

# TRANSPORTATION & LOGISTICS

## Q4 2023 MARKET UPDATE

### Looking Back, Thinking Ahead: Three 2023 Takeaways, Four 2024 Forecasts

The supply and demand imbalance defined the transportation and logistics (T&L) sector in 2023. While rates played an important role, capacity calibration presented the most significant challenge. In this quarter's update, we are putting our insights to work for a smoother year ahead.

#### Three 2023 Takeaways

##### 1. Supply and Demand Dynamics

Since 2020, operators across the supply chain have been seeking equilibrium. Shippers pulled forward inventory purchases to meet projected demand as there remained continued uncertainty around the timing of the stabilization of global supply chains. But as sell-through rates quickly softened and orders continued to be delivered, inventory levels spiked, tying up retailers' working capital and putting pressure on third-party logistics providers' available capacity. Throughout 2023, the focus was to burn off excess inventory to normalized levels, which dramatically reduced the flow of goods, which had a significantly negative impact on spot rates. This led to several bankruptcies, closures, lay-offs, and profitability trends that led to breached covenants across transportation modes. While the centenarian Yellow Corporation, Bezos-backed Convoy startup, and global shipping giant Maersk captured the most media attention in 2023, many smaller trucking companies and brokerages closed or filed for bankruptcy protection in the face of a challenging year.

##### 2. Fewer Deals, Lower Values, New Acquirers

T&L deal value (↓82%) and volume (↓33%) were down between November 2022 and 2023. The numbers weren't the only variables to change in 2023: well-capitalized strategic acquirers took advantage of the conditions and dominated deals, while private equity investors, stymied by market uncertainty, performance instability, and high cost of capital, were more likely to remain on the sidelines.

##### 3. Private Equity Prudence

When private equity players did transact, they prioritized add-on acquisitions that required less rigorous underwriting. These preferred deals were done within familiar industries, utilized existing management teams to assess strategic fit, and leveraged a combination of incumbent lenders and established credit relationships. The bar for platform investments rose dramatically as teams reassessed targets against a normalized trendline to avoid a big and obvious investment mistake.

#### Four 2024 Forecasts

##### 1. Rightsizing Rollercoaster

Expect more bankruptcies as companies continue to right-size capacity. Smaller owner-operator models will be the most vulnerable. These businesses are struggling to achieve profitability in the current spot rate environment, having purchased used equipment at elevated prices in 2021-2022. However, thanks to the Small Business Reorganization Act (2019) and CARES Act (2020), trucking businesses filing for small business Subchapter V may have a more streamlined and affordable bankruptcy experience than in the past. Furthermore, larger carriers will offer a soft landing spot to these owner-operators by offering them positions to drive for their brand.



INTERNATIONAL  
LOGISTICS



FINAL MILE /  
COURIER



WAREHOUSING /  
DISTRIBUTION



ASSET-BASED  
TRANSPORTATION



FREIGHT  
BROKERAGE

# TRANSPORTATION & LOGISTICS

## Q4 2023 MARKET UPDATE

### 2. Cautious Optimism Ahead

As the market normalizes, we expect to see supply and demand dynamics stabilize in 2024. In addition, signals from the Fed suggest that interest rates could decrease in the second half of 2024, which could bode well for freight rates and volumes, setting the stage for a sturdy fourth quarter. In addition, nearshoring in Mexico promises continued benefits, mitigating sourcing risks and capturing investor interest—factors that are expected to enhance the overall freight landscape.

### 3. E-Commerce Trends Persist

As e-commerce activity continues to rise, driving increased demand throughout the supply chain and more at-home deliveries, shipping becomes a visible part of the customer experience. Because one bad delivery experience can deeply damage a brand, shippers need precision at this pivotal portion of the sales process. Favored final-mile providers are winning with accurate and intuitive smart tech tracking systems. Beyond tracking, shippers must consider creative, cost-effective storage that can support short delivery windows to meet consumer expectations. Some have created micro fulfillment centers at their brick-and-mortar locations or nearby commercial spaces, while others utilize a fully outsourced solution. The shipping volume created by e-commerce will likely only increase, leading to higher operational costs for shippers who will need to identify more efficient partners and practices.

### 4. Platform Investments Coming Back in Focus

In addition to funding strategic add-on acquisitions, organic growth, technological advancements, and cost optimization processes, we expect private equity firms to reprioritize platform investments in 2024. An end to the Fed’s hiking cycle, potential interest rate cuts, and pent-up demand from sluggish 2023 deal activity should encourage dealmakers to more aggressively pursue new portfolio company opportunities. In preparation for the year ahead, transportation and logistics-focused private equity investors will benefit from

- Robust value-creation plans,
- A comprehensive understanding of evolving sector risks,
- An openness to creative deal structures to bridge bid-ask gaps, and
- Established relationships with advisors they can quickly engage to solve any capital structure uncertainty.

This past quarter, G2 has seen positive momentum heading into 2024 with some private equity-backed portfolio companies and strategic organizations completing transformative acquisitions to:

- Add new service capabilities,
- Grow geographically,
- Improve density
- Diversify and enter new end markets,
- Penetrate new customer accounts,
- Deepen their bench of talent, and
- Expand tech-enabled capabilities

We expect these activities will position organizations for tremendous growth as the broader market fully rebounds. A few recent examples of such transactions include Alba Wheels Up International’s acquisition of John A. Steer Co., for which G2 advised the buyer, TFI International’s acquisition of Daseke, and Hub Group’s acquisition of Forward Air Final Mile.

#### Active Mandates

Project Mosaic  
Project Frigid  
Project Sirius  
Project Angel

Project Jazz  
Project Schaumburg  
Project Cosmo  
Project Spirt

Project Surge  
Project Rx  
Project Move  
Project Link

Project Royal  
Project Granite  
Project Zen



INTERNATIONAL LOGISTICS



FINAL MILE / COURIER



WAREHOUSING / DISTRIBUTION



ASSET-BASED TRANSPORTATION



FREIGHT BROKERAGE

# G2 RECENTLY CLOSED PROJECTS



**CLIENT:** Alba Wheels Up International (“Alba” or the “Company”) is a leader in customs brokerage, freight forwarding, trade compliance, and other logistics services across key end markets, including apparel and accessories, pharmaceuticals, industrial, and food and drugs. Alba facilitates seamless import and export operations for clients, leveraging regulatory expertise and a robust logistics network to ensure swift and accurate movement of goods in and out of the United States. Founded in 1949 and headquartered in Valley Stream, New York.

**SITUATION:** Over seven decades, Alba’s growth strategy has been driven by acquiring leading customs house brokers and freight forwarders. The Company pursues a limited number of acquisitions each year and is experienced at tailoring agreements to suit the various objectives of business owners and facilitating a seamless onboarding process.

**ENGAGEMENT:** Alba and Southfield engaged G2 Capital Advisors, LLC (“G2”) as the exclusive buy-side advisor to identify and originate acquisition targets that met the Company’s criteria and expansion goals. G2 works as a trusted advisor and long-term strategic partner in growing our clients’ businesses. In this engagement, G2’s role extended beyond buy-side advisor to capital markets advisor, successfully identifying a credit partner to support Alba’s long-term M&A growth strategy.

**OUTCOME:** Alba acquired Philadelphia, PA-based John A. Steer Co. (“Steer”) in December 2023. Steer offers customs brokerage, freight forwarding, domestic transportation, cargo insurance, and supply chain management services in the United States, with a focus on food & beverage end markets and wine consolidation and logistics. The acquisition bolsters Alba’s customs brokerage business with an expansion into temperature-controlled freight while growing its domestic transportation capabilities.

“Welcoming Steer to the Alba family marks a milestone in our journey by reinforcing our commitment to custom brokerage excellence and fortifying our position in the perishables market. Together, we elevate our standing as a leading global logistics services provider,” says Alba’s Chief Executive Officer, Damien Stile.

“It is exciting to see two legacy logistics organizations with hundreds of years of combined history come together in the spirit of industry innovation,” said Chris Casteleyn, Managing Director within the Transportation & Logistics practice at G2 Capital Advisors. “We are pleased to support this partnership and are energized to realize more successes together.”

# SELECT ONGOING G2 PROJECTS

Third Party Logistics

**PROJECT  
MOSAIC**

Sell-Side / Financing

**About the Mandate:**  
G2 is currently advising a leading provider of dedicated contract logistics and value-add supply chain services. The company is seeking a partner to support the next phase of growth through a sale or recapitalization.

Temperature-Controlled Warehousing

**PROJECT  
FRIGID**

Sell-Side

**About the Mandate:**  
G2 is currently advising a temperature-controlled value-added warehouse & distribution service provider. The company is seeking to find a new partner to support the future growth of the business.

Final Mile Delivery

**PROJECT  
COSMO**

Sell-Side

**About the Mandate:**  
G2 is currently advising a regional provider of final mile, big & bulky delivery services. The company is seeking a partner to support the next phase of growth through a sale or majority recapitalization.

Final Mile Delivery

**PROJECT  
ANGEL**

Sell-Side

**About the Mandate:**  
G2 is currently advising a regional provider of B2C final mile delivery services. The company is seeking a partner to support the next phase of growth through a sale or majority recapitalization.

Asset-Based Transportation

**PROJECT  
SCHAUMBURG**

Sell-Side

**About the Mandate:**  
G2 is currently advising a multimodal transportation provider including asset heavy, freight brokerage and warehouse services. The company is seeking a partner to support the next phase of growth through a sale or recapitalization.

Asset-Based Transportation & Brokerage

**PROJECT  
JAZZ**

Sell-Side

**About the Mandate:**  
G2 is currently advising a leading provider of diversified transportation services. The company is seeking a new partner to support the future growth through a sale of the business.

# SELECT ONGOING G2 PROJECTS

*Freight Forwarder*

**PROJECT**  
**MOVE**

Buy-Side

**About the Mandate:**  
G2 is currently advising a provider of customs brokerage and freight forwarding services. The company is seeking acquisition opportunities that will expand its market penetration, service capabilities or geographic presence.

*Third Party Fulfillment and Logistics*

**PROJECT**  
**SPIRIT**

Buy-Side

**About the Mandate:**  
G2 is currently advising a leading provider of value-added warehousing and distribution services. The company is seeking acquisition opportunities that will expand its geographic reach and service capabilities.

*Spare Parts Logistics*

**PROJECT**  
**SURGE**

Buy-Side

**About the Mandate:**  
G2 is currently advising a global provider of mission-critical, time-sensitive spare parts logistics solutions for high-tech OEM customers. The company is seeking acquisition opportunities that will expand service offering.

*Final Mile Delivery*

**PROJECT**  
**Rx**

Buy-Side

**About the Mandate:**  
G2 is currently advising a provider of pharmaceutical delivery services. The company is seeking acquisition opportunities that will expand its market share and service capabilities.

*Passenger Mobility & Infrastructure Services*

**PROJECT**  
**LINK**

Buy-Side

**About the Mandate:**  
G2 is currently advising a provider of passenger mobility and infrastructure services. The company is seeking acquisition opportunities to expand its market share across key service categories and geographies.

*Asset-Based Transportation*

**PROJECT**  
**ROYAL**

Buy-Side

**About the Mandate:**  
G2 is currently advising a provider of cross-border transportation services. The company is seeking acquisition opportunities that will expand its market penetration and geographic reach, primarily focused on dedicated transportation services.

# KEY T&L TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM <sup>1</sup>			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Ocean Freight	7	\$9,005	-5.6%	-18.2%	1.8x	6.1x
Air	2	\$2,489	-1.9%	-7.8%	2.2x	8.4x
Truckload	9	\$5,380	-2.4%	-7.8%	1.1x	7.8x
LTL	5	\$14,799	-2.5%	-8.4%	3.0x	14.6x
Third Party Logistics	12	\$36,480	-4.8%	-6.7%	1.4x	11.9x
Rail	6	\$88,206	-0.6%	-1.6%	5.5x	14.3x

Data sourced from S&P Capital IQ. LTM as of December 31, 2023

# Q4 2023 M&A TRANSACTIONS

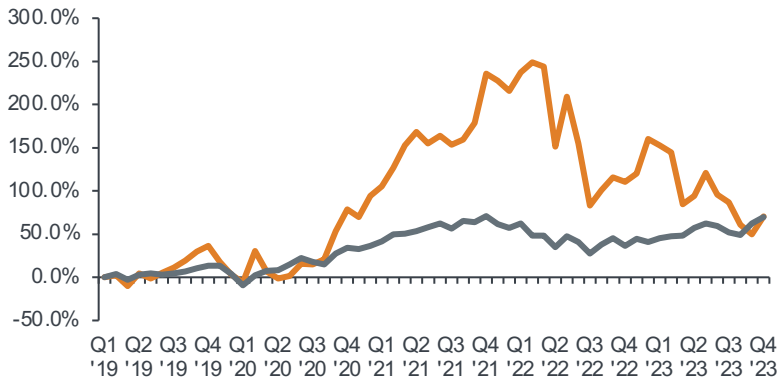
DATE	ACQUIRER	TARGET	TARGET DESCRIPTION	ENTERPRISE VALUE	EV / REVENUE	EV / EBITDA
Dec-23	Alba Wheels Up International, LLC	John A. Steer Co.	A dynamic company known for its customs brokerage and innovative logistics solutions across food, beverage and wine end markets.	NA	NA	NA
Dec-23	TFI International Inc.	Daseke, Inc.	Provides transportation and logistics solutions, operating through two segments, Flatbed Solutions and Specialized Solutions.	\$1,075.4	0.7x	5.3x
Dec-23	Hub Group, Inc.	Forward Air Final Mile LLC	Engages in residential final mile delivery and installation of big and bulky goods.	\$262.0	0.9x	NA
Dec-23	XPO, Inc.	28 service centers of Yellow Corporation	American transportation holding company filed for Chapter 11 bankruptcy.	\$870.0	NA	NA
Nov-23	Canada Cartage Diversified ULC	Gti Transport Solutions Inc.	Provides end-to-end logistics solutions with a focus on specialized, complex freight movements.	NA	NA	NA
Nov-23	TFI International Inc.	Dahlsten Truck Line, Inc.	Dry bulk transportation and package services, including transportation of refrigerated products.	NA	NA	NA
Nov-23	MercuryGate International, Inc.	International Trade Systems, Inc.	Develops and operates an online customs brokerage and freight forwarding cloud platform.	NA	NA	NA
Nov-23	Elanders AB (publ)	Kammac Limited	Engages in providing third-party logistics services.	\$126.7	NA	NA
Nov-23	Astatine Investment Partners LLC	Mckeil Marine Limited	Provides marine transportation and special project support solutions.	NA	NA	NA
Nov-23	Palladium Equity Partners, LLC	Source Logistics Corp.	Provider of value-added warehousing, distribution and fulfillment third-party logistics services to the consumer goods sector.	NA	NA	NA
Nov-23	Blue Horizon Partners, Inc.	Patriot Transportation Holding, Inc.	Transports petroleum and other liquids, and dry bulk commodities.	\$60.6	0.6x	5.5x
Nov-23	Flexport, Inc.	Convoys technology stack	Digital asset from freight brokerage, Convoy, that shut down Oct-23.	NA	NA	NA
Oct-23	CRST The Transportation Solution, Inc.	BCB Transport, LLC	A truckload carrier that believes in empowering our independent contractors, drivers, and employees.	NA	NA	NA
Oct-23	United Parcel Service, Inc.	Happy Returns, Inc.	A software and reverse logistics company that enables frictionless, no-box, no-label returns for merchants and consumers.	\$465.0	NA	NA
Oct-23	Ryder System, Inc.	Impact Fulfillment Services, LLC	Provides outsourced contract packaging and distribution services to leading branded consumer product companies.	\$250.0	NA	NA
Oct-23	DP World Limited	Cfr Rinkens, LLC	Provides global door-to-door shipping solutions for various types of cargo.	NA	NA	NA
Oct-23	Kenan Advantage Group, Inc.	Idaho Milk Transport, Inc.	Operates as a for-hire carrier of food-grade liquid products.	NA	NA	NA
Oct-23	Radiant Logistics, Inc.	Operations of Daleray Corporation	Comprises air freight and logistics company.	NA	NA	NA

Data sourced from S&P Capital IQ as of trading on December 31, 2023  
Past performance is no guarantee of future results

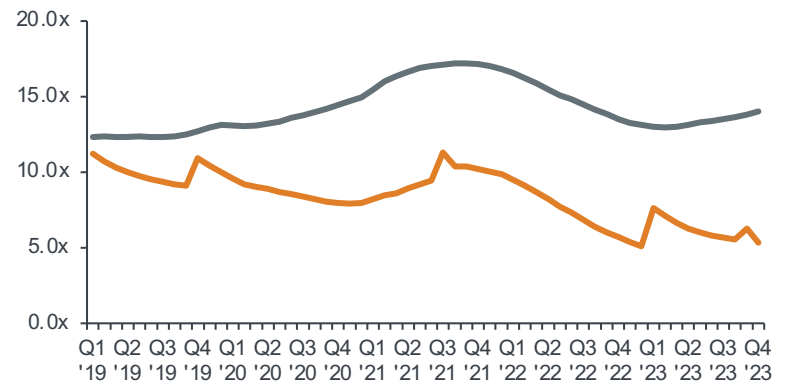


# MARKET INDICATORS

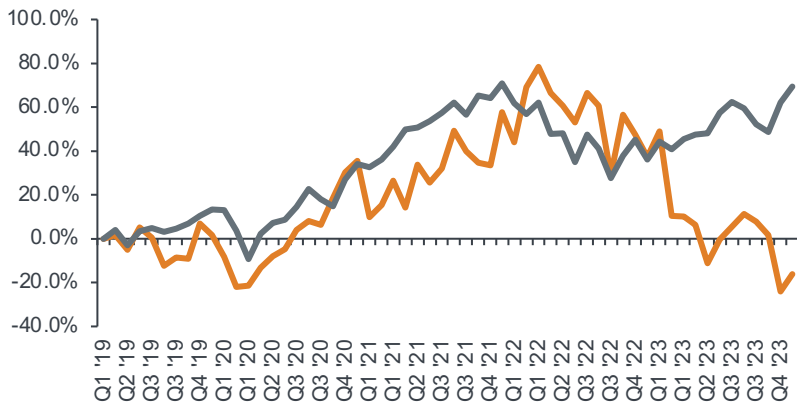
Ocean Freight Market Cap



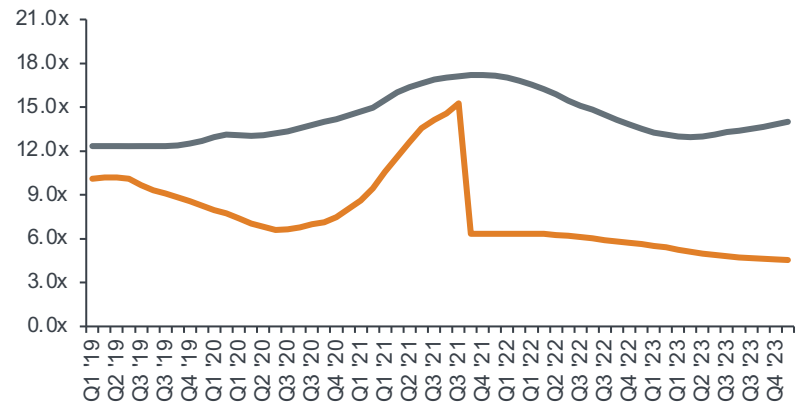
Ocean EV / EBITDA



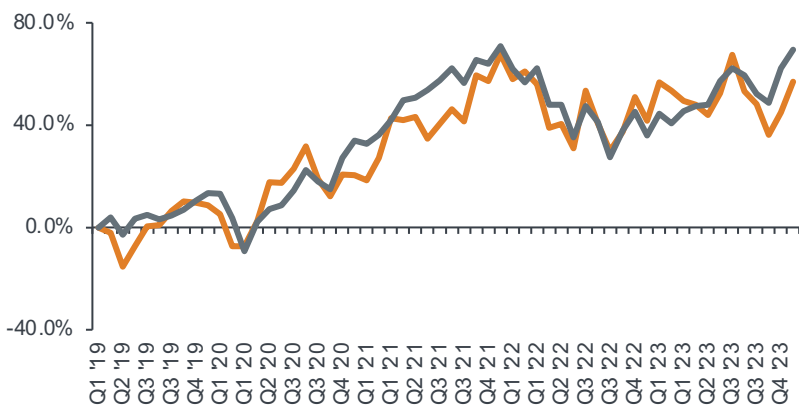
Air Freight Market Cap



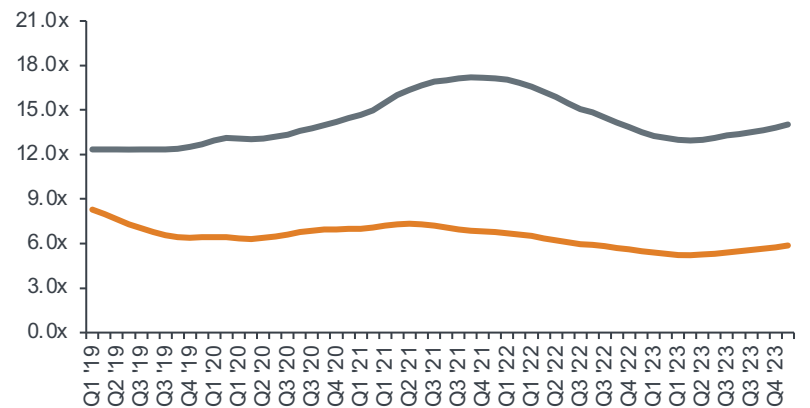
Air Freight EV / EBITDA



Truckload Market Cap



Truckload EV / EBITDA



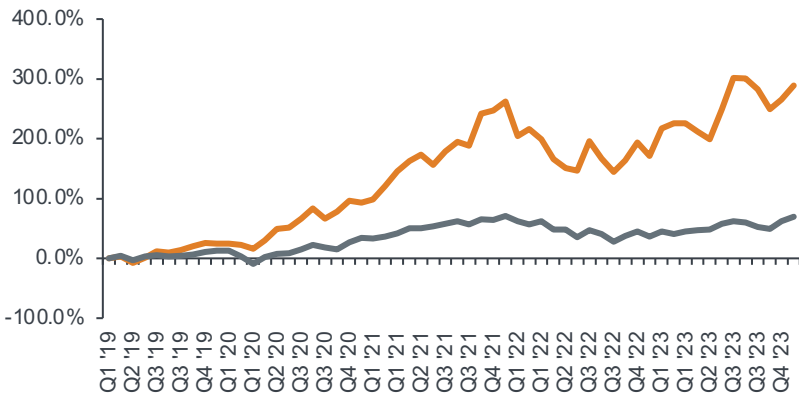
— T&L Sector — S&P 500

Data sourced from S&P Capital IQ as of trading on December 31, 2023  
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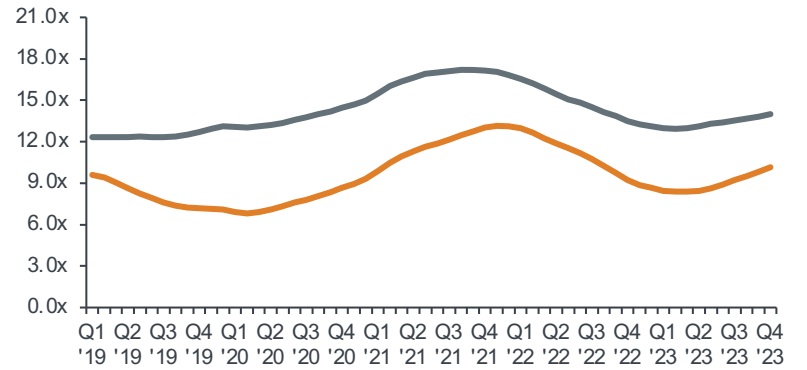


# MARKET INDICATORS

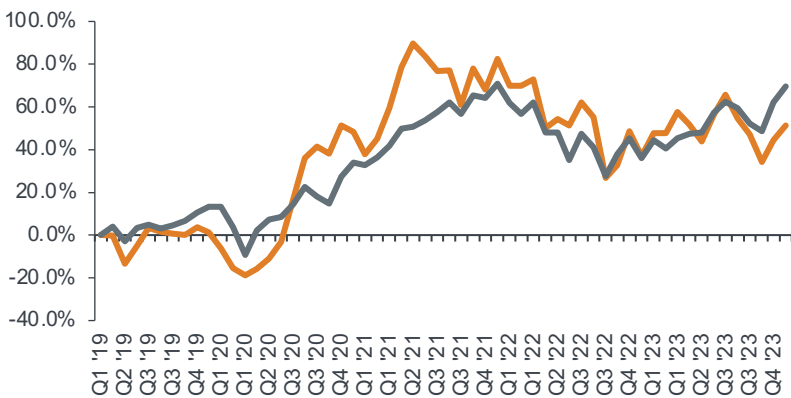
LTL Market Cap



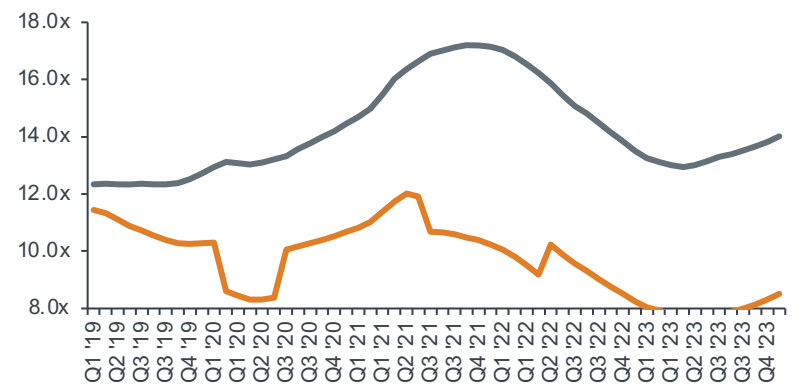
LTL EV / EBITDA



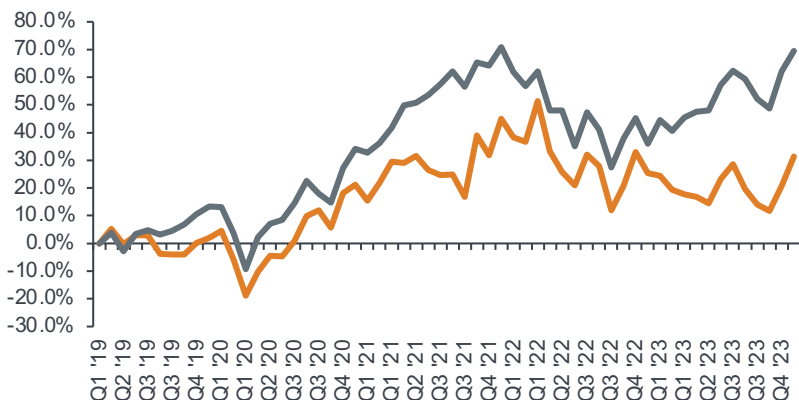
Third Party Logistics Market Cap



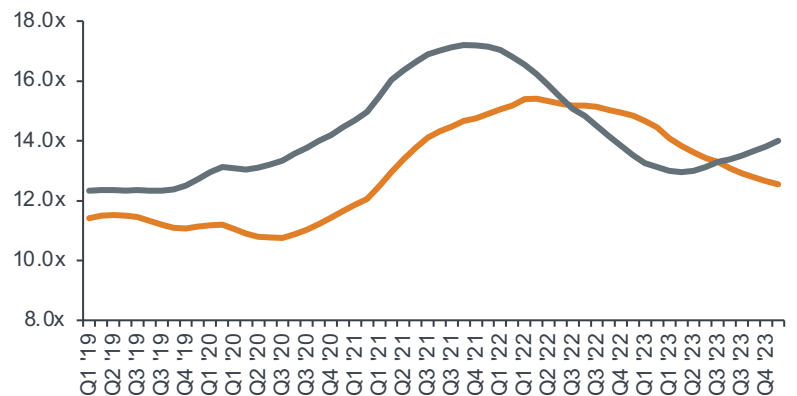
Third Party Logistics EV / EBITDA



Rail Market Cap



Rail EV / EBITDA



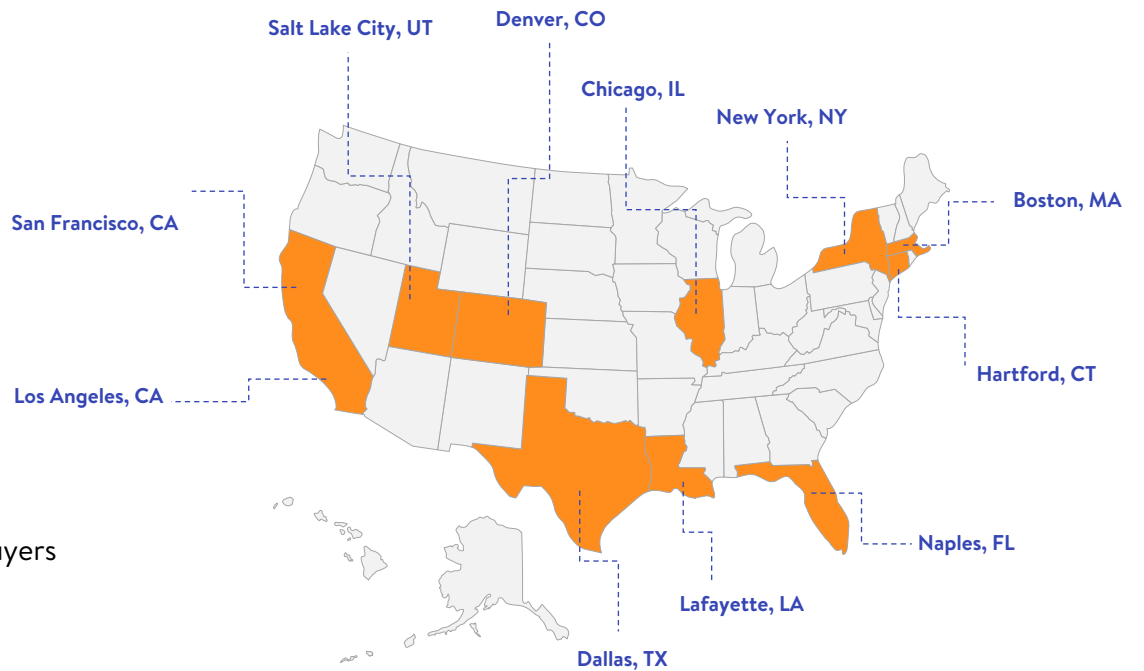
— T&L Sector — S&P 500

Data sourced from S&P Capital IQ as of trading on December 31, 2023  
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# G2 FIRM OVERVIEW

## Overview:

- 500+ mandates in 12+ years
- \$5B+ total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers

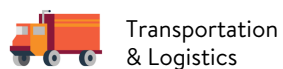


## A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



## Sector Expertise:



Transportation & Logistics

### T&L Focus Sectors:

- International Logistics
- Final Mile / Courier
- Warehousing / Distribution
- Asset-Based Transportation
- Freight Brokerage



Industrials & Manufacturing

### I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution



Technology & Business Services

### TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Consumer & Retail

### C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

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