PEAKSTONE

www.peakstone.com

Warehousing, Transportation & Logistics Industry Insight

June 2020

Warehousing, Transportation & Logistics M&A Update

Warehousing, Transportation & Logistics transaction multiples remained strong

In 2019, strategic buyers have accounted for 88% of Warehousing, Transportation and Logistics M&A transactions with financial buyers making up the difference. During 2018, strategic buyers accounted for approximately 81% of the transactions.

Select Recent Notable Publicly Announced M&A Transactions

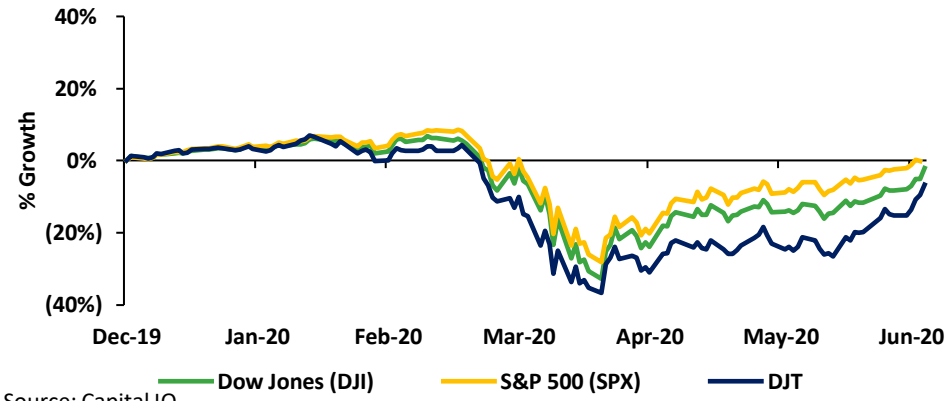
Date	Status	Target	Transaction Size	Buyer
Mar-2020	Closed	innovel	$1 billion	Costco Wholesale
Nov-2019	Closed	emergentcold	$900 million	Lineage
Jul-2019	Closed	G&W	$9.5 billion	Brookfield
Apr-2019	Closed	Long Beach Container Terminal	$1.7 billion	Macquarie
Apr-2019	Closed	Cloverleaf Cold Storage	$1.2 billion	Americold

Warehousing Transportation & Logistics COVID-19 Impact

Key Trends

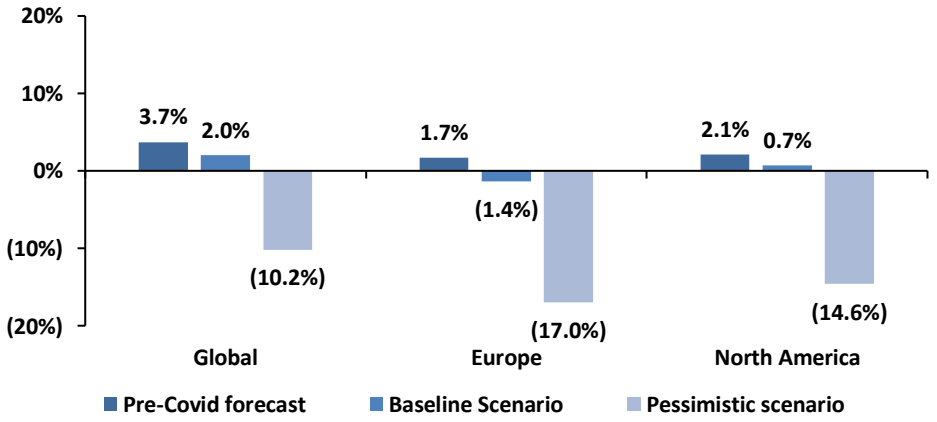
- Social distancing is putting a strain on e-commerce supply chains as consumers increasingly order food and key household items online.
- The Federal Motor Carrier Safety Administration (FMCSA) has relaxed certain hours-of-service (HOS) regulations for motor carriers involved in coronavirus-related relief efforts, such as hauling medical supplies, testing equipment, masks, gloves, hand sanitizer, food, and personnel.
- The U.S. and Canada announced they will temporarily close their shared border to nonessential travel, while continuing to allow goods to move between the countries, to slow the spread of the coronavirus.
- Passenger air travel has cratered, causing the U.S. airline industry to lobby for $50 billion in assistance from the federal government.
- Airlines are increasingly redeploying passenger planes to air freight applications, running charter flights to cater to shippers who need to move packages or pallets.

Dow Jones Transportation Average Index Growth (DJT)



Source: Capital IQ

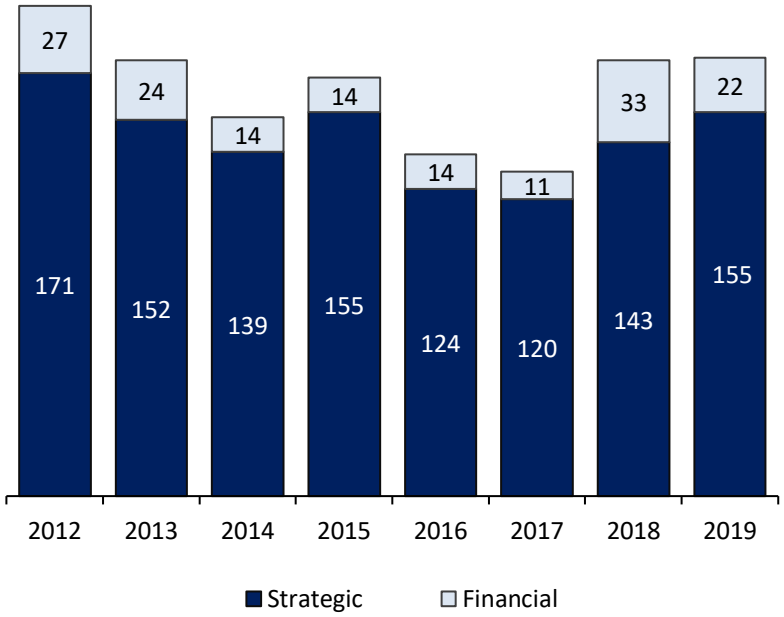
Estimated Impact on Global Logistics Industry Growth in 2020



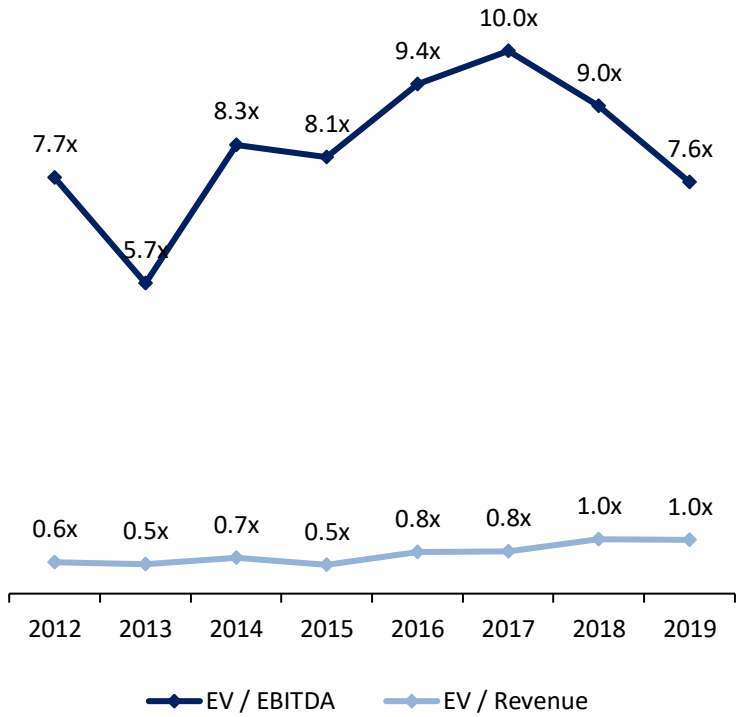
Source: Statista

Warehousing, Transportation & Logistics – M&A Market Overview

U.S. Transportation & Logistics Transactions by Buyer Type



U.S. Transportation & Logistics Transaction Multiples

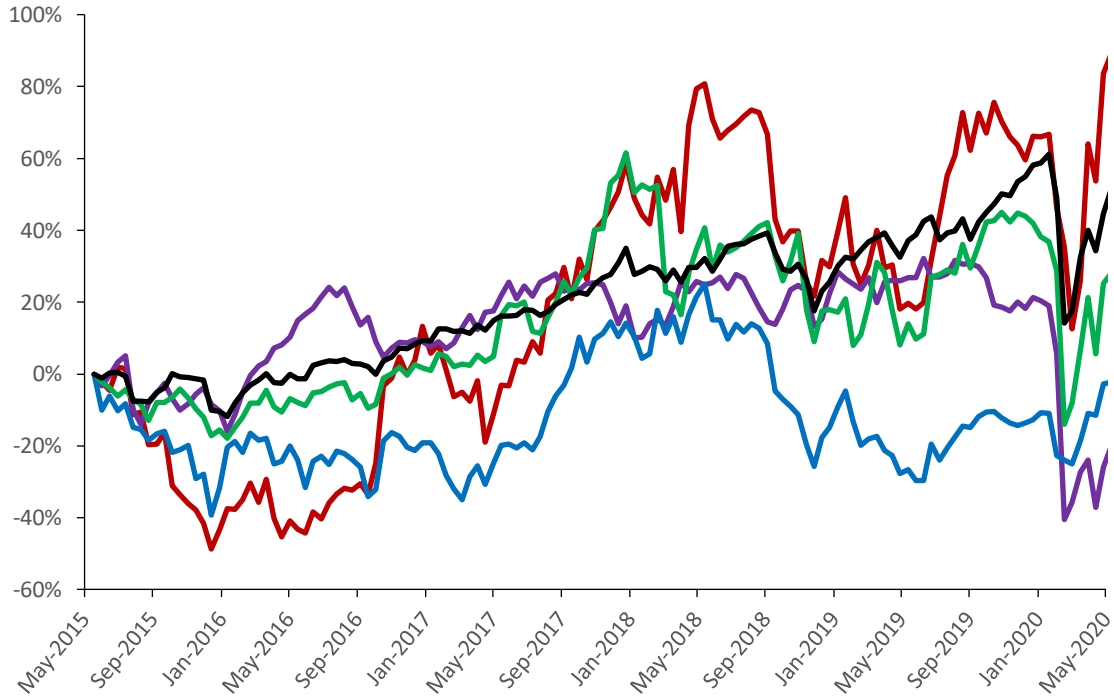


Source: Capital IQ, data as of June 2020.

Peakstone Transportation Indices – Trading Statistics

Warehousing, Transportation & Logistics indexes have been trading in-line with the S&P 500

Relative Stock Performance



S&P 500: 52%

Asset-Light & Logistics: 28%

Warehousing & Storage REITs: -20%

LTL: 89%

Truckload: -2%

Peakstone Truckload Index
CGI, PTSI, KNX, JBHT, WERN, MRTN, USAK, HTLD, SWFT, CVTI, SNDR

Peakstone Asset-Light & Logistics Index
FWRD, RRTS, LSTR, CHRW, EXPD, XPO, HUBG, ECHO

Peakstone LTL Index
ARCB, SAIA, YRCW, ODFL

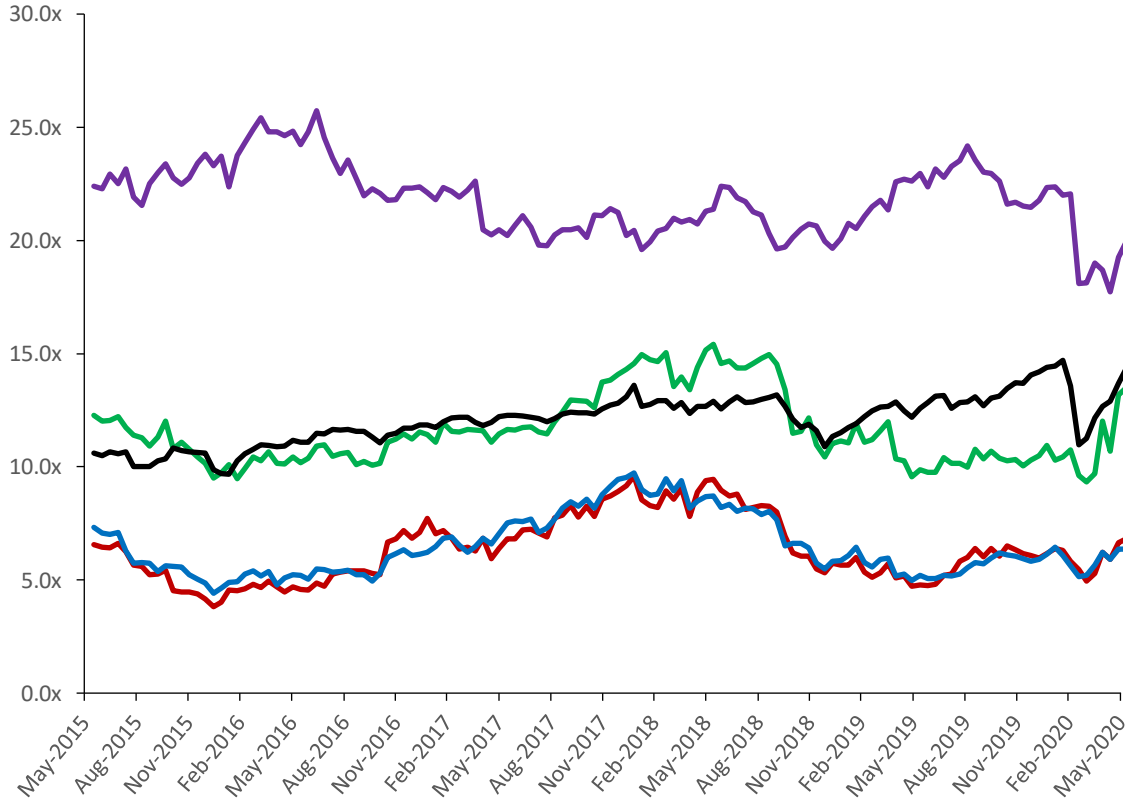
Peakstone Warehousing & Storage REIT Index
COLD, AVB, CUBE, DCT, EXR, JBGS, LXP, LSI, PLD, PSA, VTR, VNO

Source: Capital IQ, data as of June 2020.
Note: Peakstone indexes are equally weighted

Peakstone Transportation Indices – Trading Statistics

Warehousing, Transportation & Logistics indexes have been trading in-line with the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



Warehousing & Storage REITs: 19.9x

S&P 500: 14.3x

Asset-Light & Logistics: 13.5x

LTL: 6.8x

Truckload: 6.4x

Peakstone Truckload Index
CGI, PTSI, KNX, JBHT, WERN, MRTN, USAK, HTLD, SWFT, CVTI, SNDR

Peakstone Asset-Light & Logistics Index
FWRD, RRTS, LSTR, CHRW, EXPD, XPO, HUBG, ECHO

Peakstone LTL Index
ARCB, SAIA, YRCW, ODFL

Peakstone Warehousing & Storage REIT Index
COLD, AVB, CUBE, DCT, EXR, JBGS, LXP, LSI, PLD, PSA, VTR, VNO

Source: Capital IQ, data as of June 2020.
Note: Peakstone indexes are equally weighted

Selected Public Trading Comparables

Selected Warehousing, Transportation & Logistics Public Trading Comparables

($ in millions) Company Name	Stock Price	% 52-Week High	Market Cap	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
LTL										
Old Dominion Freight Line, Inc.	$165	96%	$19,498	$19,186	4.7x	17.8x	23.3x	34.5x	34%	26%
Saia, Inc.	113	95%	2,915	3,228	1.8x	10.2x	20.1x	27.4x	21%	16%
YRC Worldwide Inc.	2	38%	68	1,152	0.2x	3.2x	57.3x	NM	8%	3%
ArcBest Corporation	26	79%	645	728	0.2x	3.4x	9.6x	27.2x	7%	6%
LTL Median	**$69**	**87%**	**$1,780**	**$2,190**	**1.0x**	**6.8x**	**21.7x**	**27.4x**	**15%**	**11%**
Warehousing & Storage REITs										
Prologis, Inc.	$96	97%	$71,207	$91,159	24.2x	36.3x	69.6x	54.3x	74%	67%
Public Storage	205	77%	35,915	41,717	14.1x	20.2x	27.1x	30.5x	72%	70%
AvalonBay Communities, Inc.	171	75%	24,066	31,568	13.3x	20.7x	37.7x	42.3x	67%	64%
Ventas, Inc.	41	55%	15,333	27,189	6.9x	15.1x	32.8x	56.4x	52%	45%
Vornado Realty Trust	42	62%	8,082	17,056	8.9x	19.6x	37.1x	132.6x	53%	43%
Extra Space Storage Inc.	101	81%	12,994	18,787	14.0x	20.8x	28.6x	32.9x	74%	65%
Americold Realty Trust	35	87%	7,036	8,841	4.7x	23.1x	45.7x	58.8x	27%	19%
CubeSmart	28	78%	5,467	7,471	11.2x	17.9x	30.3x	38.5x	70%	62%
JBG SMITH Properties	32	76%	4,298	6,352	9.9x	27.7x	167.9x	NM	49%	36%
Life Storage, Inc.	100	84%	4,678	6,774	11.5x	19.5x	28.8x	30.1x	66%	58%
Lexington Realty Trust	10	86%	2,815	4,332	13.3x	16.6x	41.0x	94.4x	87%	79%
Warehousing & Storage REITs Median	**$42**	**78%**	**$8,082**	**$17,056**	**11.5x**	**20.2x**	**37.1x**	**48.3x**	**67%**	**62%**

Source: Capital IQ, data as of June 2020.

Selected Public Trading Comparables

Selected Warehousing, Transportation & Logistics Public Trading Comparables

($ in millions) **Company Name**	Stock Price	% 52-Week High	Market Cap	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
Truckload										
J.B. Hunt Transport Services, Inc.	$119	97%	$12,549	$13,933	1.5x	10.6x	18.4x	27.3x	18%	14%
Knight-Swift Transportation Holdings Inc.	41	97%	6,910	7,865	1.7x	7.7x	18.3x	23.3x	27%	19%
Schneider National, Inc.	24	97%	4,196	3,883	0.8x	5.8x	11.2x	22.6x	18%	14%
Werner Enterprises, Inc.	43	92%	2,971	3,160	1.3x	6.9x	16.6x	21.4x	27%	18%
Heartland Express, Inc.	21	93%	1,709	1,645	2.6x	9.7x	25.7x	29.5x	36%	27%
Marten Transport, Ltd.	26	96%	1,407	1,372	1.6x	8.2x	20.2x	24.3x	28%	19%
Covenant Transportation Group, Inc.	14	73%	239	576	0.6x	4.8x	39.5x	33.5x	21%	10%
P.A.M. Transportation Services, Inc.	32	45%	184	422	0.8x	1.8x	31.5x	16.9x	23%	14%
USA Truck, Inc.	8	69%	65	261	0.5x	5.8x	NM	263.7x	16%	7%
Truckload Median	**$26**	**93%**	**$1,709**	**$1,645**	**1.3x**	**6.9x**	**19.3x**	**24.3x**	**23%**	**14%**
Asset-Light & Logistics										
XPO Logistics, Inc.	$81	81%	$7,370	$14,607	0.9x	5.8x	16.8x	56.0x	16%	10%
Expeditors International of Washington, Inc.	78	95%	12,966	12,234	1.5x	13.6x	16.6x	25.3x	13%	10%
C.H. Robinson Worldwide, Inc.	82	90%	11,065	12,541	0.8x	14.9x	18.6x	26.8x	8%	5%
Landstar System, Inc.	113	94%	4,320	4,250	1.1x	13.5x	15.7x	27.2x	21%	8%
Forward Air Corporation	52	72%	1,443	1,676	1.2x	2.8x	15.8x	35.5x	22%	10%
Hub Group, Inc.	49	81%	1,683	1,823	0.5x	6.8x	13.3x	24.8x	14%	7%
Roadrunner Transportation Systems, Inc.	3	22%	108	519	0.3x	NM	NM	NM	16%	-4%
Echo Global Logistics, Inc.	22	91%	593	758	0.3x	14.1x	28.4x	24.1x	17%	2%
Asset-Light & Logistics Median	**$65**	**86%**	**$3,001**	**$3,037**	**0.9x**	**13.5x**	**16.6x**	**26.8x**	**16%**	**8%**
Total WT&L Median	**$42**	**82%**	**$4,247**	**$4,291**	**1.5x**	**10.6x**	**24.5x**	**29.5x**	**25%**	**17%**

Source: Capital IQ, data as of June 2020.

Selected Precedent M&A Transactions

Selected Warehousing, Transportation & Logistics Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
03/17/2020	Innovel Solutions, Inc.	$1,000	Costco Wholesale Corporation (NasdaqGS:COST)	-	Costco Wholesale Corporation (NasdaqGS:COST) acquired Innovel Solutions, Inc. from Transform Holdco LLC for $1 billion on March 17, 2020. Costco will pay the consideration in cash and will finance the transaction from its existing cash balances.
02/19/2020	Performance Team LLC	$545	A.P. Møller - Mærsk A/S (CPSE:MAERSK B)	6.1x	A.P. Møller - Mærsk A/S (CPSE:MAERSK B) entered into an agreement to acquire Performance Team LLC from the family in a transaction valued at approximately $550 million on February 19, 2020.
02/10/2020	American Steamship Company	$260	Rand Logistics, Inc.	-	Rand Logistics, Inc. entered into an agreement to acquire American Steamship Company from GATX Corporation (NYSE:GATX) for approximately $260 million on February 7, 2020.
01/21/2020	Three Marine Terminals in Connecticut, Delaware and Louisiana	$253	Buckeye Partners, L.P.	-	Buckeye Partners, L.P. entered into agreement to acquire Three Marine Terminals in Connecticut, Delaware and Louisiana from Magellan Midstream Partners, L.P. (NYSE:MMP) for approximately $250 million on January 21, 2020.
12/10/2019	I-595 Express LLC	$400	Teachers Insurance and Annuity Association of America	-	Teachers Insurance and Annuity Association of America acquired additional 37.5% stake in I-595 Express Llc from Iridium Concesiones de Infraestructuras, S.A. for approximately €400 million on December 10, 2019.
11/18/2019	Emergent Cold LLC	$900	Lineage Logistics, LLC	-	Lineage Logistics, LLC signed definitive agreement to acquire Emergent Cold LLC from Elliott Management Corporation and others for approximately $900 million on November 18, 2019.
08/26/2019	Millis Transfer, Inc.	$156	Heartland Express, Inc. (NasdaqGS:HTLD)	-	Heartland Express, Inc. (NasdaqGS:HTLD) acquired Millis Transfer, Inc. from Millis family for approximately $160 million on August 26, 2019.

Source: Capital IQ

Selected Precedent M&A Transactions (continued)

Selected Warehousing, Transportation & Logistics Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
07/01/2019	Genesee & Wyoming Inc.	$9,556	Brookfield Asset Management Inc. (TSX:BAM.A); GIC Special Investments Pte. Ltd.	13.1x	Genesee & Wyoming Inc. was acquired by Brookfield Infrastructure, managed by Brookfield Asset Management Inc. for approximately $9.6 billion on March 7, 2020.
06/24/2019	Petroleum Services Corporation	$335	Aurora Capital Partners	-	Aurora Capital Partners acquired Petroleum Services Corporation from SGS SA (SWX:SGSN) for approximately $340 million on June 24, 2019. Petroleum Services Corporation had an annual turnover of approximately $300 million in 2018.
04/30/2019	LBCT LLC	$1,780	Macquarie Infrastructure and Real Assets	-	Macquarie Infrastructure Partners IV, L.P. of Macquarie Infrastructure and Real Assets and others entered into the sale and purchase agreement to acquire LBCT LLC from Long Beach Container Terminal, Inc. and OOCL LLC for approximately $1.8 billion on April 30, 2019.
04/16/2019	Chiller Holdco, LLC	$1,242	Americold Realty Trust (NYSE:COLD)	32.6x	Americold Realty Trust (NYSE:COLD) entered into a definitive agreement to acquire Cloverleaf Cold Storage Co., Inc. from Cloverleaf management and an investor group led by private equity funds managed by The Blackstone Group L.P. (NYSE:BX) for $1.2 billion on April 16, 2019.
03/25/2019	Enviva Wilmington Holdings, LLC	$166	Enviva Partners, LP (NYSE:EVA)	-	Enviva Partners, LP (NYSE:EVA) entered into a contribution agreement to acquire an unknown stake in Enviva Wilmington Holdings, LLC from Enviva Development Holdings, LLC for approximately $170 million on March 21, 2019.
12/19/2018	Coach USA Administration Inc	$271	Variant Equity Advisors, LLC	-	Variant Equity Advisors, LLC agreed to acquire Coach USA Administration Inc. from Scusi Limited for an enterprise value of approximately $270 million on December 19, 2018.
11/21/2018	Q International Courier, Inc.	$511	Kuehne + Nagel International AG (SWX:KNIN)	-	Kuehne + Nagel International AG (SWX:KNIN) agreed to acquire Q International Courier, Inc. on November 21, 2018.

Source: Capital IQ

Peakstone Momentum

Contact Us

About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

Contact

Alex Fridman
Managing Director
alex@peakstone.com
312-204-7300

Shreyas Venkatasubramaniam
Analyst
shreyas@peakstone.com
312-346-7347