

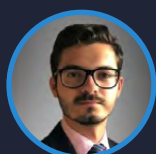
J&A Capital Markets Report

Last-Mile Delivery and Third-Party Logistics

December 2021

Last-mile delivery and third-party logistics capital market activity has expanded by over 175% since 2019. The sectors, and related capital markets, have surged due to the increase in demand due to the COVID-19 pandemic. In this report J&A analyzes last-mile delivery and third-party logistics capital market activity and determines potential trends for the upcoming years.

AUTHORS



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GARETH WALDECK

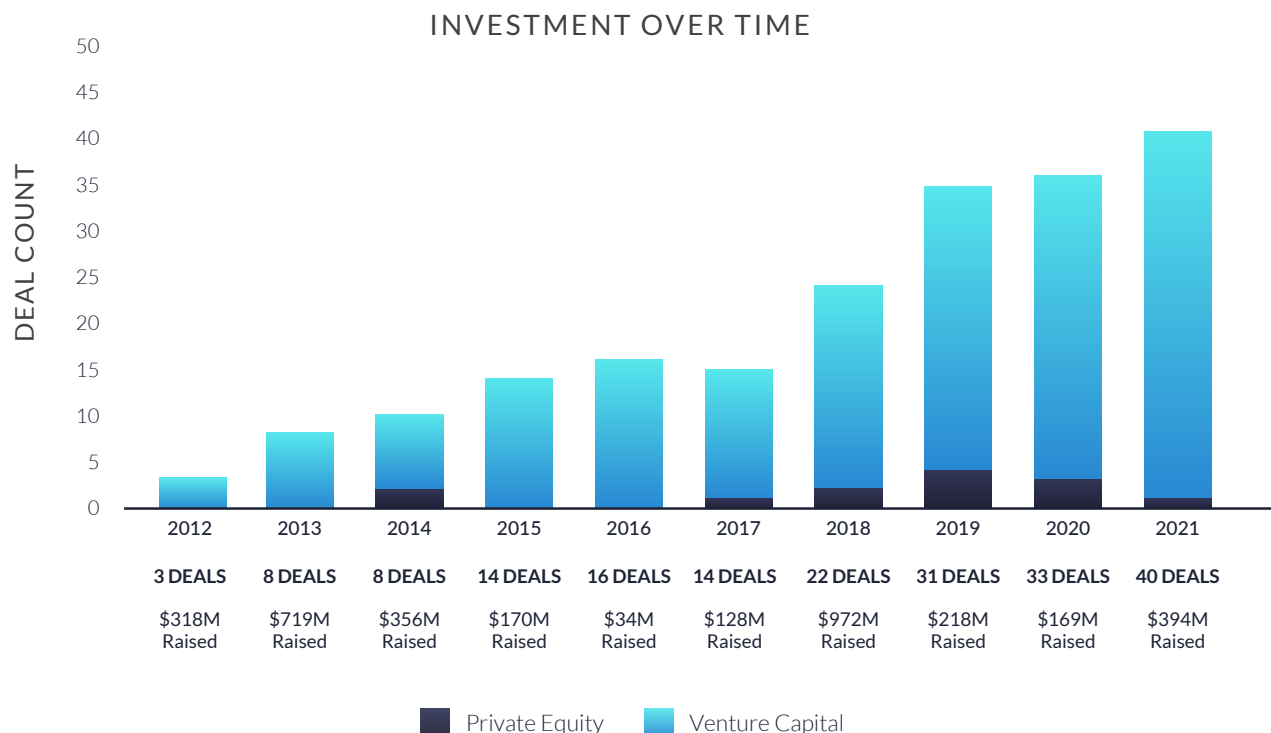
Gareth Waldeck is a member of the investment banking and global trade team at J&A. He is based in Abu Dhabi. He is originally from South Africa and studied in Economics at Fordham University. He has served as panelist for multiple forums such as the Diversity Dividend: Why Equality Benefits Us All and regularly publishes in the space of cross border capital markets.

Last-Mile Delivery

Last-mile delivery conducts the delivery of final products to end-consumers within the logistic supply chain. It most often accounts for 50% or more of the total delivery costs.

Last-mile delivery companies have experienced notable capital market activity and interest from venture capital firms. The sector experienced outsized deployment of capital from private equity

firms and strategic investors in 2020. This was due to the increase in relevance for the industry during the pandemic, when most e-commerce sales carried a delivery fee directly to the end consumer.



- Deal count increased by over 33% in the past decade, starting with three deals in 2012, and continuing with 40 deals closed so far in 2021. This number is expected to increase with additional deals announced in Q4 of 2021.
- Private equity and venture capital invested over \$900 million in 2018 and 2020 in the sector. The

spike in 2020 was due to the increase of last-mile delivery usage for large companies all over the world as a result of the COVID-19 pandemic.

- The years 2017 through 2019 saw an over 40% increase in deal count, from 15 to 35 deals in 2017 and 2019, respectively. J&A expects this to continue after 2021.

Companies with the Most Capital Raised

Omni Logistics, Jacobson Companies, and St. George Logistics raised over \$1.5 billion in total between 2012 and 2021. Below is a summary of these companies, their operations, and their latest capital market activities.

COMPANY

DESCRIPTION

LAST FUNDING ACTIVITY



- Provider of bulk transportation logistics and trucking services to the medical and retail industries
- Omni Logistics offers supply chain solutions and other value-added services

- \$450M in debt financing
- Investors are Antares Capital, Barings, Monroe Capital, The Blackstone Group, and The Goldman Sachs Group
- The funds will support future acquisitions



- Supply-chain management services serving multiple industries
- Clients in food and beverage, consumer packaged goods, chemicals, durable goods, energy, oil and gas, etc.

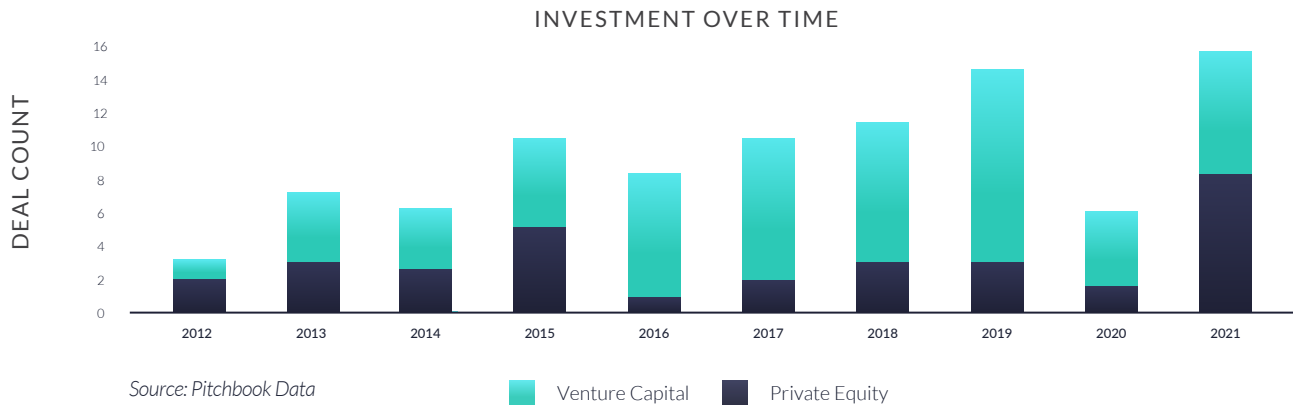
- Acquired by Norbert Dentressangle for GBP452M
- The acquisition enables Norbert to expand into the US



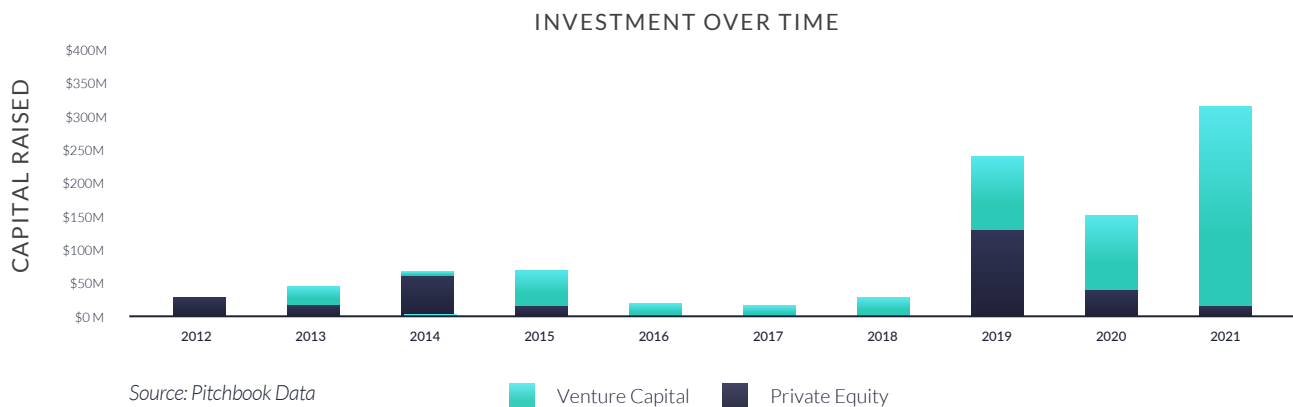
- Value-added warehouse and logistics services
- Services include distribution, warehousing, and transportation in the US

- \$201M in debt financing
- Investors are First Eagle Private Credit, Blackrock Capital Investment, GSO Capital Partners, LStar Capital, and Antares Capital
- Funding supported add-on acquisitions

Third-Party Logistics Deal Count



Third-Party Logistics Capital Raised



- Well-established, specialized logistics companies grew over the COVID-19 pandemic in 2020. The capital raised in 2021 grew by 174% compared to 2020.
- Though 2020 had almost twice as many deals as in 2021 year to date, as of October the capital raised grew from \$111 million to \$305 million over the same period of time.
- J&A expects capital market activity for third-party logistics companies to increase in Q4 of 2021 and in the first two quarters of 2022. After

the pandemic effects recede, capital market activity might plateau and continue being active for several years thereafter.

The economic effect of COVID and lockdowns have rapidly escalated growth in the Last-mile delivery and third-party logistics sector. Capital deployment into the sector more than doubled. J&A expects activities to remain as active as in the past year, and interesting developments to come as well-established companies acquire smaller entities in the same space.