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**INTERMODAL ASSOCIATION  
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# Trucking M&A Trends 2020 Recap & 2021 Predictions

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February 17, 2021, 3:00 PM ET

Presented by

**TENNEY**  
GROUP



# Housekeeping

- Audience audio will be muted
- The presentations will be followed by audience question and answer session
- Submit questions at any time for Q&A session at the end of the webinar presentations
- A recorded version of this webinar, including the slides, will be available in the near future



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# Trucking M&A Trends 2020 Recap & 2021 Predictions

# Today's Speakers



**Spencer Tenney**  
President & CEO  
Tenney Group

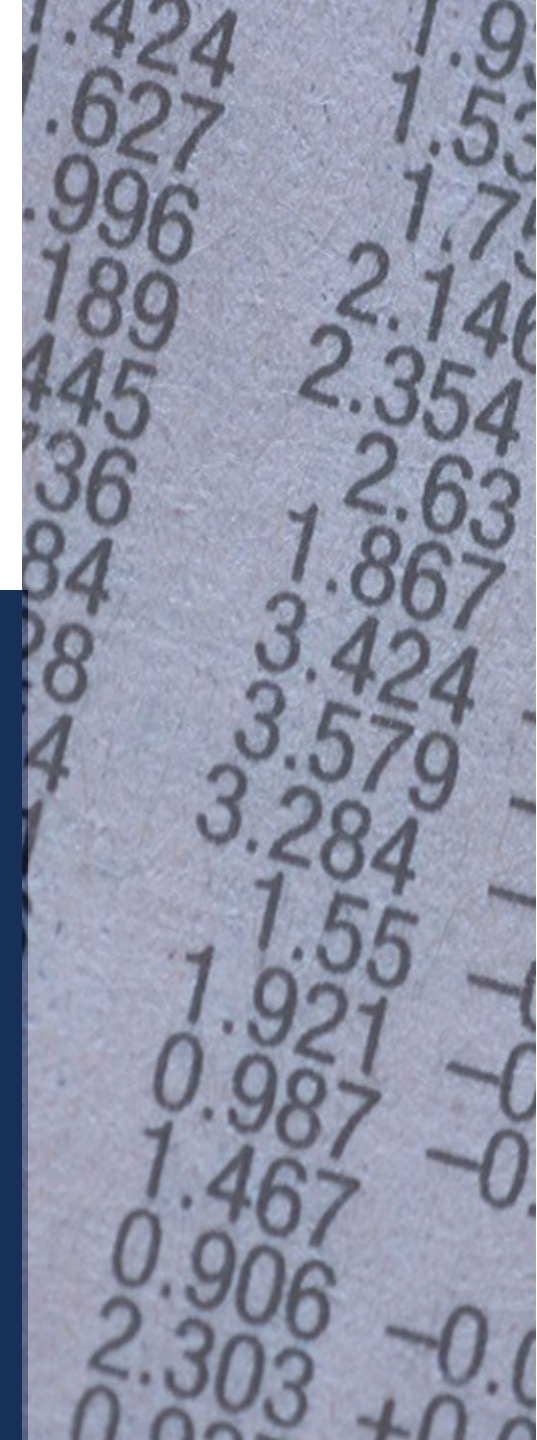


**Eric LeMarbre**  
Managing Director  
Tenney Group



# Quickfire

Notable Deals of 2020  
+  
Scope of Impact



# Sample of Notable Deals in 2020

- James Richardson and Sons, Inc. *acquires* Bison Transport
- Penske Logistics *acquires* Black Horse Carriers
- NFI *acquires* CAI Logistics
- XPO *acquires* Division of Kuehne + Nagel (European Logistics)
- JB Hunt *acquires* RDI Last Mile
- Fraley & Schilling *acquires* KBT Enterprises
- Kenan Advantage Group *acquires* Fort Transfer Co.
- FastFrate Group *acquires* Bestway Cartage Limited
- NewSpring Capital/USPack *acquires* Freight Rite



# Quick Stats

## *Buyer Engagement*

89 Total Closed Deals (59 Trucking / 30 Logistics)\*

Buyer Engagement by Type (Signed NDAs)\*\*

- 55.95% - Strategic
- 32.14% - Private Equity w/o Platform
- 6.43% - Private Equity with Platform
- 5.48% - Private Investor

Percent of Total Offers Received by Buyer Type (IOI/LOI)\*\*

- 67.44% - Strategic
- 20.90% - Private Equity w/ Platform
- 6.97% - Private Equity w/o Platform
- 4.65% - Private Investor

\*Total Deals via Capital IQ Reported Data

\*\*Tenny Group Data for Offers Received 2018-2021





# Quick Stats

## *Offer Analysis*

### Offer Analysis by Structure\*

- 68% - Average Total % of Cash in Offer
- 34% - Average Total % of Earnout in Offer
- 28% - Average Total % of Seller Financing in Offer

### Offers from Financial Buyers\*

- 63% - Average Percent of Cash in Offer
- 35% - Average Percent of Earnout in Offer
- 22% - Average Percent of Rollforward Equity in Offer

### Offers from Strategic Buyers\*

- 71% - Average Percent of Cash in Offer
- 31% - Average Percent of Earnout/Seller Financing in Offer



# 2020 Takeaways

Value Drivers

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Strategy

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Deal Structure

- EBITDAC





## 2020 Takeaways

- **Valuation Impact...what happened?**
- **Drivers continue to drive deals.**
- **Earnouts – shift in application.**

# Example of a deal structure influenced by COVID



- 11M total consideration.
- 4M Cash + 7M Earnout 8-month period\*.
- No cap on earnout potential if seller overperforms.
- Lookback -Seller gains 500K in extra consideration.
- Paid in full over 8 months.
- \*Outside of Covid... earnout period > 24 months.

## 2020 Takeaways

- **Change in Buyer Profile/Strategy.**



- **Trends: More third-party consents, more lawyers, more hurdles to transfer ownership.**

# 2020 M&A Quotables

- “What do I have to do to get to the front of the line on this deal?” – PEG
- “50% dip in performance last quarter? No problem...we get it.”
- “We need to push the closing back two weeks...my whole office has COVID”



## 2021 M&A Forecast

- Deal Flow  
Normalization. 12-15 months of activity squeezed into 6-9 months. Supply Normalization.
- **New Risks** = Creative Deal Structures + More Reps and Warrants Insurance.





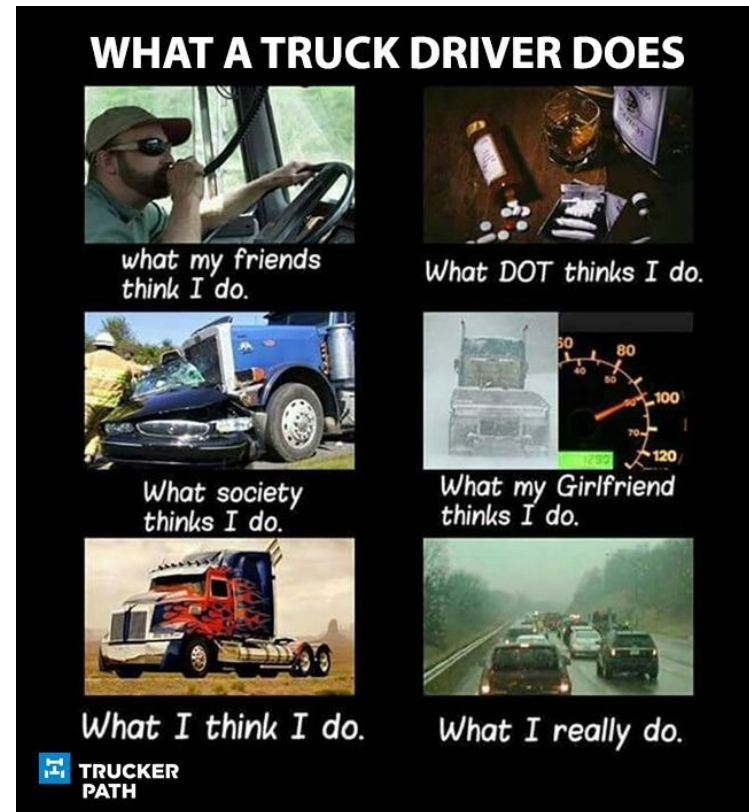


# 2021 M&A Forecast

- **Evolving Acquisition Goals and Target Profiles: Diversification, “next level” talent, niche expertise, etc.**
- **Burnout – As margins tighten, many will not see clear financial justification for “doubling down” in the second half of '21.**

# 2021 M&A Forecast

- Drivers, Drivers, Drivers





# 2021 Final Predictions

- T&L Deal Volume up 20%.
- Valuations up 10% for companies with 50M+ in revenue.\*
- Valuations remain flat for companies less than \$50M in revenue.\*

*\*Assumes companies offset rising expenses and tax laws remain unchanged through 2021.*

# Taking Bold Action

- Update exit & impact goals.
- Join a TPP Best Practice Group.
- Update buyer profile.
- Download more detailed M&A recap.

A blue Freightliner truck is parked on a paved surface at a port. In the background, there is a large suspension bridge with green towers and a stack of colorful shipping containers. The sky is clear and blue.

# Questions?

Enter them with the Q&A button

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