

# Transportation & Logistics M&A Recap

Q3 2023

## NATIONAL LEADER



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## Industry headwinds creating a turbulent freight environment for transportation and logistics companies

Despite optimism that the worst is behind us, transportation and logistics companies are being forced to carefully navigate the current turbulent freight environment. Following a year in which many transportation and logistics companies achieved record profits, 2023 has been plagued by reduced consumer spending habits on durable goods, high interest rates, and slow inventory replenishment cycles by manufacturers and retailers.

These consumer products trends all culminate into a so-called “freight recession.” The dry van sector is being hit particularly hard, as both freight volumes and spot rates have dropped significantly below 2022 averages.

The most noteworthy Q3 casualty in the sector occurred in late July, when Yellow, one of North America’s largest less-than-truckload (LTL) providers, ceased operations and declared bankruptcy. While many individuals were shocked to see a shipper with nearly 100 years of rich history shut its doors, other LTL companies, such as TFI International, were well positioned to take over some piece of Yellow’s nearly 50,000 shipments per day.

“We have the capital, we have the equipment, we have the employees, we have the real estate to benefit,” noted TFI president Alain Bedard when discussing Yellow’s bankruptcy.

Other LTL companies that are expected to increase shipments following the dissolution of Yellow includes Knight-Swift Transportation, Saia and Werner Enterprises.

While the future is difficult to predict, if recent months are any indication of what’s to come, transportation and logistics companies should brace for a few critical freight trends to continue:

- 1. Low freight demand:** Various factors, including rising interest rates and high credit card debt, are expected to limit the demand for trucking services.
- 2. Depressed freight rates:** While spot and contract rates have begun to bounce back from their recent floors, they are generally expected to remain low.
- 3. Capacity reduction:** High expenses and lower rates may lead to closures, with owner-operators likely the first ones to exit.

The industry has faced numerous challenges in 2023 thus far. At the same time, there have been opportunities for shippers to optimize supply chains and reduce costs. Shippers seem to prefer to collaborate with stable carriers to help navigate these uncertain times.

For industry participants, staying informed, being proactive and remaining adaptable will be critical to long-term success in the ever-evolving transportation landscape.

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 been acquired by



EY\* acted as exclusive financial advisor to Siemens Transportation Group



\* Ernst and Young Orenda Corporate Finance Inc.

### The Deal

EY acted as the exclusive financial advisor to the shareholders of Siemens Transportation Group (“STG”) on a sale to TFI International Inc. (“TFI”).

### About STG

Founded in 1962, family-owned, and based in Saskatoon, Saskatchewan, STG is one of Canada’s most recognizable transportation providers. The majority of STG’s operations are less-than-truckload (“LTL”), with a smaller portion of its business in truckload and flatbed. It has 15 terminals, including 11 in Canada and four in the U.S.

### About TFI

TFI, traded on the New York and Toronto Stock Exchanges under the symbol TFI, is a North American leader in the transportation and logistics industry, operating across the United States and Canada through its subsidiaries. TFI creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TFI umbrella, companies benefit from financial and operational resources to build their businesses and increase their efficiency.

### The Win-Win

The acquisition of STG allows TFI to gain access to a strategic and complementary LTL ground network that spans across Canada and parts of the U.S. The transaction provides a liquidity event for the STG shareholders, who have successfully grown the business to become a Canadian LTL leader. EY’s transportation and logistics sector expertise and deep transaction experience helped achieve an optimal outcome for STG’s shareholders.

# 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 Q3 2023 Transactions

**Jul 01, 2023:** Knight-Swift Transportation, an Arizona-based provider of freight transportation services completed its previously announced acquisition of Tennessee-based U.S. Xpress Enterprises, for an enterprise value of USD \$808 million, implying a EV/EBITDA multiple of 5.5x. U.S. Xpress offers truckload and brokerage services through its fleet of over 7,200 tractors and 14,400 trailers. The acquisition will provide Knight-Swift significant opportunities to improve earnings, gain customers and reach more professional drivers.

**Jul 13, 2023:** TFI International, a Quebec-based provider of transportation and logistics services acquired Saskatchewan-based Siemens Transportation Group. Siemens provides LTL, TL and flat-deck services across North America through its 15 terminals. The acquisition will expand TFI's footprint in both Canada and the U.S. **EY acted as the exclusive financial advisor to Siemens Transportation Group.**

**Jul 31, 2023:** Titanium Transportation Group, an Ontario-based provider of truckload, dedicated, and cross-border trucking services acquired the assets of Georgia-based Crane Transport for USD \$53 million. Crane Transport provides full truckload interstate freight transportation services. The acquisition will expand Titanium's North American footprint through the addition of approximately 200 U.S. based trucks and two strategically located terminals in Georgia and Alabama.

**Aug 01, 2023:** Schneider National, a Wisconsin-based provider of transportation, intermodal and logistics services acquired Massachusetts-based M&M Transport Services, for an enterprise value of USD \$225 million. M&M provides truckload and dedicated transportation services catering to retail, manufacturing, distribution and logistics verticals and has approximately 500 trucks and 1,900 trailers across 12 locations. The acquisition complements Schneider's organic growth and places it on a glidepath toward USD \$1.5 billion in annual dedicated contract revenues.

**Aug 16, 2023:** TFI International, a Quebec-based provider of transportation and logistics services acquired Wisconsin-based JHT Holdings ("JHT"). JHT provides niche asset light logistics and transportation in North America for Class 6-8 truck manufacturers and accounts for approximately 65% of the Class 8 hauling market in the U.S., generating annual revenues in excess of \$500M.

**Aug 23, 2023:** Trimac Transportation Services, an Alberta-based provider of bulk transportation services for chemicals, dry bulk, food products, industrial gases, oilfield services, and petroleum & resource commodities acquired Tennessee-based Doyle Sims & Sons Trucking ("Doyle"). Doyle provides transportation of non-hazardous and non-food grade products in dump and hopper trailers. The acquisition will add a fleet consisting of 111 trucks and 118 trailers to Trimac's asset base.

**Sep 05, 2023:** TFI International, a Quebec-based provider of transportation and logistics services acquired British Columbia-based Vedder Transportation Group. Vedder provides tank truck transport of food grade liquids and dry bulk commodities. The acquisition establishes TFI's Canadian coast-to-coast food grade tank truck network.

**Sep 12, 2023:** Synergie Canada, a Quebec-based provider of logistics and supply chain services acquired Quebec-based Overseas Transport Systems ("OTS"). OTS provides international logistics and transportation solutions, including air, ground, ocean, and cross-trade services. The acquisition is expected to unlock significant synergies for Synergie, as well as broaden its service offerings.

# 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:

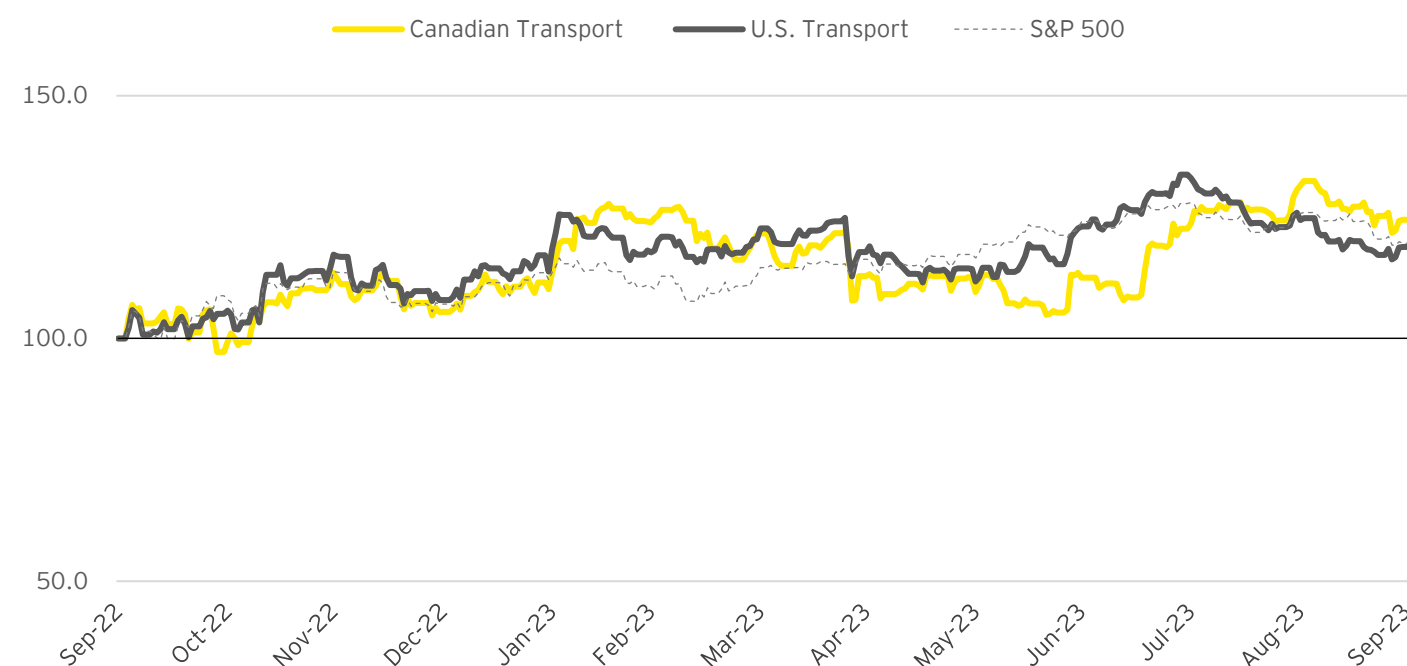
**Canada**

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

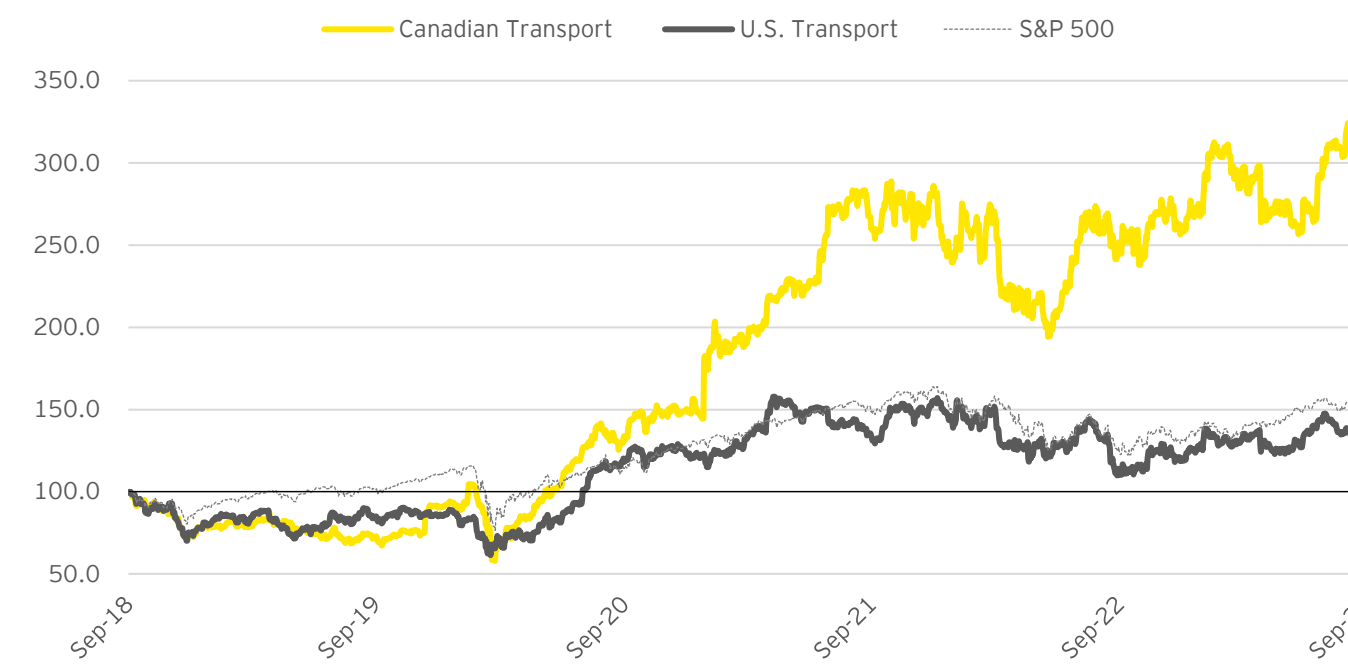
**United States**

- ArcBest Corporation
- C.H. Robinson Worldwide Inc.
- Covenant Logistics Group, Inc.
- Daseke, 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.

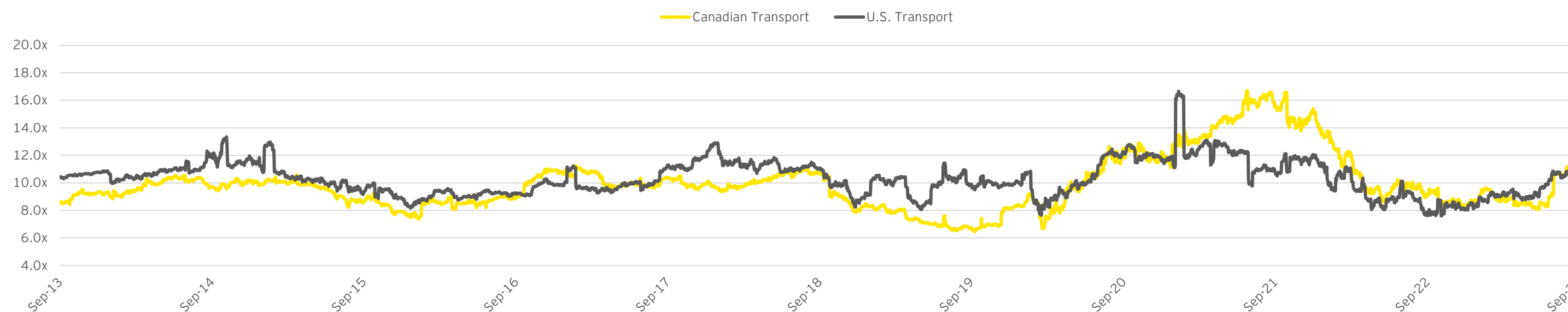
Past 1-Year Return



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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