

# GEMACP Logistics



- Leverage below the industry median, with Total Debt ranging 24% (2022) and 39% (10/2023) below FY-2021.
- Decreasing current ratio (2.76x in FY-2022 to 0.80x in T-10 10/2023) and escalating rent expenses (+3x) give rise to liquidity concerns, aside from highly volatile revenue base

Strengths

- **Leverage:** Total debt decreased from \$0.9mn in FY-2021 to \$0.7mn in FY-2022 and further reduced to \$0.6mn during T-10 Oct 2023.
- **Diverse service offering:** GEMCAP Logistics offers a comprehensive range of transportation, warehousing, and distribution services, providing a one-stop solution for its customers.
- **Managed by founders:** GEMCAP is owned and managed by the founder Maricelis Montiel-Marrero.

Challenges

- **Liquidity concerns:** Current ratio which increased from 0.93x in FY-2021 to 2.76x in FY-2022, decreased to 0.80x in T-10 Oct 2023.
- **Escalating rent expenses:** Growth in rent expenses between FY-2022 and Oct 2023 (>3x increase) in combinatio with drop in Cash and Equivalents from \$668mn to \$21mn limits their financial flexibility.
- **Declining Margins:** The company's EBITDA margin has decreased from 15.7% to 7.5%, indicating a decline in profitability. This could be a concern if the trend continues.
- **Volatility:** Between FY-2021, FY-2022 and T-10 Oct 2023 total revenue increased by 3.1x before it declined on an annualized basis to \$8.3mn (through 10/2023), which equates a decline by 34%.

## Scorecard Summary

	Weight	Score	Dimension	Contribution
Financial	65%	6.3	Liquidity	<div></div>
			Leverage	<div></div>
			Profitability	<div></div>
Business	35%	5.1	Industry Risk	<div></div>
			Competitive Position	<div></div>
			Mgmt / Governance	<div></div>
			Sponsor / Parent	<div></div>
Modifiers		-1.6	Revenue Segment	<div></div>
			Trend Analysis	<div></div>

Industry Benchmarks - Primary: Cargo Ground Transportation

## Company Overview

Headquarters	Miami, FL	U.S.
Type	Private (Non-PE)	
Employees	n/a	
Year Founded	2009	
Website	https://gemcaplogistics.com/	
Business	Provide trucking & logistics services	
Revenues	\$12.6M	

- **Company Overview:** GEMCAP Logistics is a Miami-based company that offers comprehensive logistics solutions. The entity empasizes its extensive industry expertise and commitment to customer satisfaction. Gemcap claims to be operating across the U.S. and Canada, with a focus on innovative solutions and aims to be a preferred provider through reliable and advanced operational strategies.
- **Product:** They offer a wide range of transportation options, including trucking, air freight, and ocean freight, warehousing and distribution services with a focus on efficient inventory management and order fulfillment. specialized logistics and transportation. Their expertise covers large-scale, time-sensitive projects and express delivery for just-in-time supply chains.
- **Customers:** The company's main customers are businesses from various industries.
- **Ownership:** Per YTD Oct 2023 financials, the company is 99.5% owned by Maricelis Montiel-Marrero who is the founder & president.

## Financial Ratio Benchmarking

# of Benchmarks:	9	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.24	0.80	<div></div>
	Quick Ratio	1.03	0.80	<div></div>
Leverage	Net Debt / EBITDA	1.77	1.09	<div></div>
	Debt to Assets	46.2%	68.9%	<div></div>
Profitability	EBITDA Margin	7.2%	7.5%	<div></div>
	ROCE %	13.4%	664.9%	<div></div>
	Revenue	\$29M	\$7M	

- Current ratio of 0.80x is lower than industry median of 1.24x, and Debt/Assets ratio of 68.9% is about 50% above it's peers' (46.2%).
- EBITDA Margin during T-10 reduced to 7.5% due to rising rent expenses although slightly better than industry median of 7.2%.

## Financial Statement Highlights

\$ '000s	Oct-23 T10	Dec-21 T12	Dec-22 T12	Chg
Income Statement				
Total Revenue	6,922	3,109	12,613	305.7%
Gross Profit	1,823	692	3,759	443.6%
Adjusted EBITDA	518	489	2,287	367.4%
Gross Profit Margin	26.3%	22.2%	29.8%	+756 bps
EBITDA Margin	7.5%	15.7%	18.1%	+239 bps
Balance Sheet				
Cash And Cash Equivalents	21	56	668	1087.5%
Total Current Assets	613	1,298	2,707	108.6%
Total Assets	847	1,298	2,769	113.3%
Total Current Liabilities	769	1,400	979	-30.0%
Total Debt	584	951	723	-24.0%
Total Equity	(506)	(101)	1,066	
Cash Flow				
Net Income	447	358	2,485	593.4%
CAPEX	-	-	-	
Depreciation & Amortization	-	163	-	
Fixed Charge Coverage Ratio	1.82x	1.25x	13.18x	+11.9x

- Revenues increased more than 4.0x from \$3.1mn in FY-2021 to \$12.6mn in FY-2022. Revenues in T-10 of \$6.9mn is double the revenues earned in FY-2021.
- EBITDA margins which expanded from 15.7% in FY-2021 to 18.1% in FY-2022 despite 3.0x increase in OPEX, contrated to 7.5% during T-10 due to increasing rent expenses.
- Total debt followed a decreasing trend reducing from \$0.95mn in FY-2021 to \$0.6mn as of Oct 2023.

## Business Risk Highlights

- **Industry:** The cargo ground transportation industry is a vital part of the global supply chain. A comparatively low barrier to entry puts pressure on margins though. The projected CAGR through 2028 of 3.85% is indication relative stability.
- **Competitive Position:** GEMCAP Logistics competes with many well-known trucking companies such as Schneider National Inc., Werner Enterprises Inc, and many others - due to a comparatively low barrier of entry. However, GEMCAP Logistics differentiates itself through its comprehensive range of transportation, warehousing, and distribution services under one roof so to speak.
- **Management:** Maricelis Montiel-Marrero is the president & founder.
- **PE Sponsor:** n/a.