



J&A Sell-Side M&A Report

Freight Forwarding M&A Transactions

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AUTHORS



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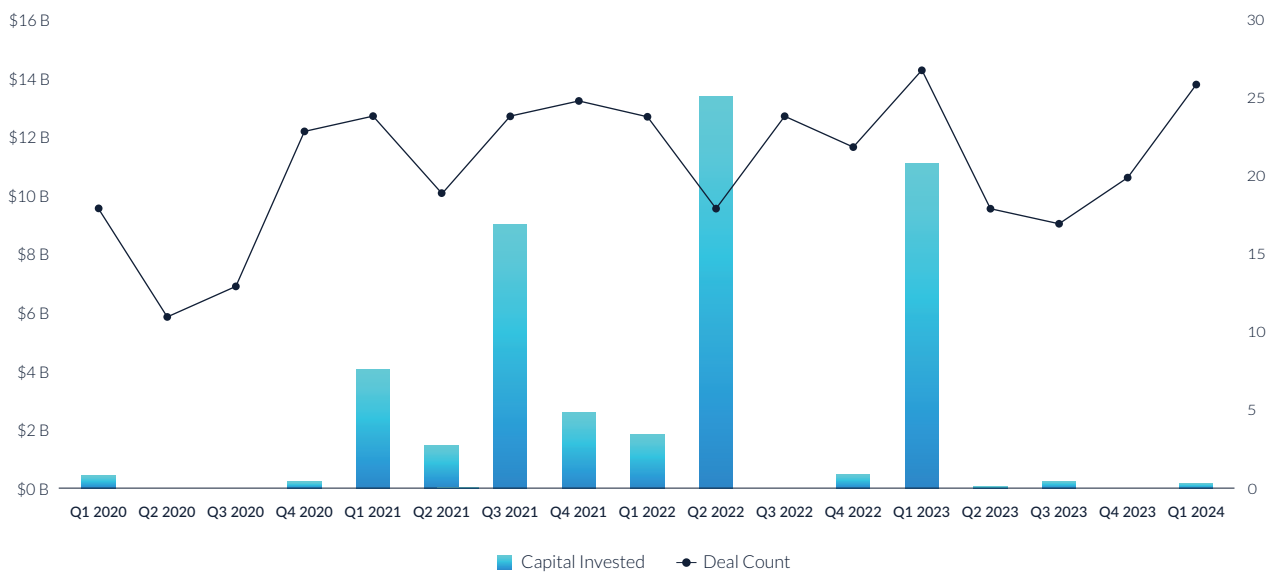
Over \$40 billion was deployed between Q1 2020 and Q1 2024 by freight forwarding acquirers. Freight forwarding is a specialized service that manages the transportation of goods and the pricing of the logistics sector. Acting as intermediaries, freight forwarders coordinate the movement of cargo across various transportation modes over land, sea, and air. Disruptions in global supply chains and escalating geopolitical tension have increased the demand for onshoring logistics services, which has spurred capital market activity.

The majority of capital deployed was by US-based acquirers. They contributed 25% of the deal count and over 60% of the capital deployed. Additionally, strategic acquirers deployed over 77% of the capital invested. Freight forwarding companies should be aware of exit opportunities presented by US-based strategic acquirers.

The disruptions in international supply chains and zero-interest-rate policy caused by the pandemic resulted in an increase in deal count and capital invested in the sector in 2021 and 2022.

Capital deployment in the sector since Q1 2023 has decreased significantly. Increased interest rates have reduced the affordability of large M&A transactions, and the average deal size has dropped to approximately \$7 million. The deal count has remained high showcasing exit opportunities available for smaller freight forwarding businesses.

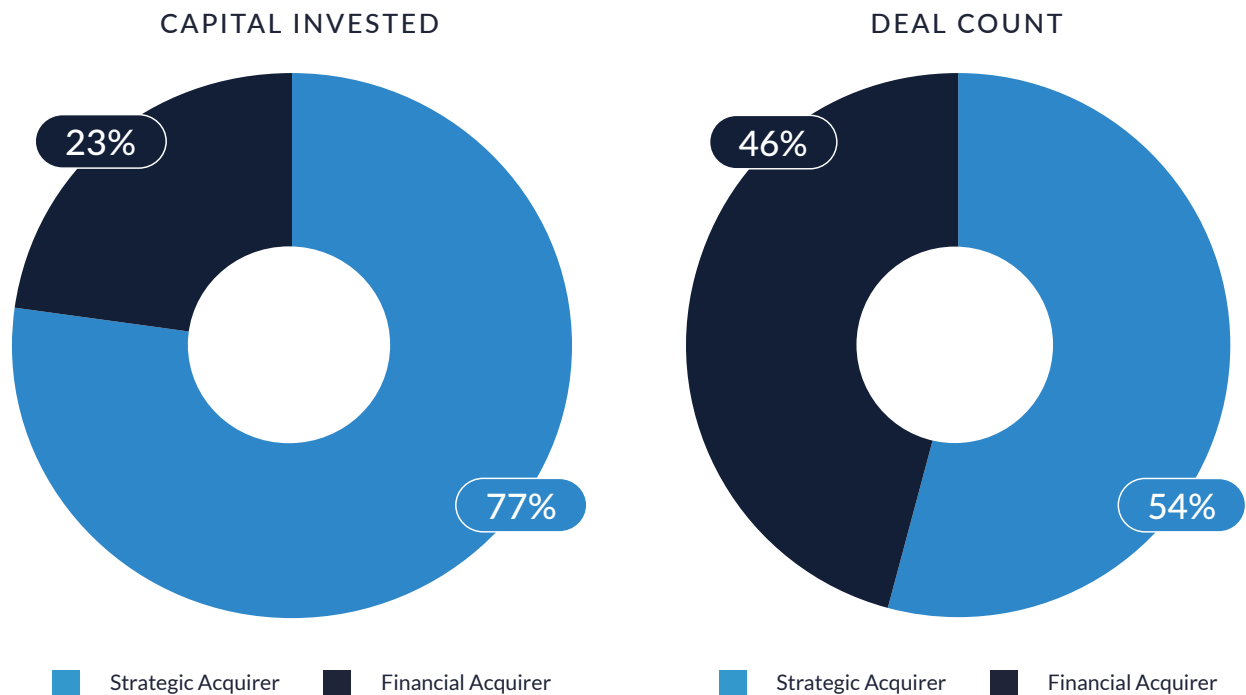
Announced Freight Forwarding M&A Transactions (Q1 2020 – Q1 2024)



Source: PitchBook Data, Inc.

- Between Q1 2022 and Q1 2024, \$37 billion was deployed across 352 logistics. The average transaction value was approximately \$104 million, and the median value was \$58 million, highlighting the volume of transactions conducted in the middle market.
- Q1 2023 saw a substantial increase in deal count to 27, with capital investment peaking at \$10 billion, the highest in the period.
- Deal counts fluctuated between 17 and 20, with capital investment dropping significantly post-Q1 2023, reaching only \$496 million in Q4 2023 and about \$234 million in Q1 2024. Deal counts rose again to 26 in Q1 2024.
- The largest transaction in the sector was Apollo Global Management's \$5.2 billion acquisition of Atlas Air Worldwide Holdings. The acquisition was completed in March 2023.
- Between Q2 2023 and Q1 2024, capital investments dropped significantly, but over 80 transactions occurred with an average deal size of \$7 million. The increase in interest rates has meant that larger M&A transactions and heavy investments in research and development have become unaffordable. As a result, smaller acquisitions have become more attractive to strategic and financial acquirers.

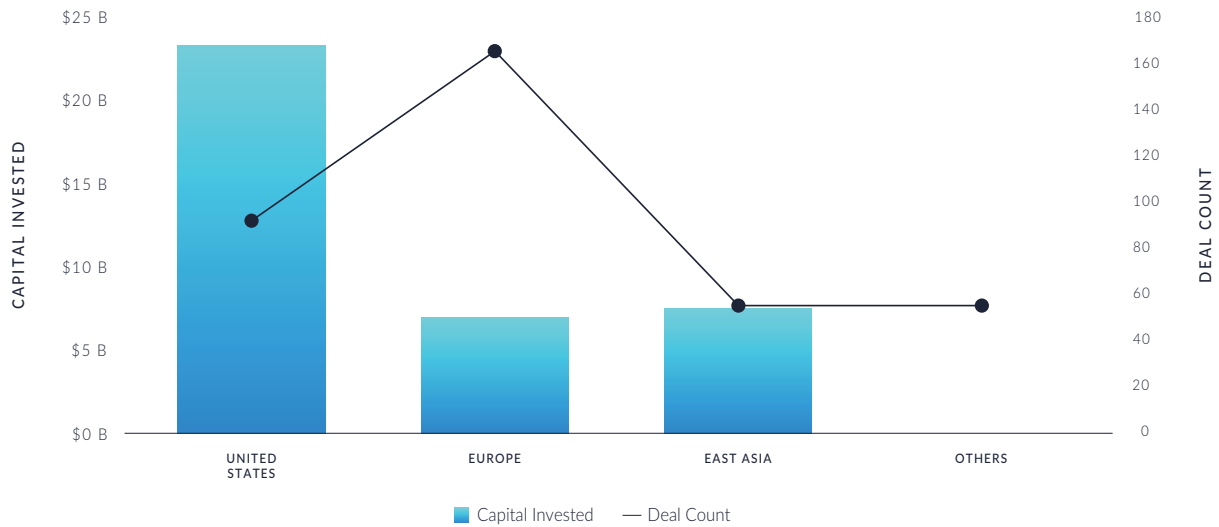
Breakdown of Announced Freight Forwarding by Deal Type (Q1 2022 – Q1 2024)



Source: PitchBook Data, Inc.

- The number of transactions conducted was equally distributed between strategic and financial acquirers. Financial investors deployed approximately \$8 billion across 162 transactions. This indicated the appetite for smaller transactions by private equity firms and other financial acquirers.
- Large strategic acquirers in the freight forwarding sector include A.P. Moller-Maersk, DHL Group, and Kuehne+Nagel.
- Strategic investors within the logistics industry dominated capital deployment with \$29 billion and 54% of M&A transactions in the sector. The large average transaction size indicates demand for middle-market acquisitions.
- The most active financial acquirers in the sector include AEA Investors (eight transactions), the Jordan Company (six transactions), and ATL Partners (five transactions).

Breakdown of Announced Freight Forwarding M&A Transaction by Country (Q1 2022 – Q1 2024)



Source: PitchBook Data, Inc.

- US-based acquirers dominated the capital invested into freight forwarding acquisitions, with over \$23 billion, and 62% of the capital deployment in the category. The pandemic and heightened geopolitical tension have increased pressure on supply chains. The demand for onshoring supply chain capabilities and specific solutions to meet the unique needs of the US logistics market drove the increase in M&A activity by US-based acquirers.
- European acquirers contributed significantly with 45% of the deal count and 17% of the capital invested in the sector. The lower transaction size average of over \$40 million signals an appetite for lower middle market transactions. The M&A activity highlights a demand to grow domestic supply chain capabilities.
- East Asian investors deployed \$7.5 billion across 53 transactions in the freight forwarding sector. This suggests that while the total transaction amount is small, there are a relatively larger number of deals, indicating frequent but smaller acquisitions. This could be due to a thriving startup scene where smaller, earlier-stage transactions are more common.
- The rest of the work exhibits a noticeable spike in deal count, approximately 15%, but a very small share of the capital invested. This implies a wide distribution of smaller deals across various countries not individually listed. These smaller markets collectively engage in a significant number of freight forwarding transactions, but each deal tends to be small, reflecting diverse capital market activities.

DEAL SPOTLIGHT: 7LFREIGHT



THE COMPANY

7LFreight is a logistics technology company with rate management software for ocean and air freight forwarding businesses. The company's software automates tasks on one central platform as well as maintaining air and surface rates, allowing freight forwarders to provide clients with instant quotes. The booking platform connects more than 30 airlines and upwards of 10,000 freight forwarding offices internationally. The acquisition bolsters Freightos's presence in North America and technology capabilities.

For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

Source: *Investing.com*

TRANSACTION TYPE

ACQUISITION

DEAL DATE

JANUARY 17, 2022

ACQUIRER

FREIGHTOS

TRANSACTION SIZE

\$8.49 MILLION

Global supply chains are rapidly evolving as geopolitical tensions increase in a post-pandemic world. The need to expand domestic capabilities has driven freight forwarding M&A activity in the US and Europe.

The average transaction size in freight forward transactions in Q1 2023 was \$7 million across 80 transactions. This shows the level of lower-middle capital activity in mergers and acquisitions and the opportunities available for smaller companies. Freight forwarding, the management of goods and pricing of the logistics sector, will continue to develop in importance as the US and Europe look to onshore more supply chain services.