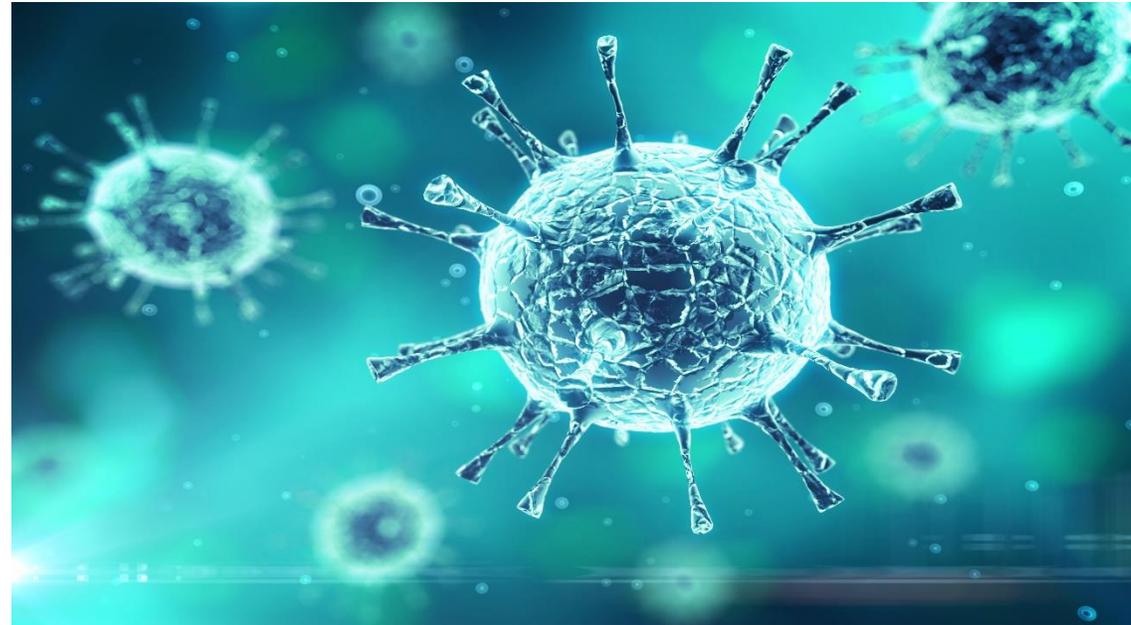




goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' Logistics Industry Assessment

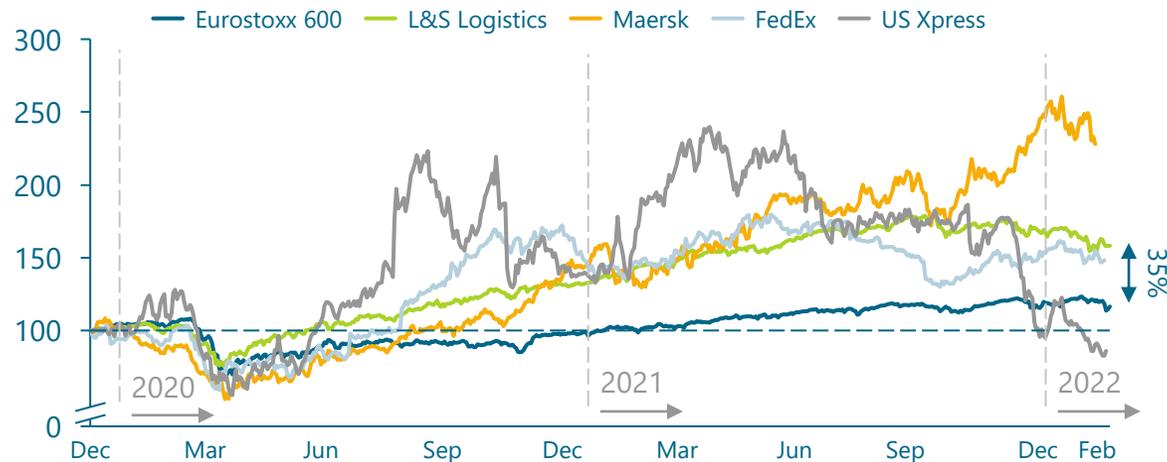
MUNICH, APRIL 2022

Logistics Industry | Shareholder Sentiment

The logistics sector outperformed the Eurostoxx 600 by ~35% since the discovery of Covid-19, with some firms being hit more than others but generally showing a positive development throughout the industry

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 2nd, 2019 = 100)



- Initially, the logistics industry was hit by the corona shock just as other industries but recovered faster towards 2021 and is **continuously outperforming Eurostoxx companies**
- Reasons for the quick recovery of the logistics industry are **changes in consumers behavior towards online retailers**, hence the need for **storage and distribution space** as well as **distribution vehicles**
- Supply chain disruptions** resulted in **rising transport costs** and highlighted the importance of maritime transportation and container vessels served for **additional storage**
- The **pressure of decarbonization** on logistics players increased heavily, which leads to an increase in **joint ventures and M&A** activities to achieve ecological targets

COMPANY STOCK PERFORMANCE

SELECTION

"Positive impact": AP Moeller - Maersk



- Investments in assets:** Expanding capacity across oceans, improving productivity in terminals and growing global non-ocean supply chain operations
- Customer relations:** Maersk integrates its customers in processes to mitigate supply chain disruptions and keep operations running
- M&A activities:** Eight businesses were acquired with a volume >€5bn in 2021 within air, e-commerce, warehousing and fulfillment, as well as 85 new warehouses were opened

228% increase in stock price^[1]

Outperformed L&S – Logistics by **44%**^[1]

"Negative impact": US Xpress Enterprise



- Segment diversification:** US Express missed the chance of Covid for logistic companies to broaden its product portfolio and expand into new segments (e.g., strengthen oversea activities, expand out of trucks only)
- Customer groups:** Even though the largest customers are Walmart, FedEx, Home Depot, etc., ~75% of revenues are generated with only 25 customers
- Digitalization:** US Xpress is working on digital and contactless tools for drivers but is still in the implementation phase

15% decrease in stock price^[1]

Underperformed L&S – Logistics by **45%**^[1]

[1] Stock price compared to December 2nd, 2019
Source: Investing.com, goetzpartners

Logistics Industry | The CEO's Agenda

The logistics industry can be seen as a winner during the Covid pandemic – short-term losses were substituted by an ongoing high demand for online retail and manufactures worldwide

LESSONS LEARNED FROM COVID-19 CRISIS



Expansion from sea vessel towards feeder, rail, road and air cargo



Flexibility in sales and disposition to gain advantages from short-term inefficiencies



Pressure of decarbonization make fleet management adjustment necessary



Follow mid- and long-term **investment strategies** throughout the crisis



Supply chain disruptions may occur regularly – adapt organizational design



Customer inquiry management **grows significantly** and needs to be managed



STRATEGIC CONSIDERATIONS

DEFENSIVE
(FINANCING,
MARKET CATCH-
UP)

- Are you prepared to handle future challenges of **digital transformation** and **change management**?
- Did you formulate a **strategy on how to take advantage** of the currently positive market environment e.g., business model expansion?
- Have you established **effective measures** e.g., reacting to possible staff shortages and reorganization of cost structure?
- How can **digitalisation** and **AI**^[1] help you to **improve sales-to-marketing ratio (market penetration)** to focus on the most relevant logistics (sub-)markets?

OFFENSIVE
(ACQUISITION,
CARVE-OUT)

- Do you actively **screen the market** to identify **potential M&A targets** that fill current **blind spots** or **create synergies**?
- Are you able to close **new joint ventures** to cover shortages in global logistics?
- Do you prioritize **decarbonization goals** high enough to lower your emission by e.g., **shared assets and fleets**
- To what extent is your company engaged in the improvement of its **digital skills** and in the integration of **innovative technologies** as **IoT**^[2] or **AI** in its operations?

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