

Transportation & Logistics M&A Recap

Q4 2023

NATIONAL LEADER



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Transportation & Logistics: 2023 year in review

2023 had no shortage of ups and downs for the transportation and logistics industry. Following a year in which many transportation and logistics companies achieved record profits, 2023 saw margins regressing back to more typical levels due to reduced consumer spending habits on durable goods, high interest rates and slow inventory replenishment cycles by manufacturers and retailers.

As both rates and volumes began to decline early in the year many players across North America were forced to exit the market. While the bankruptcy filing of 99-year-old trucking company Yellow Corp. grabbed the headlines, it was primarily smaller operators that were forced to shut their doors. This was exacerbated in October when digital freight brokerage Convoy Inc. ceased operations, leaving many small trucking companies with outstanding payments for services provided.

The unprecedented number of closures exemplifies the broader economic pressures and difficulties experienced in the transportation and logistics sector, underscoring the importance of flexibility and adaptability amid market instability. Perhaps best said by C.H. Robinson Worldwide Inc. president Dave Bozeman during the company's Q3 earnings call, which saw income from operations decrease by 60% year over year, "We must stay focused on what we can control, providing superior service to our customers and carriers and executing on our plans to streamline our processes."

Notwithstanding the choppy transportation environment there was still plenty of North American M&A activity in 2023. Large players were forced to be more strategic when assessing potential acquisitions, focusing on acquiring businesses that offer synergistic benefits and efficient operations. Some of the most notable 2023 transactions include:

- TFI International's acquisitions of Siemens Transportation Group, JHT Holdings and Vedder Transportation Group
- Knight-Swift Transportation's acquisition of U.S. Xpress Enterprises
- Mullen Group's acquisition of B&R Eckel's Transport
- Canada Cartage's acquisition of the GTI Group

Despite what many in the industry refer to as a "freight recession" throughout the majority of 2023, analysts are anticipating more stability in 2024. Truckload rates have started to rise and are forecasted to increase further because of increased demand, which is being driven by projected economic growth and the continued e-commerce boom.

We hope you enjoy this edition of our Transportation & Logistics Recap. Please feel free to reach out to a member of our team should you have any questions.

EY transaction snapshot

TO LEARN MORE



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has completed a

Syndicated financing

EY* acted as the exclusive Debt Capital Advisor to Groupe Morneau Inc. in structuring and managing the syndication of the debt financing.



* Ernst and Young Orenda Corporate Finance Inc.

The Deal

EY provided financial advisory services to Groupe Morneau to address its financing requirements.

About Groupe Morneau

Groupe Morneau, a prominent transportation and logistics company headquartered in Quebec, Canada, boasts a rich history dating back to 1942. Over the years, it has risen to prominence as an industry leader, offering a comprehensive array of services, including freight transportation, warehousing, distribution, and supply chain management. With a fully operational vehicle fleet and a dedicated team of professionals, Groupe Morneau excels in delivering efficient and dependable solutions that cater to the diverse needs of its clients across various sectors

EY's Role

EY had the privilege of serving as a strategic advisor to the company as it sought financing for a range of strategic initiatives. EY successfully secured two financing facilities, providing Groupe Morneau with the essential capital required to realize its objectives. This funding enabled the company to proceed with a dividend recapitalisation, repurchase shares from a retiring shareholder, and secure the necessary funds for an upcoming real estate project. Furthermore, it positioned Groupe Morneau favourably to facilitate a smooth intergenerational transition.


Select EY Transactions



has been acquired by





EY* acted as exclusive financial advisor to Siemens Transportation Group

has been acquired by




EY* acted as exclusive financial advisor to B&R Eckel's Transport Ltd.

has completed a

Syndicated financing


EY* acted as the exclusive Debt Capital Advisor to Groupe Morneau Inc. in structuring and managing the syndication of the debt financing.





has partnered with





EY* acted as exclusive financial advisor to 18 Wheels Warehousing & Trucking Ltd.


has acquired




EY* acted as exclusive financial advisor to Fastfrate Group

has acquired



EY* acted as exclusive financial advisor to Fastfrate Group




has been acquired by



EY* acted as exclusive financial advisor to Penner International inc.





has been acquired by




has been acquired by




EY* acted as exclusive financial advisor to Argus Carriers Ltd. and InterUrban Delivery Service

has been acquired by



EY* acted as exclusive financial advisor to United Transfer 2008 Ltd.




An investment has been made in TAM International Inc. by




EY* acted as exclusive financial advisor to TAM International Inc.





has entered a strategic partnership and made a financial investment in




EY* acted as exclusive financial advisor to Q-Line Trucking Ltd.

has been acquired by



EY* acted as exclusive financial advisor to TimeLine Logistic International



* Ernst and Young Orenda Corporate Finance Inc.



Select Q4 2023 Transactions

Oct 11, 2023: Premier Bulk Systems, an Ontario-based provider of transportation services acquired Ontario-based Ark Traffic Solutions. Ark Traffic provides third party logistics and trucking services via air, ocean, rail, and ground transportation. The acquisition will expand Premier's Ontario footprint.

Nov 14, 2023: Groupe Guilbault, a Quebec-based provider of truckload and LTL services acquired Quebec-based Transport Inter-Nord. Transport Inter-Nord also specializes in truckload and LTL services. The acquisition will enable Groupe Guilbault to expand its position as one of Quebec's LTL leaders.

Nov 20, 2023: TFI International, a Quebec-based provider of transportation and logistics services acquired Nebraska-based Dahlsten Truck Line. Dahlsten is a truckload provider, hauling more than 27,000 loads per year via its 75 trucks. The acquisition will expand TFI's Midwest operations and its specialized truckload segment.

Nov 21, 2023: 7-Eleven Canada, a British Columbia-based operator of retail convenience stores acquired certain assets of Alberta-based Wallace & Carey under a sale proceeding conducted pursuant to the Company's CCAA process. Wallace & Carey is a food distributor who filed for creditor protection in June 2023. The transaction positions 7-Eleven for continued growth in Canada, strengthening its already robust business in the country, and bringing with it a range of long-term benefits for its stores by stabilizing its supply chain

Nov 27, 2023: Canada Cartage, an Ontario-based provider of trucking, warehouse and logistics services acquired Quebec-based The GTI Group. GTI provides supply chain service offerings including brokerage, transportation management, freight forwarding, drayage, intermodal, warehousing, and specialty trucking services for oversize and heavy haul freight. The acquisition will significantly increase Canada Cartage's scale in services such as freight management, freight brokerage and specialized freight hauling. **EY advised Canada Cartage on the transaction.**

Nov 28, 2023: Kuehne + Nagel International, a Switzerland-based provider of integrated logistics services acquired Ontario-based Farrow Group. Farrow provides customs compliance and logistics solutions for importers and exporters. The acquisition will be immediately earnings-accretive and expand Kuehne + Nagel's customs capabilities at the Canadian and Mexican borders of the USA.

Dec 21, 2023: United Petroleum Transports, an Oklahoma-based provider of transport services to large oil companies, convenience store operators and petroleum marketers acquired Florida-based Patriot Transportation. The transaction values Patriot at an enterprise value of CAD \$84 million, implying an EV/EBITDA multiple of 5.5x. Patriot transports petroleum and other liquids, and dry bulk commodities. The acquisition will create a top ten bulk tank carrier by revenue, with operations stretching from Arizona to Florida.

Dec 22, 2023: TFI International, a Quebec-based provider of transportation and logistics services announced it has entered into a definitive agreement to acquire Texas-based Daseke, for an enterprise value of CAD \$1.1 billion, implying an EV/EBITDA multiple of 5.3x. Daseke is a transportation and logistics solutions provider dedicated to serving challenging industrial end-markets. The acquisition is highly complementary to TFI's existing operations and scales its truckload segment into one of the North American leaders.

Dec 28, 2023: Cedric Millar Integrated Solutions, an Ontario-based provider of supply chain & 4PL solutions has announced the acquisition of Ontario-based Shippers First Logistics. Shippers First Logistics is a freight forwarder specializing in international logistics and shipping. The acquisition solidifies Cedric Millar's position in the logistics industry, enabling them to offer enhanced and expanded global supply chain solutions.

Ernst & Young Orenda's **Transportation** Index

The Ernst & Young Orenda Corporate Finance North American transportation index tracks the performance of the most widely traded North American transportation companies relative to the benchmark S&P 500 Composite Index.

Our North American transportation index consists of the following publicly traded transport companies:

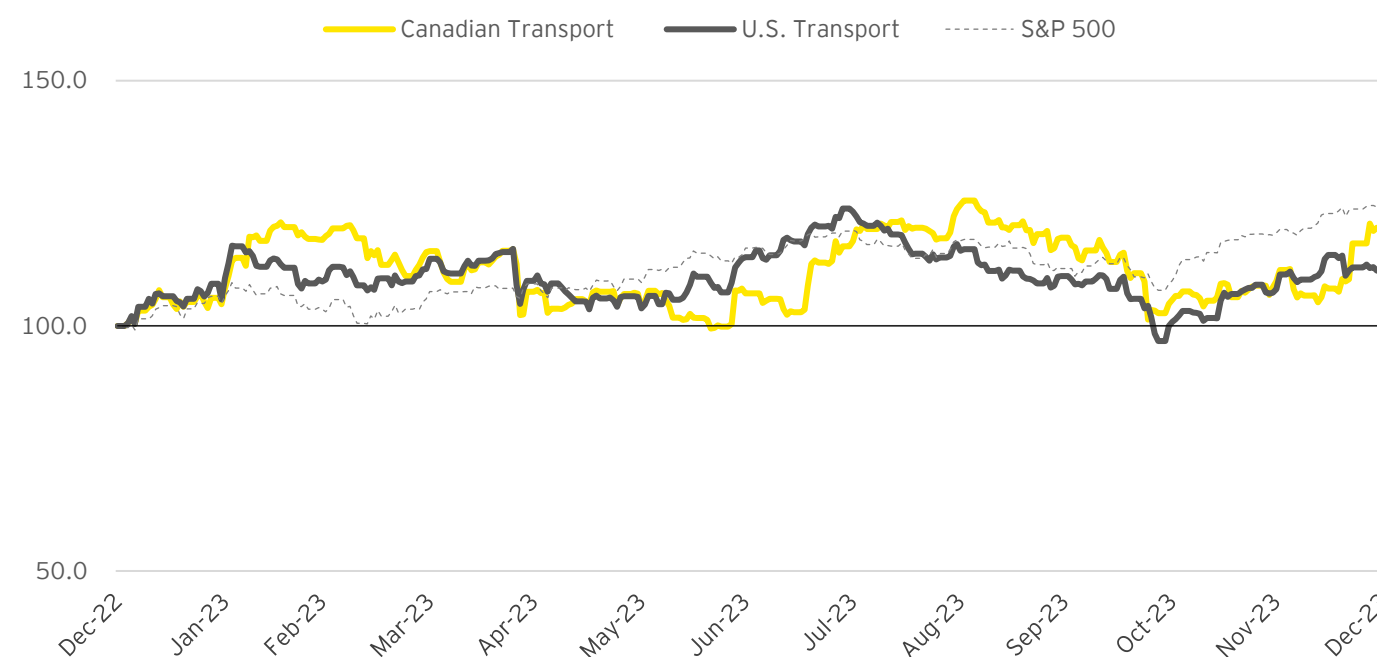
Canada

Andlauer Healthcare Group Inc.
Mullen Group Ltd.
TFI International Inc
Titanium Transportation Group Inc

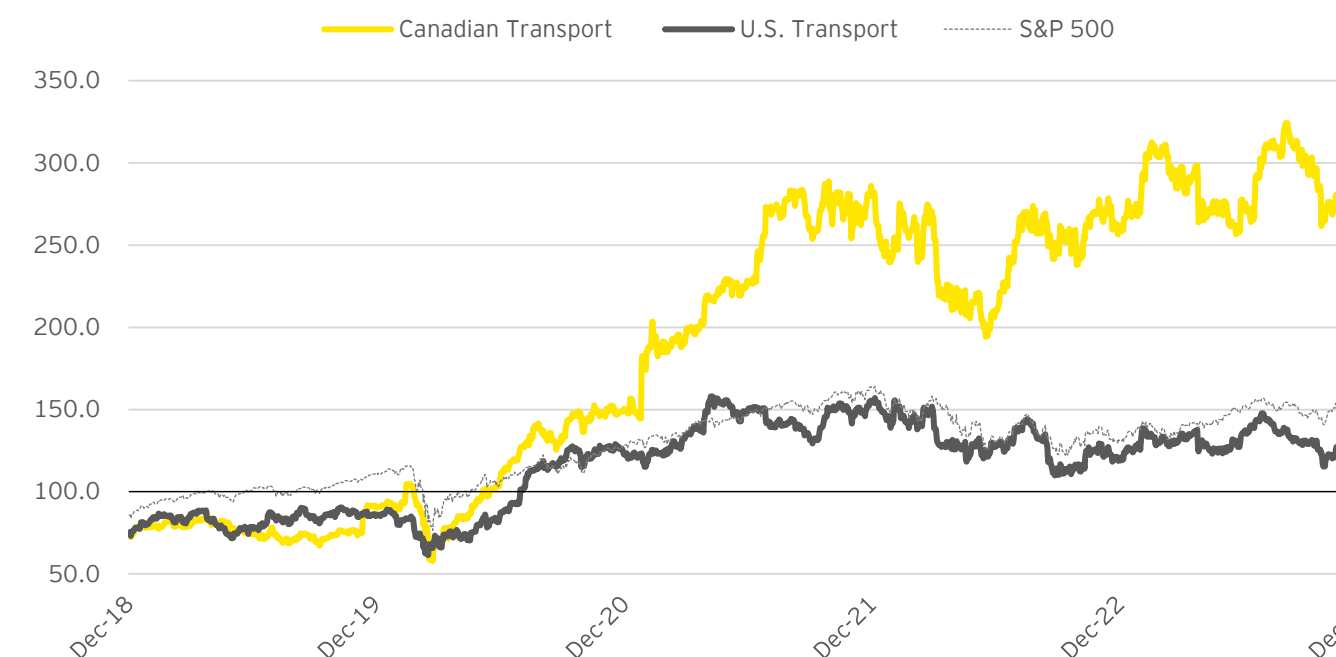
United States

ArcBest Corporation
C.H. Robinson Worldwide Inc.
Covenant Logistics Group, Inc.
FedEx Corporation
Forward Air Corporation
Heartland Express Inc.
Hub Group Inc.
J.B. hunt Transport Services Inc.
Knight-Swift Transportation Holdings Inc.
Landstar Systems Inc.
Marten Transport Ltd.
Old Dominion Freight Line, Inc.
Radiant Logistics Inc.
Ryder System Inc.
Saia, Inc.
Schneider National, Inc.
United Parcel Service Inc.
Universal Logistics Holding Inc.
Werner Enterprises Inc.
XPO Logistics Inc.

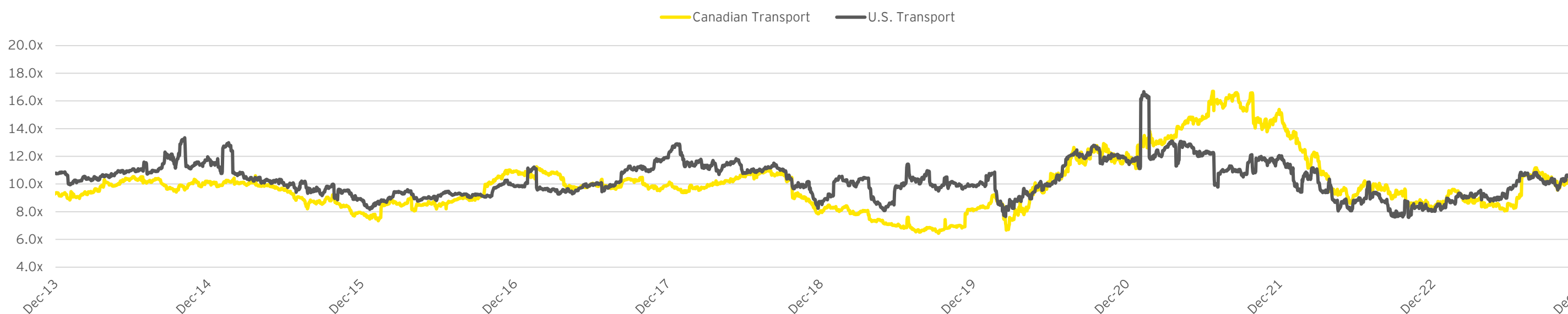
Past 1-Year Return



Past 5-Year Return



10-Year TEV / TTM EBITDA Multiple (Public Companies)



Note: The indices in this newsletter have been compiled by Ernst & Young Orenda Corporate Finance Inc. solely for illustrative purposes. The companies chosen are publicly traded companies that are commonly used for industry composites to show stock performances within a sector. The indices do not include all public companies that could be categorized within each sector and were not created as benchmarks, nor should they imply benchmarking or recommendations for a particular stock or sector.



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