

Simonik Transportation & Warehousing Group, LLC



- Negative EBITDA (FY-2022 & FY-2021) point to a challenging operational environment, paired with a strained Liquidity (current ratio 0.81, quick ratio 0.75).
- A Debt to Assets ratio of 130.4% limits their financial flexibility, with A/P exceeding A/R by about 55%.

Strengths

- Diverse Service Offerings:** Simonik offers a wide range of services from residential moving to specialized military relocation. This diversification can help in tapping various revenue streams and mitigating sector-specific risks.
- Resilience:** Despite the challenges posed by the COVID-19 pandemic, they are still in business. Founded in 1977, they've proven to be able to work through tough times, leveragin their industry experience.
- Affiliation with Allied Van Lines::** As an agent for a reputable global moving network, the company can leverage this affiliation to enhance its service offerings and reach.

Challenges

- Profitability:** The company reported a loss of -\$0.66mn in FY-2022, yet EBITDA margin and ROCE have been negative since FY-2021.
- Strained Liquidity:** Current and quick ratios are each substantially below 1.0 (0.81 and 0.75 respectively). In conjunction with Accounts Payables being about 55% higher than Accounts Receivables, their ability to support operations financially over the next 12 months appears to be under threat.
- High Debt Levels:** With a Debt to Assets ratio of 130.4% for FY-2022, the company's leverage is very high, with a limited ability to take on more debt, fueling near-term concerns without an injection of capital.

Scorecard Summary

	Weight	Score	Dimension	Contribution
Financial	50%	4.4	Liquidity	<div></div>
			Leverage	<div></div>
			Profitability	<div></div>
Business	50%	5.2	Industry Risk	<div></div>
			Competitive Position	<div></div>
			Mgmt / Governance	<div></div>
			Sponsor / Parent	<div></div>
			Revenue Segment	<div></div>
Modifiers		-1.8	Trend Analysis	<div></div>
			Financial Flexibility	<div></div>
			Financial Transparency	<div></div>
			Guarantor	<div></div>

Industry Benchmarks - Primary: Cargo Ground Transportation

Company Overview

Headquarters	Lumberton, NJ	U.S.
Type	Private (Non-PE)	
Employees	~75	
Year Founded	1977	
Website	https://www.simonikallied.com/	
Business	Residential and commercial moving and storage company	
Revenues	\$4.4M	

- Company Overview:** Simonik Transportation & Warehousing Group, LLC is a professional full-service moving and storage company. Established in 1977 they serve Central and Southern New Jersey, including the Shore, and Eastern PA with residential and commercial services.
- Product:** Simonik offers a comprehensive suite of services including residential moving, corporate relocation, commercial services, warehousing, and specialized transportation.
- Customers:** Simonik caters to a diverse clientele, from households to businesses. Their affiliations with Allied Van Lines and other partnerships enable them to serve both local and international relocations.
- Ownership:** The company is privately held. It was purchased in 2007 by four of the existing top managers namely Robert Kandetzke, Jim Pippin, Frank McCartney and Keith Wood. Today, the company's majority owner is Robert Kandetzke (President).

Financial Ratio Benchmarking

# of Benchmarks: 5		Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.24	0.81	<div></div>
	Quick Ratio	1.03	0.75	<div></div>
Leverage	Net Debt / EBITDA	1.77	(4.13)	<div></div>
	Debt to Assets	46.2%	130.4%	<div></div>
Profitability	EBITDA Margin	6.7%	-10.8%	<div></div>
	ROCE %	19.4%	-67.5%	<div></div>
Revenue		\$27M	\$4M	

Financial Statement Highlights

\$ '000s	Dec-20 T12	Dec-21 T12	Dec-22 T12	Chg
Income Statement				
Total Revenue	-	4,575	4,397	-3.9%
Gross Profit	-	2,480	2,454	-1.0%
Adjusted EBITDA	-	(175)	(475)	171.8%
Gross Profit Margin		54.2%	55.8%	+161 bps
EBITDA Margin		-3.8%	-10.8%	(698) bps
Balance Sheet				
Cash And Cash Equivalents	-	-	(18)	
Total Current Assets	-	-	530	
Total Assets	-	-	1,490	
Total Current Liabilities	-	-	652	
Total Debt	-	-	1,942	
Total Equity	-	-	(719)	
Cash Flow				
Net Income	-	50	(660)	
CAPEX	-	-	-	
Depreciation & Amortization	-	99	90	-8.3%
Fixed Charge Coverage Ratio		0.43x	0.11x	(-0.3)x

- Revenues decreased by -3.9% in FY-2022, with negative EBITDA Margin widening from -3.8% to -10.8%, although Gross Margin actually increased from 54.2% to 55.8%.
- Cash position is negative in FY-2022, indicating liquidity concerns.
- Net Income declined significantly from \$50k in FY-2021 to a loss over -\$660k in FY-2022.

Business Risk Highlights

- Industry:** Environmental & social factors are increasingly important, with growing focus on lower carbon emissions and better labor conditions. Debt levels vary among companies but can be significant due to the capital-intensive nature of the industry. The most critical success factors are operational efficiency, regulatory compliance, and technological adoption. The industry is projected to grow at a CAGR of 2.5% (2021-2026).
- Competitive Position:** Simonik's affiliation with Allied Van Lines, a major moving network, and its diverse service offerings, from residential to military relocations, provide a competitive edge in the market. However, its liquidity and profitability metrics may have a constraining effect to its' near term operability (as-is).
- Management:** There is limited information available on the company's management. Although we think that one of the sons (Keving Kandetzke) of the President and majority shareholder (Robert Kandetzke) is being groomed as a potential future leader and successor. Kathy Kandetzke (wife of Robert) works at Simonik as a branch office manager.