

SECTOR SNAPSHOT – 2022

TRANSPORT & LOGISTICS



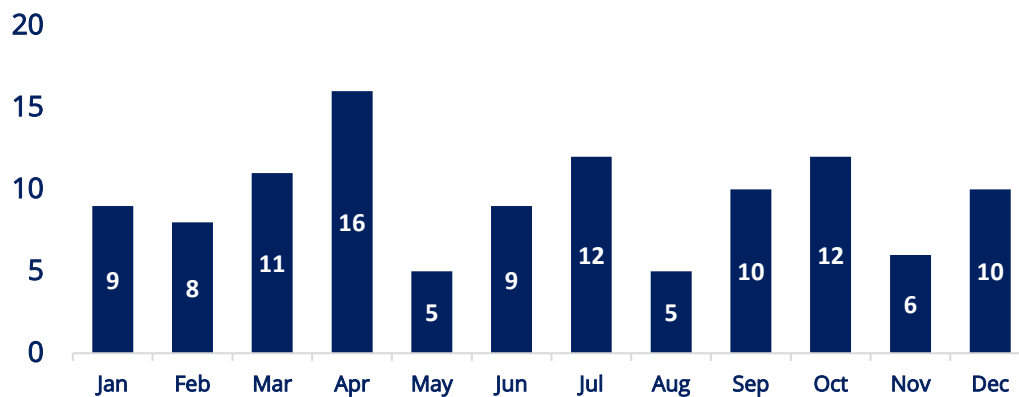
Gary Ecob
Partner



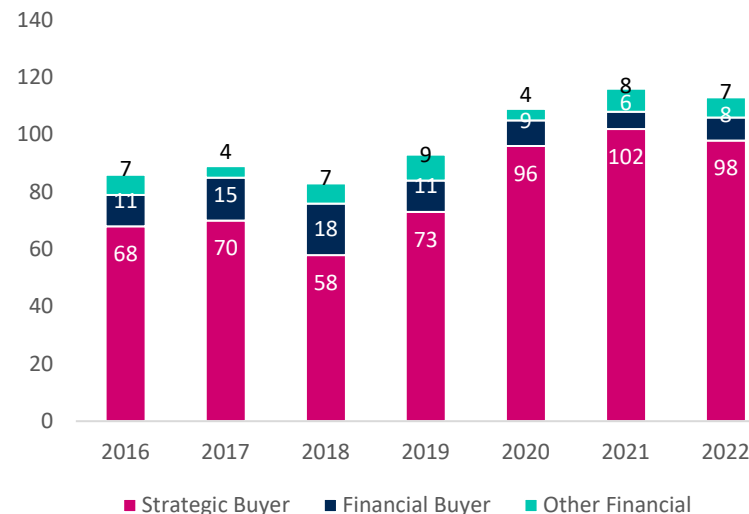
Liam Hadfield
Manager

- M&A deal volumes saw a decrease of 3% from 116 in 2021 to 113 deals completed in 2022. As illustrated opposite, deal volumes have remained stable in recent periods. The growth in M&A activity from 2020 onwards has been fuelled by a greater level of scrutiny over supply chain management and logistics in the wake of Brexit and more recently the pandemic. The pandemic created a number of challenges, further emphasising the importance of digital solutions within the sector. Overall, M&A activity within the sector remains strong despite the challenging macroeconomic environment.
- While deal activity remains stable, there is a growing appetite from strategic trade buyers for cross-border transactions and large scale consolidation or divestment of non-core divisions. This is being driven by geographic integration strategies, e-commerce growth and a continued efficiency drive.
- Private equity remain active in the space, focusing on high growth niche sub-sectors, especially where businesses require technological investment and modernisation.
- The Road and Rail sub-sector was the most active across 2022, with 52 (46%) deals completed. Combined with Air Freight and Logistics, the deals completed across these two sub-sectors represented nearly 75% of total deals completed.
- Despite a challenging macroeconomic environment, the sector remains resilient and dynamic. The logistics space is in a transitional phase from traditional pure asset players towards 3PL/4PL asset light specialists, who are technologically advanced and increasing their market share.
- We expect M&A activity within the transport and logistics sector to remain resilient into 2023, as appetite for complementary businesses and quality assets remains strong.

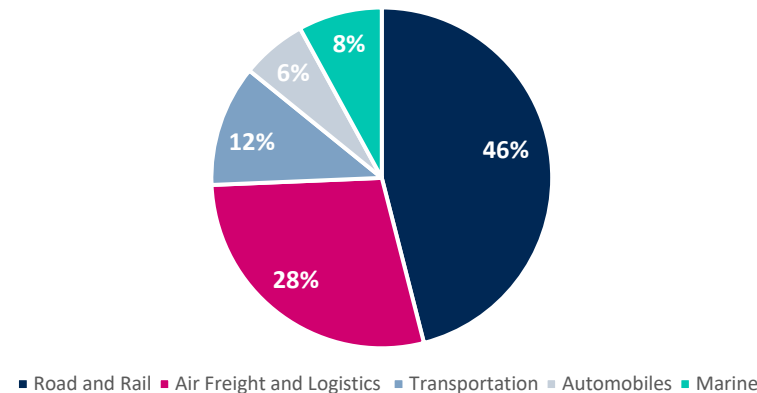
M&A DEAL VOLUMES BY MONTH – 2022



TRANSPORT & LOGISTICS DEAL VOLUMES



DEAL VOLUMES BY SUBSECTOR - 2022



KEY TRANSACTIONS – 2022

TRADE & PRIVATE EQUITY BUYERS

TRADE

“Strong trading and resilient market trends in 2022 as competition increases for firms efficiently using technology”

Air Freight and Logistics

Transportation

Air Freight and Logistics

Transportation

Road and Rail

Air Freight and Logistics

PRIVATE EQUITY

“Private equity remain active in the sector, focusing on high growth niche sub-sectors”

Road and Rail

Air Freight and Logistics

Air Freight and Logistics

Transportation

Road and Rail

Marine

Notable trade deals in 2022 include:

- GXO Logistics, the world’s largest pure-play contract logistics provider, has acquired Clipper Logistics plc. Clipper Logistics are a retail logistics company serving fashion, tobacco, alcohol and other high-value industries in the U.K. The deal represented a 13.3x multiple with a total transaction value of c. £1.2bn. GXO expects the deal to enhance its future growth through Clippers’ diversified customer base and reverse logistics expertise.
- A consortium of Australasian bus operator Kinetic and partner, Spanish multinational transport infrastructure company, Globalvia has completed the acquisition of the Go-Ahead Group under a new joint venture arrangement. Go-Ahead is one of the UK’s leading public transport companies operating through bus and rail networks. Kinetic view the transaction as a significant enhancement of the scope and scale of its operations as a multi-modal, mass transit platform.
- Marks and Spencer (“M&S”) acquired Gist Limited, the principal contract logistics provider to M&S Food in a deal worth up to c. £255m. Gist is a time-sensitive, temperature-controlled contract logistics business, providing primary and secondary logistics services. The acquisition is part of M&S’s multi-year plan to modernise its food supply chain network to support future growth.
- DFDS, a leading European transport and logistics provider, acquired the family owned McBurney Transport Group for c. £143m, representing a 7.5x multiple. DFDS believe the transaction will enhance the scope of its customer offerings, particularly in the food sector.

Notable PE deals in 2022 include:

- A consortium of BaltCap and Cogel Investments made a joint investment in Xpediator PLC. Xpediator PLC offer dynamic supply chain solutions and currently employ over 1,000 people with operations across Europe. The Xpediator group consists of three key service divisions: freight forwarding, logistics and warehousing, and transport support services.
- Leading bus operator, Stagecoach, has been acquired by European infrastructure fund, Inframobility. Stagecoach operate across the UK with coach and tram services complementing their core bus service offering. This deal takes Stagecoach off the London Stock Exchange.
- Fastway Couriers is now one of the largest courier businesses in Ireland. With a logistic network of 24 locations nationwide, it now handles over 25 million parcels annually, as the delivery partner to over 7,000 Domestic and International clients.
- Mercian Logistics are a logistics business based in Hereford providing distribution, storage and fulfilment services to a range of customers across the UK. They were acquired by Cathay Investments in H1 2022. This acquisition will allow Mercian Logistics to offer a single supplier solution for of their customers logistics requirements.

Orbis Partners advised on the sale of Stop Start Transport Ltd to Storskogen Group AB for an undisclosed value.

- Based in Worcester, Stop Start is a leading logistics, warehousing, and distribution business, specialising in high-value, fragile and difficult to move dry freight. Stop Start has become a trusted logistics partner to a national customer base of online bathroom retailers and manufacturers as a result of exceptional customer service and a strong track record for undamaged deliveries.
- Headquartered in Sweden and listed on the Nasdaq Stockholm, Storskogen Group AB acquires and operates well-managed, profitable small and medium-sized enterprises with leading positions in their respective markets. The Group operates 105 business units with c. 8,600 employees across the Nordics, Germany, Switzerland and the United Kingdom with a trailing annual turnover of c. £1.5 billion.
- Orbis helped to prepare the business for a sale and subsequently advised on a discrete sale process on behalf of Stop Start's shareholders.

OUR ROLE

- Orbis worked closely with the shareholders of Stop Start Transport on their succession plans and throughout the sale process. Specifically, we:
 - Worked with the shareholders over a long period of time to develop a strategy that maximised capital value ahead of exit
 - Encouraged and advised on key strategic decisions including the implementation of a new system and diversification of the customer base to mitigate perceived risk from potential buyers
 - Took the necessary time to understand the unique service proposition of the business and the premium placed upon this by their customers
 - Spent time with the shareholders to understand the unique selling points of the business and presented these to the potential buyers.
 - Analysed the financials of the business and presented a detailed run rate analysis in order to maximise the value for the shareholders.
 - Introduced specialist tax and legal advisers early in the process to create the most efficient deal structure for the shareholders
 - Managed the preparation and flow of information throughout the diligence process to ensure commercially sensitive information was safeguarded.
 - Acted as the principal contact between the Buyer and their advisors
 - Negotiated key commercial aspects of the legal documents to ensure the successful and timely completion of the deal



Air Freight and Logistics

"It was always very important for me to find the right home for Stop Start with a buyer that would maintain our core focus on providing excellent service to our customers.

The Orbis team worked closely with us to prepare the business for sale over several years, identifying the ideal buyer and structuring a deal that benefited all involved. I look forward to working with Storskogen during the business' next phase of growth."

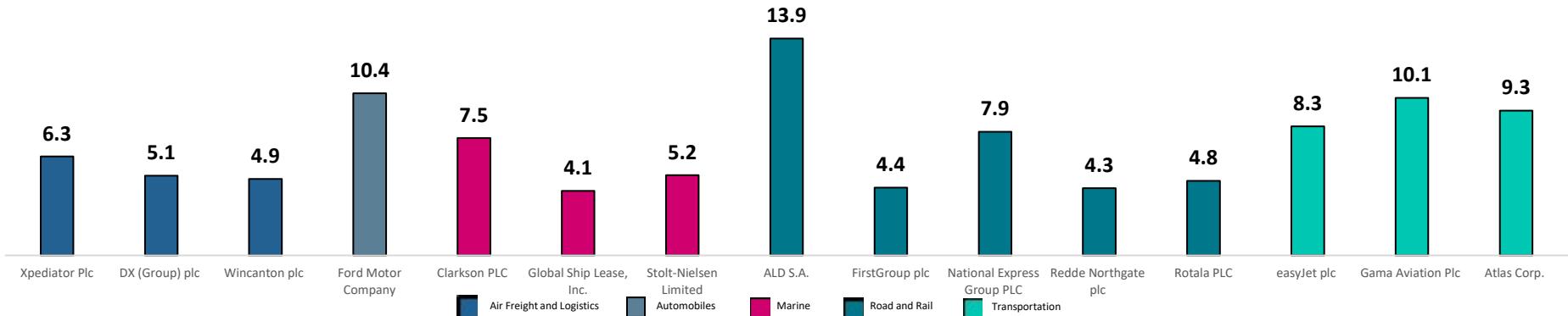
– Steve Evans, Managing Director at Stop Start

VALUATION MULTIPLES - 2022

TRANSPORT & LOGISTICS

“Plc valuation metrics softened in 2022 as macro economic factors and labour costs weakened market confidence in the face of inflationary pressures”

Average LTM EV/EBITDA multiples for listed businesses



Plc Valuation Summary

- The Enterprise Value to EBITDA multiples below are the average across our index of listed business:

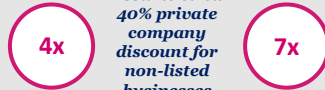
Air Freight & Logistics



Automobiles



Marine



Road & Rail



Transportation



Assume circa 40% private company discount for non-listed businesses

Private Transaction Summary

- The Enterprise Value to EBITDA multiple ranges below are based on disclosed deal multiples:

Air Freight & Logistics



Automobiles



Marine



Road & Rail



Transportation



Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

ORBIS PARTNERS: SERVICES

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
 - Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 70% of all sale mandates involve an overseas party.
- Acquisition Support**
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.
- Due Diligence**
 - Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Partner Led
- Management Buy Out**
 - Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.
- Capital Raising**
 - Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on numerous deals.
- Business Improvement**
 - Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.

ORBIS / CLAIRFIELD: TRANSPORT & LOGISTICS CREDENTIALS

 Sold to For undisclosed value <i>Air Freight & Logistics</i>	 Sold to For undisclosed value <i>Air Freight & Logistics</i>	 Acquired For undisclosed value <i>Air Freight & Logistics</i>
 Acquired For undisclosed value <i>Air Freight & Logistics</i>	 Acquired JEM Aviation For undisclosed value <i>Air Freight & Logistics</i>	 Completed a Management Buy-Out For undisclosed value <i>Air Freight & Logistics</i>



Gary Ecob
Partner

T: +44 (0) 121 234 6074
E: gecob@orbiscf.com



Liam Hadfield
Manager

T: +44 (0) 121 234 6085
E: lhadfield@orbiscf.com