

2023

TENNEY GROUP

MID-YEAR REPORT



Note From Our CEO

M&A activity through the first half of 2023 was dramatically different from what we observed in the same period last year. Still, many deals got done.

Buyers created value and resiliency through smart acquisitions and sellers, in many cases, exited on their terms. Wherever you are headed in the back half of 2023,

I encourage you to do two things:

1. Continue to educate yourself about the M&A process and the factors that drive it.
2. Surround yourself with trusted advisors who understand our industry well in advance of executing a sale or acquisition.

Our Mid-Year Report is designed to help you address both of these objectives. We hope you enjoy access to recent deals, video interviews with industry M&A leaders, and market insights.



Spencer Tenney
Spencer Tenney
CEO, Tenney Group



Notable Deals in 2023

The M&A market in the transportation and logistics space has continued to be incredibly active in 2023. Here is a list of notable deals from the first half of this year that you may have missed.

ACQUIRER	ACQUIRED
Knight-Swift Transportation	U.S. Xpress
Geodis	Southern Companies
Dupre Logistics	Interstate Transport
Heartland Express	Contract Freighters Inc.
Boasso Global	Linden Bulk Transportation
Big G Express	RTR Transportation
TFI International	Axsun Group
Jones Logistics	Nationwide Express
RoadOne Intermodal	Transporter Intermodal
R&R Express	Taylor Transportation

*Tenney Group Deal



2023 M&A Mid-Year Panel



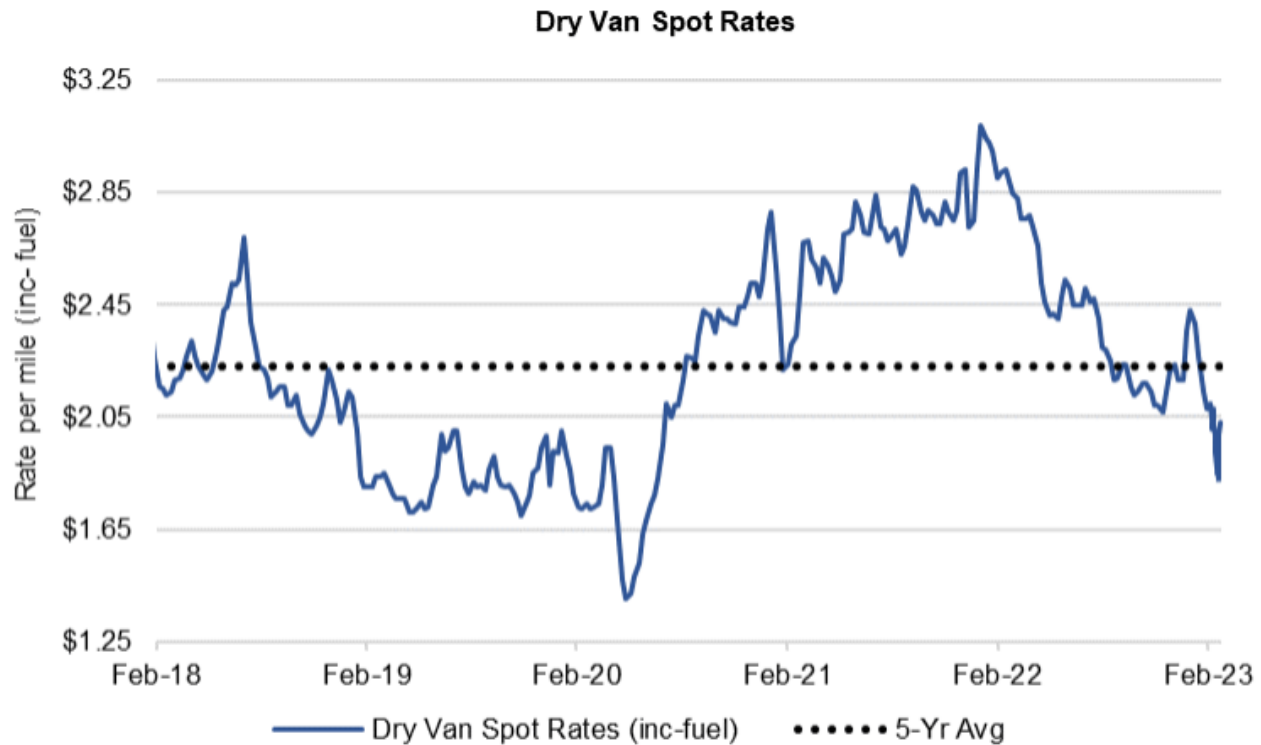
Enjoy insights and perspectives from four former members of the NAFC M&A Task Force sharing insights on what happened in the first half of 2023 and what will happen with M&A activity in the second half of this year.

In this panel you'll see:

- A recap of the M&A market in 2023.
- How are deals getting done in this economy.
- Trends to learn from outside the industry.
- How buyers are establishing projections in this market.
- Predictions for the back half of 2023.

[Watch Now](#)

Current State of M&A



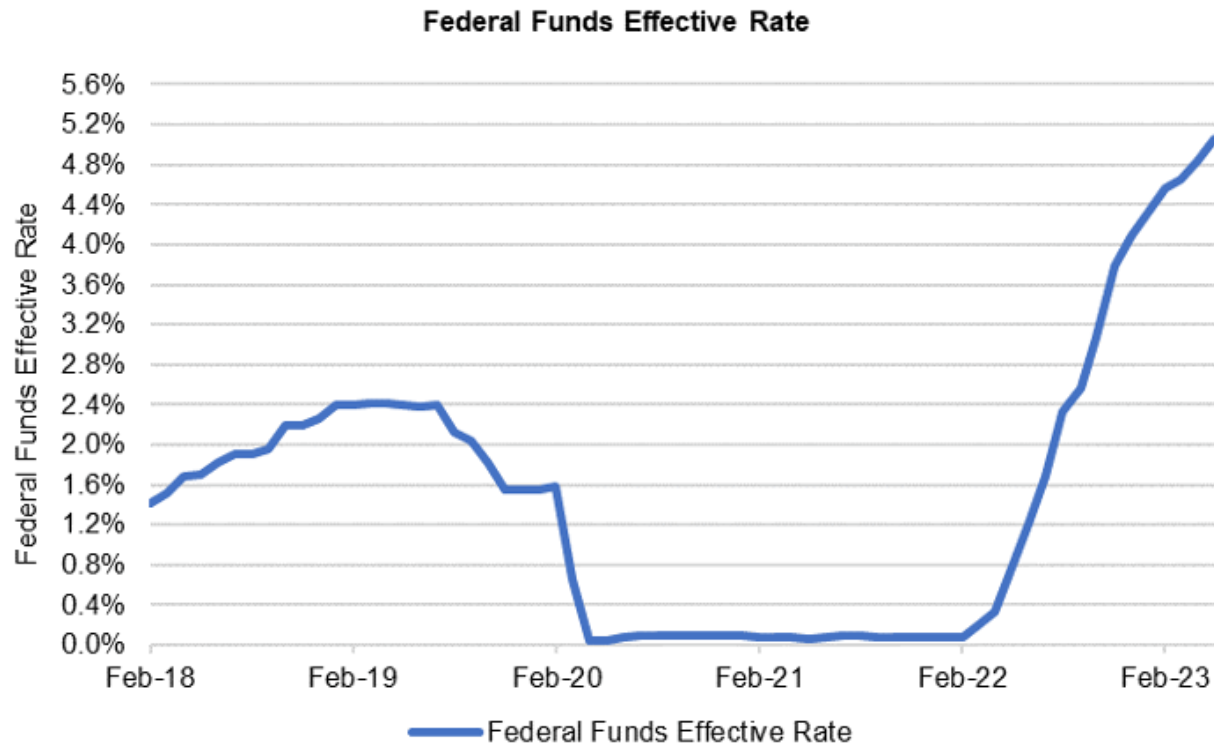
Spot rates, which serve as a proxy for industry supply and demand dynamics, remain compressed, reflecting softer freight demand and excess truckload capacity.

Softer demand is being driven by elevated inventories and slower consumer spending.

This is placing pressure on contract rates, with renewals experiencing a significant decline year-over-year (hsd-ldd).

This is resulting in y/y declines in revenue and earnings for both asset-based and asset-light T&L companies.

Current State of M&A



The Federal Reserve raised the target federal funds rate to 5.00%-5.25% in May 2023. Senior debt pricing rose in the first quarter of 2023 vs the fourth quarter of 2022, making acquisitions more expensive and reducing return on investment (ROI).

In an M&A market update Omaha based law firm Kolly Jessen stated “The recent market dynamics have had a direct impact on M&A deal terms. In order to bridge valuation gaps and return on investment risk, buyers are utilizing what have historically been referred to as more “buyer friendly” deal terms to close deals.” I.e. Earnouts and other forms of contingent consideration.

Current State of M&A

That said, our internal data tells a slightly different story with cash as a percentage of the total offer remaining consistent YTD 2023 vs 2022 (~75%).

Used truck pricing continues to weaken. According to ACT Research, retail class 8 used truck pricing was down 31% year-over-year in April, suggesting a softening of demand and economic/freight conditions in the sector. Our internal conversations with buyers and debt providers have made note of this decline and anecdotally have said that asset-based lenders (ABL) are lending against a lower portion of the fair market value of the equipment (ex 80% vs 90% of fair market value previously).

In short, current freight dynamics are driving softer T&L operating performance, combined with a more difficult lending environment is creating a more challenging M&A market YTD. That said, there have been some major acquisitions by strategic carriers YTD most notably USX being acquired by KNX. In addition, a tougher freight environment is often an opportunity for strong operators (especially ones with cash) to grow inorganically by acquiring struggling companies at lower valuations.



Zach Haggerty
Senior Analyst, Tenney Group



Spencer Tenney
CEO, Tenney Group



David Roush
President, KSM



Chris Henry
COO, KSM

Soft markets often create powerful opportunities to see your business clearly and to begin creating value. How the best trucking companies create uncommon profitability and build business value? Watch this interview with David Roush and Chris Henry of KSM Transport Advisors and learn.

[Watch Now](#)



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Ready to explore a sale of your transportation business?

Our Proven Process

Our sales process has been proven to be the most effective sales process in the transportation industry for 40+ years. When it comes to deal-making, the transportation and logistics industry is not like other industries. Our industry-specialized sales process is designed to address the many unique pitfalls that limit what transportation business owners can accomplish at the closing table.

Industries We Serve

Trucking:

- Dry Van
- Refrigerated
- Flatbed/Heavy Haul
- LTL
- Intermodal/Drayage
- Liquid Bulk
- Dry Bulk
- Specialized Carriers

Logistics / Other

- 3rd Party Logistics
- Final Mile
- Warehousing

[**Learn More**](#)



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Join Our Buyer Network

Contact Us and Set Up a Buyer Profile

The transportation industry is facing a wide array of challenges. In the last 18 months, Tenney Group has seen a surge of businesses registering in our Buyer Network to combat these challenges. What does this mean for you? It means that we may be entering a market where growing through acquisitions is the only viable option to secure a competitive advantage. The competition to get deals done is higher than ever before. Join our Buyer Network and we'll learn about your business goals and only show you deals that fit the criteria you're looking for. The Tenney Group is a transportation industry-specialized M&A advisory firm. We've been solely dedicated to the logistics industry since 1973. Our core focus is sell-side representation services for owners of trucking and logistics companies with annual revenues ranging between \$20M and \$300M.

[Learn More](#)

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This is a wonderful industry, but also very unforgiving. One of most significant things I have observed over the past 50 years of doing M&A in transportation is this: The key to building and protecting business value in any freight market is staying informed and agile. How are you doing in this area?



Charles Tenney
Charles Tenney
Founder, Tenney Group

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