

TruckPro Holding Corporation (d/b/a TruckPro)



CC

1 year PD

20.71% to 26.55%

- TruckPro’s high leverage, negative equity, and liquidity constraints elevate refi and financial stability risks.
- PE-backed acquisitions add scale, but w/o efficiency gains or capital support they won't be able to make debt service. With a growing Net Loss, CFO and FCF turned negative in FY-24(A), they are on a bad trajectory.

Strengths

- Geographic Presence & PE suport:** TruckPro operates in >145 locations (U.S. & Canada), via 11 distribution centers and >700 local delivery vehicles. This enables logistical efficiency in a fragmented heavy-duty truck parts distribution industry. Acquired by Platinum Equity in 2019 from Harvest Partners.
- Supplier Diversity & Large Product Portfolio:** They source from 200+ manufacturers, offering >130k truck and trailer parts. This reduces dependency on single suppliers and provides a comprehensive range of aftermarket solutions.
- Inventory Turnover & Asset Utilization:** YoY Inventory turnover grew from 2.7 to 3.8. Fixed asset turnover increased from 21.5 to 26.3, indicating greater revenue generation per dollar of fixed assets. Both mitigate some of its liquidity concerns.

Challenges

- Excessive Leverage & Negative Equity:** Net debt-to-EBITDA is 13.8x (peers: 2.53x), and debt-to-assets is 93.0% (peers: 35.9%, yet 24% Goodwill!), making them highly reliant on debt financing. Negative equity (-\$69mn) and high-interest costs (\$49.5mn) significantly increase financial distress and refinancing risks.
- Weak Profitability & Widening Losses:** EBITDA margin declined to 4.8% (vs. peer median: 5.5%), while net losses deepened from -\$32.5mn to -\$44.8mn (FY-24). Operating income shrank from \$17.0mn to \$5.3mn - FCCR at 0.9x.
- Liquidity, Negative Cashflow:** TruckPro’s current ratio dropped to 1.59 (peers: 2.05) and quick ratio fell to 0.65 (peers: 1.10). APs (\$75.2mn) exceeds ARs (\$57.5mn), suggesting potential supplier payment delays and strained vendor relationships. FCF and CFO turned negative in FY-24(A), questioning sustainability.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership	Private (PE)				
	Growth				
	Complete (Unaudited)				
Company Stage					
Financials					
	Weight	Score	Dimension	Weight	Score
Financial	30%	2.6	Liquidity	25%	3.3
			Leverage	38%	0.6
			Profitability	38%	0.9
Business	70%	6.4	Industry Risk	15%	5.5
			Competitive Position	35%	6.3
			Mgmt / Governance	15%	4.3
			Sponsor / Parent	35%	7.8
Modifiers		-2.3	Trend Analysis		(0.5)
			Financial Flexibility		(0.50)
			Fixed Cost Coverage Risk		(0.50)

Company Overview

Headquarters	Cordova, TN
Type	Private (PE)
Employees	>1,800
Year Founded	1958
Website	https://www.truckpro.com/
Business	Heavy-duty truck parts distribution and services.
Revenues	\$646.8M

- Company Overview:** TruckPro Holding Corporation (d/b/a TruckPro) is a leading independent distributor of heavy-duty truck and trailer parts across North America, catering to fleets, independent repair shops, and municipalities.
- Product:** TruckPro supplies >130k parts, covering brake systems, electrical components, engine parts, drivetrain, and suspension systems. They also offer value-added services, including diagnostics, inspections, and rebuilds at >75 service locations
- Customers:** Serves >80k customers, including trucking fleets, repair shops, government agencies, and industrial businesses. Operates both B2B sales channels and an expanding e-commerce platform.
- Ownership:** Privately owned by Platinum Equity since 2019. Platinum Equity is a major PE-firm specializing in leveraged buyouts and operational turnarounds.
- Debt Structure:** Vast majority is LT-debt (\$305.8mn), \$53mn are Operating Lease Liabilities, and \$40mn UPB under an R/C-line, the balance is 'Other' - all per 9/2024. No loan terms, R/C-line capacity, maturity dates, etc were provided.
- Basis for Assessment:** Company prepared, uncommented FY-23, and T9 through 9/24 b/s and i/s. We annualized the latter as main support of this assessment.
- Single Event Risks:** Debt Refinancing Failure – excessive leverage (Net Debt/EBITDA 13.82x) and rising interest costs (\$49.5mn) heighten refinancing risks, potentially triggering default. Revenue or Margin Decline – low-margin, cyclical industry; cash flow erosion could make debt servicing unsustainable. Platinum Equity Exit – without capital support, negative equity (-\$69mn) and weak financials increase default risk

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	24	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.05	1.59	32%
	Quick Ratio	1.10	0.65	18%
Leverage	Net Debt / EBITDA	2.53	13.82	12%
	Debt to Assets	35.9%	93.0%	8%
Profitability	EBITDA Margin	5.5%	4.8%	42%
	ROCE %	10.4%	1.5%	
	Revenue	\$648M	\$647M	

Industry Benchmarks - Primary: Trading Companies and Distributors



Financial Statement Highlights

\$ '000s	(C)	(B)	(A)	Change	
	Dec-23	Sep-24	Dec-24(A)	(C) to (B)	(B) to (A)
T9					
T12					
Income Statement					
Total Revenue	530,068	485,097	646,796		33.3%
Gross Profit	171,737	149,370	199,160		33.3%
Adjusted EBITDA	36,486	23,476	31,301		33.3%
Gross Profit Margin	32.4%	30.8%	30.8%		0 bps
Net Income	(32,479)	(33,611)	(44,815)		-33.3%
Balance Sheet					
Cash And Cash Equivalents	3,930	5,144	5,144		0.0%
Total Current Assets	211,625	197,862	197,862		0.0%
Total Assets	476,243	470,328	470,328		0.0%
Total Current Liabilities	102,350	124,383	124,383		0.0%
Total Debt	428,197	437,594	437,594		0.0%
Total Equity	(34,953)	(68,993)	(68,993)		0.0%
Key Ratios					
Current Ratio	2.07	1.59	1.59		0.0%
Quick Ratio	0.76	0.65	0.65		0.0%
Net Debt / EBITDA	11.63	18.42	13.82		-25.0%
Debt to Assets	89.9%	93.0%	93.0%		0 bps
EBITDA Margin	6.9%	4.8%	4.8%		0 bps
ROCE %	4.6%	1.1%	1.5%		+38 bps

- Net losses widened from -\$32.5mn (FY-23) to -\$44.8mn (FY-24), driven by higher operating costs and rising interest expenses.
- Interest expense surged 57% YoY, from \$31.5mn to \$49.5mn, consuming nearly all operating profits. Debt-to-assets at 93.0% (vs. peer median: 35.9%) limits financial flexibility and raises refinancing risks.
- Cash reserves of \$5.1mn are inadequate against \$124.4mn in current liabilities.

Business Risk Highlights

- Industry:** The truck parts distribution industry is highly cyclical, with revenue dependent on fleet maintenance and economic conditions. The U.S. heavy-duty truck parts distribution industry, integral to sectors like transportation and logistics, was valued at approximately \$26.7bn in '24. The market is projected to grow at a CAGR of 3.8% from '24 to '30. The CASS Freight Index - Shipping is was projected to make a comeback in FY-25 (back to growth), yet this view may suffer from Trump-tariffs.
- Competitive Position:** Competes with FleetPride, VIPAR Heavy Duty, and NAPA, which have stronger financial positions.Lacks the same pricing power and digital presence as larger players, making it more susceptible to margin compression - unclear USP.
- Management:** Platinum Equity acquired TruckPro in 2019, and with negative equity (-\$69mn) and financial underperformance, questions remain about whether the firm will inject further capital or prepare an exit strategy. Either way, the 2024-performance, without additional color, does not favor management capability to improve efficiency.
- PE Sponsor:** Platinum Equity, managing \$48bn AUM, has a 450+ acquisition track record but emphasizes operational turnarounds, often leveraging high debt. Given TruckPro’s extreme leverage (Net Debt/EBITDA: 13.82x), negative CFO, FCF, and equity (-\$69mn) in FY-24(A),