

## Ra Parent Holdings LP (d/b/a S&S Truck Parts)



B+

1 year PD  
0.60% to 1.89%

- High leverage (~4x market) and a Loss of -\$20.9mn, (~2x FY-22), is a significant credit risks despite a nominal revenue growth of 46%. 24% of Total Assets is Goodwill, 40% Intangibles.
- Strong liquidity and Investcorp’s backing mitigates near-term pressures but overall profitability remains a concern. Despite higher Interest Expenses, D&A is a non-cash item (\$22.7mn).

- Strengths
- Outlook & Coverage:** Operates a global distribution network spanning 67 countries with eight Product Distribution Centers in North America. Interest Rates eased since FY-23, industry pressures bottomed out in FY-24 (interview w/ FleetPride), and promising CAGR-projection (4.4%) through 2028.
  - Liquidity Position:** The current ratio of 2.86 and quick ratio of 1.12 surpass peer medians of 1.61 and 0.94 - excluding additional \$14.5mn R/C-capacity.
  - Growth & Operational Profitability:** Acquisitions driven growth (including consolidation), pushed revenue in FY-23 by 46%, with EBITDA Margin of 9.0% being in line with market. The entity deploys IRSs to contain some interest rate risk, yet Interest Expenses grew by \$9.5mn or 118% y-o-y. The Loss-spike in FY-23 was also driven by a \$7mn increase in amortization of Goodwill and Intangible Assets (\$20mn in total), jointly with Depreciation, a \$22.7mn non-cash expense.
- Challenges
- High Leverage:** The Net Debt to EBITDA ratio of 8.71 is significantly above the peer median of 2.13. Given 24% of Total Assets is Goodwill, and 40% Intangibles, the actual Debt to Assets ratio is also substantially above market, despite an improved leverage following increase in EBITDA by 48%.
  - Weak Overall Profitability:** FY-23 recorded a net loss of -\$20.9mn, almost double the prior year, with ROCE at -1.0% compared to a peer median of 15.4%. Main drivers behind that are thesubstantially higher expenses for Interest and Amortization (+118%) and Depreciation (+46%) in FY-23.
  - Debt Structure:** Maturity wall in 2029 with all long-term debt becoming due.

### Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Private (PE)			
	Company Stage	Growth			
	Financials	Complete			
	Weight	Score	Dimension	Weight	Score
Financial	35%	4.9	Liquidity	25%	<div><div></div></div> 7.3
			Leverage	38%	<div><div></div></div> 1.0
			Profitability	38%	<div><div></div></div> 1.9
Business	65%	6.8	Industry Risk	15%	<div><div></div></div> 5.5
			Competitive Position	35%	<div><div></div></div> 7.0
			Mgmt / Governance	15%	<div><div></div></div> 6.3
			Sponsor / Parent	35%	<div><div></div></div> 7.4
Modifiers		-0.5	Fixed Cost Coverage Risk		<div><div></div></div> (0.5)

### Company Overview

Headquarters	Schaumburg, IL
Type	Private (PE)
Employees	200 - 500
Year Founded	1964
Website	https://www.sandstruck.com/
Business	Distributes aftermarket medium-heavy truck parts.
Revenues	\$214.8M

- Company Overview:** Ra Parent Holdings LP, operating as S&S Truck Parts, is a leading distributor of aftermarket truck parts for medium and heavy-duty vehicles under the proprietary "NewStar" brand.
- Product:** The company specializes in powertrain, brake, suspension, and electrical components, serving OEMs, truck dealerships, and independent distributors.
- Customers:** S&S Truck Parts has a diverse customer base of over 1,600 entities, ensuring strong market presence and repeat business opportunities.
- Ownership:** Acquired by Investcorp in 3/22, who merged them with Midwest Truck & Auto Parts ("Midwest") 8/22, bolstering its market position, scale, and operational reach. Founded 1982, Investcorp completed >195 PE-deals across the U.S., Europe, the Middle East, North Africa, and Asia, with a transaction value >\$61bn. They have a strong funding base and a long-term investment approach.
- Debt Structure:** Maturity wall in 2029 with up to 100% of all long-term debt, including the R/C-line, but excluding lease commitments.
- GROWTH CONTEXT:** Revenue increase by 46% in FY-23 is skewed by the acquisition of Midwest and SSTPC. Hence, the full impact of revenue contribution by Midwest and SSTPC only started to reflect in FY-23. We did a proxy to back into the organic growth, based on applicable revenue multiples, and prices paid for the respective entities (see financials provided). Long story short, without the skewed effect the annual growth would have likely been a decline beyond -10%.
- Other:** Given D&A of \$22.7mn (non-cash expense) the Net Loss over \$20.91mn is less dramatic, given a healthy EBITDA margin.

### Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	31	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.61	2.86	84%
	Quick Ratio	0.94	1.12	70%
Leverage	Net Debt / EBITDA	2.13	8.71	14%
	Debt to Assets	33.4%	47.9%	39%
Profitability	EBITDA Margin	9.1%	9.0%	49%
	ROCE %	15.4%	-1.0%	
	Revenue	\$231M	\$215M	
Industry Benchmarks - Primary: Broadcasting				



### Financial Statement Highlights

\$ '000s	(C) Dec-21 T12	(B) Dec-22 T12	(A) Dec-23 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	-	147,254	214,793		45.9%
Gross Profit	-	44,920	86,564		92.7%
Adjusted EBITDA	-	13,079	19,387		48.2%
Gross Profit Margin		30.5%	40.3%		+980 bps
Net Income	-	(11,230)	(20,910)		86.2%
Balance Sheet					
Cash And Cash Equivalents	-	8,203	6,033		-26.5%
Total Current Assets	-	114,029	106,756		-6.4%
Total Assets	-	391,621	365,321		-6.7%
Total Current Liabilities	-	40,649	37,335		-8.2%
Total Debt	-	181,161	174,853		-3.5%
Total Equity	-	181,881	162,897		-10.4%
Key Ratios					
Current Ratio		2.81	2.86		1.9%
Quick Ratio		1.23	1.12		-9.2%
Net Debt / EBITDA		13.22	8.71		-34.2%
Debt to Assets		46.3%	47.9%		+160 bps
EBITDA Margin		8.9%	9.0%		+14 bps
ROCE %		-0.7%	-1.0%		(30) bps

- Total revenue grew by 46%, from \$147.3mn in FY-22 to \$214.8mn in FY-23, driven by increased market demand as well as effects from acquisitions and consolidation. "Growth" had a substantially positive impact on Leverage, declining by 34% in FY-23
- Increased Gross Margin from 30.5% to 40.3%, was vastly offset by rising Operating Expenses (+90%, or \$42.5mn hike), substantially outpacing revenue growth.

### Business Risk Highlights

- Industry:** Operates in the aftermarket truck parts industry, projected to grow at a 4.42% CAGR (through 2028), driven by aging vehicle fleets and increased demand for replacements. Nevertheless, 2024 led to an increased level of uncertainty related to the projection relatd to freight shipping volumes in correlation to the CASS Freight Index. Following a period of strong shipment volumes in North America from H2-20 through 2022, general inflationary conditions and concerns about a significant economic downturn have sharply dampened demand for truck parts, and affiliated services. Following a similar assessment of FleetPride in Q4-2024, they shared a sentiment of the market bottoming out in 2024, and a positive sentiment about 2025.
- Competitive Position:** Strong geographic footprint and product range, but profitability lags behind peers, potentially limiting its ability to invest in future growth.
- Management:** The company's ability to integrate the Midwest Truck & Auto Parts merger effectively is certainly a plus, yet management of high operating costs, especially financial expenses remains a key concern, although rates have come down quite a bit since FY-23.
- PE Sponsor:** Ownership by Investcorp, a reputable PE firm, provides strategic and financial