



# Acquisition of Forward Air Final Mile

Investor Presentation

DECEMBER 2023



# DISCLOSURE

## **CERTAIN FORWARD-LOOKING STATEMENTS:**

Statements in this presentation that are not historical facts are forward-looking statements, provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that might cause the actual performance of Hub Group to differ materially from those expressed or implied by this discussion and, therefore, should be viewed with caution. Further information on the risks that may affect Hub Group's business is included in filings it makes with the SEC from time to time, including those discussed under the "Risk Factors" section in Hub Group's most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings. Hub Group assumes no obligation to update any such forward-looking statements.

## **NON-GAAP FINANCIAL MEASURES**

This presentation contains certain non-GAAP financial measures including, without limitation, "EBITDA." Reconciliations of these measures to the comparable GAAP measures are set forth to in the Appendix to this presentation.

We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP. Specifically, we believe these non-GAAP financial measures (a) allow management and investors to better assess our performance by removing volatility that we believe is associated with discrete items that are either larger than anticipated or non-recurring, and (b) enable a more complete understanding of factors and trends affecting our business.

Non-GAAP financial measures, however, have inherent limitations, are not required to be uniformly applied, and are not audited. Accordingly, these non-GAAP financial measures should not be considered as substitutes for GAAP financial measures, and we strongly encourage investors to review the GAAP financial measures included in this presentation and in our public filings with the SEC that are referenced above and not to place undue reliance upon any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures in this presentation with other companies' non-GAAP financial measures having the same or similar names. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. Reconciliations of non-GAAP financial disclosures to what we believe to be the most directly comparable GAAP measures are set forth in "Appendix" to this presentation and also may be viewed on the company's website, [hubgroup.com](http://hubgroup.com).

## **FORWARD-LOOKING NON-GAAP FINANCIAL MEASURE**

In this presentation, management has presented certain forward-looking statements about the Company's future financial performance that include EBITDA margin, a forward-looking non-GAAP financial measure. This non-GAAP financial measure is defined as EBITDA as a percentage of revenue. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We are unable to present a quantitative reconciliation of EBITDA margin to its most directly comparable forward-looking GAAP financial measure, Net Income Margin, because management is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP measure without unreasonable efforts.

You should assume that all numbers presented are unaudited unless otherwise noted.

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# About Forward Air Final Mile (FAFM)

## Business Overview

- Nationwide final mile provider of residential delivery and installation services for big and bulky goods, with a heavy focus on appliances
- Adds approximately \$289mm of revenue (LTM 9/23), more than doubling Hub Group's Final Mile business
- Customers are large Fortune 500 shippers in the appliance and retail sector
- Non-asset operation utilizing independent service providers and a large national network of leased and customer-owned facilities
- Strong performance through current freight environment



# Transaction Overview

CATEGORY	HIGHLIGHTS
<b>Price</b>	<ul style="list-style-type: none"><li>• \$262mm purchase price (funded with cash on hand)</li><li>• Additional incentive to FAFM management based on future financial performance</li><li>• Tax advantaged transaction structure</li></ul>
<b>Accretion</b>	<ul style="list-style-type: none"><li>• Immediately accretive to Hub Group's 2024 GAAP and cash EPS prior to expected cross-sell and operational synergies</li><li>• Additive to Hub's long-term returns on invested capital</li></ul>
<b>Synergies</b>	<ul style="list-style-type: none"><li>• Adds capacity and capability to Hub Group's Final Mile delivery offering, driving meaningful cross-sell revenue opportunities</li><li>• Cost optimization potential with existing Hub Group's Final Mile business</li></ul>
<b>Integration</b>	<ul style="list-style-type: none"><li>• Low risk integration; utilizes same operating and financial systems as Hub Group's Final Mile business</li><li>• Leverages existing Hub Group infrastructure to drive improved service and customer experience</li><li>• Management will stay on to support the growth of the consolidated Final Mile business</li></ul>



# Transaction Rationale



## Significantly Scales Final Mile Delivery Offering

- On a pro forma combined basis, Hub Group's Final Mile revenue will increase to approximately \$470mm
- Combined business will operate under Hub Group's Final Mile offering
- Expanded platform improves facility utilization and network density
- Creates a mix of company operated and third party operated warehouses
- Over 650 employees nationwide



## Adds Appliance Delivery and Installation Capabilities

- Further supports Hub Group's value proposition with retail and omnichannel customers
- Highly specialized sub-sector of Logistics
- Demanding customer service and compliance requirements creates long term relationships

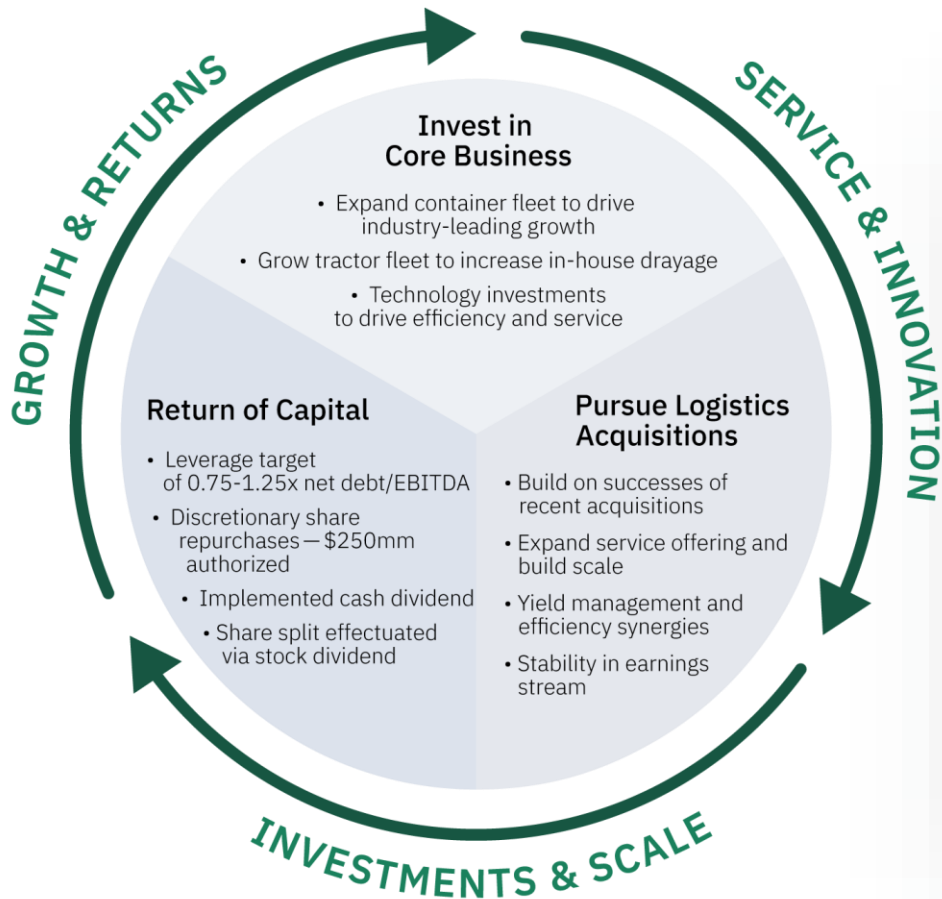


## Enables Cross Selling Opportunities

- Large pipeline of qualified final mile cross-selling appliance opportunities
- Expect to offer middle-mile transportation management to FAFM customers



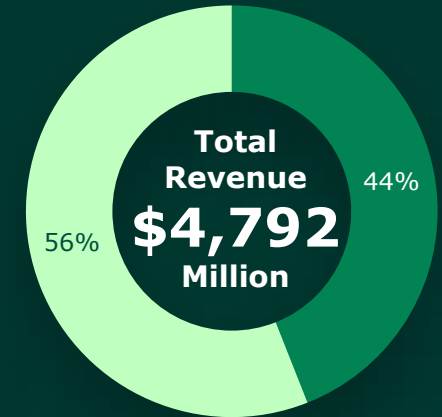
# Aligns with Hub Group's Capital Allocation Strategy



## Driving Scale in High-Growth, Fragmented Industry

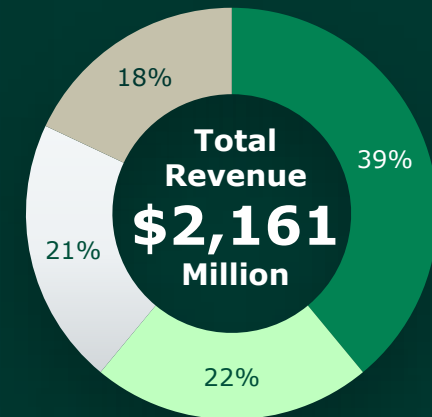
- >\$15bn total addressable segment (U.S. only)
- Hub Group is now the fourth largest Company in the big & bulky final mile segment

**Revenue by Segment**  
Pro Forma LTM 9/30/2023



- Logistics
- Intermodal & Transportation Solutions

**Logistics Revenue**  
Pro Forma LTM 9/30/2023



- Truck Brokerage
- Final Mile
- Consolidation & Fulfillment
- Managed Transportation





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