

Growth Platform & Long-Term Capital

Lanter Delivery Systems

Lanter Delivery Systems is a leading provider of dedicated unattended overnight delivery of spare parts for major auto, agriculture, heavy-duty truck and industrial original equipment manufacturers (OEMs)

INVESTMENT SUMMARY

In early 2019, EGI invested in Lanter Delivery Systems alongside Lanter's founder and management team. Our long-term capital and family-office culture were of significant appeal to the Lanter family. Two of EGI's investment professionals hold board seats at Lanter.

INVESTMENT HIGHLIGHTS

RECURRING AND STICKY REVENUE BASE

Lanter has an established customer base with an average tenure across its top 10 customers of 16 years - a testament to the company's strong service quality. Further, the company's 3-5 year contracts provide revenue visibility.

STRONG FREE CASH FLOW CHARACTERISTICS

Lanter's asset-light business model uses third-party carriers and a large network of leased cross-dock facilities which results in minimal ongoing capital expenditures. The company has historically generated strong free cash flow with free cash flow conversion in excess of 90%.

RECESSION RESISTANT

Demand for spare parts increased during the Global Recession in 2007 / 2008 as consumers sought to repair or maintain vehicles and equipment, rather than replace them. In addition, many of Lanter's contracts include dedicated capacity, which limits the company's exposure to volume fluctuations.

NETWORK DENSITY/OPERATING LEVERAGE

Lanter benefits from operating leverage created through its vast network of leased hub and cross-dock facilities, and final-mile delivery routes. As new contracts are layered into the existing Lanter network, there are opportunities for material margin expansion.

MEANINGFUL GROWTH OPPORTUNITY

Lanter has demonstrated strong growth historically, with revenue nearly quadrupling from 2009 to 2018. Lanter has identified a robust pipeline of organic and inorganic growth opportunities, which will support growth going forward.

MANAGEMENT TEAM ALIGNMENT

EGI is supporting a tight-knit management team that has demonstrated the ability to grow the business, and evolve and adapt to customer needs. Management's significant investment alongside EGI creates meaningful alignment in this long-term partnership.

LANTER'S SHARED NETWORK

Lanter leases and operates approximately 100 cross-dock facilities across the U.S., which it leverages to provide shared delivery services for customers.

