

## ▶ COMPANY — SATELLITE LOGISTICS GROUP

# Texan beer logistics provider looking to grow

*The Satellite Logistics Group (SLG), with headquarters in Houston, Texas, was given a capital injection in June to enable the continued financing of the group's strong growth. With Morgenthaler now on board, the logistics provider is now part-owned by one of the oldest American private equity firms.*

In addition to Morgenthaler, President and CEO Kevin Brady has substantial holdings in the company, which was founded by his parents in 1984 as S & S Services. The global beverage manager spoke with CEO and President Kevin Brady about the planned expansion into other segments including wine and soft drinks, and the company's international pathway.

"In seeking a private equity partner, I was impressed by Morgenthaler's ability to understand my business and ability to help, not only with capital but with operational and strategic expertise," is how Brady described the commitment of the firm's partner.

Kevin Brady became President of the company 15 years ago, having previously been the manager of a leading automotive parts company. Initially, the family business was a transport company. SLG now provides complex logistics solutions to breweries and other beverage suppliers. A software-controlled service package is part of the solution, to make the supply chain process as transparent as possible. Customers include renowned blue chip companies such as Heineken, as well as small local breweries. For the small customers, especially, it is important to have a partner like SLG, who manages and monitors the complex global delivery structures.

Time is money in this industry. Stock must be turned over as fast as possible. Goods have to be delivered to the point of sale as quickly as possible. Because unsold products tie up capital that the beverage manufacturers want to reinvest. In a discussion with the Beverage Manager Global, CEO and President Kevin Brady says: "It is a competitive advantage to bring the beer to the customer as quickly as possible." Of course, the expiry date for beer, which changes depending on the brewing process, means that quick sales are especially important for.

SLG manages eleven warehouses, in close proximity to all major ports and transport hubs - in Boston, for example, Charleston, Chicago, Houston, Long Beach, Miami, Newark, Oakland and Savannah. The scope of services includes the unloading of freight, and its transport to the 1,500 networked distributors, as well as the return transport of empty containers to the

breweries. The result is a comprehensive solutions concept founded on speed and reliability. The transport and disposal of expired and/or damaged goods is an increasingly significant pillar for the Texan company. SLG has developed a comprehensive disposal system for the disposal of waste beverages. In 2003, the group manages the largest disposal of alcohol in the USA, without the assistance of third parties. Five million cases were disposed of. The Houston company coordinated an additional two million cases, which meant that a total of seven million cases were taken off the market.

The company is privately owned, and employs 80 staff. On average, employees have been with the company for five years, speak a number of languages and come from five continents. The personnel are, altogether, very experienced. The Texan company derives 80 % of its revenue from the beer industry, with the remainder spread over other beverage suppliers. The customer portfolio is very diverse, Brady tells us. This means that there is no particularly significant dependence on individual customers, which helped the company to survive the financial crisis. "We have good diversity. There are always winners and losers in the industry," says Brady, who looks over 90 different brands. The customer list is impressive: The largest brewery groups in the world trust the logistics provider. The private wheat beer brewery from Kelheim, Schneider, the Bitburger brewery from Bitburg and Interbrew Deutschland / Brauerei Beck & Co. are just some examples. The manager didn't want to provide us with any information relating to revenue or the company's earnings position.

The CEO explained that it had been established that consumers are increasingly prepared to try new brands. Domestically, the domestic craft beers are selling fast. Micro-breweries cover just five percent of the total American market, but the expert predicts a big future for them. "It is the most rapid growth we see in the sector. They have huge potential." In addition to recycling, he sees significant growth potential in wine and soft drinks, where he is currently looking for expansion opportunities. Acquisitions may even come into consideration.

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