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PE and Supply Chains

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Even in normal times, private equity sponsors pay ruthless attention to cost structures of portfolio companies. Covid has raised to new levels the challenges buyers have managing supply chains.

"Eighteen months ago, Covid was a top-line issue; now it's mostly a cost issue," one partner told us. "We can pass price increases along, but with 90-days notice. That's too long to wait."

Another source agreed. "We've been playing catch-up all year," he said. "Revenues are fine, but costs are out of whack. And here we are a year later – we thought this would be fixed by now!"…

?? Read Sept 27 2021 newsletter: here

?? Chart of the Week: here *(by Numera Analytics, Harper Petersen, ISM)*

(Any "forward-looking" information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition Past performance is no guarantee of future results. Investing involves risk; principal loss is possible.)