

# Trucking & Logistics M&A Recap

Q1 2023

## NATIONAL LEADER



**Brock McMillan**  
Senior Vice President

## EDITOR



**Ryan Marinelli**  
Analyst

## How transportation companies can be best positioned for a potential transaction

For the transportation industry, 2022 proved to be a record year operationally. However, M&A in the transportation and logistics industry decreased ~25% in 2022 when compared with 2021, driven primarily by economic uncertainty in H2 2022.

Industry experts expect 2023 to be an active year for transportation M&A,<sup>1</sup> in line with the broader market as companies seek M&A as the best opportunity for growth.<sup>3</sup> Recent surveys of M&A professionals indicate more than two thirds of finance executives expect to conduct M&A transactions in 2023.<sup>2</sup>

The transportation industry remains highly fragmented and is expected to continue experiencing consolidation in 2023. Schneider National recently indicated it's seeing an increase of family-run trucking businesses looking to sell, providing an opportunity for large operators seeking inorganic growth opportunities.<sup>1</sup> The recent US Xpress Enterprises sale to Knight-Swift Transportation, the largest US truckload acquisition since 2017, supports the thesis for growth through consolidation.

Deals in 2023 are also likely to be more closely scrutinized as buyers seek to understand if the strong results in 2022 are sustainable, ultimately requiring companies interested in divesting to be prepared for a detailed due diligence process.<sup>2</sup>

Preparation for companies thinking about a potential sale is key. Below are some items to consider:

- Develop a robust and supportable forecast.
- Ensure contracts are in place and well organized, where possible.
- Track KPIs in the business and ensure financial reporting is reliable and timely.
- Improve working capital with a focus on collecting receivables.
- Reduce related-party balances.
- Ensure any spending is strategic and aligned to a growth oriented business plan.

Companies in a sale process that have thoroughly prepared are better positioned to enhance value and decrease closing risk.

This list of items is not comprehensive, it provides some key items to consider for owners of transportation businesses. Reach out to us if you want to learn more.

We hope you enjoy this edition of our Trucking & Logistics Recap.

<sup>1</sup> Sources: Bank of America Global Research, Issue #1065, and Transportation Industry Overview.

<sup>2</sup> Source: CFO.com.

<sup>3</sup> Source: Commercial Carrier Journal.

<sup>4</sup> Source: Wall Street Journal.

# EY transaction snapshot

EY\* is pleased to announce 18  
Wheels Warehousing & Trucking

## TO LEARN MORE



**Robert Withers**  
Senior Vice President  
  
+1 604 899 3550  
robert.withers@ca.ey.com



**Samuel Watson**  
Vice President  
  
+1 604 891 8480  
samuel.watson@ca.ey.com



**18 WHEELS EST. 1989**  
WAREHOUSING & TRUCKING

has partnered with



**Westcap**

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



**EY**  
Building a better  
working world

\* Ernst and Young Orenda  
Corporate Finance Inc.

### The deal

EY advised the shareholders of 18 Wheels Warehousing & Trucking (“18 Wheels” or the “Company”) on the sale of a majority interest to Westcap Mgt. Ltd. (“Westcap”). EY led all portions of the process, including the marketing outreach, the negotiation of key terms and the structure of the transaction.

### About 18 Wheels

18 Wheels is a third party logistics (“3PL”) provider of warehousing and logistics solutions and a single source solution for distribution, logistics, transportation, and co-packing services. The Company provides its services utilizing over 1.2 million square feet of warehouse space and the clientele has grown to include some of the world’s leading companies, representing a vast array of industries and products/services provided.

### About the Westcap

Founded over three decades ago, Westcap is a leading private equity and venture capital fund manager having completed transactions in more than 200 growth companies. Westcap has managed in excess of a billion dollars of assets across a broad range of investment funds through its years and has an uncompromising vision to build long-term value for investors.

### The Win-Win

The Transaction provided significant liquidity to its shareholders while bringing on a financial partner to accelerate the Company’s strategic growth priorities and expansion of its geographic footprint. The partnership with Westcap validates the leadership team’s strategy and vision for 18 Wheels.

\* Ernst and Young Orenda Corporate Finance Inc.





# Select EY Transactions



18 WHEELS EST. 1989  
WAREHOUSING & TRUCKING

has partnered with




Westcap


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



\* Ernst and Young Orenda Corporate Finance Inc.




has acquired




CHALLENGER  
We go the Distance

EY\* acted as exclusive financial advisor to Fastrate Group




\* Ernst and Young Orenda Corporate Finance Inc.




UNITED TRANSFER LTD.

has been acquired by




FASTFRATE


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



\* Ernst and Young Orenda Corporate Finance Inc.




has acquired




ASL Distribution Services

EY\* acted as exclusive financial advisor to Fastrate Group




\* Ernst and Young Orenda Corporate Finance Inc.




PREMIER

has been acquired by




HENIFF  
TRANSPORTATION SYSTEMS, LLC

EY\* acted as exclusive financial advisor to Premier Bulk Systems




\* Ernst and Young Orenda Corporate Finance Inc.




PENNER INTERNATIONAL

has been acquired by



CAV

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



\* Ernst and Young Orenda Corporate Finance Inc.



TAM International Inc.

An investment has been made in TAM International Inc. by




pfm  
CAPITAL INC.

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




\* Ernst and Young Orenda Corporate Finance Inc.




ARGUS CARRIERS LTD.

has been acquired by




Mullen Group

EY\* acted as exclusive financial advisor to Argus Carriers Ltd.




\* Ernst and Young Orenda Corporate Finance Inc.




InterUrban  
Delivery Service Ltd.

has been acquired by




Mullen Group

EY\* acted as exclusive financial advisor to Inter-Urban Delivery Service Ltd.




\* Ernst and Young Orenda Corporate Finance Inc.




THREE STAR TRUCKING LTD.

has been acquired by




VERTEX

EY\* acted as exclusive financial advisor to Three Star Trucking Ltd.




\* Ernst and Young Orenda Corporate Finance Inc.




TimeLine  
LOGISTIC

has been acquired by



TFI International

EY\* acted as exclusive financial advisor to TimeLine Logistic International



\* Ernst and Young Orenda Corporate Finance Inc.



ATS

has entered a strategic partnership and made a financial investment in



Q-LINE TRUCKING

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



\* Ernst and Young Orenda Corporate Finance Inc.

\* Ernst and Young Orenda Corporate Finance Inc.



# Select Q1 2023 Transactions

**Feb 21, 2023:** TFI International Inc., a Quebec-based provider of transportation and logistics services acquired Quebec-based Axsun, Inc. Axsun provides intermodal, highway, cartage, global freight forwarding, warehousing, and distribution services. The existing businesses of Axsun such as intermodal services, over-the-road highway, drayage, logistics and warehousing complements TFI's operations across Canada and the U.S.

**Feb 24, 2023:** Western IntermodeX Ltd., a British Columbia-based operator of a logistics platform acquired British Columbia-based Quickload Logistics. Quickload Logistics offers logistics and cargo handling services. The acquisition will expand Quickload's footprint and unlock import transload capacity in Prince Rupert for the North American marketplace.

**Mar 21, 2023:** Knight-Swift Transportation Holdings Inc., an Arizona-based provider of freight transportation services announced to acquire Tennessee-based U.S. Xpress Enterprises, Inc. for US\$808 million, implying a TEV/Revenue multiple of 0.4x. U.S. Xpress Enterprises offers truckload and brokerage services. The acquisition will provide Knight-Swift significant opportunities to improve earnings, gain customers, and reach more professional drivers.

**Mar 22, 2023:** Westcap Mgt. Ltd., a Saskatchewan-based private equity and venture capital fund manager acquired British Columbia-based 18 Wheels. 18 Wheels provides warehousing and logistics solutions. The transaction will provide significant liquidity to accelerate the Company's strategic growth priorities and expansion of its geographic footprint. **EY acted as the exclusive financial advisor to 18 Wheels.**

**May 01, 2023:** TFI International, a Quebec-based provider of transportation and logistics services announced it has agreed to acquire Saskatchewan-based Siemens Transportation Group Inc., pending regulatory approval. Siemens Transportation provides supply chain solutions across North America through its 15 terminals. The acquisition will expand TFI International's footprint in both Canada and the US. **EY acted as the exclusive financial advisor to Siemens Transportation Group Inc.**

**May 01, 2023:** Mullen Group Ltd., an Alberta-based provider of trucking and logistics services announced it has agreed to acquire Alberta-based B & R Eckel's Transport Ltd. B & R provides LTL, TL, and general oilfield hauling services. The acquisition will enable Mullen Group to expand its presence in Canada. **EY acted as the exclusive financial advisor to B & R Eckel's Transport Ltd.**



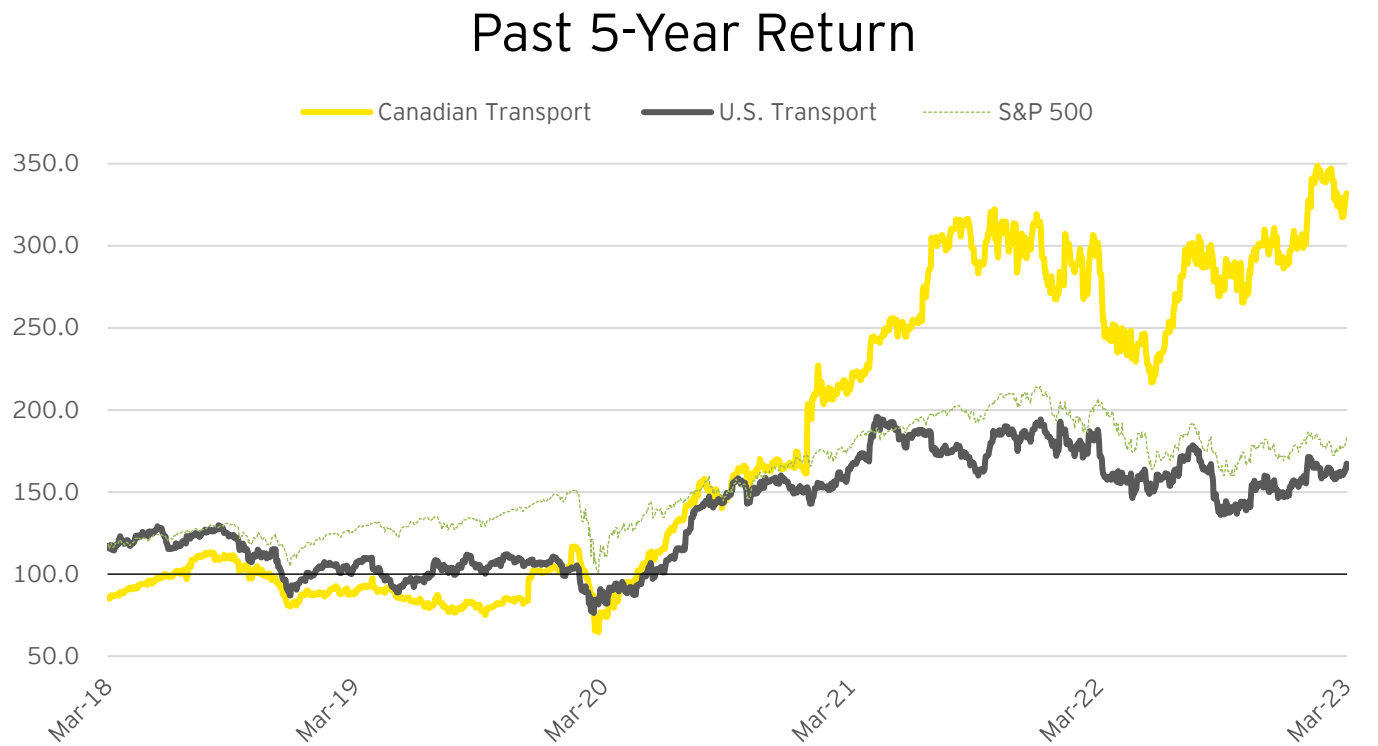
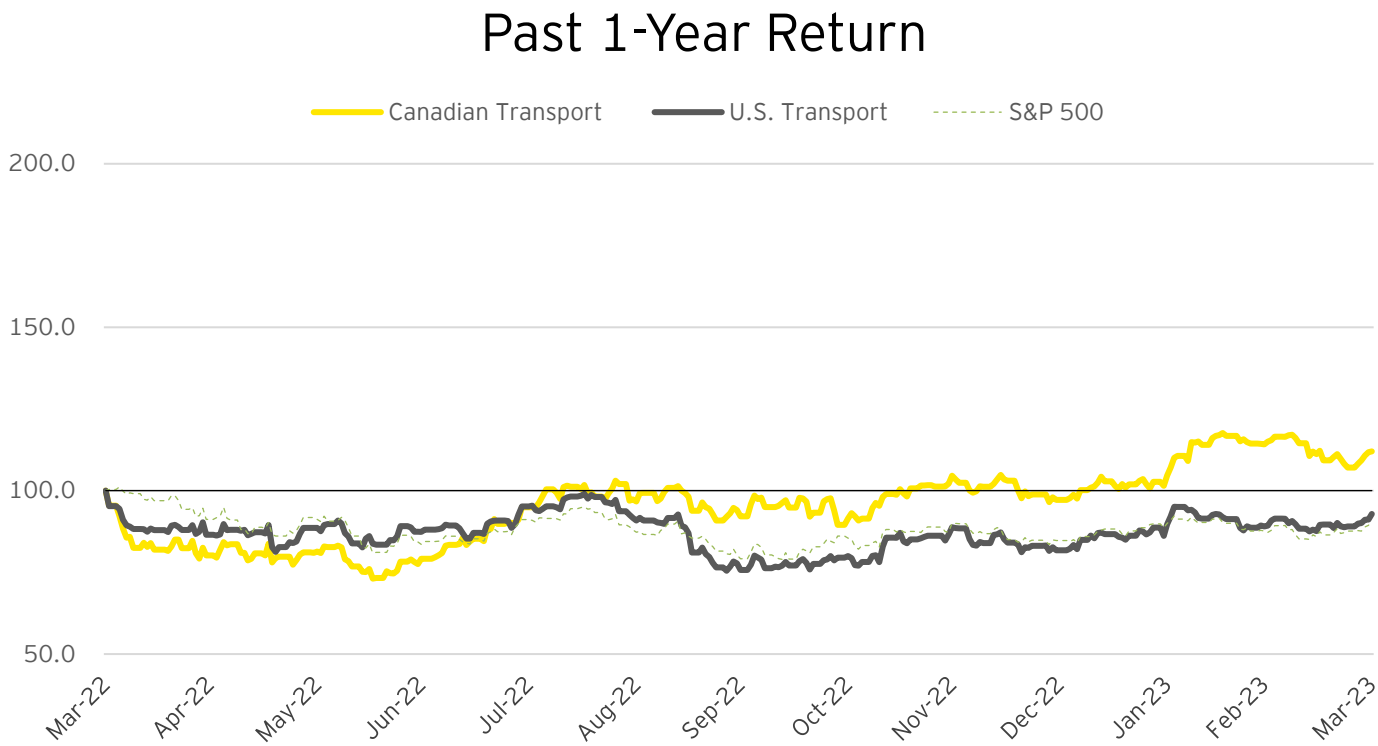
# Ernst & Young Orenda's Transportation Index

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.

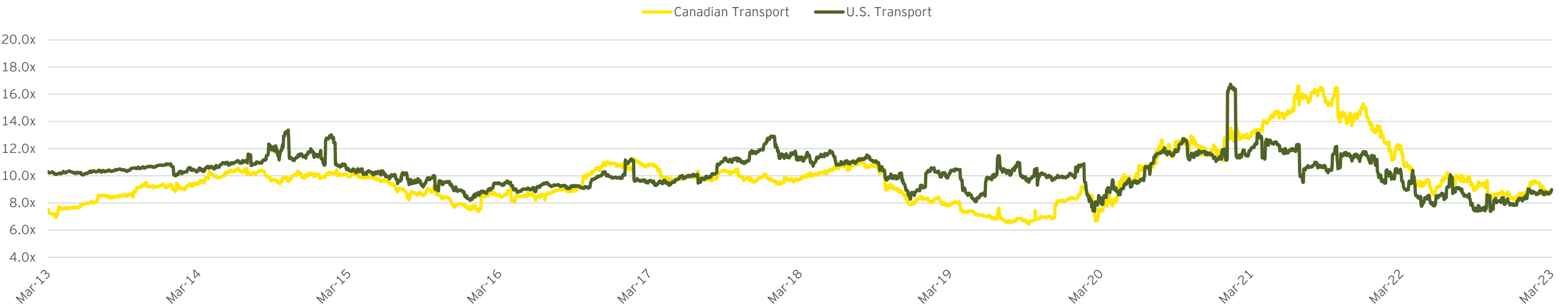
Our North American transportation index consists of the following publicly traded transport companies:

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

- United States**
- C.H. Robinson Worldwide Inc.
  - FedEx Corporation
  - Forward Air Corporation
  - Hub Group Inc.
  - Heartland Express 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.
  - Yellow Corporation



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.



# Our Transportation Team

## National Leader



**Brock McMillan \***  
Senior Vice President  
+1 403 206 5335  
[brock.mcmillan@ca.ey.com](mailto:brock.mcmillan@ca.ey.com)

## Ontario



**Chris Hutchinson**  
Senior Vice President  
+1 416 932 6002  
[chris.hutchinson@ca.ey.com](mailto:chris.hutchinson@ca.ey.com)



**Ryan Marinelli**  
Analyst  
+1 416 932 4932  
[ryan.marinelli@ca.ey.com](mailto:ryan.marinelli@ca.ey.com)

## Quebec



**Walid Safi**  
Senior Vice President  
+1 514 879 8029  
[walid.safi@ca.ey.com](mailto:walid.safi@ca.ey.com)

## Saskatchewan + Manitoba



**Michael Campbell**  
Senior Vice President  
+1 306 649 8305  
[michael.campbell@ca.ey.com](mailto:michael.campbell@ca.ey.com)



**Blake Hermann**  
Associate  
+1 306 649 8321  
[blake.hermann@ca.ey.com](mailto:blake.hermann@ca.ey.com)

## BC



**Robert Withers \***  
Senior Vice President  
+1 604 899 3550  
[robert.withers@ca.ey.com](mailto:robert.withers@ca.ey.com)



**Samuel Watson**  
Vice President  
+1 604 891 8480  
[samuel.watson@ca.ey.com](mailto:samuel.watson@ca.ey.com)

## Alberta



**Ross Johnson \***  
Senior Vice President  
+1 403 206 5253  
[ross.johnson@ca.ey.com](mailto:ross.johnson@ca.ey.com)

## Atlantic Canada



**Mike Lutes**  
Senior Vice President  
+1 416 943 2699  
[mike.j.lutes@ca.ey.com](mailto:mike.j.lutes@ca.ey.com)

## Capital Markets



**Bill Wu**  
Senior Vice President  
+1 416 943 2545  
[bill.wu@ca.ey.com](mailto:bill.wu@ca.ey.com)

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