Uber Freight

2024 Q2 Market update & outlook

May 2024

Market update & outlook

Executive summary – 2024 Q2

Macro Economy
- Consumer spending slowed down in January and February but recovered in March.
- The manufacturing sector expanded for the first time in 16 months
- Imports rose remained positive y/y.

US – LTL
- Tonnage and shipment count both continue to be down
- Fleet size and number of active terminals in public LTL carrier networks continue decline.

Ocean & Air
- Port of Baltimore planning full reopening by the end of May
- Carriers have implemented Panama Canal Surcharges due to ongoing drought
- New FMC Demurrage & Detention rules go into effect May 28

Warehousing
- Retail inventory remains near all-time highs
- Vacancies edged upward to 5.8% in Q1
- Q1 wages hit all-time high

US – Truckload
- Spot rates fell in February and March after surging in January.
- First tender acceptance rose to historically high levels.
- Capacity correction remains slower than expected.

US – Bulk
- Bulk trailer costs have risen significantly in the last few years
- Carriers continue to focus on utilization
- Carriers are not seeing the typical spring surge

Mexico
- Capacity constraints are beginning to show as the effects of nearshoring are starting to be noticed
- Annual inflation slightly increased in Q1
- The Peso continues to break records, appreciating its strongest level against the dollar

Sustainability
- National Zero-Emission Freight Corridor Strategy released in March
- SEC adopted rules to enhance and standardize climate-related disclosures

US – Intermodal
- Rail utilization has improved and dray capacity remains plentiful
- Railroads continue to be focused on Mexico and increasing their service offerings
- Spot rates continue to be lower

Europe
- Inflation continues to fall
- Q1 showed positive transport capacity on most lanes
- Spot rate index has increased by 4.7% in the last 3 months

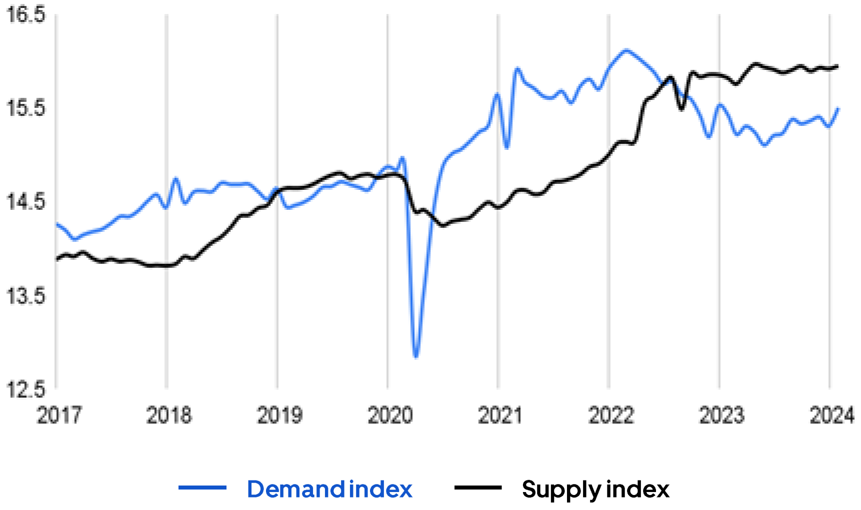
Canada
- GDP per capita is contracting, continuing with downward trend
- LTL demand strong with improving yields
- FTL contract and spot rates remain stable; near bottom

Uber Freight

US Full Truckload

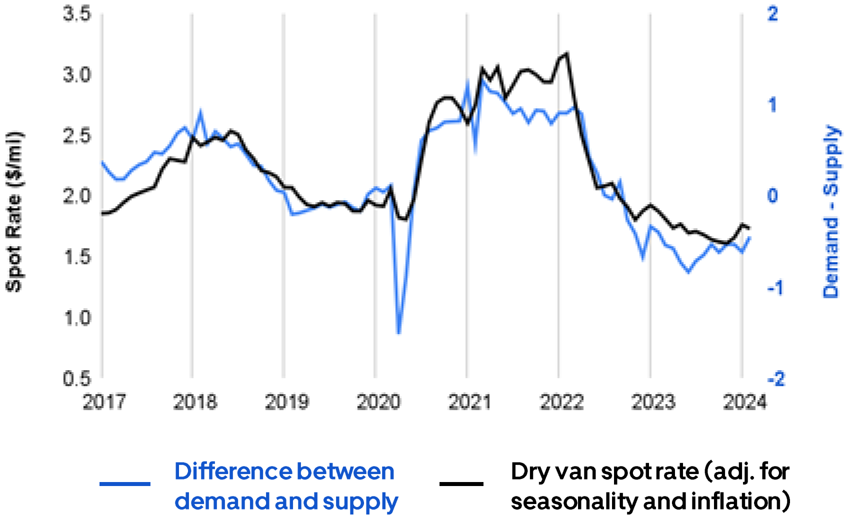
TL demand rose fell in January due to winter storms, but recovered later.

Uber Freight truckload supply and demand indices
Millions of dry van loads per month (seasonally adjusted)



Truckload demand rose 1.3% in February and was 0.5% above its year-earlier level. February's increase was driven by the recovery in manufacturing, wholesale, imports, and exports. Meanwhile, supply rose only 0.2% in February, and was 0.8% higher y/y.

Difference between demand and supply vs. dry van spot rates (1)



The gap between our demand and supply indices is highly correlated with dry van spot rates. In February, this gap fell to its lowest level in a year, indicating that the truckload market continues to move towards supply-demand equilibrium.

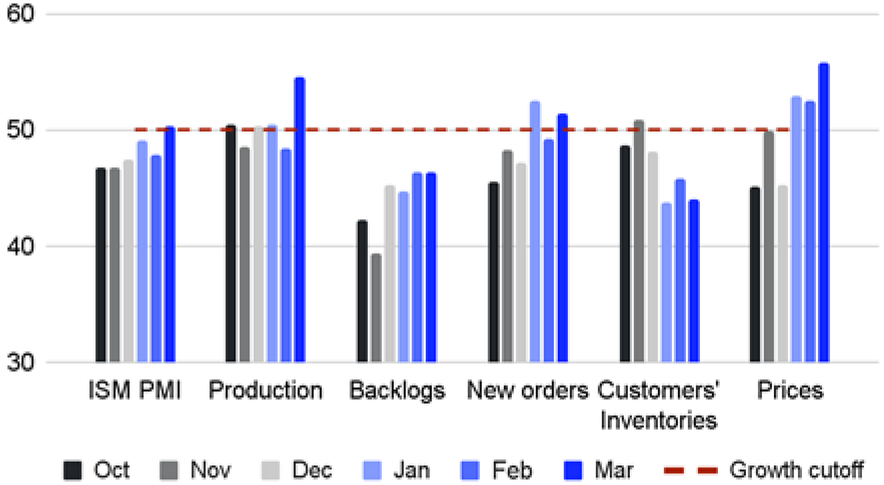
(1) DAT, UF analysis

Key factors impacting demand

The US manufacturing sector expanded for the first time in 16 months in March.

ISM Manufacturing PMI [1]

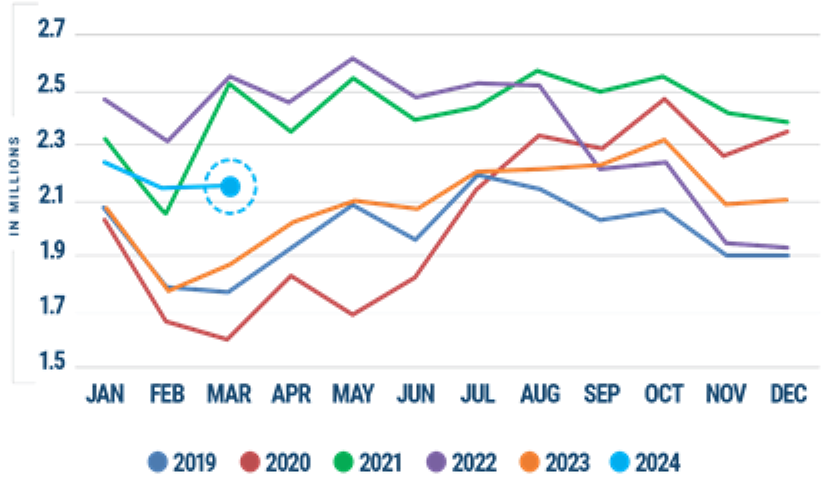
Values above 50 imply expansion and below 50 imply contraction



The ISM PMI rose to 50.3 in March, exceeding the expansion threshold for the first time since Sep'22. The Production index rose to 54.6, and the New Orders index returned to growth. Four of the 6 largest industries reported growth: 1) Food, Beverage & Tobacco, 2) Fabricated Metals, 3) Chemicals, and 4) Transportation Equipment.

US Container Import Volume (TEUs) [2]

Millions of containers, not seasonally adjusted



Containerized imports at US ports rose 0.4% in March, and were 15.7% higher y/y. However, they were still 16.1% below the March 2022 level. Imports were held back by the Chinese New Year, which resulted in a one-week holiday in Feb. The US ports felt the impacts of this holiday a few weeks later in March.

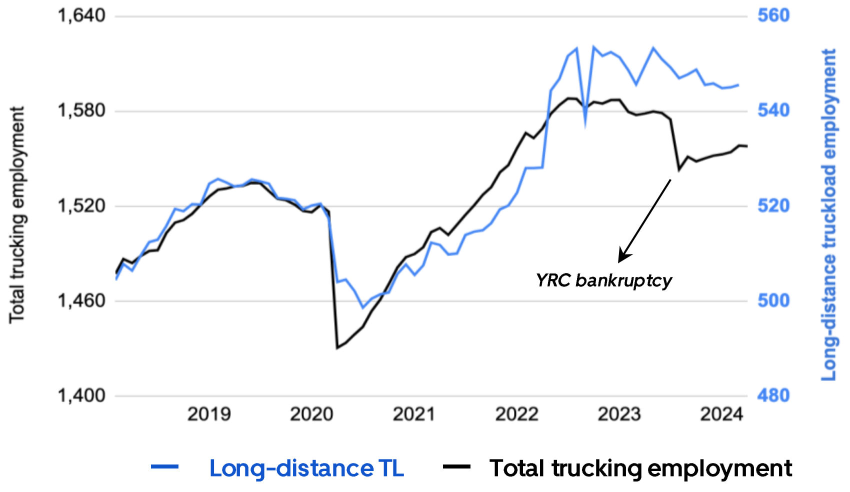
[1] Institute for Supply Management; [2] Descartes

Key factors impacting supply

Excess capacity is more resilient than expected as carrier authority revocations slow down.

Trucking Employment (1)

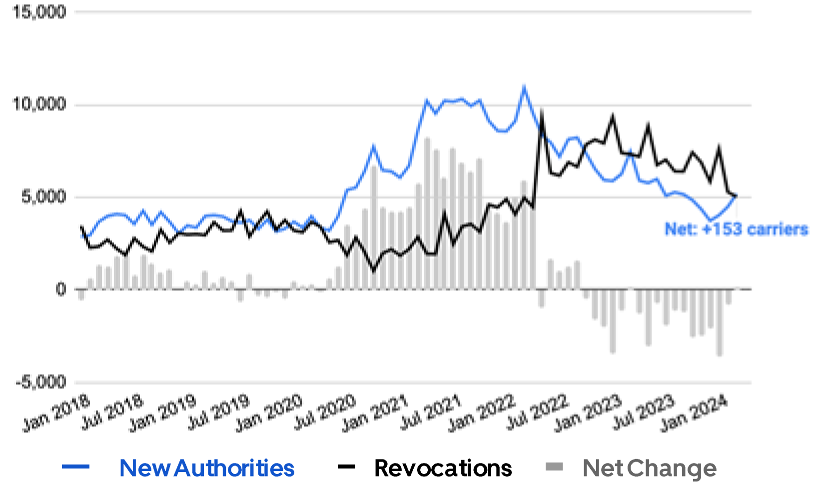
Thousands of employees, seasonally adjusted



For-hire carriers shed only 300 jobs in April. Employment was 1.3% lower y/y, which was mostly attributed to the YRC exit in August 2023. Since then, carriers have added 14.7K jobs. In the long-distance TL sector, carriers added 500 jobs in March, and employment in this sector was flat y/y.

FMCSA New Trucking Authorities and Revocations (2)

Not seasonally adjusted

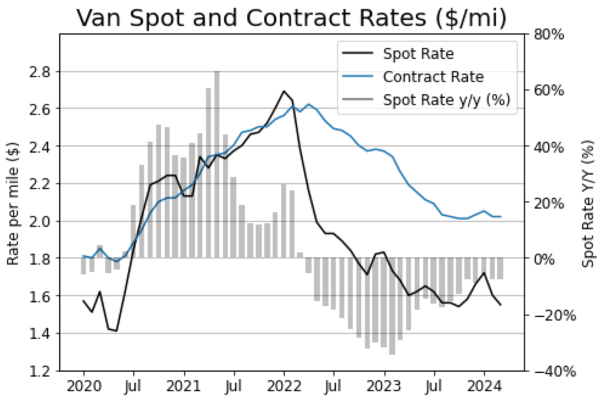


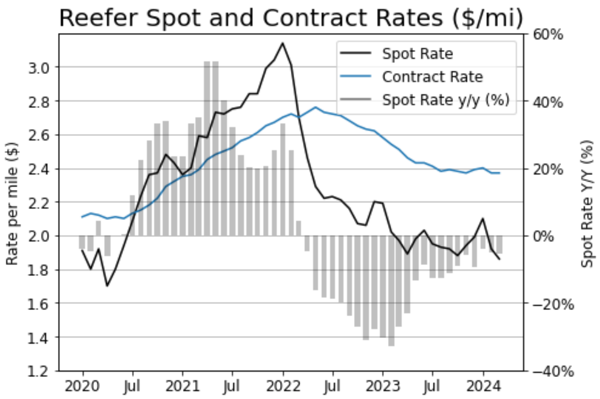
Newly authorized carriers exceeded authority revocations for the first time since Mar'23 and the second time since Oct'22. Since then, the carrier population has fallen by 30K, but remains substantially above the pre-COVID level, because 125K carriers have been added to the market between May'20 and Oct'2022.

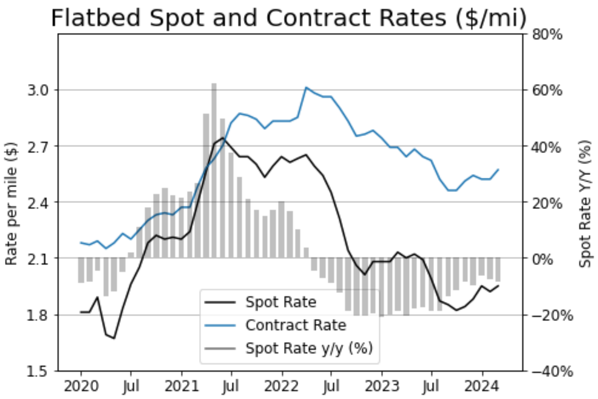
(1) US Bureau of Labor Statistics; (2) FMCSA - FTR Analysis.

Uber Freight

Spot and contract rates rose in January, but fell in February and March







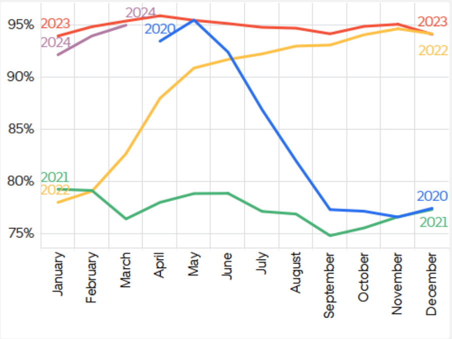
- National average van and reefer spot and contract rates rose in January due to winter storms, but fell in February and March. Contract rates were relatively flat.
- Rates usually bottom out in April/May, before they rise towards the end of Q2 driven by Summer produce and International Roadcheck Day (May 14 - 16).
- Flatbed spot rates are rising, in line with seasonality. Flatbed contract rates have likely bottomed out in H2'23.

 Source: DAT, ACT Research

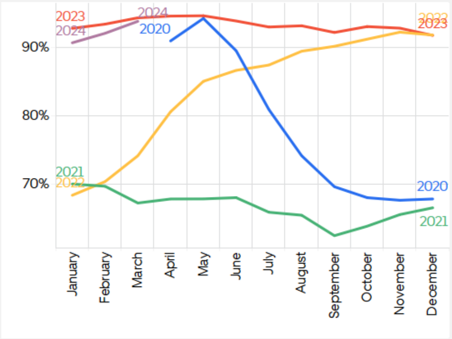
Uber Freight

Routing Guide Trends: Dry Van

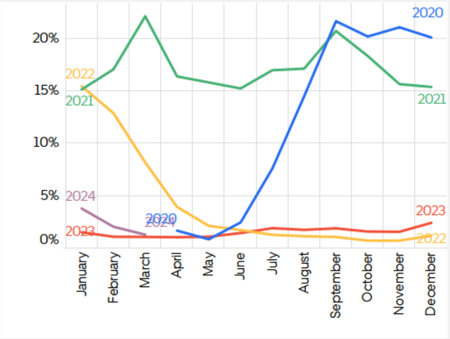
Route Guide Compliance



First Tender Accept Ratio



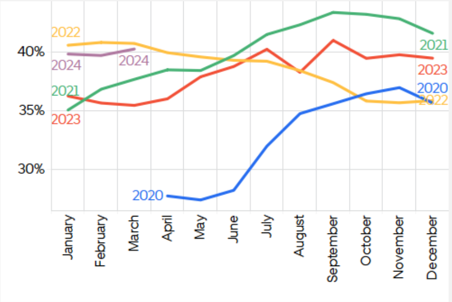
Trending Inflation Over Primary Carrier



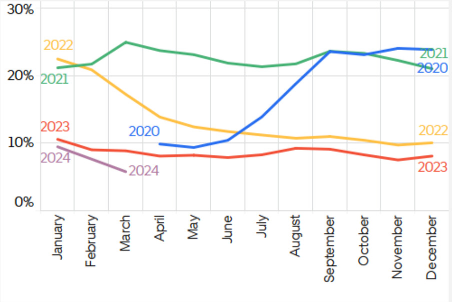
Route guide compliance and first tender acceptance remain near 2023 levels and all-time highs.

Inflation over primary carrier remains low: Routing guide failure is derisked.

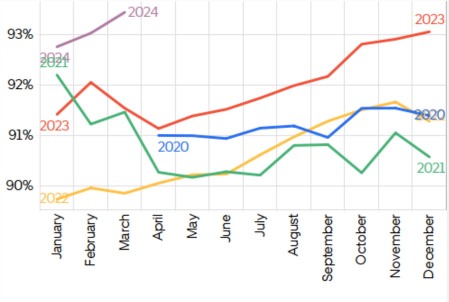
Broker Volume



Spot Market Volume



Automated Check Call Compliance



Broker volume has recovered nearly to 2022 levels.

Spot market volume fell sharply in Q1 to historically low levels.

Automation at all-time high.

Uber Freight

Current procurement headlines

Bid Activity
- Record activity in 2023 – RFP projects starting to slow coming out of 2024 RFP Peak

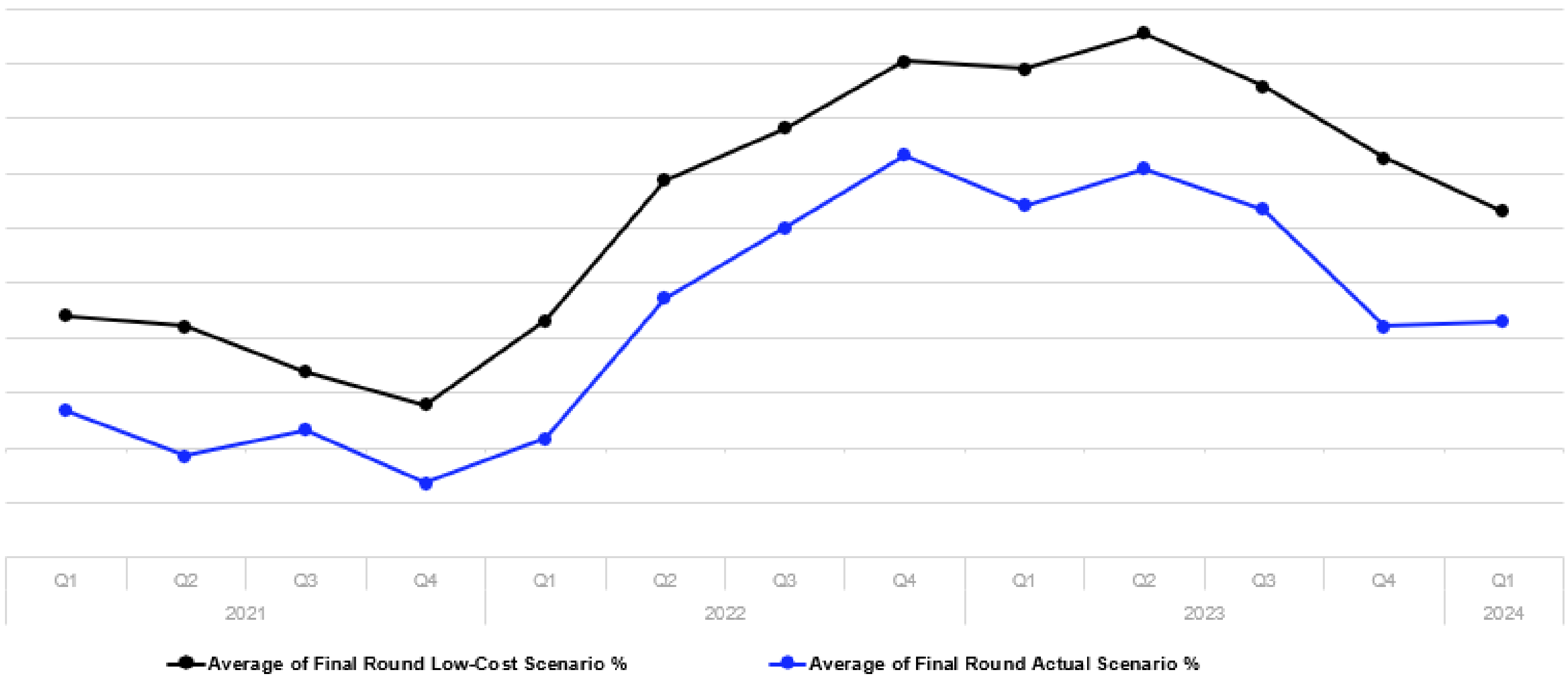
Strategic Trends
- Shippers beginning to insulate themselves ahead of a predicted upturn in the contract market.
- Shippers willing to bid entire network vs. Select lanes
- Seeing more modeling around the initial data set including lane hierarchy, bid structure, and accuracy of volumes

Carrier Behavior
- TL carriers continue to cast a wide net in bid, but are starting to narrow focus to preferred volume vs. any volume
- Brokers continue to be aggressive in attempt to capture market share.
- Incumbent starting to try to get rate increases into the business

Carrier Pricing Q2
- TL savings range trending mid single digits as incumbents try to gain price increases

Uber Freight

Truckload Savings Gap Between Low Cost Scenario & Final Scenario



This graph represents the difference between the Low Cost procurement Scenario (Base) vs the final scenario
The wider the gap the more aggressive but potentially not viable pricing
Gap has started to widen since Q1 2023 as carriers are aggressively bidding in attempts to secure more volume

Uber Freight

Best practices for 2024

Carrier Management

- **Establish strategic relationships** with key providers in your network
- **Create symbiotic, long-term goals** with key partners
- **Partner with carriers** on company initiatives around technology, best practices, ease of doing business
- **Develop formal processes** to address service and performance improvement plans

Navigating Volatility

- **Understand your carrier base's tracking and technology capabilities** and set clear expectations
- **Meet carriers where they are** in the tech journey and find the best solution while pushing them to your preferred connectivity method
- **Understand where your rates are** to the market
- **Work with your carrier base** to understand their network and cost pressures
- **Work with strategic carriers for cost and price transparency** within your network and create an action plan for out-of-process lanes
- **Stay close to your incumbents** on critical lanes to understand price trends and capacity changes

US Intermodal

Key factors impacting intermodal supply

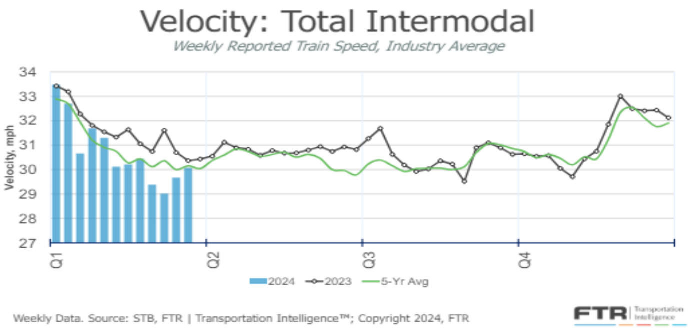
- Dray capacity is plentiful across the intermodal network. With lower volumes, the focus continues to be on improving dray efficiency through reloads and a reduction of empty miles.

- Rail capacity and container availability are plentiful.

- Rail utilization remains near the five-year average. Rail terminal dwell time continues to be down year over year.

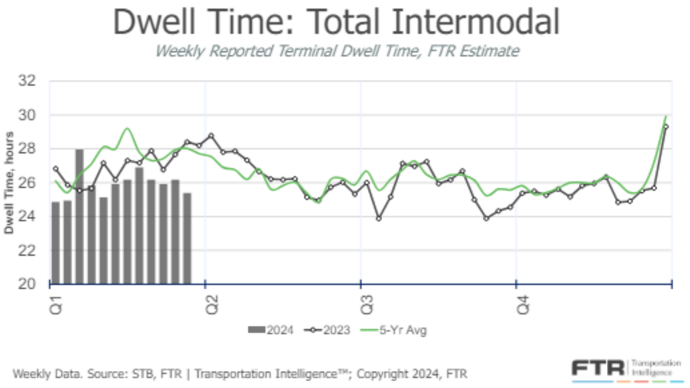
- With the exception of the impact of the weather events in January, the railroad networks have generally been free of delays and congestion.

- The railroads continue to be focused on Mexico and increasing their service offerings
  - UP and CN
  - CPKC and CSX



Velocity levels have been flirting with the five-year average, but they are struggling to stay there. Average speed has slowed a bit recently and is down 1 mph y/y.

Although overall velocity is down, performance is not uniform among railroads.

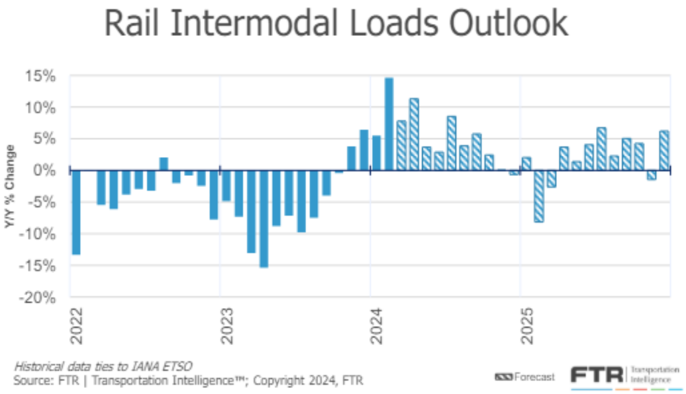


**Sources: IFTR April 2024 Intermodal Report;*

Uber Freight

Key factors impacting intermodal demand

- Intermodal volume has been up year over year in each of the last 5 months. The volume is now projected to be up year over year for 2024.
- Over-the-road capacity is plentiful and it even increased in March
- Shipper inventory levels are mixed.
- Import volume continues to go up year over year. There continues to be a shift in volume to the West Coast, which will have a positive impact on Intermodal demand.
- Inland capacity for 40' containers is in good shape. Port congestion is not a factor.
- Nearshoring activity is driving shipper volume to Mexico, and the railroads are responding with new and improved service offerings.
- Diesel prices increased in the first quarter and the DOE was $3.992 as of April 22.



FTR's 2024 forecast of intermodal volume is substantially stronger at 5.3% growth y/y, up from 3.4% previously.

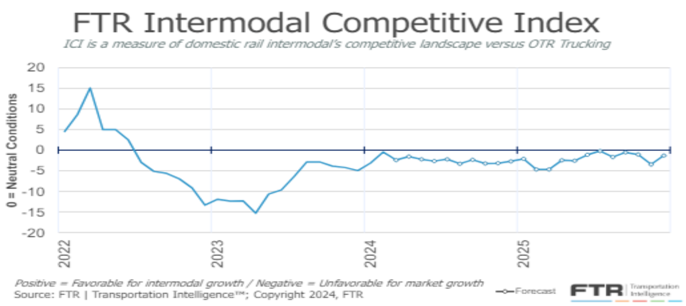
Although the international volume forecast saw the greatest improvement, domestic traffic also is projected to see a notable increase y/y.

*Source: FTR April 2024 Intermodal Report;

Uber Freight

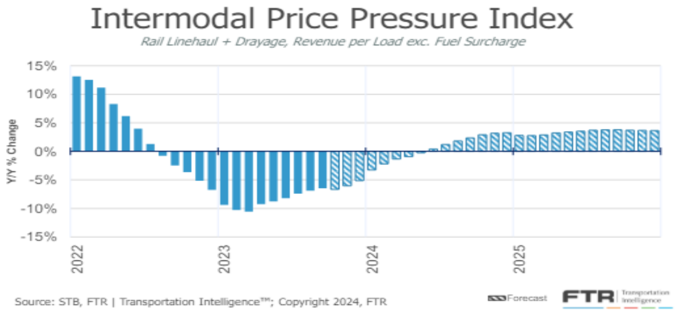
Current pricing, outlook, recommendation

- Intermodal remains challenged relative to the truckload competition, but the situation is improving.
- Spot rates continue to be lower to compete with truck prices.
- While rates dropped throughout bid season, they have moderated heading into the second quarter events. The year over year change in rates is expected to turn positive in the second half of this year.
- The Intermodal Price Pressure Index* has rates increasing year over year throughout 2025.
- In anticipation of an increase in rates in the second half of the year we have seen shippers work with incumbents to lock up capacity through pre-bid and bid events.



Intermodal's competitive position is the strongest it has been since mid-2022. FTR's Intermodal Competitive Index (ICI) improved to -0.5 in February from -3.1 in January.

The principal factors were a spike in diesel prices for truckers and stronger domestic volumes.



Intermodal pricing is firming steadily y/y and is expected to turn positive by mid-year.

The forecast is for intermodal pricing to be up 0.6% y/y, excluding fuel, in 2024. As truck rates rise in 2025 so, too, will intermodal pricing, which is forecast at +3.4% y/y.

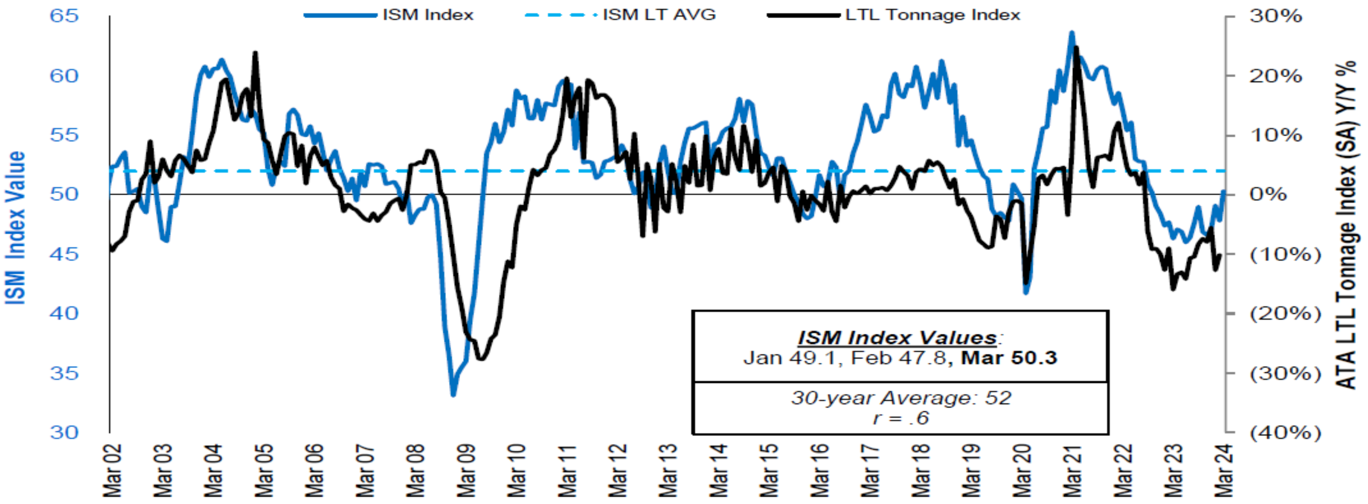
Source: FTR April 2024 Intermodal Report;

US Less-than-Truckload

Key factors impacting demand

Tonnage and shipment count continue to decline

- The Institute for Supply Chain Management (ISM) Purchasing Managers' Index (PMI) is a good indicator of LTL freight volumes
    - A reading above 50 indicates manufacturing economy is expanding
    - ISM Swung positive in March after steady decline of 16 months since late 2022 indicating some expansion
    - LTL tonnage is historically tied to the ISM PMI and showed modest growth YOY though still near 5 year lows



ISM Index values over 50 indicate industrial growth while ISM Index values below 50 indicate industrial contraction.

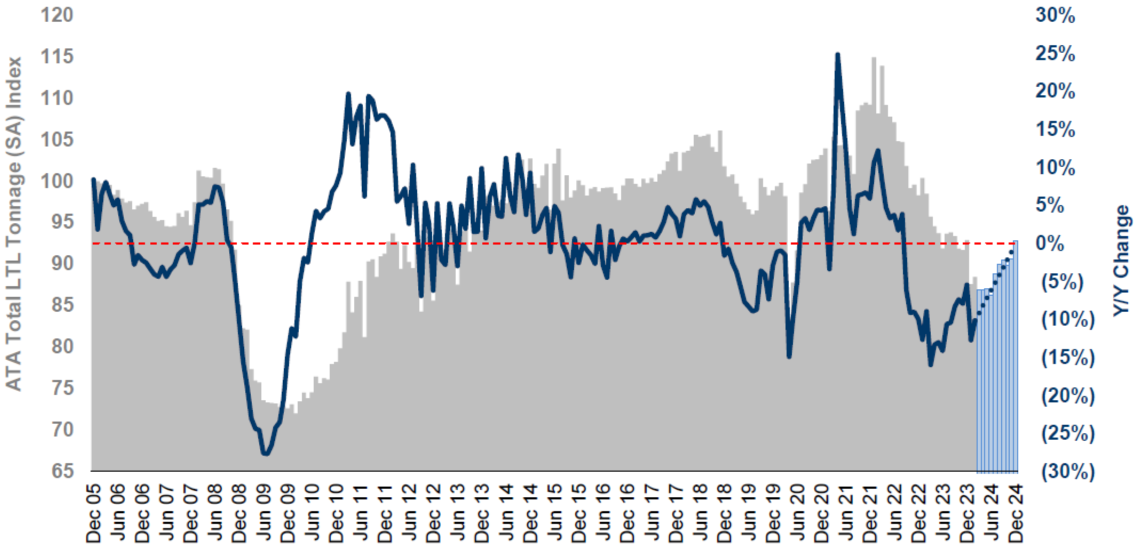
**Source: Stifel and ISM*

Uber Freight

Key factors impacting demand

Tonnage continues decline, but at slower rate

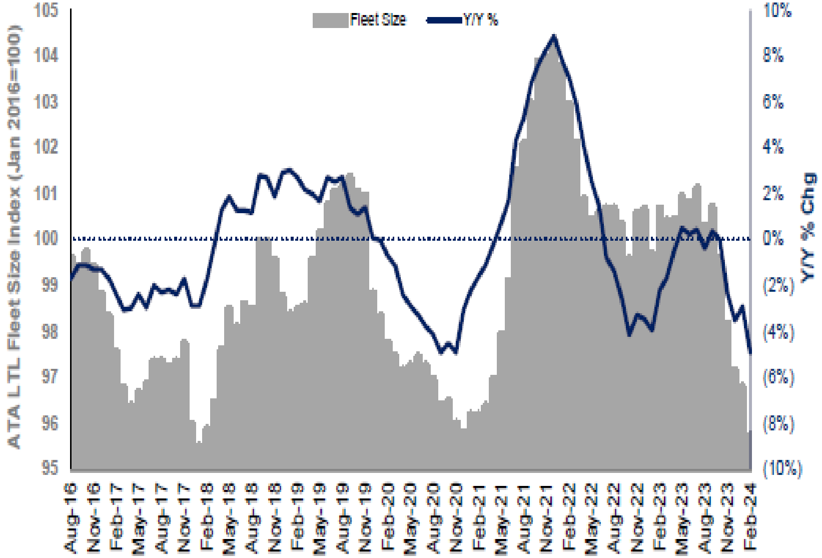
- LTL Tonnage **growth** remains negative since Q4 22
- Expect tonnage growth to trend less negative through 24 and be close to neutral by year end
- Capacity still exists in the LTL space, Carrier margins are healthy, and Carriers are investing heavily in facilities, technology and process improvements to stay on par with the top performers in the LTL space.

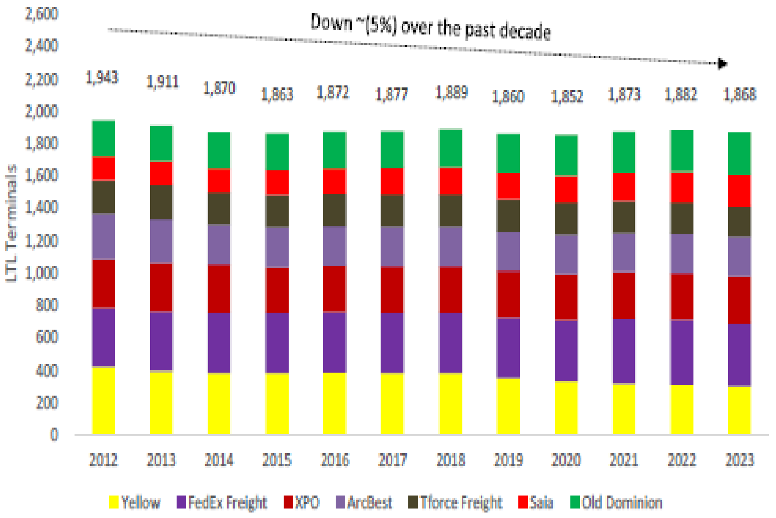


*Sources: Stifel and ATA

Key factors impacting supply

LTL Fleet Size and Terminal Capacity





Fleet size and number of active terminals in public LTL carrier networks continue decline.

Sources: Freightwaves, US Bureau of Labor Statistics, Stifel, ATA

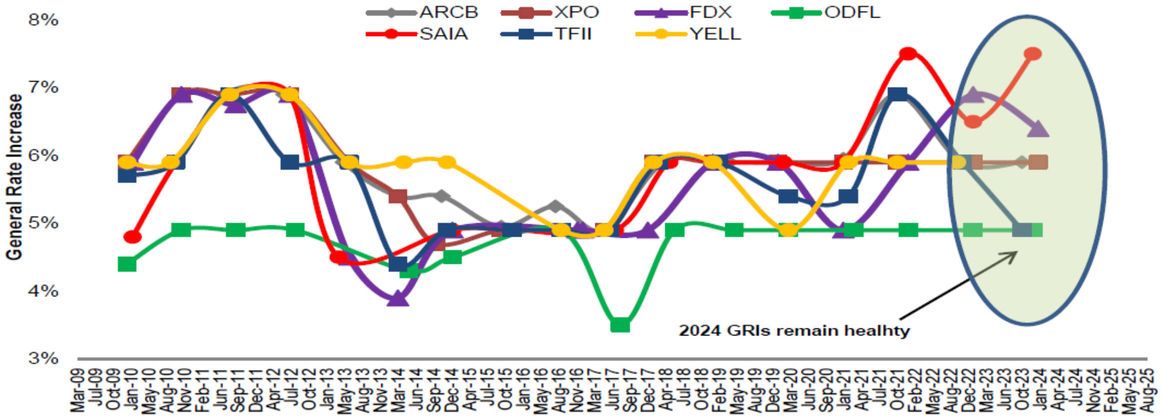
Uber Freight

2024 rate outlook

Pricing outlook

- Publicly traded carrier general rate increases (GRI) are falling in the 4-7% range, individual results range from flat to low double digit based on freight profiles and account profitability for the carrier.
- Carriers are targeting growth and yield simultaneously to mostly positive effect, heavy bid activity is providing carriers ample choices to improve or grow their networks.
- RFPs continue to yield savings, assuming carrier mix and route guide changes are made, incumbent increases are to be expected but low single digits in many cases

@



Shipper contingencies

Continue to implement Uber Freight's Preferred Shipper best practices in order to set up your business for long-term success (network collaboration & optimization, origin optimization, timely freight payment, pricing strategy, carrier collaboration, and packaging improvements).

Source: Company Data and Stifel research

Uber Freight

Industry observations

What we are observing from the market

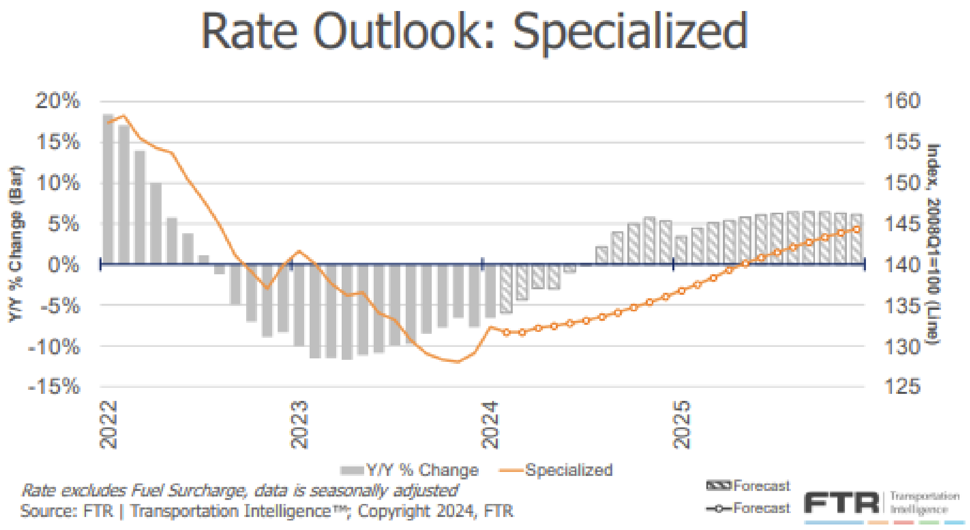
- Yellow impact - Yellow's exit has largely allowed carriers to improve their fundamentals, but overall capacity remains, capping any significant upward pricing pressure
- Tony's Express (small SoCal LTL carrier) closed their doors in April, but their volume is quickly being absorbed
- Carriers are seeking strategic growth partners with a high degree of tech enablement to help drive cost out of back office
- Strong push across most carriers to drive accessorial revenue increase importance of FAP processes
- Carriers reporting that bid activity is above normal seasonal high
- Overall, for shippers:
  - Relatively stable volumes, cost controllable with some willingness to change
  - Carriers are craving tech and partnership to reduce operating cost
  - All public LTL carriers had solidly positive operating ratios in Q423, projecting overall stability in ongoing industry capacity

US Bulk

Key factors impacting supply

Costs continue to be an issue

- Bulk trailer costs have risen significantly in past 3 years
    - Reports of more than 50% increases in some cases
- Concerns with keeping current fleets busy
    - Lower volume could lead to selling equipment and/or laying off drivers, leaving carriers unable to cover loads when volumes do increase
- Tank wash prices continue to rise due to supply costs and EPA demands
- High insurance, maintenance and fuel costs continue to impact carriers



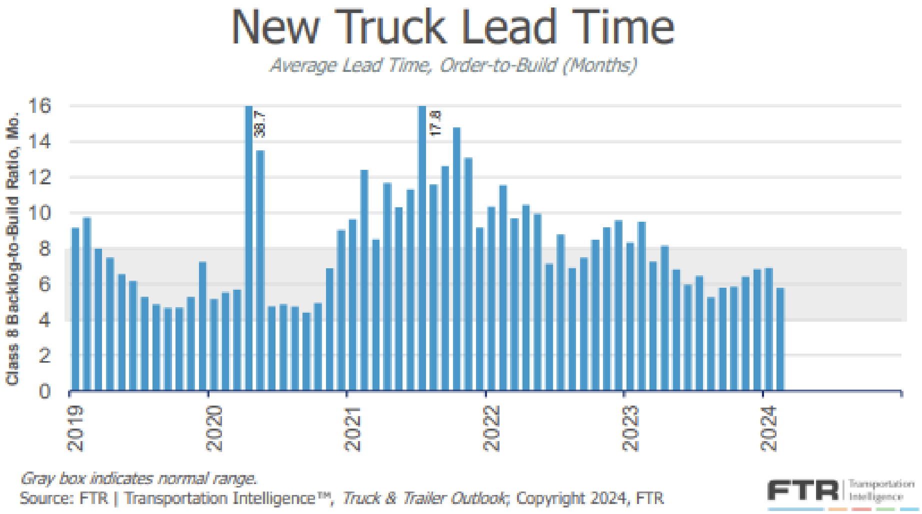
Key factors impacting supply

Carriers continue to focus on utilization

- Driver turnover holding steady, with some reporting net driver gains YoY
- Shifting some volume from dedicated to the one-way reloadable market is helping with utilization
- Some carriers fear that continued soft volumes could lead to rate decreases, as carriers fight for volume to maintain utilization

Equipment lead time shows little change

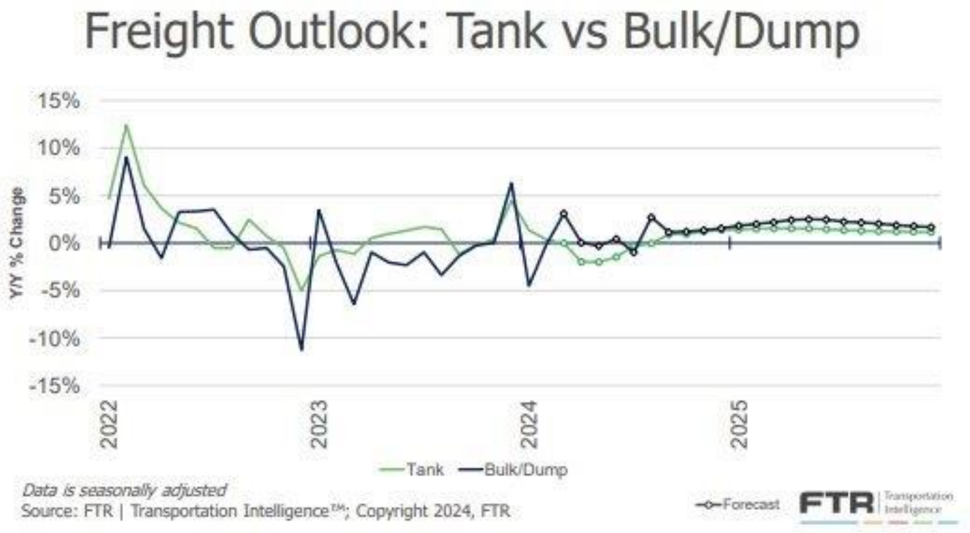
- Build time on tractors holding steady, but carriers still reporting nearly 12 month lead-times
- Trailer production continues to be around 9 months, but with specialized equipment taking longer



Key factors impacting demand

Carriers not seeing typical spring surge

- Carriers reported isolated areas of higher volume, but not typical Q1 increases
- Some carriers are shifting portions of their assets from dedicated to one-way freight as shippers struggle with volume in dedicated agreements
- Shippers with dedicated fleets are maximizing private fleet utilization, which impacts available freight for external carriers



Key factors impacting demand

Mixed messages on demand outlook

- Demand is varied by segment. Chemical segment remains flat, while carriers report increased demand in other areas like Foods
- Some customers are telling carriers that any recent increases in volumes are temporary, with volumes expected to remain flat through Q2 and Q3
- Some shippers are expecting favorable volume trends in 2025, but increases starting later than originally anticipated

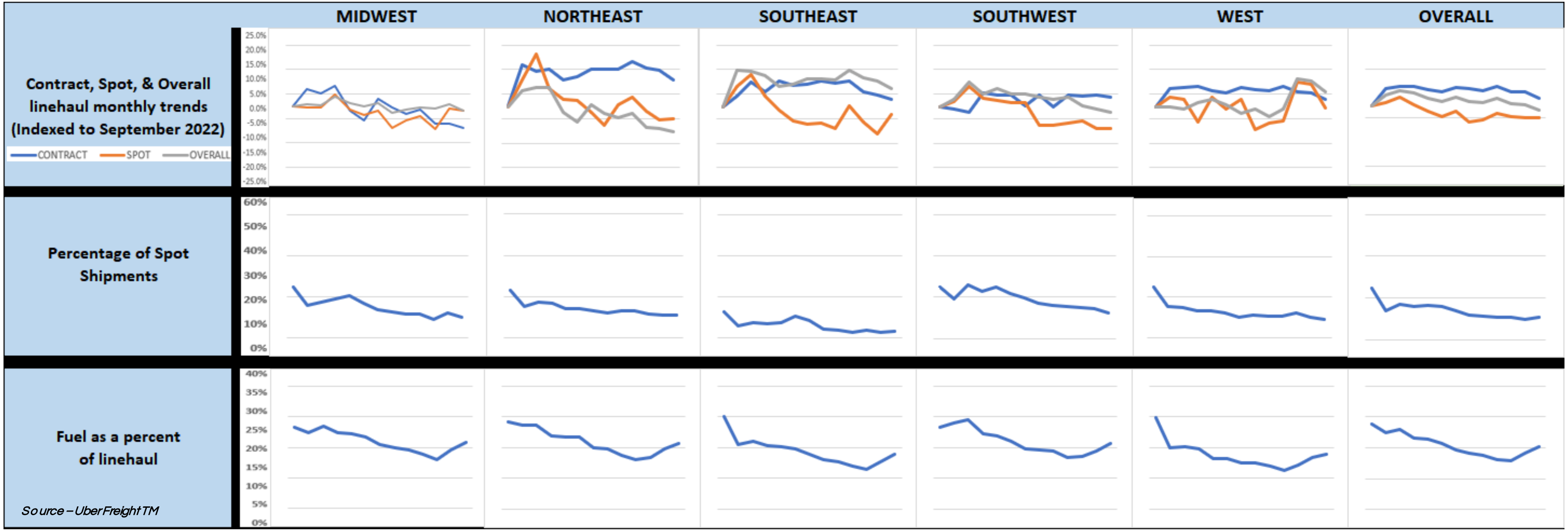
Truck Loadings Summary

Annual Growth Rate

Segment	2022	2023	2024 (Forecast)	2025 (Forecast)	2026 (Forecast)
Dry Van	1.3%	0.2%	1.1%	2.6%	2.4%
Refrigerated	1.4%	1.0%	2.7%	3.7%	2.8%
Flatbed	4.3%	-0.6%	0.6%	3.1%	1.1%
Specialized	4.7%	1.3%	0.3%	2.4%	3.1%
Tank	2.1%	0.5%	0.0%	1.4%	1.1%
Bulk/Dump	0.3%	-0.9%	0.4%	2.1%	1.4%
Total	**2.0%**	**0.1%**	**0.8%**	**2.5%**	**2.0%**

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Bulk truck rate trends

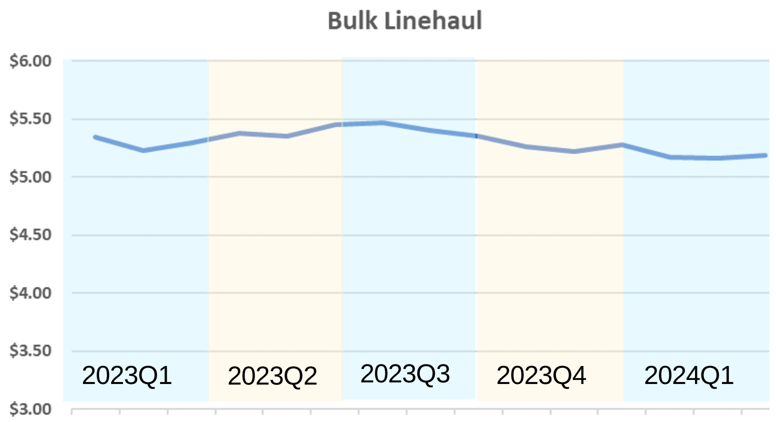


- Contract rates face upward pressure as shippers stay with incumbents due to Safety, Health, Environmental concerns. Similarly, these concerns keep spot use low, despite soft capacity.
- Fuel prices fell 34% from June 2022 to June 2023, from $5.81 per gallon to $3.77, but Q3 saw an increase back to $4.59 per gallon.

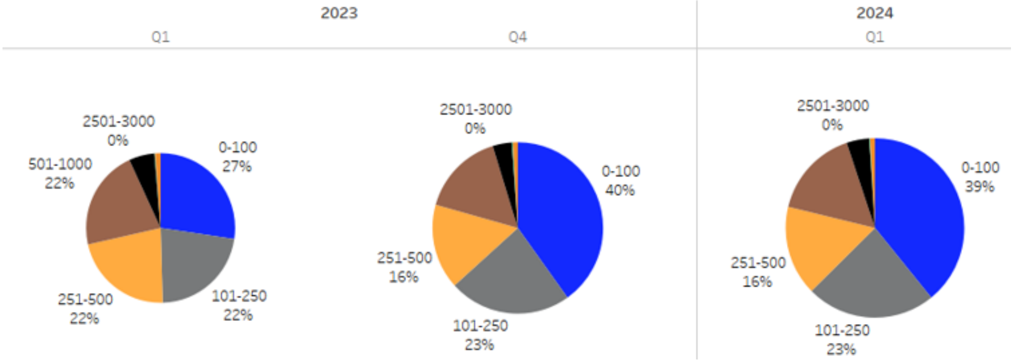
Uber Freight

Bulk Trends

- Liquid Bulk linehaul rates dropped 1.8% from 2023Q4, and are down 8.7% from one year ago in 2023Q1
- Dry Bulk linehaul rates have been more steady, dropping 1.0% from both 2023Q4 and 2023Q1
- Length of haul is little changed QoQ, but short haul (0-100 miles) shipments comprised 39% of volume in 2024Q1 vs. just 2023Q1



Length of Haul



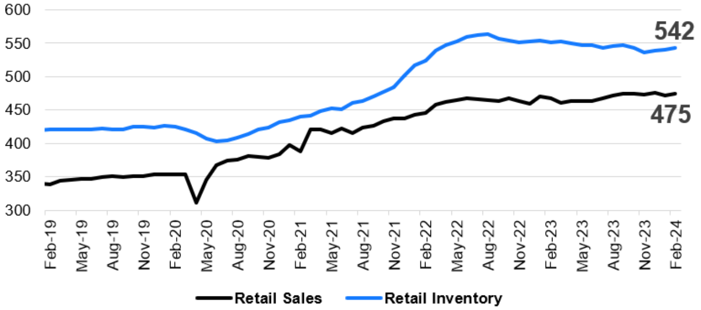
Source – Uber Freight TM

Warehousing Update

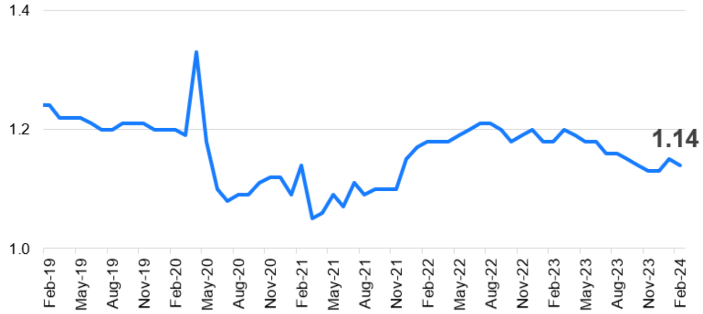
Inventory levels

Inventory to sales ratio depicts a lean supply chain as retail sales & inventory remain near all-time highs

Retail sales & retail inventory (excluding auto industry) [(1)]
Thousands, indexed to February 2019



Inventory to sales ratio (excluding auto industry) [(1)]
Indexed to February 2019



Q1 2024 inventory:

- Retail inventory increased slightly to **$542M** in Feb-2024 and still near all-time highs.
- Retail sales held strong through Feb-2024 at **$475M**, right below the record high.
- Inventories to sales ratio held steady at **1.14**, up slightly from **1.13** in **Q4-2023**.
- E-commerce has settled into a "new normal" of around 15% of total retail. [(2)]

Q1 2024 → Q2 2024 outlook:

- Firms are building up inventories in anticipation of continued consumer spending and expectations that the economy will continue to grow in the near-term. [(2)]
- Warehousing capacity moving back to contraction suggests that firms have grown more committed to increasing inventories. [(2)]
- The inventory-to-sales ratio continues to support the notion that companies are embracing a lean inventory strategy as they restock.

Source: [(1)] *US Census Bureau;* [(2)] *Logistics Managers' Index*

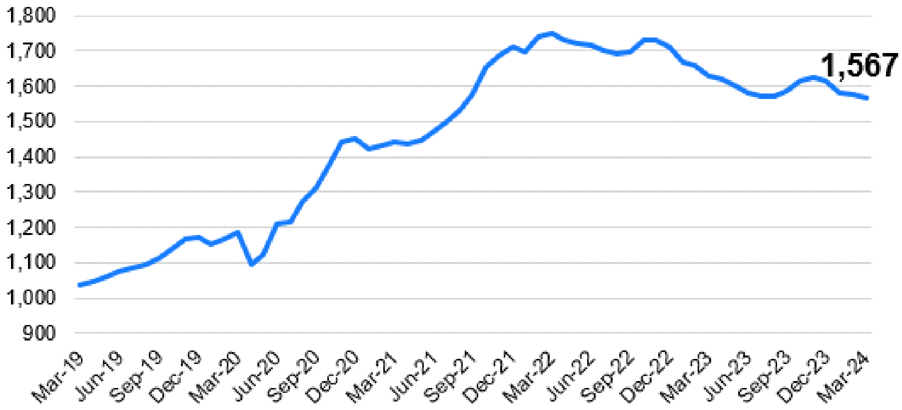
Uber Freight

Warehouse labor trends

Wages continue to soar as competition for labor continues in Q1 2024

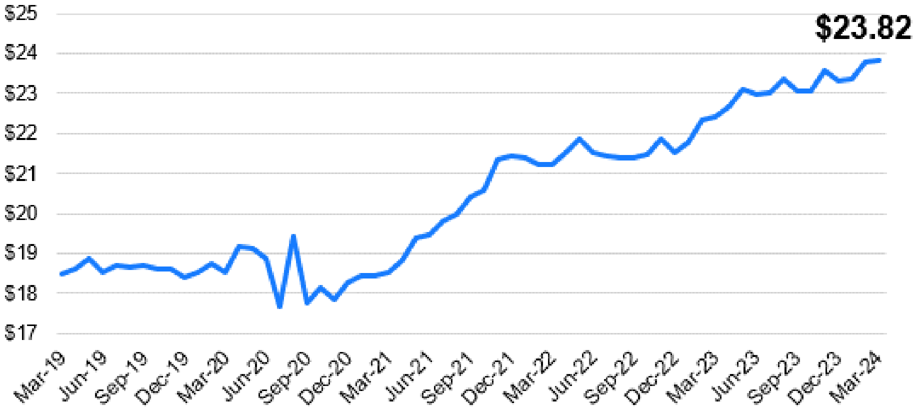
Warehouse Employment [1]

Thousands of employees, Indexed to March 2019



Warehouse Non-Supervisory Wages [1]

Per Hour Rate, Indexed to March 2019



The U.S. added over 500k jobs in January and February of this year, however as of Mar-2024 warehouse employment has fallen 3.6% compared to Nov-2023. Despite a healthier job market in the US, workers are choosing jobs outside of warehousing which is raising competition to get reliable employees.

Non-supervisory warehouse wages hit another new all-time high of **$23.82** in Mar-2024 as wages continue to climb. This is a 6.2% y/y increase compared to Feb-2023. Wages have increased by 28% since Feb-2020, the beginning of the Covid pandemic.

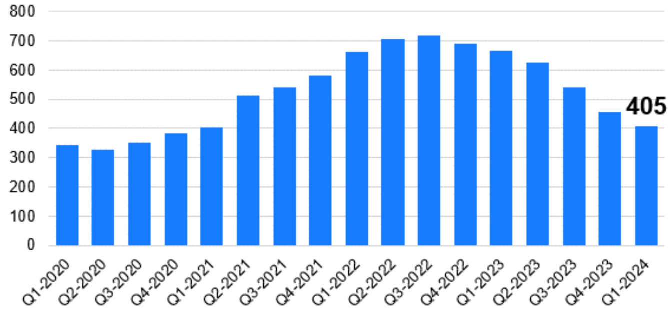
[1] *US Bureau of Labor Statistics*

Warehouse space outlook

Construction deliveries continue to outpace net absorption while the pipeline for new space continues to shrink.

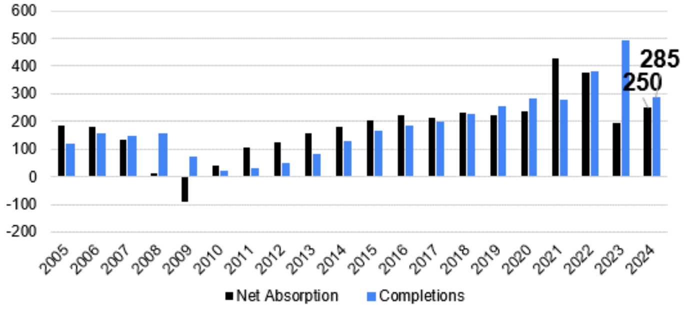
Under Construction [1]

Millions of Square Feet (MSF), Indexed to Q1-2020



Net Absorptions & Completions [2]

Millions of Square Feet (MSF), Indexed to 2005



Q1 2024 Warehousing Recap:

- New completions (supply) continue to exceed net absorption (demand). [1]
- The under-construction pipeline has declined by 10% since the end of 2023 and is down 40% YOY as developers have pulled back on starts. [1]
- Lowest future construction pipeline in three years. [1]
- Absorption slows but remains positive as 340 MSF of new space will likely be delivered in 2024. [1]

Q1 2024 → Q2 2024 Outlook:

- The future construction pipeline is thinning out quickly. New industrial construction starts are down 40% year-over-year (YOY). Given that fewer developers are breaking ground in today's higher interest rate environment, the stage is set for the fundamentals to quickly tighten on the other side of the supply wave. [1]
- Many customers continued to increase their footprints in 2023, economic uncertainty and a high cost of capital caused others to delay real estate decision-making into 2024. As a result, expect demand to increase in 2024, colliding with a sharp fall in new supply. [2]

 [1]*Cushman & Wakefield* [2] *CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, CBRE-EA, Prologis Research*

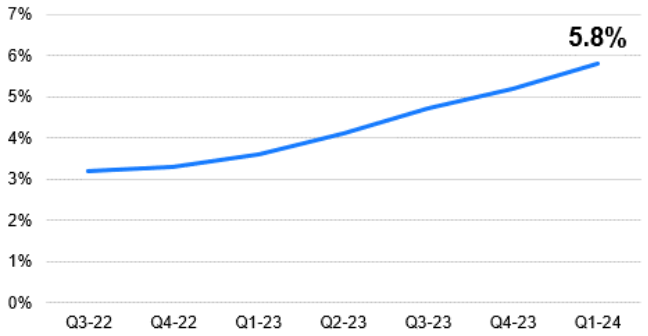
Uber Freight

Space availability and cost

Vacancies continue to rise amid healthy new supply totals causing asking rents to soften.

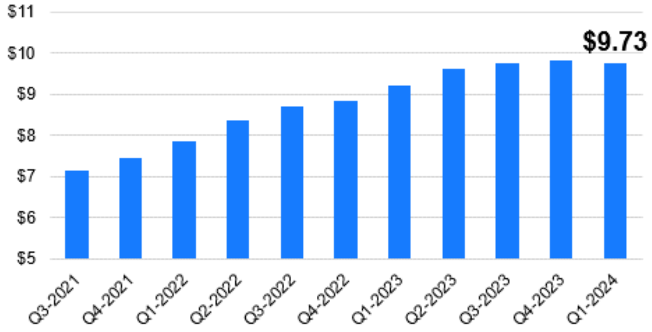
Vacancies [1]

Rate (%), Indexed to Q3-2022



Asking Rent [1]

$ Per Square Feet (PSF), Indexed to Q3-2021



Q1 2024 Warehousing Recap:

- New completions (supply) continue to exceed net absorption (demand) causing the overall vacancy rate to trend higher. [1]
- Vacancies remain below its historical average of 7% (2005– 2020)
- Asking rents are starting to plateau
- The U.S. average asking rental rate was flat Q/Q at $9.73 per square foot (psf) and the annual growth rate decelerated to 6%. [1]

Q1 2024 → Q2 2024 Outlook:

- Expect supply to outstrip demand in 2024, causing vacancy to peak below 7%. Rent growth will also continue to decelerate in 2024, hovering in the 2-5% range. [1]
- With the future construction pipeline quickly thinning, the stage is set for vacancy to inflect in 2025 and begin trending lower from there. Rents will grow moderately at first before picking up the pace in 2026. [1]
- Rent growth ($) is also coming back down to earth. In Q1 2024, industrial rents grew 6% annually vs. 10% in 2023 and 20% in 2022. [1]

[1] *Cushman & Wakefield*

Uber Freight

Europe

Factors affecting supply

Key points around capacity, pricing, and driver shortages

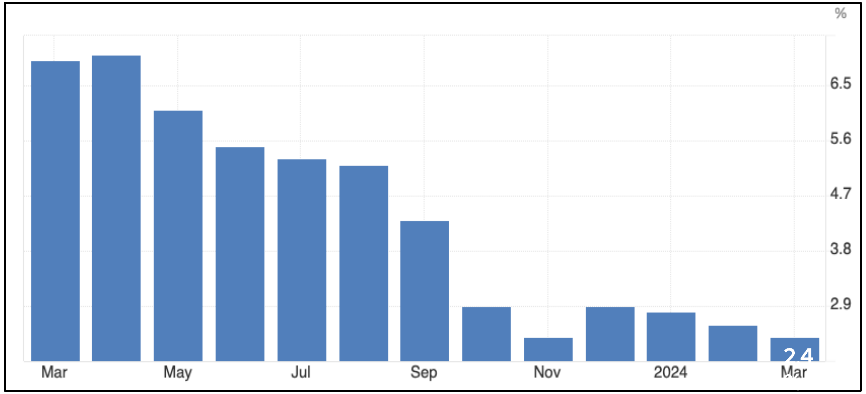
- Q1 continued to show positive transport capacity on most lanes, but with some challenges in France.
- European rates for cross border and long-distance freight rose c2.5%, whilst domestic and middle/short distance rates fell of c1%.
- The European spot rate index rose 4.7% in the last 3 months, whilst the contract rate index fell by 1.1%.
- The premium of spot to contract rates has recovered on some major trade lanes, especially ex Germany.
- Carriers are looking forwards and building in potential cost increases from labour, tolls and trucks into tenders.
- Due to low European transport volumes and pessimism over future volumes, logistics operators are downsizing in terms of fleet and personnel. This could affect capacity when the economy does recover.
- Registration of 3.5T+ vehicles increased by 15.7% in 2023 in the European Union. Diesel trucks accounted for 96% of registrations. New registrations of electric trucks increased to over 500 units, an increase of over 200%. The forecast for 2024 is a slowdown or even contraction in overall registrations.
- There is increased M&A activity in the carrier market as companies aim to buy increased volumes, or struggling carriers are absorbed into more profitable owners.
- The Brent crude oil price rose rapidly during the quarter, from $79 to $89 per barrel, and was up 11.9% y/y.

Factors affecting demand

The European GDP forecasts have been revised down as central banks continue to hold back on interest rate changes

	2023	2024		2025	
		Interim EO projections	Difference from November EO	Interim EO projections	Difference from November EO
Euro area	0.5	0.6	-0.3	1.3	-0.2
Germany	-0.1	0.3	-0.3	1.1	-0.1
France	0.9	0.6	-0.2	1.2	0.0
Italy	0.7	0.7	0.0	1.2	0.0
Spain[2]	2.5	1.5	0.1	2.0	0.0

Euro Area annual inflation

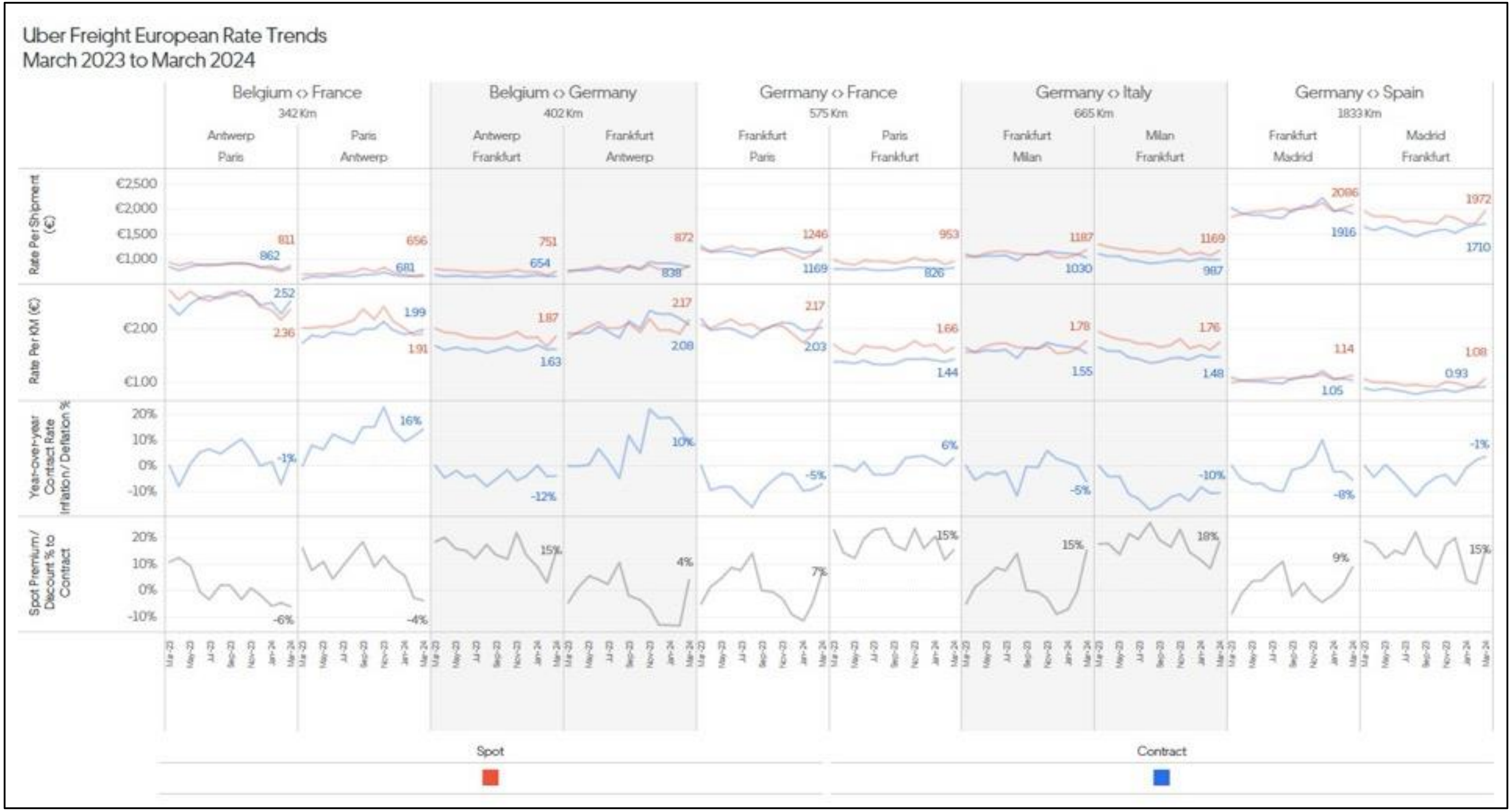


- GDP growth in the euro area has been revised downwards to 0.6% in 2024 and 1.3% in 2025.
- Tight credit conditions are restraining growth, but as inflation falls real income growth will boost demand.
- Political tensions (e.g. Red Sea attacks) pose a short-term risk have raised shipping costs sharply.
- The Euro area inflation rate was at 2.4% in March, down from 2.8% in January. However, central banks remain prudent to ensure sustained inflationary control. The European Central Bank and UK Central Bank did not change interest rates in the quarter.
- The Purchasing Managers Index (PMI) for the Euro Area increased from 44.4 in January to 46.5 in March. The level remains well below 50, the threshold between expansion and contraction.

Sources: OECD Economic Outlook, Interim Report Feb 2024; Eurostat

Uber Freight

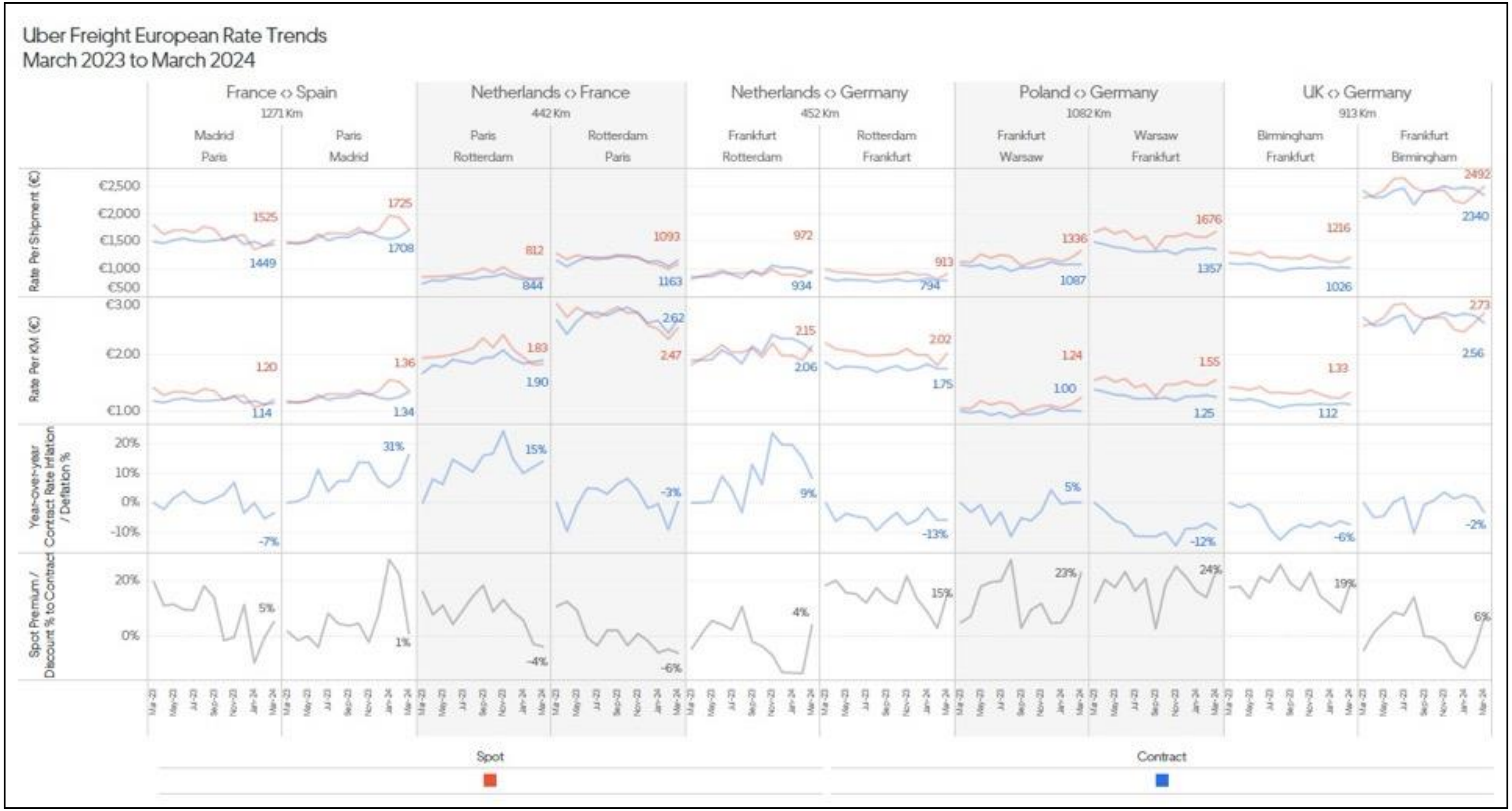
European rate trends



Source: UPPLY.com

Uber Freight

European rate trends



Source: UPPLY.com

Outlook: Freight supply and demand

- Despite lower GDP forecasts, the economy is expected to recover in 2024 as inflation and lending rates continue to fall, and the manufacturing sector recovers according to early signals from the PMI.
- Fuel prices will remain volatile, especially given the ongoing geopolitical unrest, and capacity may start to tighten as operators face increasing costs and low spot market prices.
- Strikes in Finland affecting port operations are set to continue. Workers have been on strike since 11 March targeting cargo transport, exports and imports.
- Shippers using Germany's railways face cost increases as a key state subsidy has been reduced. Additional costs of €9 per TEU have been quoted by operators.

Recommendations

- Re-procure to gain benefits from a soft contract market. Lock in capacity for the next 12 months via SLAs.
- Carefully credit check new carriers to ensure financial stability. Track M&A activity within the carrier base to understand any changes of ownership and potential cost / service impacts.
- Track and measure the ongoing European rollout of increasing tolls and pass on costs to customers.
- Explore alternative fuel options and costs with carriers.
- Monitor customer order sizes and cost to serve – economic weakness can lead to smaller order c

International

Global supply chain impacts

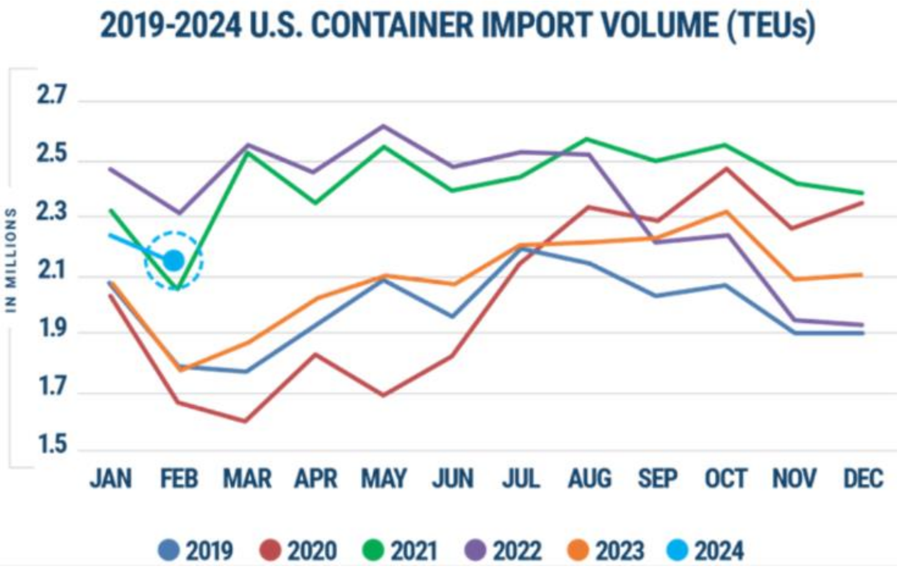
Red Sea Diversions: Longer transits around Cape of Good Hope will likely last into H2 2024

Port of Baltimore planning full reopening to vessel traffic by end of May

- No major trade impacts on diverted cargo to other USEC ports – 80% to Norfolk & NY/NJ
- 35' deep channel to be open by end of April to support one-way vessel traffic

Ocean carriers have implemented Panama Canal Surcharges due to the ongoing drought.

- Panama Canal Authority increased available vessel slots for daily transits to 27 from 24.
- Queue waiting times for both northbound and southbound for non-booked vessels are less than a day compared to 5 days in February for ships without bookings.



February import volume decreased 6% from January

Global supply chain impacts

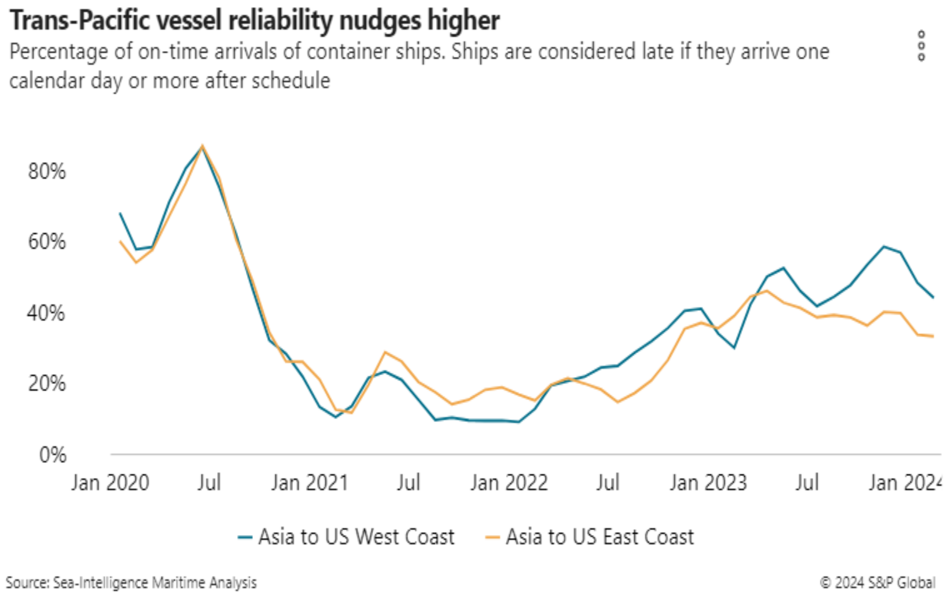
Global vessel schedule reliability increased to 53.3% in February from 51.6% in January.

- HL will leave THE Alliance end of January Jan'25.
- Maersk previously announced the termination of their alliance with MSC effective Jan'25.

New FMC Demurrage & Detention rules effective May 28

- Demurrage & Detention invoices issued to shipper or consignee (not both) contracting with ocean carrier. Not to port truckers.
- Invoices must be issued within 30 days of when charges accrue

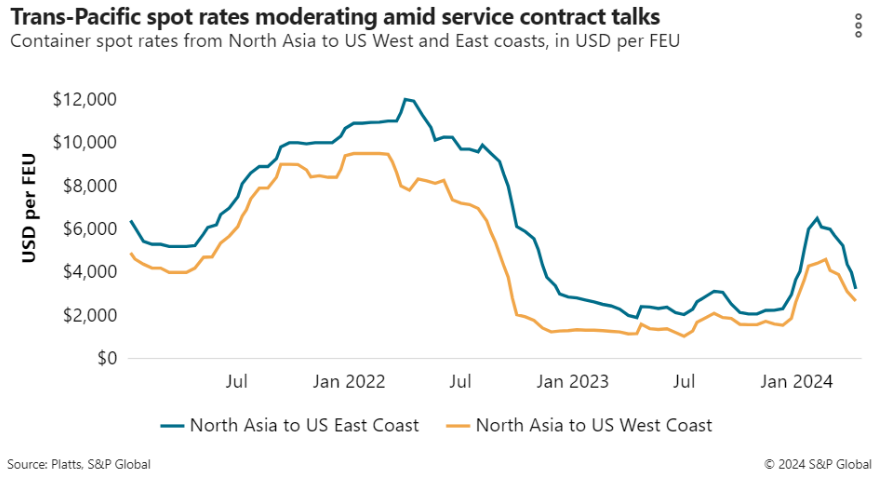
ILA contract for longshoremen at USEC & USGC expires September 30th.

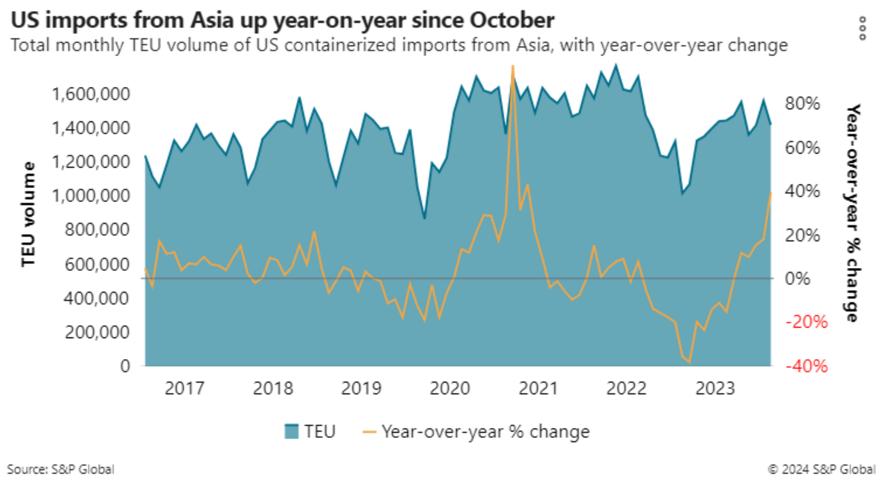


Uber Freight

Transpacific trade

- US imports from Asia rose 18.1% y/y in Jan'24 and 39.7% in Feb'24. Current vessel utilization 80-85%.
- 2024-2025 TPEB svc contract rates estimated to be 12 – 17% higher than PY
- Ocean carriers are blanking fewer transpacific sailings due to longer voyages around southern tip of Africa. In May, Asia – US trades will have high highest level of container capacity in 17 months. March 2024 blank sailings = 11.7% of total vessel capacity on Asia to USWC & USEC lanes compared to 21.5% in March 2023 and 29% in March 2022.
- On-time vessel performance Asia to US declined in February. Schedule reliability Asia to USWC was 44.2% in Feb compared to 48.5% in Jan. Asia to USEC on time performance was 33.4% in February from 33.9% in January.
- Rail dwell times in LA/LGB rose from 4.72 days in January to 6.26 in February due to increased import volume.





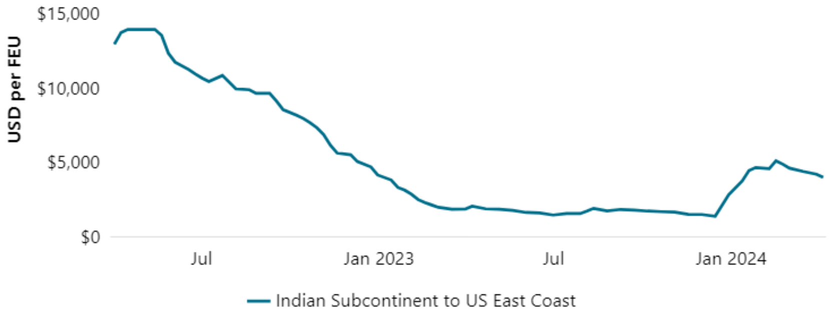
Uber Freight

India - US trade

- In past 10 years, US imports from India have doubled to 1m TEU. USEC receiving larger % of volume - especially NY/NJ: 300k TEU ; Savannah 170k TEU; Port of Virginia 155k TEU.
- Totally monthly TEU volume India to USEC increased 20% YoY.
- Rates continue to decline as Red Sea disruptions normalize and over-capacity exists in trade.
- Indian exports of national goods rose 12% in February YoY – an 11-month high per official data

India-US East Coast spot rates softening in March

Platts container rate Indian Subcontinent to US East Coast in USD per FEU

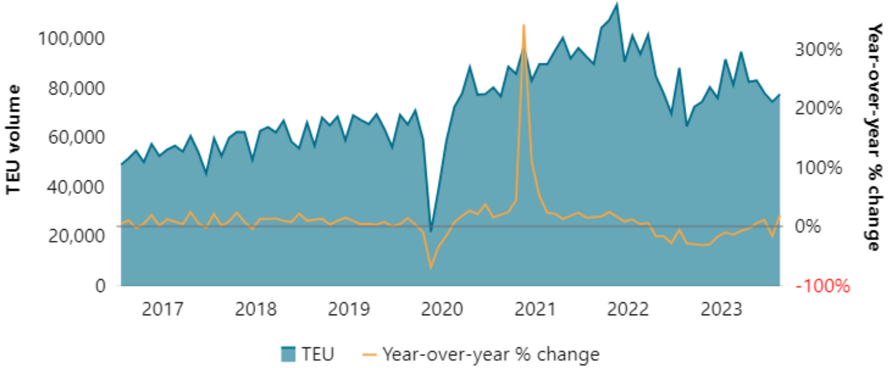


Source: Platts, S&P Global

3M 6M 2Y YTD MAX

US East Coast imports from India ticked higher in February

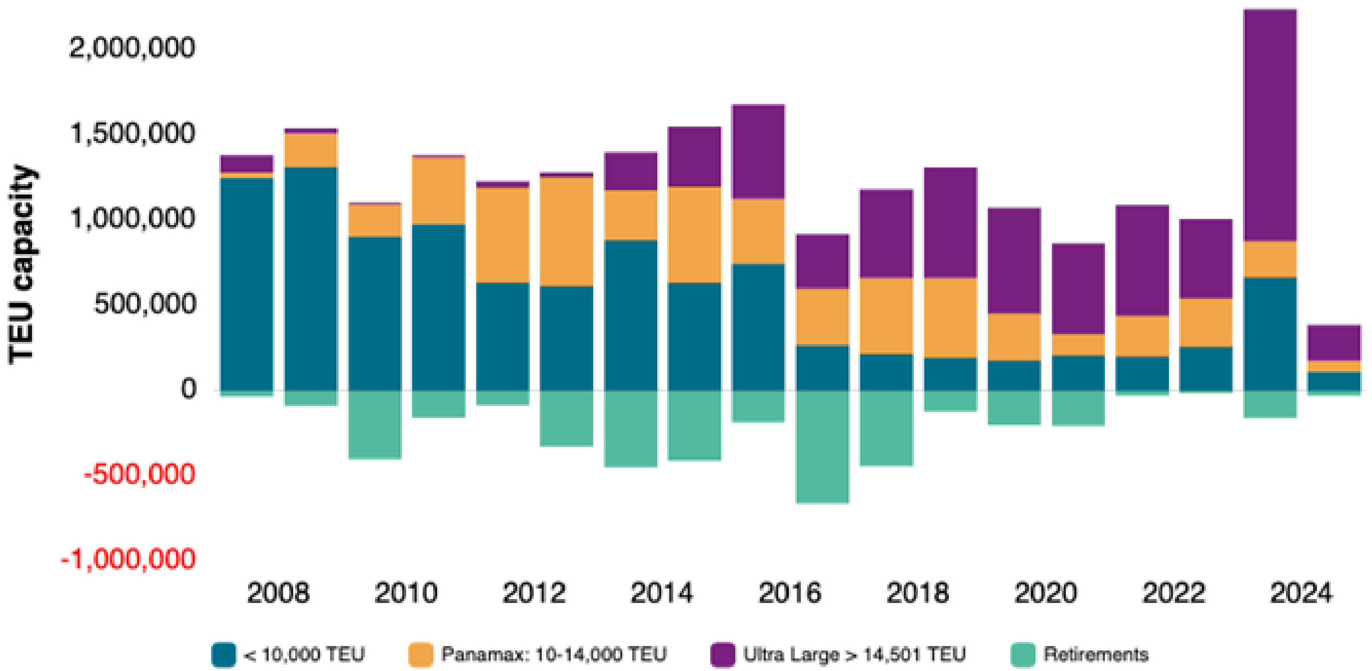
Total monthly TEU volume of US East Coast container imports from Indian subcontinent, with year-over-year change



Source: PIERS, S&P Global

Uber Freight

Delivery and demolition of container vessel capacity (Sea-web)



Source: S&P Global

Mexico Truckload

Mexico economic outlook

Mexico economy

- Mexico's annual inflation slightly increased in March compared to February, going from 4.40% to 4.42%. The rate is still above Banxico's target range of 3% +/- 1%. In March 2023, the inflation rate was 6.85%.
- Banxico has cut the interest rate for the first time since 2021, reducing it by -0.25% to 11%.
- As 2024 progresses, the federal government has revised its GDP growth forecast for Mexico, expecting a 2-3% growth rate.

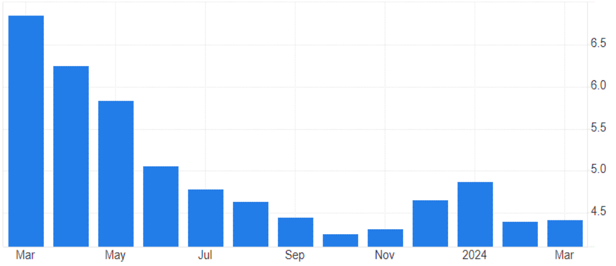
Exchange rate

- The average exchange rate for Q1 2024 closed at $17.00 MXN/USD.
- The Mexican peso continues to break records, appreciating its strongest level against the dollar, in early April 2024, the exchange rate reached its best levels since August 2015, closing at $16.33 MXN/USD.
- Exchange rate continue impacting Mexican Cross-Border carriers paid in USD.

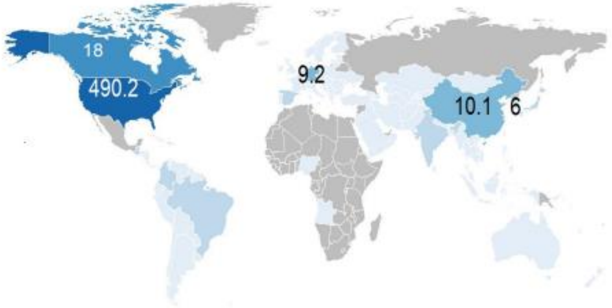
Mexico and US Trade

- During 2023, Mexico became the main exporting country to the United States, surpassing China, which maintained that position for several years. By Q1 2024, Mexico continues to be the leading trading partner of the US.
- At the end of 2023, the total trade value between both countries reached 745.6 billion dollars, of which 490.2 billion dollars were Mexico´s exports to the US.
- Of Mexico´s total exports, 80.7% go to the United States.

Mexico Inflation 2023-2024



Mexico exports *Billion USD



Source: Inegi (Instituto Nacional de Estadística y Geografía)

Mexico current situation

Transportation cost and capacity

- Mexican carriers are starting to face capacity constraints as shippers increase their volumes; the effects of the nearshoring are starting to be noticed.
- The lack of Mexican drivers continues to be one of the biggest problems. In 2023, the driver shortage in Mexico was 56,000 unfilled truck driver positions, a 9% increase compared to the previous year.
- We observed that there is still an offer of direct capacity from Mexico as the US cross-border carriers continue bringing their equipment into Mexico as the US domestic market is still soft., this might change starting in Q3 of this year.
- The national average price per liter of diesel in MX was $23.90 MXN in 2023, an increase of 2.8% compared to the previous year. In February 2024, the price per liter of diesel was $24.88, an increase of 5% compared with the same month last year.
- The Laredo load/truck ratio averaged 7:1 in March 2024. Moderately tight market.
- Cargo theft continues to be one of the biggest challenges for the transportation industry in Mexico. In 2023, the industry was estimated to suffer USD 411M in losses due to insecurity. Estado de Mexico and Puebla lead the list. In 2023, cargo theft grew 5% compared to 2022.
- According to CANACAR*, the costs of insurance premiums for the transportation sector have increased by 25% in the last year.

Mexico Truck Driver Shortage 2023

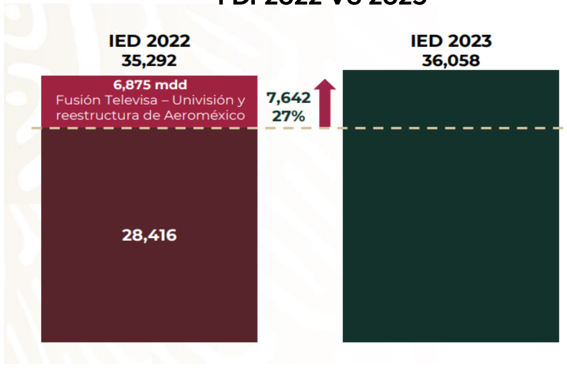
Number of truck driver Jobs unfilled

Mexico cargo risk heat map

Nearshoring 2023 impact

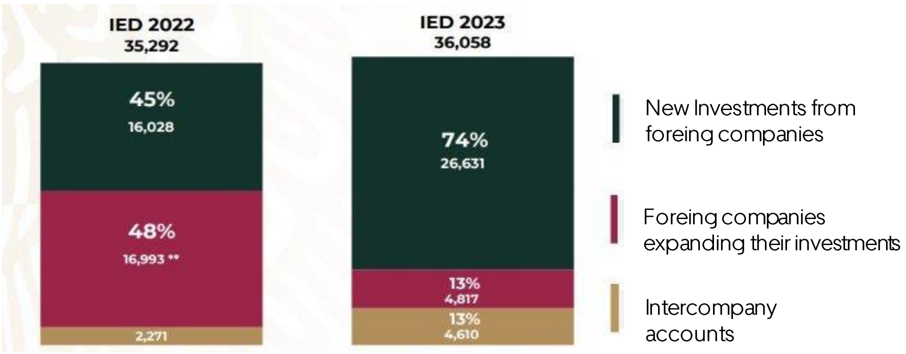
- FDI during 2023 was US$36.1 B, a 27% increase compared to 2022.
- 50% of Foreign Direct Investment corresponds to the manufacturing sector and 20% to financial services during 2023.
- Of the manufacturing sector, the primary industries are 41% transportation equipment, 14% drink & tobacco, 13% metal, 9% computer equipment and 8% chemical.
- During 2023, the primary origin countries of FDI in Mexico during last year were the US (US$13.6B), Spain (US$3.8B) and Canada (USS3.5B).
- 74% of the FDI came from the reinvestment of profits of foreign companies, which is the result of the confidence of foreign investors in Mexico due to the good business environment and economic stability.

FDI 2022 VS 2023



27% gowth does not consider extraordinary investments for merger of Televisa-Univision and restructuring of Aeromexico.

TYPE OF INVESTMENT 2022 VS 2023



Uber Freight

Source:: Secretary of Economy

Summary of relevant announcements during 2023 and Q1 2024

2023: 378 announcements, representing US$106B

Q1 2024: 73 announcements, representing US$31.5 B

Nuevo León is the state with the most favorable impact from the announced investments in the manufacturing sector.

Year of Announcement	Company	Country	Sector	Investment *Billions	Benefited State
2023	**Mexico Pacific Limited**	U.S.A.	Transportation	$ 15	Sonora
2023	**Tesla**	U.S.A.	Manufacturing	$ 10	Nuevo Leon
2023	**Copenhagen Infrastructure Partners**	Denmark	Energy	$ 10	Oaxaca
2023	**Woodside Energy**	Australia	Energy	$ 7.2	Tamaulipas
2023	**KIA Montors**	Korea	Manufacturing	$ 6	Nuevo Leon
2023	**LGMG Group**	China	Construction	$ 5	Nuevo Leon
2023	**Ternium**	Argentina	Manufacturing	$ 3.8	Nuevo Leon
2023	**CloudHQ**	U.S.A.	Construction	$ 3.6	Queretaro
2023	**Jetour**	China	Manufacturing	$ 3	Aguascalientes
2023	**Pagtraon y Wistron**	Taiwan	Manufacturing	$ 2	Chihuahua
2024	**FEMSA**	U.S.A.	Manufacturing	$ 9.9	Several States
2024	**Amazon (AWS)**	U.S.A.	Warehousing	$ 4.9	Queretaro
2024	**DHL Supply Chain**	Germany	Transportation	$ 4	Edo de Mexico
2024	**Mercado Libre**	Argentina	E-commerce	$ 2.4	Several States
2024	**Walmart**	U.S.A.	Retail	$ 2.1	Quintana Roo
2024	**Ternium**	Argentina	Manufacturing	$ 1.9	Nuevo Leon
2024	**Volkswagen**	Germany	Manufacturing	$ 0.9	Puebla
2024	**Solarever**	China	Manufacturing	$ 0.6	Durango
2024	**ELAM-FAW**	China	Manufacturing	$ 0.4	Colima
2024	**Nemak**	Nederlands	Manufacturing	$ 0.4	Nuevo Leon
2024	**Unison Shanghai**	China	Manufacturing	$ 0.4	San Luis Potosi
2024	**Aspen Aerogels**	U.S.A.	Manufacturing	$ 0.3	Nuevo Leon

Source: Secretary of Economy

Uber Freight

Outlook and recommendations

- As more manufacturing facilities are installed in Mexico, capacity will tighten. Carriers seek long-term commitments and invest in new equipment to meet the demand.
- Due to the super peso, the MXN/USD exchange rate difference continues to affect Mexican carriers that are paid in USD. If this trend continues, be prepared for budget rate increases in Mexican portions paid in USD.
- Mexican carriers continue including empty miles within their linehaul rates to keep up with northbound demand and reposition equipment from the border to the shipping points in Mexico.
- US equipment availability in Mexico for direct shipments might decrease starting Q3 2024 once the US domestic market recovers.
- Mexico continues to capitalize on its nearshoring momentum. The intention to earn investments from countries with lower participation of the FDI in Mexico, such as France, India, and Switzerland, is observed.
- Drivers´ shortage continues to be challenging. It is crucial to improve drivers' work environment, including safety, better work conditions, technology, and recognition programs.
- General elections are scheduled to be held on June 2, 2024. Mexico will elect a female president, as women are the top two candidates running for the office. It is expected that the mexican peso will be moderately weaker.
- As of April 1st, 2024, the 3.0 version of the Mexican Bill of Lading (Complemento Carta Porte) is the only valid version.

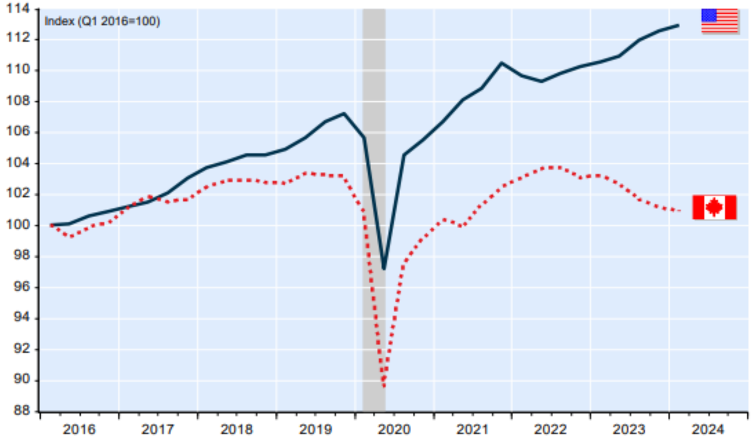
Uber Freight

Canada

Canada highlights

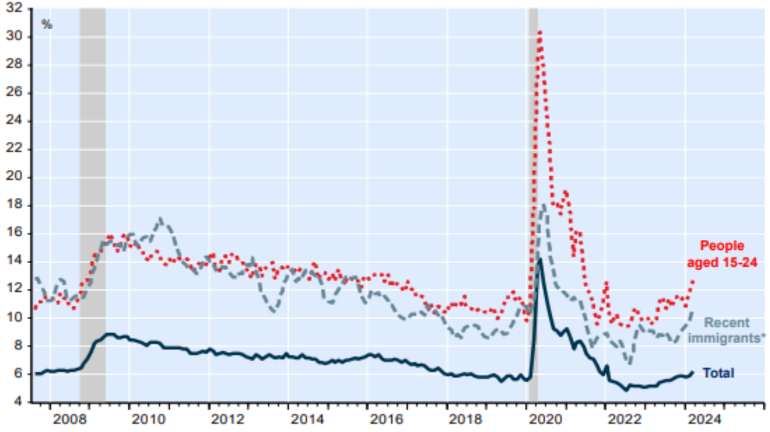
There are many indications that the Canadian economy is cooling, GDP per capita is contracting, continuing the downward trend since 2022 when interest rates were first raised.Hiring is not keeping pace with population growth as unemployment reached 6.1% in March. Although inflation eased to 2.9%, within the Bank of Canada (BoC) target range, the BoC is maintaining the most restrictive monetary policy in the G7. The Canadian economy is expected to grow 0.7% in full-year 2024.*

Canada: GDP per capita diverges from the United States
Real GDP per capita (15+ in Canada, 16+ in U.S.), forecast for Q1 2024



NBF Economics and Strategy (Statistics Canada and BEA data)

Canada: Sharper rise in unemployment in immigrants and young people
Unemployment rate, seasonally adjusted by NBF



*Landed 5 years or less ago, 3-month moving average, seasonally adjusted by NBF
NBF Economics and Strategy (data via Statistics Canada)

* According to Statistics Canada and the Department of Finance Canada,

Uber Freight

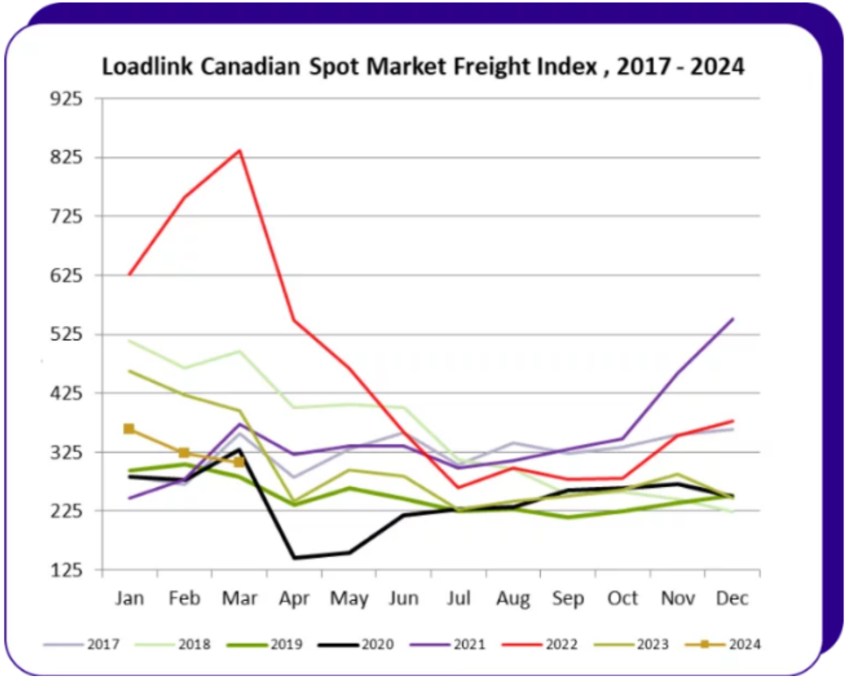
Canada: key factors impacting supply

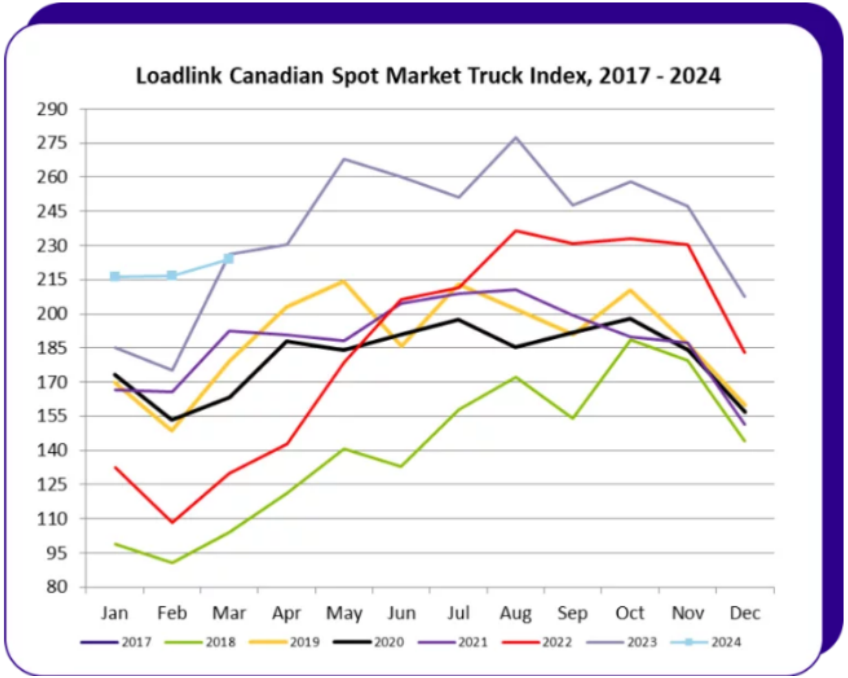
Canadian market continues to favor shippers. The full truckload oversupply, coupled with customers' efforts to reduce inventory levels, have contributed to a difficult operating environment in the 1st quarter.

- Capacity is slowly exiting the market, 20th largest Truckload carrier filed for bankruptcy protection
- FTL contract and spot rates remain stable and near the bottom.
- Less-than-truckload demand is strong with improving yields. Carriers are implementing low single-digit rate increases.
- Class 8 retail truck sales in March fell year-over-year
- Union representing nearly 9,300 workers at Canada's largest rail operators, CN and CPKC, is facing a potential work stoppage due to stalled negotiations over working conditions and wage increases. Possible lockout or strike could happen in May

Uber Freight

Canada: key factors impacting supply





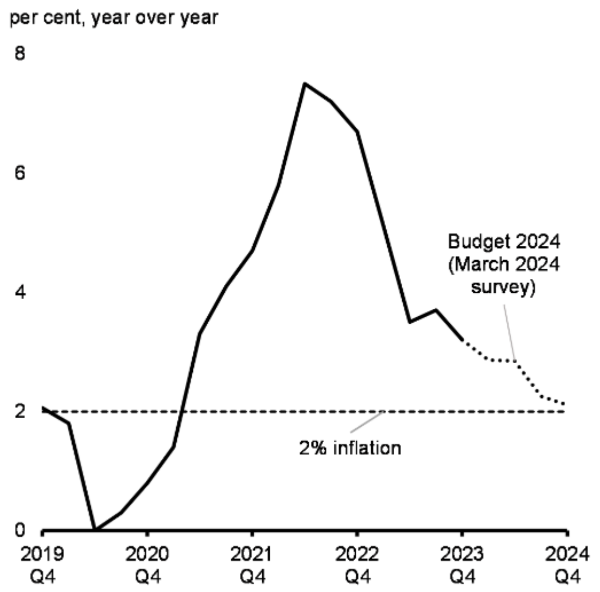
The truck-to-load ratio in March was 3.21 available trucks for every one load posted on Loadlink. The ratio for February was 2.93, which meant March's ratio rose by 10 percent from February's value.

Uber Freight

Canada: key factors impacting demand

- Benchmark interest rate remains at 5%, unchanged since Jul'23
- Despite improvements in inflation, key household costs for Canadians, such as groceries and housing, remain elevated
- The Canadian dollar averaged 1.35 per USD in Q1 compared to 1.36 per USD in 23Q4
- Retail sales declined 0.3% in Jan, and an early estimate points to little growth in Feb, according to Statistics Canada
- Unemployment rate was at 6.1% in Mar'24, up 0.3% m/m.
- Manufacturing PMI in Canada increased to 49.8 in Mar'24 from 49.70 points in Feb'24
- Global conflicts, including Russia's invasion of Ukraine, insurgent attacks on shipping routes in the Red Sea, and Israeli-Palestinian conflict pose a risk to commodity prices and global supply chains.

Consumer Price Inflation Outlook

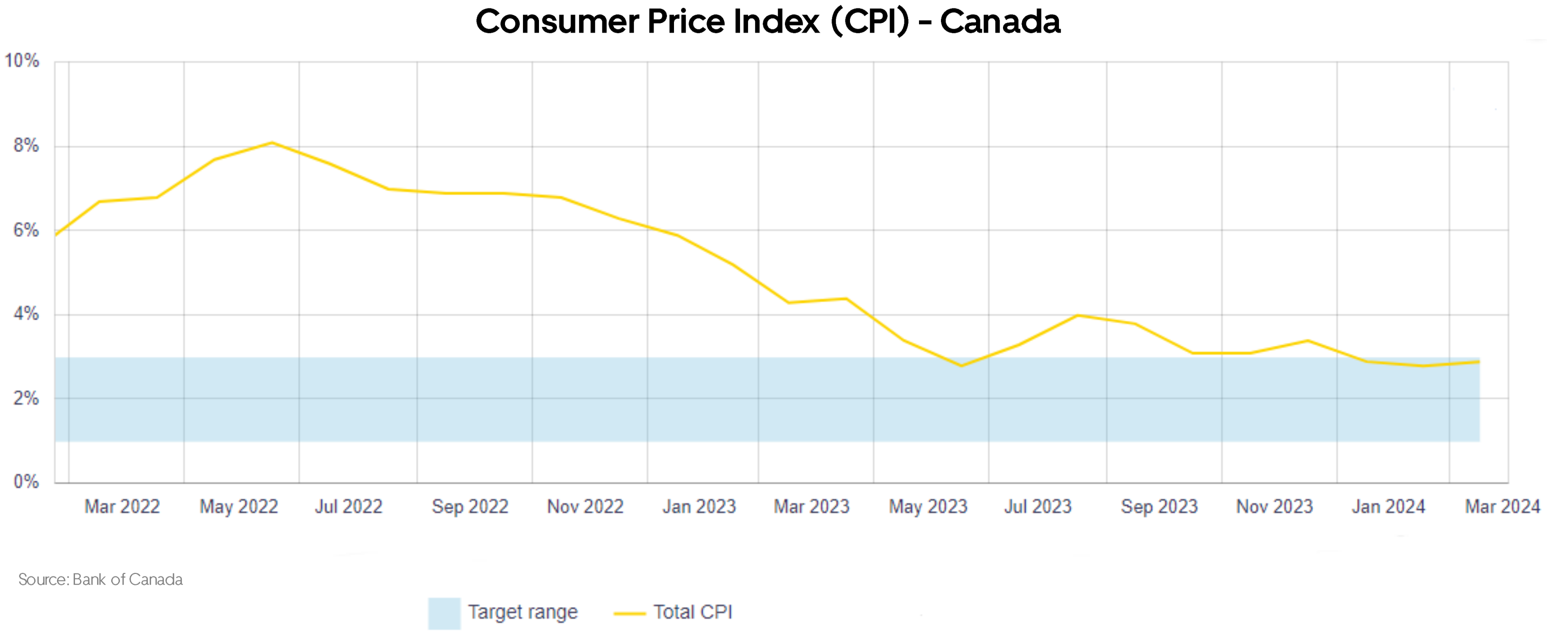


Note: Last data point is 2024Q4.

Sources: Statistics Canada; Department of Finance Canada March 2024 survey of private sector economists.

Canada: key factors impacting demand

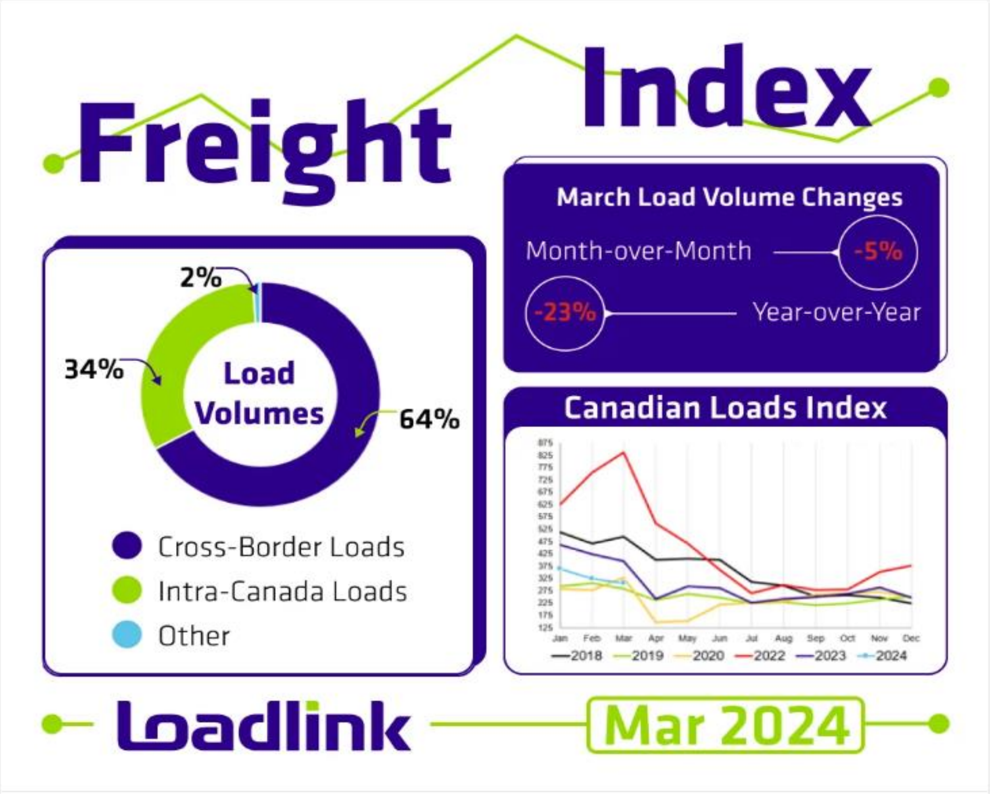
Total CPI inflation 2.9% in March 2024 down from its June 2022 peak of 8.1%



Source: Bank of Canada

Uber Freight

Canada: key factors impacting demand

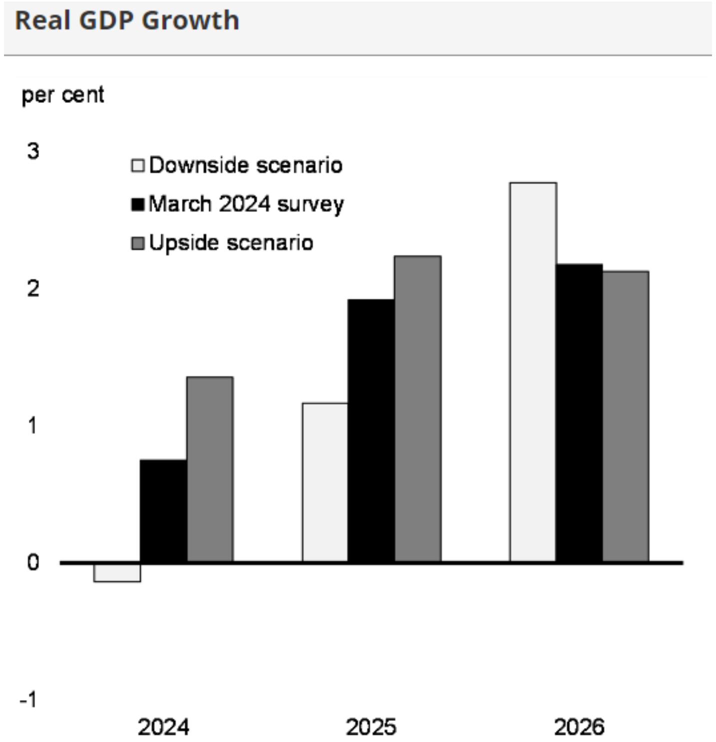


Note: Load Link is the most popular load board within Canada. The results shown are primarily influenced by spot market moves.

Uber Freight

Canada: outlook

- Overall, the Canadian economy is expected to avoid a recession, seeing moderate growth of 0.7 per cent in 2024 and 1.9 per cent in 2025
- Unemployment rate is expected to rise to a peak of 6.5 per cent in the fourth quarter of this year and average 6.3 per cent in 2024
- CPI inflation is expected to ease to about 2 per cent by the end of 2024 to an average of 2.5 per cent for the whole year



Source:: Department of Finance Canada March 2024 survey of private sector economists; Department of Finance Canada calculations.

Canada: recommendations

Issue full network RFPs and secure capacity at current rates for longer contract lengths (24+ months).

- Add additional carriers to the network, especially those that are financially healthy
- Review, standardize, and re-negotiate accessorial charges
- Build contingency plans for possible rail work stoppage, secure additional over-the-road capacity, secure rate commitment before, during and after a possible disruption

Look to remove cost from your network:

- Leverage sailing schedule for inter-provincial freight flows
- Look for consolidation opportunities, holding freight for 24 to 48 hours where possible
- De-leverage LTL shipment where possible, consider multi-stop truckload or pooling options
- Maximize trailer utilization
- Adopt automation and efficiency in day-to-day operations

Sustainability

Sustainability policy updates

- The Biden-Harris administration released the National Zero-Emission Freight Corridor Strategy in March, which will guide the deployment of zero-emission medium- and heavy-duty vehicle charging as well as hydrogen fueling infrastructure from 2024 to 2040.

- With growing market demands, the Strategy targets public investment to amplify private sector momentum, seeks to focus utility and regulatory energy planning, and align industry activity.

- Phase 1 of the strategy will establish priority hubs for electric vehicle charging and hydrogen refueling along our nation's freight corridors based on freight volumes over the next three years. These hubs will be then connected along critical freight corridors.

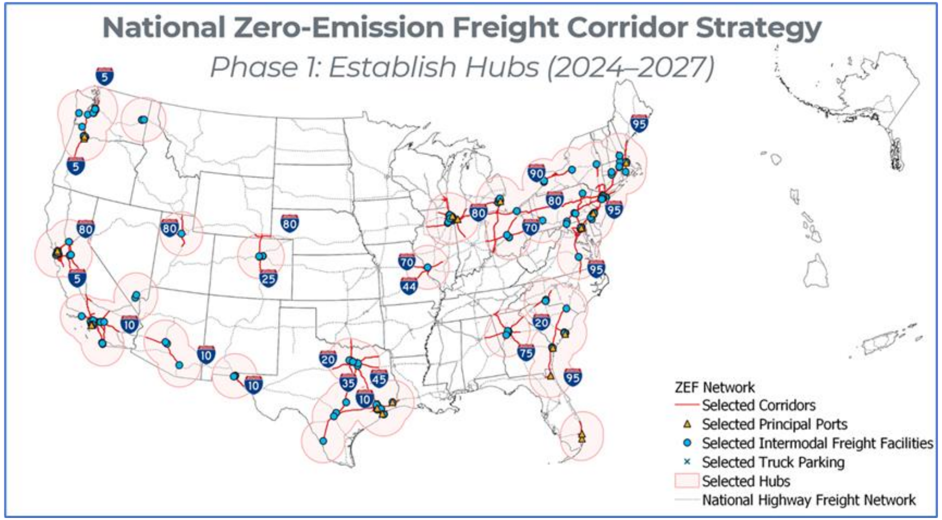
- Also in March, the Securities and Exchange Commission (SEC) adopted rules to enhance and standardize climate-related disclosures by public companies and in public offerings. Critically, companies will not have to provide Scope 3 greenhouse gas emission disclosures, which had been previously proposed. Starting in 2025, the rule will require registrants to include material Scope 1 and Scope 2 GHG emissions, governance and oversight of material climate-related risks, as well as material climate targets and goals.

White House electrification plan

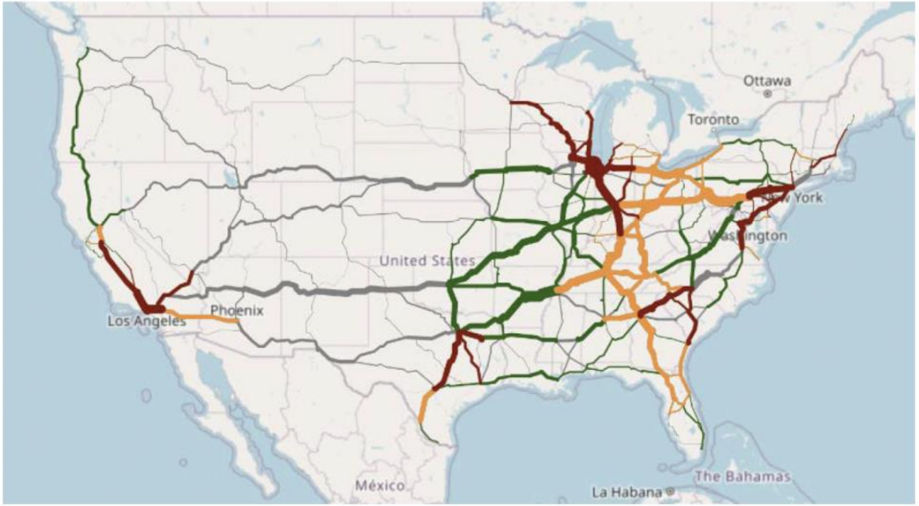
- The White House's electrification plan is closely aligned with findings from Uber Freight's research on the future of nationwide electric truck deployment. Both of these efforts used a similar methodology, which initially identifies key hubs in the US, and then connects them via the US interstate network. Our research identified the I-5 corridor and Texas Triangle as top candidates for early electrification, in addition to three mini-networks with a high density of short- to medium-haul freight in:
    - The Northeast: connecting Washington DC, Baltimore, Philadelphia, New York / New Jersey, Harrisburg, Allentown, and Richmond.
    - The Great Lake: connecting Milwaukee, Minneapolis, Chicago, Indianapolis, Columbus, Cincinnati, and Louisville.
    - The Southeast Atlantic: connecting Atlanta, Savanna, Greenville, and Charlotte.
- All of these corridors and regions are included in Phase 1 of the White House national electrification plan.

Electrification plans

The White House electrification plan



Uber Freight's proposed electrification plan:



The four stages of long-distance electrification: Initial Deployment (red), Early Electrification (yellow), the Electric Boom (green), and Full Electrification (gray).

Uber Freight

Uber Freight