

# TRANSPORTATION & LOGISTICS

## Q3 2024 MARKET UPDATE

### *Navigating Near-Term Trends in Transportation & Logistics*

#### The Current Landscape

In an economic environment marked by change and uncertainty, the transportation and logistics sector is at the forefront of development as the supply and demand imbalance persists, resulting in one of the longest freight recessions on record. Operators and investors are navigating the challenges posed by economic volatility, labor disputes, the election cycle, natural disasters, evolving supply chain strategies, and technological advances—all of which are influencing freight markets, investment, and M&A activity.

As freight markets rebound in 2025, enhanced financial performance and an improved lending environment are expected to create a favorable landscape for investment. Companies demonstrating a competitive edge and adaptability in this challenging market should garner significant interest as strategic acquisitions and platform investments come more into focus.

#### Key Trends Shaping Transportation & Logistics

- 1. Election Year Uncertainty:** This election year brings heightened uncertainty and opportunity, with each candidate presenting contrasting policies. For example, one party presents a U.S.-first focused policy that could enact additional tariffs on imports while the other will promote advancements in demand for electric vehicles. Large multinational strategics are preparing for either outcome and the different decisions that need to be quickly made. Large government spending packages (such as the \$1 trillion transportation bill already passed by the Biden administration and Congress), interest rate reductions, tax cuts, and microeconomic consumer stimulus initiatives will impact freight markets and drive decision-making in 2025 and beyond. Investment activity has slowed leading up to the election, but we have heard from numerous acquirers that they are taking a wait-and-see approach and anticipate being active in M&A in 2025.
- 2. Nearshoring and Reshoring Trends:** Nearshoring and reshoring remain in focus as providers pursue the growth potential of cross-border services. By relocating production closer to the U.S., shippers can benefit from reduced lead times, lower geopolitical risks, and diversified supply chain partners. We have seen tremendous interest from acquirers looking for strong-performing businesses that utilize B1 drivers, offer transloading capabilities in Laredo or El Paso, transport products beyond the auto parts category (currently the largest), and operate on a dedicated contract basis. These businesses are scarce and command a premium valuation, especially as global trade policy solidifies.
- 3. Hurricanes Disrupt the Southeast:** Recent hurricanes Helene and Milton brought significant challenges, affecting private assets, infrastructure, and supply chains. The impact on freight markets is notable as tender rejections increase, driving up the spot market and, if sustained long enough, potentially affecting the contract market. These dynamics can have positive short- to medium-term tailwinds for companies hauling waste and debris as well as moving freight to resupply the region and rebuild the infrastructure.
- 4. Port Strike Update:** On October 3rd, U.S. dockworkers and port operators, represented by the ILA and USMX, reached a tentative agreement to temporarily suspend the port strike and extend the existing master contract until January 15th, 2025. This deal contemplates a 62% pay raise over 6 years, though details such as the extent of automation usage in port operations remain under discussion. The three-day strike has had minimal impact on public equity capital markets, as the short duration is not expected to disrupt the supply chain, and the wage hike was largely anticipated. The government has also indicated it will not intervene in negotiations. Looking ahead, we expect ongoing pressure for ports to invest in automation technologies to enhance operational efficiency in response to the rising wage costs, conflicting with critical objectives of the ILA. Potential investments include automated cranes, vehicles, and operating systems, many of which have already been implemented at some West Coast ports.



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ASSET-BASED TRANSPORTATION



FREIGHT BROKERAGE

# TRANSPORTATION & LOGISTICS

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**5. The Rise of Automation and AI:** Rapid technology growth continues to transform the logistics sector as operators contend with increased pricing pressures and heightened competition. Companies that are ignoring the rapid evolution of AI risk putting themselves at a disadvantage in the future. While not everyone needs to be a first mover, it is time to get educated on technology's potential to help facilitate future decision-making. Several companies have made significant investments to develop automation technology for freight management, but they were later forced to sell such technology at a massive discount relative to the total capital raised. While there are clear benefits, it has also become apparent that human interaction and customer service remain a vital value-add. Purely competing on price and automation can be successful in a robust freight market, but as the market turns, it isn't easy to rely solely on automation

### Looking Ahead

As we move beyond the election year, we expect a surge in M&A activity within transportation and logistics, with extended hold periods, pent-up demand, and available capital all converging to drive higher transaction volumes. Companies that have shown resilience, adapting to the evolving supply chain, embracing new technologies, and positioning themselves to capitalize on industry tailwinds will attract strong interest from financial and strategic buyers eager to invest. This shifting landscape presents a unique opportunity for transformative acquisitions that boost competitiveness and create lasting value.

At G2 Capital Advisors, we are committed to equipping our clients with the insights and strategies to navigate the complexities of transportation and logistics. Our deep industry expertise and collaborative approach enable us to deliver tailored solutions that drive value and growth.

Learn more about the approaches we are using with our 80+ active client engagements across our focal industries.



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# TRANSPORTATION & LOGISTICS

G2 Capital Advisors served as the exclusive sell-side advisor to Western Peaks Logistics, a portfolio company of Banyan Ventures, on its majority recapitalization by Argosy Private Equity.



**CLIENT:** Founded in 2011 and headquartered in Salt Lake City, UT, WPL is the premier provider of same-day/next-day, final mile delivery services in the Mountain West. Through its routed and on-demand networks, the Company completes over two million deliveries per year to pharmacies, hospitals, retail locations, offices, and homes, located throughout both urban and rural areas in its network. WPL provides services to blue-chip customers in the pharmaceutical, healthcare, lab, office products, e-commerce and big & bulky sectors.

WPL operates a network of 12 locations throughout the region with hubs in Salt Lake City, Denver, Boise, and Colorado Springs. The Company's freight, customer and network density in the Mountain West, as well as its dedication to the region, enables WPL to efficiently, and cost-effectively, serve both urban and rural areas with a high level of customer service.

**SITUATION:** WPL was formed by Banyan Ventures through the acquisition of Rev It Logistics with the strategy of building a regional logistics company to address the unique needs of the Mountain West. The Company successfully executed a series of strategic acquisitions that expanded the Company's network, service capabilities, and geographic footprint. WPL has become a dominant player in the Mountain West region, with significant density that allows the Company to service both rural and urban markets across eight states. WPL had reached an inflection point of growth with notable new customers and expansion into new end markets over the last year and has a strong pipeline that will continue to support future growth.

**ENGAGEMENT:** G2 Capital Advisors, LLC ("G2") was engaged by WPL as the exclusive sell-side advisor to lead a highly targeted sale process focused on identifying a knowledgeable partner with significant Transportation & Logistics experience to recapitalize the business and provide additional equity capital to accelerate growth.

**OUTCOME:** The transaction was successfully executed through a majority recapitalization by Argosy Private Equity ("Argosy"), a middle-market private equity firm focused on growth-oriented companies in the Transportation & Logistics, Niche manufacturing, Industrial Services and Aviation Service sectors.

# G2 Q3 2024 TEAM ANNOUNCEMENT

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## JT Engstrom

Managing Director  
Transportation & Logistics  
Chattanooga, TN

### Announcement:

G2 is pleased to announce that John "JT" Engstrom has joined the firm as Managing Director in the Transportation & Logistics group. He helps lead the firm's logistics advisory practice, harnessing his vast expertise and robust network in transportation, contract logistics, and final mile delivery. JT's decade of industry experience is characterized by a distinguished record in strategic advisory, investment banking, and operational leadership.

*"JT's deep industry expertise and multifaceted background in the transportation and logistics sector will significantly enhance our team," said Chris Casteleyn, Managing Director, Head of T&L, G2. "His industry-related experience and thought leadership, combined with a strong investment banking background, aligns seamlessly with our mission to provide industry-focused and operationally driven advisory solutions that deliver exceptional outcomes for our clients."*

### Background:

JT joins G2 Capital Advisors after serving as a Senior Partner at Venture 53, a venture capital firm dedicated to the transportation and logistics industry. Prior to that, he served as Chief Strategy Officer at FreightWaves, a FreightIntel provider delivering digital insights to the freight community. At Stifel, JT was Vice President in the Transportation & Logistics Group, advising on mergers, acquisitions, capital raising, and financial restructuring across various transportation sectors. His career began at Oliver Wyman, a consulting firm supporting domestic transportation and logistics clients.

# SELECT ONGOING G2 PROJECTS

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.

Asset-Based Transportation & Brokerage

**PROJECT**

**JAZZ**

Sell-Side

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

Managed Freight

**PROJECT**

**STEEL**

Sell-Side

**About the Mandate:**  
G2 is currently advising a provider of less-than-truckload & full truckload managed transportation services. The company is seeking a full sale or majority recapitalization.

LTL Consolidation

**PROJECT**

**RAVEN**

Sell-Side

**About the Mandate:**  
G2 is currently advising a provider of consolidation, distribution and warehousing services. The company is seeking a full sale of the business.

Final Mile

**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.

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.

# SELECT ONGOING G2 PROJECTS

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## International Logistics

### 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 capabilities.

## Asset-Based Transportation

### PROJECT ROYAL

Buy-Side

#### About the Mandate:

G2 is currently advising a provider of door-to-door transportation services. The company is seeking acquisition opportunities that will expand its market penetration and geographic reach.

## Third Party Fulfillment and Logistics

### PROJECT GRANITE

Buy-Side

#### About the Mandate:

G2 is currently advising a provider value-add warehousing and distribution services. The company is seeking acquisition opportunities that will expand its market penetration, geographic presence or end market reach.

## Passenger Transportation

### PROJECT LINK

Buy-Side

#### About the Mandate:

G2 is currently advising a provider of passenger mobility solutions. The company is seeking acquisition opportunities that will expand its market penetration, service capabilities or end market reach.

# 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	\$10,817	1.0%	-8.1%	2.1x	8.6x
Air	2	\$2,449	-0.3%	-8.7%	2.3x	10.5x
Truckload	8	\$5,421	-0.9%	-4.2%	1.1x	9.0x
LTL	5	\$15,007	6.3%	5.2%	3.0x	15.2x
Third Party Logistics	13	\$34,074	0.9%	0.4%	1.5x	13.9x
Rail	6	\$88,332	-0.4%	3.4%	6.1x	13.6x

Data sourced from S&P Capital IQ. LTM as of September 30, 2024

# Q3 2024 M&A TRANSACTIONS

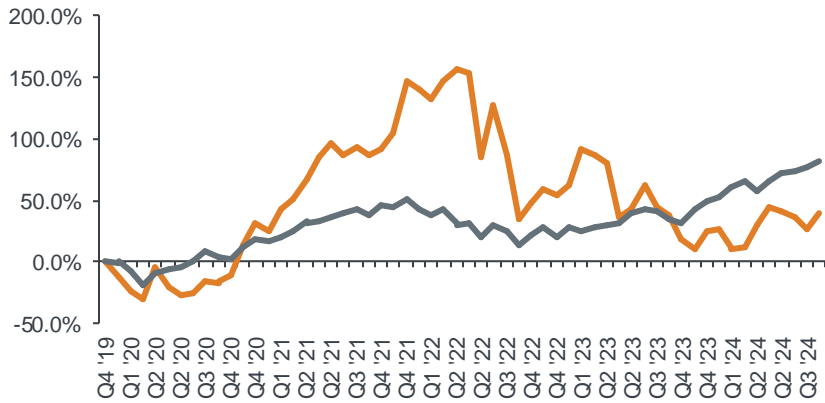
DATE	ACQUIRER	TARGET	TARGET DESCRIPTION
Sep-24	Universal Logistics Holdings, Inc.	Parsec	Leading provider of terminal management services to the Class I, regional, and short-line railroads across North America.
Sep-24	EVO Transportation & Energy Services, Inc.	West Side Transport, Inc.	Provides multi-modal transportation.
Sep-24	UPS	Frigo-Trans	Provides temperature-controlled, time-sensitive healthcare logistics services in Europe.
Sep-24	Groendyke Transport, Inc.	Linden Bulk Transportation LLC	Tank truck carrier that specializes in hauling petroleum, chemicals, and other bulk hazardous materials in Ohio, Pennsylvania, and New Jersey.
Sep-24	DC Logistics	U.S. Freight division of GLS	Less-than-truckload trucking and warehousing solution division within GLS.
Aug-24	TFI International Inc.	CMW Express	Provides truckload and less-than-truckload transport, serving Quebec, the Maritimes, Ontario and the eastern U.S.
Aug-24	GHK Capital Partners LP	Horizon Air Freight, Inc.	Freight forwarding, customs clearance, last mile delivery services, and port call agency services provider.
Aug-24	Kenan Advantage Group, Inc.	Transvac, LLC	Transporter of chemicals, water treatment products, and plastic.
Aug-24	Freightos	Shipsta	Freight procurement technology platform that connects shippers and carriers.
Aug-24	Haney and White Enterprise, LLC; Running Ox Logistics	BR Williams Trucking Inc.	Asset-based transportation and warehousing services provider.
Aug-24	FST Logistics, Inc.	Dancer Logistics, Inc.	Warehousing and transportation company based in Ohio.
Aug-24	KÖRber Supply Chain Software GmbH	MercuryGate International, Inc.	Transportation and logistics management software solution offered under SaaS product suite serving all transportation modes and segments.
Aug-24	Diverse Logistics & Distribution, LLC	TCA Logistics Corp.	Final mile logistics company that operates out of a facility network on the East Coast and California
Jul-24	TFI International Inc.	C.R.S. Express Inc	Provides regional less-than-truckload freight delivery.
Jul-24	Knight-Swift Transportation Holdings Inc.	LTL division of Dependable Highway Express, Inc.	Less-than-truckload division within the broader integrated services segment of Dependable Supply Chain Services, serving customers through a network of facilities across the Western U.S.
Jul-24	Stord	E-commerce fulfillment division of Pitney Bowes	E-commerce fulfillment business of Pitney Bowes that operates a fulfillment facility in Kentucky with e-commerce capabilities.
Jul-24	SPS Health	Mideast Delivery Solutions	Provider of specialized courier services, with reliable and timely transportation of long-term care pharmaceuticals.
Jul-24	ShipCalm	River Source Logistics	Provides end-to-end fulfillment logistics services for e-commerce end-markets.

Data sourced from S&P Capital IQ as of trading on September 30, 2024  
Past performance is no guarantee of future results

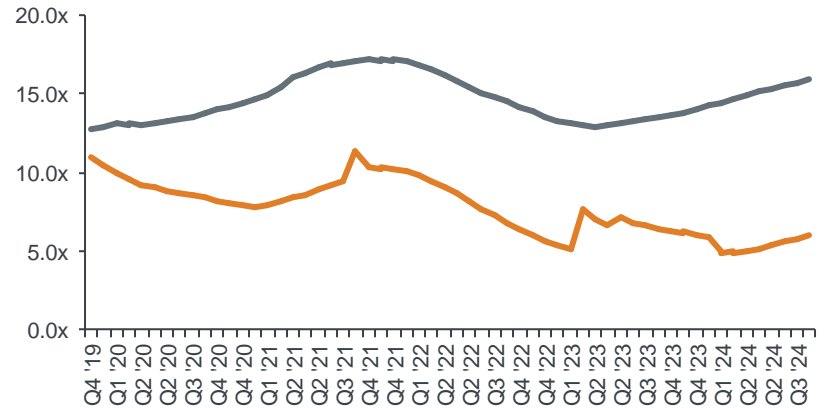


# MARKET INDICATORS

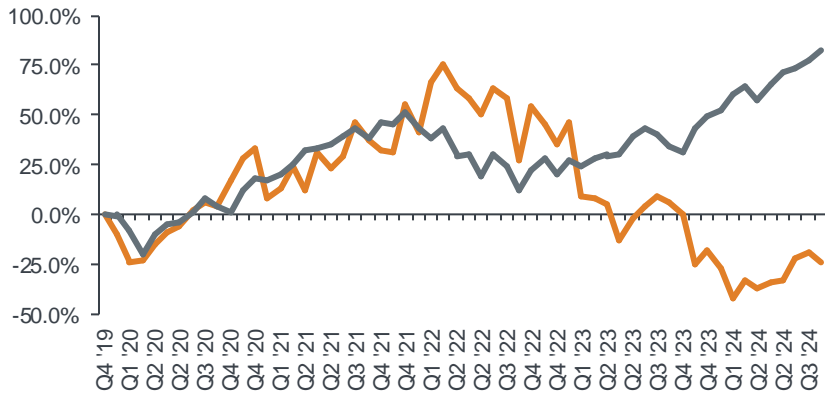
Ocean Freight Market Cap



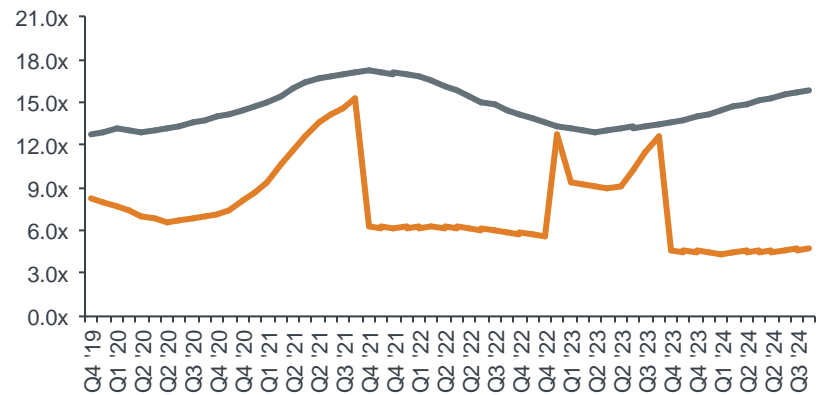
Ocean EV / EBITDA



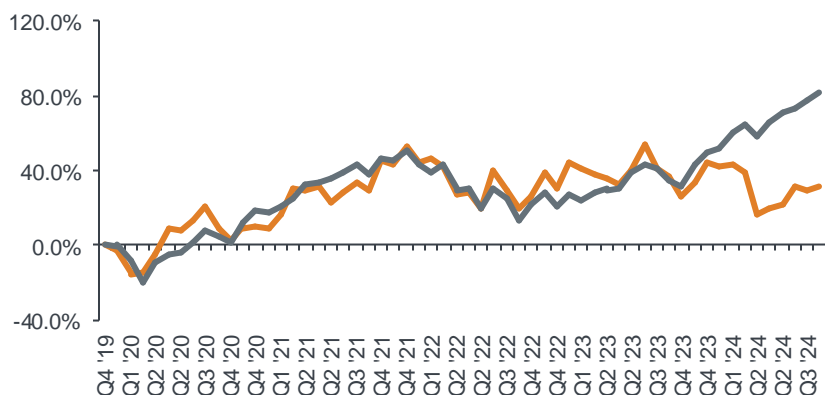
Air Freight Market Cap



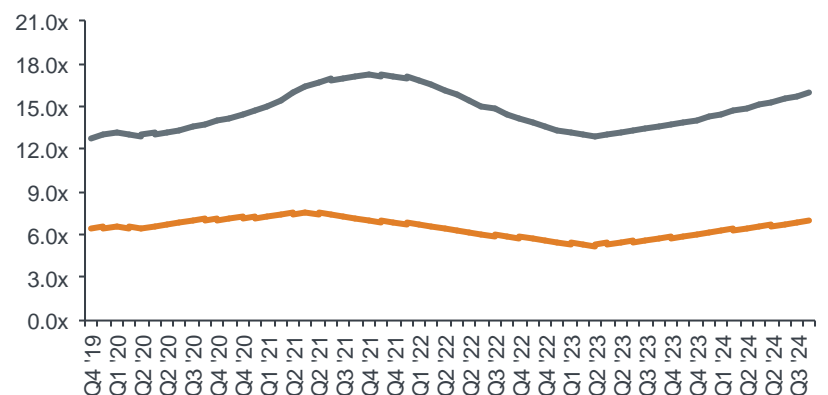
Air Freight EV / EBITDA



Truckload Market Cap



Truckload EV / EBITDA

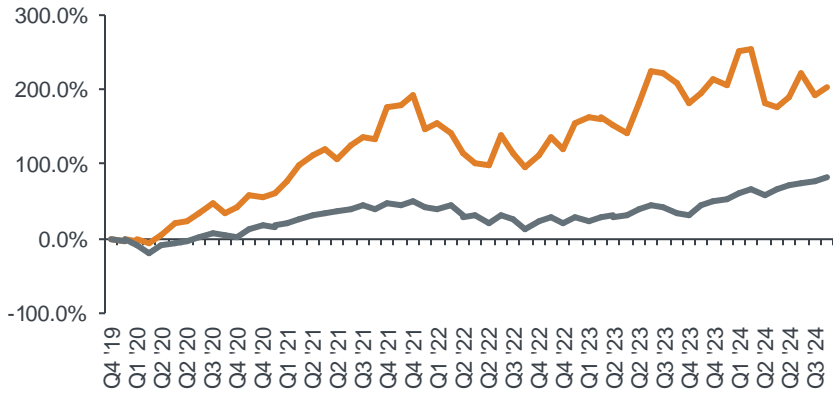


— T&L Sector — S&P 500

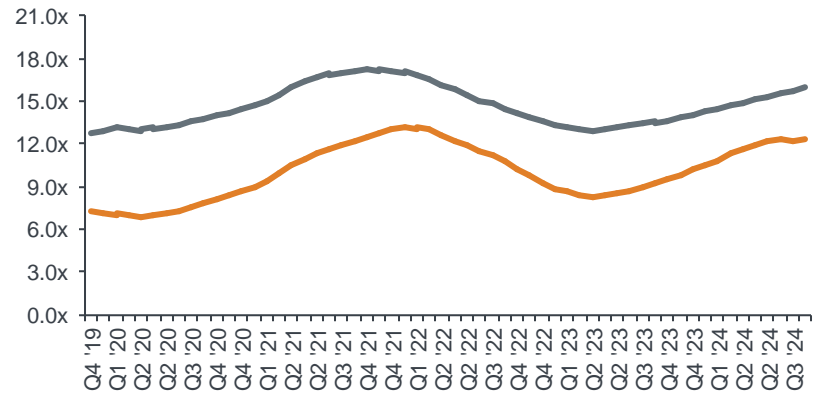
Data sourced from S&P Capital IQ as of trading on September 30, 2024  
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# MARKET INDICATORS

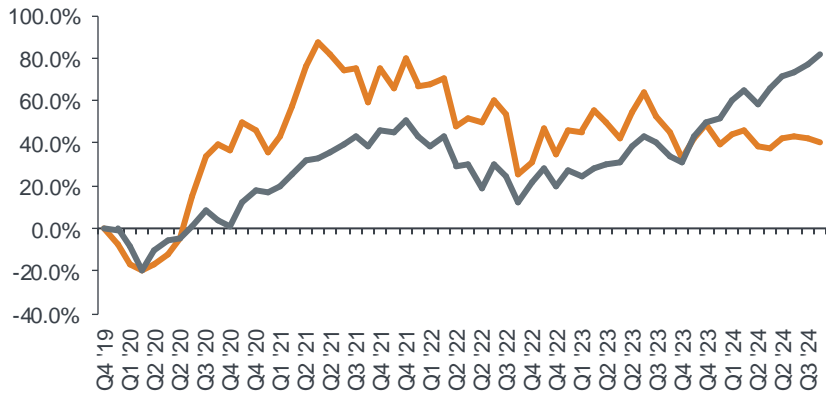
LTL Market Cap



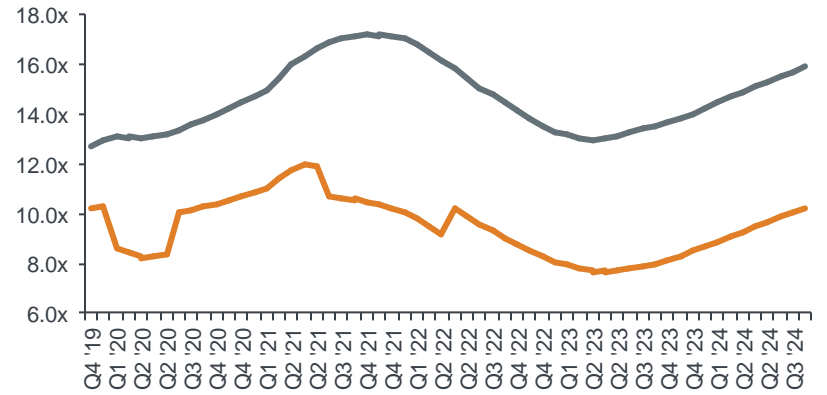
LTL EV / EBITDA



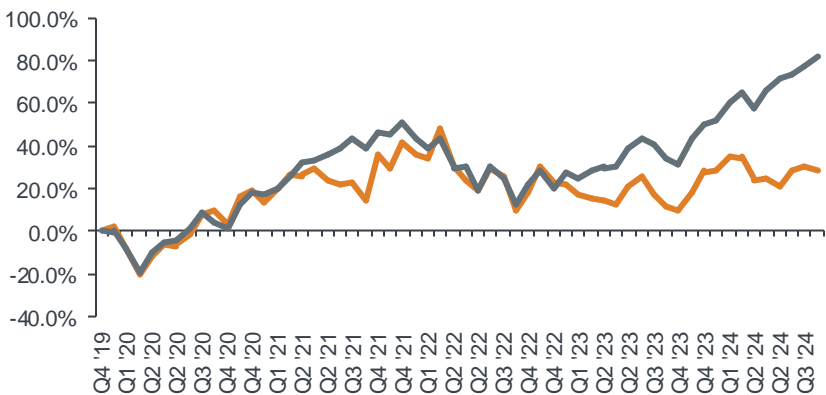
Third Party Logistics Market Cap



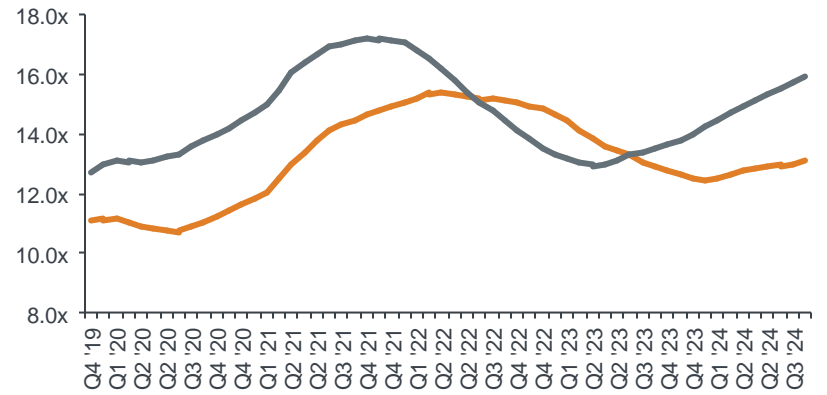
Third Party Logistics EV / EBITDA



Rail Market Cap



Rail EV / EBITDA



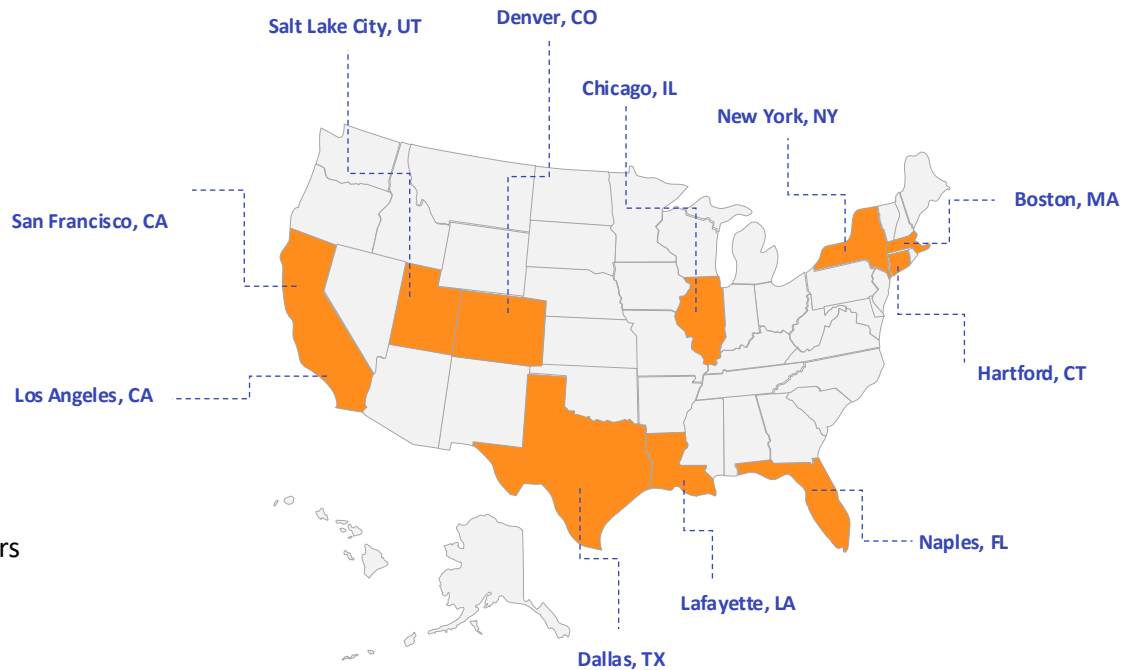
T&L Sector S&P 500

Data sourced from S&P Capital IQ as of trading on September 30, 2024  
Past performance is no guarantee of future results

# G2 FIRM OVERVIEW

## Overview:

- 500+ mandates in 14+ years
- \$5B+ total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers

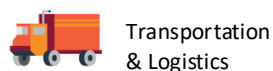


## A Multi-faceted Platform:

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:

- Asset-Based Transportation
- Freight Brokerage / Managed Freight
- Final Mile / Courier / Big & Bulky
- Warehousing / Distribution
- International Logistics



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

## Connect With Our Team:



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