

# Let's get logistical

- Navigating the shifts in the Transportation industry
- Trends, challenges, and market implications.
- Enforcement and Receivership
- Recent case review



# Industry Overview

A thick, hand-drawn style orange line that underlines the title "Industry Overview". It starts under the 'I' and ends under the 'w', with a slightly wavy, organic feel.

# Industry bankruptcies and filing in 2023/2024

- State of the transportation market

- **2023 significant company bankruptcies**

1. **Yellow Corp.:** Aug 2023 - filed Chapter 11 bankruptcy. This was the largest bankruptcy filing in US trucking history.
2. **Convoy:** Oct 2023 - shut down operations
3. **Matheson Trucking:** Dec 2023 - due to financial disputes, they winded down operations.
4. **Surge Transportation:** July 2023 - filed for bankruptcy
5. **Elite Transit Solution:** Nov 2023 – closed operations
6. **Meadow Lark Agency:** Nov 2023 – 40-year-old company filed for Chapter 7 bankruptcy
7. **Transplus:** Jun 2023 – filed for bankrupting affecting numerous small trucking companies

- 88,000 trucking companies ceased operations in 2023, alongside 8,000 freight brokerages.

- **2024 significant company bankruptcies**

1. **TransEmerge:** Feb 2024 – Filed receivership
2. **Pride Group:** April 2024 – One of Canada’s largest trucking and leasing companies filed for bankruptcy protection
3. **Arnold Transportation Services:** May 2024 – filed for Chapter 7 bankruptcy liquidation
4. **Tony’s Express:** May 2024 – 70-year-old CA trucking company ceased operations
5. **Flagship Transport:** May 2024 – ceased operations
6. **Big Rig Trailers and Leasing** – July 2024 – filed receivership
7. **Canadian Motor Freight:** Nov 2024 – filed receivership

- An increase of 198 insolvency filing in 2024 for the industry

# Transportation industry outlook

- **Market landscape**

- Slow recovery in progress
- Freight demand remain soft
- Spot rates are volatile
- Regulatory and trade uncertainty

- **Equipment trends**

- Class 8 demand easing
- Trailer demand uneven
- Fleet buyers are cautious –  
focusing on replacement, not  
expansion

- Opportunities for financing and restructuring
- **Fleet modernization**
- **Inventory and working capital**
- **Tariff impact migration**
- **Flexible financing options**

# Carrier changes in trucking authorities

- State of the transportation market



- Trends indicate continued capacity decline of 3-5% in 2025
- Teal line indicates change in authority for micro fleets (15 trucks)
- Increase in costs to operate and equipment has caused several small carriers to exit the industry

# Trucking Rate Analysis

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- Trucking rate analysis - YoY

Industry Trend	Week Apr 7-13 vs Mar 31-Apr 6	Month Mar 2025 vs Feb 2025	Year Mar 2024 vs Mar 2025
Spot Load Posts	-17.9%	+10.9%	+22.2%
Spot Truck Posts	+9.2%	-2.6%	-28.9%
Van Load to Truck	-29.2	+1.9%	+54.1%
Van Spot Rates	-1.0%	-1.0%	+0.5%
Flatbed Load to Truck	-22.5%	+39.9%	+129.5%
Flat Spot Rates	+1.9%	+0.0%	+0.0%
Reefer Load to Truck	-29.4%	-9.2%	+47.3%
Reefer Spot Rates	+0.0%	-0.9%	-1.7%
Fuel Prices	-1.6%	+0.6%	-9.8%

- Freight recovery in motion: March trends show shifting market
- Spot Load Posts:** +22.2% (increased demand)
- Spot Truck Posts:** -28.9% (tighter capacity)
- Van Load-Truck:** +54.1% (higher utilization)
- Flatbed Load-to-Truck:** +129.5% (strong demand)
- Reefer Spot Rates:** -1.7% (softening rates)
- Fuel Prices:** -9.8% (lower operating costs)

# Trucking rate analysis – Month over month

- State of the transportation market
  - **National spot rates show mixed momentum**
    - Market pressures remain
    - Van rates steadily declining, indicating softening demand and possible overcapacity
    - Flatbed rates climbing MoM, driven by industrial and construction demand
    - Reefer rates dropped earlier in the year, but stabilized in March, driven by shift in demand or adjusted capacity
  - **Opportunities for financing**
    - Freight factoring to help carriers manage cash flow by turning receivables into immediate working capital
    - Asset-based lending to secure financing to upgrade existing equipment or secure new fleets.

## National Spot Rates

Spot rates fall for each segment

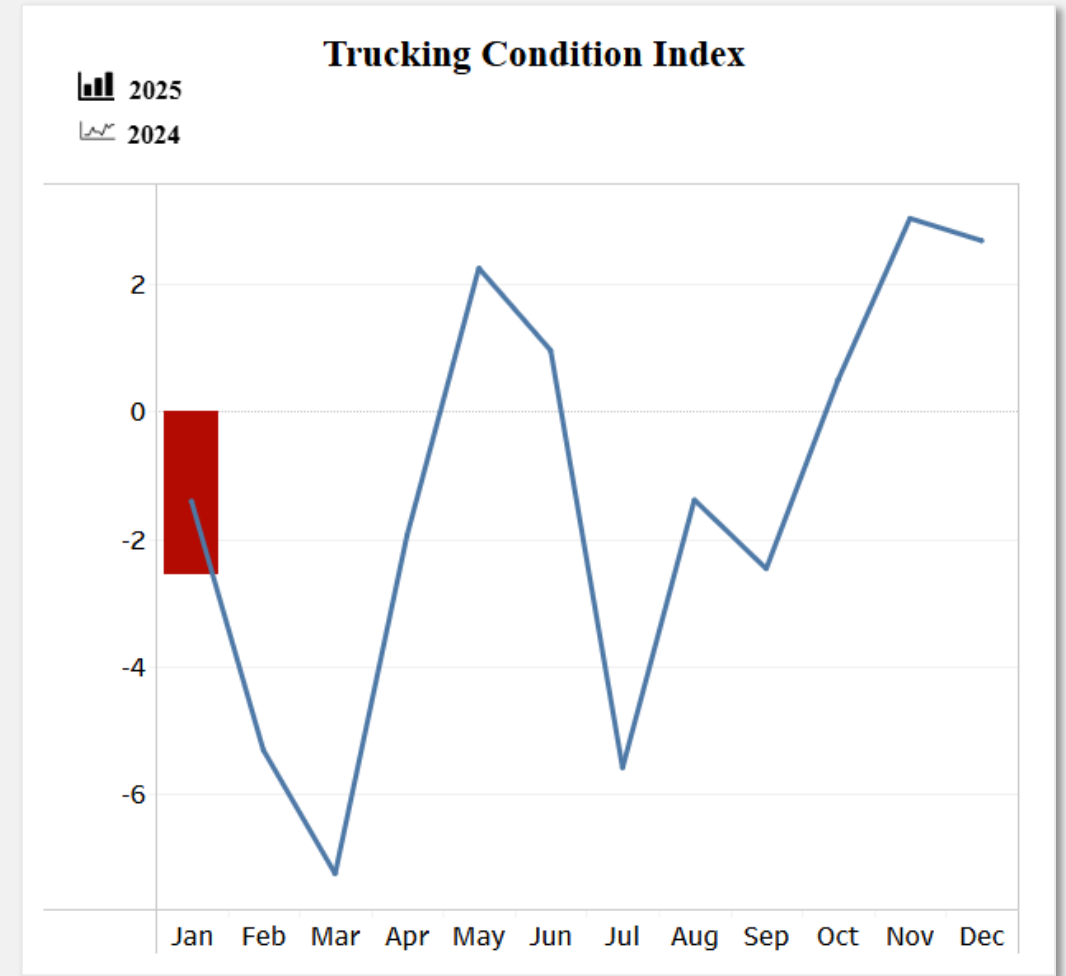




# Trucking conditions index declines

- Challenging market conditions for carriers

- January 2025 TCI Reading: -2.56
  - Significant decline from Dec 2024's +2.67%
- Negative factors in January
  - Higher diesel prices
  - Weak freight rates, volume, and utilization
- Positive factor:
  - Cost of capital improved



# Market Insights

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# Cass transportation index

## Shipping volumes and cost of freight insights

	March 2025	Year-over-year change	2-year stacked change	Month-to-month change	Month-to-month change (SA*)
Cass Freight Index - Shipments	1.054	-5.3%	-8.7%	0.0%	-2.1%
Cass Freight Index - Expenditures	3.163	-2.0%	-20.1%	2.8%	1.5%
Cass Inferred Freight Rates	3.001	3.5%	NA	2.8%	3.7%
Truckload Linehaul Index	143.0	1.5%	-3.2%	-0.1%	NA

\* SA = seasonally adjusted

- **Shipment trends**

- Unchanged m/m, down 5.3% y/y.
- Seasonally adjusted, shipments down 2.1% m/m

- **Expenditure trends:**

- Freight expenditures increased 2.8% m/m, down 2.0% y/y

- **Inferred freight rates**

- Rose 2.8% m/m, up 3.5% y/y, indicating higher costs per shipment

- **Truckload Linehaul index**

- Slightly decreased by 0.1% m/m, up 1.5% y/y

- **Market observations**

- Recent pause on reciprocal tariffs may lead to increased pre-tariff shipping in Q2
- Ongoing trade tensions, especially with China, could suppress freight volumes in longer term
- Freight market continues to face challenges, with overall volumes trending downwards

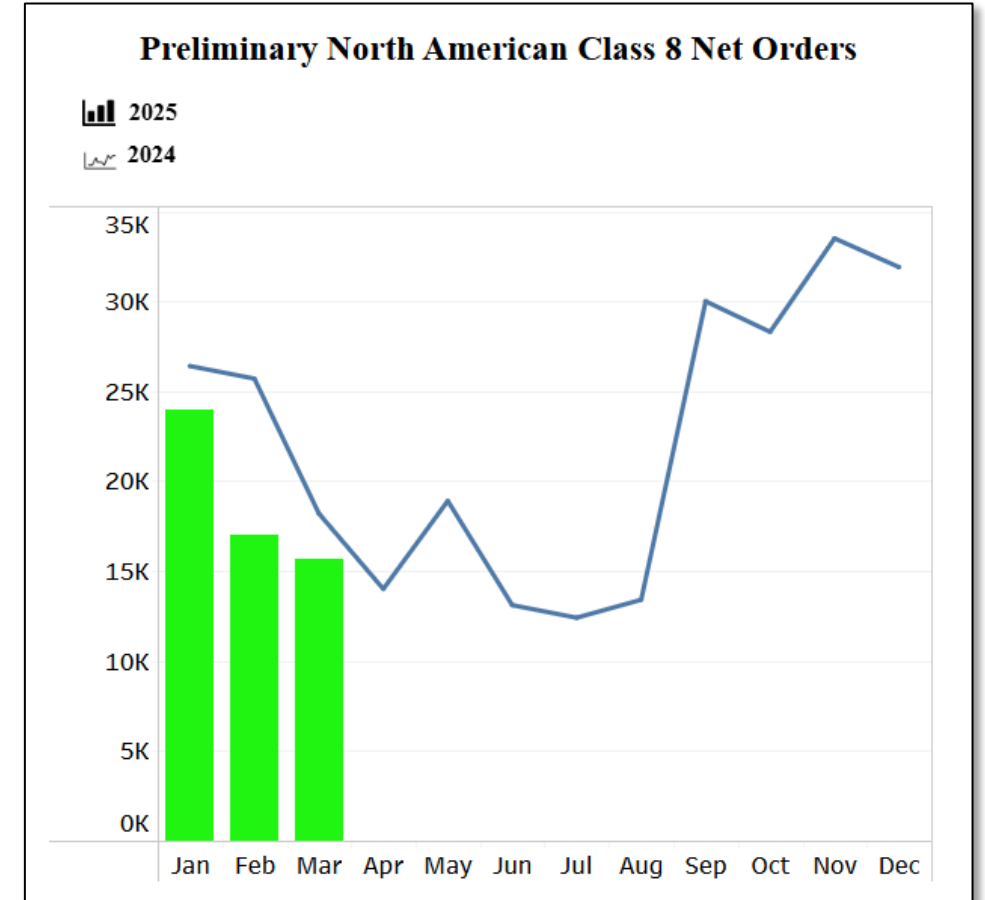
# Equipment

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Keep on rolling

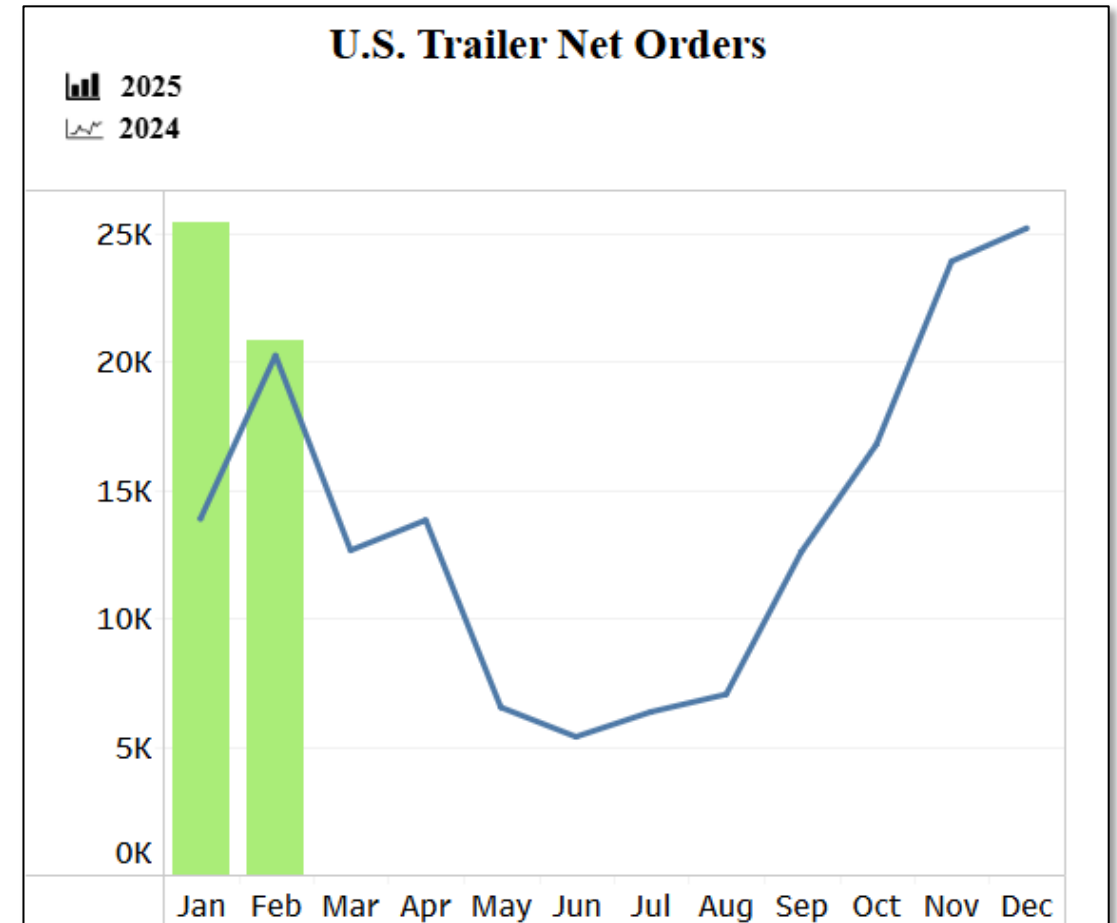
# Preliminary North American class 8 net orders

- Leading indicator of state of economy
- FTR reports preliminary North American Class 8 net orders totaled 15,700 units in March
  - 14% decline month-over-month (m/m)
  - 22% year-over-year (y/y)
- The combination of ongoing tariffs among North American trading partners, along with economic and freight market uncertainty have significantly dampened fleet investment in Class 8 trucks and tractors in recent months.



# U.S Trailer Net Orders

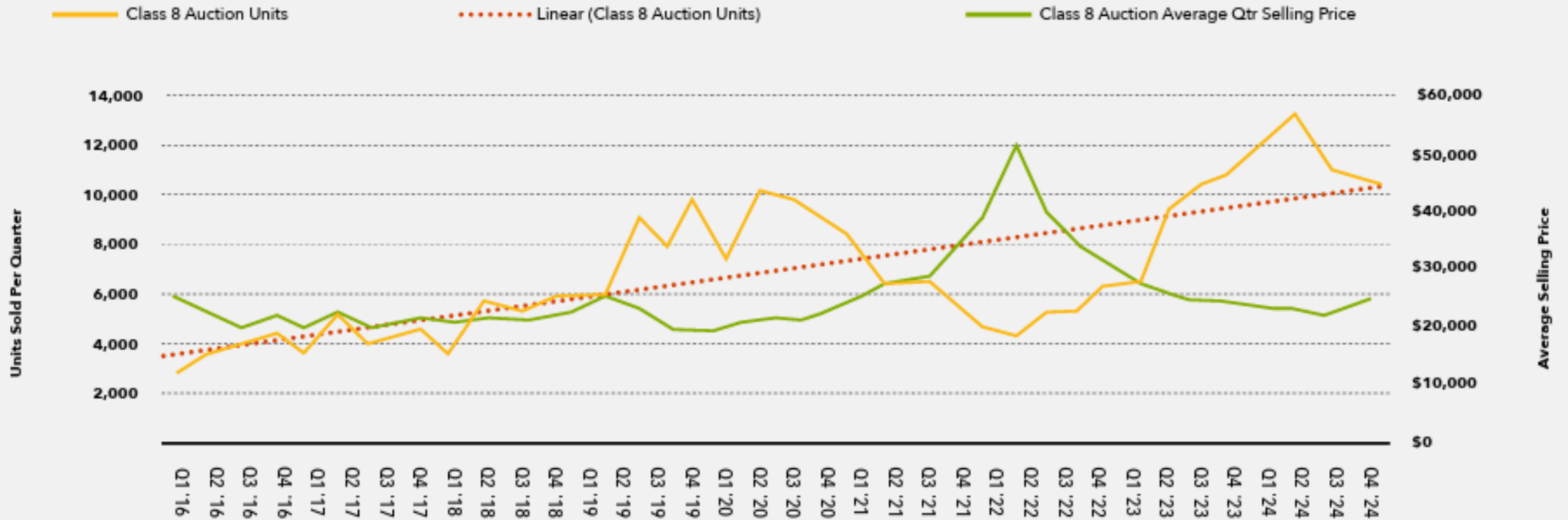
- Freight demand and impact on new trailers
- Total U.S. trailer net orders in February reached 20,874 units
  - 18% decrease month-over-month (m/m)
  - 3% increase year-over-year (y/y)
- Fourth consecutive month with net orders exceeding 20,000 units and positive y/y growth.
- However, a sluggish start to the 2025 order season means that cumulative orders are down 14% y/y at 124,737 units.



# Transportation auction update

- 2024-year end wrap up

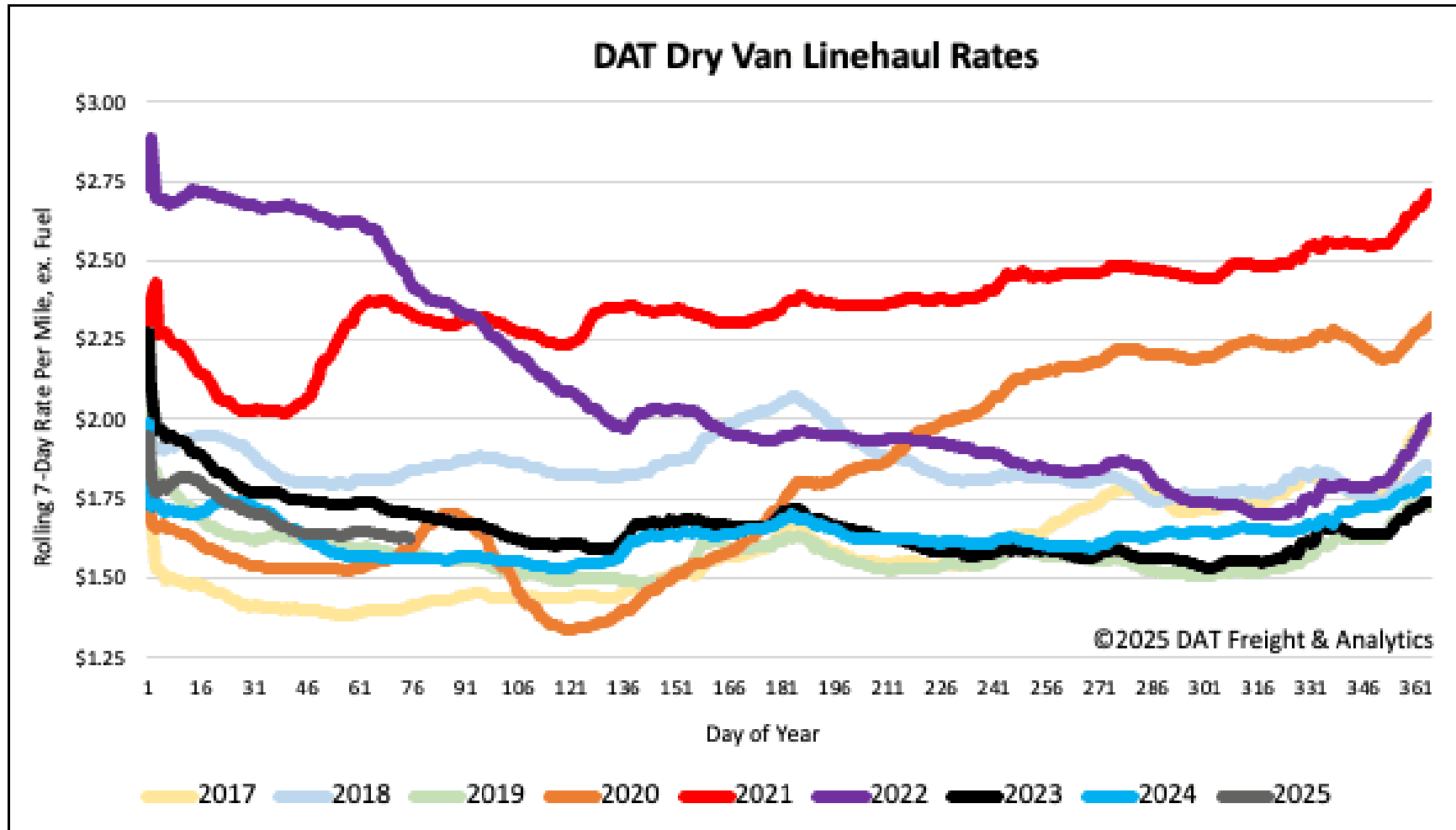
## Auction Units Sold Quarterly and Average Price/Unit



Source: Hilco Global

# Market insights: Dry van linehaul rates

- February 2025





# Equipment auction rates

- State of transportation market



- **Market insights**

- Decline in auction pricing across both US and Canada when comparing 2024 to 2023
- Stable US transportation equipment prices
- Transportation prices in Canada decreased by 7% from Q3 to Q4 2024

# Microeconomics



What does all of this mean for our clients?

# What does a trucking company look like?

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- **Key characteristics we see**

- Owner managed i.e. owner is performing a functional role in the business
- They are operators so the good ones know the operations
- Weak if any financial controls regardless of size and scale
- Slow to react and slower to act

# Clients and the cliff

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- **What are our clients feeling?**

- Reduced demand resulting in lower sales
- Equity erosion in their equipment making it less affordable
- Capacity leaving the market can mean opportunity for those well positioned with access to working capital and financing
- Doom and Gloom with a hint of optimism

# Enforcement and Receivership



# Enforcement – Receivership Considerations

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- CCAA
  - Low probability
  - Atlantic Canada consists of a handful of major players and large amount of smaller owners/operators
- Continuing operations or immediate shutdown
  - Market conditions for potential recovery as a going concern
  - Business to be saved
  - Management capability, trust, transparency

# Enforcement – Receivership Considerations



## Private vs. Court Appointment

Continuing operations or shut down  
Operations and fleet size  
Chattels across Canada and North America  
Order protections



## Timing matters



## PPSA

Conflicting creditor priorities  
21-day notice of sale

# Enforcement – How Does it Typically Play Out?

Not great!!



- Market plays a role - can't get blood out of a stone
- Missing assets - Registry of Motor Vehicles and Insurance
- Disbursements/cash advances
  - WEPP “applicability”, payment of employee arrears, disbursements/cash advances
  - Deemed trusts
  - Mechanic arrears
  - Leaseholder payouts
  - Non-trucking operations



# Enforcement – How Does it Typically Play Out

## Fleet Sales

- Significant deferred maintenance, fix, sell “as is, where is”
- Minor repairs, cleaning, decals removal
- Tender process en bloc vs. auctioneer
- US market
- Bundled sales with different lenders (truck vs. trailer)

## Land and Building

- Environmental contamination
- Inventory on hand (oil, chemicals, tires, parts, etc.)
- Corners have been cut
  - Vacating or preparing for sale costs
  - Books and records disposal

# Enforcement – How Does it Typically Play Out



RETENTION OF NON-SENIOR  
MANAGEMENT PERSONNEL



WORKING WITH SOMEONE  
THAT UNDERSTANDS TRUCKING

# Financial Disputes

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2024-2025 in the transportation industry

# Roll X Carriers Inc.



- Urgency of Application
- Missing assets
- Stopped making deposits into the operating account
- Admitted no longer carrying on business

# Royal Bank of Canada v. Trans Globe Logistics et al.

## Court's Decision

- Respondents wanted a limited receivership
- Allowed receiver to operate the business
- Showcased court's flexibility in receivership cases



# Pride Group



- All secured creditors opposed the SISP
- Judge ruling only offer that preserved the business and jobs
- \$49 million

# Bank of Montreal v. True North Freight Solutions Inc. and North Shore Logistics Inc.,

## Appointment of Interim Receiver

- BDO Canada Limited appointed on April 12, 2024
- Companies involved: True North Freight Solutions Inc., North Shore Logistics Inc., and 1000088317 Ontario Inc.

## Bankruptcy Declaration

- Companies declared bankrupt on May 6, 2024
- BDO appointed as Licensed Insolvency Trustee

## Reason for Receivership

- Default under credit agreements
- Need to protect secured creditor's interests

## Court's Decision

- BDO appointed to manage assets and operations
- Ensures transparency and accountability

# Concerns Identified by BDO



## Insurance Policy Issues

Failure to maintain damage and liability coverage for fleet vehicles

Significant arrears under insurance policies, exceeding \$1,500,000



## Payroll Problems

Unmet payroll obligations, with \$600,000 to \$1,000,000 owed to truck drivers



## Tax and Deduction Failures

Unpaid HST and source deductions to CRA, totaling \$2,700,000  
Failure to file HST returns since December 2023  
Unpaid corporate income taxes assessed at \$1,763,883



## Outstanding Fees



## Bank Account Issues



## Management Disputes



# Receivable Analysis



## HST Credits

Golden Goose advised \$7,000,000 in HST credits

No documentation filed with CRA to support the statement



## Accounts Receivable Analysis

Total deposits of \$4,630,134.14 over 9 weeks

Pro-rated total deposits over 52 weeks: \$26,751,886

Revenue discrepancy with income statements

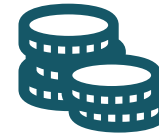


## Untraceable Deposits

\$1,503,782.95 of deposits untraceable to specific customers

Deposits linked to 73 customers

Accounts receivable listings show 207 customers for True North and 125 for North Shore



## Partial Payments by Largest Customers

# Canadian Western Bank v. Canadian Motor Freight Ltd. et al.

## Violation of Court Order

- Management disobeyed a lawful court order
- Willful non-compliance led to contempt of court

## Evaluation of Facts

- Court assessed the situation thoroughly
- Determined management's violation

## Sanctions Imposed

- Appropriate penalties for non-compliance
- Strict enforcement by the court

## Warning to Other Management Teams

- Consequences of non-compliance highlighted
- Serves as a deterrent for future violations

# Canadian Western Bank v. Canadian Motor Freight Ltd. et al.



- Interim receivership is governed by section 47(1) of the BIA.
- It's an interlocutory remedy for secured creditors.
- Creditor must prove necessity for interim receiver's appointment.

# Cont'

## Key Factors for Appointing an Interim Receiver



- Debtors defaulted on Commitment Letters and Security terms.
- Lack of reliable information hindered visibility.
- Debtors' non-responsiveness to information requests.
- GSAs allowed receiver's appointment upon default.

# Re JBT Transport Inc. et al.



## Dispute Overview

Lender and trucking company in conflict over financial support and refinancing

Trucking company operating at a loss

Efforts to secure broader refinancing



## Legal Findings

Company failed to provide sufficient notice under the WARN Act

Claimants entitled to summary judgment



## Case Implications

Emphasis on timely notice under the WARN Act

Precedent for future financial disputes and employee rights cases