



# Transportation and Logistics M&A Update

## Q2 2023

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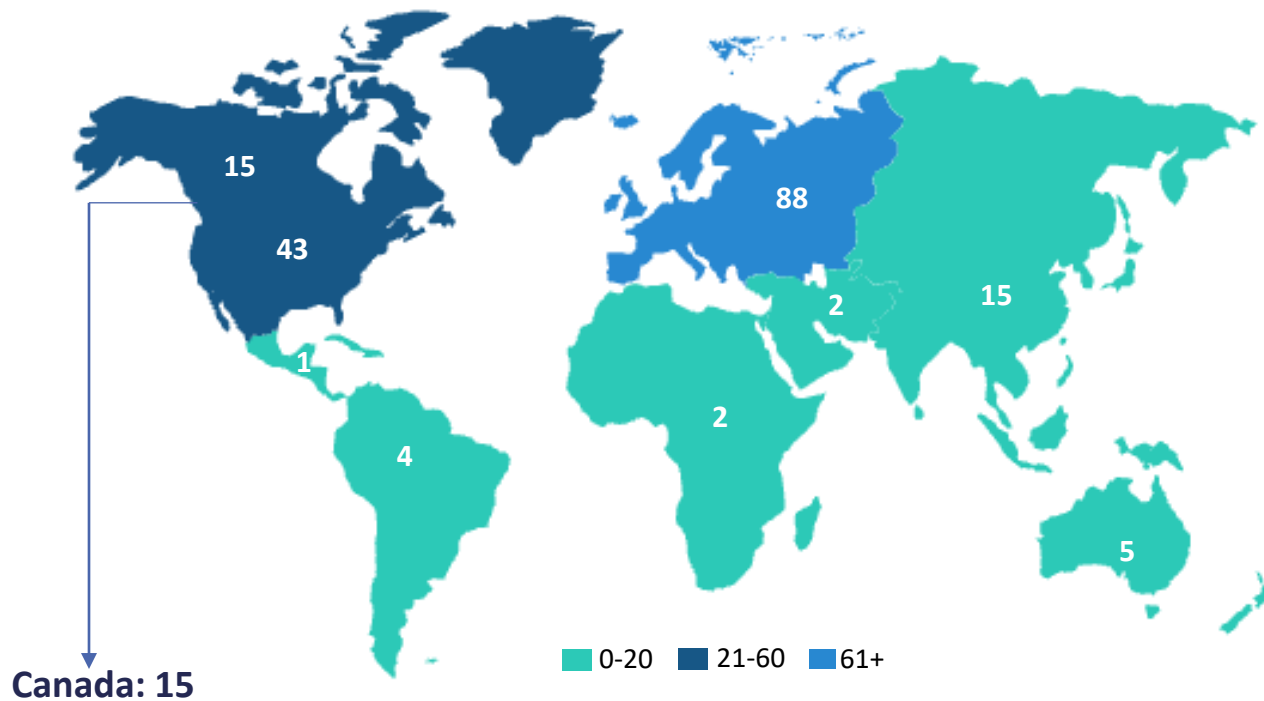
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### REPORT HIGHLIGHTS

- The Transportation & Logistic industry index increased by 15.6% in Q2 and outperformed the S&P 500 index, which increased 6.1% in the same period.
- The median EV/EBITDA multiple for reported strategic deals increased to 7.3x in 1H 2023 from 5.8x in 2022. There were no reported PE EV/EBITDA multiples in 1H 2023.
- M&A deal volume in the T&L sector decreased 25.2% to 175 completed transactions in Q2 from 234 deals in Q1, and decreased 20.8% from 221 deals in the same period of the prior year.
- As a % of total capital invested in M&A transactions in 1H 2023, PE participation decreased significantly to 25.6%, down from 63.0% in 2022.
- Europe was the most active region in Q2 with 88 deals. Most notably in the European market was ALD Automotive's \$5.4 billion acquisition of LeasePlan in May 2023.

# Global Deal Analytics

Of the 175 deals in Q2, Europe was the most active market with 88. Another notable deal in the European market (in addition to the LeasePlan deal mentioned on the previous page) was Yokohama Rubber Company's \$2.4 billion acquisition of Trelleborg Wheel Systems, an Italian manufacturer of tires and wheel systems, in May 2023. North America was the second most active with 58 closed transactions and all other regions combined for a total of 29 deals.



Canada: 15

United States Regions: 43

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West Coast: 11

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Southeast: 10

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Great Lakes: 8

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Mid Atlantic: 6

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Others: 8

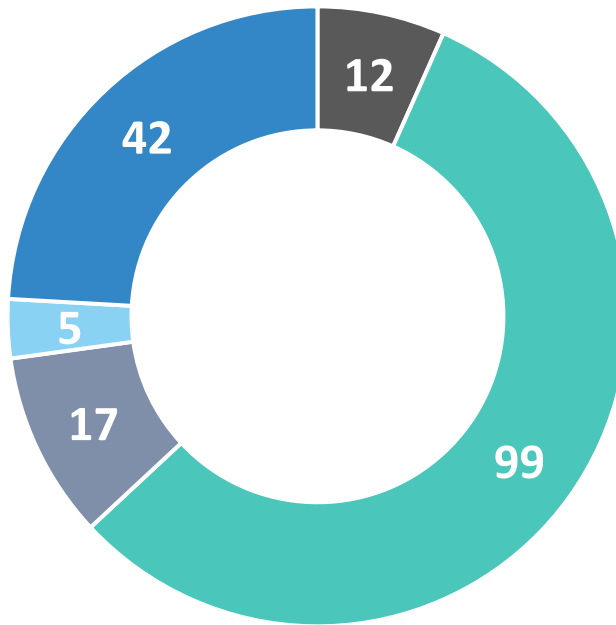
In the United States, the West Coast region was the most active in Q1 with 11 deals. A notable deal in the West Coast Region was Lone Star Funds' \$2.0 billion acquisition of Vigor Industrial, a Portland-based provider of ship repair and specialty fabrication services in June 2023. The Southeast and Great Lakes region had 10 and 8 deals close, respectively, and were followed by the Mid Atlantic with 6 closed transactions. All other regions in the U.S. totaled 8 deals in Q2.

Outside of the U.S. in the North America market, Canada had a relatively active quarter with 15 reported transactions in Q2.

# Global Deal Analytics

Of the 175 T&L deals in Q2, 99 were in the Logistics subsector, making it the most active subsector in this industry from an M&A standpoint. Road was the second most active with 42 deals followed by Marine, Air, and Rail with 17, 12, and 5 deals, respectively, in Q2.

Deal by Subsector



Logistics

Road

Marine

Air

Rail



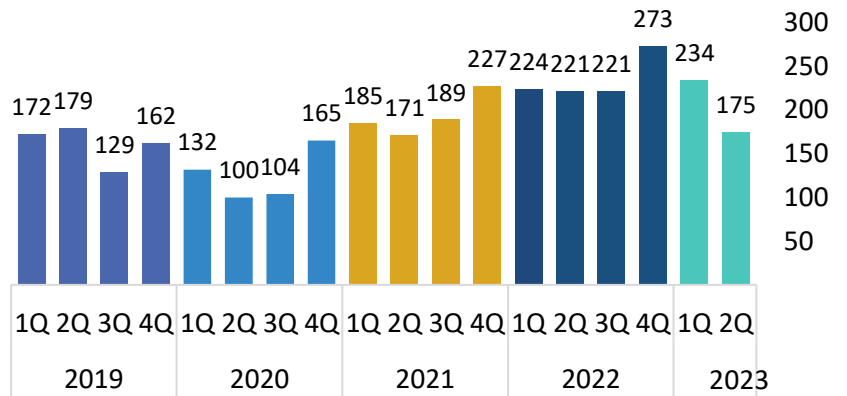
# Global Deal Analytics

Deal volume in the T&L sector decreased 25.2% in Q2 to 175 deals from 234 in Q1 and decreased 20.8% compared to 221 deals in Q2 of the prior year. Deal Volume in Q2 represented the lowest quarter since Q2 2021.

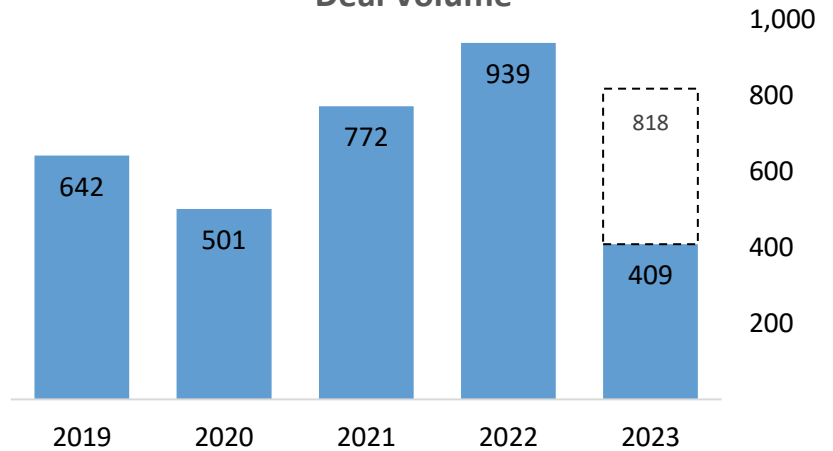
Based on activity through 1H, M&A deal volume is projected to see a 12.9% decline to 818 deals in 2023, down from 939 in 2022. This decline is primarily due to more challenging market conditions from a dealmaking perspective, including rising interest rates/cost of capital, tightening liquidity in the capital markets and continuing inflation impacting labor costs.

Total capital invested in M&A deals in the T&L sector increased 41.2% in Q2 to \$13.7B from \$9.7B in Q1, but decreased 65.1% from \$39.2B in Q2 of the prior year. This increase from the prior quarter was primarily due to ALD Automotive’s \$5.4B acquisition of LeasePlan in May 2023. Comparatively, the largest reported deal in Q1 was SembCorp Marine’s \$3.4 billion acquisition of Keppel Offshore & Marine in February 2023.

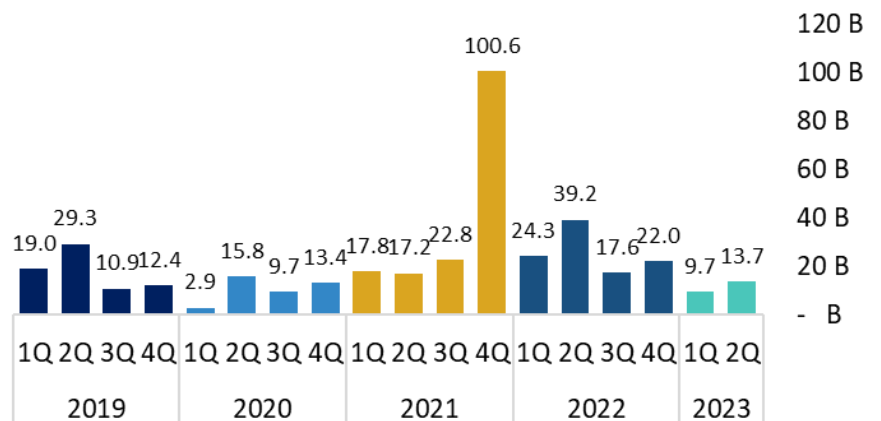
Deal Volume



Deal Volume



Total Capital Invested



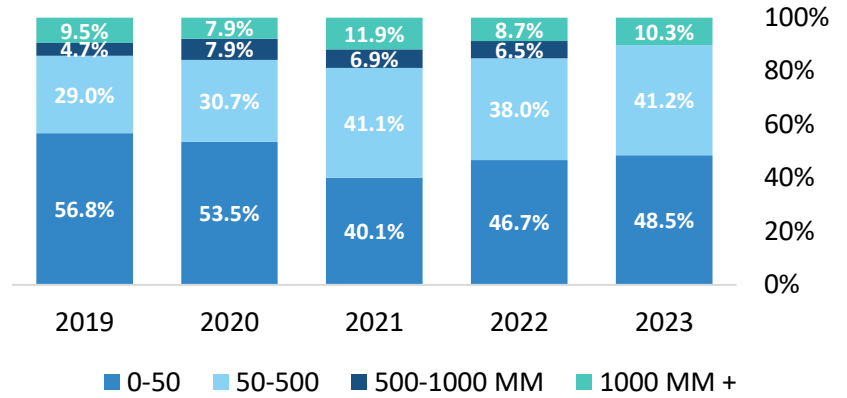
# Global Deal Analytics

In 1H 2023, we saw a shift away from upper middle market (\$500 - \$1000 MM) deals to the middle market (\$50-\$500 MM), which saw an increase to 41.2% from 38.0% in 2022, and to a lesser extent, the large cap (\$1000 MM+) and lower middle (\$0 - \$50 MM) tranches of the market which saw increases to 10.3% and 48.5% in 1H 2023 from 8.7% and 46.7%, respectively, in the prior year.

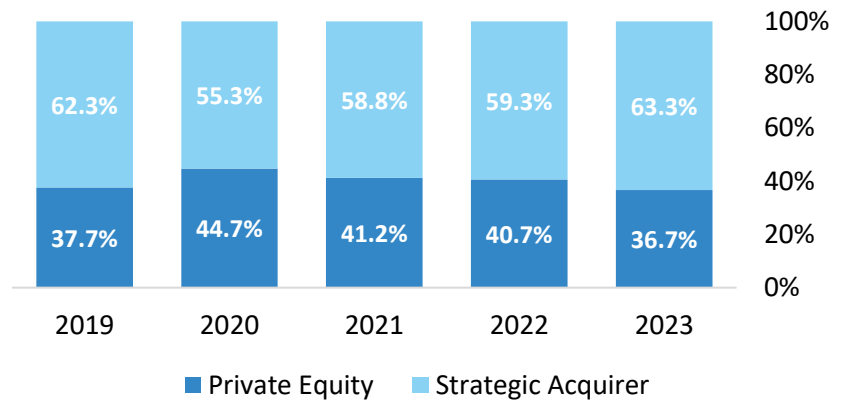
In 1H 2023, PE participation as a % of overall deal volume decreased slightly to 36.7% from 40.7% in 2022. The lower level of PE participation compared to historical years continues to be illustrative of changing market dynamics with increasing costs of capital and tightening liquidity from lenders.

Continuing the trend in decreased deal volume, total capital invested by PE investors declined significantly in 1H 2023 to 25.6% from 63.0% in 2022. PE's share of capital invested in 1H is the lowest share in five years. The more recent drop is indicative of the overall market with rising interest rates and a more challenging underwriting environment.

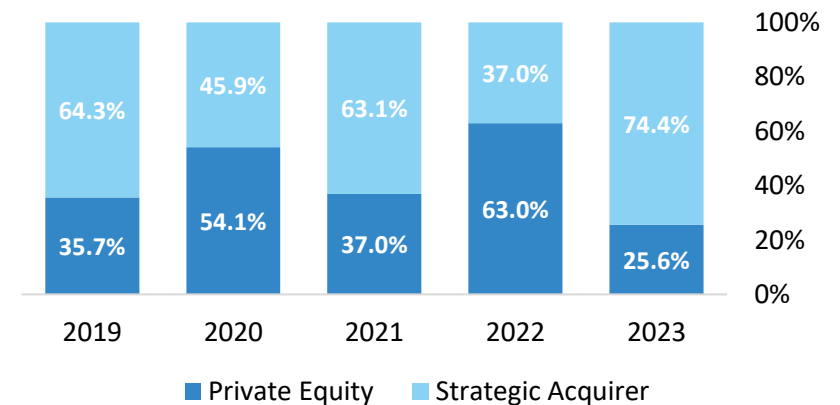
Deal Volume by Deal Size



Deal Volume by Acquirer

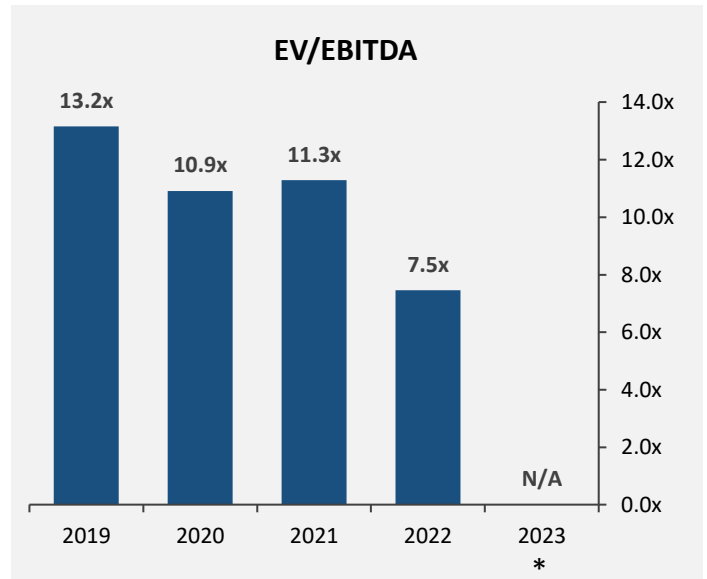
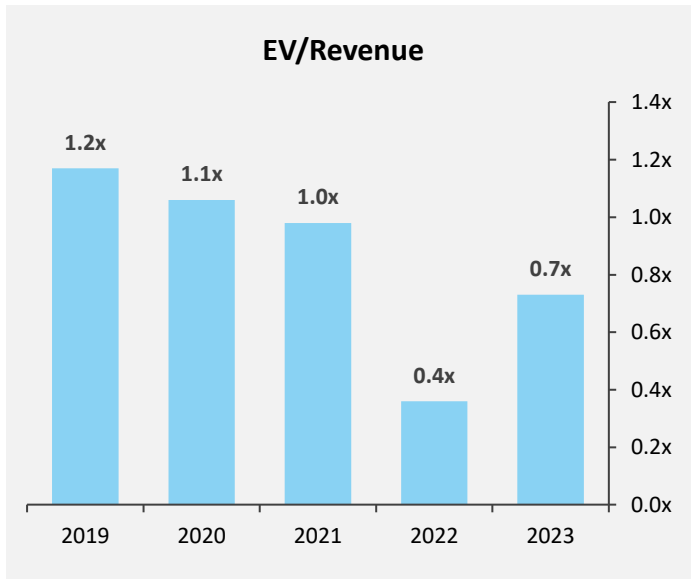


Total Capital Invested by Acquirer

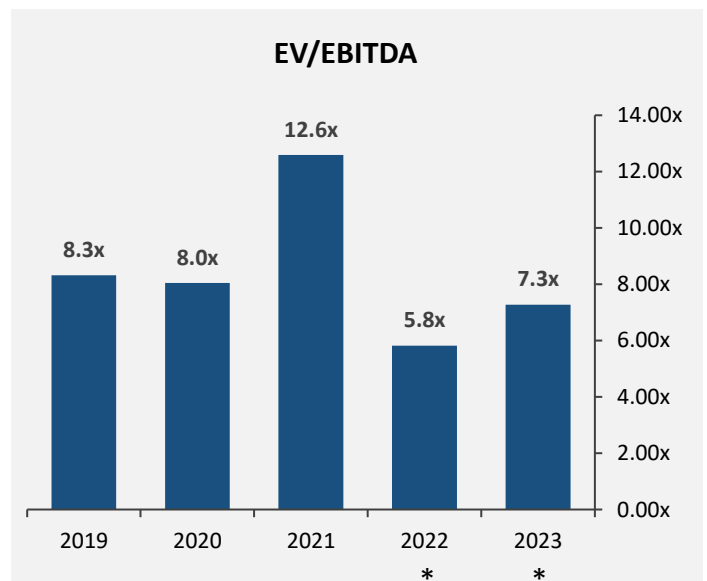
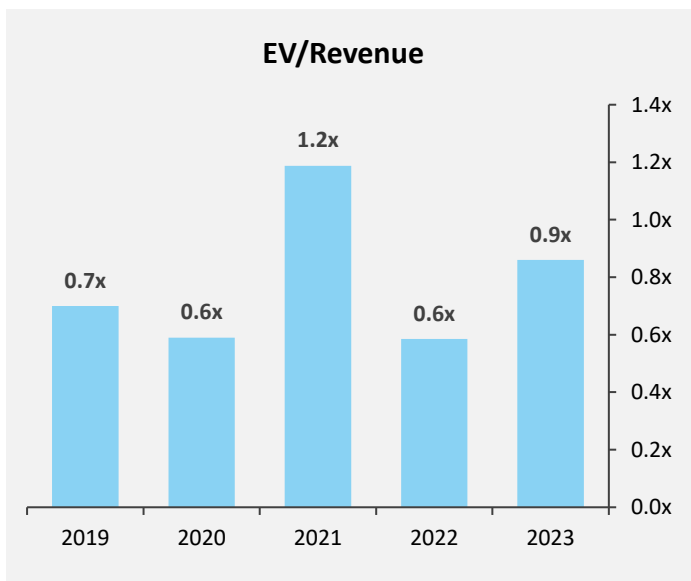


# Valuation Multiples

## Private Equity Multiples



## Strategic Multiples











\* No reported Private Equity EV/EBITDA multiples were available in 1H 2023. The EV/EBITDA multiples listed for Strategic buyers exclude outliers.

## Largest Deals (Disclosed)

Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
19-Jun-2023	BBA Logistics	Grupo Traxión	Merger/Acquisition	\$ 10.0			Provider of freight brokerage services based in Oakville, Ontario.
15-Jun-2023	Vigor Industrial	Lone Star Funds	Buyout/LBO	2,000.0			Provider of ship repair and specialty fabrication services.
09-Jun-2023	Mercantile Ports & Logistics	Not Reported	PIPE	11.1			Developer and operator of port and logistics facilities.
30-May-2023	Store + Deliver + Logistics	Milkyway Chemical Supply	Merger/Acquisition	16.4			Provider of logistics and warehousing services catering to the chemical industry.
24-May-2023	General Trucking	Advantage Capital	Buyout/LBO	7.5			Operator of a transport company intended for a wide range of industries and businesses.
23-May-2023	Hanwha Ocean	Hanwha Aerospace Company	PIPE	1,501.7			Manufacturer of various types of commercial and specialty ships and operator of offshore and onshore industrial plants.
23-May-2023	Klaveness Combination Carriers	Not Reported	PIPE	51.3			Operator of combination carriers in Norway.
22-May-2023	LeasePlan	ALD Automotive	Merger/Acquisition	5,378.7	0.50x	2.07x*	Provider of fleet management and driver mobility services in the Netherlands.
19-May-2023	Volkswagen Group Rus	Avilon Automotive Group	Merger/Acquisition	137.4			Manufacturer of automobiles based in Moscow, Russia.
08-May-2023	Science Applications International	ASRC Federal	Merger/Acquisition	350.0			Provider of logistics and supply chain management services intended to provides services to defense agencies.
03-May-2023	Trident Steel	Ambassador Enterprises	Buyout/LBO	66.5			Manufacturer of steel products intended to serve the steel industry spectrum in sub-Saharan Africa.
02-May-2023	Trelleborg Wheel Systems	Yokohama Rubber Company	Merger/Acquisition	2,369.7	7.54x		Manufacturer of tires and complete wheels based out of Rome, Italy.
01-May-2023	Steel Connect	Steel Partners Holdings	PIPE	200.0			Provider of supply chain management services.
20-Apr-2023	American Business Insurance Services	INSHUR	Merger/Acquisition	26.0			Provider of insurance services intending to serve the passenger transportation industry.
17-Apr-2023	TVS Supply Chain Solutions	Bajaj Holdings and Investment	Corporate	30.4			Provider of logistics services to the utilities, automotive, beverage, defense and industrial markets.
08-Apr-2023	Lodge Tyre Company	Halfords	Merger/Acquisition	45.6			Provider of automotive and garage services focused on mainly tire market.
06-Apr-2023	Xpediator	BaltCap	Buyout/LBO	76.1			Provider of integrated freight management.
03-Apr-2023	Biglog Logistics	Israel Legacy Partners	Buyout/LBO	13.8			Provider of logistics services intended to serve its customers in various industries.
03-Apr-2023	WFS Global	SATS	Merger/Acquisition	1,394.9			Provider of aviation-related handling services throughout North America, Latin America, Europe, Asia and Africa.
Mean				720.4	4.02x	2.07x	
Median				66.5	4.02x	2.07x	
High				5,378.7	7.54x	2.07x	
Low				10.0	0.50x	2.07x	

\* The EBITDA is net of depreciation expense due to LeasePlan being a fleet-based operator.

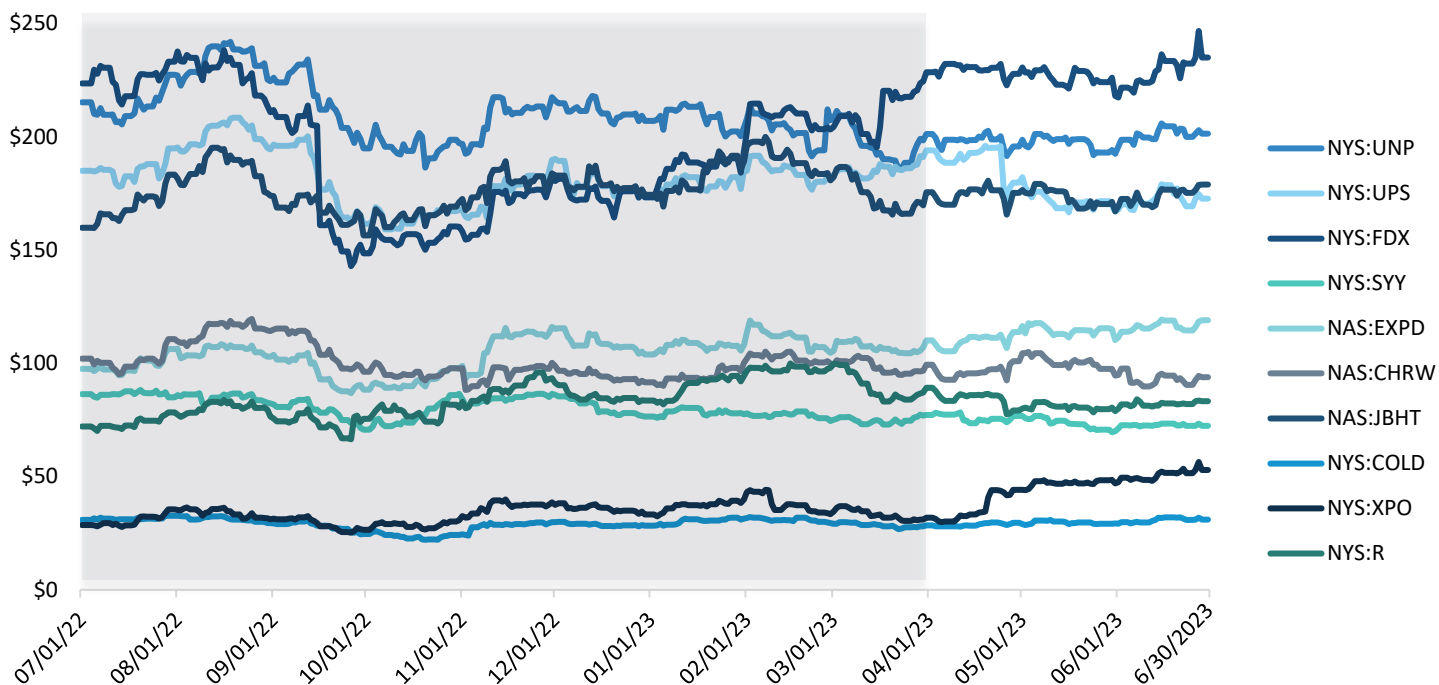
## Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>LeasePlan is a Netherlands-based provider of fleet management services. The company was acquired by France-based ALD Automotive for \$5.4 billion in May 2023. By combining with LeasePlan, one of the world's leading fleet management and mobility companies, NewALD will lead the way to net zero and further shape the digital transformation of the industry.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>Trelleborg Wheel Systems, an Italian manufacturer of tires and wheels, was acquired by Japanese manufacturer Yokohama Rubber for \$2.4 billion in May 2023. With this transaction, the Yokohama Rubber Company strengthens its product offering within the rubber and tire sectors.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>Daewoo Shipbuilding and Marine Engineering ("DSME") is a South Korean manufacturer of ships. In May 2023, another South Korean company, Hanwha Corp, bought a 49.3% stake in the company for \$1.5 billion. This acquisition will allow Hanwha Group to add naval vessels to its product lineup.</p>	<p><b>PIPE</b></p>
 	<p>WFS Global is a French provider of aviation-related handling services. The company was acquired by Singapore-based SATS Air Transportation ("SATS") for \$1.4 billion in April 2023. This acquisition allows SATS to enter the air cargo logistics sector and expand their presence in the American and European markets.</p>	<p><b>Merger/ Acquisition</b></p>



# Public Comps

## Stock Price



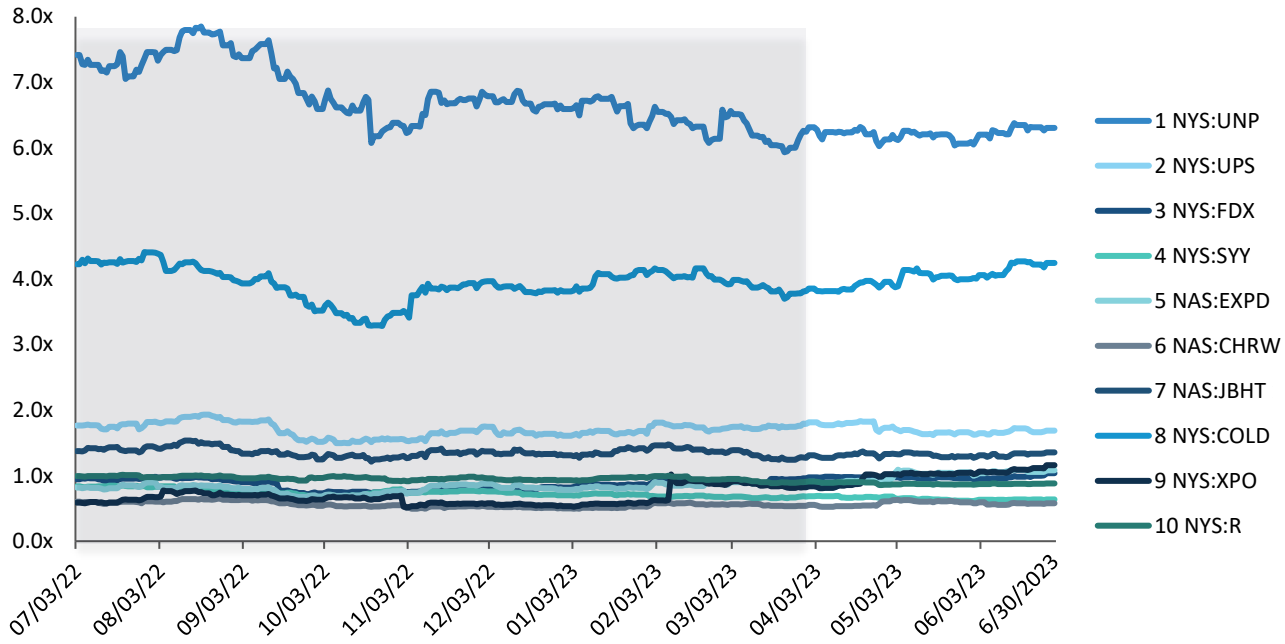
## Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						21A	22A	23F	21A	22A	23F	21A	22A	23F	21A	22A	23F
	Union Pacific	NYS:UNP	203	123,823	35,361	9.0x	6.6x	6.3x	16.8x	12.8x	12.6x	8%	15%	-1%	54%	52%	51%
	United Parcel Service of Am	NYS:UPS	176	150,872	26,395	2.1x	1.6x	1.6x	16.8x	9.0x	9.9x	18%	7%	-2%	13%	18%	16%
	FedEx	NYS:FDX	248	62,446	38,088	1.1x	0.8x	0.8x	8.9x	8.6x	8.5x	20%	5%	-3%	12%	9%	12%
	Sysco	NYS:SY	73	36,922	11,710	0.9x	0.7x	0.7x	19.6x	14.9x	12.5x	13%	27%	6%	5%	5%	5%
	Expeditors International of	NAS:EXPD	119	18,179	521	1.5x	0.8x	1.2x	13.1x	6.8x	10.5x	68%	35%	-27%	12%	11%	N/A
	C.H. Robinson Worldwide	NAS:CHRW	94	10,931	2,247	0.7x	0.5x	0.6x	14.5x	9.0x	11.8x	37%	24%	-16%	5%	6%	4%
	J.B. Hunt Transport	NAS:JBHT	179	18,537	1,241	1.9x	1.3x	1.3x	15.0x	9.7x	9.4x	22%	29%	-7%	13%	14%	14%
	AmeriCold Logistics	NYS:COLD	32	8,564	3,696	4.7x	3.8x	3.7x	36.8x	28.7x	19.7x	29%	15%	-1%	13%	13%	20%
	XPO (US)	NYS:XPO	59	6,793	3,260	0.9x	0.5x	0.9x	10.6x	4.1x	5.1x	30%	3%	-7%	9%	14%	12%
	Ryder System	NYS:R	83	3,874	7,033	1.1x	0.9x	0.9x	3.9x	3.4x	3.7x	9%	24%	1%	28%	28%	22%

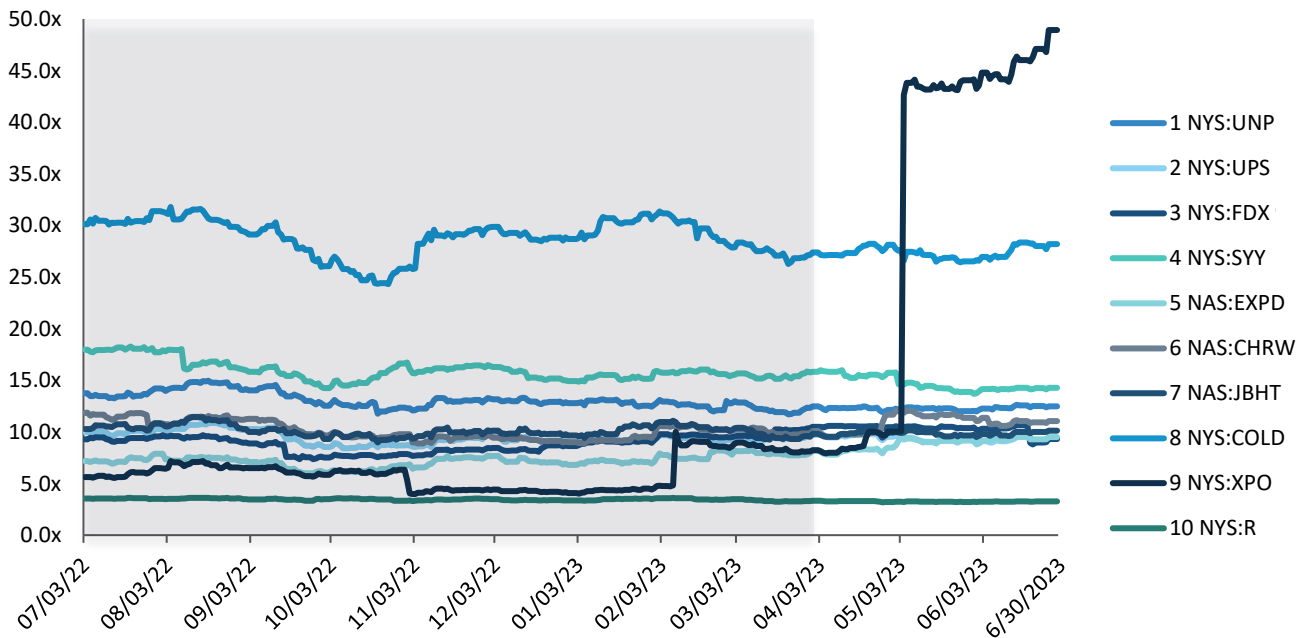
<b>Mean</b>						2.4x	1.8x	1.8x	15.6x	10.7x	10.4x	25.4%	18.4%	-5.8%	16.2%	16.9%	17.3%
<b>Median</b>						1.3x	0.9x	1.0x	14.8x	9.0x	10.2x	20.9%	19.5%	-2.4%	12.5%	13.4%	14.1%

# Public Comps

## EV/Revenue



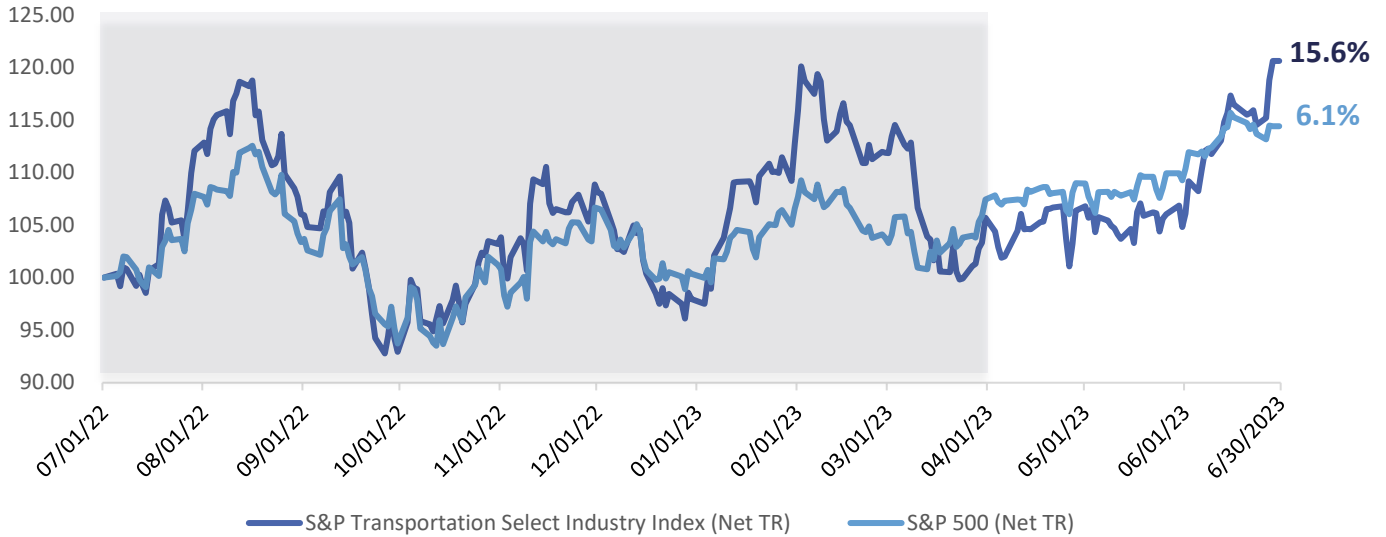
## EV/EBITDA



# Public Markets

## Index Performance

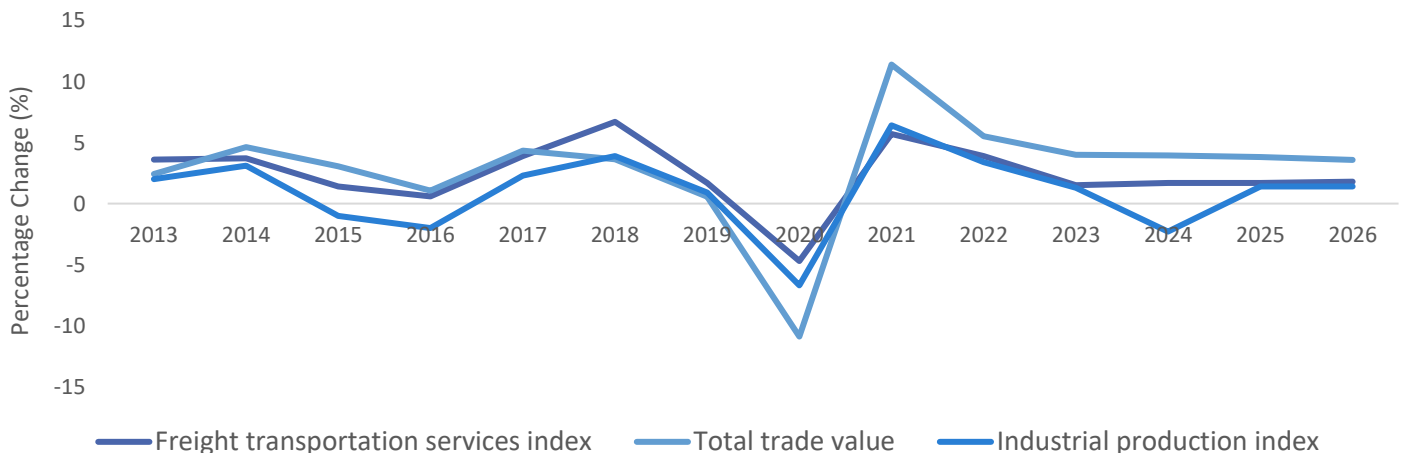
In Q2, the Transportation & Logistic Industry Index increased by 15.6% and outperformed the S&P 500, which rose 6.1% over the same period.



## Key External Drivers

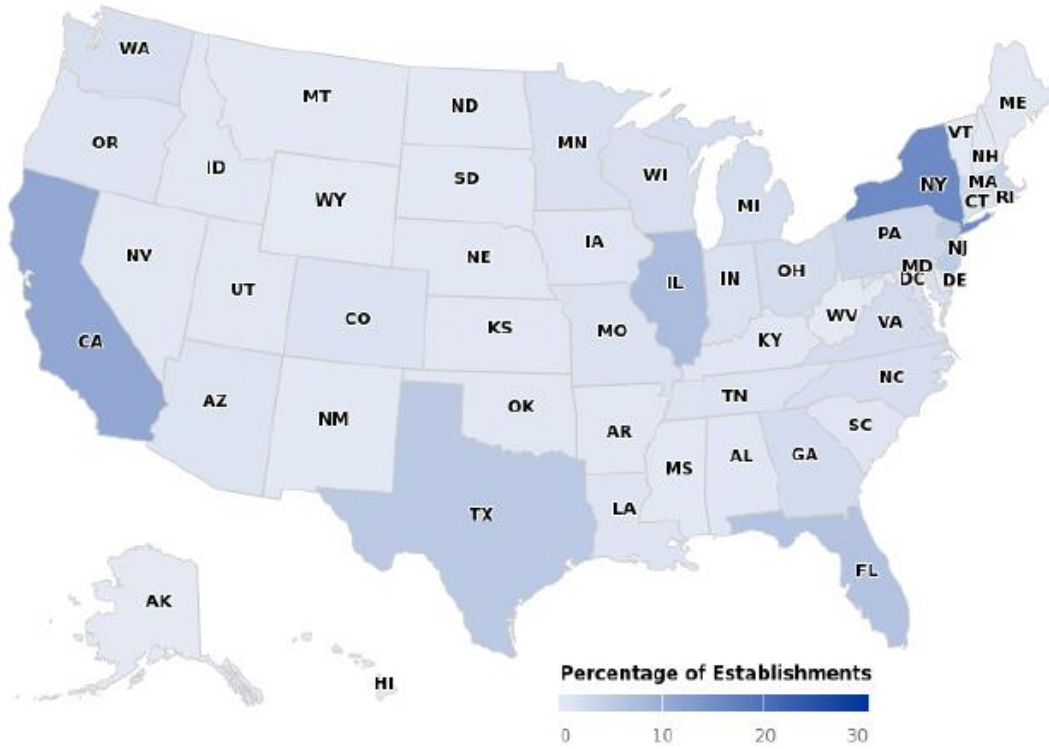
Lower consumer spending directly reduces the number of goods that manufacturers need to produce and ship. Therefore, when spending decreases, revenue tends to follow.

To combat Inflation in the US, the Federal Reserve (“Fed”) began quantitative tightening in March 2022 in the form of 10 rate hikes to the Fed Funds Rate, to slow down consumer spending. As a result of the Fed’s rate hikes, May 2023 CPI inflation came out at 4.0% marking the eleventh consecutive month of declining inflation. While these rate hikes have caused inflation to slow down, the Chair of the Federal Reserve, Jerome Powell, stated they intend to raise rates two more times in 2023. Many economists do not believe the Fed will go through with the two 25 basis point hikes that Jerome Powell threatened. However, the stubborn inflation, a still-booming job market and a resilient economy indicate the Fed may raise rates to the highest levels seen over the last 2 decades. Continued rate hikes will lower consumer spending and result in lower revenues for the Transportation & Logistics sector.

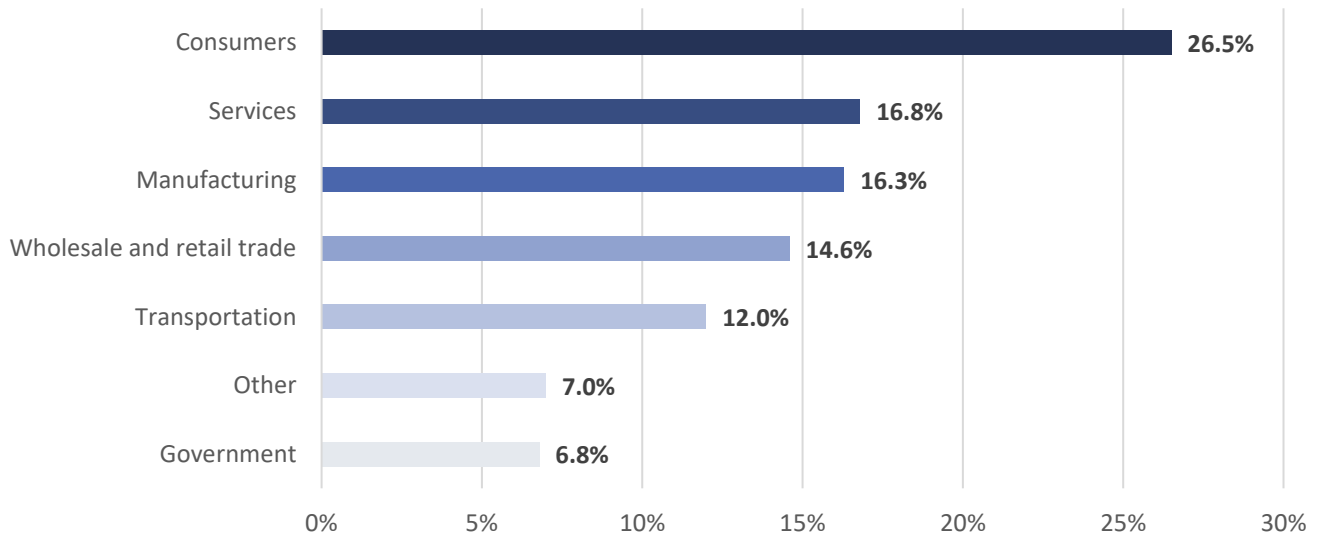


# Public Markets

## Business Locations



## Major Markets

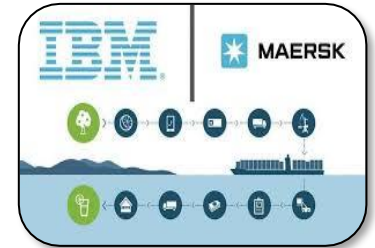


# Industry Trends

## Supply Chain Visibility

### Companies Investing in Supply Chain Visibility

There is a growing recognition of the significance of supply chain visibility as organizations strive to streamline operations, enhance transparency, and respond effectively to changing market dynamics. Companies, like IBM, are investing in IoT technology to create transparency within supply chains so that companies and consumers are updated at every step of the process.



## Warehouse Simulation

### Optimizing Warehouse with Digital Twin Technology

Simulation with digital twin technology boosts competitiveness by creating virtual replicas of objects or processes, reproducing their real-world behavior. In logistics, it enables virtual representation of warehouse layouts and operations, facilitating visualization and strategic decision-making for efficiency improvements.



## Automakers in Mining

### Electric Vehicle Production is Driving Mining Investment

The emergence of electric vehicles has sparked a competitive arms race among automotive manufacturers to enhance efficiency and reduce costs. As this technology continues to establish itself as a dominant force in the transportation sector, automakers are investing in mining activities, such as General Motors' recent \$650-million investment in Lithium Americas Corp, to gain an advantage over their rivals.



## Drone Inventory Control

### Facilities Implementing Drone Inventory Management

Drone inventory management is a growing trend where drones autonomously scan barcodes or RFID tags in warehouses, providing real-time stock information to logistics software. This allows for the automatic detection of inventory imbalances, eliminating the need for dedicated resources and promoting efficient product management.



# 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.



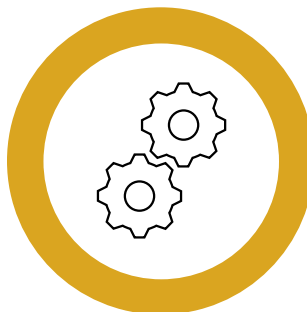
## Buy-Side Advisory: Buy a business

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

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Transportation & Logistic sector. Please note that this list is not comprehensive.





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






## Our Team



**R. Trevor Hulett, CPA**  
Managing Director  
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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  
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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.



## Our Team



**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.



**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 Team



**Ryan Hartman**  
Senior Analyst  
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Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree 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.



**Charlie Meier**  
Analyst  
(314) 721-8027  
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Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



**Lynda Hulett**  
Marketing  
(314) 721-0607 x 104  
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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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