

TRANSPORTATION & LOGISTICS

Q4 2024 MARKET UPDATE

AI and the Future of Transportation & Logistics

Unlocking Efficiency, Innovation, and Investment Potential

Artificial Intelligence (AI) advancements continue to evolve daily as investment opportunities remain plentiful—AI deals accounted for 37% of the \$38 billion raised by VC-backed companies in Q3 2024—up from 14% in 2020. While next-generation capabilities will focus on human movement, reasoning, and emotive behaviors, Generative AI is here to stay and offers accessible and user-friendly benefits. Generative AI reflects a significant progression to enhance a prior rule-based approach to developing models that learn the underlying patterns and structures of data to produce new content based on specific prompts and inputs. This capability can be used for various purposes, including chatbots, media creation, product development, and design.

In an industry once dominated by static planning and unpredictable delays, Transportation & Logistics companies are seeking opportunities to transform manual, time-consuming processes into a streamlined, data-driven ecosystem. Generative AI's ability to optimize operations, reduce costs, and enhance visibility is reshaping logistics organizations by creating efficiencies that previously seemed more like interesting concepts than practical solutions. The following identifies a few examples of capabilities G2 has seen with our clients.

Key Applications of AI in Transportation & Logistics

1. Predictive Analytics in Pricing and Procurement:

Freight brokerage and managed transportation have long been the connective tissue between shippers and asset-based providers, managing complexity, risk, and visibility. AI-driven predictive analytics is accelerating innovation in this space, helping operators tackle growing challenges in scale and seasonality.

By leveraging vast datasets, AI tools can:

- Enhance pricing precision: Analyze historical trends, demand fluctuations, and competitive data to optimize freight pricing strategies.
- Improve procurement decisions: Predict capacity availability and support profitable contracting in increasingly complex networks.

As these tools evolve, they are reducing reliance on manual decision-making and obtaining rates and availability faster and more accurately enabling brokers to navigate volatile markets with greater confidence. Companies that adopt advanced AI systems are better positioned to drive profitability and deliver value to their customers.

2. Dynamic Routing for Asset-Based Trucking and Final Mile

Static routing, while effective in stable conditions, limits efficiency in today's fast-paced logistics environment. AI-powered dynamic routing systems leverage real-time data and automation to respond to shifting demands, offering asset-based and final mile providers critical advantages:

- Operational agility: Routes can adjust dynamically to avoid disruptions, optimize delivery windows, and minimize idle time.
- Enhanced customer satisfaction: AI supports accurate vehicle tracking, proactive communication, and rapid re-routing—factors that build trust and loyalty.
- Resource optimization: Systems can analyze vehicle capacity, driver availability, and traffic conditions to maximize fleet utilization and reduce costs.

While fully automated fleets remain on the horizon, dynamic routing is a tangible, near-term advancement that delivers material efficiency gains and creates a competitive advantage for operators.



FREIGHT
FORWARDING



FINAL MILE /
COURIER



WAREHOUSING /
DISTRIBUTION



ASSET-BASED
TRANSPORTATION



FREIGHT
BROKERAGE

TRANSPORTATION & LOGISTICS

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3. Robotics in Warehousing and Distribution:

Warehousing remains one of the most fertile grounds for AI-driven innovation, where robotics and intelligent systems fundamentally reshape operations. This technology is particularly impactful in high-volume and low-SKU environments, offering:

- Picking and packing optimization: AI-guided robotics streamline repetitive tasks, reducing manual labor costs and improving accuracy.
- Intelligent routing within facilities: Advanced analytics ensure products move efficiently through warehouses, minimizing bottlenecks and enhancing throughput.
- Scalability and adaptability: Robotics systems, paired with AI, can scale up to meet peak demand periods and adapt to changing inventory requirements.

For logistics providers, these tools are not only enhancing productivity but also address workforce challenges, making AI-powered robotics an increasingly critical investment for modern distribution centers.

Why It Matters for Investors and Operators

AI adoption across T&L will drive measurable cost savings and operational gains:

- **Asset-based and final mile providers** benefit from automated routing, dynamic operations, and proactive communication.
- **Asset-light providers** leverage enhanced analytics for pricing, capacity, and customer insights.
- **Warehousing operations** see tangible improvements in speed, accuracy, and efficiency.

As these advancements scale, cost reductions will flow to shippers and end consumers, strengthening margins and market competitiveness.

At G2 Capital Advisors, we believe AI represents a significant growth catalyst for Transportation & Logistics stakeholders. The opportunities are clear: early adopters who implement AI-driven tools will be best positioned to capitalize on efficiencies, scalability, and investment returns as the field expands.

G2 is ready to partner with you to navigate and unlock these opportunities, leveraging our deep expertise to guide successful investments and strategic growth in this evolving landscape.



FREIGHT FORWARDING



FINAL MILE / COURIER



WAREHOUSING / DISTRIBUTION



ASSET-BASED TRANSPORTATION



FREIGHT BROKERAGE

G2 RECENTLY CLOSED PROJECTS



CLIENT OVERVIEW

Partners Warehouse (“Partners” or the “Company”) is a leading, high-quality warehousing and logistics services provider. The Company operates in seven locations across the Chicago metropolitan and Los Angeles areas and offers value-added warehouse and logistics solutions to various industries, including food and beverage, consumer goods & electronics, industrial products, healthcare & wellness, retail, automotive, import & exports, and bulk rail commodities. Founded in 1989, Partners Warehouse is headquartered in Elwood, Illinois, and has been a portfolio company of Red Arts Capital (“Red Arts”) since 2022.

SITUATION

Since partnering with Red Arts, Partners Warehouse has doubled in size through organic growth and an add-on acquisition of Flex Logistics, a Southern California-based warehouse company. The Company continues to explore opportunities to bolster its two million square foot warehouse capacity, geographic reach, end market exposure and fulfillment, transloading, drayage, and transportation capabilities.

ENGAGEMENT

Partners Warehouse and Red Arts engaged G2 Capital Advisors, LLC (“G2”) as the exclusive buy-side advisor to identify and originate discussions with acquisition targets that meet the Company’s criteria and expansion goals. G2 quickly leveraged its deep relationships in the value-added warehouse & distribution market to identify and facilitate discussions with targets that align with Partners Warehouse’s acquisition scope.

OUTCOME

Partners Warehouse recently acquired Jamesburg, New Jersey-based PSS Distribution Services (“PSS”). Since 1983, PSS has been a trusted third-party logistics (“3PL”) partner serving the U.S. Northeast Corridor. Strategically located in proximity to major northeast seaports, PSS provides warehouse management, transportation, and direct-to-store delivery, as well as value-added services, such as packaging, display assembly, kitting, pick and pack, and e-commerce services.

“We are excited to expand services into the East Coast through our acquisition of PSS Distribution Services,” said Stefan Freeman, Partners Warehouse CEO. “PSS has developed a robust logistics solutions portfolio that streamline operations for its clients and enhance customer satisfaction. We are honored to integrate these value-add capabilities into our platform.”

Anthony Barber, Chairman of Partners Warehouse and an Operating Partner at Red Arts, says, “Acquiring PSS is an important strategic milestone for Partners Warehouse as it extends its reach and strengthens its capability in food-grade distribution. We appreciate the G2 team’s continued effort in identifying targets that align with our areas of focus and will help achieve near-term growth and significant long-term shareholder value.”

Chris Casteleyn, Head of Transportation & Logistics at G2, said, “It’s exciting to see these two groups of operators come together. From early discussions, we felt there was strong overlap in cultural compatibility and a high likelihood that a partnership would make sense. We look forward to tracking the value of the platform’s enhanced service offering and geographic reach.”

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.

KEY T&L TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM ¹			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Ocean Freight	7	\$4,865	-5.0%	-2.2%	1.8x	6.3x
Third Party Logistics	13	\$14,757	-1.6%	-1.3%	1.4x	11.5x
Air	2	\$1,614	-3.3%	25.4%	1.1x	14.7x
Truckload	8	\$2,061	-6.9%	-21.5%	1.1x	8.5x
LTL	5	\$12,415	10.4%	0.9%	2.8x	24.5x
Rail	6	\$79,430	0.2%	2.2%	5.6x	12.3x

Data sourced from Pitchbook as of trading on December 31, 2024

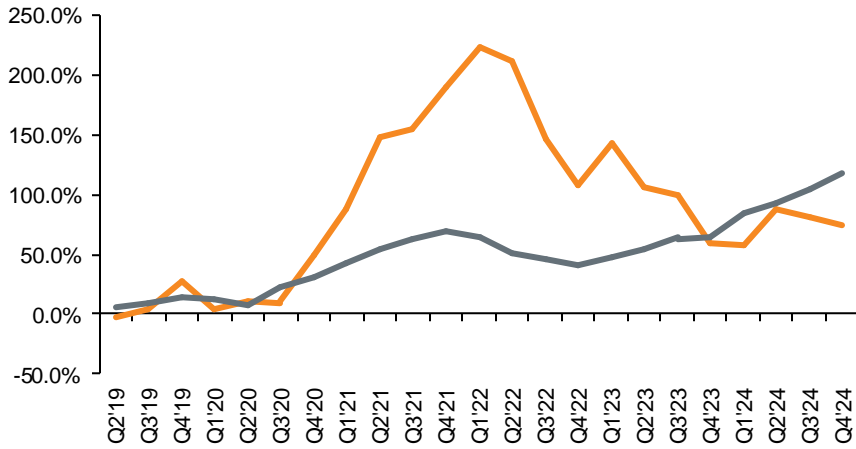
Q4 2024 M&A TRANSACTIONS

DATE	ACQUIRER	TARGET	TARGET DESCRIPTION
Dec-24	ADL Final Mile	Henry Industries	Provider of logistics, warehousing, and distribution solutions catering to its clients nationwide.
Dec-24	CargoSprint	Advent eModal	Developer of a port management platform designed to optimize the supply chain by digitizing the flow of intermodal freight and funds.
Dec-24	Pitt Ohio	Sutton Transport	Provider of transportation and logistics solutions intended to be the most efficient and reliable transportation network in the Midwest.
Dec-24	Priority Courier Experts	NOW Courier	Provider of freight and logistics services intended for healthcare, e-commerce, industrial, banks and financial institutions and other sectors.
Dec-24	Cart.com	OceanX	Developer of a subscription commerce platform designed to support brands and retailers in the direct-to-consumer membership space.
Dec-24	Berkshire Partners	RJW Logistics Group	Provider of logistics services intended to improve in-stock levels, increase sales and optimize every step of the supply chain.
Dec-24	Radiant Road & Rail	TCB Transportation	Provider of freight forwarding services via rail intended for the forestry and lumber, food & beverage, metals & mining and chemicals industries.
Dec-24	Ridgewood Infrastructure	Valley Cold Storage	Provider of temperature-controlled storage and logistics services for the food, agricultural, retail, and pharmaceutical industries.
Dec-24	Schneider National	Cowan Systems	Provider of logistics and transportation services intended to create value for clients, suppliers, employees and owners.
Nov-24	Canada Cartage	Coastal Pacific Xpress	Provider of trucking services intended for the perishable and ambient temperature goods industries.
Nov-24	Kenan Advantage Group	Xcel Bulk Logistics	Provider of transportation and logistic services for construction materials throughout the Gulf Coast, East Coast, and Midwest.
Nov-24	Heniff Transportation Systems	Hagen Johnson Group	Provider of bulk liquid food transportation services for manufacturers and distributors of food and beverage products.
Nov-24	Kenan Advantage Group	PRM Trucking	Provider of transportation and storage services for bulk materials.
Nov-24	Stonepeak Partners	Fleet Equipment	Provider of truck and trailer equipment leasing and sales services based in Dallas, Texas.
Nov-24	Kuehne + Nagel	IMC Companies	Operator of a marine drayage and intermodal logistic firm based in Collierville, Tennessee.
Nov-24	Blair Logistics	Fluker Transportation	Provider of truck transportation services intended to transport materials such as steel, construction, and defense related freight.
Nov-24	TFI International	Keystone Western	Provider of logistics services intended for supply chain management purposes.
Nov-24	Audax Private Debt	Jillamy (Freight Brokerage Business)	Operator of logistics and supply chain services intended for domestic and international freight.
Oct-24	Moran Transportation	RMX Freight Systems	Provider of road transportation services catering to Ohio and bordering points in Kentucky and West Virginia.

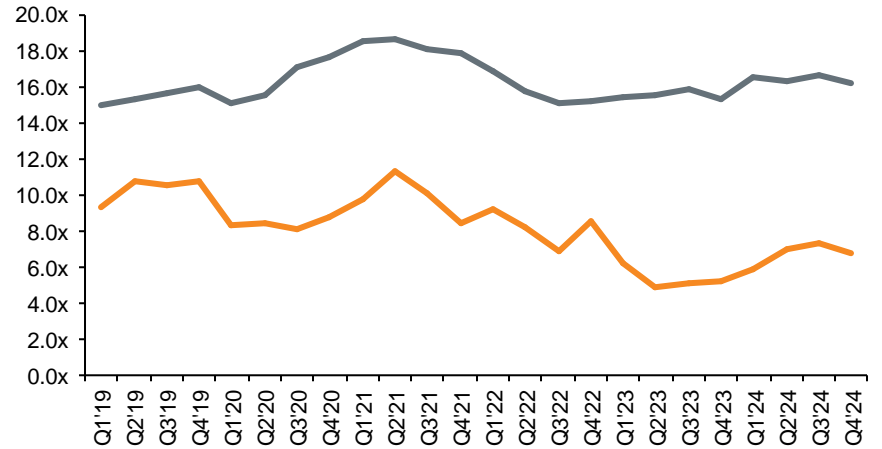
*Data sourced from Pitchbook as of trading on December 31, 2024
Past performance is no guarantee of future results*

MARKET INDICATORS

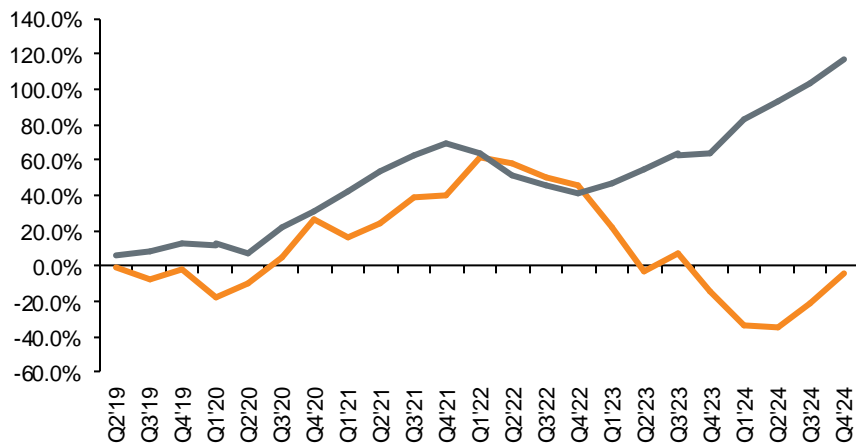
Ocean Freight Market Cap



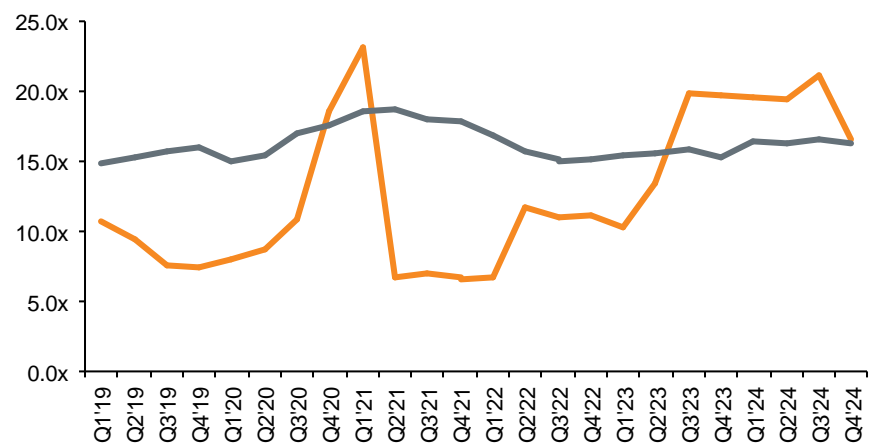
Ocean EV / EBITDA



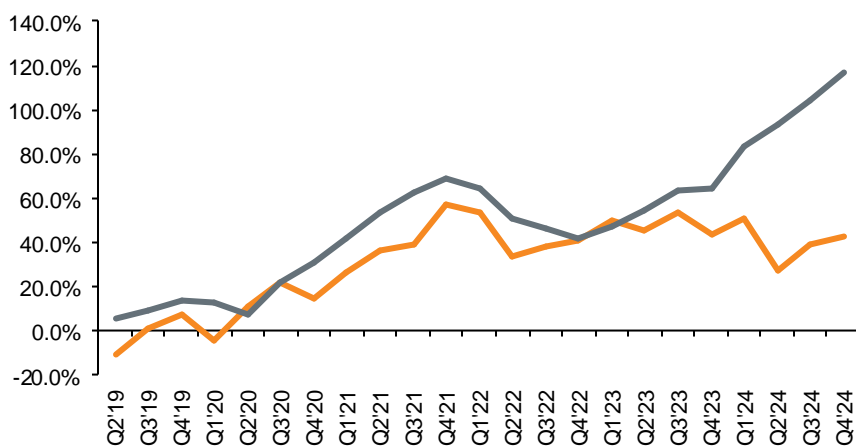
Air Freight Market Cap



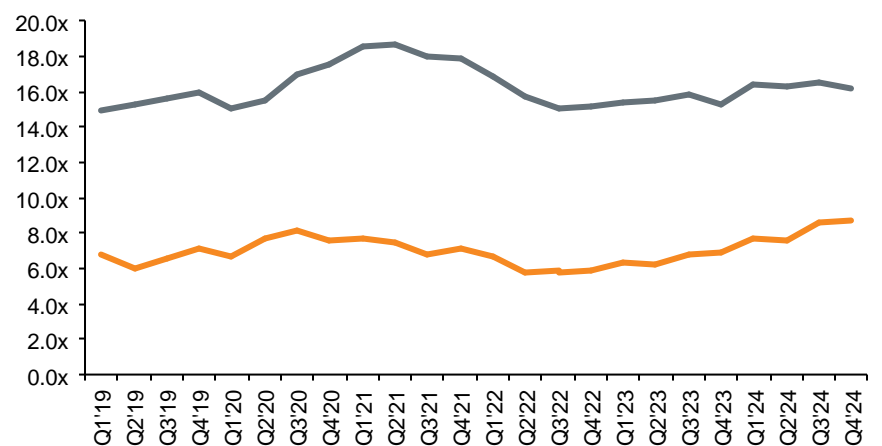
Air Freight EV / EBITDA



Truckload Market Cap



Truckload EV / EBITDA

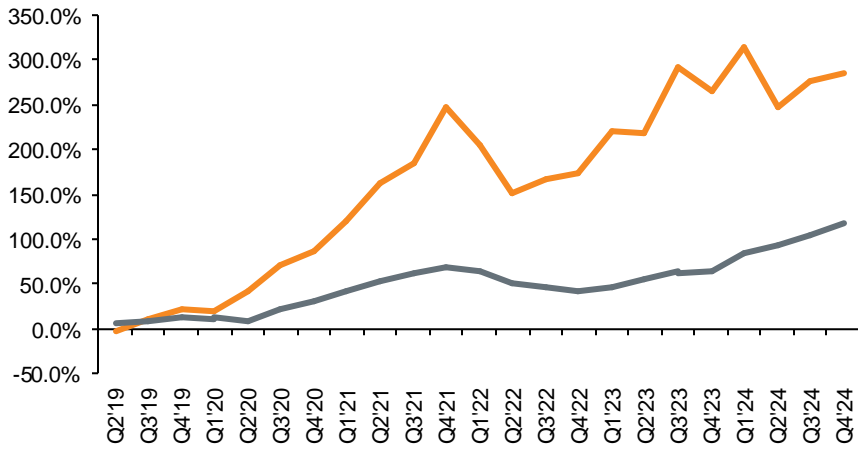


T&L Sector S&P 500

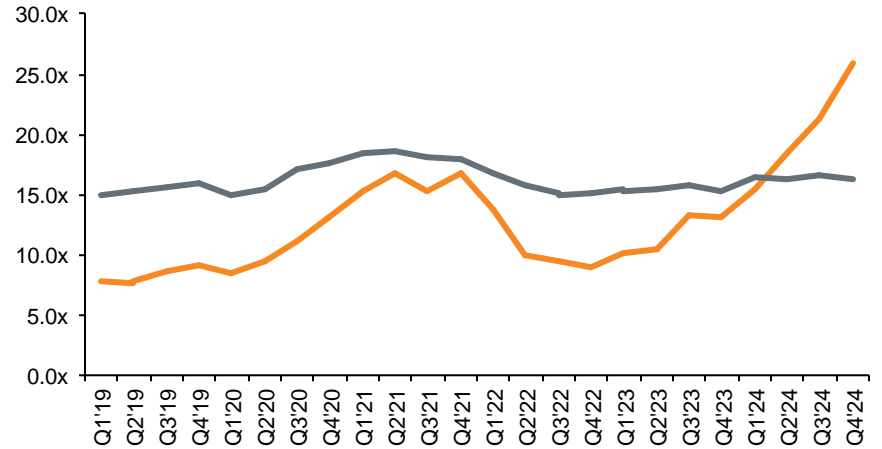
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MARKET INDICATORS

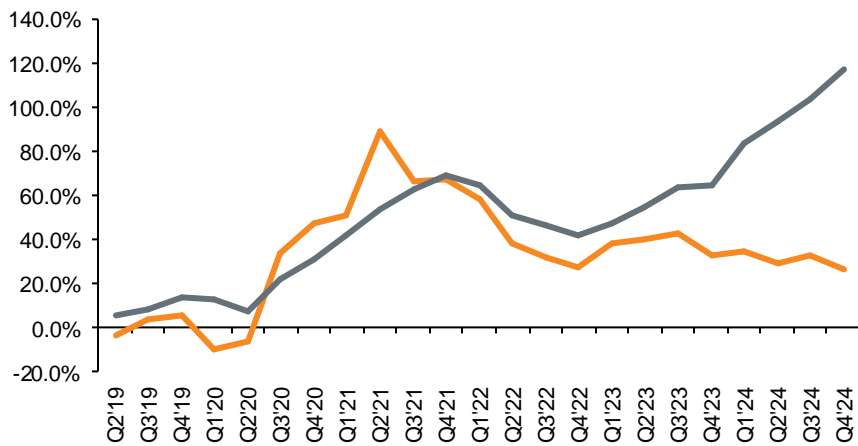
LTL Market Cap



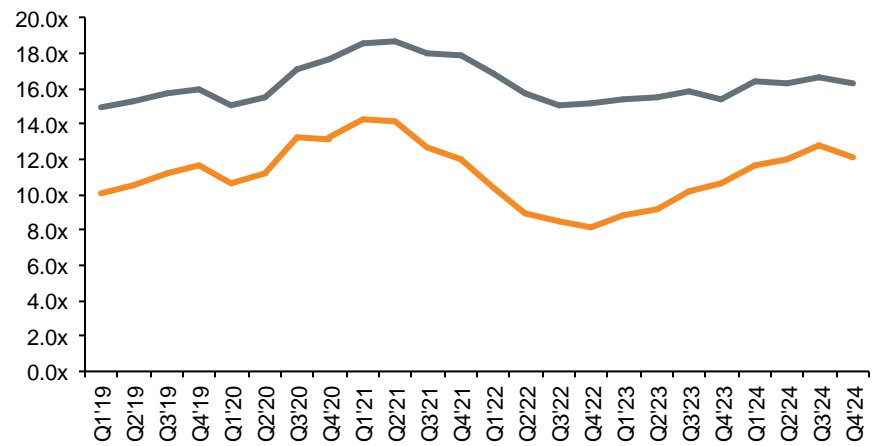
LTL EV / EBITDA



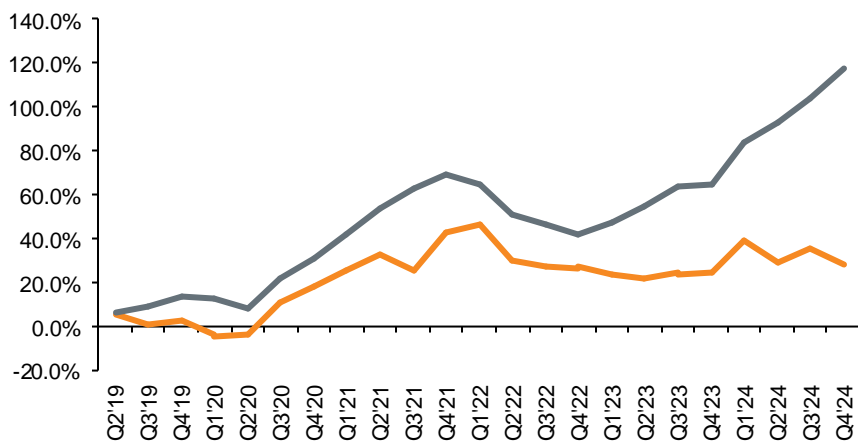
Third Party Logistics Market Cap



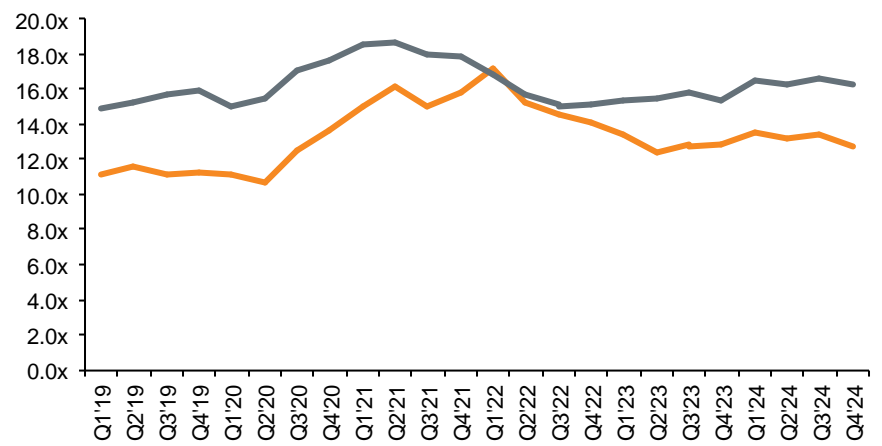
Third Party Logistics EV / EBITDA



Rail Market Cap



Rail EV / EBITDA



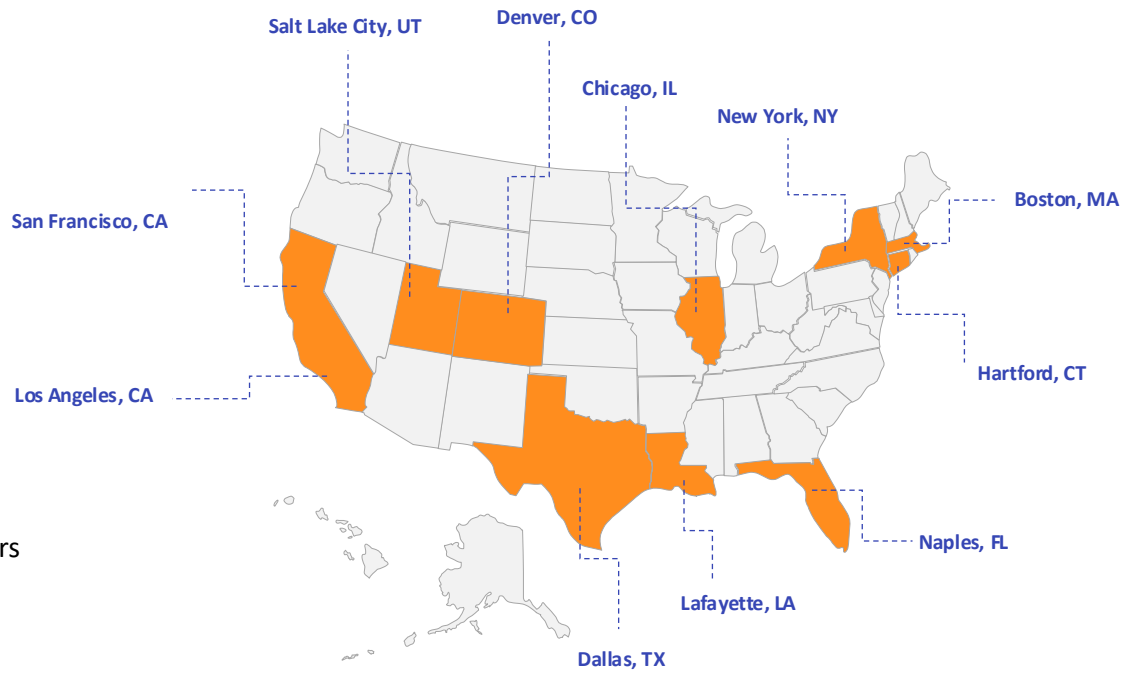
T&L Sector S&P 500

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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

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