Consolidation & the Cold Chain Index

Corey Rosenbusch
President & CEO, Global Cold Chain Alliance
Worldwide Membership - 2019

1,180 Facilities
167 Million $M^3$
353 Warehouse Companies
86 Countries
350 Suppliers

Source: GCCA Membership Database
IARW Financial Performance Comparison

Average Revenue & Profit Growth

Percent change of profit and revenue of the current quarter to the same quarter in the previous year.

*median used for profitability rather than average
Source: GCCA IARW Financial Performance Reports (discontinued 2018 Q1-Q2)
AmeriCold Realty Trust (COLD)

**Stock Price**

- **Opened at $17.01** on 1/19/18
- **Closed at $35.43** on 8/13/19

*Source: Yahoo Finance*
IARW Average Occupancy Rate

Source: GCCA IARW Financial Performance Reports (discontinued 2018 Q1-Q2)
The Frozen Food Comeback

$ Sales growth 2014-2018

Source: IRI, MULO+C, 52 weeks ending 11/8/2018
Across the board growth

*Dollars up for 9 of 10 categories; Units increased for 10 of 10*

- **Entrees**: +2.3% | +0.4%
- **Ice cream**: +0.2% | +1.1%
- **Novelties**: +4.2% | +2.3%
- **Pizza**: +4.9% | +3.1%
- **Seafood**: +4.2% | +1.6%
- **Poultry**: -0.5% | +0.1%
- **Breakfast**: +5.7% | +4.7%
- **Processed poultry**: +0.6% | +0.5%
- **Meat**: +5.2% | +5.2%
- **Vegetables**: +2.7% | +2.6%

Source: IRI, MULO+C, 52 weeks ending 11/8/2018 | Dollars in black, units in blue
Most Refrigerated Warehouse stakeholders—two-thirds—consider market conditions for the Cold Chain better now compared to five years ago. GCCA Members are more positive than non-Members.

Q2. Compared to five years ago, would you say the market conditions for the Cold Chain Industry today are better, worse, or about the same?

<table>
<thead>
<tr>
<th>Perception</th>
<th>Members</th>
<th>All Non-Members (Formers + Nevers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better now</td>
<td>69%</td>
<td>38%</td>
</tr>
<tr>
<td>Worse</td>
<td>7%</td>
<td>23%</td>
</tr>
<tr>
<td>About the same</td>
<td>31%</td>
<td>31%</td>
</tr>
</tbody>
</table>

* Caveat: As the base of “Non-Members” is extremely small—only 13 people—results should be interpreted with caution.
Stakeholders are **positive about growth for the Industry**, and **very bullish about the prospects for their own company**.

Q7. In the next five years, do you expect the Cold Chain Industry to:

- Grow a lot: 37%
- Grow somewhat: 56%
- Stay about the same: 7%
- Decline somewhat: 1%
- Decline a lot: 0%

Q8. In the next five years, do you expect your company to be more successful, less successful, or stay about the same?

- More successful: 90%
- Less successful: 8%
- Stay about the same: 2%
## Global Top 25 IARW Members

<table>
<thead>
<tr>
<th>Company</th>
<th>Capacity (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lineage Logistics</td>
<td>37,772,660</td>
</tr>
<tr>
<td>2. Americold Logistics</td>
<td>31,405,957</td>
</tr>
<tr>
<td>3. United States Cold Storage</td>
<td>8,834,445</td>
</tr>
<tr>
<td>4. AGRO Merchants Group, LLC</td>
<td>7,241,783</td>
</tr>
<tr>
<td>5. Nichirei Logistics Group, Inc.</td>
<td>5,122,114</td>
</tr>
<tr>
<td>6. Kloosterboer</td>
<td>4,847,346</td>
</tr>
<tr>
<td>7. NewCold Advanced Cold Logistics</td>
<td>4,799,829</td>
</tr>
<tr>
<td>8. VersaCold Logistics Services</td>
<td>3,752,274</td>
</tr>
<tr>
<td>9. Emergent Cold Storage</td>
<td>3,439,655</td>
</tr>
<tr>
<td>10. VX Cold Chain Logistics</td>
<td>2,924,340</td>
</tr>
<tr>
<td>11. Interstate Warehousing, Inc.</td>
<td>2,838,122</td>
</tr>
<tr>
<td>12. Frialsa Frigorificos</td>
<td>2,831,606</td>
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<td>13. Burris Logistics</td>
<td>2,035,359</td>
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<td>14. Henningsen Cold Storage</td>
<td>1,828,067</td>
</tr>
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<td>15. Congebec Logistics, Inc.</td>
<td>1,635,065</td>
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<td>16. Conestoga Cold Storage</td>
<td>1,503,353</td>
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<td>17. Hanson Logistics</td>
<td>1,240,801</td>
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<td>18. Oxford Logistics Group</td>
<td>1,088,269</td>
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*Source: GCCA Membership Database*
# North America Top 25 IARW Members

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<td>5. AGRO Merchants Group</td>
<td>3,253,648</td>
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<td>17. Nor-Am Cold Storage, Inc</td>
<td>830,299</td>
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<tr>
<td>18. WOW Logistics</td>
<td>718,980</td>
</tr>
<tr>
<td>19. MTC Logistics</td>
<td>713,760</td>
</tr>
<tr>
<td>20. Midwest Refrigerated Services</td>
<td>663,569</td>
</tr>
<tr>
<td>21. Interstate Cold Storage, Inc.</td>
<td>606,064</td>
</tr>
<tr>
<td>22. Hall's Warehouse Corp.</td>
<td>584,043</td>
</tr>
<tr>
<td>23. Nova Cold Storage</td>
<td>538,019</td>
</tr>
<tr>
<td>24. SnoTemp Cold Storage</td>
<td>516,619</td>
</tr>
<tr>
<td>25. Valley Cold Storage &amp; Transportation</td>
<td>509,760</td>
</tr>
</tbody>
</table>

Source: GCCA Membership Database
PUBLICLY TRADED
PRIVATE INVESTMENT IN THE INDUSTRY
GLOBAL

D1 Capital Partners  
Stonepeak Infrastructure Partners

Fenway Partners  
[Partners in Building Businesses]

Patria  
In partnership with Blackstone

Oaktree

Westport Capital Partners LLC

Actis

Elliot

[+2 other CS assets]
US & CANADA
LATAM & CHINA

LATIN AMERICA

OLMO Capital

CHINA

vanke 万科

GLOBAL COLD CHAIN ALLIANCE®
2018 Report – *How will you compare?*

265 participants

**Throughput:** Median of 135,000 pallets / Median of 380,000 pallets for large facilities (+8 mil ft³)

**EBITDAR:** Median of $2,943,000

Source: 2018 GCCA Productivity and Benchmarking survey
Productivity and Benchmarking Report

Facility Participation

*as of 8/15/2019
Source: GCCA Productivity and Benchmarking survey
Total Revenue per Handling Labor Hour (contracted personnel and employees)

- My Warehouse: $106.89
- 25th Percentile: $78.42
- 50th Percentile: $109.15
- 75th Percentile: $172.07

Source: 2018 GCCA Productivity and Benchmarking survey
Total Revenue per Employee
(all W-2 employees)

Source: 2018 GCCA Productivity and Benchmarking survey
Operating Revenue Breakdown
My Warehouse

- Storage: 43%
- Handling: 23%
- Freezing: 18%
- Case Pick: 16%

Operating Revenue Breakdown
Average Warehouse

- Storage: 42%
- Handling: 31%
- Freezing: 3%
- Case Pick: 6%
- Accessorial and Other: 17%

Source: 2018 GCCA Productivity and Benchmarking survey
Total Revenue per Pallet in Inventory

- My Warehouse: $50.22
- 25th Percentile: $31.19
- 50th Percentile: $47.74
- 75th Percentile: $252.27

Source: 2018 GCCA Productivity and Benchmarking survey
EBITDAR as a Percentage of Revenue
(Earnings Before Interest, Taxes, Depreciation, Amortization and Rent Costs)

Source: 2018 GCCA Productivity and Benchmarking survey
Cold Chain Index

The Cold Chain Index was created to track the year-to-year growth rates of costs.

- Using mainly official sources of economic data.
- Why? Credible to all.
- Customized to the region (for labor) and state (for electricity).

The current release is the growth rate in expenses in the Q4-2018 compared with the Q4-2017.
Cold Chain Index Template

Select region

STEP 1
West Region

Select state

STEP 2
Washington

Select metro area

STEP 3
Seattle

Total Cost Increase, in Percent, for Q4 2018 relative to Q4 2017—Customized

STEP 4
Enter the rates you charge now:

Proposed Rate to Cover Cost Increase
Q4 2018
Labor Cost Variations Q4

Source: 2019 Q2 GCCA Cold Chain Index; data from Productivity and Benchmarking survey
Electric Cost Premium Q4

Source: 2019 Q2 GCCA Cold Chain Index; data from Productivity and Benchmarking survey
Expenses for refrigerated warehouses rose by 3.24% from 2017Q4 to 2018Q4 (natl. average)

<table>
<thead>
<tr>
<th>National baseline</th>
<th>Q4 17-18</th>
<th>Q3 17-18</th>
<th>Q2 17-18</th>
<th>Q1 17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>3.492%</td>
<td>3.800%</td>
<td>3.539%</td>
<td>3.636%</td>
</tr>
<tr>
<td>Electric</td>
<td>1.189%</td>
<td>-0.138%</td>
<td>0.000%</td>
<td>2.410%</td>
</tr>
<tr>
<td>Rent</td>
<td>4.161%</td>
<td>2.763%</td>
<td>3.552%</td>
<td>3.801%</td>
</tr>
<tr>
<td>Supplies</td>
<td>2.493%</td>
<td>2.671%</td>
<td>2.114%</td>
<td>2.019%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2.243%</td>
<td>2.763%</td>
<td>3.552%</td>
<td>3.801%</td>
</tr>
<tr>
<td>Other</td>
<td>2.493%</td>
<td>2.671%</td>
<td>2.114%</td>
<td>2.019%</td>
</tr>
</tbody>
</table>

National Average: 2018 Q4 vs 2017 Q4

Source: 2019 Q2 GCCA Cold Chain Index; data from Productivity and Benchmarking survey
Data Sources

• **Labor:** U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for the private industry workers in the “Transportation and Warehousing" industry. Includes all worker classifications, wages and benefits.

• **Energy:** The U.S. Energy Information Administration Electric Power Prices, by state. The series is a retail electricity price for industrial customers.

• **Rent/Lease/Mortgage:** The growth rate for occupancy cost was approximated with an inflation factor for new warehouse construction.
  - A surcharge for rental rate growth in selected high-cost markets was based on the 2018 Industrial-Logistics Prime Rents report by CBRE Group.

• **Repair & Maintenance:** PPI for Nonresidential building maintenance & repair, not seasonally adjusted.

• **Supplies** and the “other” category were represented with the Producer Price index for core goods final demand (excluding food and energy), not seasonally adjusted.

Source: GCCA Cold Chain Index; data from Productivity and Benchmarking survey
Forging a universally strong cold chain where products retain quality and safety through each link.
Please login or create an account.

Login

Email: paul@aboxford.com.au
Password: ********

Remember me
Uncheck if on a public computer
Login
Forgot your password?
Create an account

If you do not already have a login, please create an account with the link above.
Thank You!

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