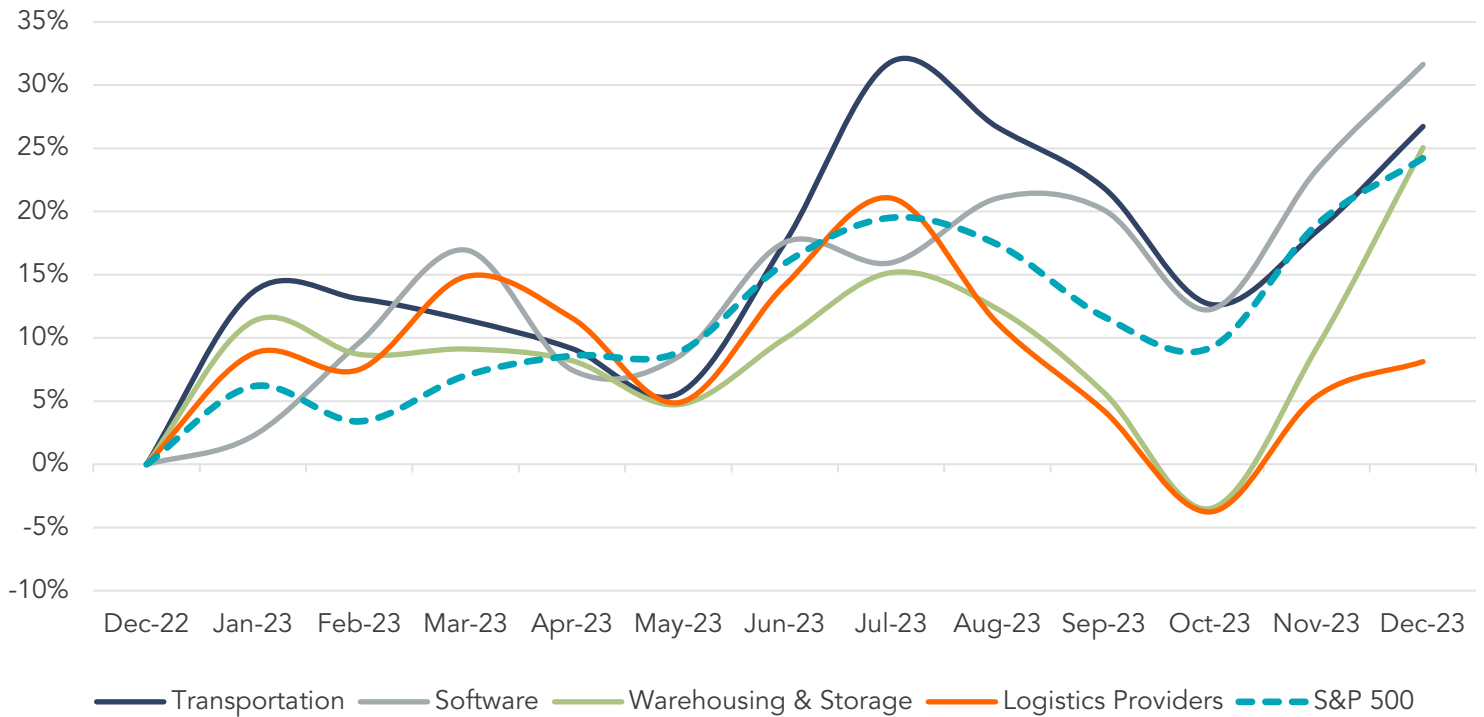


DISTRIBUTION & LOGISTICS REPORT

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	\$ 133,948	\$ 157.23	(9.6%)	(9.6%)	79.5%	2.9%	16.2%	1.6x	10.1x	15.9x	1.6x	10.9x
FedEx	FDX	63,215	252.97	46.1%	46.1%	88.6%	2.5%	11.8%	1.1x	9.1x	15.0x	1.0x	8.6x
Old Dominion Freight Line	ODFL	44,227	405.33	42.8%	42.8%	92.5%	10.3%	33.4%	7.5x	22.5x	36.1x	6.8x	20.0x
J.B. Hunt Transport	JBHT	20,602	199.74	14.6%	14.6%	95.5%	2.2%	13.6%	1.7x	12.3x	26.9x	1.6x	11.6x
Saia	SAIA	11,634	438.22	109.0%	109.0%	94.9%	16.3%	22.1%	4.1x	18.7x	34.8x	3.6x	14.7x
Knight Transportation	KNX	9,303	57.65	10.0%	10.0%	89.6%	16.5%	18.2%	1.8x	9.7x	24.6x	1.5x	8.8x
Landstar System	LSTR	6,961	193.65	18.9%	18.9%	92.8%	(7.8%)	7.9%	1.1x	14.5x	23.5x	1.2x	16.8x
Ryder System	R	5,100	115.06	37.7%	37.7%	96.3%	6.5%	24.0%	1.1x	4.4x	11.4x	1.0x	4.6x
Schneider National	SNDR	4,491	25.45	8.8%	8.8%	80.2%	(0.9%)	14.0%	0.8x	5.9x	14.2x	0.8x	6.4x
ArcBest	ARCB	2,844	120.21	71.6%	71.6%	95.8%	(3.0%)	6.6%	0.6x	9.5x	22.8x	0.6x	6.3x
Werner Enterprises	WERN	2,686	42.37	5.2%	5.2%	84.2%	1.9%	15.7%	1.0x	6.5x	18.1x	1.0x	6.4x
Marten Transport	MRTN	1,706	20.98	6.1%	6.1%	89.7%	(0.7%)	19.3%	1.4x	7.2x	20.6x	1.4x	NM
Heartland Express	HTLD	1,127	14.26	(7.0%)	(7.0%)	78.5%	(7.7%)	19.9%	1.1x	5.7x	46.0x	1.2x	5.9x
Universal Logistics Holdings	ULH	736	28.02	(16.2%)	(16.2%)	62.3%	(3.7%)	13.7%	0.7x	5.0x	7.0x	0.7x	NM
Canadian General Investment	CGI	548	26.25	9.5%	9.5%	94.2%	NM	NM	NM	NM	NM	NM	NM
P.A.M. Transportation Services	PTSI	458	20.78	(19.8%)	(19.8%)	66.3%	(4.9%)	14.4%	0.6x	4.3x	12.0x	0.7x	NM
Usak Seramik Sanayi	USAK	94	0.39	57.8%	57.8%	71.1%	NM	13.2%	1.2x	8.8x	8.6x	NM	NM
Segment Average				22.7%	22.7%	85.4%	2.0%	16.5%	1.7x	9.6x	21.1x	1.7x	10.1x
Segment Median				10.0%	10.0%	89.6%	1.9%	15.0%	1.1x	9.0x	19.3x	1.2x	8.7x

Lehman & Company acquired AAWW

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
PTC	PTC	\$ 20,863	\$ 174.96	45.8%	45.8%	99.3%	14.1%	28.3%	10.7x	37.8x	84.9x	9.4x	NM
Aspen Technology	AZPN	14,023	220.15	7.2%	7.2%	88.8%	12.5%	31.0%	13.4x	43.2x	NM	11.9x	28.8x
Manhattan Associates	MANH	13,256	215.32	77.4%	77.4%	93.4%	13.3%	23.1%	14.7x	63.8x	NM	13.0x	44.5x
Descartes Systems Group	DSGX	7,160	84.06	20.7%	20.7%	97.5%	10.3%	38.9%	12.5x	32.2x	64.2x	11.4x	25.5x
SPS Commerce	SPSC	7,113	193.84	50.9%	50.9%	97.7%	20.1%	22.1%	13.4x	60.8x	NM	11.2x	37.7x
American Software	AMSWA	386	11.30	(23.0%)	(23.0%)	71.2%	(9.5%)	10.1%	NM	26.6x	39.0x	3.0x	17.2x
Segment Average				29.8%	29.8%	91.3%	10.2%	25.6%	13.0x	44.1x	62.7x	10.0x	30.7x
Segment Median				33.2%	33.2%	95.5%	12.9%	25.7%	13.4x	40.5x	64.2x	11.3x	28.8x

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	\$ 53,630	\$ 305.00	8.9%	8.9%	96.4%	5.7%	NM	NM	NM	28.0x	NM	NM
PACCAR	PCAR	51,078	97.65	48.0%	48.0%	99.2%	(6.8%)	19.5%	1.6x	8.5x	12.5x	1.8x	9.8x
Extra Space Storage	EXR	33,874	160.33	8.9%	8.9%	94.1%	38.8%	68.1%	NM	NM	30.3x	NM	NM
Westinghouse Air Brake Technologies	WAB	22,735	126.90	27.1%	27.1%	99.5%	7.5%	17.7%	2.8x	15.8x	30.2x	2.6x	12.9x
BorgWarner	BWA	8,427	35.85	1.3%	1.3%	76.2%	(11.0%)	12.4%	0.8x	6.8x	11.4x	0.8x	5.7x
National Storage Affiliates	NSA	3,445	41.47	14.8%	14.8%	92.6%	(0.5%)	66.3%	NM	14.7x	38.4x	9.8x	14.2x
Dana (Automotive)	DAN	2,109	14.61	(3.4%)	(3.4%)	74.0%	3.5%	7.3%	0.5x	6.4x	NM	0.4x	5.4x
Wabash National	WNC	1,181	25.62	13.4%	13.4%	85.1%	(12.2%)	13.6%	0.6x	4.2x	5.6x	0.6x	5.9x
American Axle & Manufacturing	AXL	1,031	8.81	12.7%	12.7%	87.1%	3.1%	11.1%	0.6x	5.1x	NM	0.5x	4.6x
Segment Average				14.6%	14.6%	89.3%	3.1%	27.0%	1.1x	8.8x	22.3x	2.4x	8.4x
Segment Median				12.7%	12.7%	92.6%	3.1%	15.7%	0.7x	6.8x	28.0x	0.8x	5.9x

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	\$ 133,948	\$ 157.23	(9.6%)	(9.6%)	79.5%	2.9%	16.2%	1.6x	10.1x	15.9x	1.6x	10.9x
FedEx	FDX	63,215	252.97	46.1%	46.1%	88.6%	2.5%	11.8%	1.1x	9.1x	15.0x	1.0x	8.6x
Expeditors International of Washington	EXPD	18,494	127.20	22.4%	22.4%	98.5%	(13.1%)	10.9%	1.7x	15.2x	23.8x	1.9x	18.7x
XPO (US)	XPO	10,158	87.59	163.1%	163.1%	96.4%	8.6%	9.6%	2.2x	NM	NM	1.6x	11.0x
C.H. Robinson Worldwide	CHRW	10,077	86.39	(5.6%)	(5.6%)	80.0%	(1.2%)	3.6%	0.6x	17.7x	25.7x	0.7x	15.6x
Forward Air	FWRD	1,613	62.87	(40.1%)	(40.1%)	51.8%	(1.4%)	12.4%	1.1x	8.9x	15.3x	1.1x	8.8x
Air Transport Services Group	ATSG	1,149	17.61	(32.2%)	(32.2%)	61.4%	1.8%	28.1%	1.4x	4.9x	11.9x	1.3x	4.8x
Park Ohio Holdings	PKOH	353	26.96	120.4%	120.4%	93.6%	6.9%	6.3%	0.7x	9.6x	NM	0.6x	7.0x
Segment Average				33.1%	33.1%	81.2%	0.9%	12.4%	1.3x	10.8x	17.9x	1.2x	10.7x
Segment Median				8.4%	8.4%	84.3%	2.2%	11.4%	1.2x	9.6x	15.6x	1.2x	9.8x

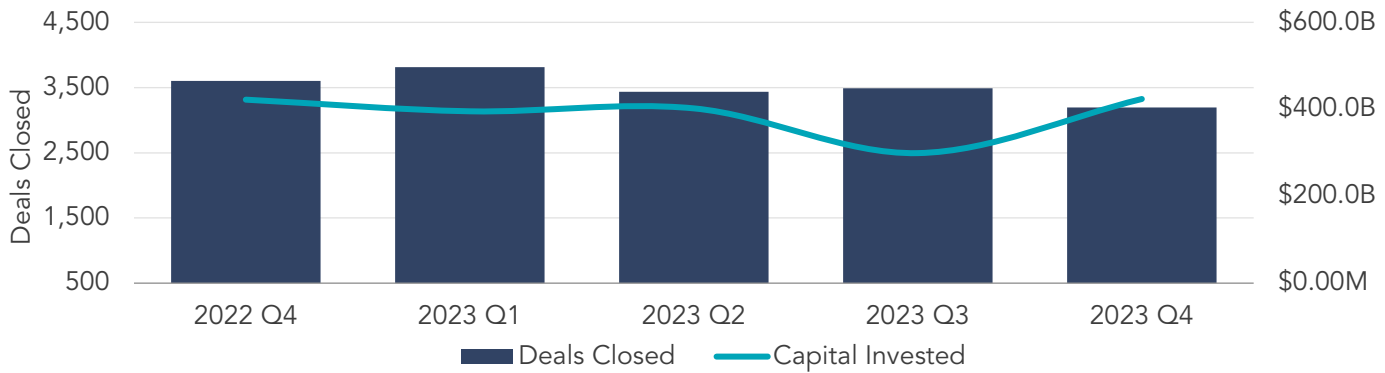
Source: Pitchbook Financial Data and Analytics



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U.S. M&A ACTIVITY SNAPSHOT

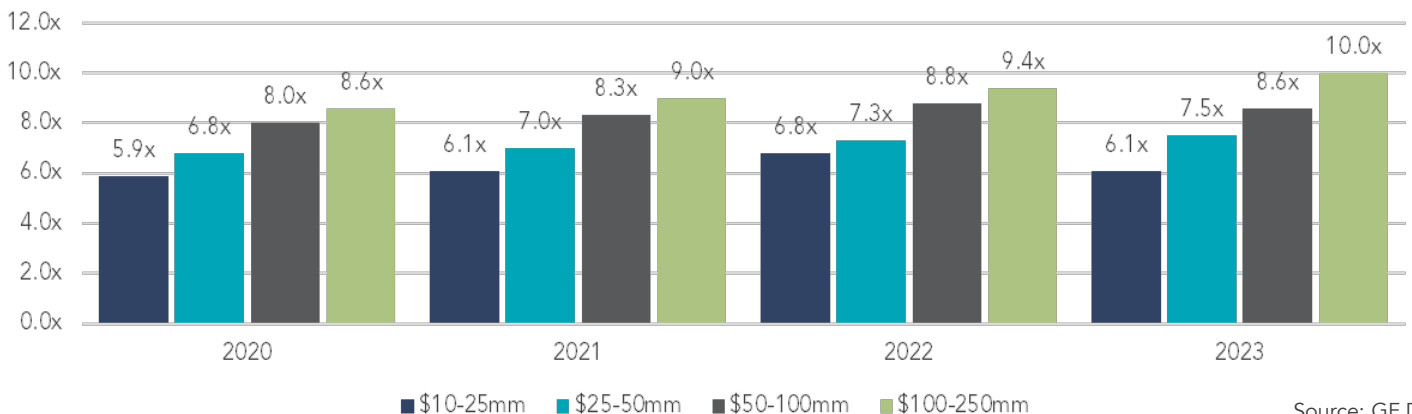
OVERALL U.S. M&A ACTIVITY



Source: PitchBook Financial Data and Analytics

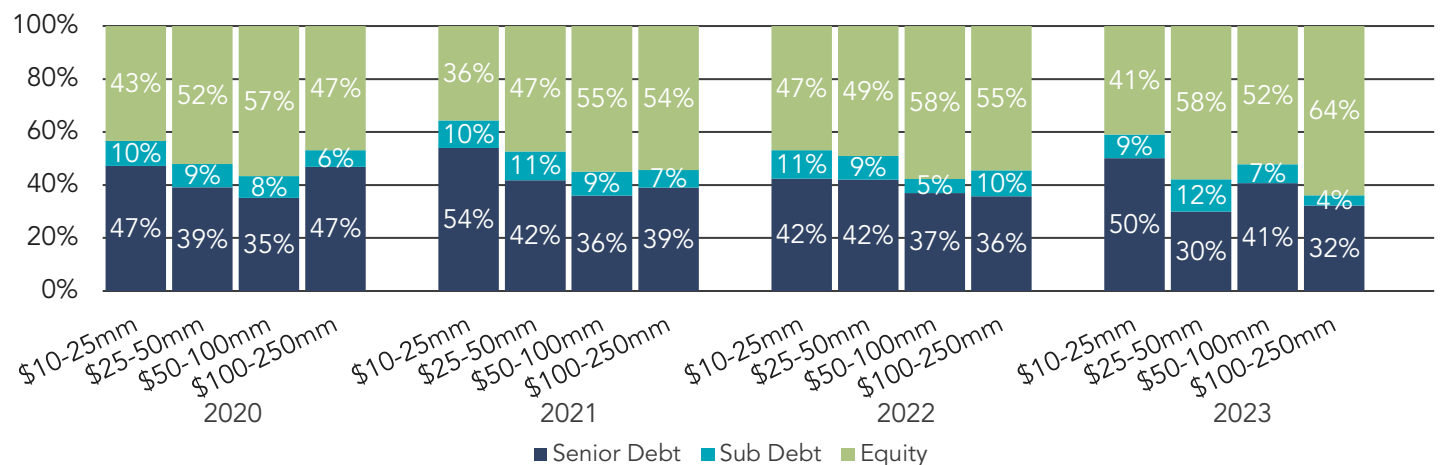
LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data®

CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of November 2023.

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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