



Transportation and Logistics M&A Update

Q1 2023

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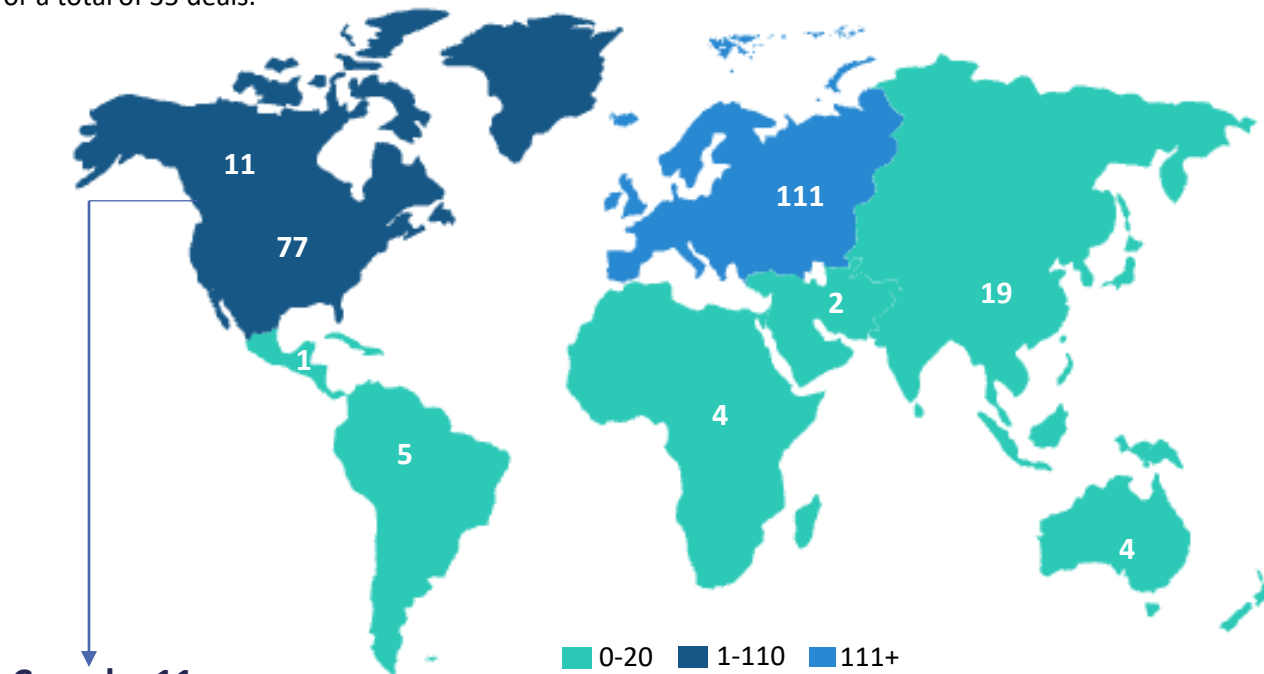
For more information on R.L Hulett or this report please visit our website at rlhulett.com or call us at (314) 721-0607

REPORT HIGHLIGHTS

- The Transportation & Logistic industry index increased by 8.4% in Q1 2023 and outperformed the S&P 500 index, which increased 7.5% in the same period.
- The median EV/EBITDA multiple for reported strategic deals increased to 7.3x in Q1 2023 from 5.3x in 2022, however no EV/EBITDA multiples were reported for PE deals in Q1.
- M&A deal volume in the T&L sector was down 14.3% to 234 completed transactions in Q1 2023 compared to 273 deals in Q4 2022, but increased 4.5% from 224 deals in Q1 of the prior year.
- Total capital invested decreased 55.9% to \$9.7 billion in Q1 2023 from \$22.0 billion in Q4 2022 and 60.1% from \$24.3 billion in Q1 of the prior year.
- Europe was the most active region in Q1 2023 with 111 deals. Most notably in the European market was the \$427.6 million acquisition of Nokian Tyres by Tatneft Group in March 2023.

Global Deal Analytics

Of the 234 deals transacted globally in the T&L sector in Q1, Europe was the most active market with 111. Another notable European deal (in addition to Nokian Tyres mentioned on the previous page) was Lloyds Banking Group's \$365.0 million leveraged buyout of Tusker, an England-based provider of online car leasing and fleet management services, in February 2023. North America was the second most active with 88 closed transactions and all other regions combined for a total of 35 deals.



Canada: 11

United States Regions: 77

Southeast: 18

Mid Atlantic: 13

South: 12

New England: 8

Others: 26

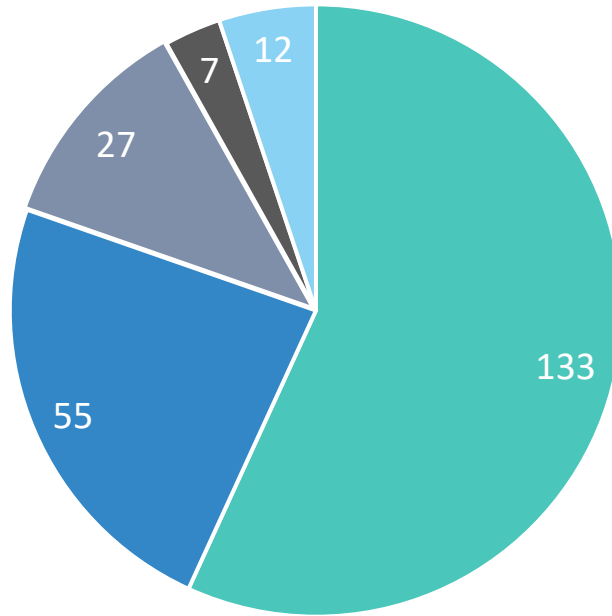
In the United States, the Southeast region was the most active in terms of T&L M&A transactions with 18 deals closed in Q1 2023, followed by the Mid Atlantic and South regions with 13 and 12, respectively. Most notably in the United States was the \$1.1 billion acquisition of Texas-based Blueridge Transportation Group by ACS Infrastructure Development in January 2023. The New England region had 8 deals closed and all other regions had a total of 26 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 5 deals closed, respectively.

Global Deal Analytics

Of the 234 deals completed in the T&L sector in Q1 2023, 133 were in the Logistics subsector, making it the most active subsector in this industry from an M&A standpoint. 55 deals closed in the Road subsector, followed by Marine, Rail, and Air with 27, 12, and 7 deals, respectively.

Deal by Subsector



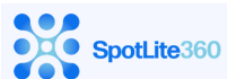
Logistics

Road

Marine

Air

Rail



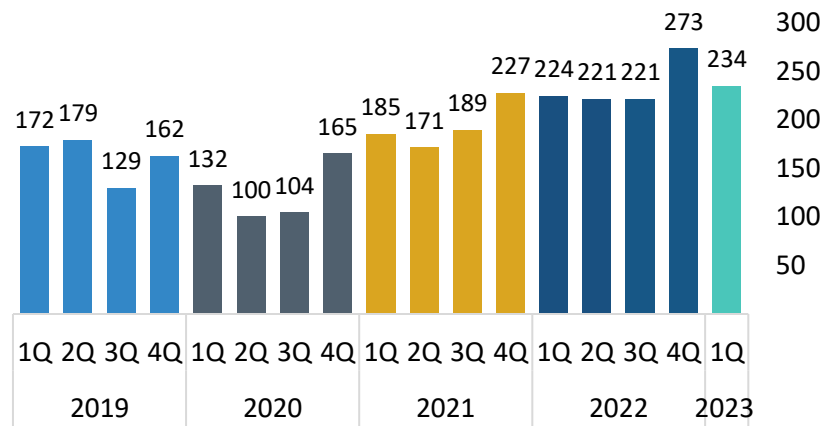
Global Deal Analytics

Deal volume in the T&L sector decreased 14.3% in Q1 2023 to 234 deals from 273 in Q4 2022, but increased 4.5% from 224 deals in Q1 of the prior year. Deal volume in Q1 of 2023 represented the second highest quarter since 2019.

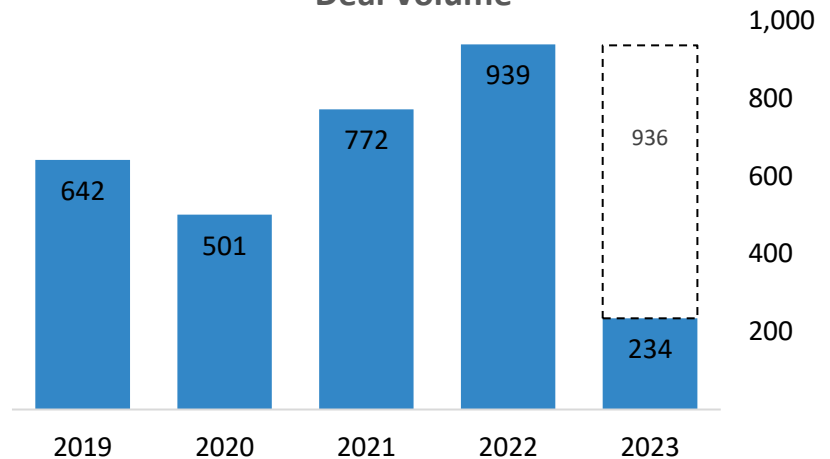
Based on Q1 levels, M&A deal volume for 2023 is projected to decrease slightly to 936 deals, down from 939 in FY 2022. Despite rising interest rates and higher costs of capital, M&A deal volume in the T&L sector continues to be resilient given the significant levels of PE dry powder on the sidelines looking for investments to generate returns for their LPs.

Total capital invested in M&A deals in the T&L sector decreased 55.9% in Q1 2023 to \$9.7B from \$22.0B in Q4 2022, and decreased 60.1% from \$24.3B in Q1 of the prior year. These declines are primarily due to a smaller average deal size in Q1 than in the prior year. In Q4 2022 for example, Apollo Global Management closed a \$7.1B public-to-private LBO in November 2022, whereas the largest reported transaction in Q1 2023 was SembCorp Marine's \$3.4B acquisition of Keppel Offshore & Marine in February.

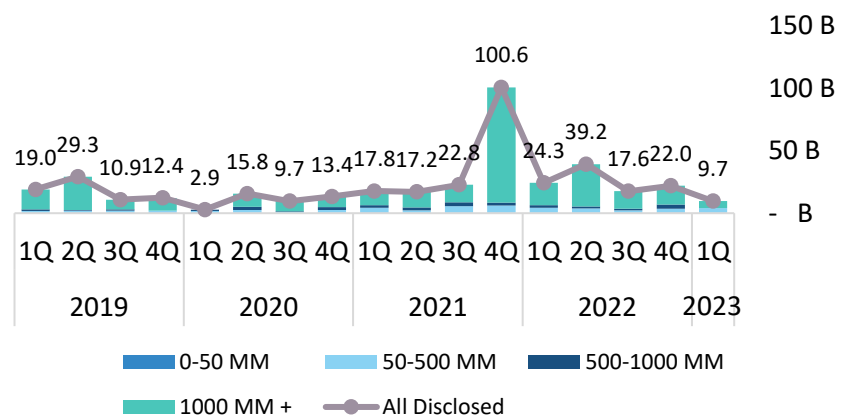
Deal Volume



Deal Volume



Total Capital Invested



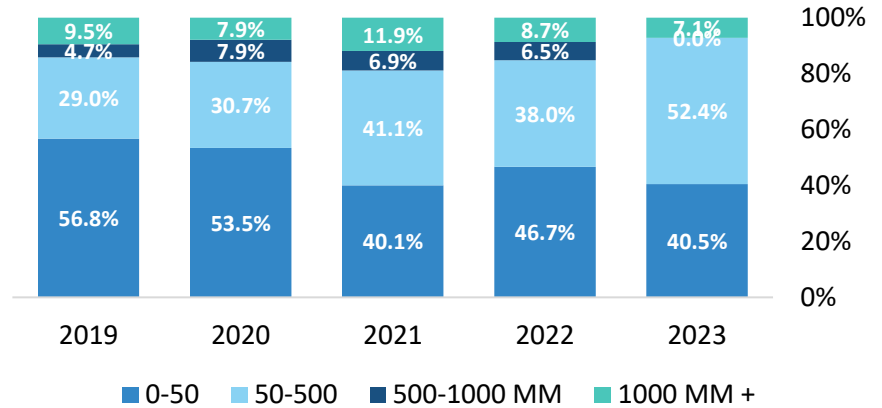
Global Deal Analytics

In Q1 2023, we saw a shift in mix away from large deals toward medium sized deals with the middle market (\$50 - \$500MM) increasing significantly to 52.4% from 38.0% in 2022. The lower middle (\$0-\$50MM) and large cap (\$1000MM+) tranches decreased to 40.5% and 7.1% in Q1 2023 from 46.7% and 8.7% in 2022, respectively. The upper middle market (\$500-\$1000MM) had no reported transactions in Q1 2023.

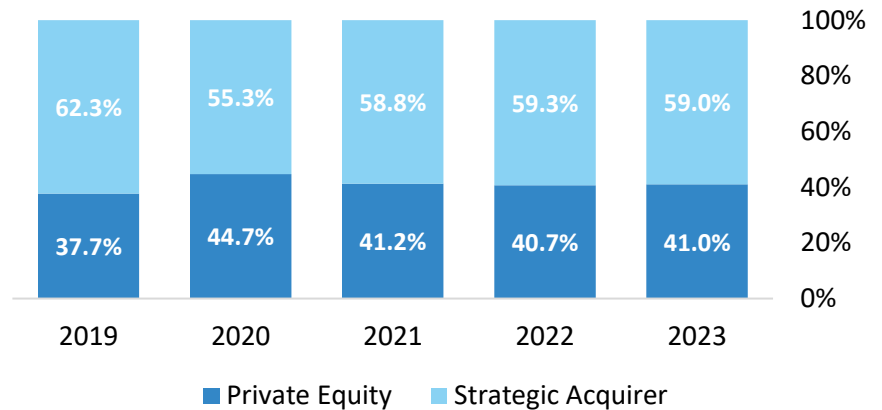
As a % of total deal volume, PE buyers trended slightly higher in Q1 relative to strategic buyers, representing 41.0% of deal volume in the sector. We have seen a trend of relatively stable deal volume from PE buyers since 2021.

Despite the trend in deal volume, PE share of total capital invested in M&A deals declined significantly in Q1 to 21.2%, down from 63.0% in 2022. PE's share of deal volume in Q1 represents the lowest level in five years and is indicative of challenges in the broader capital markets with rising interest rates and higher costs of capital.

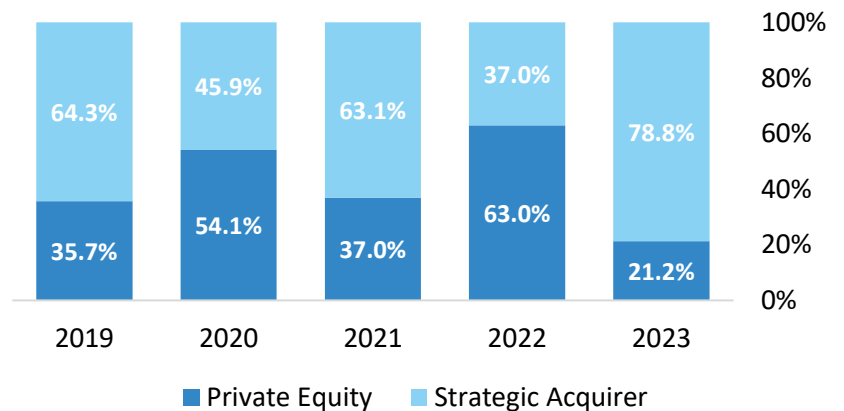
Deal Volume by Deal Size



Deal Volume by Acquirer

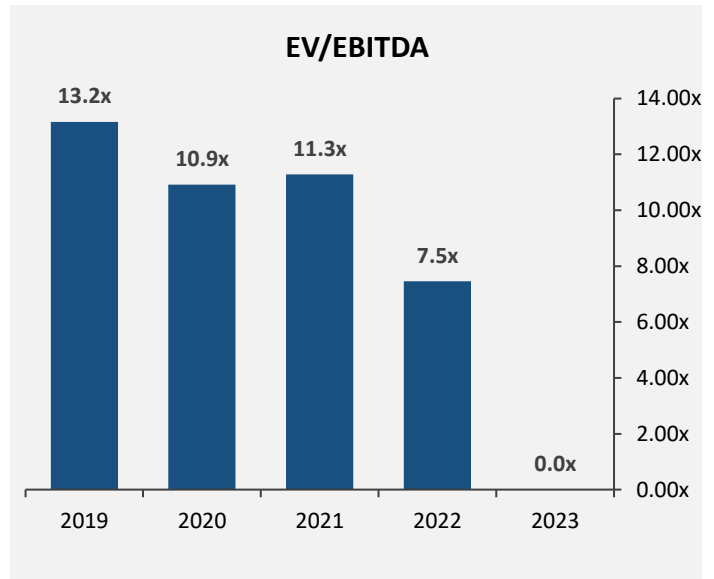
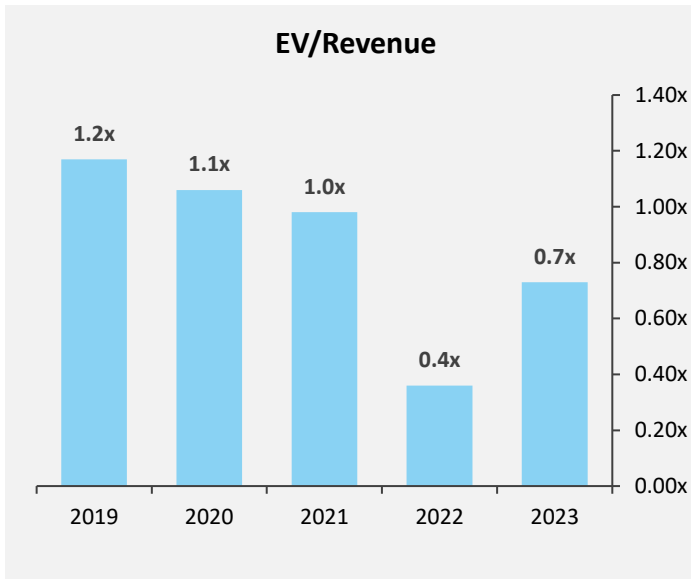


Total Capital Invested by Acquirer

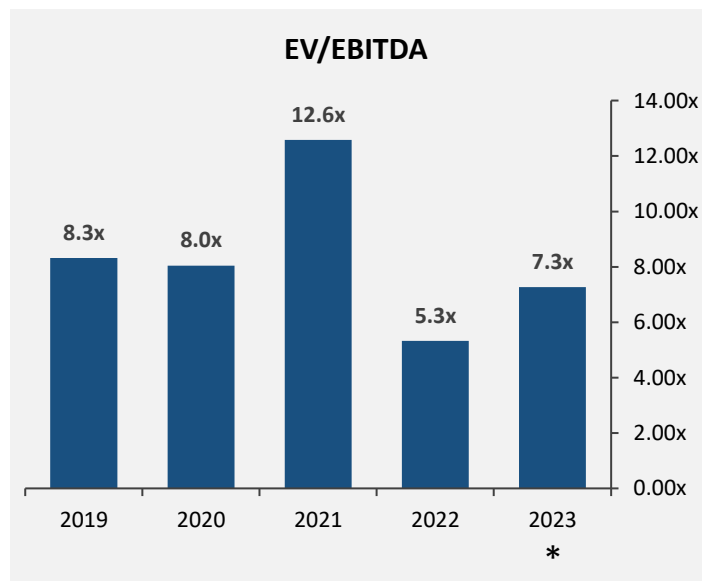
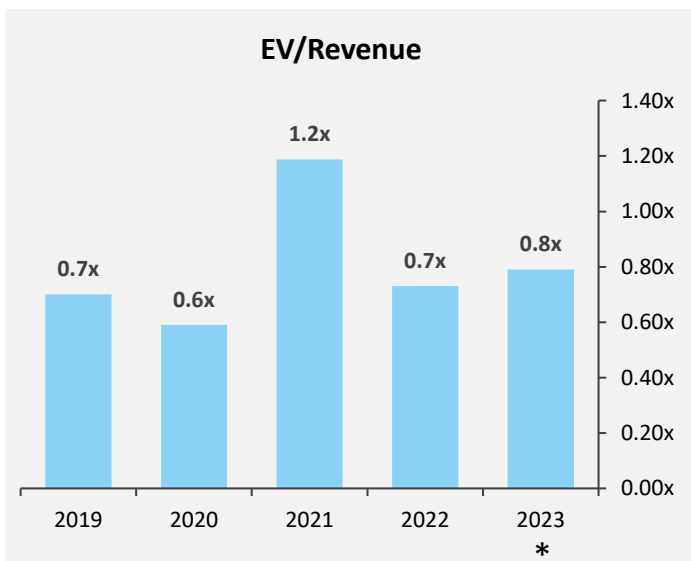


Valuation Multiples

PE Multiples



Strategic Multiples



* Multiples illustrated exclude the low multiple outliers for both EV/Revenue and EV/EBITDA

Largest Deals (Disclosed)

Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
31-Mar-2023	Federal Marine Terminals	Logistec	Merger/Acquisition	\$ 105.0	1.17x		Provider of cargo management services across United States, Canada and Gulf cost.
29-Mar-2023	Nokian Tyres	Tatneft Group	Merger/Acquisition	427.6			Manufacturer and distributor of rubber tires based in Russia.
22-Mar-2023	Spedimex	ID Logistics Group	Merger/Acquisition	79.1	0.69x		Operator of a contract logistics company based in Stryków, Poland.
08-Mar-2023	Semi-Stow	GreenPoint Partners	Buyout/LBO	500.0			Provider of outdoor vehicle storage facilities intended to offer terms to park semi-truck and trailers.
01-Mar-2023	Logisteed	Hitachi	Buyout/LBO	54.1	-0.09x		Operator transportation and logistics company domiciled in Japan.
28-Feb-2023	Keppel Offshore & Marine	SembCorp Marine	Merger/Acquisition	3,381.0			Provider of design and engineering services to the global offshore, marine and energy industries.
28-Feb-2023	Mcburney Transport Group	DFDS	Merger/Acquisition	163.2	0.89x	5.77x	Provider of logistics services intended for the movement of cold chain and dry goods.
28-Feb-2023	Fleetnet America	Cox Automotive	Merger/Acquisition	100.0	0.29x		Provider of vehicle maintenance and repair service intended for commercial and private fleets.
27-Feb-2023	Current Trucking	Ares Management	Buyout/LBO	250.0			Provider of truck maintenance and support services across New Jersey, New York and Connecticut.
22-Feb-2023	Tusker	Lloyds Banking Group	Buyout/LBO	365.1			Provider of online car leasing and fleet management services.
16-Feb-2023	Spreetail	McCarthy Capital	PE Growth/Expansion	208.0			Operator of e-commerce fulfillment centers across the United States and abroad.
10-Feb-2023	Mondial Pare-Brise	Mutuelle Assurance Commerçants	Buyout/LBO	111.6	0.73x		Provider of repair and replacement of all automotive glass.
31-Jan-2023	Horizons West Bus and Coachlines	Kelsian Group	Merger/Acquisition	32.4	2.87x	8.77x	Provider of bus transport services catering to corporates, schools, tours, seniors and weddings.
26-Jan-2023	Freightos	Gesher I Acquisition	Reverse Merger	435.0			Operator of a vendor-neutral booking and payment platform for international freight.
25-Jan-2023	Flynt Worldwide	Vertua	Merger/Acquisition	4.4	0.09x	1.82x	Provider of freight forwarding, customs clearance and logistics solutions services catering to global clients.
19-Jan-2023	Nightingale Transport	DGL	Merger/Acquisition	12.4		3.66x	Provider of logistics and Freight services catering in Wollongong, Port Kembla, Unanderra, Nowra, etc.
17-Jan-2023	Blueridge Transportation Group	ACS Infrastructure Development	Merger/Acquisition	1,063.0			Provider of transportation services intended to support the Texas Department of Transportation.
10-Jan-2023	Haifa Port	Adani Ports & Special Economic Zone	Merger/Acquisition	1,180.0			Operator of a port intended for shipping and cargo in Israel.
* Mean				470.7	1.27x	6.07x	
* Median				185.6	0.89x	7.27x	
High				3,381.0	2.87x	8.77x	
Low				4.4	0.69x	3.66x	

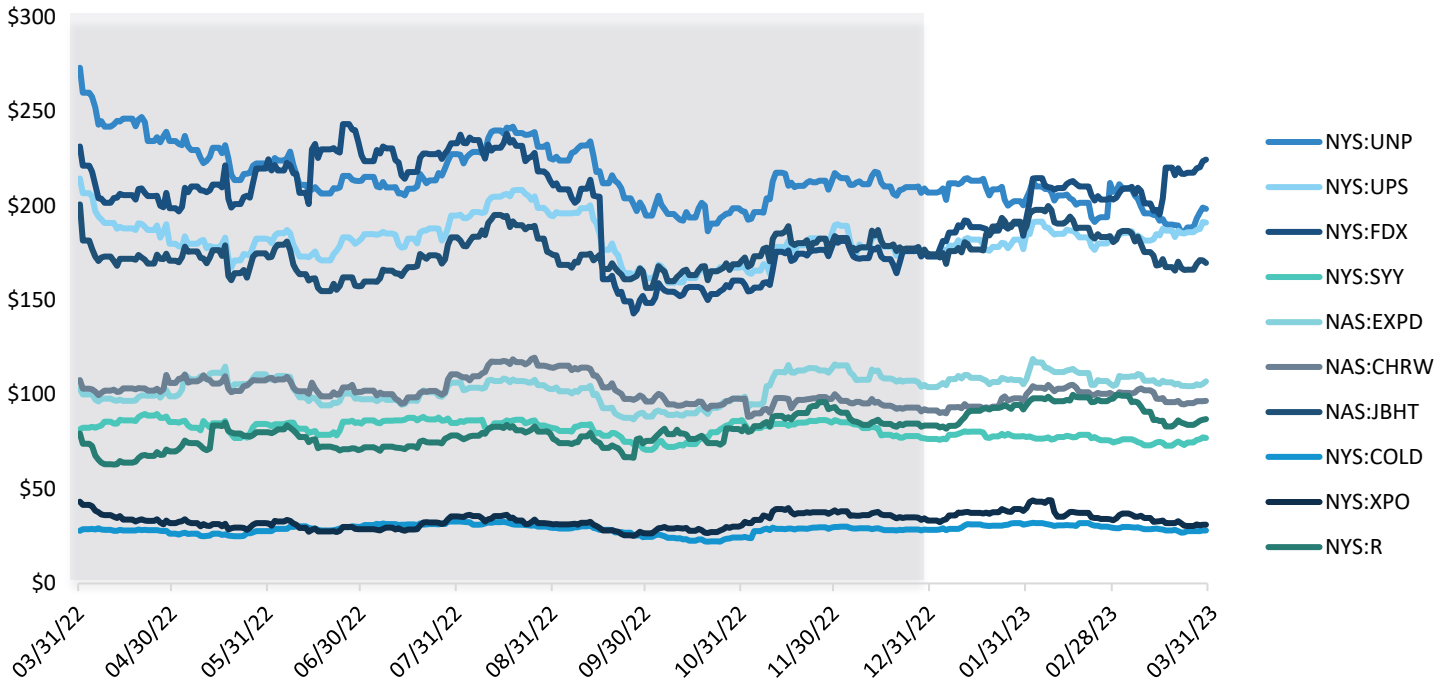
* Multiples illustrated exclude the low multiple outliers for both EV/Revenue and EV/EBITDA

Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Keppel Offshore & Marine is a Singapore-based provider of design and engineering services to the global offshore, marine and energy industries. The company was acquired by SembCorp Marine for \$3.4 billion in February 2023 as the company pursues a strategy in renewable energy and decarbonization solutions.</p>	<p>Merger/ Acquisition</p>
 	<p>Blueridge Transportation Group is a Texas-based provider of transportation services primarily in support of the Texas Department of Transportation. ACS Infrastructure Development acquired 48.4% of the company for \$1.1 billion in January 2023, bringing its total ownership stake to 78.4%. With this transaction, the ACS Group strengthens its position in the Texas infrastructure and transportation markets.</p>	<p>Merger/ Acquisition</p>
 	<p>Semi-Stow, a Texas-based Provider of outdoor vehicle storage and parking facilities for semi-trucks and trailers, was acquired by GreenPoint Partners through a \$500 million leveraged buyout in March 2023. GreenPoint has an investment thesis to address a national shortage of safe and secure parking locations for commercial trucks.</p>	<p>Buyout/ LBO</p>
 	<p>RSI Logistics is a developer of software and logistics solutions focused on improving rail transportation. The company was acquired by Trinity Industries for \$70 million in March 2023. RSI broadens the breadth and quality of Trinity's platform, adding logistics services, terminal operations and intermodal transportation.</p>	<p>Merger/ Acquisition</p>

Public Comps

Stock Price



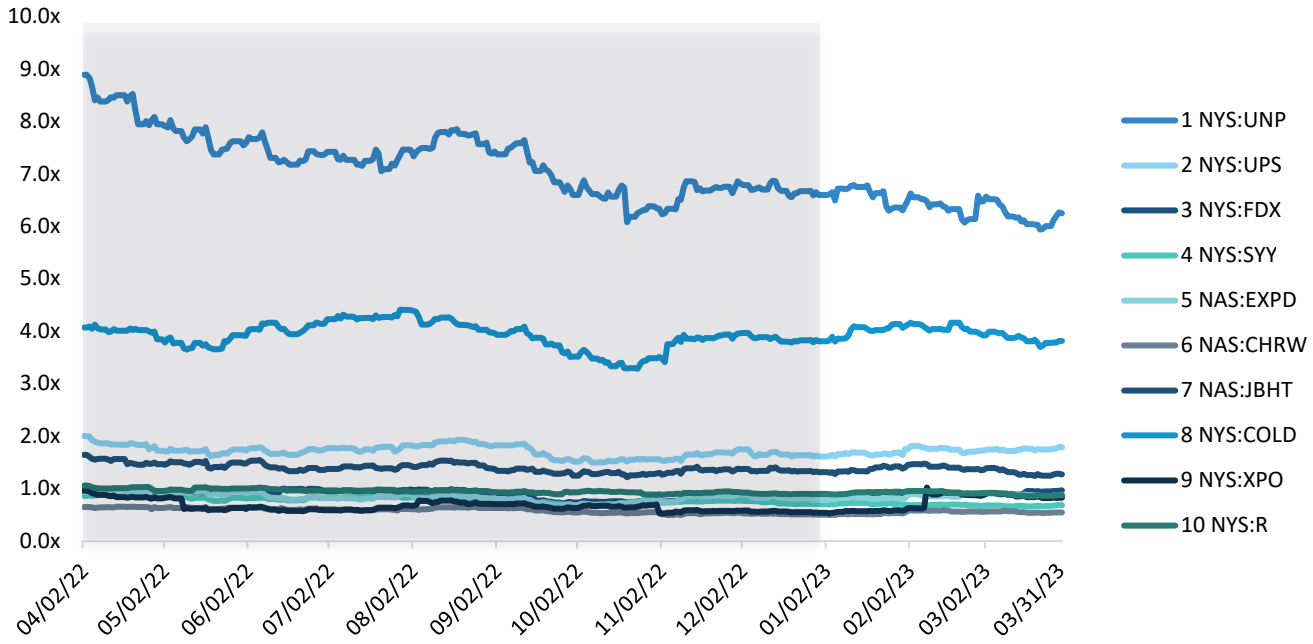
Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						21A	22A	23A	21A	22A	23A	21A	22A	23A	21A	22A	23A
	Union Pacific	NYS:UNP	201	123,146	34,957	9.0x	6.6x	6.3x	16.8x	12.8x	12.6x	-12%	8%	4%	53%	54%	49%
	United Parcel Service of Arr	NYS:UPS	194	166,189	23,521	2.1x	1.6x	1.6x	16.8x	9.0x	9.9x	9%	18%	0%	12%	13%	16%
	FedEx	NYS:FDX	228	57,431	38,088	1.1x	0.8x	0.8x	8.9x	8.6x	8.5x	8%	20%	-2%	10%	12%	11%
	Sysco	NYS:SY	77	39,202	11,790	0.9x	0.7x	0.7x	19.6x	14.9x	12.5x	-18%	13%	7%	3%	5%	6%
	Expeditors International of	NAS:EXPD	110	17,009	518	1.5x	0.8x	1.2x	13.1x	6.8x	10.5x	1%	68%	-33%	11%	12%	10%
	C.H. Robinson Worldwide	NAS:CHRW	99	11,575	2,361	0.7x	0.5x	0.6x	14.5x	9.0x	11.8x	-1%	37%	-17%	5%	5%	4%
	J.B. Hunt Transport	NAS:JBHT	175	18,208	1,262	1.9x	1.3x	1.3x	15.0x	9.7x	9.4x	4%	22%	3%	13%	13%	13%
	AmeriCold Logistics	NYS:COLD	28	7,684	3,583	4.7x	3.8x	3.7x	36.8x	28.7x	19.7x	14%	29%	3%	20%	13%	18%
	XPO (US)	NYS:XPO	32	3,685	3,245	0.9x	0.5x	0.9x	10.6x	4.1x	5.1x	-57%	30%	-22%	4%	9%	12%
	Ryder System	NYS:R	89	4,147	7,084	1.1x	0.9x	0.9x	3.9x	3.4x	3.7x	-4%	12%	-1%	27%	27%	24%

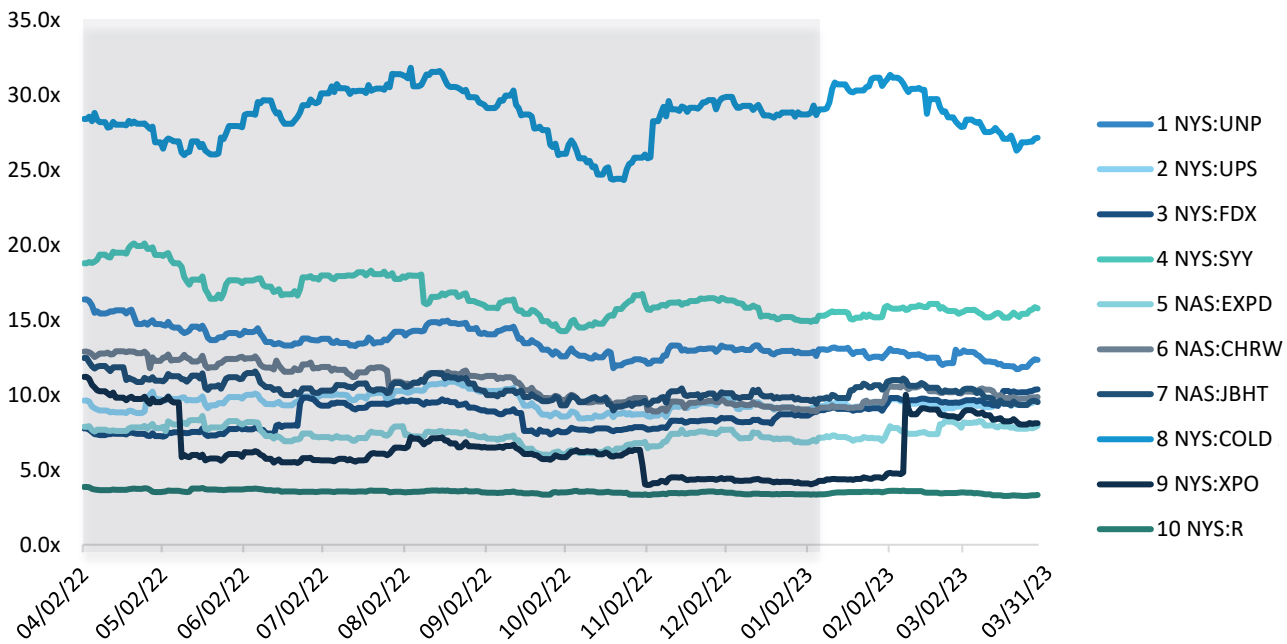
Mean						2.4x	1.8x	1.8x	15.6x	10.7x	10.4x	-5.7%	25.7%	-5.9%	15.7%	16.2%	16.2%
Median						1.3x	0.9x	1.0x	14.8x	9.0x	10.2x	-0.4%	20.9%	-0.5%	11.1%	12.5%	12.6%

Public Comps

EV/Revenue



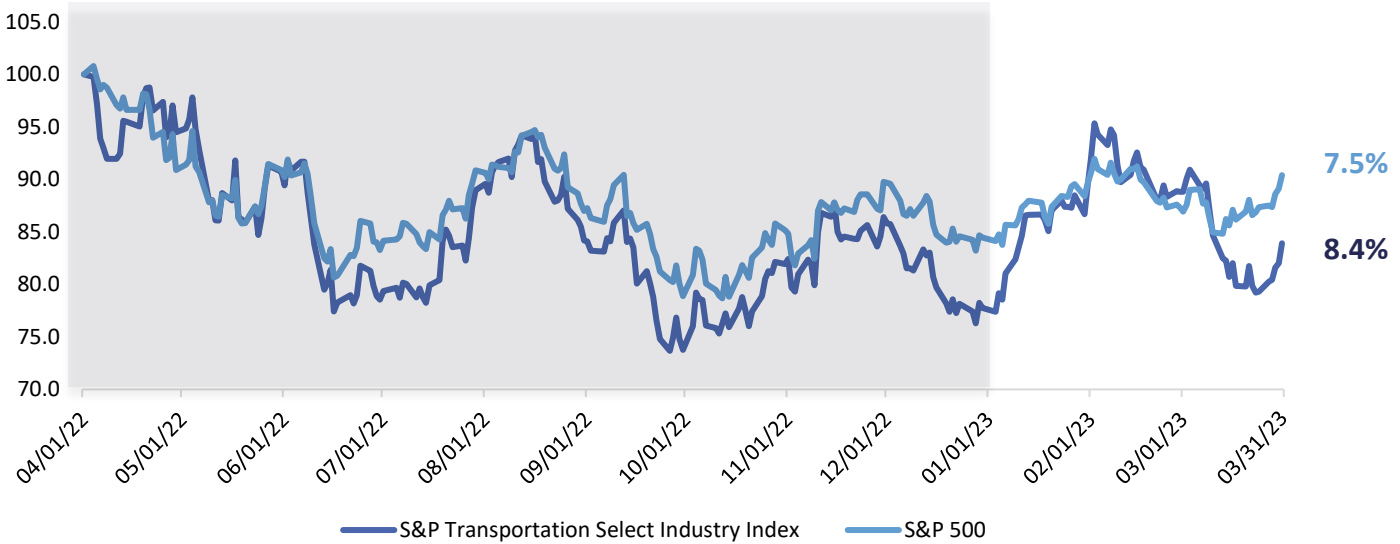
EV/EBITDA



Public Markets

Index Performance

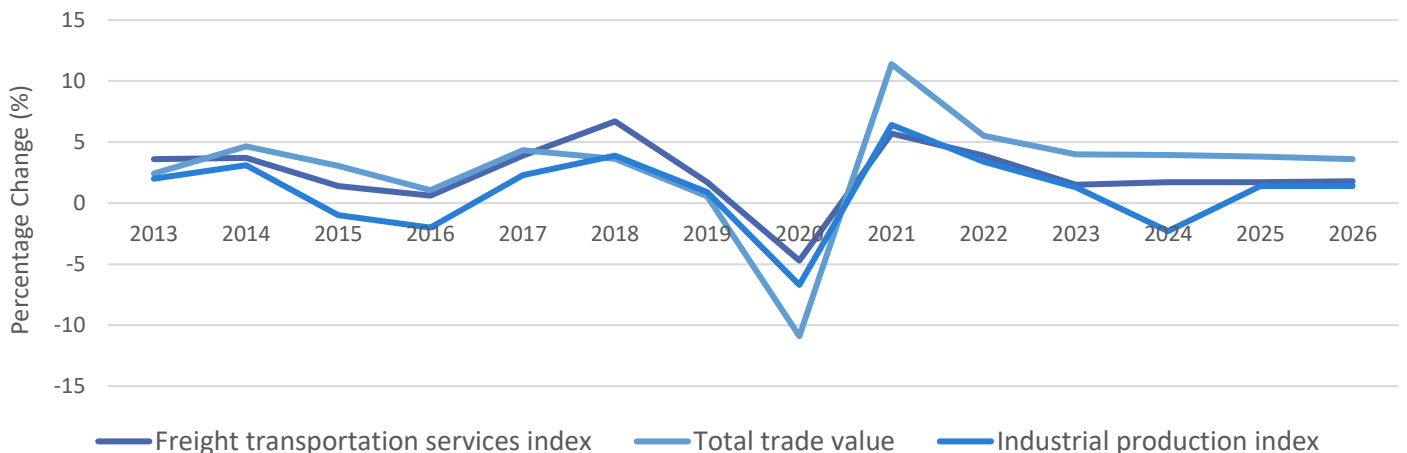
According to S&P Global Industry Index, the Transportation & Logistic industry increased by 8.4% and outperformed the S&P 500 which rose 7.5% since January 1, 2023.



Key External Drivers

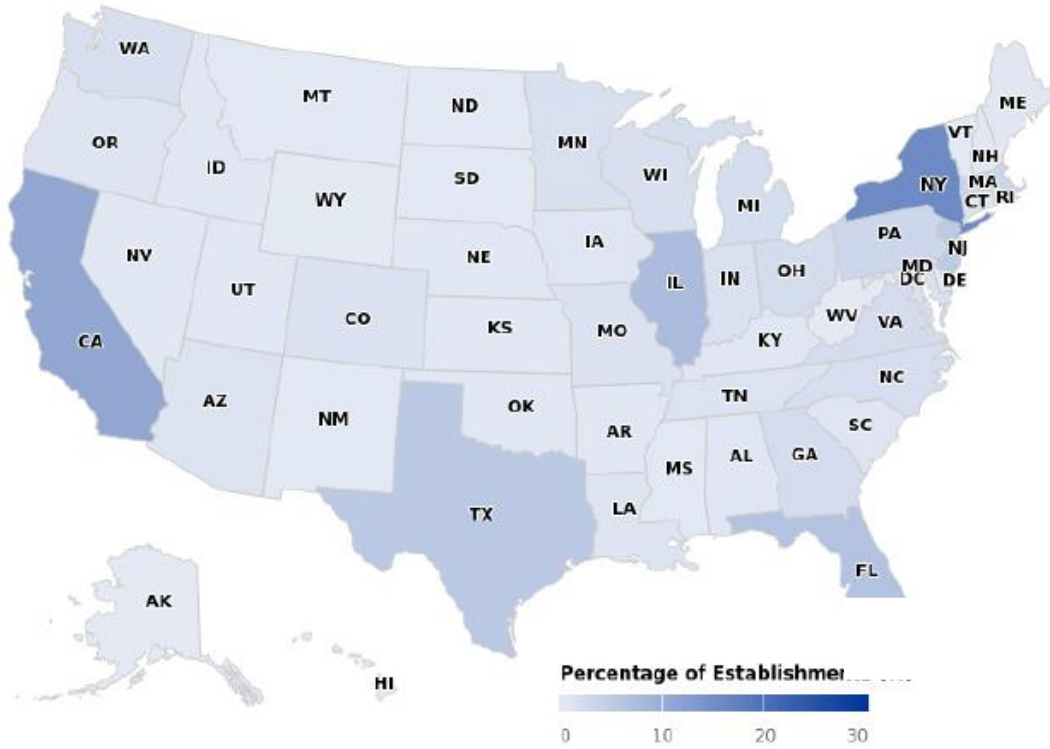
Lower consumer spending directly reduces the number of goods that redistributors need to transport. Therefore, when spending decreases, revenue tends to follow. To combat the rapid inflation in the U.S. CPI, the federal reserve has been quantitative tightening, in the form of rate hikes to the Fed Fund Rate, to slow down consumer spending. As a result of the Fed’s rate hikes, March 2023 CPI inflation came out at 5.0% marking the ninth consecutive month of declining inflation. While these rate hikes have caused inflation to slowdown, the United States economy will likely enter into a recession sometime during the second half of 2023 and result in lower revenues for the Transportation & Logistics sector.

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.

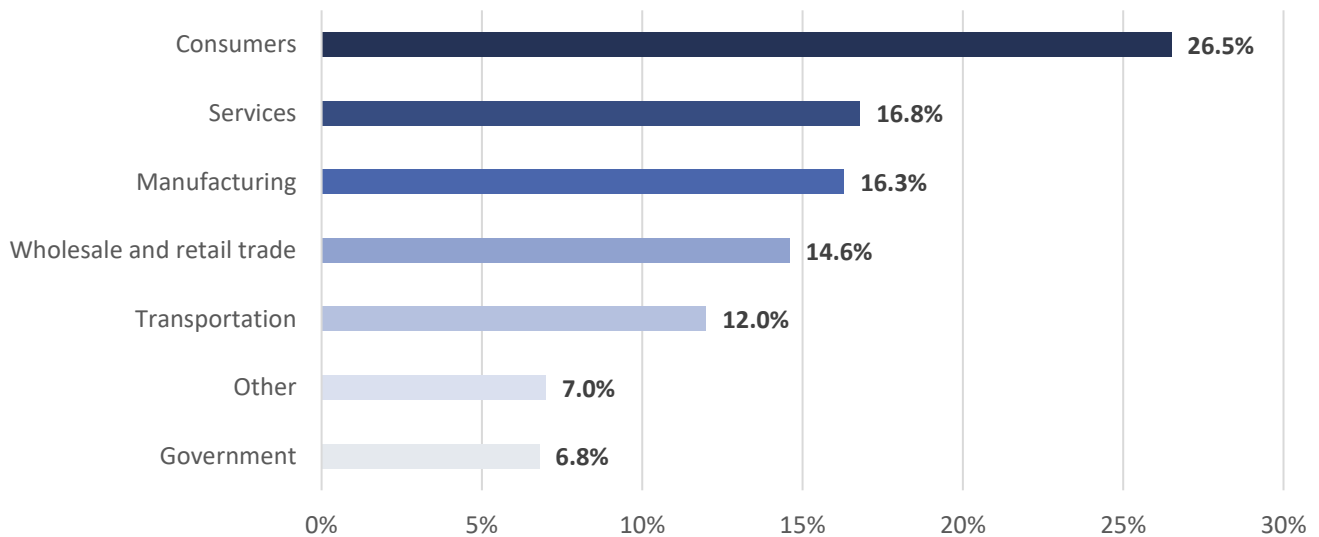


Public Markets

Business Locations



Major Markets



Industry Trends

Sustainable Infrastructure

Government and companies' ESG investments

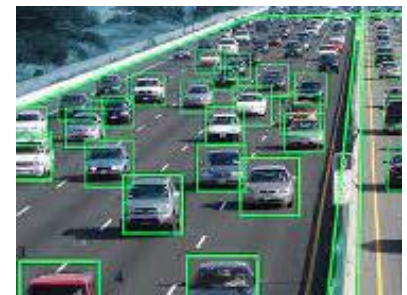
Governments and private companies are investing in sustainable infrastructure, such as electric vehicle charging stations, bike lanes, and public transit systems. This is expected to reduce emissions and improve transportation for people living in urban areas.



Data-driven Optimization

Optimizing transportation networks

With the advent of connected vehicles and smart transportation systems, there is a growing emphasis on using data to optimize transportation networks. This includes real-time traffic monitoring, predictive maintenance for vehicles, and route optimization for public transit.



Air Taxis

The future of air mobility

With the advent of electric and autonomous technology, there is growing interest in developing air taxis and other forms of urban air mobility. While this technology is still in the early stages of development, it has the potential to revolutionize transportation in urban areas.



Mobility as a Service

Plan, book, and pay for multiple types of mobility

MaaS is a concept that aims to provide users with a range of transportation options, such as public transit, ride-sharing, and bike-sharing, all through a single platform. This is expected to improve the efficiency and convenience of transportation, reduce congestion and emissions, and lower costs for users.



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.



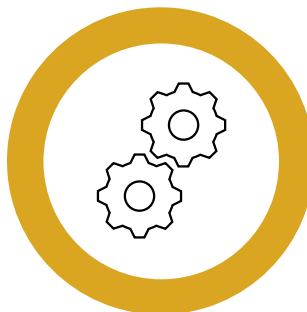
Buy-Side Advisory: Buy a business

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





have been acquired by



a portfolio company of



Has been recapitalized by



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
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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
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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
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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

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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

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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

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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:



Transportation & Logistics



Industrials



Food & Beverage



Packaging



Tech-enabled Services



Healthcare

Disclaimer

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