



# Transportation & Logistics M&A Update – Q4 2023



# Transportation and Logistics M&A Update

## Q4 2023

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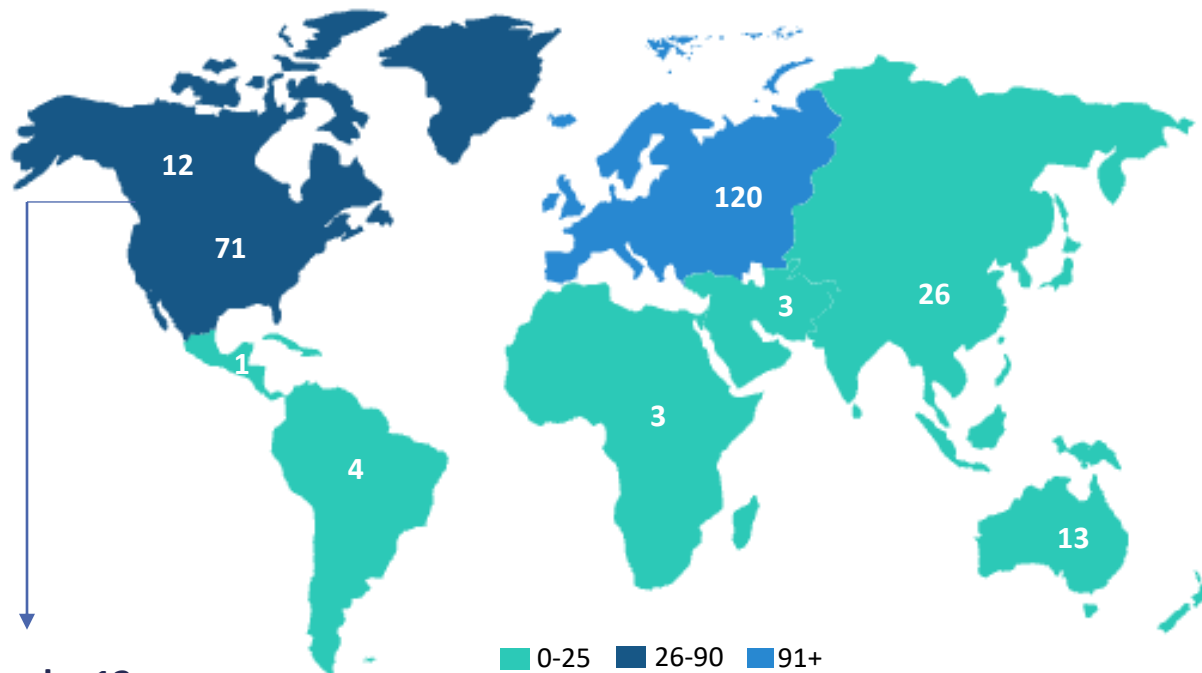
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### REPORT HIGHLIGHTS

- The Transportation & Logistics Industry Index increased by 12.9% in Q4 and outperformed the S&P 500, which increased 11.2% over the same period.
- The median EV/EBITDA multiple for reported strategic deals increased to 5.8x in 2023 from 4.5x in 2022. There were no reported private equity EV/EBITDA multiples in 2023.
- M&A deal volume in the T&L sector increased 22.2% to 253 completed transactions in Q4 from 207 deals in Q3, but decreased 7.3% from 273 deals in the same period of the prior year.
- As a % of total capital invested in M&A transactions in 2023, private equity participation decreased significantly to 30.8%, down from 63.0% in 2022.
- Europe was the most active region in Q4 with 120 deals. Most notably in the European market was AviLease's \$3.6 billion buyout of Standard Chartered's Aviation Finance Business in November 2023.

## Global Deal Analytics

Of the 253 deals in Q4, Europe was the most active market with 120. Another notable deal in the European market (in addition to the Standard Chartered deal mentioned on the previous page) was Maritime Partners' \$249.3 million buyout of American Tanker Holding Company, a Norwegian-based wholly-owned subsidiary of American Shipping Company and operator of 10 U.S. Jones Act tankers, in October 2023. North America was the second most active with 83 closed transactions and all other regions combined for a total of 50 deals.



**Canada: 12**

**United States Regions: 71**

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**West Coast: 16**

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**Southeast: 14**

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**Mid Atlantic: 12**

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**Great Lakes: 9**

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**Others: 20**

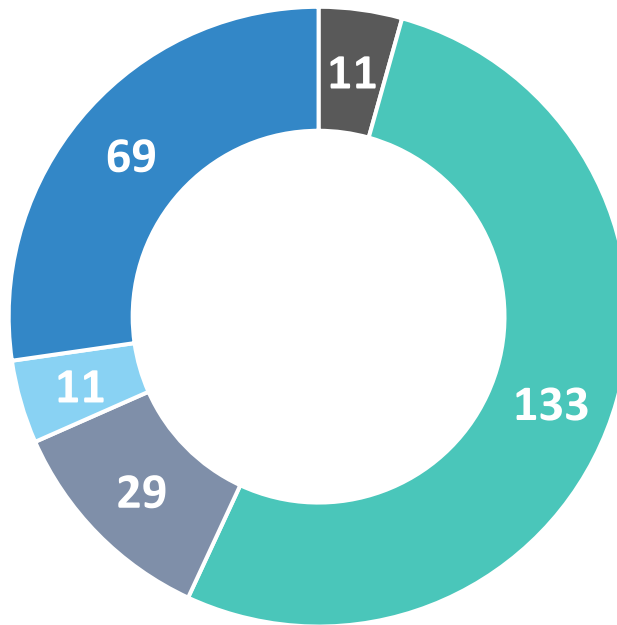
In the North American market, the West Coast was the most active region with 16 deals, followed by the Southeast with 14 completed transactions. A notable West Coast deal was Volvo Group's \$210.0 million acquisition of Proterra, a developer of electric vehicle technology solutions, in November 2023. The Mid Atlantic and Great Lakes regions had 12 and 9 closed deals, respectively. All other regions combined had 20 completed transactions.

Outside of the U.S. in the North American market, 12 transactions closed in the Canadian market in Q4 2023.

# Global Deal Analytics

Of the 253 T&L deals in Q4, 133 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 69 deals followed by Marine with 29. Air and Rail each had 11 completed transactions.

Deal by Subsector



Logistics

Road

Marine

Air

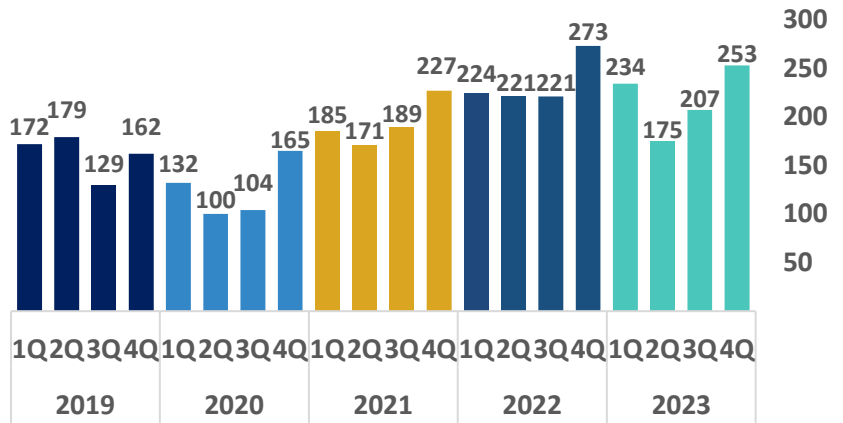
Rail



# Global Deal Analytics

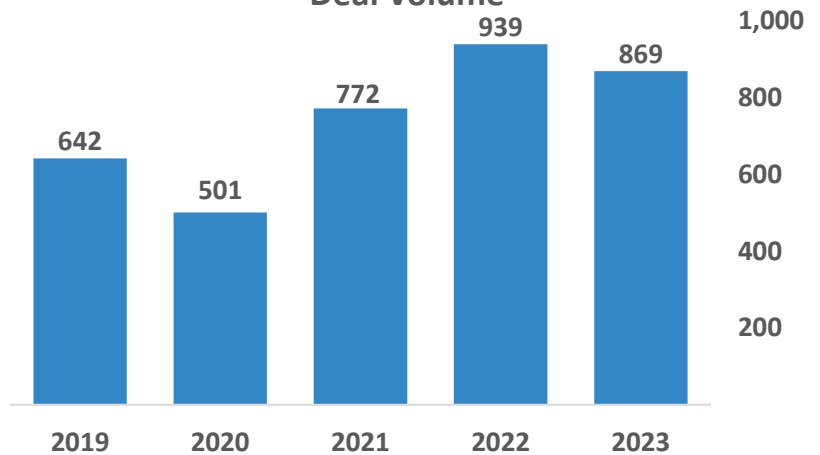
Deal volume in the T&L sector increased 22.2% in Q4 to 253 deals from 207 in Q3, but decreased 7.3% compared to 273 deals in Q4 of the prior year. Q4 continues the upward trend in deal volume seen since a significant rebound following Q2. Additionally, Q4 represents the second-highest level of deal volume over the past five years.

Deal Volume



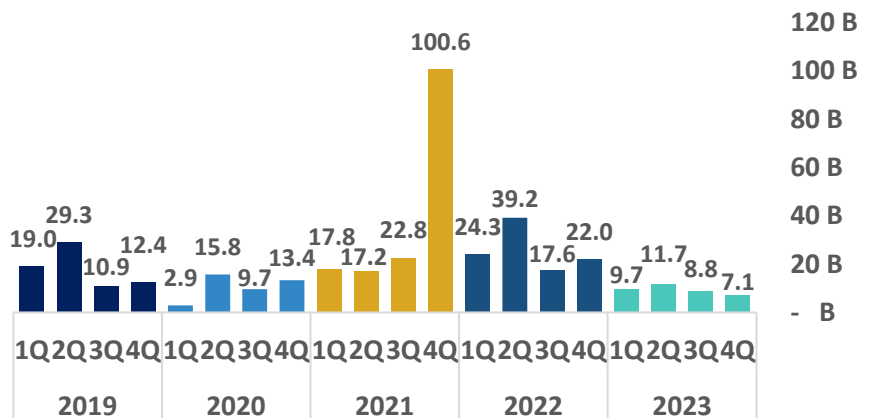
Annual deal volume saw a 7.5% decline to 869 deals in 2023 from 939 in the prior year. We attribute this decline to more challenging market conditions from a dealmaking perspective, including elevated interest rates/cost of capital. We anticipate market conditions loosening in Q1 as more of a prevailing consensus emerges around the fed easing rates in 2024 and much of the market uncertainty overhang from 2023 moves to the rear view mirror.

Deal Volume



Total capital invested in M&A deals in the T&L sector decreased 19.3% in Q4 to \$7.1B from \$8.8B in Q3 and decreased 67.8% from \$22.0B in Q4 of the prior year. Despite a quarterly increase in deal volume, Q4 represents the lowest amount of capital investment in nearly four years and is illustrative of investors' growing preference for smaller-size deals.

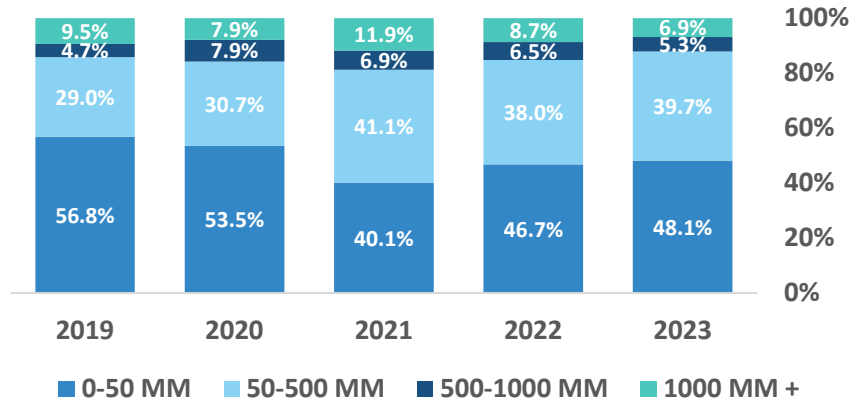
Total Capital Invested



# Global Deal Analytics

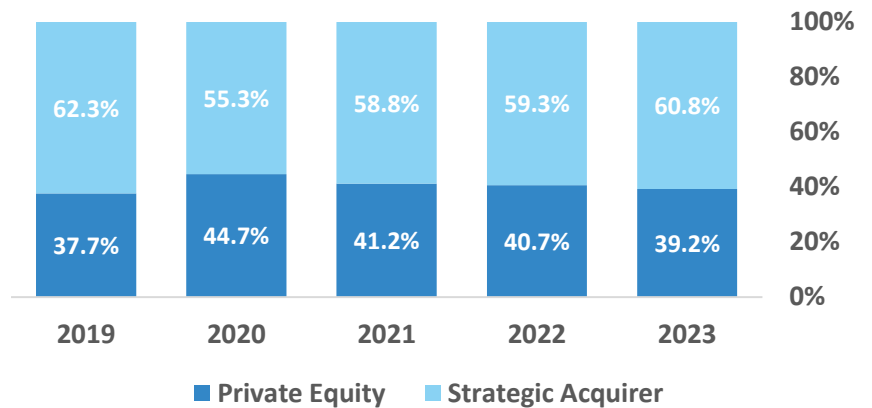
We generally saw a shift in mix toward smaller deals in 2023 compared to the prior year. The middle (\$50- \$500MM) and lower middle (\$500-\$1000MM) tranches of the market saw increases to 39.7% and 48.1% in 2023 from 38.0% and 46.7% in 2022, respectively. The large cap market (\$1000MM+) declined to 6.9% in 2023 from 8.7% in 2022 while the upper middle (\$500-\$1000MM) market decreased from 6.5% to 5.3% over the same period.

Deal Volume by Deal Size



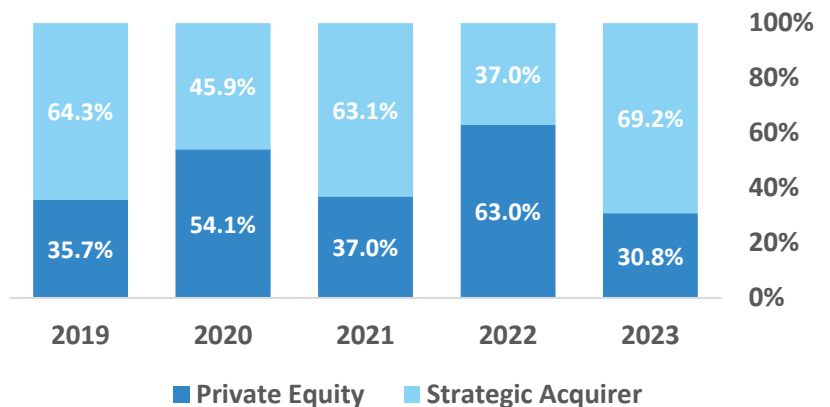
As a % of total deal volume, PE buyers trended lower in 2023 relative to strategic buyers, representing 39.2% of deal volume in the sector, down from 40.7% in 2022. 2023 marks the second-lowest percentage of PE deal volume over the last 5 years. This drop is indicative of challenging market dynamics with increasing costs of capital and tightening liquidity from lenders.

Deal Volume by Acquirer



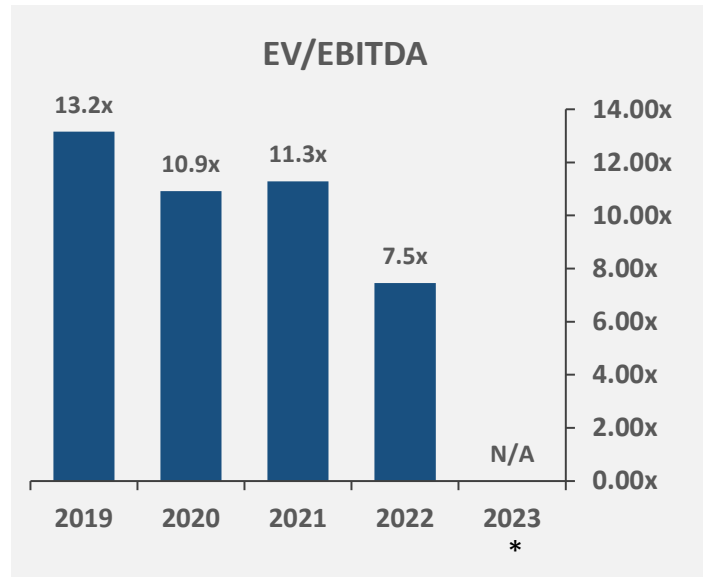
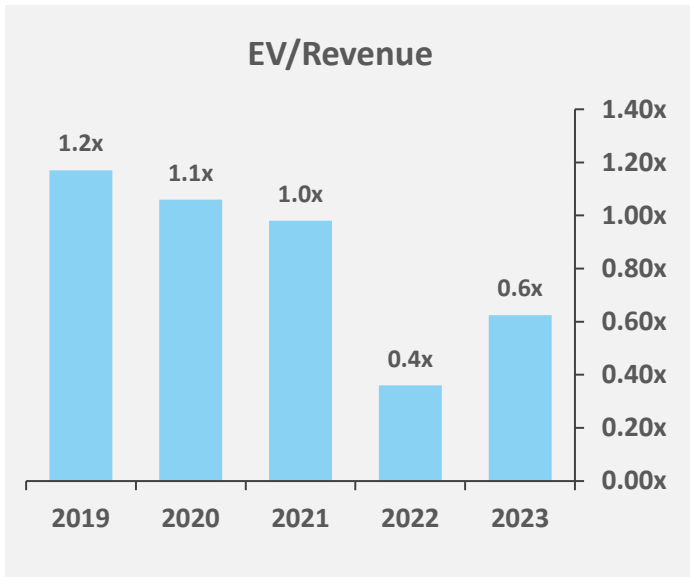
Total capital invested by PE investors declined significantly in 2023 to the lowest level in five years, representing 30.8% of the total and down from 63.0% in 2022.

Total Capital Invested by Acquirer

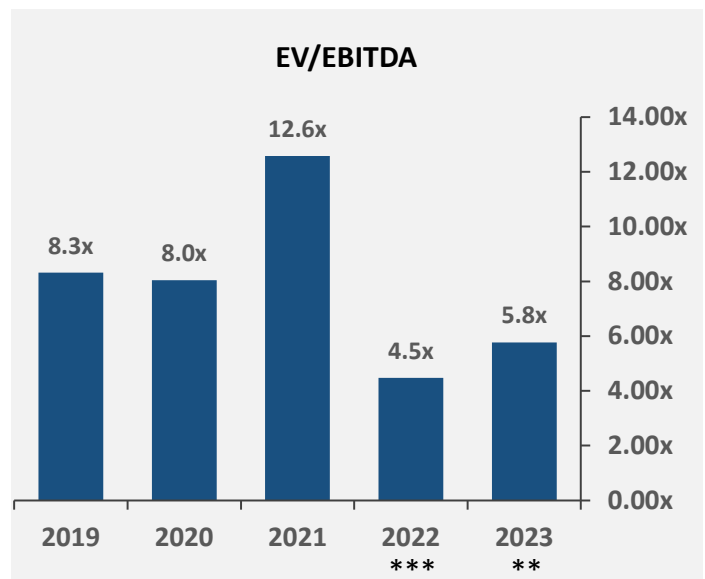
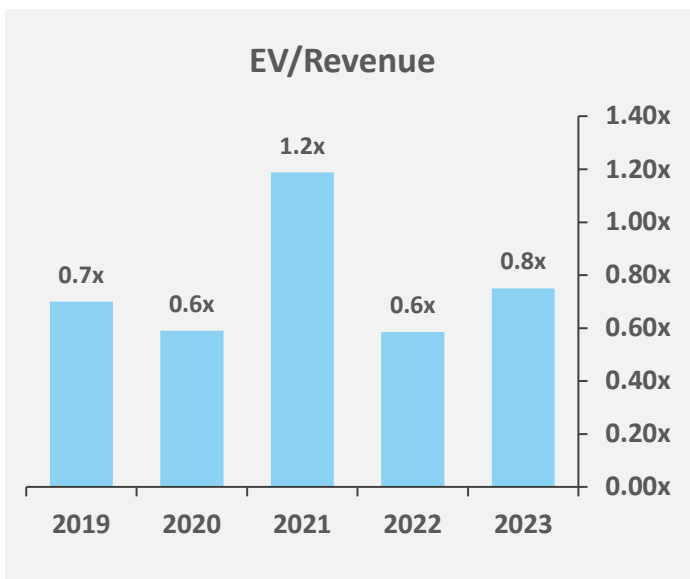


# Valuation Multiples

## 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	
30-Dec-2023	Ruichi New Energy	Ganfeng Lithium	Corporate	\$ 140.4			Manufacturer of electric commercial vehicles designed to offer sustainable transport solutions.
23-Dec-2023	Avexaviation	Main Street Capital BDC	Buyout/LBO	81.0			Provider of sales and maintenance services intended to serve the aviation sector.
22-Dec-2023	LeddarTech	BDC Capital	PIPE	66.0			Developer of comprehensive perception software solutions that enable the deployment of autonomous driving (AD) applications.
20-Dec-2023	Forward Air (Final Mile Business)	Hub Group	Merger/Acquisition	262.0			Provider of delivery and installation of large and bulky goods.
13-Dec-2023	Himalaya Shipping	Drew Holdings	PIPE	193.3			Operator of an independent dry bulk company that focuses on owning and operating Newcastlemax dry bulk carriers.
06-Dec-2023	Emergent Cold LatAm	Losa Group	PE Growth/Expansion	500.0			Provider of temperature-controlled logistics services across Latin America.
14-Nov-2023	DiDi Global (EV Development Unit)	Guangzhou Xiaopeng Motors Technology	Merger/Acquisition	744.0			Operator of an electronic vehicle development unit based in Beijing, China.
10-Nov-2023	Proterra	Volvo Group	Merger/Acquisition	210.0	0.24x		Developer and producer of electric vehicle and EV technology solutions for commercial applications.
02-Nov-2023	Standard Chartered (Aviation Finance Business)	AviLease	Buyout/LBO	3,600.0			Operator of an aviation finance unit based in Ireland.
02-Nov-2023	Frigocaserta	Cube Cold Europe	Buyout/LBO	79.3			Operator of a cold logistics company based in Italy.
02-Nov-2023	Sky Harbour	8VC	PIPE	57.8			Operator of an aviation infrastructure company that develops, leases and manages business aviation hangars.
01-Nov-2023	Mobex Global (Propulsion Agnostic Business)	Linamar	Merger/Acquisition	64.0			Operator of manufacturing facility intended to serve the automobile industry.
19-Oct-2023	American Tanker Holding Company	Maritime Partners	Buyout/LBO	249.3			Operator of maritime tankers based in Norway.
18-Oct-2023	Jet East	The Sterling Group	Buyout/LBO	131.0	0.93x		Provider of aircraft maintenance and testing services.
16-Oct-2023	Total Rail Solutions	Readypower Group	Merger/Acquisition	100.0			Provider of on-track plant (OTP) hires and subcontracting services across the United Kingdom.
12-Oct-2023	AMW Autocomponent	Steel Strips Wheels	Merger/Acquisition	201.0			Manufacturer of wheel rims for passenger, commercial and agricultural vehicles.
03-Oct-2023	Sese Autologistics	Noatum Ports	Merger/Acquisition	86.4			Provider of road and rail transport logistics of light and heavy vehicles.
02-Oct-2023	SKG Logistics	Rhenus Group	Merger/Acquisition	136.0			Operator of a logistics company.
Mean				383.4	0.59x	N/A	
Median				138.2	0.59x	N/A	
High				3,600.0	1.00x	N/A	
Low				18.0	0.24x	N/A	

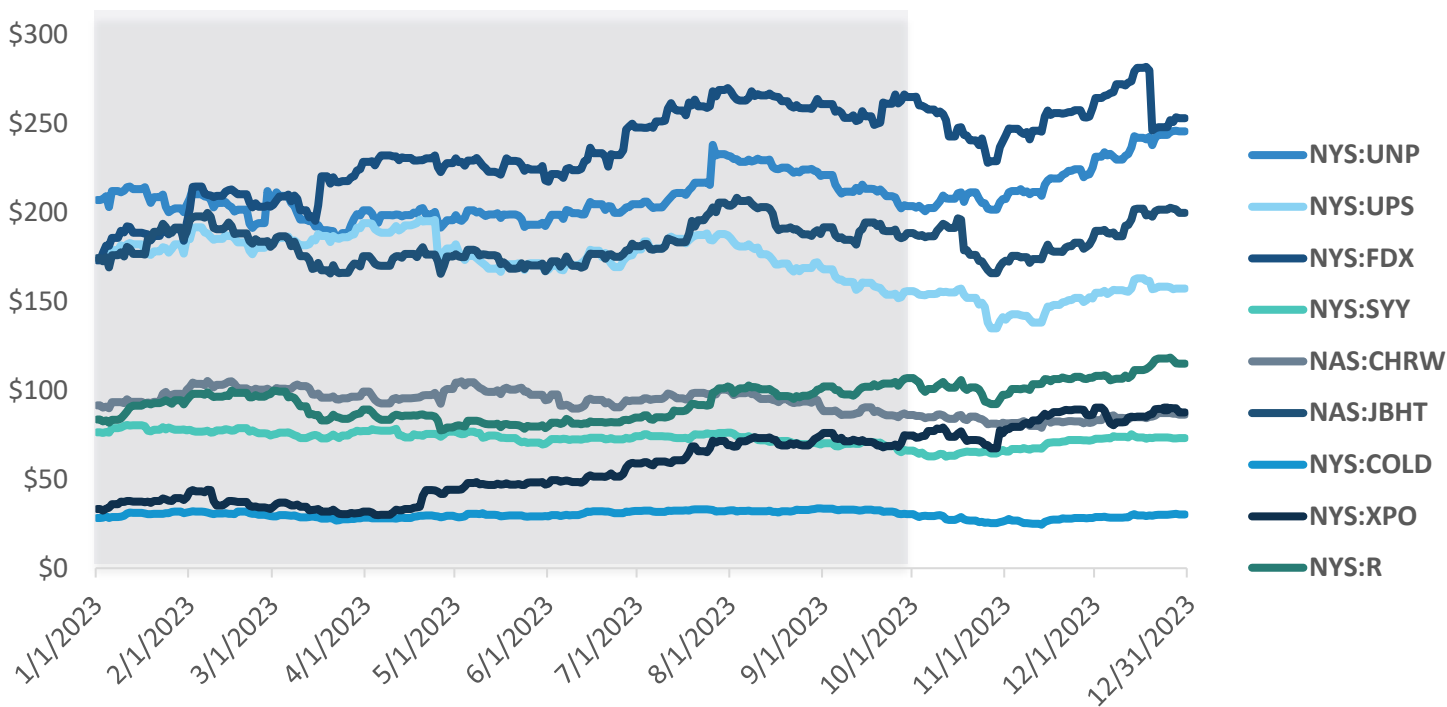


## Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
  	<p>Standard Chartered (“SC”) is a British multinational commercial bank. SC’s Aviation Finance Business, which owns and operates more than 120 aircraft, was acquired by AviLease, via its financial sponsor Saudi Arabia's Public Investment Fund (“PIF”), through a \$3.6 billion LBO in November 2023. PIF believes the acquisition will propel the growth of Saudi Arabia’s aviation ecosystem.</p>	<p><b>LBO</b></p>
 	<p>DiDi Global (“DiDi”) is a Chinese ride-hailing platform. DiDi’s EV Development Unit was acquired by XPeng Motors (“XPeng”), for \$744 million in November 2023. Following the acquisition, DiDi will become a strategic shareholder of Xpeng. Leveraging the strategic partnership and the newly acquired assets, Xpeng aims to launch a new mass-market electric vehicle next year.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>American Tanker Holding Company, a Norwegian-based wholly-owned subsidiary of American Shipping Company and operator of 10 U.S. Jones Act tankers, was acquired by Maritime Partners (“MP”) through a \$249.3 million LBO in October 2023. The acquisition will complement MP’s existing lease portfolio by diversifying lessee, asset, and end market exposure within the Jones Act markets.</p>	<p><b>LBO</b></p>
  	<p>Emergent Cold LatAm, a provider of temperature-controlled logistics services across Latin America, received \$500 million in development capital from Stonepeak, Losa Group and other undisclosed investors in December 2023. The company intends to use the funds to invest in business acquisitions, greenfield projects, and expansions of existing facilities.</p>	<p><b>Merger/ Acquisition</b></p>

# Public Comps

## Stock Price



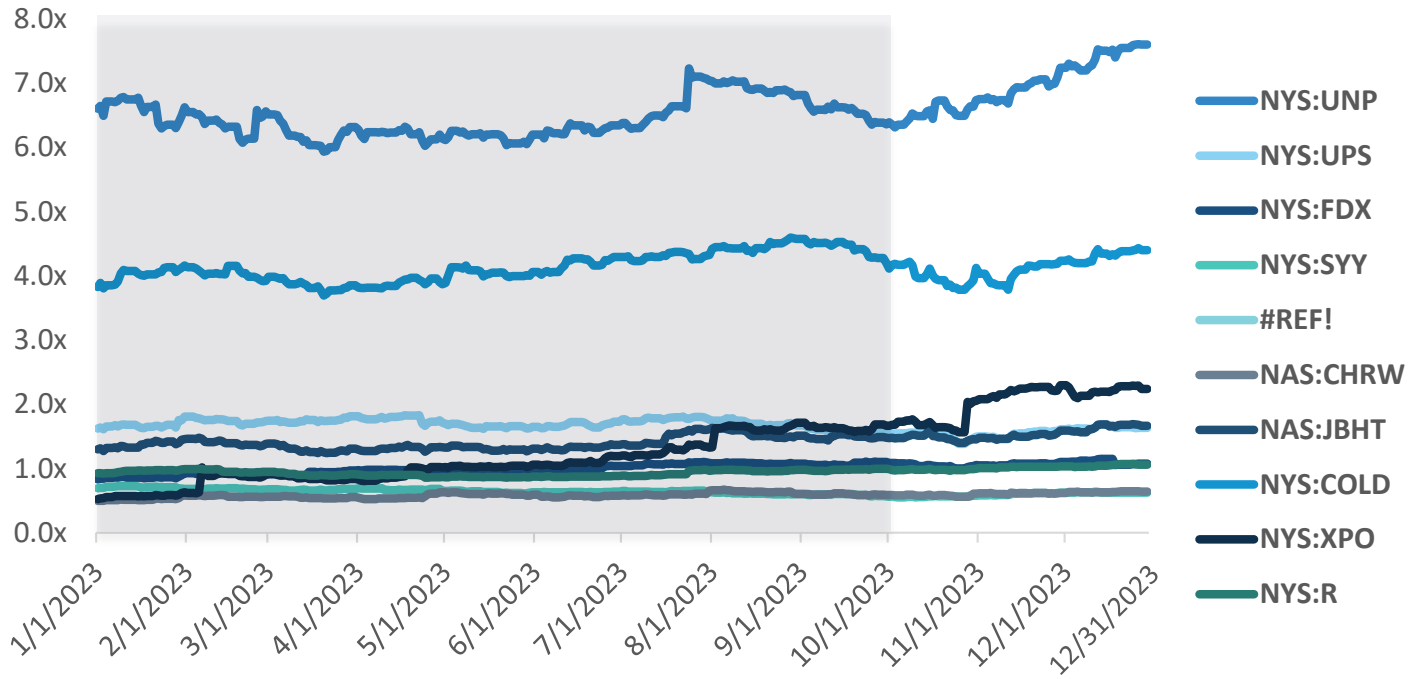
## Financial & Valuation

\$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	246	149,729	34,483	9.0x	6.6x	6.3x	16.8x	12.8x	12.6x	8%	15%	3%	54%	52%	50%
	United Parcel Service of America	NYS:UPS	157	133,948	25,440	2.1x	1.6x	1.6x	16.8x	9.0x	9.9x	18%	7%	3%	13%	18%	14%
	FedEx	NYS:FDX	253	63,215	38,182	1.1x	0.8x	0.8x	8.9x	8.6x	8.5x	20%	5%	0%	12%	9%	12%
	Sysco	NYS:SYY	73	36,885	11,698	0.9x	0.7x	0.7x	19.6x	14.9x	12.5x	13%	27%	4%	5%	5%	6%
	C.H. Robinson Worldwide	NAS:CHRW	86	10,077	1,952	0.7x	0.5x	0.6x	14.5x	9.0x	11.8x	37%	24%	-1%	5%	6%	4%
	J.B. Hunt Transport	NAS:JBHT	200	20,602	1,446	1.9x	1.3x	1.3x	15.0x	9.7x	9.4x	22%	29%	3%	13%	14%	14%
	AmeriCold Logistics	NYS:COLD	30	8,582	3,400	4.7x	3.8x	3.7x	36.8x	28.7x	19.7x	29%	15%	6%	13%	13%	22%
	XPO (US)	NYS:XPO	88	10,158	3,208	0.9x	0.5x	0.9x	10.6x	4.1x	5.1x	30%	-38%	9%	9%	10%	14%
	Ryder System	NYS:R	115	5,100	7,619	1.1x	0.9x	0.9x	3.9x	3.4x	3.7x	9%	24%	6%	28%	28%	22%

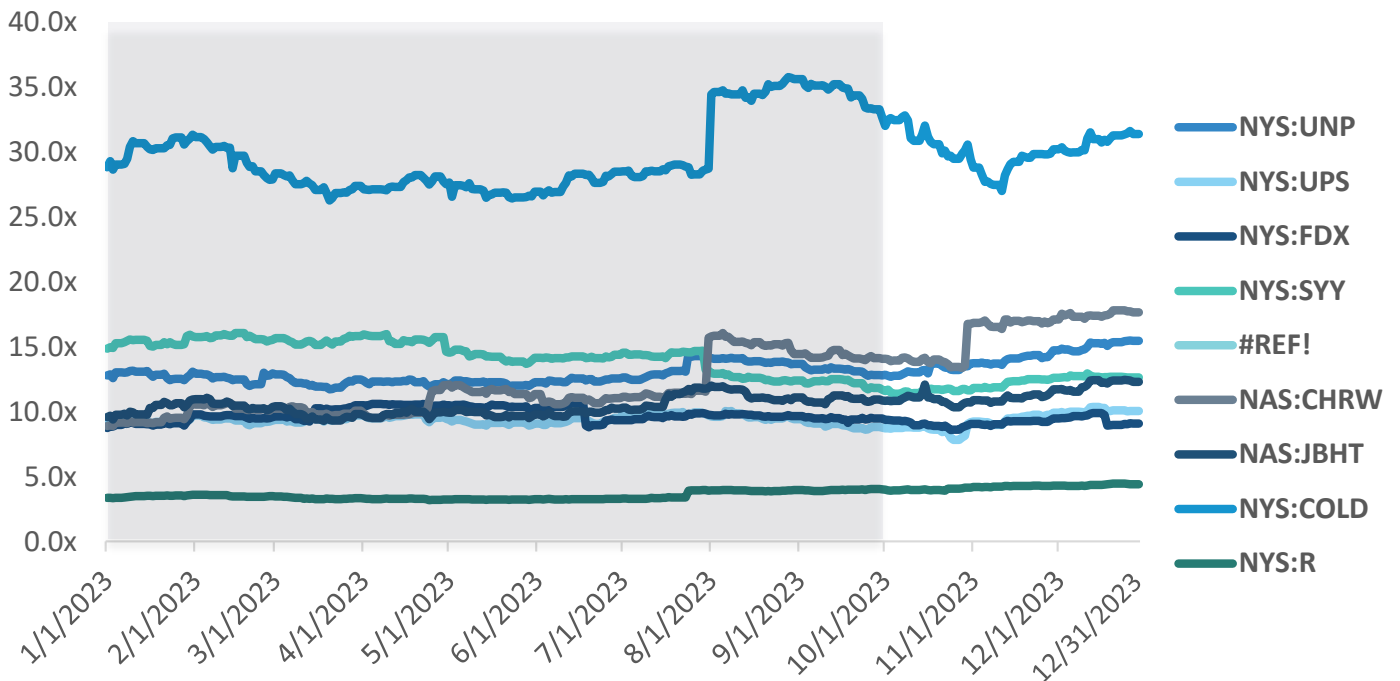
<b>Mean</b>						2.5x	1.9x	1.9x	15.9x	11.1x	10.3x	20.7%	12.1%	3.7%	16.8%	17.1%	17.6%
<b>Median</b>						1.1x	0.9x	0.9x	15.0x	9.0x	9.9x	19.8%	15.4%	3.5%	12.7%	13.4%	14.1%

# Public Comps

## EV/Revenue



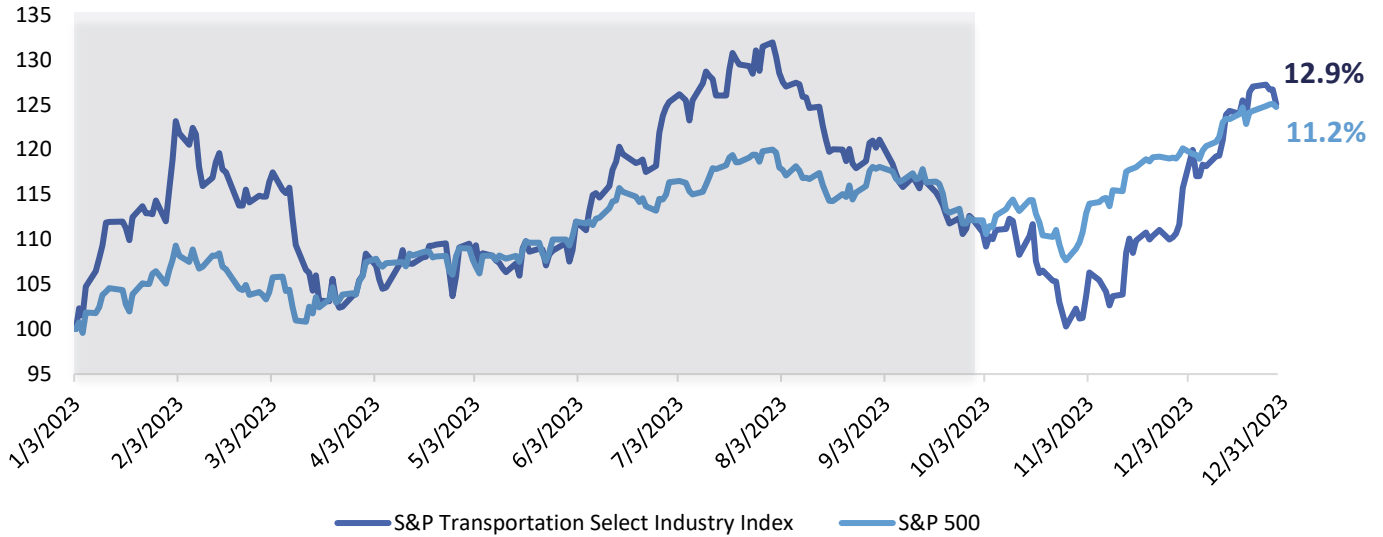
## EV/EBITDA



# Public Markets

## Index Performance

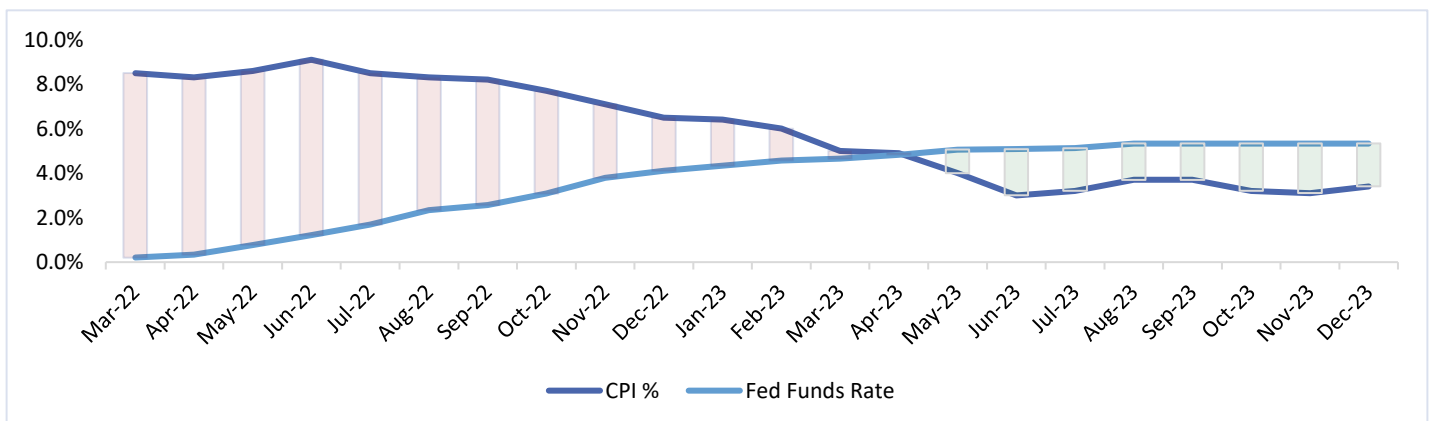
In Q4, the Transportation & Logistic Industry Index increased by 12.9% and outperformed the S&P 500, which increased 11.2% over the same period.



## Key External Drivers

Overall, the Transportation & Logistics sector tends to be a bit more cyclical and thus more impacted by downturns in the economy than other industries.

The Federal Reserve is anticipated to implement a series of rate cuts in 2024, with policymakers considering three cuts, reducing the fed funds rate from 5.25%-5.5% to 4.5%-4.75%. However, market expectations suggest the possibility of six quarter-point cuts, bringing the rate to 3.75%-4%. This projection has fueled a late 2023 stock market rally. Despite these anticipated cuts, the federal funds rate could still be restrictive in 2024. Additionally, the Federal Reserve plans to continue quantitative tightening by gradually reducing its holdings of Treasuries and mortgage-backed assets. Rate cuts are anticipated to increase M&A activity in the sector by lowering the cost of capital required to finance acquisitions.



# Industry Trends

## Navigational Disruptions

### *Challenges at Maritime Chokepoints and Trade Routes*

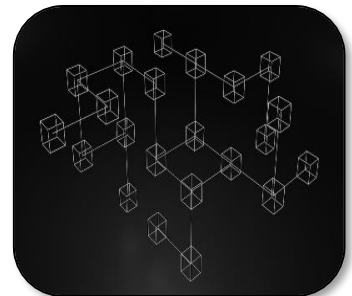
Ongoing conflict in the Middle East is disrupting shipping routes in the Red Sea, particularly around key maritime chokepoints like the Bab el-Mandeb Strait and the Suez Canal. These passages are crucial for global trade as they reduce the cost of shipping goods by providing a significantly shorter maritime route between Europe and Asia. Heightened tensions have raised concerns over the safety and reliability of these crucial passages, leading to potential delays due to altered shipping routes for international trade.



## 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.



## Sustainability

### *Green Logistics Initiatives*

The transportation sector is currently responsible for 28.2% of America's greenhouse gas emissions. The industry is witnessing a shift towards eco-friendly practices, embracing alternative fuels, electric vehicles, and greener transportation methods to reduce carbon emissions.



## Last-Mile Delivery

### *Last-Mile Delivery Optimization*

To meet the growing demands of e-commerce, logistics providers are investing in last-mile innovations such as autonomous delivery vehicles, drones, and micro-fulfillment centers. These technologies aim to improve delivery speed, accuracy, and cost-effectiveness.



# 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.



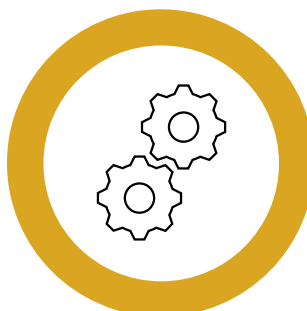
## Buy-Side Advisory: Buy a business

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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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.



**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

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.