



# INDUSTRY UPDATE

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TRANSPORTATION & LOGISTICS  
Q3 2022



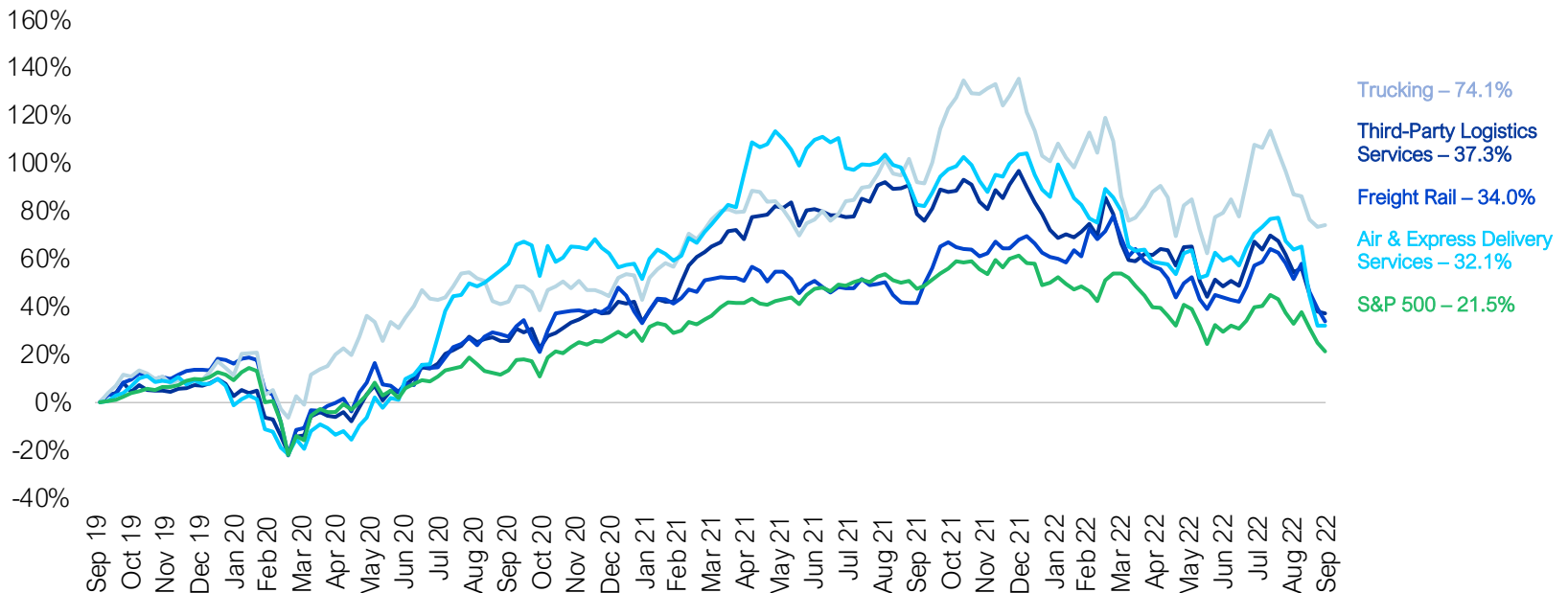
GREENWICH  
CAPITAL GROUP

# GCG Transportation & Logistics Update | Q3 2022

## Public Market Performance

Most public equities across the Transportation & Logistics industry declined in Q3 2022. The back end of Q2 and beginning of Q3 saw an increase in overall performance for public equities in the industry, primarily driven by increases in freight demand and strong employment statistics in June and July, helping companies achieve positive financial performance. The industry began to loosen again in August as operational inefficiencies were heightened by a lack of warehousing space coupled with higher inventories. Additionally, employment growth slowed near the end of Q3 after several months of record job increases. The overall industry is in an interesting position as consumer spend stagnates and manufacturing slows down due to record inflation levels, while companies sit on an abundance of goods needing to be shipped from months of backorders and pre-orders due to supply chain concerns. However, the increase in employment across the sector and the anticipated rise in demand for shipping services from the holiday season are reasons for optimism in the sector for Q4 and the beginning of 2023. On a 3-year period ending in September 2022, all sectors within the Transportation & Logistics industry outpaced the S&P 500, which had a 21.5% return. The Trucking sector has continued to give the best returns, followed by Third-Party Logistics, Freight Rail, and Air & Express Delivery (74.1%, 37.3%, 34.0% and 32.1% respectively).

### Transportation & Logistics Market Performance

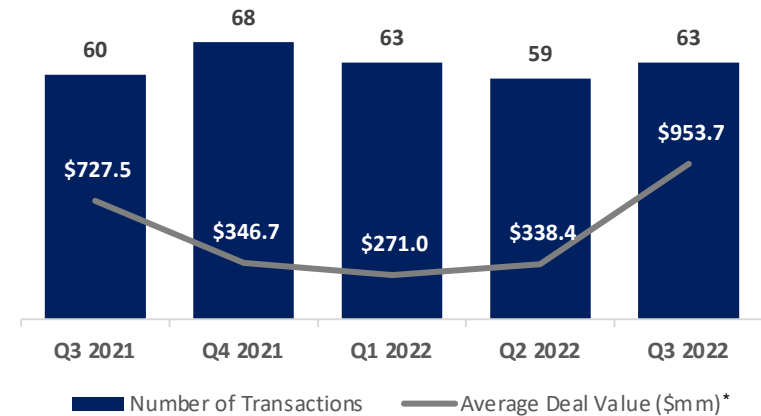


# GCG Transportation & Logistics Update | Q3 2022

## M&A Activity

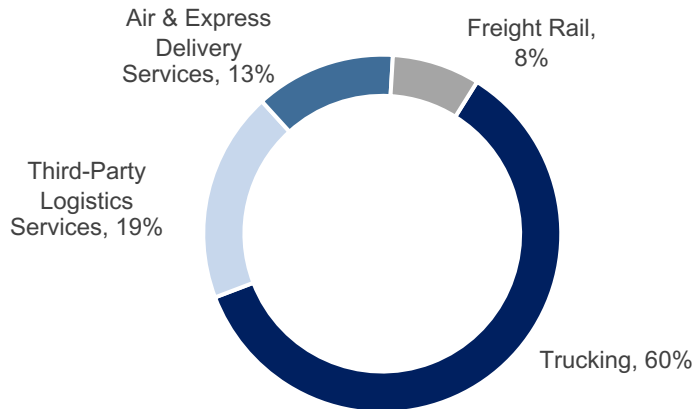
M&A activity in the Transportation & Logistics industry slightly increased, with 63 deals closed in Q3 2022, returning to the same level seen in Q1 of this year. Additionally, the average deal value (based on transactions with reported values only) significantly increased this quarter. The increase in average deal value points to companies seeking out premium acquisition targets rather than smaller sized add-ons. Financial Buyer activity grew by approx. 87% in Q3, pointing to financial sponsors actively seeking to deploy available dry powder in the Transportation & Logistics industry. However, Strategic Buyers remain the primary M&A player in the industry. Deal flow was largely concentrated in the Trucking segment, which accounted for 60% of the total M&A activity in the sector. Third-Party Logistics and Air & Express Delivery remained active, accounting for 31% and 17% of the total deal flow, respectfully.

### Transportation & Logistics M&A Activity

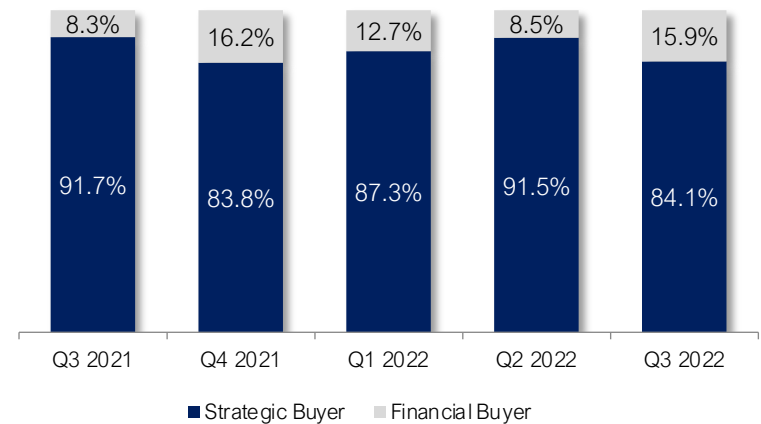


\*For transactions with reported deal values only

### Q3 2022 M&A Activity by Sector



### M&A Activity by Buyer Type



Source: S&P Capital IQ  
Note: All values based on publicly available data as of 9/30/2022

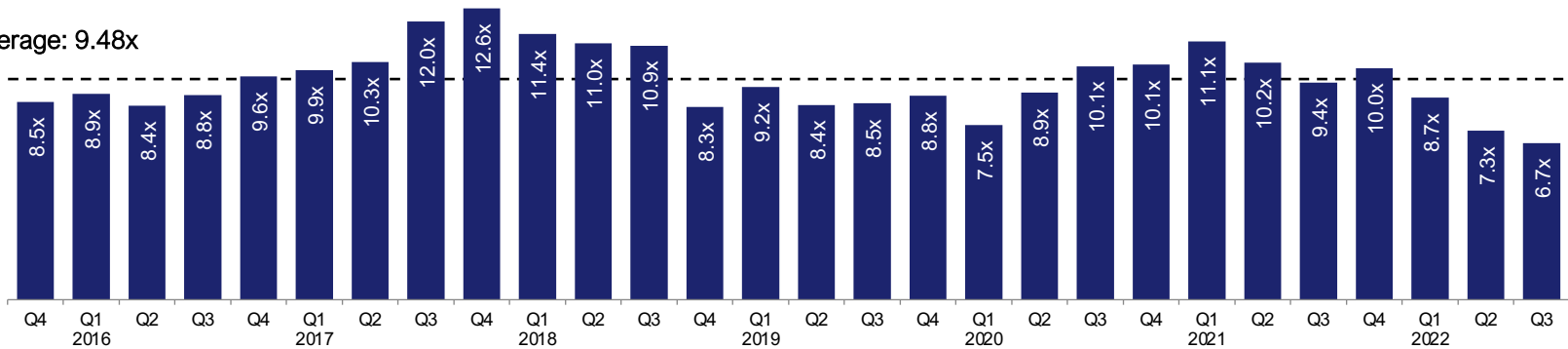


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## Public Company Trading Multiples

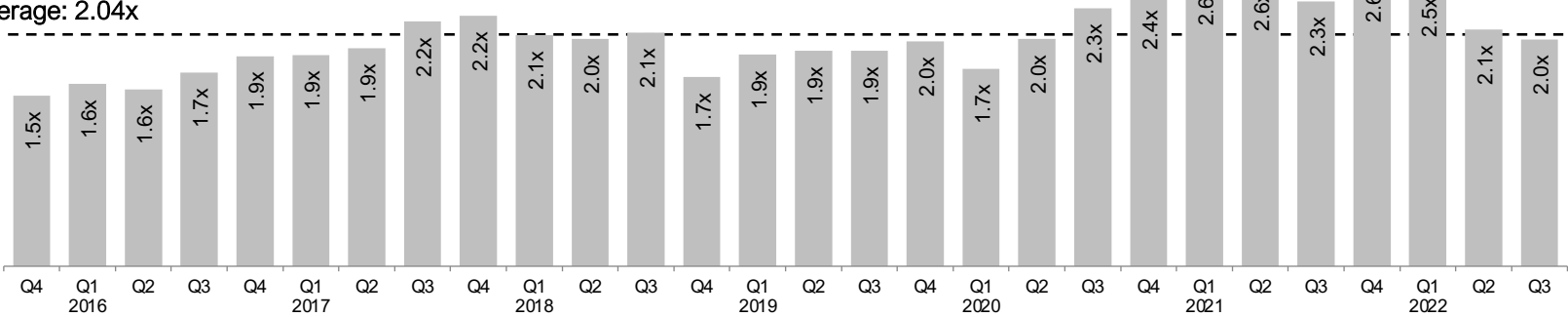
Select publicly traded companies representing the key sectors across the Transportation & Logistics industry traded at an average multiple of 6.7x EBITDA and 2.0x Revenue in Q3 2022. Trading multiples varied significantly across the four categories with the highest multiples observed in the Freight Rail sector. Service issues have plagued Freight Rail companies in 2022, but higher capacity levels have eased these issues and allowed companies to meet demand. The rail sector remains in large-part less affected by economic conditions as they tend to be more efficient and require less man-power than other types of transportation companies (trucking, courier services, etc.), leading to higher valuations.

Average: 9.48x



■ EV/EBITDA

Average: 2.04x



■ EV/Revenue

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



# GCG Transportation & Logistics Update | Q3 2022

## Select M&A Transaction Activity

Announcement Date	Target Name	Buyer Name	Sector	Value (\$mm)	TEV/Rev	TEV/EBITDA
9/26/2022	Delta Southern Railroad, Inc.	Patriot Rail Company LLC	Freight Rail	-	-	-
9/22/2022	A-Link Freight, Inc.	Santova Limited	Air & Express Delivery Services	2.4	-	-
9/12/2022	Assets of San Luis & Rio Grande Railroad, Inc. OmniTRAX, Inc.		Freight Rail	5.8	-	-
8/29/2022	Wilmac Enterprises, LLC	RoadOne, Inc.	Trucking	-	-	-
8/22/2022	Transportation Resources, Inc.	Heartland Express, Inc.	Trucking	525.0	0.91x	-
8/22/2022	TAGG Logistics, LLC	Hub Group, Inc.	Third-Party Logistics Services	103.0	-	-
8/18/2022	Delivery Drivers, Inc.	Walmart Inc.	Third-Party Logistics Services	-	-	-
8/16/2022	Need It Now Delivers, LLC	Geodis SA	Third-Party Logistics Services	-	-	-
8/15/2022	Firebird Bulk Carriers, Inc./Phoenix Oil, Inc.	GulfMark Asset Holdings, Inc.	Trucking	48.9	-	-
8/11/2022	Go Direct Global Inc.	Crown Capital Partners Inc.	Air & Express Delivery Services	-	-	-
8/9/2022	Pixior, LLC	SEKO Worldwide, LLC	Third-Party Logistics Services	-	-	-
8/8/2022	Pioneer Lines, Inc.	Patriot Rail Company LLC	Freight Rail	-	-	-
8/4/2022	Atlas Air Worldwide Holdings, Inc.	Apollo Global Management, Inc.; J.F. Lehman and Company, LLC; Hill City Capital LP	Air & Express Delivery Services	4,664.2	1.06x	4.26x
7/26/2022	United Road Towing, Inc.	Mill Point Capital LLC	Trucking	-	-	-
7/28/2022	South Shore Transportation Company, Inc.	TFI International Inc.	Trucking	-	-	-
7/28/2022	Martinaire Aviation, L.L.C.	Xwing, Inc.	Air & Express Delivery Services	-	-	-
7/21/2022	1297683 Alberta Ltd.	Mullen Group Ltd.	Trucking	25.1	-	-
7/21/2022	Merchants Automotive Group, LLC	Bain Capital, LP	Third-Party Logistics Services	-	-	-

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



# GCG Transportation & Logistics Update | Q3 2022

## 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>	
<b>Third-Party Logistics Services</b>									
XPO Logistics, Inc.	\$ 8,429	\$ 13,336	(7.5%)	(44.9%)	19.4%	10.2%	0.6x	4.7x	
J.B. Hunt Transport Services, Inc.	\$ 17,663	\$ 14,661	(2.2%)	(6.2%)	17.1%	13.5%	1.3x	1.9x	
C.H. Robinson Worldwide, Inc.	\$ 14,314	\$ 26,380	(5.6%)	11.5%	7.4%	5.6%	0.5x	9.1x	
Hub Group, Inc.	\$ 2,429	\$ 5,031	(3.4%)	(0.4%)	16.5%	11.3%	0.5x	4.2x	
Radiant Logistics, Inc.	\$ 396	\$ 1,338	(21.2%)	(12.7%)	16.2%	5.0%	0.3x	5.2x	
Universal Logistics Holdings, Inc.	\$ 1,338	\$ 1,964	16.7%	56.5%	18.2%	12.1%	0.7x	4.6x	
GXO Logistics, Inc.	\$ 7,751	\$ 8,475	(20.4%)	(56.2%)	16.4%	7.4%	0.9x	5.3x	
Expeditors International of Washington, Inc.	\$ 12,983	\$ 18,983	(9.5%)	(24.0%)	13.2%	11.7%	0.7x	5.5x	
Kuehne + Nagel International AG	\$ 24,502	\$ 42,057	(11.7%)	(38.7%)	28.6%	10.9%	0.6x	4.9x	
Landstar System, Inc.	\$ 5,365	\$ 7,710	(1.7%)	(8.6%)	20.0%	8.4%	0.7x	8.3x	
ArcBest Corporation	\$ 1,934	\$ 4,930	2.7%	(14.4%)	10.8%	11.0%	0.4x	3.4x	
Covenant Logistics Group, Inc.	\$ 521	\$ 1,215	13.3%	3.6%	19.5%	11.8%	0.4x	2.8x	
Daseke, Inc.	\$ 969	\$ 1,721	(15.5%)	(42.8%)	29.4%	11.2%	0.6x	4.1x	
Mean	\$ 7,584	\$ 11,369	(5.1%)	(13.6%)	17.9%	10.0%	0.6x	4.9x	
Median	\$ 5,365	\$ 7,710	(5.6%)	(12.7%)	17.1%	11.0%	0.6x	4.7x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



# GCG Transportation & Logistics Update | Q3 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>	
<b>Freight Rail</b>									
Union Pacific Corporation	\$ 154,443	\$ 24,428	(9.5%)	(3.4%)	55.4%	50.1%	6.6x	12.5x	
Canadian National Railway Company	\$ 84,701	\$ 11,953	(3.1%)	(7.6%)	56.1%	55.9%	7.6x	13.2x	
Canadian Pacific Railway Limited	\$ 77,173	\$ 6,228	(3.5%)	1.6%	55.5%	53.4%	13.2x	22.8x	
CSX Corporation	\$ 72,996	\$ 14,550	(9.2%)	(12.2%)	50.0%	50.0%	5.2x	10.1x	
Norfolk Southern Corporation	\$ 63,570	\$ 11,869	(8.3%)	(13.9%)	50.0%	50.0%	5.4x	10.2x	
Mean	\$ 90,577	\$ 13,806	(6.7%)	(7.1%)	53.4%	51.9%	7.6x	13.7x	
Median	\$ 77,173	\$ 11,953	(8.3%)	(7.6%)	55.4%	50.1%	6.6x	12.5x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



# GCG Transportation & Logistics Update | Q3 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>	
<b>Trucking</b>									
Knight-Swift Transportation Holdings Inc.	\$ 9,834	\$ 7,502	2.6%	(2.5%)	33.0%	24.1%	1.4x	5.4x	
Old Dominion Freight Line, Inc.	\$ 27,485	\$ 5,975	(4.7%)	(12.9%)	38.6%	32.4%	4.6x	14.0x	
Heartland Express, Inc.	\$ 1,032	\$ 640	1.7%	(10.9%)	37.4%	27.3%	1.6x	5.7x	
Marten Transport, Ltd.	\$ 1,484	\$ 1,208	13.7%	23.1%	27.3%	19.8%	1.3x	6.4x	
USA Truck, Inc.	\$ -	\$ 785	(100.0%)	(100.0%)	15.9%	9.9%	0.0x	0.0x	
Werner Enterprises, Inc.	\$ 2,849	\$ 3,069	(3.3%)	(14.2%)	25.1%	17.4%	0.9x	5.2x	
U.S. Xpress Enterprises, Inc.	\$ 846	\$ 2,094	(10.9%)	(71.8%)	11.8%	3.7%	0.4x	4.7x	
Schneider National, Inc.	\$ 3,448	\$ 6,387	(10.7%)	(10.1%)	19.8%	15.6%	0.5x	3.4x	
P.A.M. Transportation Services, Inc.	\$ 885	\$ 923	10.5%	34.1%	26.0%	21.1%	1.0x	4.7x	
Mean	\$ 5,318	\$ 3,176	(11.2%)	(18.3%)	26.1%	19.0%	1.3x	5.5x	
Median	\$ 1,484	\$ 2,094	(3.3%)	(10.9%)	26.0%	19.8%	1.0x	5.2x	

Source: S&P Capital IQ

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# GCG Transportation & Logistics Update | Q3 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	
<b>Air &amp; Express Delivery Services</b>									
FedEx Corporation	\$ 69,430	\$ 94,751	(33.6%)	(33.3%)	24.8%	10.2%	0.7x	4.7x	
United Parcel Service, Inc.	\$ 151,795	\$ 101,076	(12.7%)	(11.0%)	24.3%	16.9%	1.5x	7.9x	
Deutsche Post AG	\$ 54,148	\$ 94,590	(18.2%)	(51.4%)	17.2%	11.1%	0.6x	4.6x	
Air Transport Services Group, Inc.	\$ 3,159	\$ 1,944	(15.0%)	(8.1%)	41.5%	32.2%	1.6x	4.8x	
Atlas Air Worldwide Holdings, Inc.	\$ 4,370	\$ 4,396	55.6%	14.5%	30.9%	23.1%	1.0x	4.0x	
DSV A/S	\$ 30,101	\$ 32,378	(15.4%)	(50.1%)	21.2%	11.2%	1.0x	7.9x	
Mean	\$ 52,167	\$ 54,856	(6.5%)	(23.2%)	26.7%	17.4%	1.1x	5.7x	
Median	\$ 42,124	\$ 63,484	(15.2%)	(22.1%)	24.5%	14.0%	1.0x	4.7x	
Transportation & Logistics Mean	\$ 27,647	\$ 17,411	(7.3%)	(15.7%)	27.1%	20.2%	2.0x	6.5x	
Transportation & Logistics Median	\$ 7,751	\$ 6,387	(7.5%)	(11.0%)	24.3%	12.1%	0.9x	5.2x	

Source: S&P Capital IQ

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# GCG Transportation & Logistics Update | Q3 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](http://www.greenwichgp.com).



**Chris Lewis**

Managing Director

Transportation & Logistics Leader

[clewis@greenwichgp.com](mailto:clewis@greenwichgp.com)

M: (615) 946-3462

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](mailto:info@greenwichgp.com).

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