



Transportation and Logistics M&A Update

Q4 2022

CONTENTS

- 2 Global Deal Analytics
- 6 Valuation Multiples
- 8 Leading M&A Deals
- 13 Industry Trends
- 14 Our Service Offerings
- 15 Selected Transactions
- 16 Our M&A Team

Trevor Hulett

Managing Director
thulett@rlhulett.com

Ryan Hartman

Analyst
rhartman@rlhulett.com

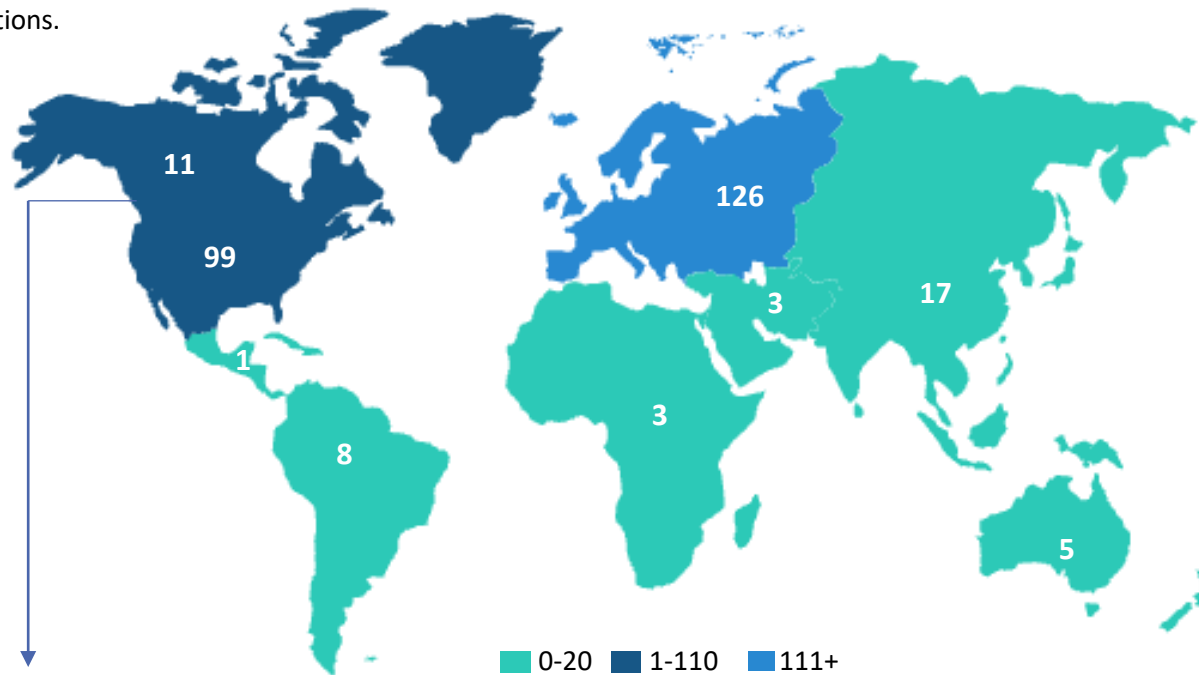
For more information on R.L Hulett or this report please visit our website at rlhulett.com or call us at (314) 721-0607

REPORT HIGHLIGHTS

- The Transportation & Logistics (“T&L”) industry index increased 2.3% in Q4 2022 but underperformed the S&P 500 index, which increased 4.4% in the same period.
- Total capital invested in M&A transactions in the T&L sector increased 25.0% in Q4 2022 to \$22.0B from \$17.6B in Q3 but decreased 78.1% compared to Q4 of the prior year.
- In 2022, PE investors represented 40.7% of total capital invested in M&A transactions, down from 41.2% in 2021, compared to strategic buyers whose share increased from 58.8% to 59.3% during the respective periods.
- Europe was the most active region in Q4 2022 with 126 deals. Most notably in Europe was the \$6.0 billion acquisition of Bolloré Africa Logistics by MSC Mediterranean Shipping Company in December 2022.
- M&A deal volume increased 23.5% in Q4 2022 to 273 completed transactions from 221 in Q3 2022 and 20.3% from 227 in Q4 in 2021.

Global Deal Analytics

Of the 273 deals transacted globally in the T&L sector in Q4, Europe was the most active market with 126. Another notable European deal (in addition to Bollore Africa Logistics mentioned on the previous page) was Seapeak's \$700 million leveraged buyout of Evergas, a Denmark-based transporter of petrochemical gases, in December 2022. North America was the second most active with 110 closed transactions. All other regions combined for a total of 37 completed transactions.



Canada: 11

United States Regions: 99

Southeast: 19

Great Lakes: 17

South: 15

West Coast: 14

Others: 34

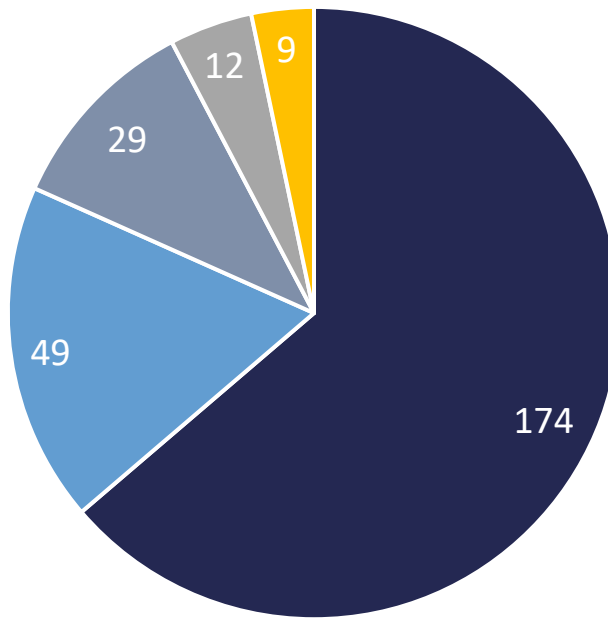
In the United States, the Southeast region was the most active in terms of T&L M&A transactions with 19 deals closed in Q4 2022, followed by the Great Lakes and South regions with 17 and 15, respectively. Most notably in the United States was the \$7.1 billion leveraged buyout of Tenneco by Apollo Global Management in November 2022. The West Coast region had 14 deals closed and all other regions had a total of 34 deals closed for the quarter.

Outside of the U.S., the Canadian market saw 11 completed transactions, while Central America and South America saw 1 and 8 deals closed, respectively.

Global Deal Analytics

Of the 273 deals completed in the T&L sector in Q4 2022, 174 were in the Logistics subsector, making it the most active subsector in this industry in terms of M&A activities. 49 deals closed in the Road subsector, followed by Marine, Air, and Rail with 29, 12, and 9 deals, respectively.

Deal by Subsector



■ Logistics

■ Road

■ Marine

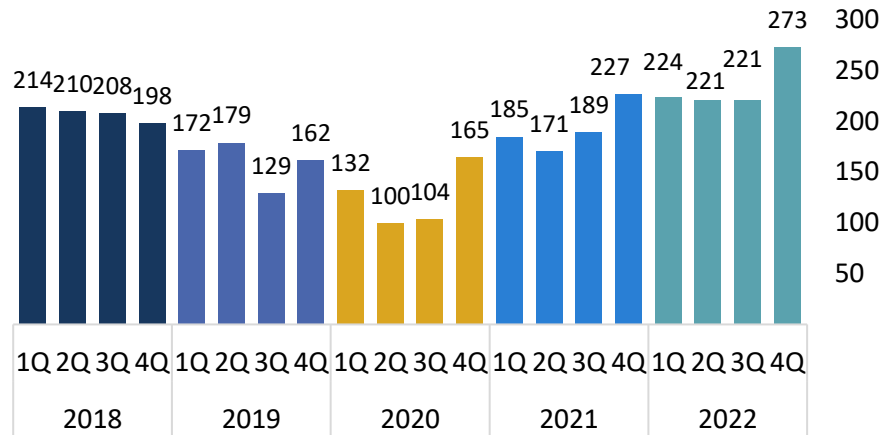
■ Air

■ Rail

Global Deal Analytics

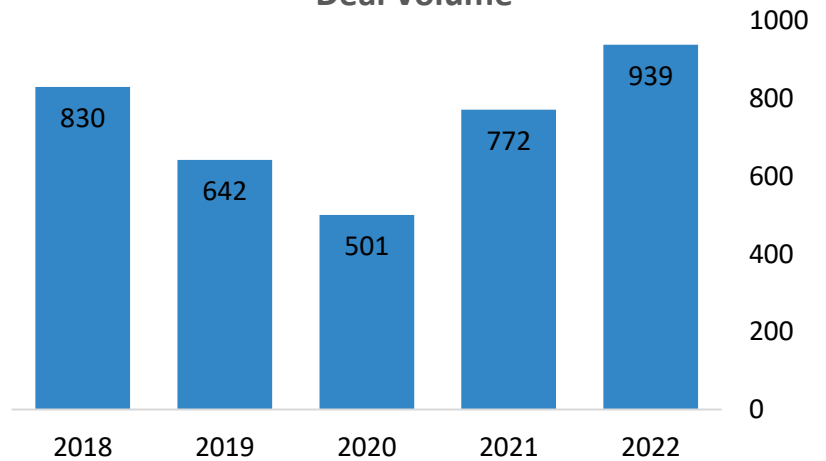
Deal volume in the T&L sector increased to 273 transactions in Q4, up 23.5% from 221 in Q3 and 20.3% from 227 deals in Q4 of the prior year. Q4 marks a breakout from the trend of steady deal volume that we saw from Q4 2021 to Q3 2022 and represents a directionally much more active quarter than other industries we cover like Industrials for example.

Deal Volume



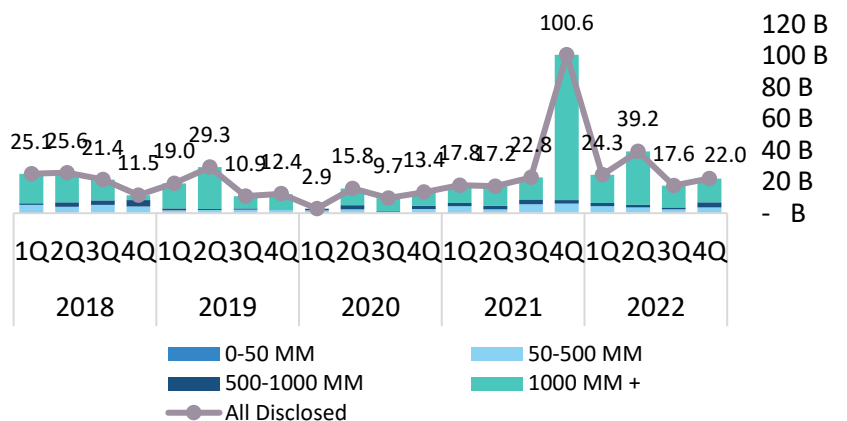
In spite of rising interest rates/cost of capital and tightening liquidity in the capital markets, we saw the most active M&A market in the T&L sector of the past five years. This trend is counter to what we've seen in other industries covered where we've seen declines in deal volume in 2022 and especially Q4.

Deal Volume



In Q4 2022, total capital invested increased 25.0% to \$22.0B from \$17.6B in the prior quarter. This increase is in large part the result of Apollo Global Management's \$7.1B leveraged buyout of Tenneco in Q4 2022. In contrast, the largest deal in Q3 was Cummins' \$3.7B acquisition of Meritor.

Total Capital Invested by Deal Size



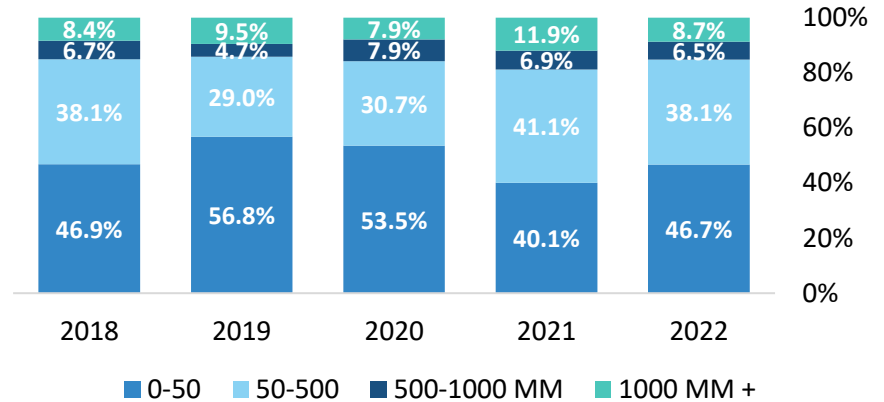
Global Deal Analytics

In 2022, we have seen a shift in mix from larger deals to smaller deals. Deal volume in the lower middle market (\$0 - \$50MM) increased to 46.7% from 40.1% in FY 2021 while volume in the large cap market (\$1000MM+) and middle market (\$50 - \$500MM) decreased to 8.7% and 38.1% from 11.9% and 41.1% in FY 2021, respectively. The upper middle market (\$500-\$1000MM) saw a modest decline to 6.5% from 6.9% in the prior year.

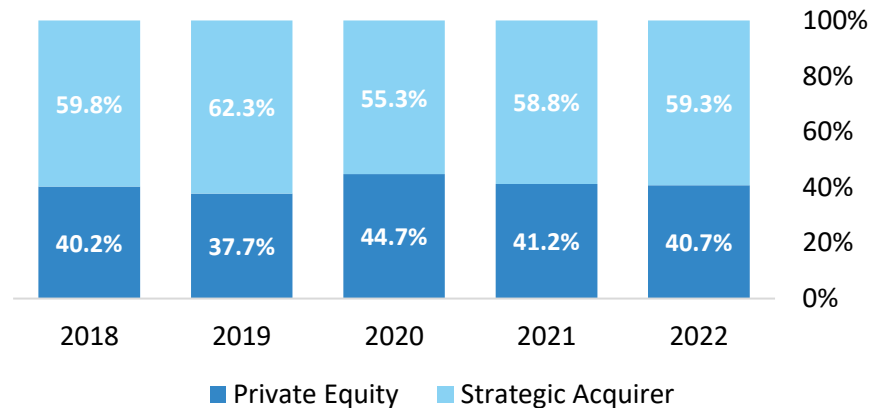
Strategic buyers have historically accounted for the majority of M&A volume in the T&L sector. We have seen this level of deal volume fluctuate between 55-63% of the total, compared to Private Equity which has historically represented 37-45% since 2018. In 2022, PE volume as a % of total volume trended slightly below the prior two years at 40.7%.

In 2022, private equity’s share of total capital invested jumped significantly to 63.0% compared to 37.0% in 2021. This is largely attributable to Blackstone’s growth equity investment in Mileway in Q2 2022 for \$26.0B, representing 25.2% of total capital invested in FY 2022.

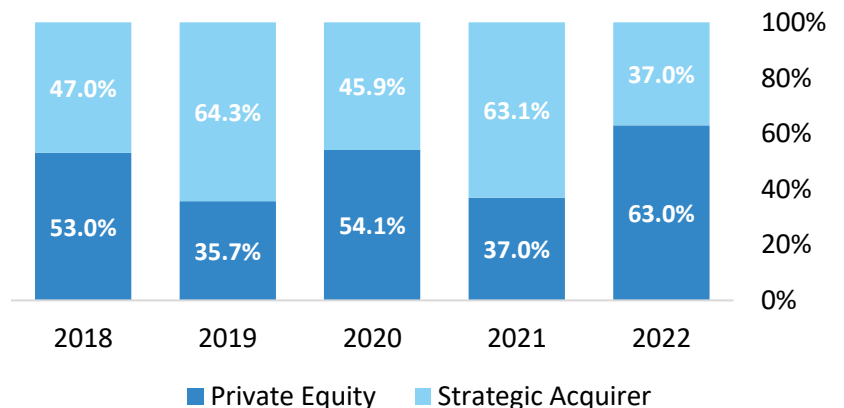
Deal Volume by Deal Size



Deal Volume by Acquirer

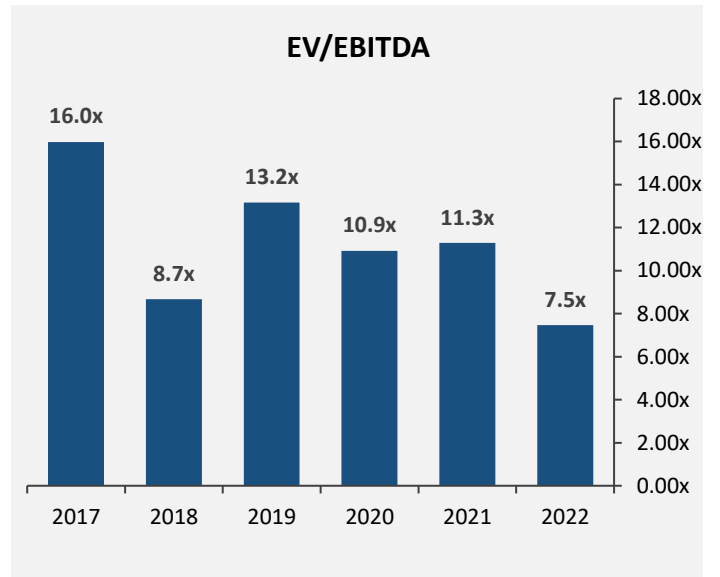
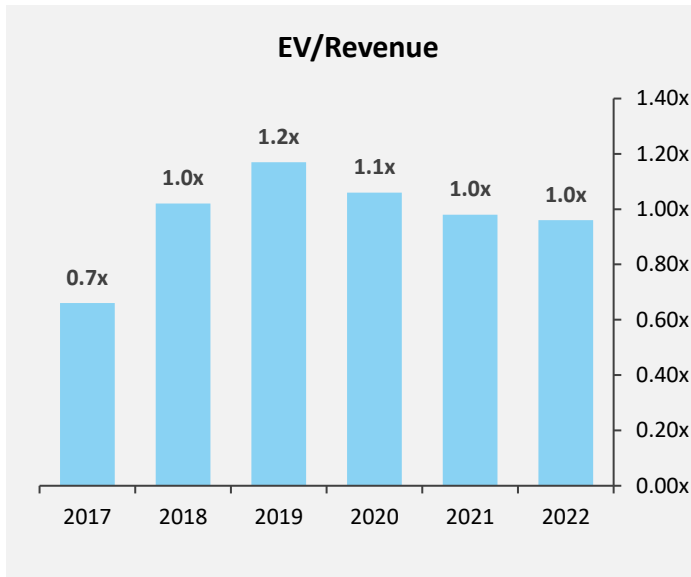


Total Capital Invested by Acquirer

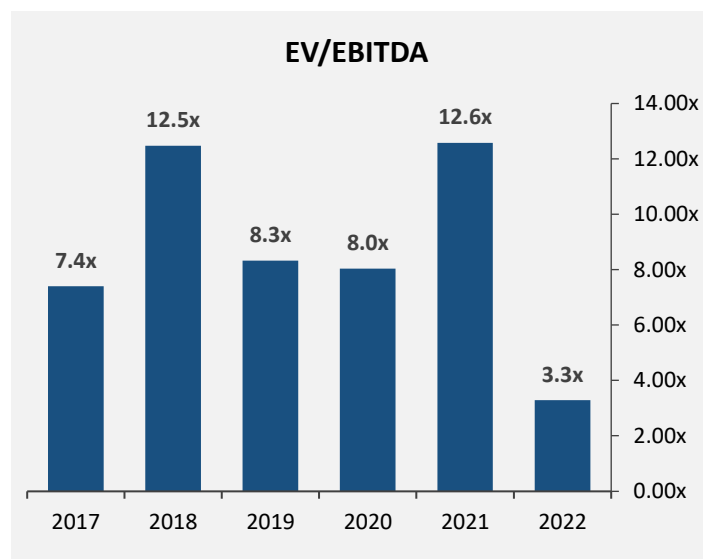
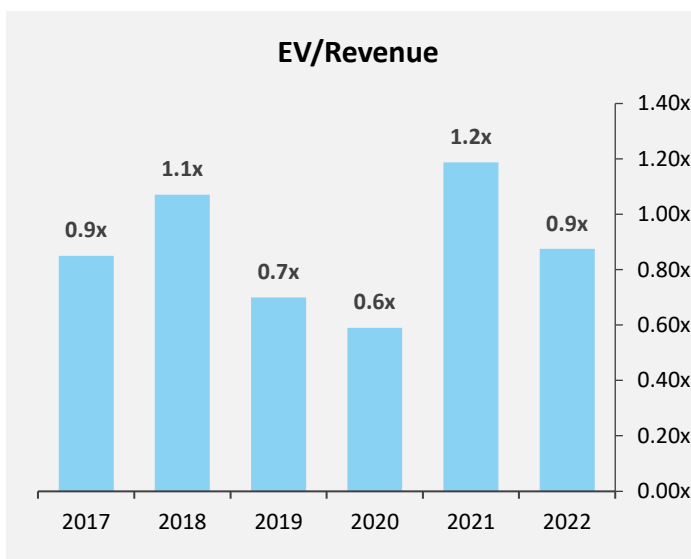


Valuation Multiples

PE Multiples



Strategic Multiples



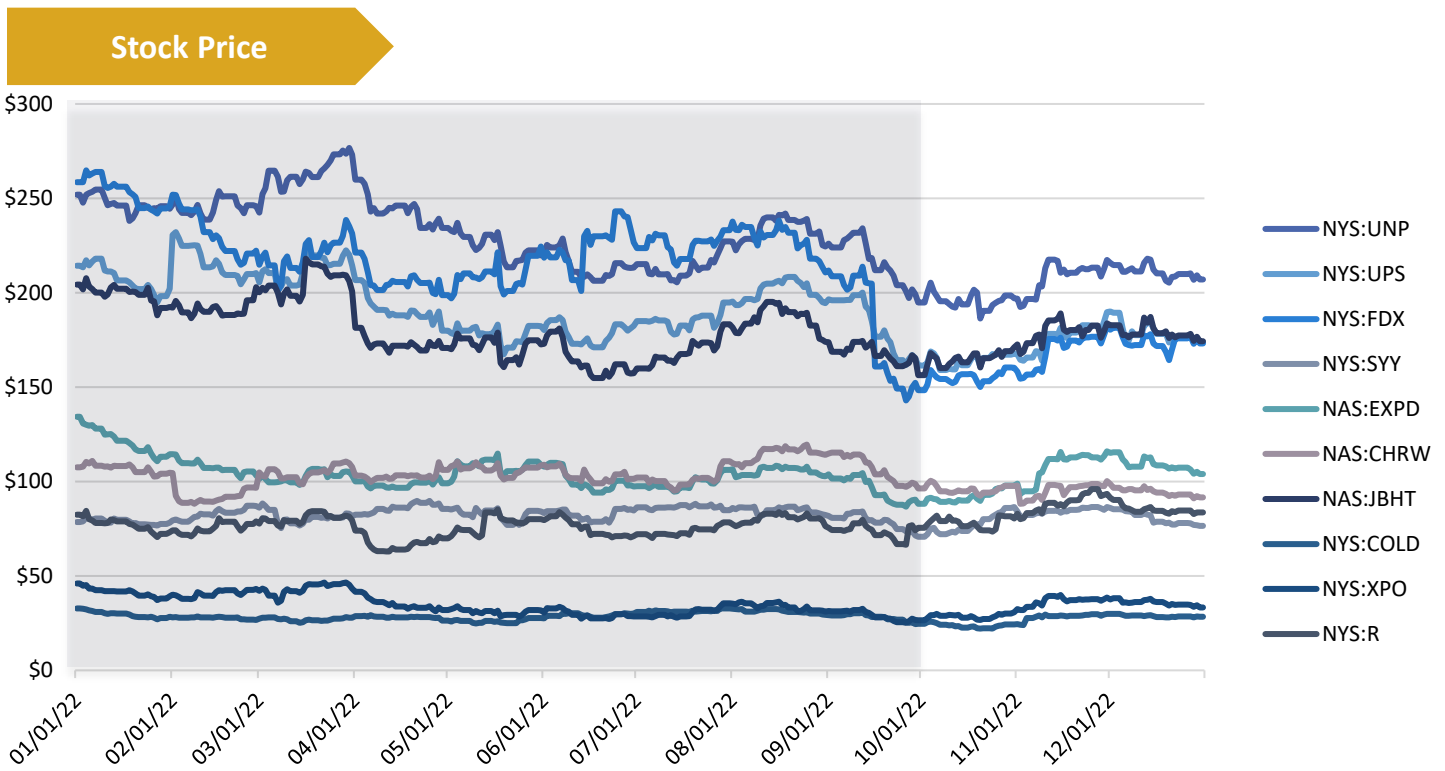
Largest Deals (Disclosed)

Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
29-Dec-2022	Evergas	Seapeak	Buyout/LBO	\$ 700.0			Transporter of petrochemical gases and natural gas liquids intended to make gas transports simple and safe.
23-Dec-2022	Cosan	Bank Bradesco	PIPE	757.3			Cosan SA engages in several services throughout the energy and logistics sectors.
21-Dec-2022	Bollere Africa Logistics	MSC Mediterranean Shipping Company	Merger/Acquisition	5,979.1			Provider of international transport and logistics, and port services in Africa and internationally.
20-Dec-2022	Lineage Logistics Holdings	1/1 Capital, Bay Grove Capital	PE Growth/Expansion	700.0			Provider of warehousing and temperature-controlled logistics services.
20-Dec-2022	Blue Express	Empresas COPEC	Merger/Acquisition	250.0			Operator of an e-commerce logistics firm based in Chile.
19-Dec-2022	Caravelle	Pacifico Acquisition	Reverse Merger	58.0			An international operator of ocean transportation service.
02-Dec-2022	Skyway Concession Company	Atlas Arteria	Merger/Acquisition	2,013.0			Operator of a toll road connecting the Indiana road to the Dan Ryan Expressway on Chicago's south side.
01-Dec-2022	Lloyd's List Intelligence	Montagu Private Equity	Buyout/LBO	362.1			Provider of maritime information services to professionals connected to the maritime, insurance and legal markets.
30-Nov-2022	Siemens	Meritor	Merger/Acquisition	193.7			Manufacturer of electric drive systems intended to serve the commercial vehicle industry.
28-Nov-2022	Grindrod Shipping Holdings	Taylor Maritime	Merger/Acquisition	506.0	0.44x	0.95x	Owner of charters in and operates a fleet of drybulk carriers and one tanker.
18-Nov-2022	Noatum Ports	Abu Dhabi Ports Group	Merger/Acquisition	680.6	0.36x		Operator of a integrated logistics platform intended to provide port logistics services.
17-Nov-2022	Tenneco	Apollo Global Management	Buyout/LBO	7,100.0	0.36x	7.46x	Designers, manufacturer and marketer of automotive products for original equipment and aftermarket customers.
07-Nov-2022	ReedTMS Logistics	Werner Enterprises	Merger/Acquisition	112.4	0.30x		Provider of asset-based third-party logistics services.
05-Nov-2022	Colon Container Terminal	Evergreen Marine	Merger/Acquisition	268.0			Operator of a logistics company intended to provide logistics hub.
01-Nov-2022	Neovia Logistics Services	Ares Management	Buyout/LBO	480.0			Provider of third-party logistics services intended for automotive, industrial, aerospace and technology sectors.
31-Oct-2022	TCR Group	3i Infrastructure	Buyout/LBO	377.1			Provider of aviation management services intended to serve with air transportation.
28-Oct-2022	El Mosca	Compania de Distribucion	Merger/Acquisition	96.4			Provider of freight transportation services intended to be a leading logistics and transport company in Spain.
19-Oct-2022	MyUS.com	Aramex	Merger/Acquisition	265.0			Provider of shipping and package forwarding services intended to deliver a fast and worry-free shipping experience.
19-Oct-2022	Electric Last Mile Solutions	Mullen Automotive	Merger/Acquisition	240.0			Provider of last mile delivery services.
03-Oct-2022	International Seaways	Navig8 Risk Management	PIPE	78.0			Transporter of crude oil and petroleum products.

Leading M&A Deals

Target/Investor	Deal Synopsis	Driver
 	<p>Tenneco is a transporter of petrochemical gases and natural gas liquids intended to make gas transports simple and safe. The company was acquired by Apollo Global Management through a \$7.1 billion public-to-private LBO in November 2022. The LBO allows the company to continue to invest in and grow its multiple segments and global footprint.</p>	LBO
 	<p>Skyway Concession Company is an operator of a toll road connecting the Indiana road to the Dan Ryan Expressway on Chicago's south side. The company was acquired by Atlas Arteria for \$2.0 billion in December 2022. The acquisition establishes a partnership with Ontario Teachers' Pension Plan, which is retaining its 33.33% interest in Skyway Concession Company, LLC.</p>	Merger/ Acquisition
 	<p>MyUS.com provides shipping and package forwarding services. The company was acquired by Aramex for \$265 million in October 2022. The acquisition strengthens Aramex's cross-border express business by increasing shipment volumes, growing and diversifying its customer base and expanding coverage in new origins and destinations.</p>	Merger/ Acquisition
 	<p>Electric Last Mile Solutions is focused on redefining the last mile with efficient, connected, and customizable solutions. The company was acquired by Mullen Automotive for \$240 million in October 2022. The acquisition allows Mullen the capability to build up to 50,000 EVs annually, accelerating the launch of the Mullen FIVE and Bollinger B1 and B2 retail vehicles.</p>	Merger/ Acquisition

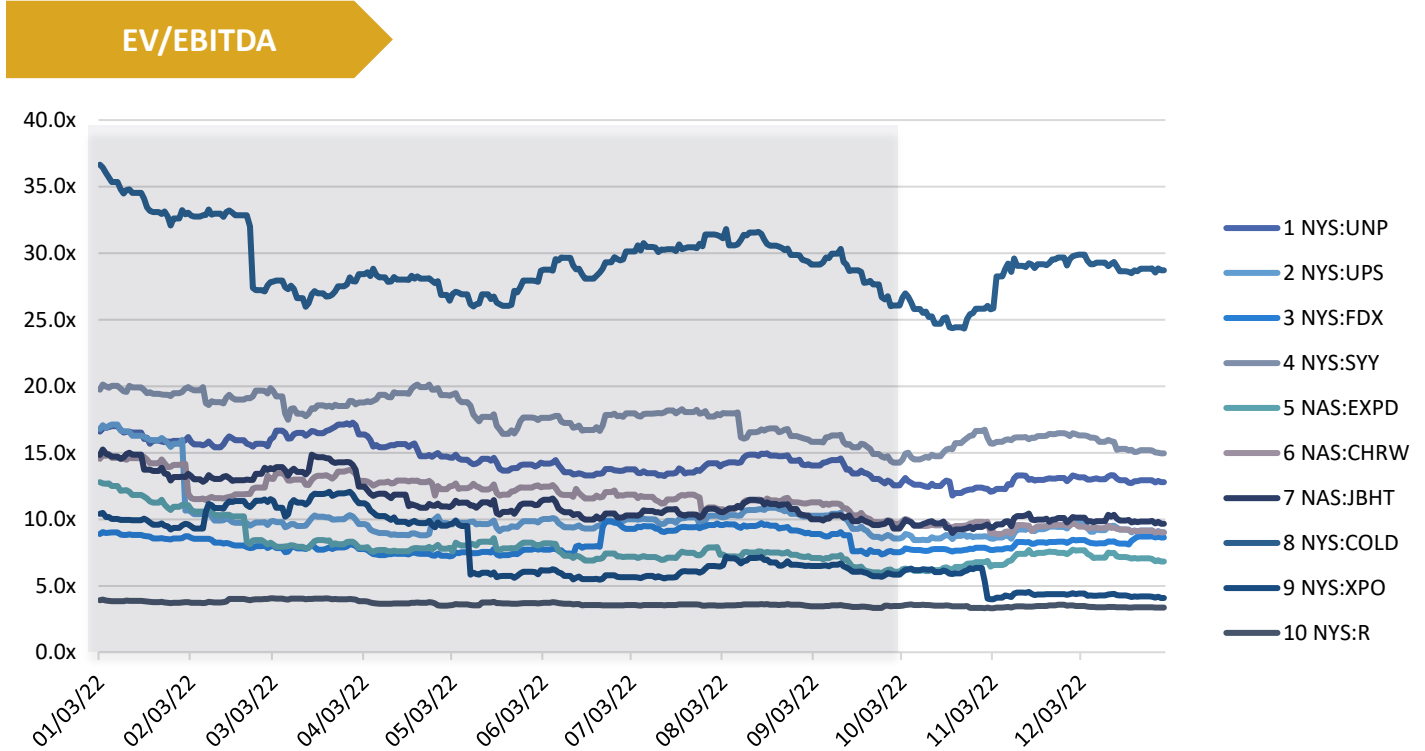
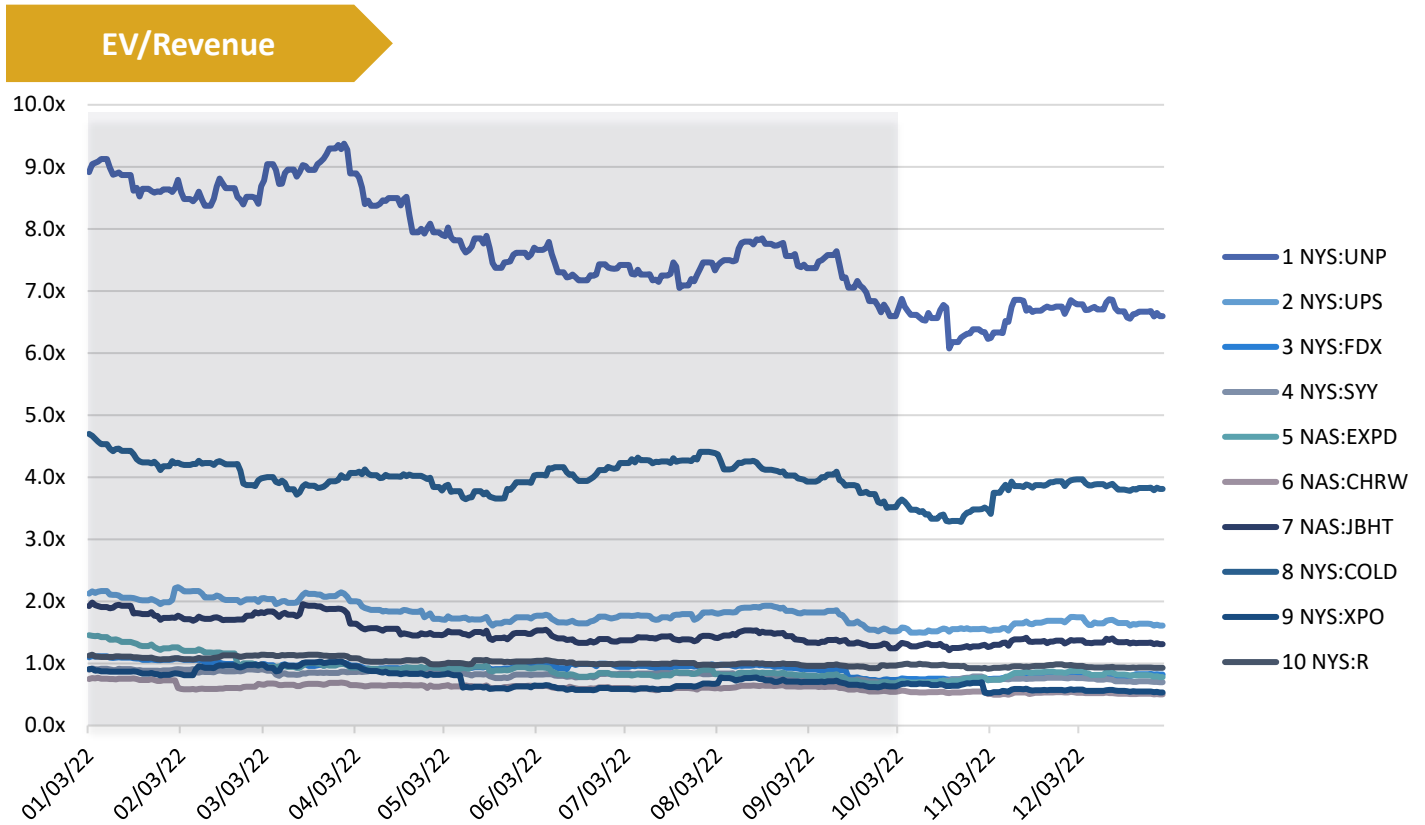
Public Comps



Financial & Valuation

SMM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
						20A	21A	22A	20A	21A	22A	20A	21A	22A	20A	21A	22A	20A	21A	22A
	Union Pacific	NYS:UNP	207.1	127306.8	35051.0	8.5x	9.0x	8.3x	16.1x	16.8x	15.0x	-12%	8%	4%	46%	49%	N/A	53%	54%	50%
	United Parcel Service	NYS:UPS	173.8	150357.4	23870.0	2.1x	2.1x	2.0x	17.9x	16.8x	12.4x	9%	18%	0%	18%	20%	48%	12%	13%	16%
	FedEx	NYS:FDX	173.2	43715.2	38036.0	1.3x	1.1x	1.1x	13.2x	8.9x	8.9x	8%	20%	-2%	20%	21%	N/A	10%	12%	10%
	Sysco	NYS:SY	76.5	38742.4	11542.0	0.9x	0.9x	0.8x	34.3x	19.6x	13.9x	-18%	13%	7%	19%	18%	19%	3%	5%	6%
	Expeditors International of Washington	NAS:EXPD	103.9	16537.5	498.4	1.7x	1.5x	1.5x	16.7x	13.1x	N/A	1%	68%	-33%	13%	13%	12%	11%	12%	11%
	C.H. Robinson Worldwide	NAS:CHRW	91.6	10777.5	2562.7	0.9x	0.7x	0.7x	19.9x	14.5x	13.6x	-1%	37%	-17%	7%	7%	14%	5%	5%	5%
	J.B. Hunt Transport	NAS:JBHT	174.4	18052.8	1243.8	1.6x	1.9x	1.7x	12.5x	15.0x	12.5x	4%	22%	3%	15%	15%	N/A	13%	13%	14%
	AmeriCold Logistics	NYS:COLD	28.3	7626.7	3489.4	4.9x	4.7x	4.0x	24.4x	36.8x	21.9x	14%	29%	3%	28%	25%	25%	20%	13%	19%
	XPO Logistics	NYS:XPO	33.3	3833.8	3724.0	1.1x	0.9x	1.0x	14.9x	10.6x	9.8x	-57%	71%	-42%	10%	16%	34%	4%	9%	13%
	Ryder System	NYS:R	83.6	4199.5	6982.5	1.2x	1.1x	1.0x	5.1x	3.9x	4.0x	-5%	9%	3%	14%	18%	19%	27%	28%	24%
	Mean					2.4x	2.4x	2.2x	17.5x	15.6x	12.5x	-5.8%	29.5%	-7.5%	18.9%	20.1%	24.5%	15.7%	16.2%	16.8%
	Median					1.5x	1.3x	1.3x	16.4x	14.8x	12.5x	-0.4%	20.9%	1.1%	16.7%	18.2%	19.4%	11.1%	12.5%	13.2%

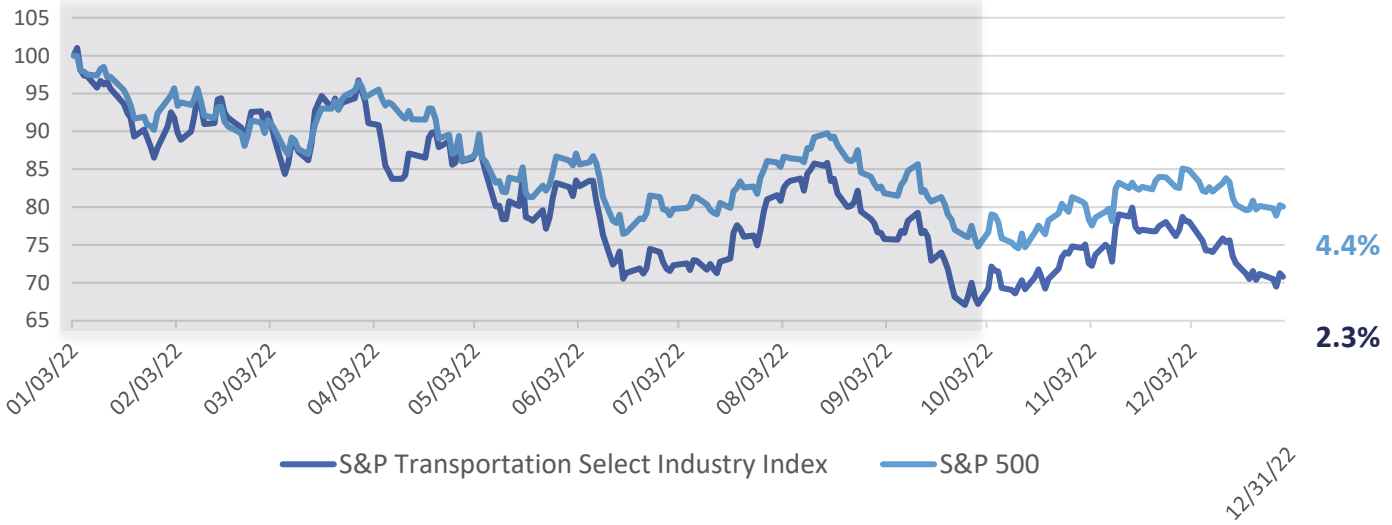
Public Comps



Public Markets

Index Performance

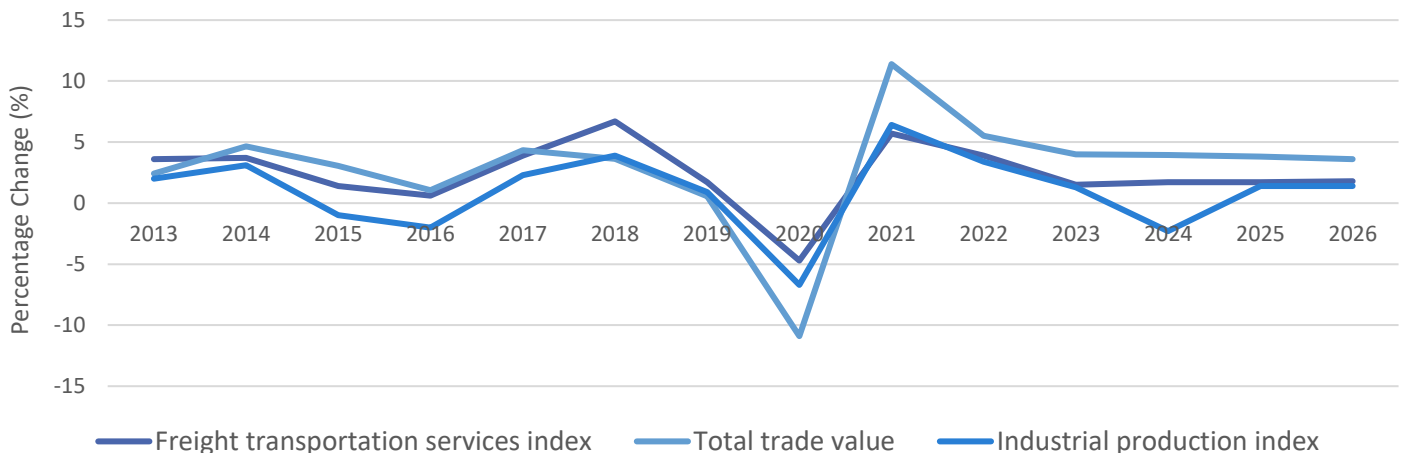
According to S&P Global Industry Index, the Transportation & Logistic industry increased by 2.3% but underperformed the S&P 500 which rose 4.4% since October 1, 2022.



Key External Drivers

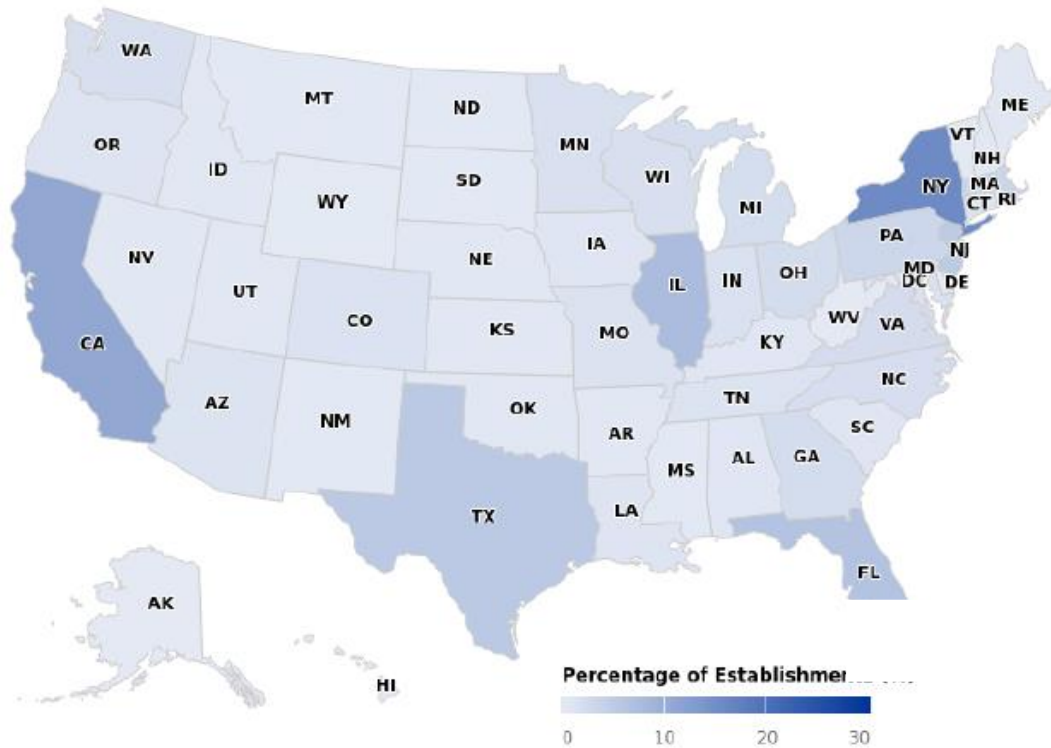
Lower consumer spending directly reduces the number of goods that redistributors need to transport. Therefore, when spending decreases, revenue tends to follow. To combat the rapid inflation in the U.S. CPI, the federal reserve is anticipated to continue quantitative tightening, in the form of rate hikes to the Fed Fund Rate, to slow down consumer spending if inflation continues at elevated levels in 2023. These ongoing rate hikes will likely send the United States economy into a recession sometime in 2023 and result in lower demand for transportation services.

Additionally, increasing tensions between the U.S. and China over TSM, a Taiwanese manufacturer of semiconductor chips, poses the potential threat of tariffs and other forms of restrictions on intercontinental trade, resulting in lower industry revenues.

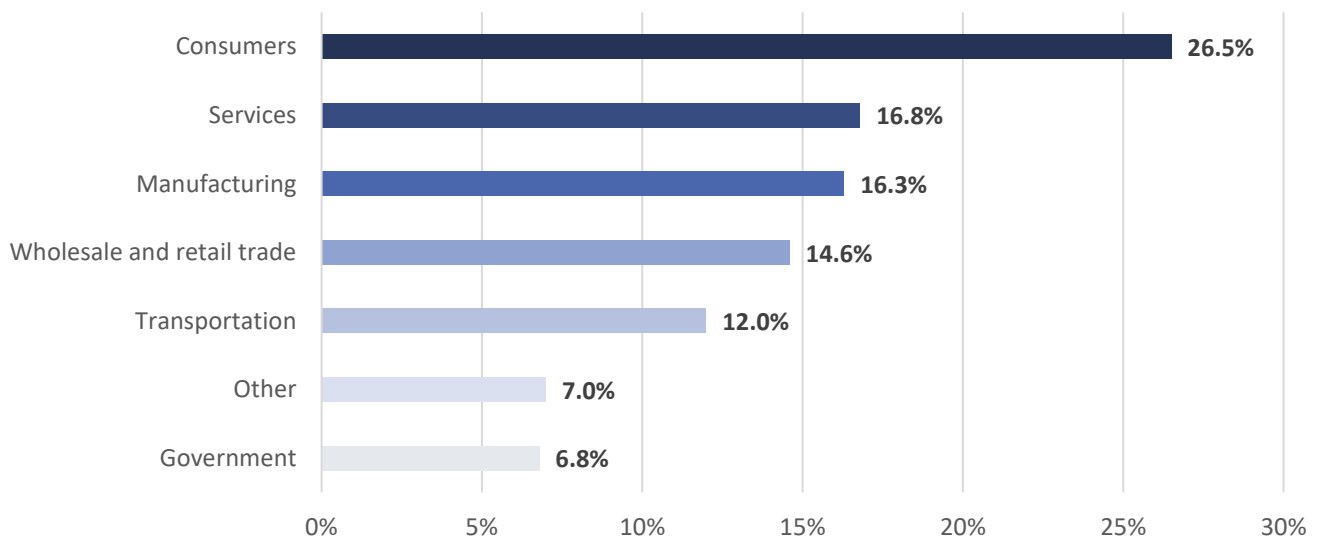


Public Markets

Business Locations



Major Markets



Industry Outlook

Sustainable Aviation Fuel

ICAO structures a green future for the aviation industry

The international aviation industry accounts for 2-3 percent of all greenhouse gas emissions annually. In October 2022, the International Civil Aviation Organization (ICAO) met for their 41st assembly. 2,500 delegates from 184 States and 57 organizations adopted a collective long-term global aspirational goal (LTAG) of net-zero carbon emissions by 2050.



Autonomous Drones

Drones may be future of Last mile deliveries

Many companies have been testing drone deliveries for the last few years. The use of last mile drones is still challenging for a variety of reasons including FAA regulations, public perception, and the technology itself. At the forefront of this emerging technology are Wing, Amazon, UPS, Matternet, Flytrex and Zipline.



Logistics Layoffs

Logistics companies cut workers to lower labor costs

Freight forwarder Flexport laid off 20% of its workforce last month, citing a macroeconomic downturn that is hurting its customers. Other seasoned industry names including C.H. Robinson and DSV are also relying on layoffs or hiring freezes as a way to reduce their labor costs.



Fuel Prices & Rising Costs

Increases to fuel and oil prices pressure travel costs

Excessive increases in fuel prices have cut into business' profit margins and have placed pressure on cost management for transportation businesses. Although gas prices have begun to fall month to month, overall, they are still near record highs.



Source: Pitchbook, SUPPLYCHAINDIVE, LOGISTICSVIEWPOINTS

Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



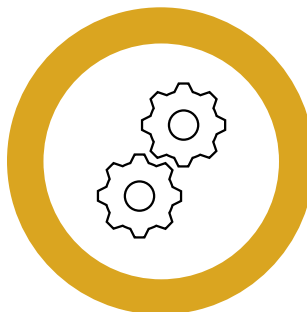
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support


With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.





Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions



Has been recapitalized by


Has sold substantially all of its assets to






Has sold substantially all of its assets to





Has been acquired by





Has sold substantially all of its assets to




Wood Waste Energy, Inc.

Has been acquired by






Was recapitalized by






Has been acquired by







has partnered with



a portfolio company of

Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
(314) 721-0607 x112
thulett@rlhulett.com

Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
(314) 721-0607 x134
rlhulett@rlhulett.com

Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



David T. Vass
Director
(314) 721-0607 x115
dvass@rlhulett.com

Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ron Litton

Director

(816) 810-0799

rlitton@rlhulett.com

Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Ryan Hartman

Analyst

(314) 721-8027

rhartman@rlhulett.com

Ryan joined R.L. Hulett in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Lynda Hulett

Marketing

(314) 721-0607 x 104

lhulett@rlhulett.com

Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

About R.L. Hulett

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 275 transactions in a variety of industries including industrials, food & beverage, packaging, business services, transportation & logistics, healthcare and software/tech-enabled services. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Industry Sectors Covered:



Industrials



Transportation & Logistics



Food & Beverage



Packaging



Tech-enabled Services



Healthcare

Disclaimer

The data in this document has been derived from PitchBook Data and has been compiled by R.L. Hulett. This document is strictly for illustrative purposes only. The data presented in this document is not comprehensive and should not be used for benchmarking, valuation, or for any other decision making. R.L. Hulett accepts no responsibility for loss or damage caused by dependence on the information in this document.