



INDUSTRY UPDATE

TRANSPORTATION & LOGISTICS
Q1 2022



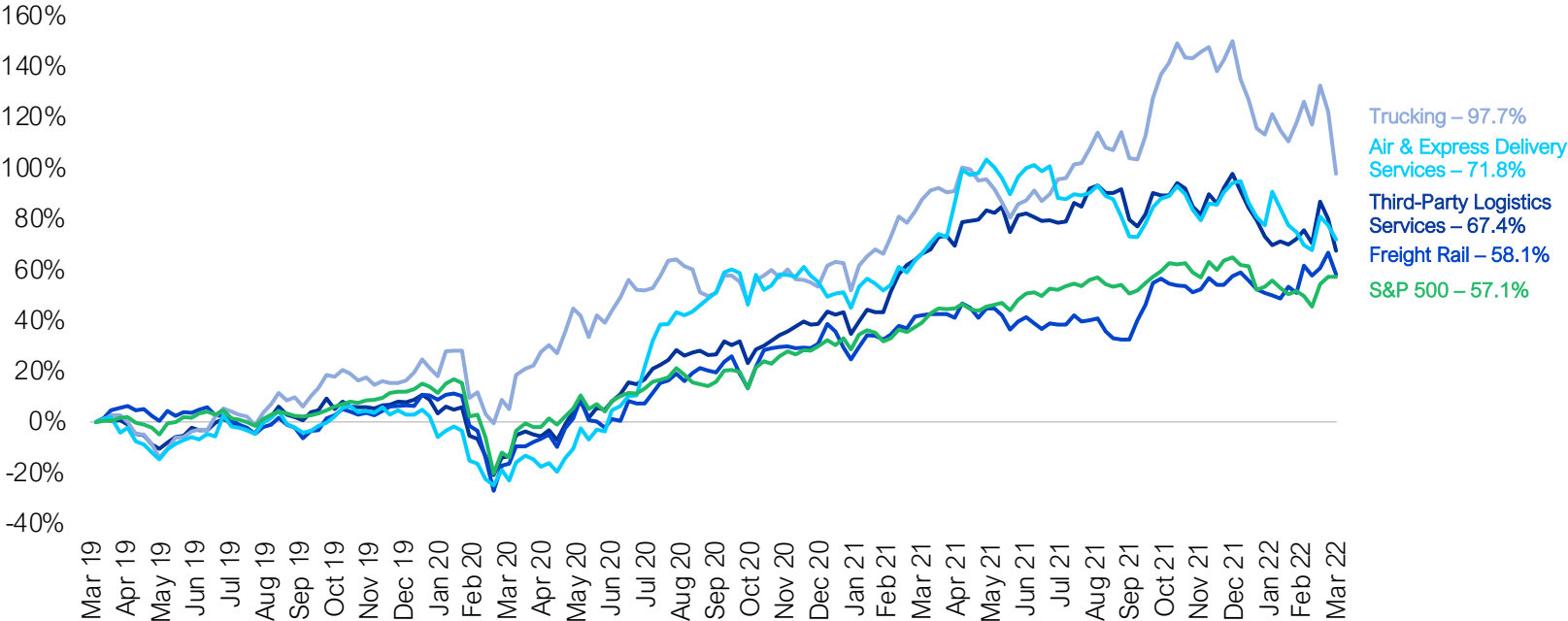
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Public Market Performance

In Q1 2022, most public equities across the Transportation & Logistics industry decreased after a slight rebound in performance the previous quarter. The unexpected war in Ukraine has heightened what was already a volatile situation with supply chain issues around the world. Demand for goods continues to increase, but freight volumes have dropped as cargo has been stuck on ports overseas. This has created a bottleneck for transportation companies waiting to move goods to the consumer once they arrive on foreign vessels. The trucking industry in particular has suffered from a combination of supply chain issues, semiconductor chip manufacturing woes, and a shrinking labor force, leaving companies with the choice of paying employees drastically more or decreasing their shipping capabilities. However, there is cause for optimism in the industry as domestic companies have announced plans to move manufacturing operations back to North American to decrease the reliance on importing goods from overseas. On a 3-year period ending in March 2022, all sectors within the Transportation & Logistics industry outpaced the S&P 500, which had an 57.1% return. The Trucking sector continues to lead the way, followed by Air & Express Delivery, Third-Party Logistics, and Freight Rail (97.7%, 71.8%, 67.4% and 58.1% respectively).

Transportation & Logistics Market Performance

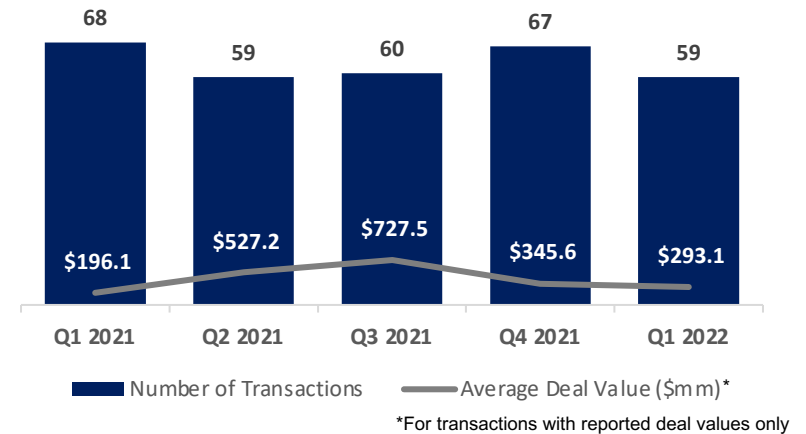


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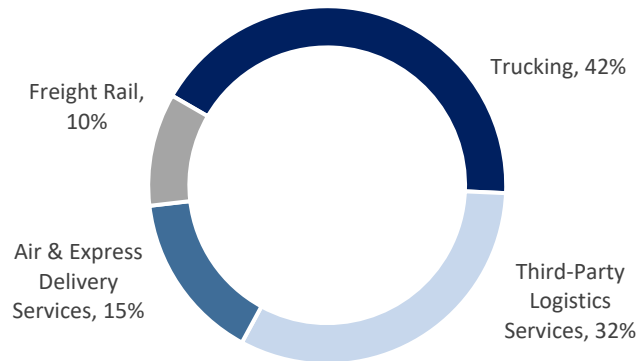
M&A Activity

The volume of M&A activity in the Transportation & Logistics industry slightly decreased, with 59 deals closed in Q1 2022, compared to 67 during the prior quarter. The average deal value (based on transactions with reported values only) also decreased to the lowest it has been this past year. The decrease in value may signal that buyers are being very selective in who they acquire and are not willing to spend on high-end transportation and logistics companies given the current market conditions. Strategic buyers continue to represent the majority of the transactions in the sector as companies aim to gain market share inorganically. Private equity sponsors remained active in the market, although the percentage of activity decreased slightly. The Trucking segment led activity, accounting for 42% of total Transportation & Logistics transaction volume. Third-Party Logistics Services and Air & Express Delivery Services were attractive targets as well, accounting for 32% and 15% of deal flow, respectively.

Transportation & Logistics M&A Activity



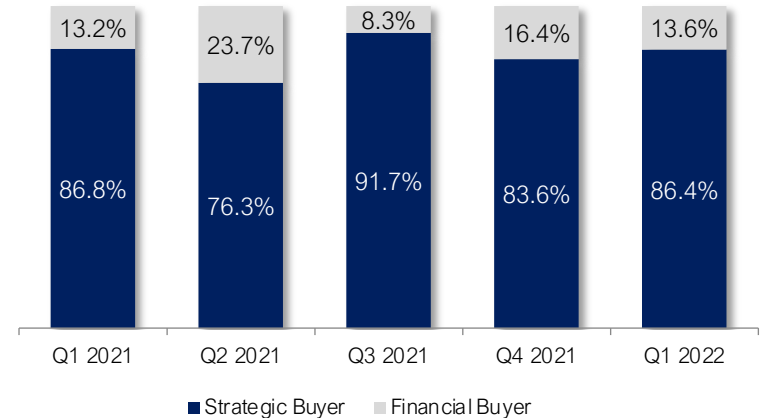
Q1 2022 M&A Activity by Sector



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021

M&A Activity by Buyer Type

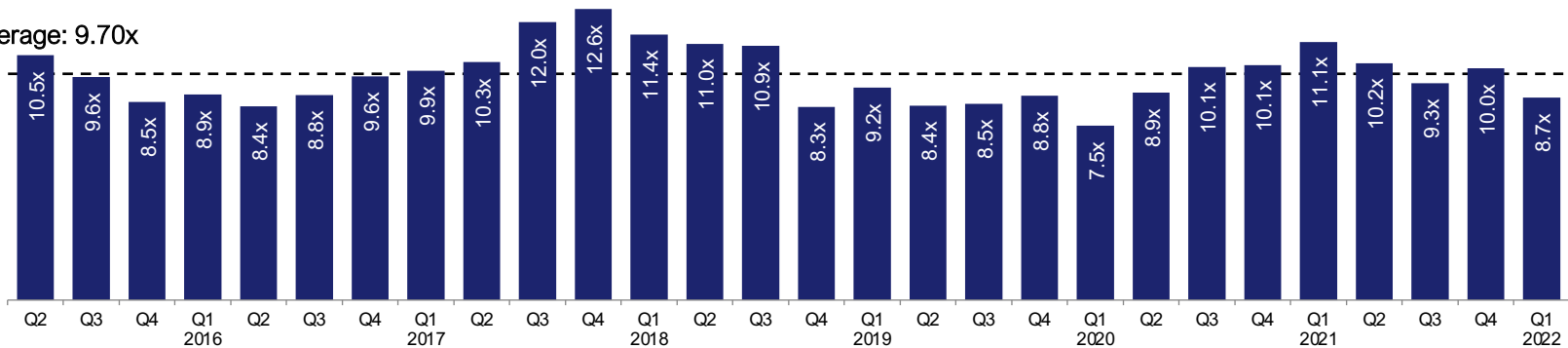


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Public Company Trading Multiples

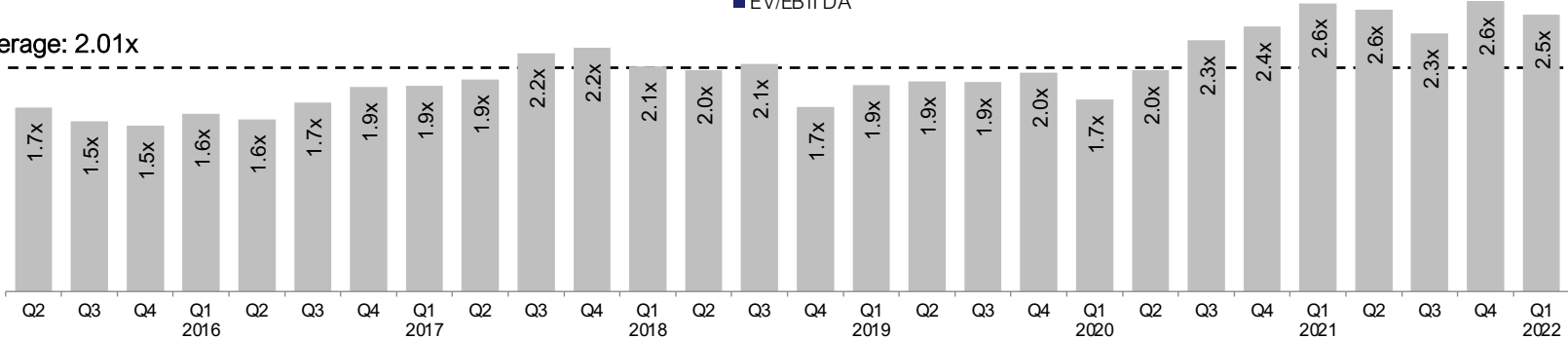
Select publicly traded companies representing the key sectors across the Transportation & Logistics industry traded at an average multiple of 9.70x EBITDA and 2.01x Revenue. Trading multiples varied significantly across the four categories with the strongest multiples observed in the Freight Rail sector. Several North American railroad companies such as Canadian Pacific, Canadian National, and Union Pacific realized modest gains of 8.8%, 4.2% and 3.2% in their share price, respectively, this quarter while most companies across the entire industry experienced sizeable losses. Labor constraints have largely disrupted the trucking industry in North America, causing companies to rely more heavily on trains to move goods across the continent. Many e-commerce companies have begun using railroads to deliver goods to consumers, an industry that experienced significant growth stemming from the COVID-19 pandemic.

Average: 9.70x



■ EV/EBITDA

Average: 2.01x



■ EV/Revenue

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2022



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Select M&A Transaction Activity

Announcement Date	Target Name	Buyer Name	Sector	Value (\$mm)	TEV/Rev	TEV/EBITDA
3/29/2022	Aries Global Logistics, Inc.	NTG Nordic Transport Group A/S	Third-Party Logistics Services	105.0	0.37x	-
3/25/2022	Intermodal Business of XPS Logistics in North America	STG Logistics, Inc	Trucking	710.0	0.59x	-
3/1/2022	iQ Logistics Inc.	TransPro Freight Systems Ltd.	Trucking	-	-	-
2/21/2022	Performance Logistics, LLC	Direct Connect Logistix, Inc.	Third-Party Logistics Services	-	-	-
2/18/2022	Topocean Group Inc.	KLN Investment (US) LLC	Air & Express Delivery Services	240.0	-	-
2/18/2022	Power Moves Transport, Inc.	Ultrack Systems, Inc.	Trucking	-	-	-
2/13/2022	Kane Logistics, Inc.	ID Logistics Group SA	Third-Party Logistics Services	240.0	1.02x	-
2/10/2022	AAT Carriers, Inc.	Covenant Logistics Group, Inc.	Trucking	55.0	2.20x	-
2/9/2022	Pilot Freight Services, Inc.	A.P. Møller - Mærsk A/S	Air & Express Delivery Services	1,800.0	-	-
2/9/2022	Monarch Services Ltd.	Mullen Group Ltd.	Trucking	3.4	-	-
2/2/2022	Heritage Truck Lines Inc.	JBT Transport Inc.	Trucking	-	-	-
1/31/2022	Zenith Freight Lines, LLC	J.B. Hunt Transport, Inc.	Third-Party Logistics Services	86.9	1.00x	-
1/25/2022	Precision Components Inc.	Loup Logistics Company LLC	Freight Rail	-	-	-
1/19/2022	Logistic Edge, LLC	Koch Trucking, Inc.	Third-Party Logistics Services	-	-	-
1/13/2022	Total Transportation Services Inc	Sun Capital Partners, Inc.	Third-Party Logistics Services	-	-	-
1/11/2022	EHS Trucking Enterprises, LLC	RoadOne, Inc.	Trucking	-	-	-
1/10/2022	Sharp Transport Inc.	Christenson Transportation, Inc.	Air & Express Delivery Services	-	-	-
1/6/2022	Orange Rail Inc.	Connor, Clark & Lunn Infrastructure Ltd.; Alpenglow Rail LLC	Freight Rail	-	-	-
1/4/2022	Midwest Logistics Systems Ltd.	Schneider National, Inc.	Trucking	274.5	1.34x	-

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



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Public Comparable Companies

<u>Company Name</u>	<u>Enterprise</u>	<u>Revenue</u>	<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>		
	<u>Value (\$mils)</u>	<u>(\$mils)</u>	<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>	
Third-Party Logistics Services									
XPO Logistics, Inc.	\$ 12,263	\$ 13,290	(9.7%)	(45.2%)	19.0%	9.7%	1.0x	7.4x	
J.B. Hunt Transport Services, Inc.	\$ 20,153	\$ 13,039	(11.2%)	6.9%	16.6%	13.3%	1.7x	2.5x	
C.H. Robinson Worldwide, Inc.	\$ 15,022	\$ 25,114	(4.2%)	6.2%	7.0%	5.0%	0.7x	12.1x	
Hub Group, Inc.	\$ 2,596	\$ 4,611	(16.7%)	3.4%	15.3%	10.1%	0.6x	6.8x	
Radiant Logistics, Inc.	\$ 423	\$ 1,338	(15.1%)	(12.9%)	16.2%	5.0%	0.4x	6.5x	
Universal Logistics Holdings, Inc.	\$ 1,041	\$ 1,751	3.7%	(26.4%)	16.2%	9.7%	0.6x	4.8x	
GXO Logistics, Inc.	\$ 10,455	\$ 8,201	(23.8%)	-	16.3%	7.5%	1.3x	7.5x	
Expeditors International of Washington, Inc.	\$ 15,486	\$ 17,989	(25.5%)	(8.0%)	12.9%	11.3%	0.9x	7.4x	
Kuehne + Nagel International AG	\$ 33,516	\$ 40,099	(12.4%)	(2.8%)	29.3%	10.5%	0.9x	8.4x	
Landstar System, Inc.	\$ 5,170	\$ 7,224	(21.9%)	(16.6%)	20.0%	8.5%	0.8x	9.3x	
ArcBest Corporation	\$ 2,057	\$ 4,486	(37.4%)	4.2%	10.1%	10.5%	0.5x	4.8x	
Covenant Logistics Group, Inc.	\$ 411	\$ 1,117	(22.3%)	(1.5%)	19.0%	11.7%	0.4x	2.6x	
Daseke, Inc.	\$ 1,207	\$ 1,644	(6.4%)	9.2%	30.0%	11.8%	0.8x	5.3x	
Mean	\$ 9,215	\$ 10,762	(15.6%)	(7.0%)	17.5%	9.6%	0.8x	6.6x	
Median	\$ 5,170	\$ 7,224	(15.1%)	(2.2%)	16.3%	10.1%	0.8x	6.8x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



GCG Transportation & Logistics Update | Q1 2022

Public Comparable Companies (Cont'd)

<u>Company Name</u>	<u>Enterprise</u>	<u>Revenue</u>	<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>		
	<u>Value (\$mils)</u>	<u>(\$mils)</u>	<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>	
Freight Rail									
Union Pacific Corporation	\$ 193,837	\$ 22,663	3.2%	18.1%	58.1%	52.8%	8.9x	16.3x	
Canadian National Railway Company	\$ 99,156	\$ 11,734	4.2%	8.8%	55.8%	55.9%	8.6x	14.9x	
Canadian Pacific Railway Limited	\$ 89,002	\$ 6,307	8.8%	1.8%	56.8%	54.6%	13.9x	24.7x	
CSX Corporation	\$ 91,963	\$ 13,122	(5.6%)	9.5%	52.0%	52.0%	7.3x	13.7x	
Norfolk Southern Corporation	\$ 77,491	\$ 11,418	(10.7%)	(2.0%)	50.9%	50.9%	7.0x	12.8x	
Mean	\$ 110,290	\$ 13,049	(0.0%)	7.2%	54.7%	53.3%	9.1x	16.5x	
Median	\$ 91,963	\$ 11,734	3.2%	8.8%	55.8%	52.8%	8.6x	14.9x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



GCG Transportation & Logistics Update | Q1 2022

Public Comparable Companies (Cont'd)

<u>Company Name</u>	<u>Enterprise</u>	<u>Revenue</u>	<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>	
	<u>Value (\$mils)</u>	<u>(\$mils)</u>	<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>
Trucking								
Knight-Swift Transportation Holdings Inc.	\$ 9,853	\$ 6,602	(22.3%)	(2.9%)	33.0%	24.4%	1.6x	6.5x
Old Dominion Freight Line, Inc.	\$ 31,475	\$ 5,627	(22.3%)	14.3%	38.2%	31.8%	6.0x	18.8x
Heartland Express, Inc.	\$ 898	\$ 606	(20.5%)	(31.9%)	37.7%	28.5%	1.5x	5.2x
Marten Transport, Ltd.	\$ 1,358	\$ 1,038	(0.9%)	(1.2%)	28.1%	20.6%	1.4x	6.5x
USA Truck, Inc.	\$ 317	\$ 753	(9.8%)	(13.7%)	16.2%	10.3%	0.4x	3.8x
Werner Enterprises, Inc.	\$ 2,907	\$ 2,883	(20.4%)	(20.3%)	26.2%	18.6%	1.1x	5.4x
U.S. Xpress Enterprises, Inc.	\$ 884	\$ 2,015	(28.8%)	(64.9%)	12.4%	4.0%	0.5x	4.6x
Schneider National, Inc.	\$ 4,190	\$ 6,001	(13.4%)	(7.3%)	19.7%	15.6%	0.7x	5.0x
P.A.M. Transportation Services, Inc.	\$ 828	\$ 778	(16.3%)	87.7%	26.8%	22.1%	1.2x	5.3x
Mean	\$ 5,857	\$ 2,922	(17.2%)	(4.5%)	26.5%	19.6%	1.6x	6.8x
Median	\$ 1,358	\$ 2,015	(20.4%)	(7.3%)	26.8%	20.6%	1.2x	5.3x

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GCG Transportation & Logistics Update | Q1 2022

Public Comparable Companies (Cont'd)

Company Name	Enterprise Value (\$mils)	Revenue (\$mils)	Price Change		LTM Margins		TEV / LTM:		
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA	
Air & Express Delivery Services									
FedEx Corporation	\$ 88,632	\$ 91,683	(14.5%)	(22.0%)	27.6%	13.3%	1.0x	5.2x	
United Parcel Service, Inc.	\$ 194,955	\$ 98,757	(3.6%)	20.6%	24.4%	16.6%	2.0x	9.0x	
Deutsche Post AG	\$ 72,505	\$ 95,415	(27.0%)	(14.3%)	17.7%	11.5%	0.8x	5.7x	
Air Transport Services Group, Inc.	\$ 3,708	\$ 1,844	11.1%	9.9%	41.3%	32.3%	2.1x	6.4x	
Atlas Air Worldwide Holdings, Inc.	\$ 4,007	\$ 4,207	(12.7%)	34.3%	32.6%	24.6%	1.0x	3.6x	
DSV A/S	\$ 49,176	\$ 31,311	(17.1%)	(1.6%)	20.4%	10.1%	1.8x	16.4x	
Mean	\$ 68,830	\$ 53,870	(10.6%)	4.5%	27.3%	18.1%	1.5x	7.7x	
Median	\$ 60,840	\$ 61,497	(13.6%)	4.2%	26.0%	14.9%	1.4x	6.0x	
Transportation & Logistics Mean	\$ 34,453	\$ 16,808	(12.8%)	(1.9%)	27.4%	20.5%	2.4x	8.3x	
Transportation & Logistics Median	\$ 9,853	\$ 6,307	(13.4%)	(1.5%)	24.4%	13.3%	1.0x	6.5x	

Source: S&P Capital IQ

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GCG Transportation & Logistics Update | Q1 2022

Transportation & Logistics Expertise

GCG's Transportation & Logistics team has vast industry background and expertise formed by working with clients across nearly all aspects of the sector. Our professionals bring direct experience in senior operating roles within the industry to augment our investment banking and consulting services. With experience serving private and publicly traded Transportation & Logistics companies, GCG has a deep understanding of the trends and dynamics affecting this increasingly global industry.

More about Greenwich Capital Group

Greenwich Capital Group ("GCG") is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. For additional perspective or to discuss M&A related opportunities in the transportation & logistics sector, please reach out to GCG's transportation & logistics practice leader, Chris Lewis. For more information, please visit www.greenwichgp.com.



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Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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