



INDUSTRY UPDATE

TRANSPORTATION & LOGISTICS
Q4 2022



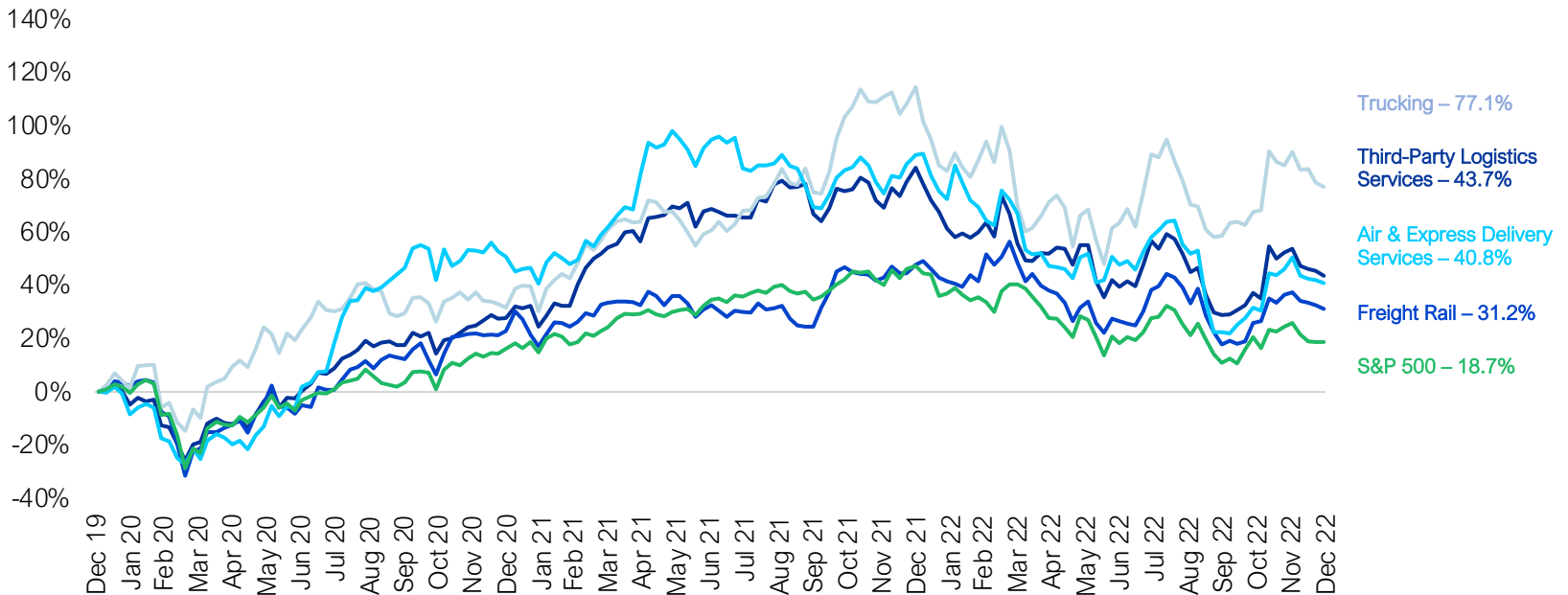
GREENWICH
CAPITAL GROUP

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Public Market Performance

The Transportation & Logistics industry continued to maneuver its way through disruptions in the global supply chain and weakened consumer demand for moving goods. Public equities across the industry had a volatile fourth quarter that was unusually slow for what is typically a high volume, high demand time of the year. High levels of inflation have led to a decline in shipping volume because consumers have less discretionary income to spend. Additionally, shipments from overseas were low in demand due to a surplus of inventory that is sitting at warehouses close to consumers. Most companies in the sector were able to offset these issues by increasing prices and spot rates, helping them achieve positive financial performance. Positive news coming out of China signals an effort to start living in a post-Covid economy, which will inevitably ease supply chain constraints across the globe, but it will take time to rebound to pre-pandemic levels. On a 3-year period ending in December 2022, all sectors within the Transportation & Logistics industry outpaced the S&P 500, which had an 18.7% return. The Trucking sector has continued to give the best returns, followed by Third-Party Logistics, Air & Express Delivery Services, and Freight Rail (77.1%, 43.7%, 40.8% and 31.2% respectively).

Transportation & Logistics Market Performance

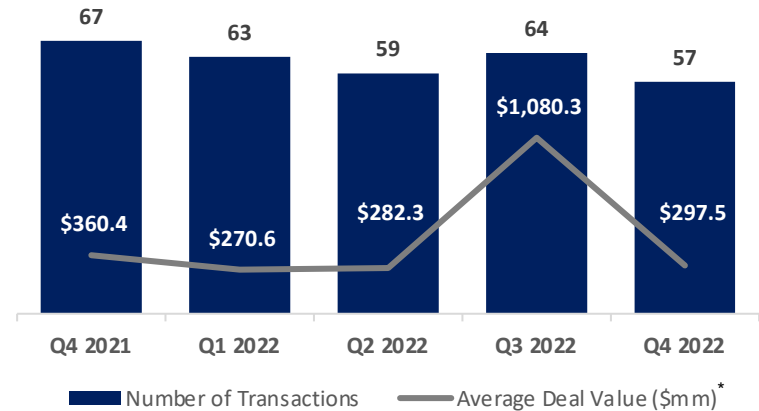


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M&A Activity

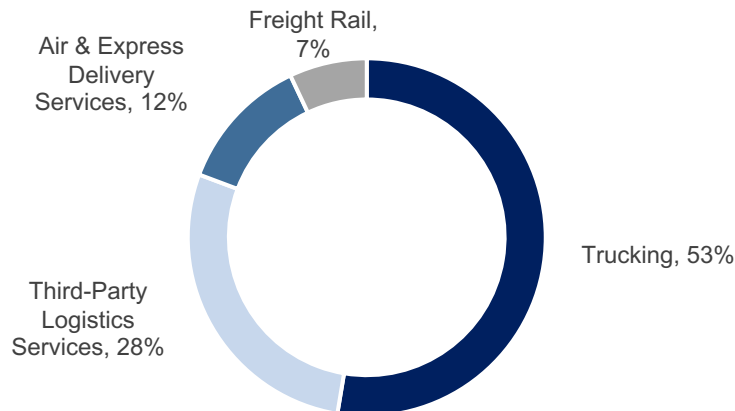
M&A activity in the Transportation & Logistics industry slightly decreased, with 57 deals closed in Q4 2022. Additionally, the average deal value (based on transactions with reported values only) normalized in Q4 following a significant increase in Q3. The decrease in deal size could signal that buyers are focusing on tuck-in acquisitions to bolster their offerings, rather than seeking premium targets to acquire. Strategic buyers were most active this quarter, accounting for 91.2% of all deals in the sector. The decline in financial buyer activity may be due to difficulties in securing financing from lending institutions due to the current interest rate environment. Deal flow continues to be largely concentrated in the Trucking segment, which accounted for 53% 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

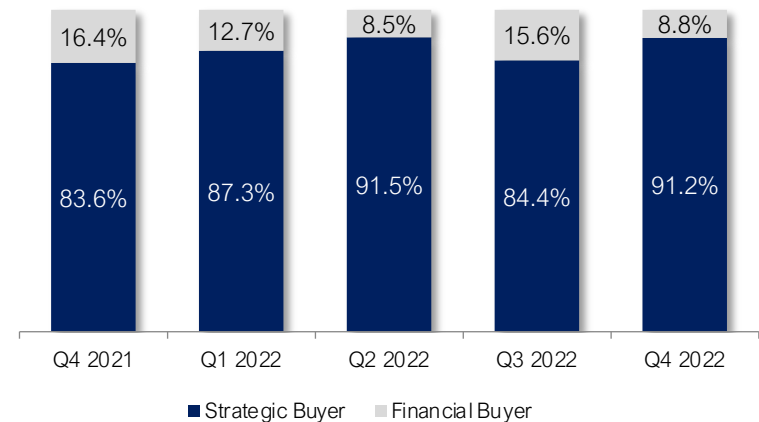


*For transactions with reported deal values only

Q4 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 12/31/2022

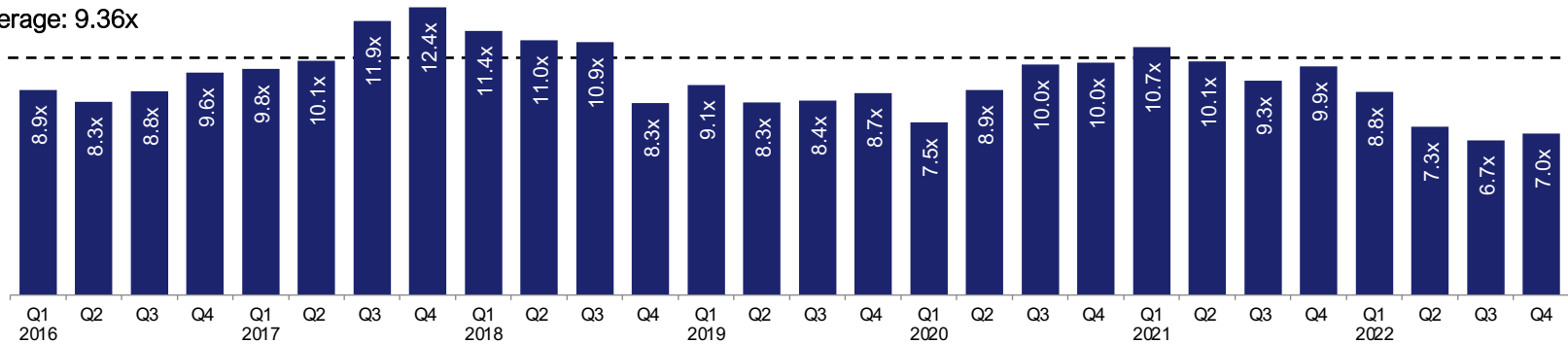


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Public Company Trading Multiples

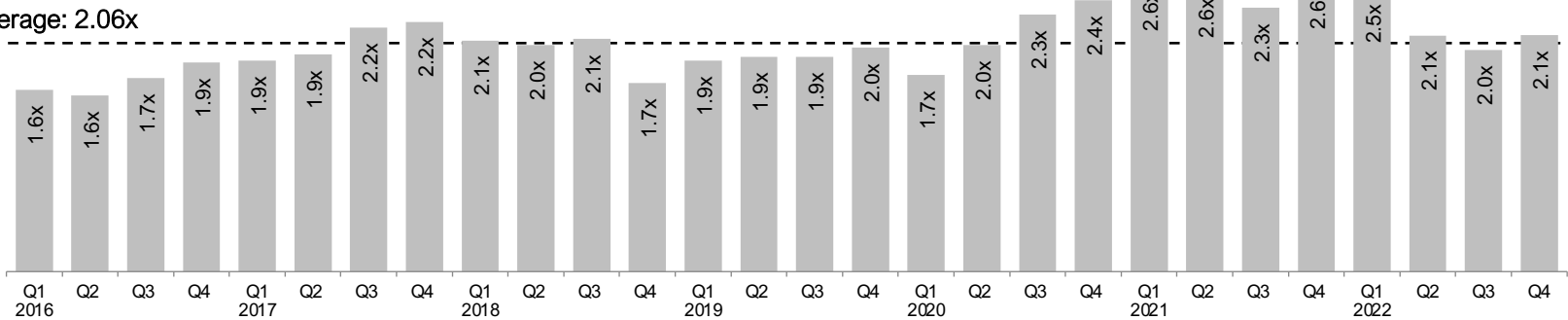
Select publicly traded companies representing the key sectors across the Transportation & Logistics industry traded at an average multiple of 6.99x EBITDA and 2.11x Revenue in Q4 2022. The highest trading multiples were observed in the Freight Rail sector, with average multiples of 14.41x EBITDA and 7.95x Revenue. Freight rail companies continued to deal with supply chain disruptions and staffing issues at railroads, ports and warehouses. However, most rail companies were able to increase prices just enough to offset those issues and turn profits in the fourth quarter.

Average: 9.36x



■ EV/EBITDA

Average: 2.06x



■ EV/Revenue

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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Select M&A Transaction Activity

Announcement Date	Target Name	Buyer Name	Sector	Value (\$mm)	TEV/Rev	TEV/EBITDA
12/23/2022	Ben's Creek Rail Holding LLC	Ben's Creek Carbon, LLC	Freight Rail	0.7	-	-
12/19/2022	Unique Logistics International, Inc.	Edify Acquisition Corp.	Air & Express Delivery Services	-	-	-
12/14/2022	Bulk Express Transport, LLC	Alterna Equity Partners	Trucking	-	-	-
12/3/2022	Sunset Transportation, Inc.	Armada Supply Chain Solution, LLC	Third-Party Logistics Services	-	-	-
12/2/2022	Transport St-Michel Inc.	TFI International Inc.	Trucking	-	-	-
11/29/2022	Best Warehousing and Transportation Center, LLC	Bluejay Capital Partners, LLC	Third-Party Logistics Services	-	-	-
11/15/2022	Shelba D. Johnson Trucking, Inc	Brooks Furniture Xpress, Inc.	Trucking	-	-	-
11/8/2022	KSI Corp.	Alba Wheels Up International, LLC	Third-Party Logistics Services	-	-	-
11/3/2022	Fastmore Logistics LLC	Echo Global Logistics, Inc.	Trucking	-	-	-
10/26/2022	Glid, LLC	Genesis Electronics Group, Inc.	Third-Party Logistics Services	4.0	-	-
10/26/2022	First Transit Inc.	Transdev North America, Inc.	Third-Party Logistics Services	-	-	-
10/20/2022	Flex Logistics, Inc.	Partners Warehouse LLC	Third-Party Logistics Services	-	-	-
10/13/2022	Skymail International, Inc.	Pitney Bowes Inc.	Air & Express Delivery Services	-	-	-
10/12/2022	Connectrans Logistics Inc.	KAG Logistics, Inc.	Third-Party Logistics Services	-	-	-
10/11/2022	Lindsey Forwarders, Inc.	MGN Logistics, Inc.	Trucking	-	-	-
10/7/2022	Tradition Transportation Group, Inc.	Aqua Power Systems Inc.	Trucking	28.5	0.33x	-
10/6/2022	Boasso Global Inc.	KKR & Co. Inc.; KKR Global Infrastructure Investors IV	Trucking	-	-	-
10/3/2022	Baylor Trucking, Inc.	Werner Enterprises, Inc.	Trucking	95.0	1.17x	-

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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, Inc.	\$ 7,014	\$ 13,108	(25.2%)	(57.0%)	20.0%	10.7%	0.5x	3.7x	
J.B. Hunt Transport Services, Inc.	\$ 19,514	\$ 14,814	11.5%	(14.7%)	17.4%	13.2%	1.3x	2.0x	
C.H. Robinson Worldwide, Inc.	\$ 13,153	\$ 26,132	(4.9%)	(14.9%)	7.5%	5.6%	0.5x	8.5x	
Hub Group, Inc.	\$ 2,859	\$ 5,311	15.2%	(5.6%)	16.9%	12.0%	0.5x	4.4x	
Radiant Logistics, Inc.	\$ 310	\$ 1,338	(10.5%)	(30.2%)	16.2%	5.0%	0.2x	4.1x	
Universal Logistics Holdings, Inc.	\$ 1,355	\$ 2,024	5.4%	77.3%	20.3%	14.3%	0.7x	4.0x	
GXO Logistics, Inc.	\$ 8,742	\$ 8,788	21.8%	(53.0%)	16.7%	7.4%	1.0x	5.7x	
Expeditors International of Washington, Inc.	\$ 14,891	\$ 19,026	17.7%	(22.6%)	13.4%	11.8%	0.8x	6.2x	
Kuehne + Nagel International AG	\$ 26,800	\$ 42,349	13.1%	(27.9%)	28.0%	10.8%	0.6x	5.0x	
Landstar System, Inc.	\$ 5,833	\$ 7,710	12.8%	(9.0%)	20.0%	8.4%	0.8x	9.0x	
ArcBest Corporation	\$ 1,833	\$ 5,265	(3.7%)	(41.6%)	10.7%	10.8%	0.3x	3.0x	
Covenant Logistics Group, Inc.	\$ 542	\$ 1,215	20.5%	30.8%	19.5%	11.8%	0.4x	2.8x	
Daseke, Inc.	\$ 879	\$ 1,759	5.2%	(43.3%)	29.0%	10.6%	0.5x	3.7x	
Mean	\$ 7,979	\$ 11,449	6.1%	(16.3%)	18.1%	10.2%	0.6x	4.8x	
Median	\$ 5,833	\$ 7,710	11.5%	(22.6%)	17.4%	10.8%	0.5x	4.1x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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	\$ 166,858	\$ 24,428	6.3%	(17.8%)	55.4%	50.1%	6.8x	13.2x	
Canadian National Railway Company	\$ 91,674	\$ 11,885	9.4%	(3.2%)	56.4%	56.0%	7.6x	13.3x	
Canadian Pacific Railway Limited	\$ 84,684	\$ 6,112	11.1%	3.7%	55.3%	53.3%	13.7x	22.7x	
CSX Corporation	\$ 81,987	\$ 14,550	16.3%	(17.6%)	50.0%	50.0%	5.6x	11.3x	
Norfolk Southern Corporation	\$ 74,353	\$ 12,360	17.5%	(17.2%)	49.2%	49.2%	6.0x	11.6x	
Mean	\$ 99,911	\$ 13,867	12.1%	(10.4%)	53.3%	51.7%	7.9x	14.4x	
Median	\$ 84,684	\$ 12,360	11.1%	(17.2%)	55.3%	50.1%	6.8x	13.2x	

Source: S&P Capital IQ

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Public Comparable Companies (Cont'd)

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:		
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA	
Trucking									
Knight-Swift Transportation Holdings Inc.	\$ 10,273	\$ 7,502	7.1%	(14.0%)	33.0%	23.8%	1.4x	5.6x	
Old Dominion Freight Line, Inc.	\$ 31,077	\$ 6,179	14.1%	(20.8%)	39.3%	33.2%	5.0x	15.0x	
Heartland Express, Inc.	\$ 1,635	\$ 761	7.2%	(8.8%)	36.0%	25.5%	2.1x	7.4x	
Marten Transport, Ltd.	\$ 1,533	\$ 1,208	3.2%	15.3%	27.3%	19.9%	1.3x	6.3x	
USA Truck, Inc.	\$ -	\$ 785	(100.0%)	(100.0%)	15.9%	9.9%	0.0x	0.0x	
Werner Enterprises, Inc.	\$ 3,066	\$ 3,194	7.1%	(15.5%)	24.5%	16.7%	1.0x	5.5x	
U.S. Xpress Enterprises, Inc.	\$ 880	\$ 2,150	(26.4%)	(69.2%)	11.8%	2.4%	0.4x	5.5x	
Schneider National, Inc.	\$ 3,984	\$ 6,618	15.3%	(13.0%)	19.4%	15.2%	0.6x	3.8x	
P.A.M. Transportation Services, Inc.	\$ 755	\$ 923	(16.3%)	(27.1%)	26.0%	21.2%	0.8x	3.8x	
Mean	\$ 5,911	\$ 3,258	(9.9%)	(28.1%)	25.9%	18.6%	1.4x	5.9x	
Median	\$ 1,635	\$ 2,150	7.1%	(15.5%)	26.0%	19.9%	1.0x	5.5x	

Source: S&P Capital IQ

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Public Comparable Companies (Cont'd)

<u>Company Name</u>	<u>Enterprise Value (\$mils)</u>	<u>Revenue (\$mils)</u>	<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>		
			<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>	
Air & Express Delivery Services									
FedEx Corporation	\$ 77,105	\$ 94,091	16.7%	(33.0%)	24.8%	10.0%	0.8x	5.3x	
United Parcel Service, Inc.	\$ 162,876	\$ 101,076	7.6%	(18.9%)	24.7%	16.7%	1.6x	8.4x	
Deutsche Post AG	\$ 63,752	\$ 92,617	23.2%	(41.5%)	17.0%	11.2%	0.6x	4.8x	
Air Transport Services Group, Inc.	\$ 3,257	\$ 1,995	7.8%	(11.6%)	41.2%	31.7%	1.6x	4.9x	
Atlas Air Worldwide Holdings, Inc.	\$ 4,550	\$ 4,505	5.5%	7.1%	28.8%	20.6%	1.0x	4.5x	
DSV A/S	\$ 38,125	\$ 32,378	33.4%	(32.6%)	21.2%	11.0%	1.1x	8.8x	
Mean	\$ 58,278	\$ 54,444	15.7%	(21.8%)	26.3%	16.9%	1.1x	6.1x	
Median	\$ 50,939	\$ 62,498	12.3%	(25.7%)	24.8%	14.0%	1.0x	5.1x	
Transportation & Logistics Mean	\$ 30,489	\$ 17,399	4.4%	(19.6%)	27.1%	20.0%	2.0x	6.8x	
Transportation & Logistics Median	\$ 7,014	\$ 6,618	7.8%	(17.6%)	24.5%	13.2%	0.8x	5.5x	

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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. Our senior bankers have held leadership positions at global investment banking firms, bringing a wealth of experience to each of our clients. GCG operates with the highest integrity, providing credibility and an excellent client service experience through our proven transaction process. These core values are the common thread in establishing our extensive relationships with privately held businesses, private equity investors and publicly traded companies. With each engagement, GCG’s senior bankers have a common goal. We strive to build relationships by representing our clients’ long-term interests in order to earn ultimately their trust. It is our privilege to be called trusted advisors in the middle market.

For additional perspective or to discuss M&A related opportunities in the middle market, please reach out to GCG’s CEO and Managing Director, Bob Coury. 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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