



# Transportation and Logistics M&A Update

## Q3 2023

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### CONTENTS

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

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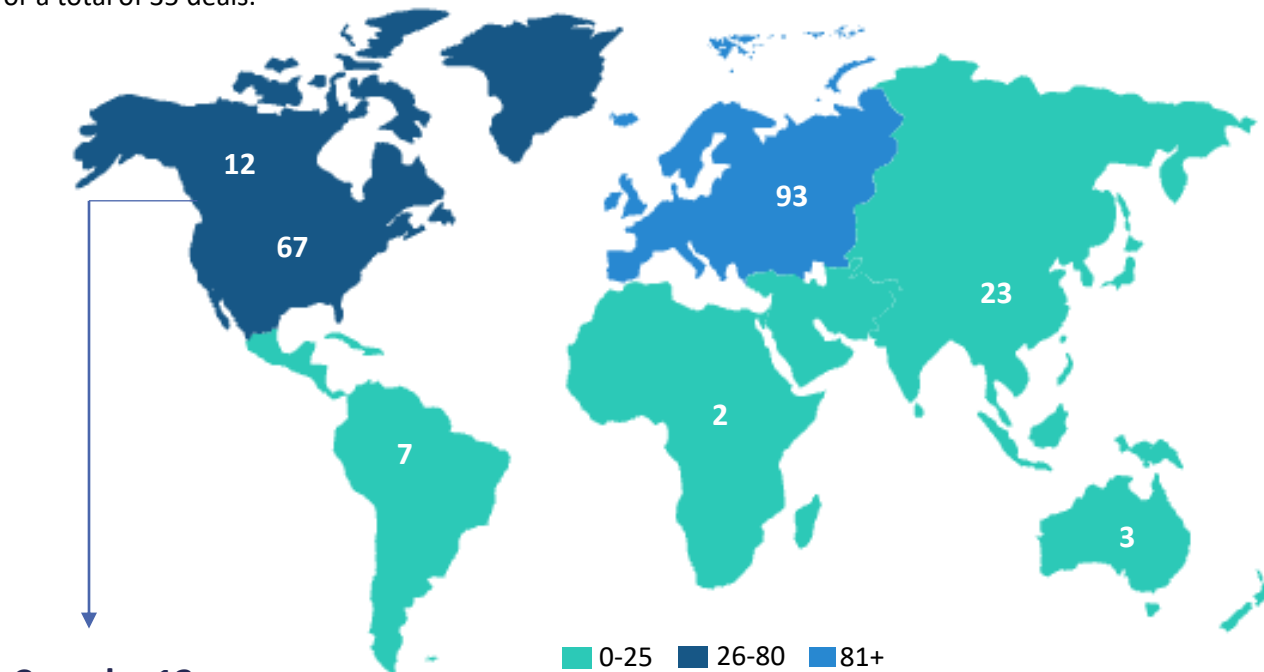
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### REPORT HIGHLIGHTS

- The Transportation & Logistics Industry Index decreased by 11.0% in Q3 and was significantly outperformed by the S&P 500, which only declined 3.8% over the same period.
- The median EV/EBITDA multiple for reported strategic deals increased to 5.8x in YTD 2023 from 4.5x in 2022. There were no reported PE EV/EBITDA multiples in YTD 2023.
- M&A deal volume in the T&L sector increased 18.3% to 207 completed transactions in Q3 from 175 deals in Q2, but decreased 6.3% from 221 deals in the same period of the prior year.
- As a % of total capital invested in M&A transactions in YTD 2023, PE participation decreased significantly to 25.6%, down from 63.0% in 2022.
- Europe was the most active region in Q3 with 93 deals. Most notably in the European market was Abu Dhabi Ports Group's \$716.2 million acquisition of Noatum Logistics in July 2023.

# Global Deal Analytics

Of the 207 deals in Q3, Europe was the most active market with 93. Another notable deal in the European market (in addition to the Noatum Logistics deal mentioned on the previous page) was HCL Technologies' \$273.9 million acquisition of ASAP Holding, a German developer of software and testing systems for autonomous driving applications, in September 2023. North America was the second most active with 79 closed transactions and all other regions combined for a total of 35 deals.



**Canada: 12**

**United States Regions: 67**

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**Southeast: 16**

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**West Coast: 9**

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**South: 9**

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**Midwest: 8**

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**Others: 25**

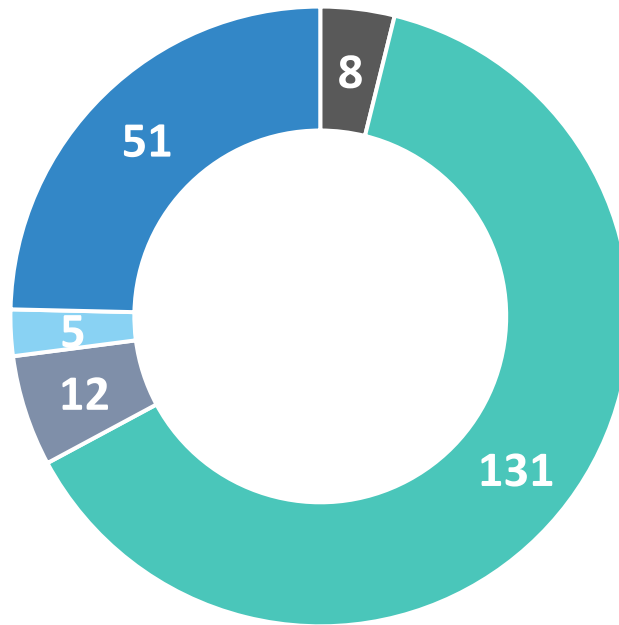
In the North American market, the Southeast region was the most active area with 16 deals, followed by the West Coast and South, each with 9 completed transactions. A notable Southeast deal was Public Storage's \$2.2B acquisition of Simply Storage Management, a provider of self-storage units, in July 2023. The Midwest had 8 closed deals. All other regions combined had 25 completed transactions.

Outside of the U.S. in the North American market, 12 transactions closed in the Canadian market in Q3 2023.

# Global Deal Analytics

Of the 207 T&L deals in Q3, 131 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 51 followed by Marine, Air, and Rail with 12, 8, and 5 completed transactions, respectively.

Deal by Subsector

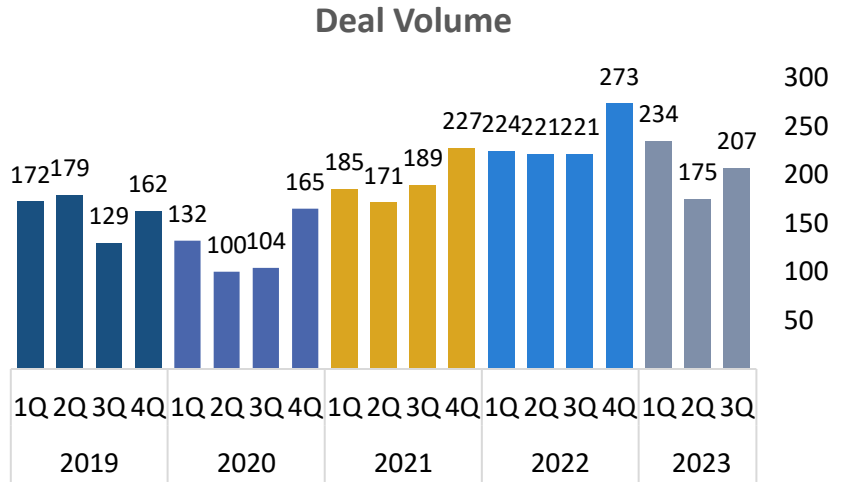


■ Logistics     
 ■ Road     
 ■ Marine     
 ■ Air     
 ■ Rail

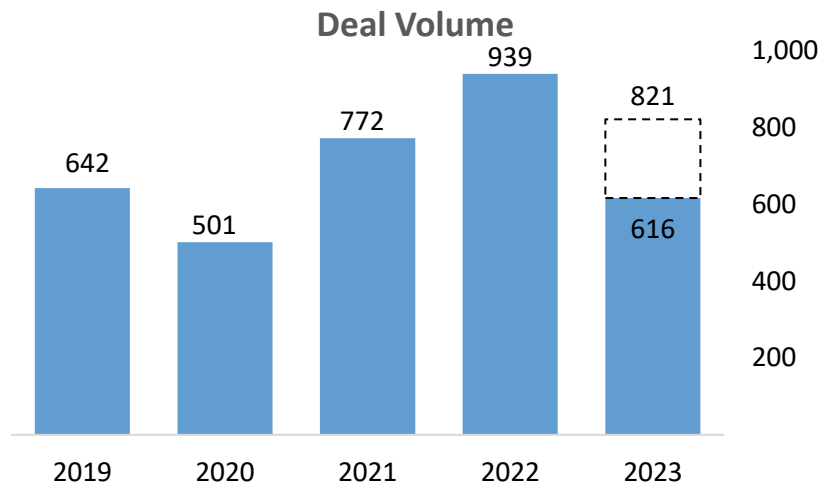
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# Global Deal Analytics

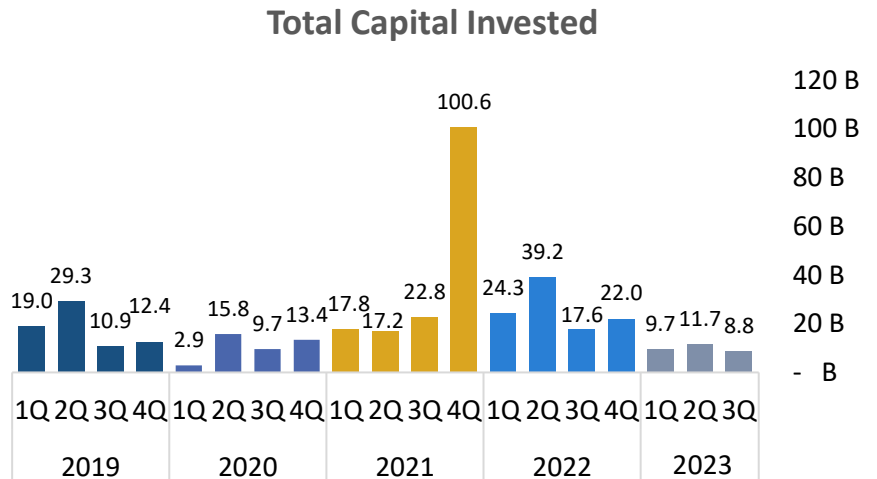
Deal volume in the T&L sector increased 18.3% in Q3 to 207 deals from 175 in Q2, but decreased 6.3% compared to 221 deals in Q3 of the prior year. Deal Volume in Q3 2023 rebounded significantly after Q2 2023 represented the lowest deal volume in any quarter since Q2 2021.



Based on YTD activity, M&A deal volume is projected to see a 12.6% decline to 821 deals in 2023, down from 939 in 2022. We attribute this decline to more challenging market conditions from a dealmaking perspective, including increased interest rates/cost of capital. These adverse conditions are expected to persist due to the Fed’s decision to maintain elevated interest rates through 1H 2024.



Total capital invested in M&A deals in the T&L sector decreased 24.8% in Q3 to \$8.8B from \$11.7B in Q2 and decreased 50% from \$17.6B in Q3 of the prior year. Q3 represents the lowest amount of capital investment in nearly four years and is illustrative of the challenges noted above with a decline in deal volume.



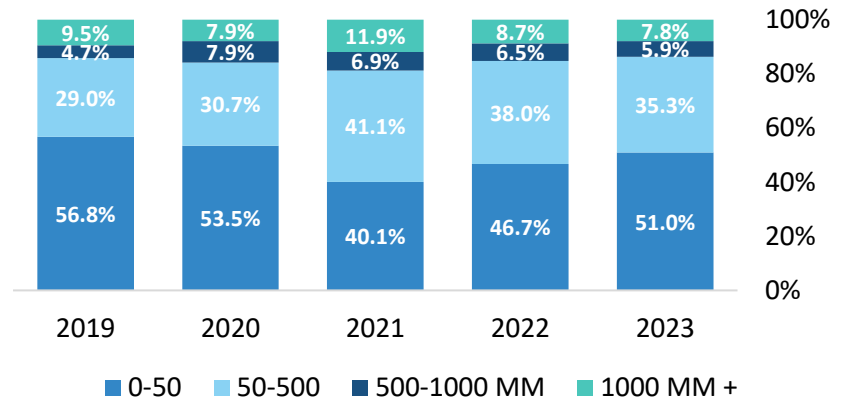
# Global Deal Analytics

YTD through Q3 2023, we saw a general shift in mix toward smaller deals from 2022. The large cap (\$1000 MM+), upper middle (\$500 - \$1000 MM) and middle market (\$50 - \$500 MM) tranches of the market all saw decreases while the smallest size, the lower middle market (\$0-\$50 MM), saw an increase to 51.0% from 46.7% in 2022.

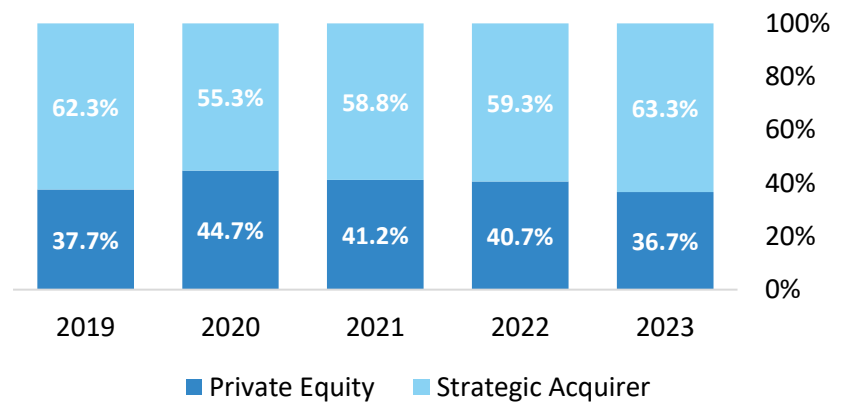
As a % of total deal volume, PE buyers trended lower in 2023 relative to strategic buyers, representing 36.7% of deal volume in the sector, down from 40.7% in 2022. YTD 2023 marks the lowest percentage of PE deal volume over the last 5 years. This drop is indicative of challenging market dynamics with increasing costs of capital and tightening liquidity from lenders.

Total capital invested by PE investors declined significantly in YTD 2023 to the lowest level in five years, representing 25.6% of the total and down from 63.0% in 2022.

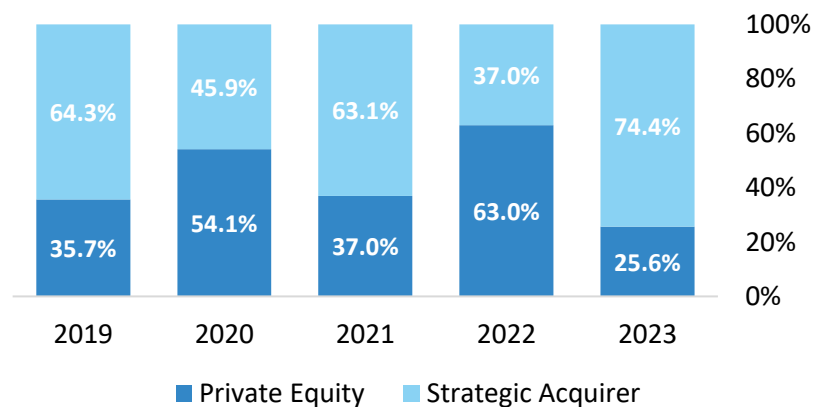
Deal Volume by Deal Size



Deal Volume by Acquirer

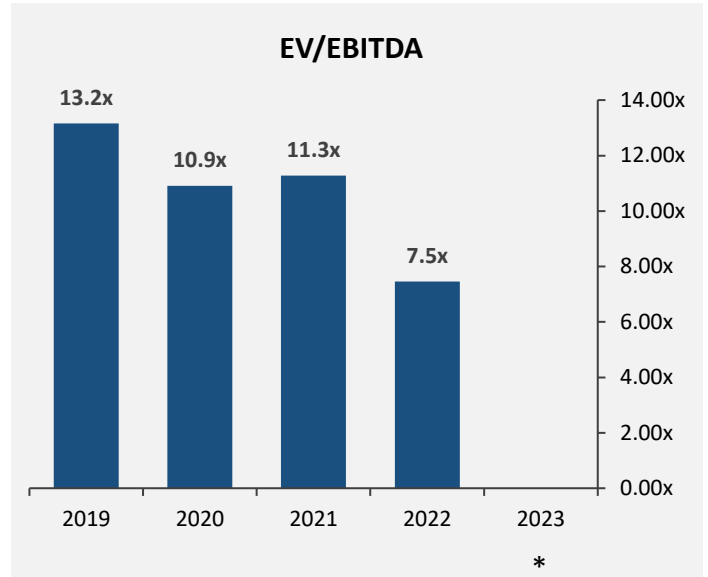
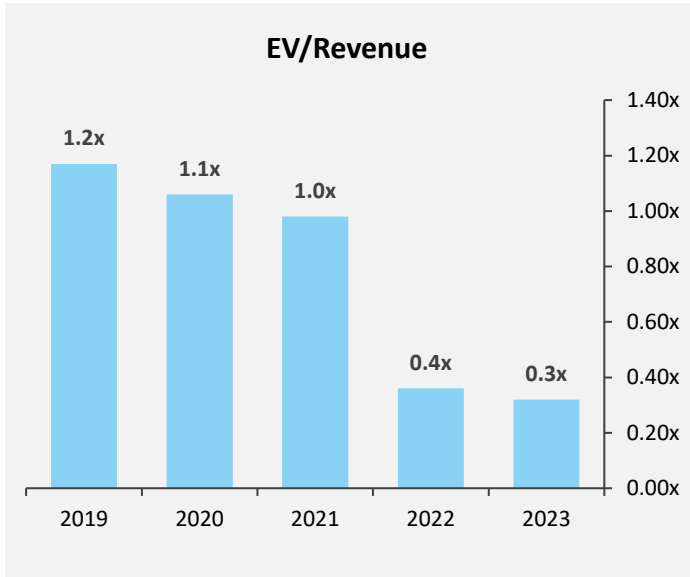


Total Capital Invested by Acquirer

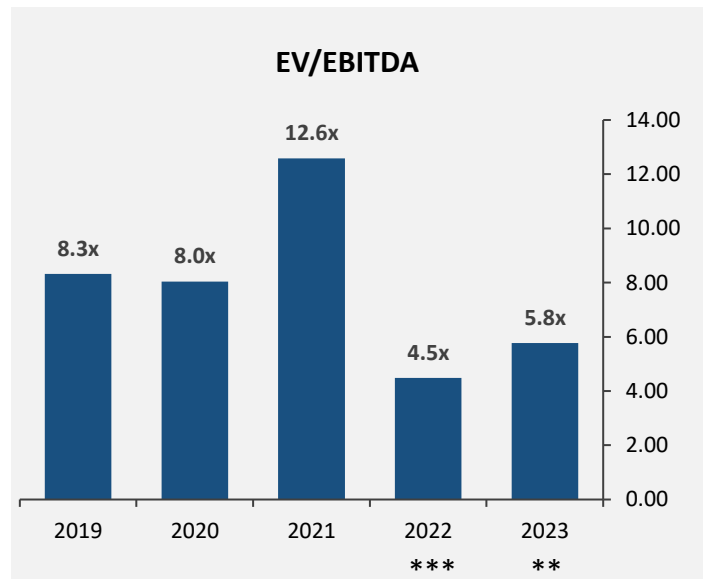
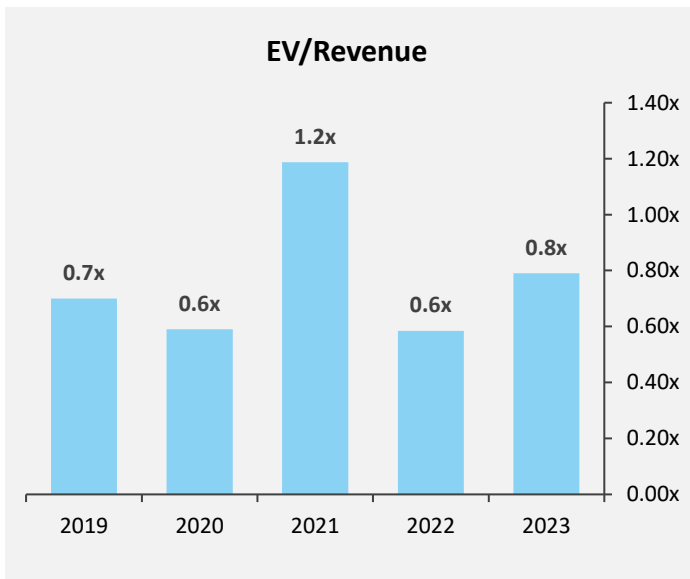


# Valuation Multiples

## Private Equity Multiples



## Strategic Multiples



\* No reported Private Equity EV/EBITDA multiples were available YTD 2023.  
 \*\* The 2023 EV/EBITDA multiple listed for Strategic buyers excludes the U.S. Xpress Enterprises deal for being an outlier.  
 \*\*\* The 2022 EV/EBITDA multiple listed for Strategic buyers excludes low outliers.

# Largest Deals (Disclosed)

Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
28-Sep-2023	Golden Energy Offshore	Oaktree Capital Management	PIPE	\$ 43.4			Operator of modern and high-spec offshore service vessels for the oil and gas service industry.
07-Sep-2023	Stack AV	SoftBank Group	Corporate	1,000.0			Manufacturer of self-driving products and services.
01-Sep-2023	ASAP Holding	HCL Technologies	Merger/Acquisition	273.9			Developer of software and testing systems for autonomous driving applications and electric vehicles.
29-Aug-2023	Vector Logistics	A.P. Moller Capital	Buyout/LBO	66.6			Provider of logistics and supply management services intended for food manufacturers and national retailers.
29-Aug-2023	AeroSafe Global	Escalate Capital Partners	PE Growth/Expansion	43.0			Provider of outsourced cold chain management services intended to serve pharmaceutical companies.
11-Aug-2023	Envision Cold	Undisclosed Investor	PE Growth/Expansion	500.0			Provider of cold storage solutions.
02-Aug-2023	NFI Group	Coliseum Capital Management	PIPE	100.7			Manufacturer of mass transportation solutions under numerous brands.
02-Aug-2023	Embark Trucks	Applied Intuition	Merger/Acquisition	71.0			Provider of software and associated services that power self-driving trucks.
01-Aug-2023	SAAM Ports	Hapag-Lloyd	Merger/Acquisition	1,000.0			Provider of marine terminal and logistics services.
31-Jul-2023	Xtrac	MiddleGround Capital	Buyout/LBO	257.5			Manufacturer of transmission systems intended for the motorsport and automotive industry.
31-Jul-2023	Crane Transport	Titanium Transportation Group	Merger/Acquisition	59.0	0.98x		Provider of transportation services using trucks, fleet operations, tractors, air ride vans, and refrigerated vans.
25-Jul-2023	Simply Storage Management	Public Storage	Merger/Acquisition	2,200.0			Provider of self-storage units and spaces.
21-Jul-2023	Aurora	Reinvent Technology Partners Y	PIPE	600.0			Designer and developer of hardware, software, and data services that allow vehicles to drive themselves.
19-Jul-2023	Amco Services	Super Group	Merger/Acquisition	38.8			Provider of logistics services catering to industrial and commercial sectors.
12-Jul-2023	Nio	CYVN Holdings	PIPE	738.5			Designer, developer, and manufacturer of premium smart electric vehicles.
10-Jul-2023	Barnhart Transportation	SMG Industries	Merger/Acquisition	53.3			Provider of transportation solutions such as full truckload, dry bulk, liquid, and less than truckload.
03-Jul-2023	U.S. Xpress Enterprises	Knight Transportation	Merger/Acquisition	808.0	0.38x	29.68x	Provider of transportation services through its asset-light freight brokerage network.
02-Jul-2023	Noatum Logistics	Abu Dhabi Ports Group	Merger/Acquisition	716.2	0.43x	6.15x	Provider of supply chain services such as freight management and international supply chain management.
Mean				476.1	0.60x	17.92x	
Median				265.7	0.43x	17.92x	
High				2,200.0	1.00x	29.68x	
Low				18.0	0.38x	6.15x	

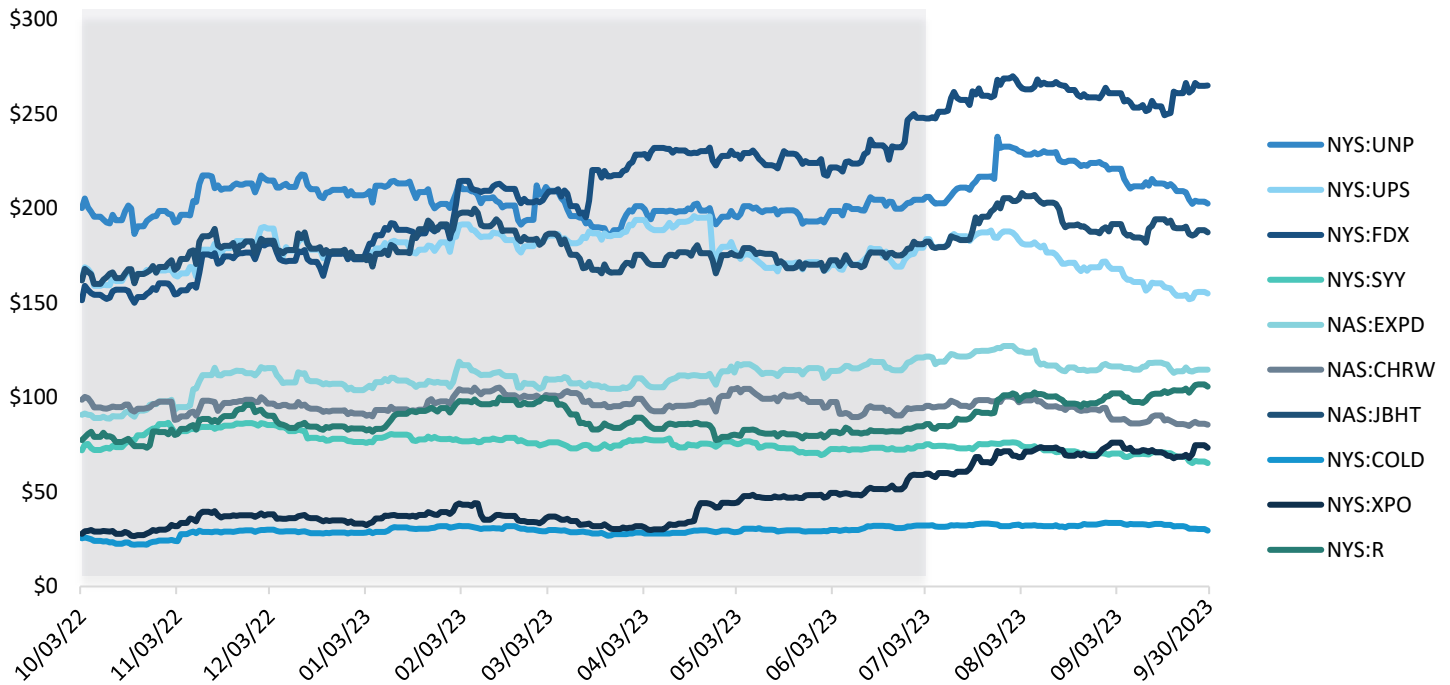
## Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>SAAM Ports, a Chilean-based provider of marine terminal and logistics services, was acquired by Hapag-Lloyd for \$1.0 billion in August 2023. With this transaction, Hapag-Lloyd looks to significantly increase its footprint in the Latin American market and further strengthen its core liner shipping business.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>The founders of the former self-driving unit of Ford Motor Co. and Volkswagen AG are launching a new Pittsburgh-based autonomous trucking startup, Stack AV. In September 2023, Japanese-based SoftBank Group announced it was providing Stack AV with \$1 billion in backing. In backing Stack AV, SoftBank Group sees an opportunity to help solve logistics and supply chain issues with the evolution of autonomous trucks.</p>	<p><b>Corporate</b></p>
 	<p>U.S. Xpress, a Tennessee-based provider of transportation services, was acquired by Phoenix-based Knight Transportation for \$808.0 million in July 2023. Through this acquisition, Knight Transportation will grow its footprint to and position the company for larger customers with a national network.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>Vector Logistics (“VL”) is a South Africa-based provider of logistics and supply management services intended for food manufacturers. The company, a subsidiary of RCL Foods, was acquired by A.P. Moller Capital through a \$66.6 billion LBO in August 2023. The acquisition provides VL with an opportunity to accelerate its mission of “Going Beyond” in logistics services, including expanding further afield to meet growing demand in Africa.</p>	<p><b>LBO</b></p>



# Public Comps

## Stock Price



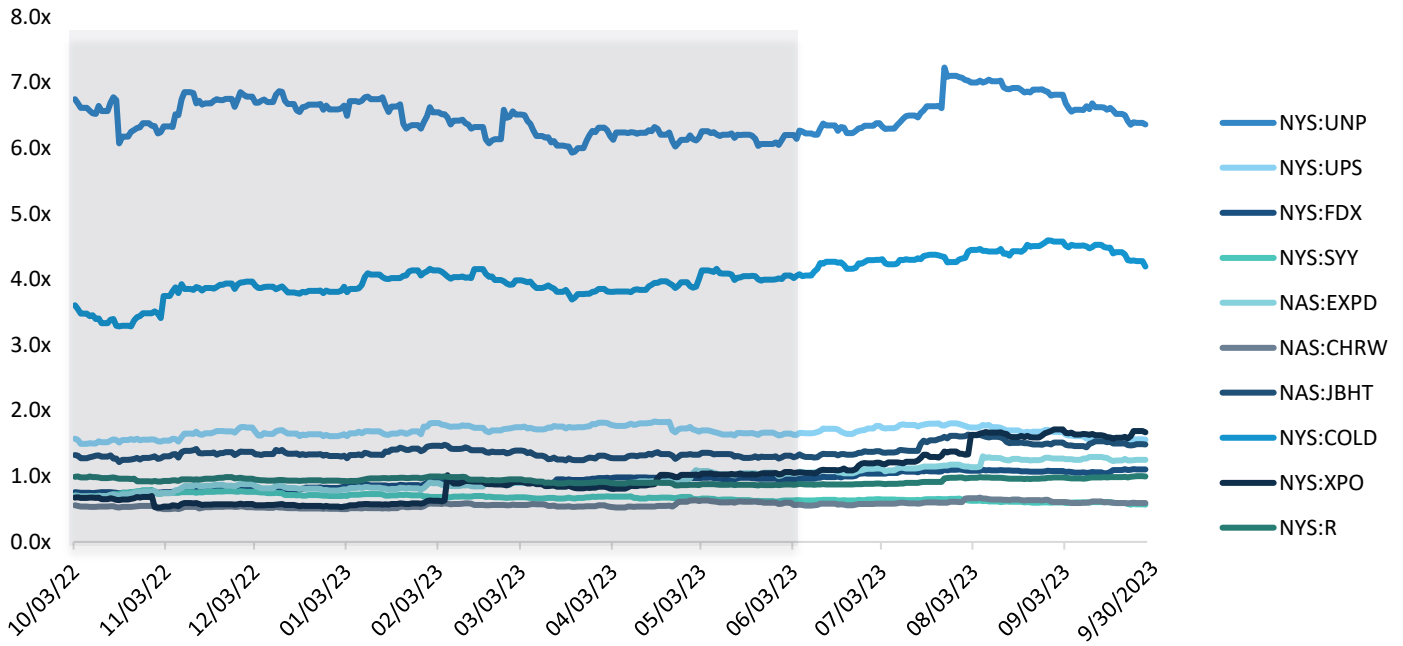
## Financial & Valuation

\$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	204	124,104	34,865	9.0x	6.6x	6.3x	16.8x	12.8x	12.6x	8%	15%	2%	54%	52%	49%
	United Parcel Service of America	NYS:UPS	156	133,183	25,116	2.1x	1.6x	1.6x	16.8x	9.0x	9.9x	18%	7%	2%	13%	18%	14%
	FedEx	NYS:FDX	265	66,606	38,216	1.1x	0.8x	0.8x	8.9x	8.6x	8.5x	20%	5%	1%	12%	9%	12%
	Sysco	NYS:SY	66	33,350	11,166	0.9x	0.7x	0.7x	19.6x	14.9x	12.5x	13%	27%	4%	5%	5%	5%
	Expeditors International of Washington	NAS:EXPD	115	16,953	527	1.5x	0.8x	1.2x	13.1x	6.8x	10.5x	68%	35%	-24%	12%	11%	N/A
	C.H. Robinson Worldwide	NAS:CHRW	86	10,028	2,098	0.7x	0.5x	0.6x	14.5x	9.0x	11.8x	37%	24%	-7%	5%	6%	4%
	J.B. Hunt Transport	NAS:JBHT	189	19,483	1,445	1.9x	1.3x	1.3x	15.0x	9.7x	9.4x	22%	29%	-1%	13%	14%	14%
	AmeriCold Logistics	NYS:COLD	30	8,218	3,813	4.7x	3.8x	3.7x	36.8x	28.7x	19.7x	29%	15%	7%	13%	13%	21%
	XPO (US)	NYS:XPO	75	8,658	3,220	0.9x	0.5x	0.9x	10.6x	4.1x	5.1x	30%	3%	17%	9%	14%	13%
	Ryder System	NYS:R	107	4,869	7,307	1.1x	0.9x	0.9x	3.9x	3.4x	3.7x	9%	24%	6%	28%	28%	21%

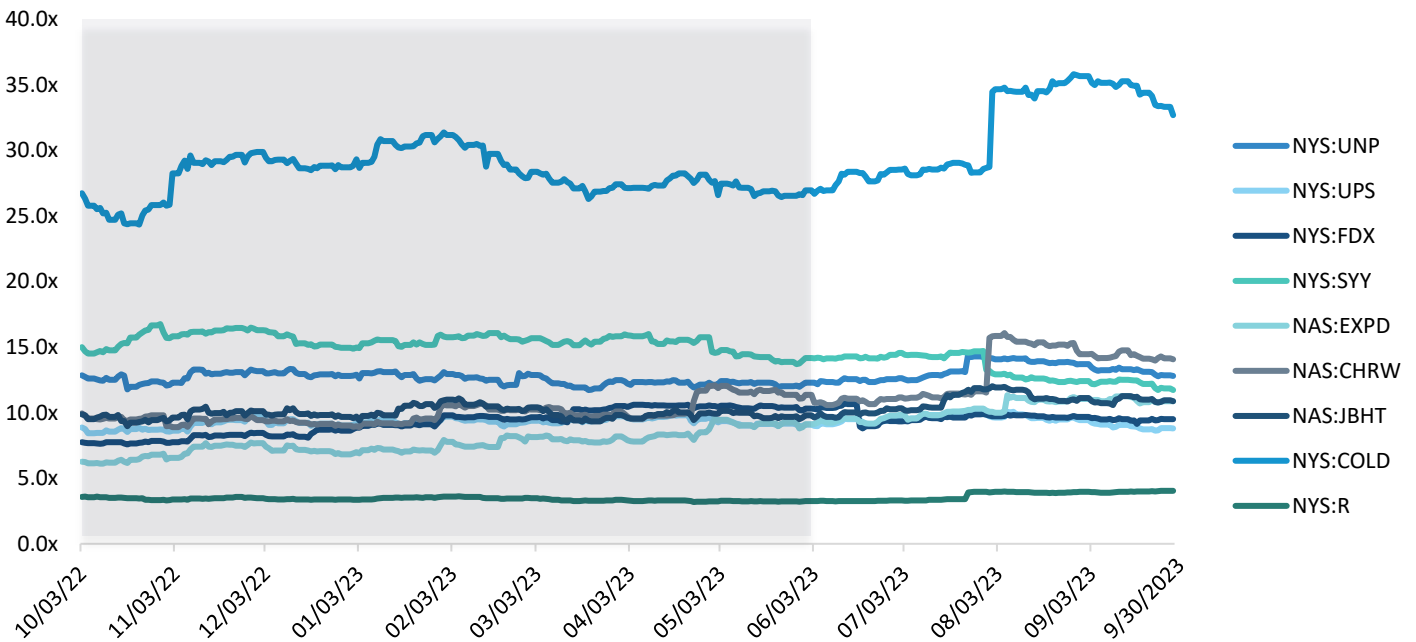
<b>Mean</b>						2.4x	1.8x	1.8x	15.6x	10.7x	10.4x	25.4%	18.4%	0.6%	16.2%	16.9%	17.0%
<b>Median</b>						1.3x	0.9x	1.0x	14.8x	9.0x	10.2x	20.9%	19.5%	1.8%	12.5%	13.4%	13.7%

# Public Comps

## EV/Revenue



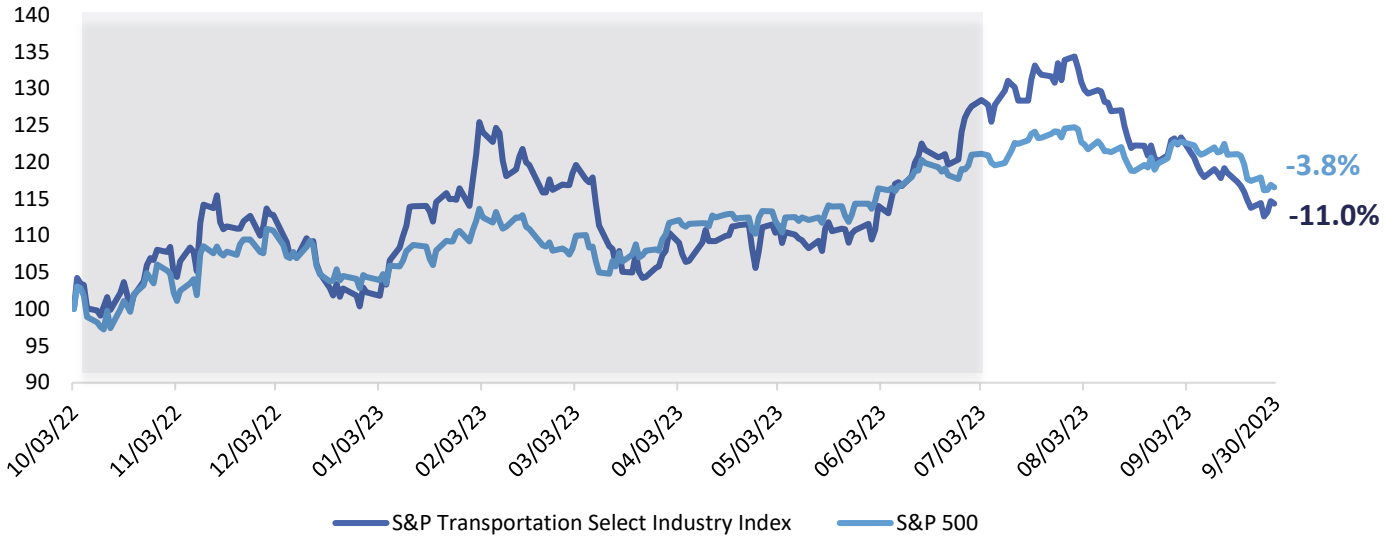
## EV/EBITDA



# Public Markets

## Index Performance

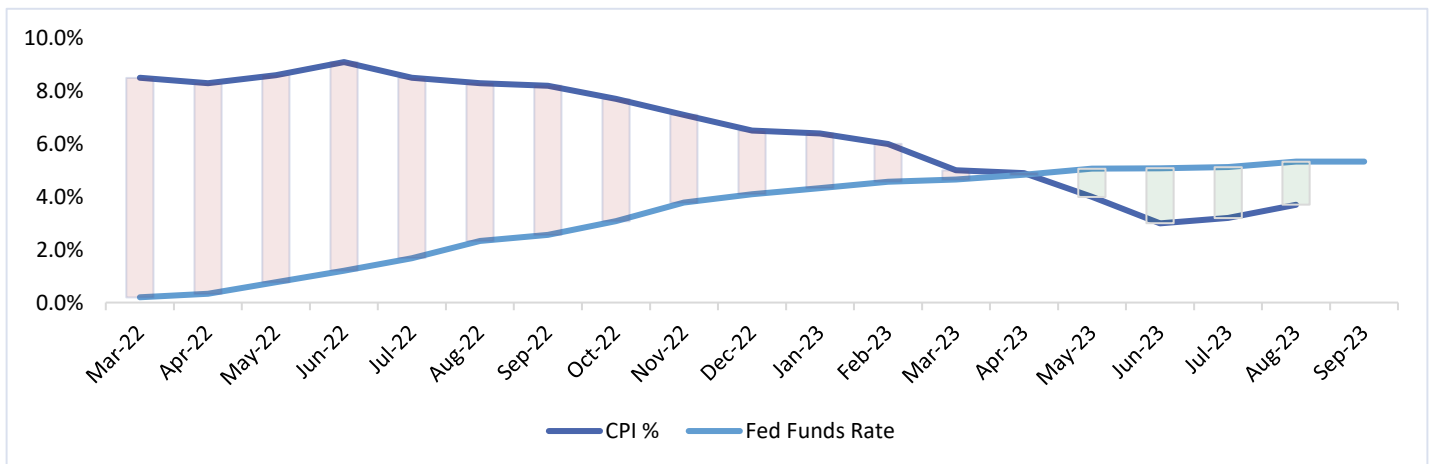
In Q3, the Transportation & Logistic Industry Index decreased by 11.0% and was significantly outperformed by the S&P 500, which only declined 3.8% over the same period.



## Key External Drivers

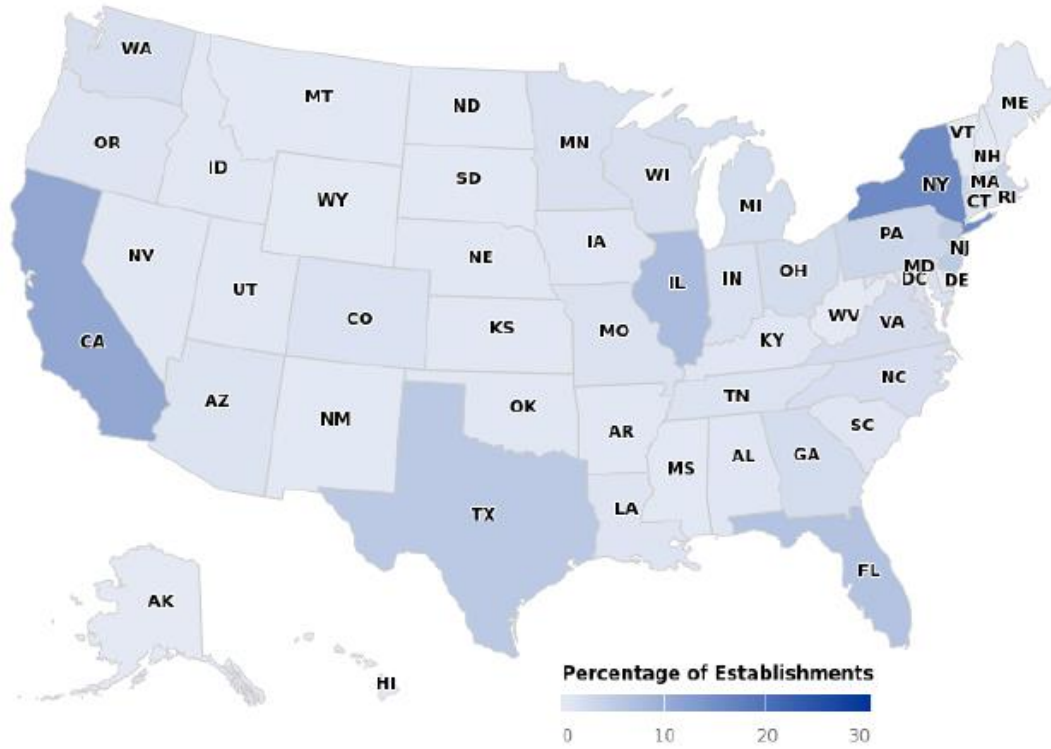
Overall, the Transportation & Logistics industry tends to be more volatile in the broader economy than other industries.

In September 2023, the Federal Reserve decided to keep the Federal Funds Rate stable at 5.3%, signaling a reversal in the trend of the Fed’s increasing rate hikes that we saw from March 2022 to August 2023. The Fed’s recent decision was likely a result of the CPI decreasing from a peak of 9.1% in June 2022 to 3.7% in August 2023. However, the CPI remains above the Fed’s 2% target and indicates we will see another rate hike in 2023, followed by a long pause at 5.4% in 1H 2024 due to concerns that inflation might not fall fast enough. The job market and the economy have remained robust despite these rate hikes as the Fed seeks to guide the economy towards a "soft landing" in an attempt to reduce inflation without causing a recession. An elevated Federal Funds Rate will lower consumer spending and result in lower revenues for the Industrials sector.

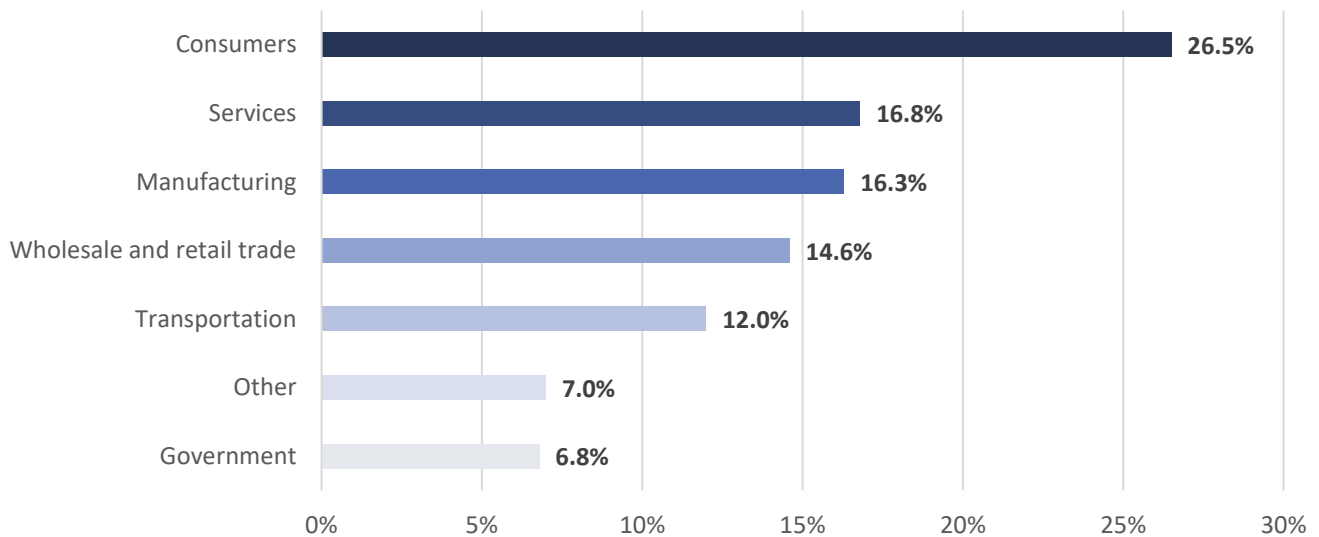


# Public Markets

## Business Locations



## Major Markets



# Industry Trends

## Supply Chain Visibility

### *Companies Investing in Supply Chain Visibility*

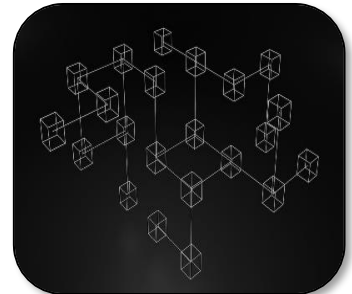
There is a growing recognition of the significance of supply chain visibility as organizations strive to streamline operations, enhance transparency, and respond effectively to changing market dynamics. Companies like IBM are investing in IoT technology to create transparency within supply chains so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



## Electric Vehicles

### *Electric Vehicle Production is Driving Mining Investment*

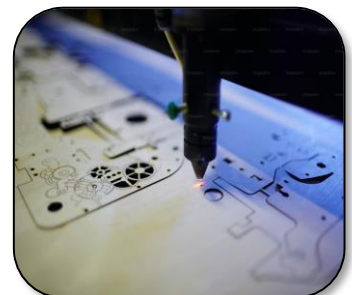
The transportation sector is responsible for 28.2% of America's greenhouse gas emissions. Companies such as Tesla and Nikola Motors are leading the way in innovation and sustainability as environmentally conscious consumers and investors prioritize cleaner transportation technologies and eco-friendly solutions.



## 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



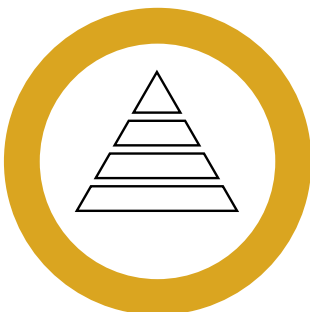
## Sell-Side Advisory: Sell your business

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.



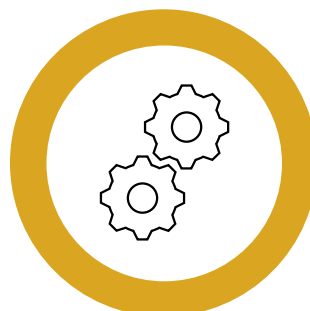
## Buy-Side Advisory: Buy a business

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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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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rhartman@rlhulett.com

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  
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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.



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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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