

FORVIS™



Transportation & Logistics Mergers & Acquisitions Update

2022

Transportation & Logistics M&A

Overview & Outlook

The overall M&A market in the U.S. experienced a reduced volume of trading in 2022 compared to 2021, with 10% fewer deals completed. The value of transactions decreased by 38% to \$1.6 trillion. The number of transactions closed per quarter waned throughout 2022, with the M&A transaction total for Q4 declining 25% compared to Q4 in 2021. Multiple interest rate hikes and inflation levels not seen in decades have clearly contributed to a dampened M&A environment.

Despite lingering supply chain issues caused by the pandemic and the war in Ukraine, the Transportation and Logistics (T&L) industry achieved 121 M&A transactions in 2022, down from 128 in 2021. Coming off a 12-year high in 2021, 2022 marked the first time in the previous five years that T&L M&A activity declined. For-hire truck tonnage, as measured by the American Trucking Association Truck Tonnage Index, declined during the second half of 2022. The weak second half of the year belied 2022's overall increase in truck freight tonnage of 3.4%.

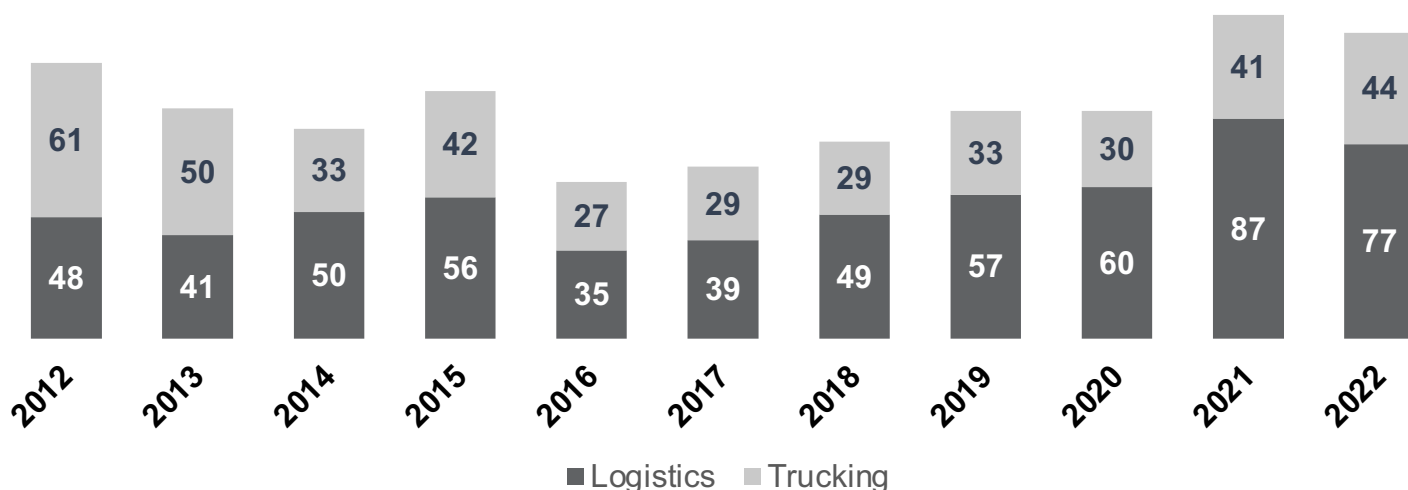
Concern over supply chain challenges remains at the forefront among manufacturers who responded to the National Association of Manufacturers 2022 Q4 outlook survey. Of those surveyed, 65.7% indicated supply chain as an ongoing challenge, second only to attracting and retaining a quality workforce (75.7% of respondents). Costs associated with T&L also featured prominently in the survey. Fifty percent of respondents identified operating costs as an ongoing challenge.

The T&L segment's persistent transaction volume is supported by industry trends, including near-shoring distribution, continued demand for e-commerce fulfillment solutions, and a strategic reduction in risks to mitigate potential delays in international shipping.

- Several strategies arose during and post-pandemic to address supply chain bottlenecks and shortages, revised inventory and sourcing management, and near-shoring, which brings sourcing and distribution geographically closer to a business and its customers.
- Consumer behavior continues to shift towards e-commerce with a resulting need for delivery services.
- Investment in autonomous vehicles and last-mile delivery.

The T&L industry continued to attract investment from strategic and private equity investors. Private equity investment cooled in Q3 of 2022, while strategic investment remained strong in Q3 and Q4. Private equity platforms and add-on investments accounted for 45% of deals in 2022 (compared to approximately 56% and 49% in 2021 and 2020, respectively). Private equity investors have greater latitude to make thematic pivots within their portfolio strategies, and it is not uncommon to see shifts from capital-intensive, cyclical industries when these dynamics lose favor.

T&L Total U.S. Deals 2012–2022¹



¹ capitaliq.com, March 22, 2023

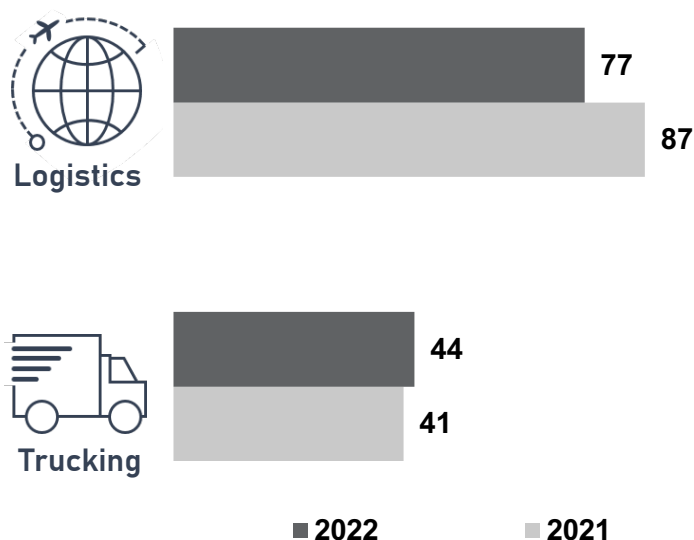
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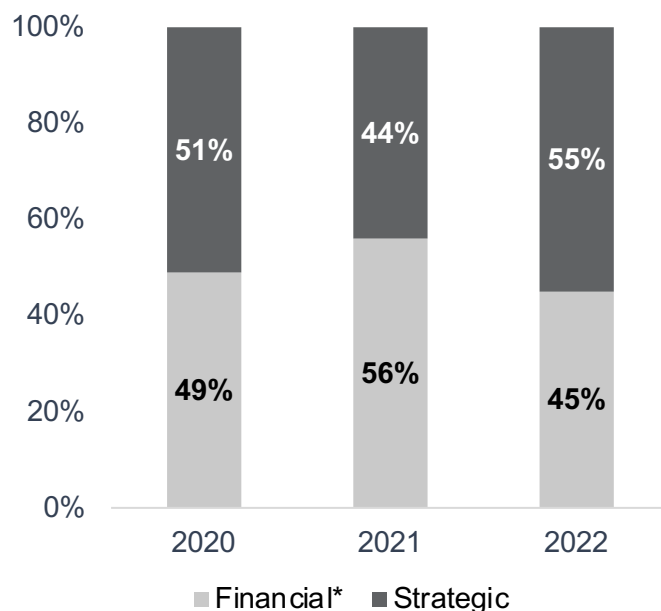
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Transaction Activity Overview

Number of Deals by Segment¹



Deals by Buyer Type¹



*Financial deals include platform acquisitions and PE-backed strategic investments.

Select Strategic Buyers 2019–2022¹

Investor Name	# of Acquisitions
TFI International	7
A.P. Møller – Mærsk	4
Hub Group	3
Knight-Swift Transportation Holdings	3
Ryder System	3
Heartland Express	3
Werner Enterprises	3
IMC Companies	2
Brooks Furniture Xpress, Inc.	2

Select Private Equity Buyers with Active T&L Holdings¹

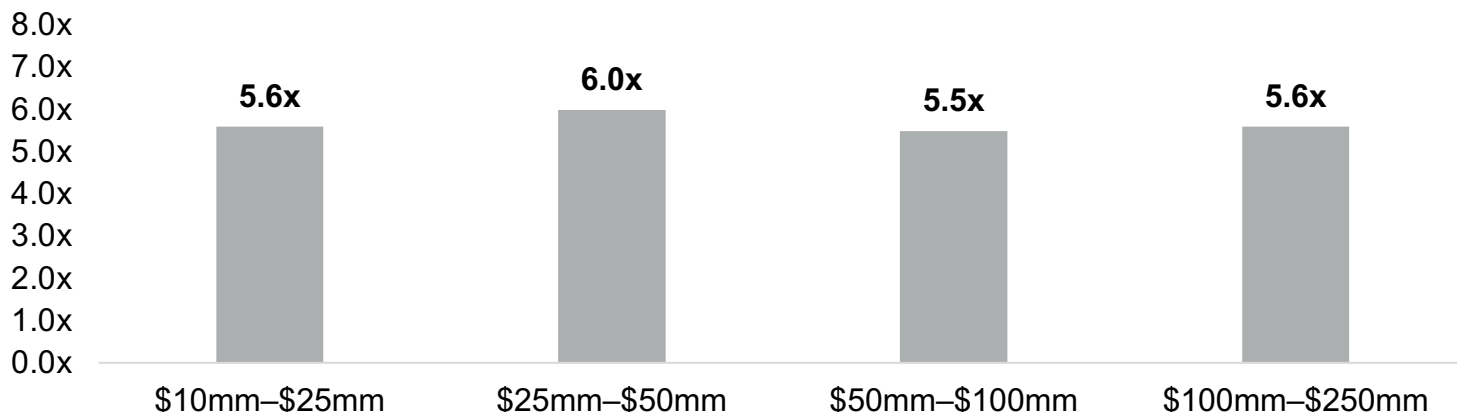
Investor Name	# of Active Holdings
H.I.G. Capital	7
Kinderhook Industries	6
ARC Industries	4
Ardian	4
Genstar Capital	4
Salt Creek Capital	4
Argosy Private Equity	3
Crestview Partners	3
Ironwood Capital	3

¹ capitaliq.com, March 22, 2023

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Transaction Activity Overview

Trucking EV/EBITDA Multiples by Transaction Size¹



¹“GF Data Middle Market Valuation Database” (private equity deals, 2012–present; encompasses 15 transactions), enjbiz.com, April 6, 2023

Select Middle-Market Private Equity Transactions in 2022²

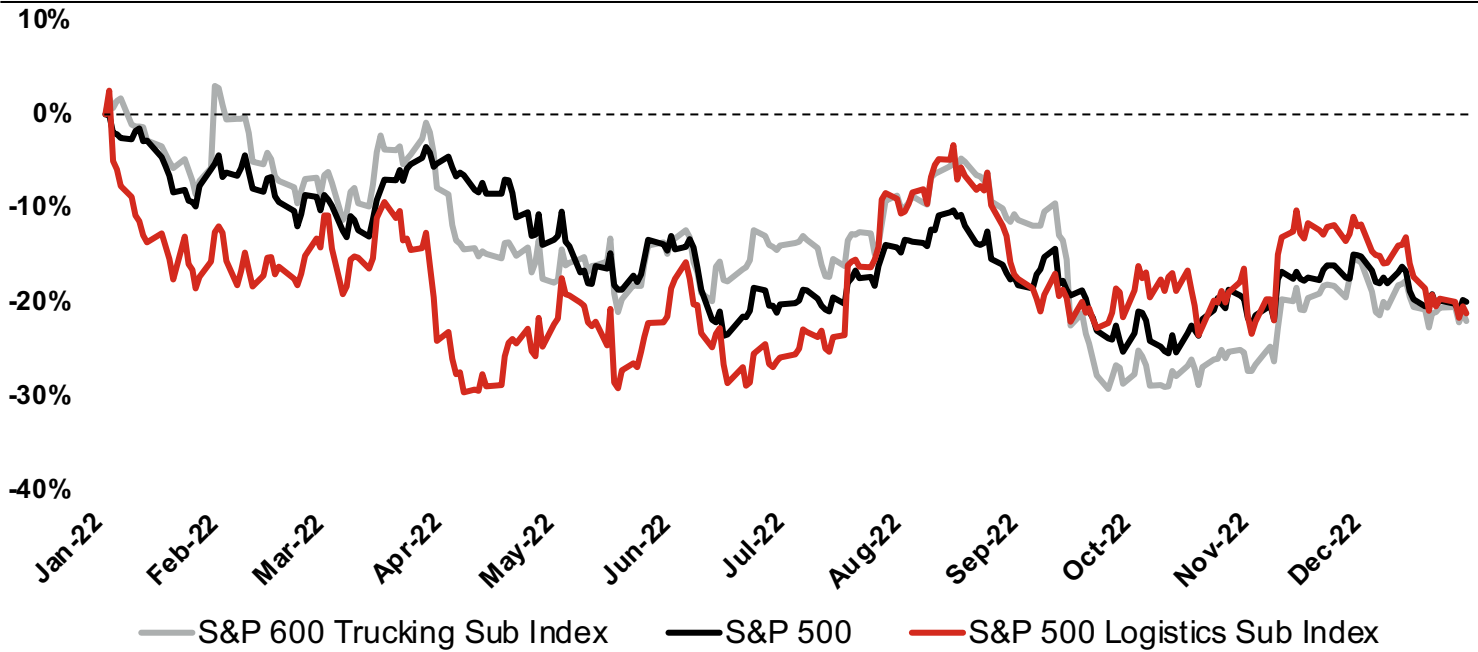
Acquirer/Sponsor	Target Company	Transaction Date
 & 	KSI (Logistics Services)	11/08/2022
 & 		09/21/2022
		07/21/2022
		05/07/2022
 & 		04/05/2022
		03/14/2022
 & 		03/14/2022

² capitaliq.com, March 22, 2023

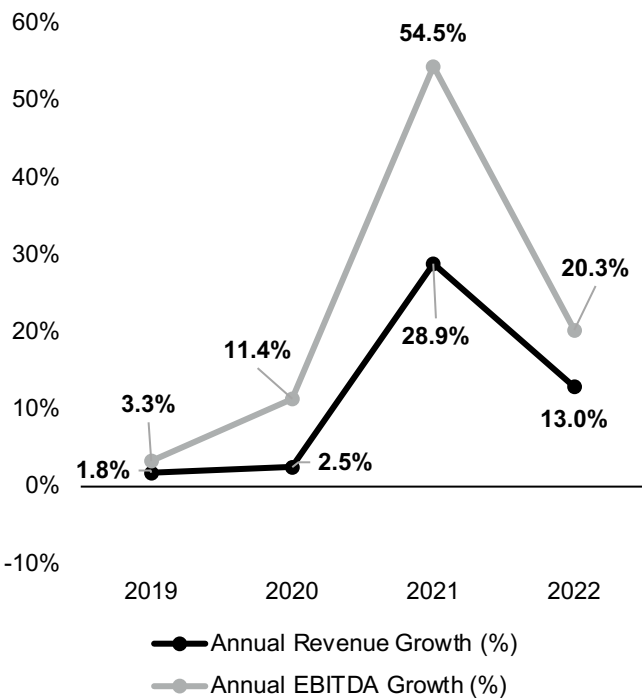
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Public Market Overview

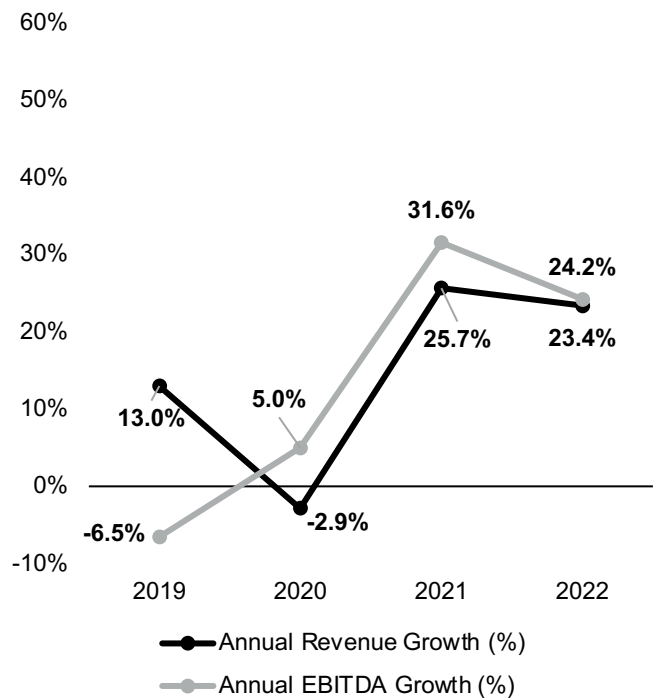
T&L Segments vs. S&P 500¹



Mean LTM One Year Revenue & EBITDA Growth – U.S. Logistics¹



Mean LTM One Year Revenue & EBITDA Growth – U.S. Trucking¹



Note: Public market metrics current as of December 30, 2022

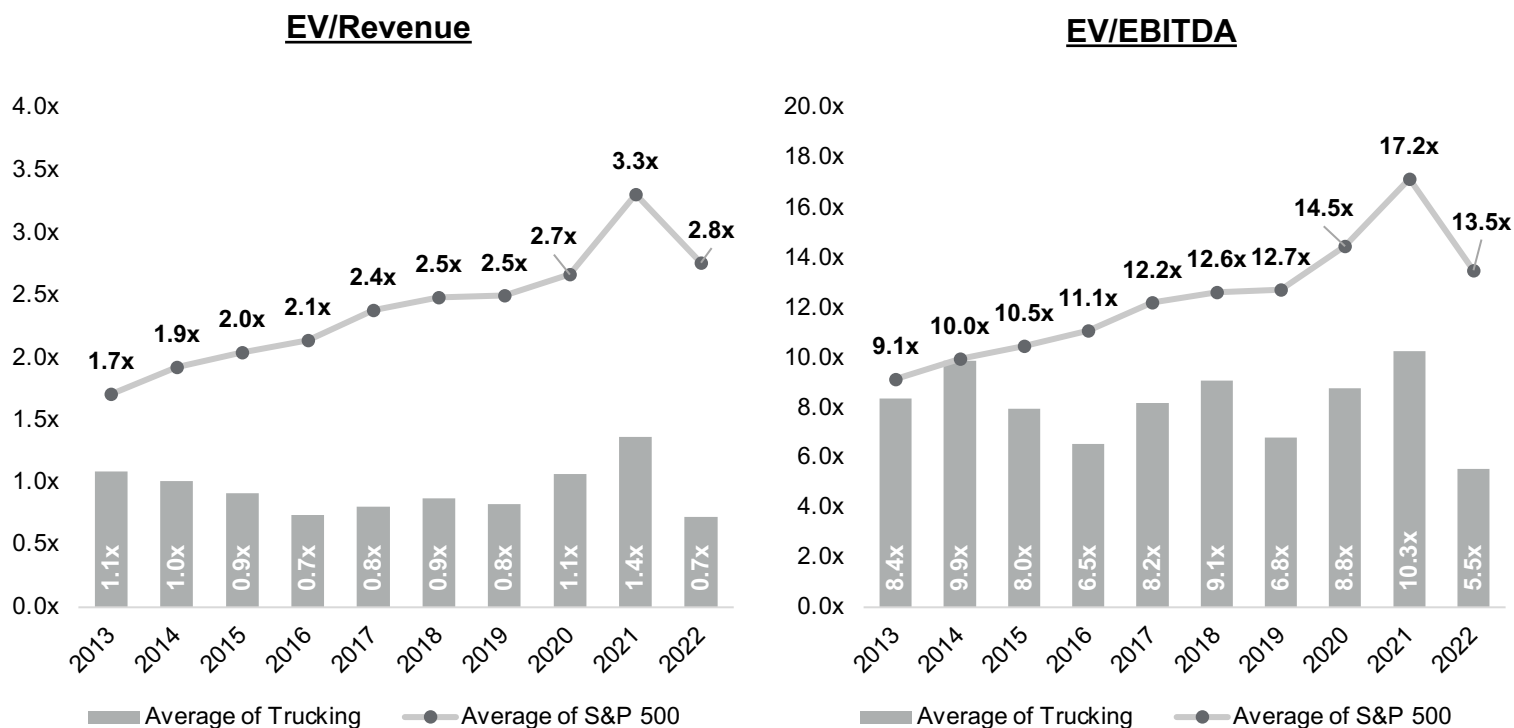
¹ capitaliq.com, March 22, 2023

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Trucking Public Comparables¹

Company	Ticker	Price	% of 52-Week High	\$ in Millions							Valuation Multiples	
				Market Cap	TTM Revenue	TTM EBITDA	Enterprise Value	EBITDA Margin	EV/Revenue	EV/EBITDA		
ArcBest Corporation	ARCB	\$70	56.5%	\$1,710	\$5,265	\$569	\$1,833	10.8%	0.35x	3.22x		
Covenant Logistics Group	CVLG	35	85.6%	467	1,215	143	542	11.8%	0.45x	3.79x		
Daseke	DSKE	6	43.2%	255	1,759	187	879	10.6%	0.50x	4.69x		
Heartland Express	HTLD	15	88.6%	1,211	761	194	1,636	25.5%	2.15x	8.43x		
J.B. Hunt Transport Services	JBHT	174	79.9%	18,053	14,661	1,986	19,514	13.5%	1.33x	9.82x		
Knight-Swift Transportation Holdings	KNX	52	84.4%	8,422	7,502	1,782	10,273	23.8%	1.37x	5.76x		
Marten Transport	MRTN	20	84.4%	1,604	1,208	240	1,533	19.9%	1.27x	6.38x		
Mullen Group	MTL	11	91.1%	1,010	1,448	197	1,593	13.6%	1.10x	8.08x		
Old Dominion Freight Line	ODFL	284	78.8%	31,353	6,179	2,054	31,077	33.2%	5.03x	15.13x		
P.A.M. Transportation Services	PTSI	26	64.8%	575	923	195	755	21.2%	0.82x	3.86x		
Saia	SAIA	210	61.1%	5,534	2,753	629	5,529	22.8%	2.01x	8.79x		
Schneider National	SNDR	23	85.1%	4,166	6,618	1,004	3,984	15.2%	0.60x	3.97x		
TFI International	TFII	101	91.0%	8,830	8,997	1,245	10,432	13.8%	1.16x	8.38x		
U.S. Xpress Enterprises	USX	2	28.8%	93	2,150	52	880	2.4%	0.41x	16.95x		
Universal Logistics Holdings	ULH	33	82.0%	879	2,024	290	1,355	14.3%	0.67x	4.67x		
Werner Enterprises	WERN	40	82.5%	2,545	3,194	534	3,066	16.7%	0.96x	5.74x		
Yellow Corporation	YELL	3	18.7%	130	5,353	285	1,547	5.3%	0.29x	5.44x		
									Median	0.96x	5.76x	
									Average	1.20x	7.24x	
									Average Large Cap (Over \$10B)	3.18x	12.48x	
									Average Mid Cap (\$2B – \$10B)	1.22x	6.53x	
									Average Small Cap (Under \$2B)	0.80x	6.55x	

Valuation Multiples by Year – Trucking Sector vs. S&P 500¹



Note: Public market metrics current as of December 30, 2022

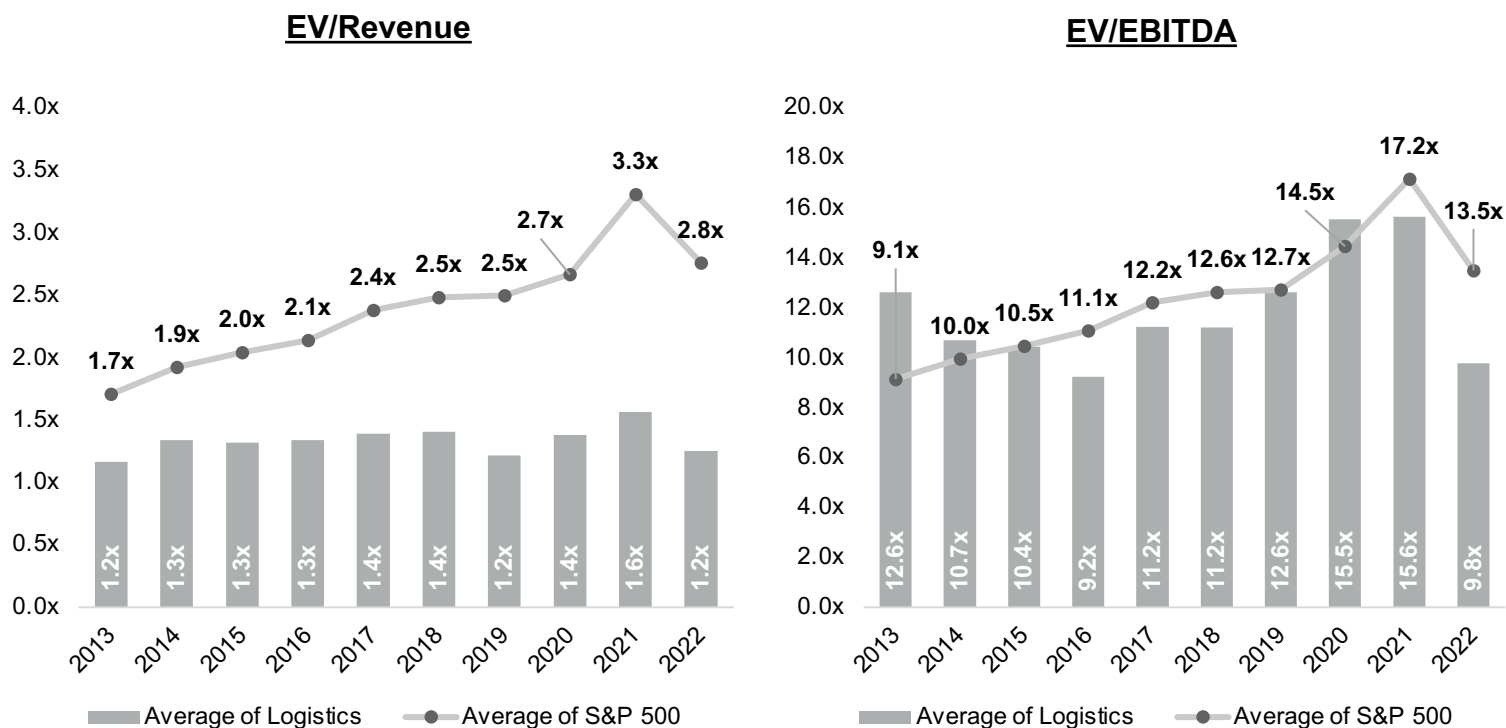
¹ capitaliq.com, March 22, 2023

Transportation & Logistics M&A

Logistics Public Comparables¹

Company	Ticker	Price	% of 52-Week High	\$ in Millions							Valuation Multiples	
				Market Cap	TTM Revenue	TTM EBITDA	Enterprise Value	EBITDA Margin	EV/Revenue	EV/EBITDA		
Air Transport Services Group	ATSG	\$26	75.2%	\$1,878	\$1,995	\$632	\$3,257	31.69%	1.63x	5.15x		
Atlas Air Worldwide Holdings	AAWW	101	99.2%	2,859	4,505	927	4,550	20.57%	1.01x	4.91x		
C.H. Robinson Worldwide	CHRW	92	75.5%	10,778	26,132	1,451	13,153	5.55%	0.50x	9.06x		
CJ Logistics Corporation	A000120	76	67.9%	1,507	9,809	700	4,131	7.14%	0.42x	5.90x		
Deutsche Post	DPW	38	60.9%	45,881	102,220	11,461	64,560	11.21%	0.63x	5.63x		
DSV	DSV	160	70.6%	34,647	35,752	3,943	38,605	11.03%	1.08x	9.79x		
Expeditors International of Washington	EXPD	104	76.9%	16,538	19,026	2,244	14,891	11.79%	0.78x	6.64x		
FedEx Corporation	FDX	173	64.9%	43,715	94,091	9,449	77,105	10.04%	0.82x	8.16x		
Forward Air Corporation	FWRD	105	83.4%	2,789	1,952	301	3,020	15.40%	1.55x	10.05x		
Hub Group	HUBG	79	88.7%	2,641	5,311	635	2,859	11.96%	0.54x	4.50x		
Kuehne + Nagel International	KNIN	232	72.0%	27,945	44,869	4,856	26,753	10.82%	0.60x	5.51x		
Landstar System	LSTR	163	89.5%	5,852	7,710	649	5,833	8.42%	0.76x	8.98x		
Radiant Logistics	RLGT	5	62.9%	241	1,338	67	310	4.99%	0.23x	4.63x		
Ryder System	R	84	85.9%	4,200	11,523	2,923	10,726	25.37%	0.93x	3.67x		
United Parcel Service	UPS	174	74.4%	150,357	101,076	16,882	162,876	16.70%	1.61x	9.65x		
XPO Logistics	XPO	33	41.8%	3,834	13,108	1,404	7,014	10.71%	0.54x	5.00x		
									Median	0.77x	5.77x	
									Average	0.85x	6.65x	
									Average Large Cap (Over \$10B)	0.86x	7.78x	
									Average Mid Cap (\$2B – \$10B)	0.89x	6.18x	
									Average Small Cap (Under \$2B)	0.76x	5.23x	

Valuation Multiples by Year – Logistics Sector vs. S&P 500¹



Note: Public market metrics current as of December 30, 2022

¹ capitaliq.com, March 22, 2023

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- Forecasts & projections

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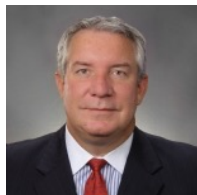
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- Sage Intacct
- Microsoft Dynamics CRM
- Microsoft Dynamics F&O
- Microsoft Dynamics GP & Business Central

IT RISK SERVICES

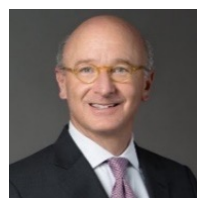
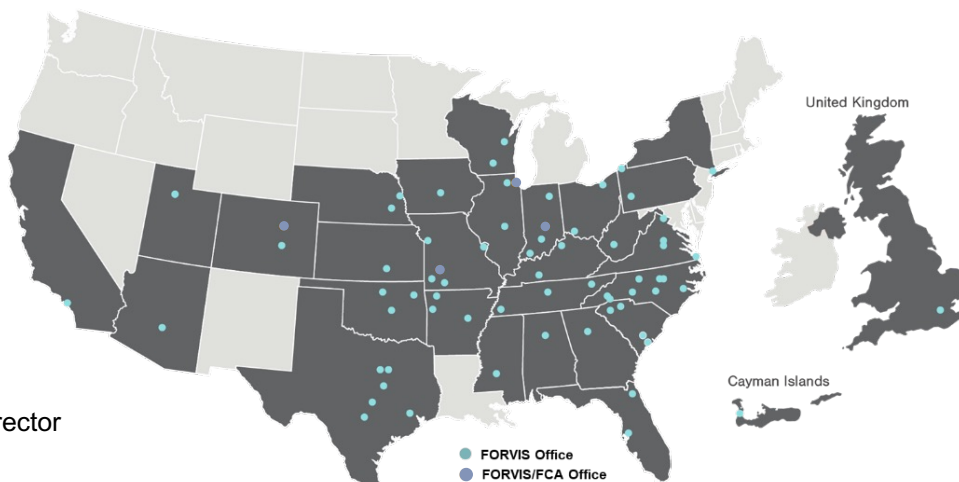
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About FORVIS

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About Us

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