



THE STATE OF U.S. SHIPPING & TRANSPORTATION LOGISTICS – CHALLENGES & CHANGES

Volatility & Transportation

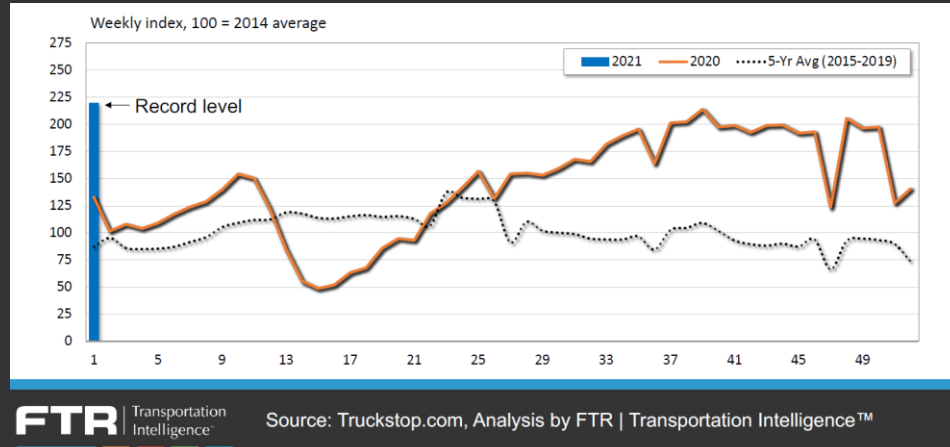
Presented by:
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Director – Strategic Sales
President of the Logistics Council

July 28, 2021

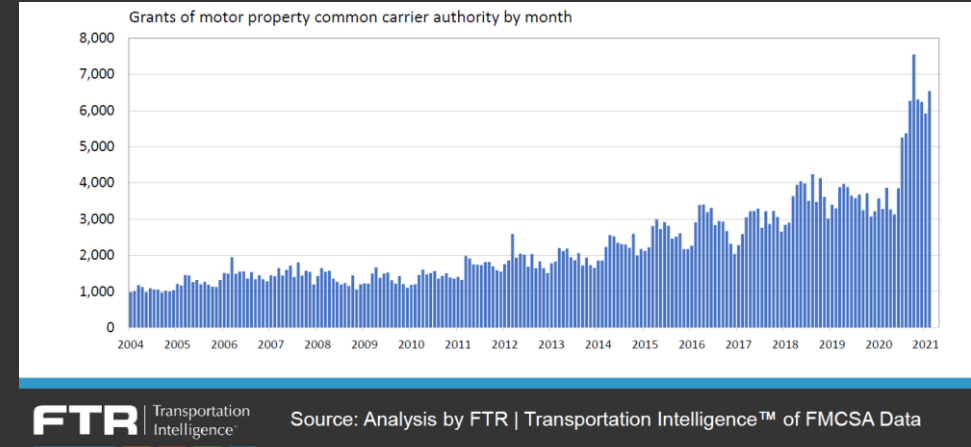


What is the Market Telling Us?

Spot Market Trends



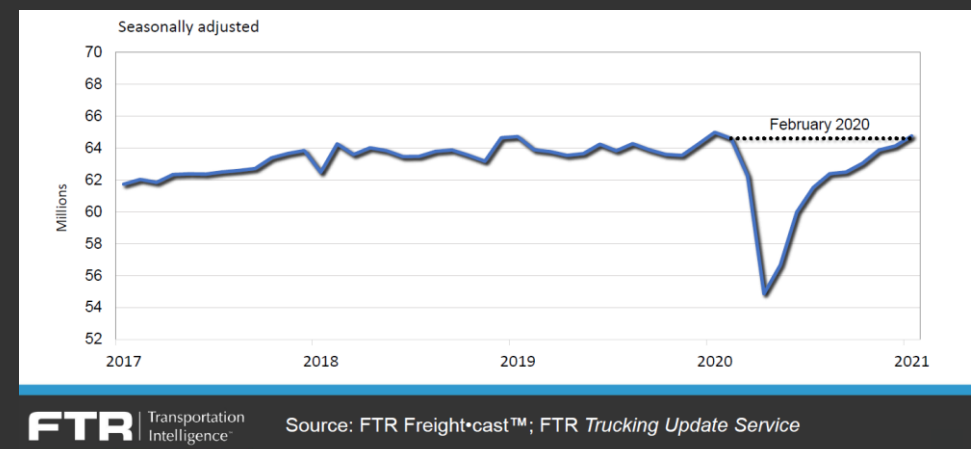
New For-Hire Trucking Companies



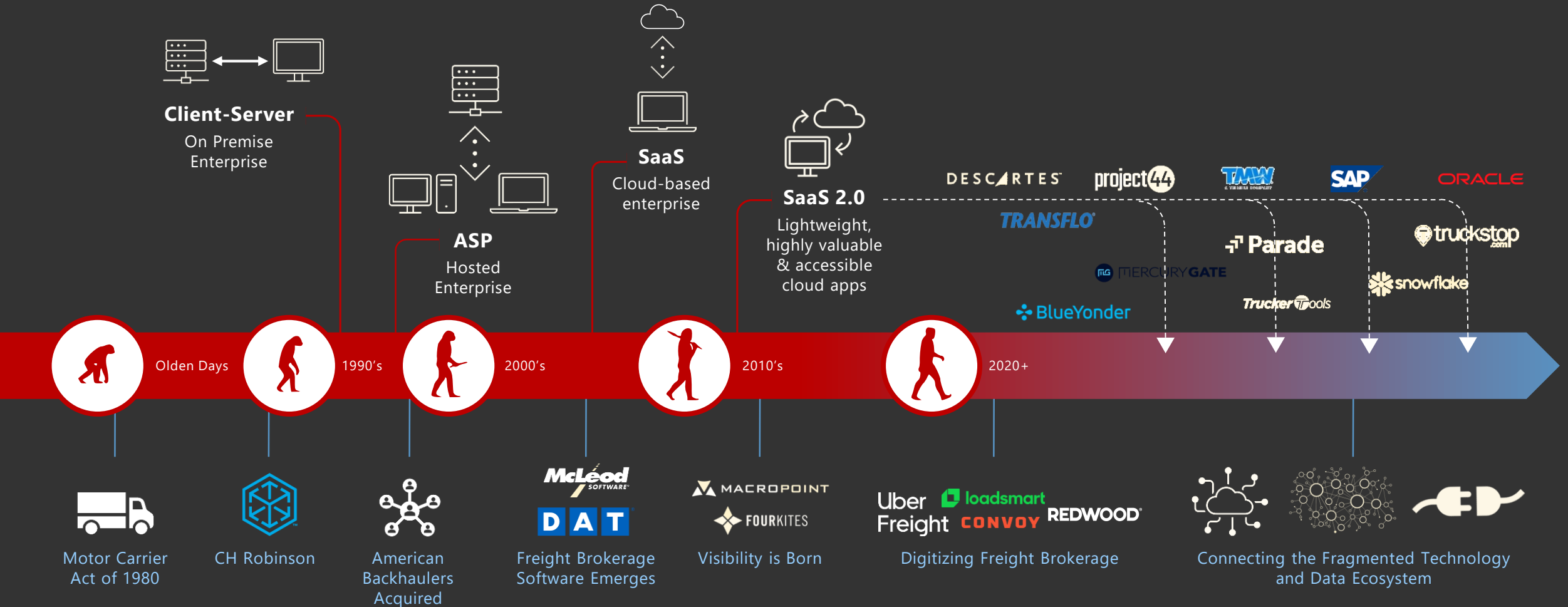
Record High Rates



Truck Loadings – V-Shaped Recovery



How Did We Get Here?



Current Market Size and Projected Growth

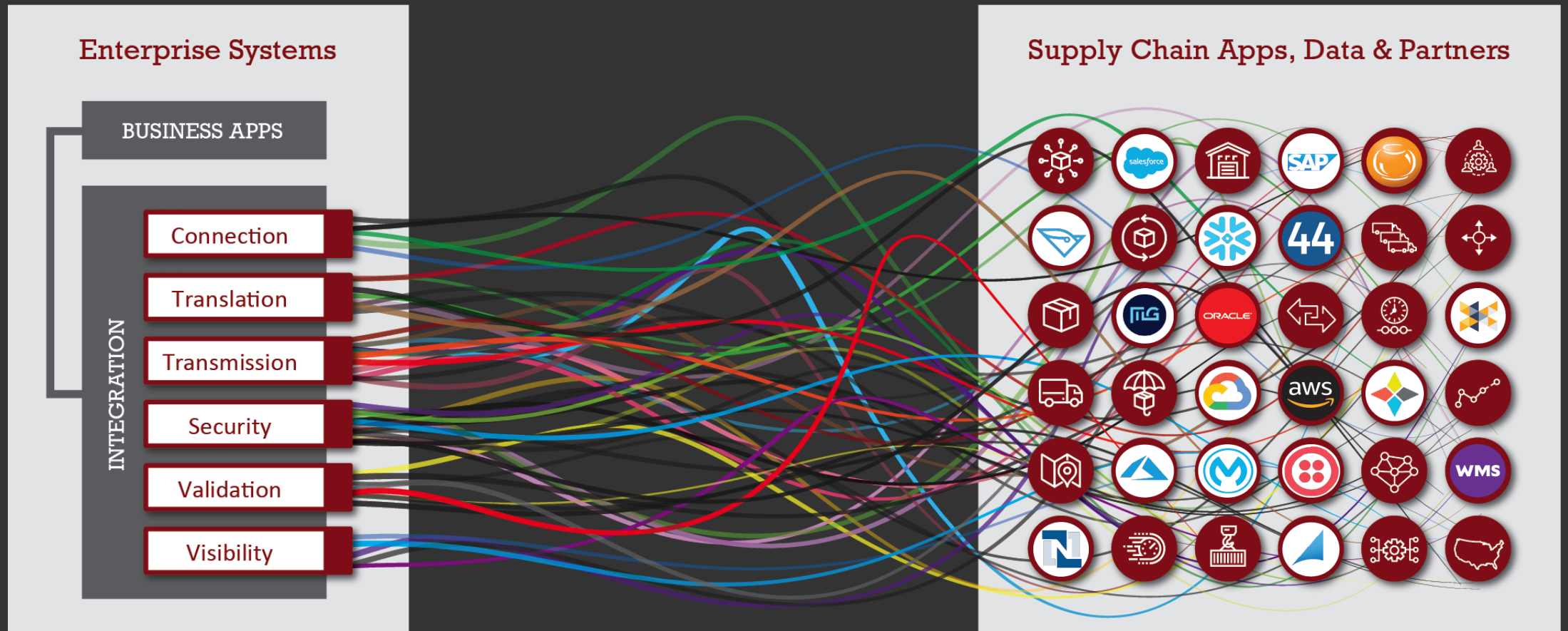
Figure 4: FreightWaves' 10-Year Top-Down TAM Estimates for U.S. Trucking, Freight Brokerage, and DFB Markets

	Year										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
U.S. for-hire full truckload (TL) market (\$B)	\$343.0	\$356.7	\$371.0	\$385.8	\$401.3	\$417.3	\$434.0	\$451.4	\$469.4	\$488.2	\$507.7
<i>Grows at nominal GDP (4%)</i>											
U.S. Brokerage Industry Gross Revenue (\$B)	\$62.0	\$70.5	\$79.7	\$89.4	\$99.8	\$110.9	\$122.7	\$135.3	\$148.7	\$162.9	\$178.1
Y/Y Growth		13.8%	12.9%	12.2%	11.6%	11.1%	10.7%	10.3%	9.9%	9.6%	9.3%
Penetration rate of overall U.S. FH TL	18.1%	19.8%	21.5%	23.2%	24.9%	26.6%	28.3%	30.0%	31.7%	33.4%	35.1%
U.S. Brokerage Industry Net Revenue (\$B)	\$9.7	\$10.3	\$11.0	\$11.7	\$12.4	\$13.2	\$14.1	\$15.0	\$16.1	\$17.4	\$18.9
Y/Y Growth		6.1%	6.6%	6.3%	6.2%	6.3%	6.5%	6.8%	7.3%	7.9%	8.5%
Net revenue margin/take rate/commission	15.7%	14.6%	13.8%	13.1%	12.5%	11.9%	11.5%	11.1%	10.8%	10.7%	10.6%
Assumed traditional brokerage take-rate	15.70%	15.45%	15.20%	14.95%	14.70%	14.45%	14.20%	13.95%	13.70%	13.45%	13.20%
Assumed DFB take-rate	1.00%	1.70%	2.40%	3.10%	3.80%	4.50%	5.20%	5.90%	6.60%	7.30%	8.00%
Blended take-rate	15.6%	14.6%	13.8%	13.1%	12.5%	11.9%	11.5%	11.1%	10.8%	10.7%	10.6%
Mix of traditional brokerage	99.0%	94.1%	89.2%	84.3%	79.4%	74.5%	69.6%	64.7%	59.8%	54.9%	50.0%
Mix of DFB	1.0%	5.9%	10.8%	15.7%	20.6%	25.5%	30.4%	35.3%	40.2%	45.1%	50.0%
Traditional Brokerage Industry Gross Revenue (\$B)	\$61.4	\$66.4	\$71.1	\$75.4	\$79.3	\$82.6	\$85.4	\$87.5	\$88.9	\$89.5	\$89.0
Traditional Brokerage Industry Net Revenue (\$B)	\$9.6	\$10.3	\$10.8	\$11.3	\$11.7	\$11.9	\$12.1	\$12.2	\$12.2	\$12.0	\$11.8
Y/Y Growth in T.B. net revenue		6.4%	5.3%	4.3%	3.4%	2.5%	1.6%	0.7%	-0.2%	-1.2%	-2.3%
DFB Industry Gross Revenue (\$B)	\$0.6	\$4.2	\$8.6	\$14.0	\$20.6	\$28.3	\$37.3	\$47.8	\$59.8	\$73.5	\$89.0
DFB Industry Net Revenue (\$B)	\$0.0	\$0.1	\$0.2	\$0.4	\$0.8	\$1.3	\$1.9	\$2.8	\$3.9	\$5.4	\$7.1
Y/Y Growth in DFB net revenue		1041.2%	191.9%	110.7%	79.5%	62.9%	52.4%	45.3%	40.0%	36.0%	32.8%

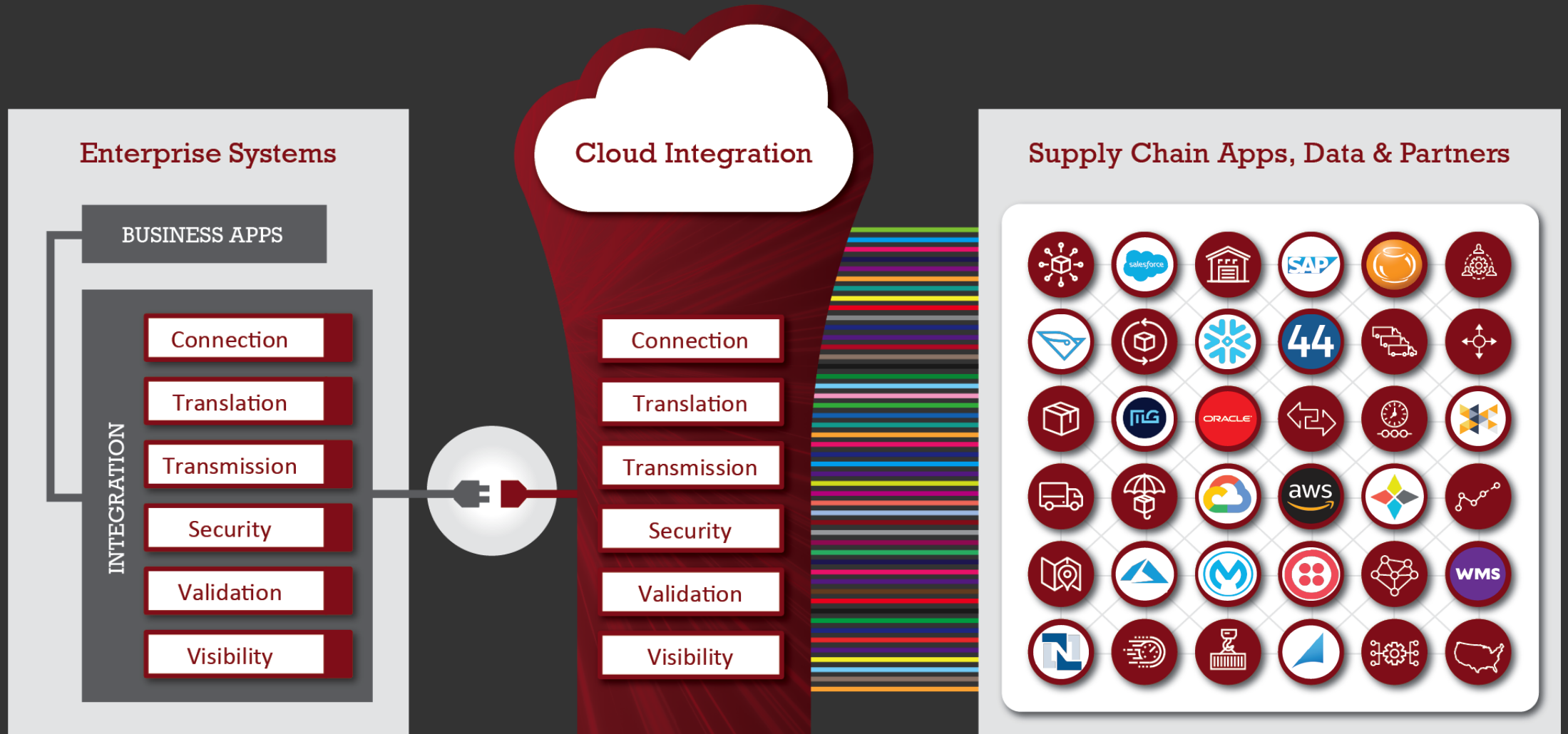
Over the next 8 years DFB Gross Revenue is expected to be **\$89 Billion** or roughly **50% of the Industry total**.

The CAGR between 2020 and 2028 is estimated to be **34%**.

The Fragmented Way

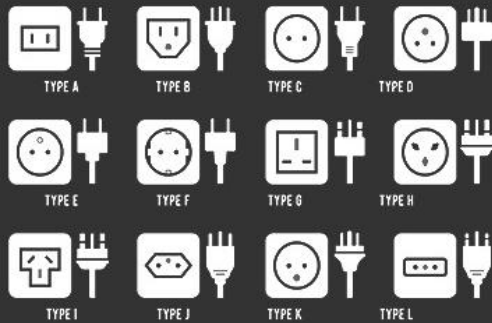


The Connected Way



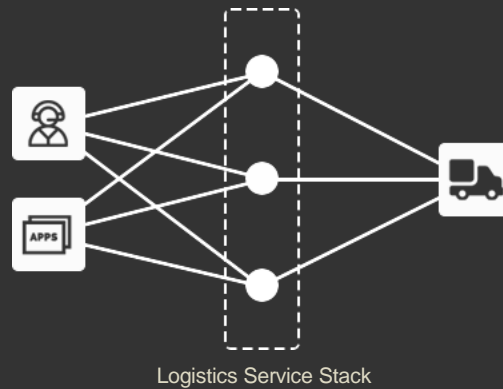
Transforming Our Industry via The Space Between

Open



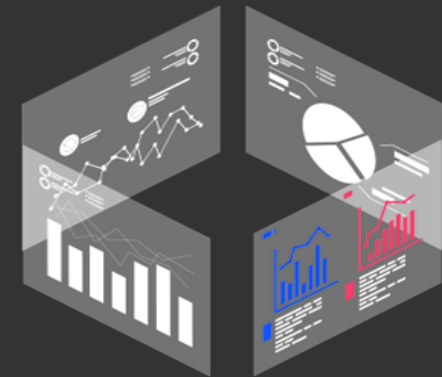
Any business
Any vertical
Any app
Any partner

Logistics



Any mode
Any service
Any automation
Any process

Platform



Any design
Any combination
Any problem
Any solution

Summary

- Organizations Are Frustrated With Their Transformation Investments ROI
- Freight Technology Solutions Have Failed to Deliver An Easy Button
- Today's Tech Models Are Complex & Expensive To Support
- Connectivity Is The Problem & Solution
- Redwood's Open Platform Approach Delivers Optionality, Profitability & Control

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Thank You