Uber Freight

2024 Q1 Market update & outlook

February 2024

Market update & outlook

Executive summary – 2024 Q1

Macro Economy

- Consumer spending is resilient, and inventories are normalizing
- The manufacturing sector continues to contract, but likely near the bottom
- Imports rose, turning positive y/y

US – LTL

- Tonnage, shipment count, and weight per shipment all continue to be down
- Despite softening demand, carrier's costs continue to rise
- LTL carriers remain price-disciplined

Ocean & Air

- Carriers refuse to resume Suez Canal transit until the risk of attacks is eliminated
- Carriers have implemented Panama Canal Surcharges due to ongoing drought
- Trans-Atlantic rates are at loss-making levels

Warehousing

- Retail inventory decreased to $551M in Q4; still near all-time high
- Vacancies edged upward to 5.4% in Q4
- LMI moved into expansion territory in Q4

US – Truckload

- Spot rates increased driven by seasonal tailwinds and weather
- Demand indicators are generally positive
- Supply stagnates, but remains high relative to demand

US – Bulk

- Utilization is expected to remain soft
- Spot premiums increased in Q4
- Upward rate pressure present as carriers look to recoup empty miles costs

Mexico

- Cross-border transportation remains soft, expected to recover in coming months
- Accumulated annual inflation rate was 4.66% in Dec.
- GDP growth of 3.4% for '23, surpassing all forecasts

US – Intermodal

- Volume remains down
- Rail utilization has improved and dray capacity remains plentiful
- Railroads are playing the long game with rates and labor

Europe

- Carriers are actively seeking new business in a soft market
- PMI in Q4 increased from 42.7 in Aug. to 44.2 in Dec.
- 2024 GDP growth is forecast to be 1.1%, increasing to 1.6% in 2025

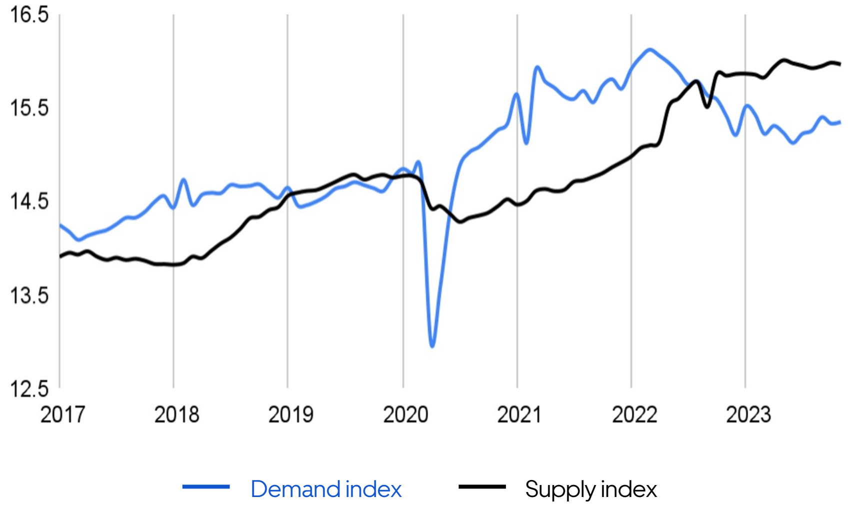
Canada

- Business investment continues to contract
- LTL demand strong with improving yields
- FTL contract and spot rates remain stable; near bottom

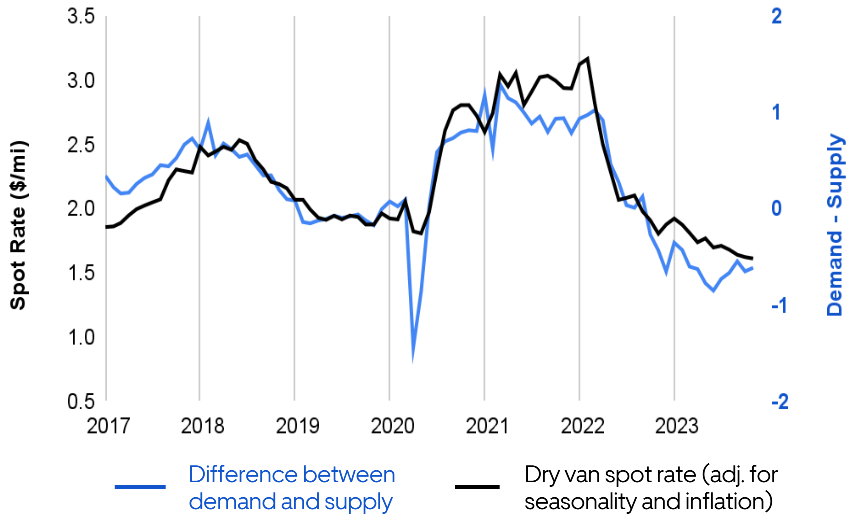
US Full Truckload

Truckload demand recovers as supply stagnates

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



Difference between demand and supply vs. van spot rate [1]



Truckload demand rose 0.3% in Q4 driven by consumer spending on goods, and was only 0.4% lower y/y. Meanwhile, supply rose 0.2%, and was 0.8% higher y/y. The gap between supply and demand is still historically high. However, rising demand in the second half of 2023 has closed 30% of this gap.

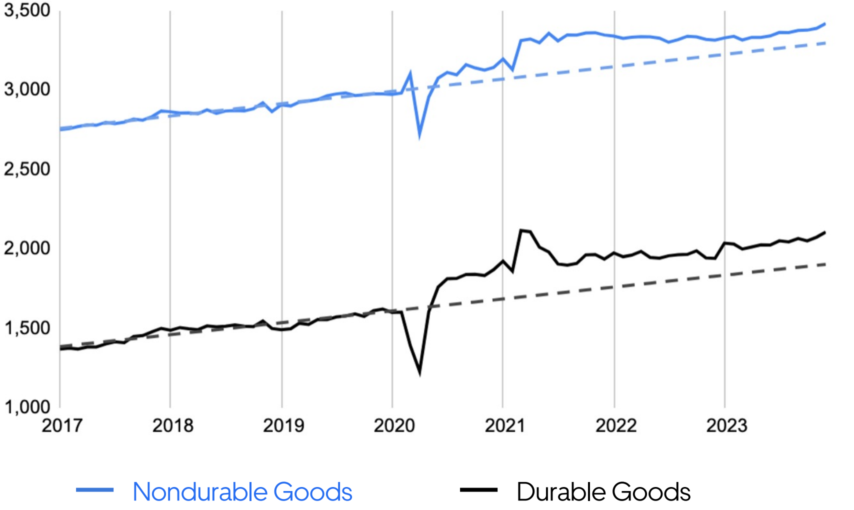
[1] DAT, UF analysis

Key factors impacting demand

Consumer spending on goods is rising while inventories are normalizing

Consumer spending on goods [1]

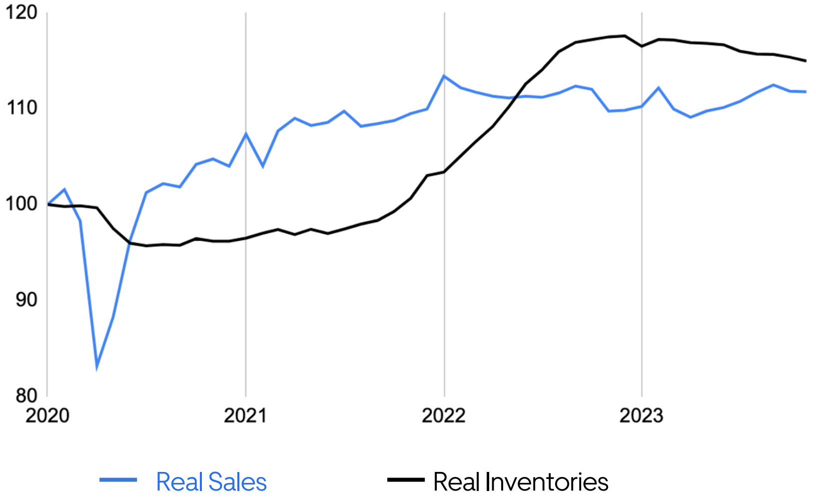
Billions of 2017 USD (annual rate, adjusted for seasonality and inflation)



Real spending on goods rose 0.9% in Q4 and was 3.5% higher than Q4'22. Strength was driven by durable goods, where spending rose 6.1% y/y. Meanwhile, spending on nondurables only rose 2.2% in the preceding 12 months.

Merchant Wholesalers' Real Sales and inventories [2]

Change since Jan'2020



Wholesalers' inventories (ex. bulk) fell 2.1% y/y in Nov'23, driven by nondurable goods (-6% y/y). Excluding auto and machinery, which move on specialized trailers, real inventories fell 7% y/y, while sales rose 2% during that period.

(1) US Bureau of Economic Analysis; (2) US Census Bureau: excluding bulk wholesale such as farm products, petroleum, metals, and lumber, and adjusted for inflation.

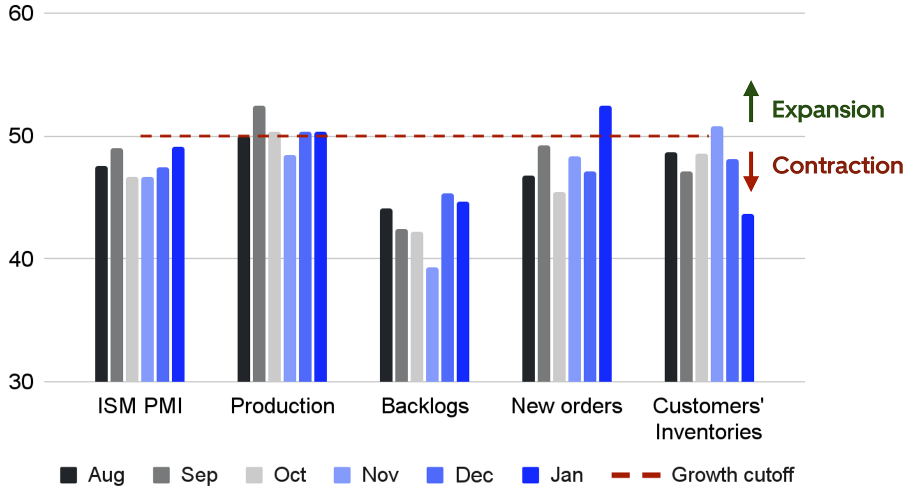
Uber Freight

Key factors impacting demand

The manufacturing sector is near the bottom, and imports are rising

ISM Manufacturing PMI (1)

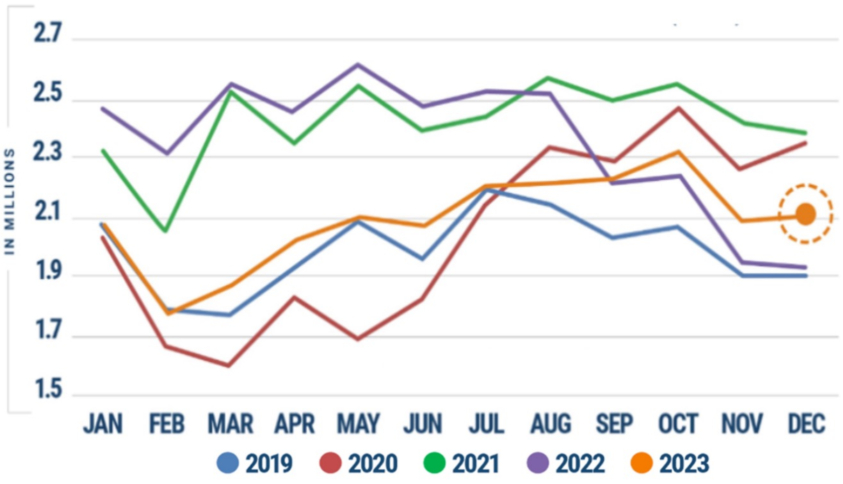
Values above 50 imply expansion and below 50 imply contraction



The ISM PMI rose in Jan to 49.1. However, this still implied contraction, because it fell below the expansion threshold (50.0) for the 15th consecutive month. The New Orders index was 52.5, exceeding 50.0 for the first time in 16 months, but the Backlogs index remained in contraction territory (44.7).

US Container Import Volume (TEUs) (2)

Millions of containers, not seasonally adjusted



US containerized imports rose 0.4% in December and were 9.2% higher y/y. This increase came despite the Panama and Suez Canal disruptions and seasonal headwinds, as we usually expect imports to fall in Q4.

(1) Institute for Supply Management; (2) Descartes

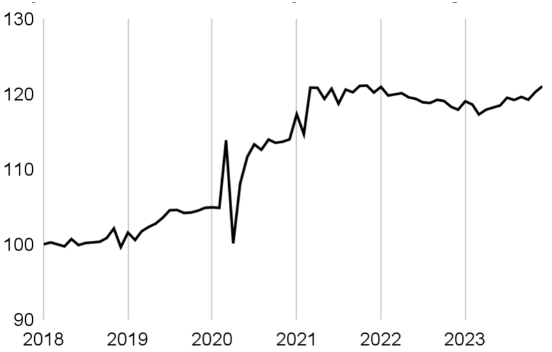
Uber Freight

Key factors impacting demand

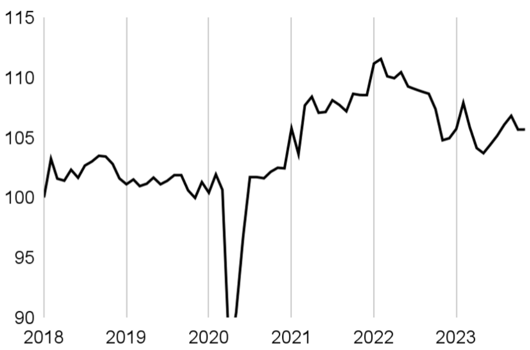
Truckload demand is generally rising, except in manufacturing

Adjusting for inflation and truck tonnage, consumer demand for goods has made a full recovery, wholesale recovered partially, and manufacturing is still bouncing near the bottom.

Real spending on goods (1)



Real wholesalers' sales (2)



Manufacturing output (3)

	Spending on Goods	Wholesale	Manufacturing	Total TL demand
Year-over-year	2.6%	0.9%	-0.9%	-0.4%
Relative to cycle peak	-0.1%	-5.3%	-4.8%	-4.8%
Q4'23 / Q3'23	0.6%	-0.3%	0.0%	0.3%

Calibrated using data from (1) US BEA, (2) US Census, and (3) Federal Reserve.
Adjusted for seasonality, inflation, and tonnage (using FAF5 data), and includes only goods that are relevant to truckload (dry van).

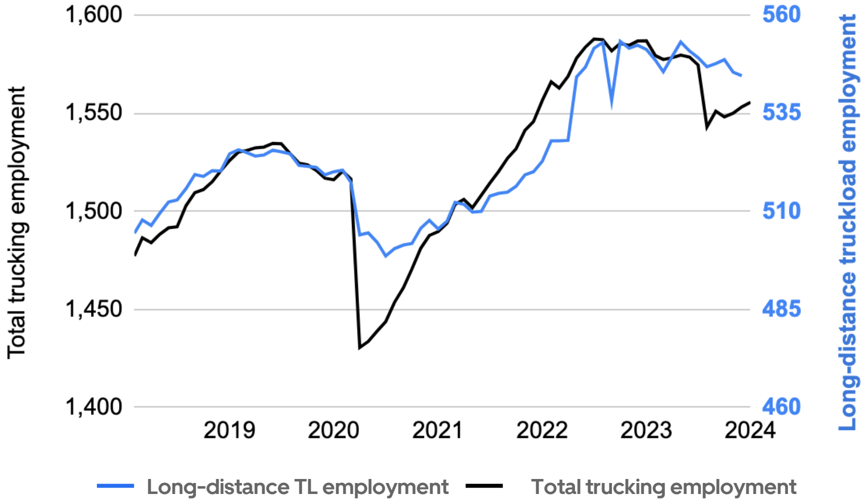
Uber Freight

Key factors impacting supply

Long distance truckload employment and truck sales stagnate

Trucking employment [1]

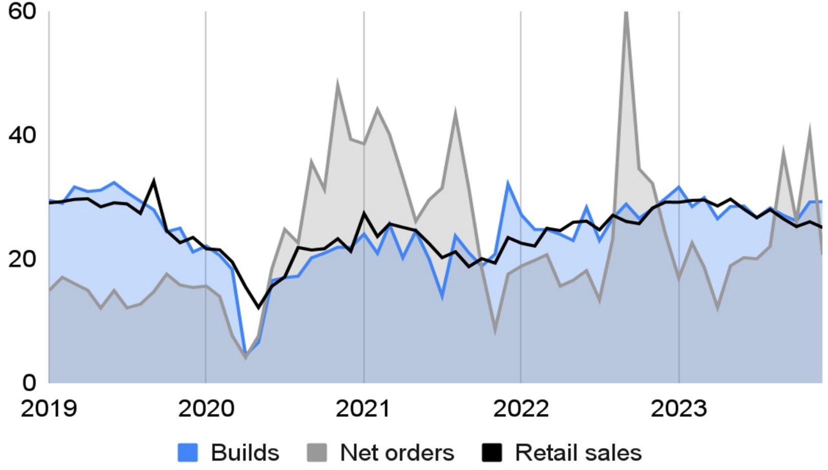
Thousands of employees, seasonally adjusted



Trucking employment rose in November, December, and January. However, job growth was driven by local trucking, while employment in the long-distance sector decreased. Long-distance truckload employment fell to its lowest level since September 2022, after shedding 4.1K jobs in the last 2 months.

Class 8 truck orders, sales, and builds [2]

Thousands of units (seasonally adjusted)



Truck production rose 3.2% in Q4, but was flat y/y. Meanwhile, truck sales fell 5.9%, and were 8.1% lower y/y. The order backlog, which sits at 158K units, should keep production elevated in H1'24. However, net orders, an early supply indicator, are down 4.3% y/y, and are expected to remain weak in H1.

(1) US Bureau of Labor Statistics; (2) ACT Research

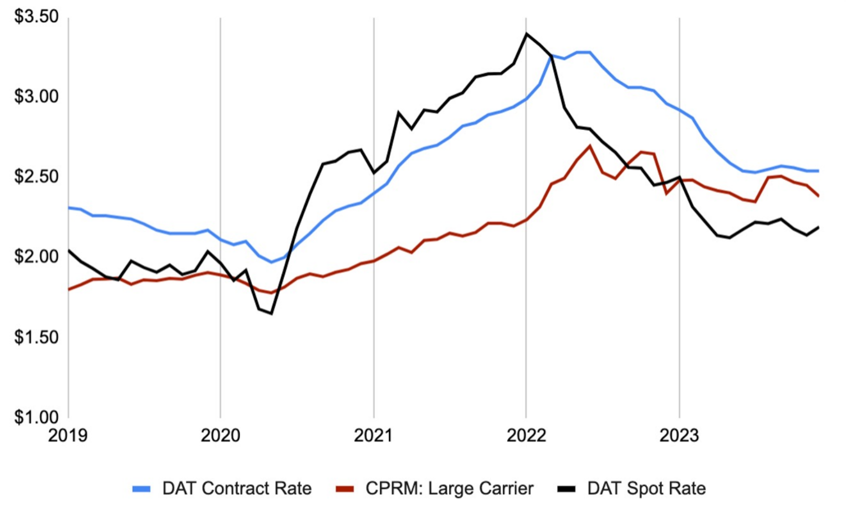
Uber Freight

Key factors impacting supply

More capacity correction is underway

Dry van rates vs. cost per revenue-mile [1]

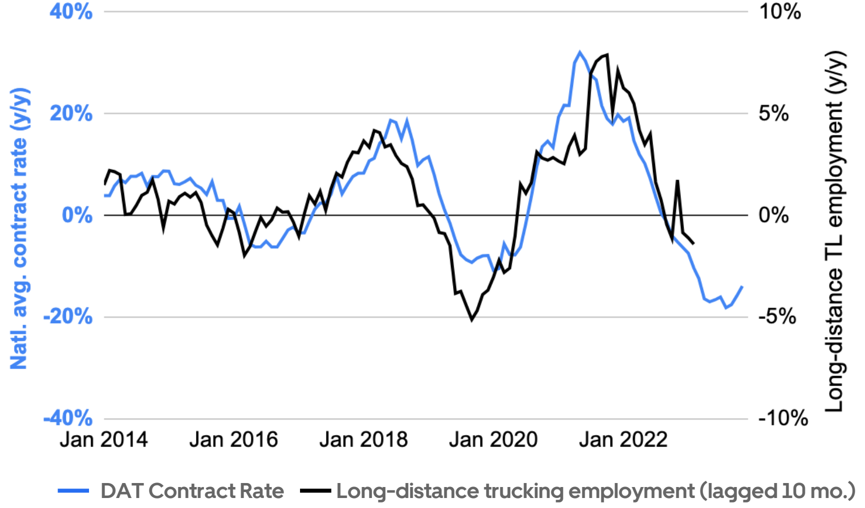
Source: DAT, ATRI (UF calculations)



Truck operating costs are significantly above spot rates, and even approaching contract rates, which continue to decline and are about 14% lower y/y. This indicates that the current rate environment is not sustainable for carriers over the long-term.

Truckload employment lags rates by 10 months [2]

Year-over-year change



When carriers' revenues fall, their headcount follows (with a lag of about 10 months). This means that fleets might cut their capacity in the coming months. If the historical relationship holds, we expect employment to drop by 3% to 5% y/y, which can drive TL spot rates higher.

(1) DAT; ATRI (UF Analysis); (2) DAT; US Bureau of Labor Statistics.

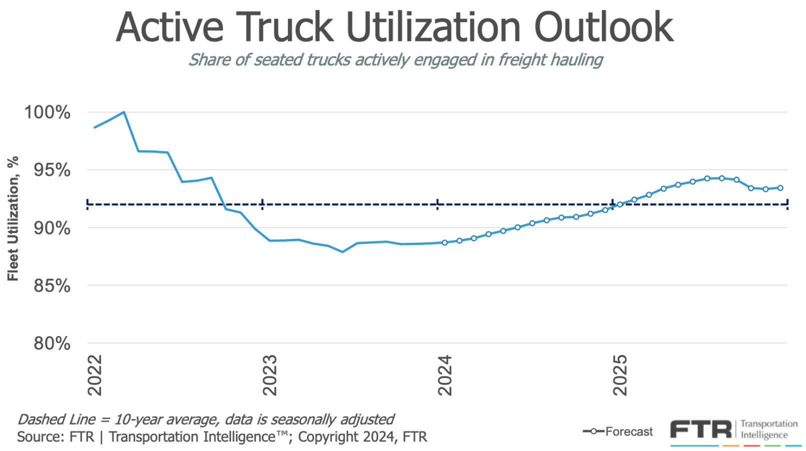
Uber Freight

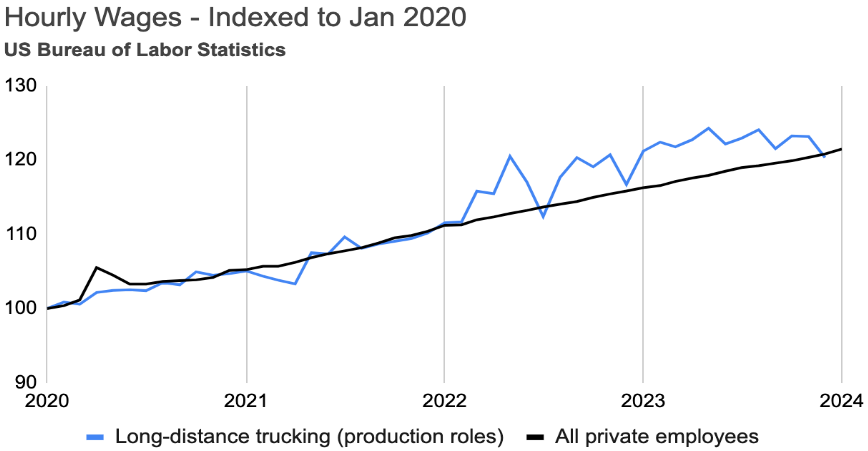
Carrier sentiment

FTR's forecast of active truck utilization was largely unchanged with a slight uptick in the latest outlook with only marginal strengthening. FTR's current estimate is that active utilization is at 89%. Not projected to get back to the 10-year average until 2025.

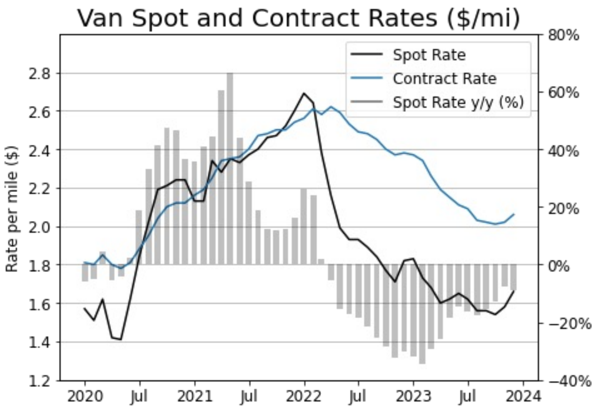
Carriers lower truck orders (-14% y/y in Dec'23) and trailer orders (-58% y/y in Dec'23), as well as lower wages for long-distance trucking drivers reflect lower appetite to hire and retain drivers, and intentions to cut capacity.

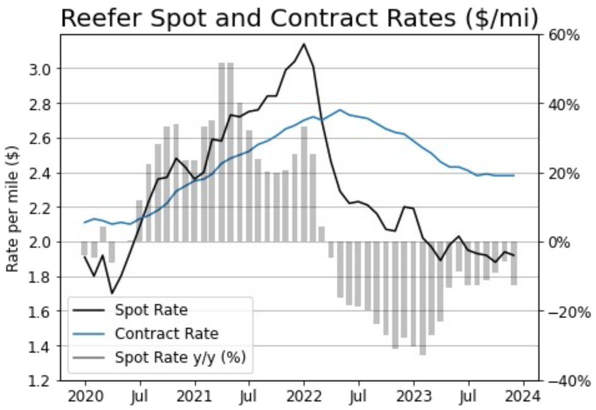
Carriers bidding activity remains robust, with RFP demand spiking year over year while searching for opportunities to improve the rising operating ratio.

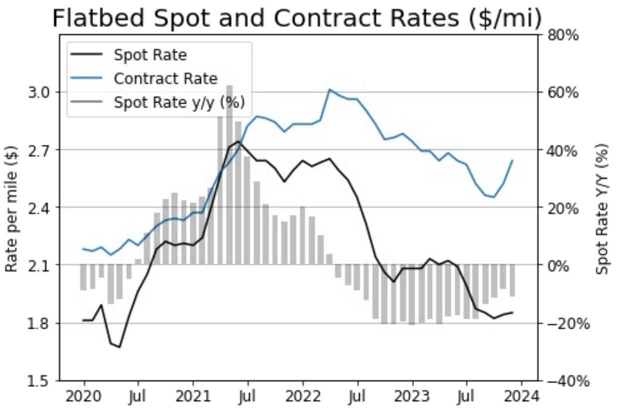




Spot and contract rates have been rising





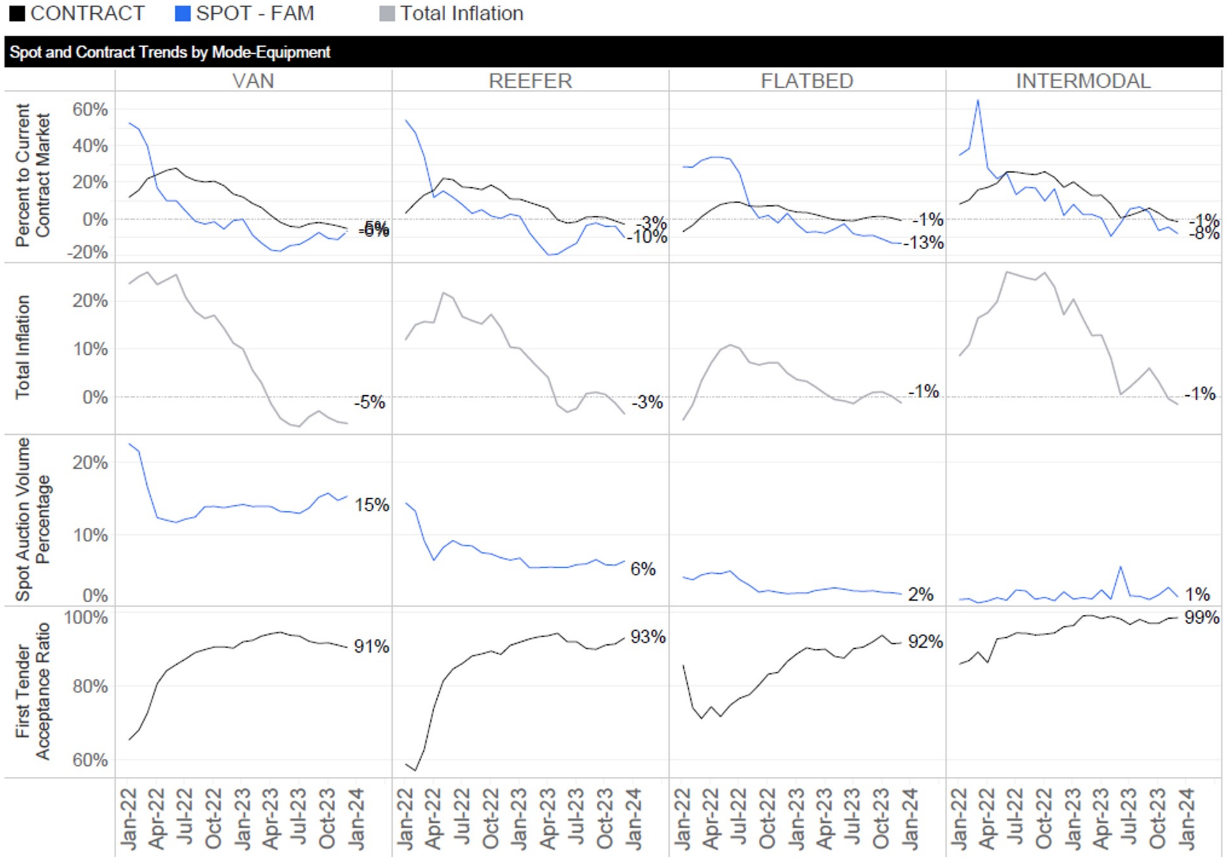


- Spot and contract rates are increasing for van and flatbed, but flat for refrigerated freight.
- This indicates that the truckload market has already passed the bottom.
- Rates usually decrease in Q1 due to seasonal headwinds. However, this year saw a surge in rates and tender rejections, partially due to adverse weather conditions.

 Source: DAT, ACT Research

Uber Freight

Routing Guide trends



Spot rates rose in line with seasonality, but contract rates continued to fall, mostly driven by lower diesel prices.

Spot volumes increased slightly for van and reefer, but decreased for flatbed and IM.

Dry van first tender acceptance ratio fell slightly, but rose across other modes.

Uber Freight

Cost and capacity pressures continued easing

Supply abundant with demand levels off leading to easing of cost pressures

Rates

- Diesel prices have fallen steadily since mid-October
- Spot rates rose in December and January due to seasonality and weather conditions
- Spot rates rose in December and January due to seasonality and weather conditions
- Continued pressure in incumbent carrier pricing as shippers look for cost savings
- First Tender Accept continues at high clip
- First Tender Accept continues at high clip

Supply

- Class 8 orders rose sharply between September and November but plunged in December.
- Class 8 production rose in Q4, but truck retail sales were down q/q and y/y with many expecting worse
- The net carrier population fell by 7.2K as authority revocations exceed new entrants, indicating that capacity continues to exit the marketplace
- Operating ratios for large TL carriers hovering in the mid to low 90's
- Long-distance truckload employment slowly declining from record high levels.

Demand

- Retail sector regained some positive momentum even though a modest increase in Nov and Dec
- Housing starts rose sharply in Nov, surprising many, and sales of existing homes ended a long-term slide
- The manufacturing sector continued to contract, but likely near the bottom, especially as retail and wholesale inventories normalize
- Large # of full network RFP's; Q1 Pipeline, close to all time high water mark. Most shippers sticking with traditional bid cycles
- Spot volume is relatively firm at low levels

Policy

- House panel backs ban on speed limiter rule
- Large TL providers apply for FMCSA Training Exemption due to lack of in seat trainers
- House Panel Advances Fiscal 2024 Transportation Bill to fund FMCSA through 2024. This will support the SHIP IT ACT
- Motor Carrier Safety Selection Standard Act of 2023 - proposes to give brokers and third-party logistics providers a "national standard" for due diligence in selecting motor carriers and help shield them from negligent-hiring claims

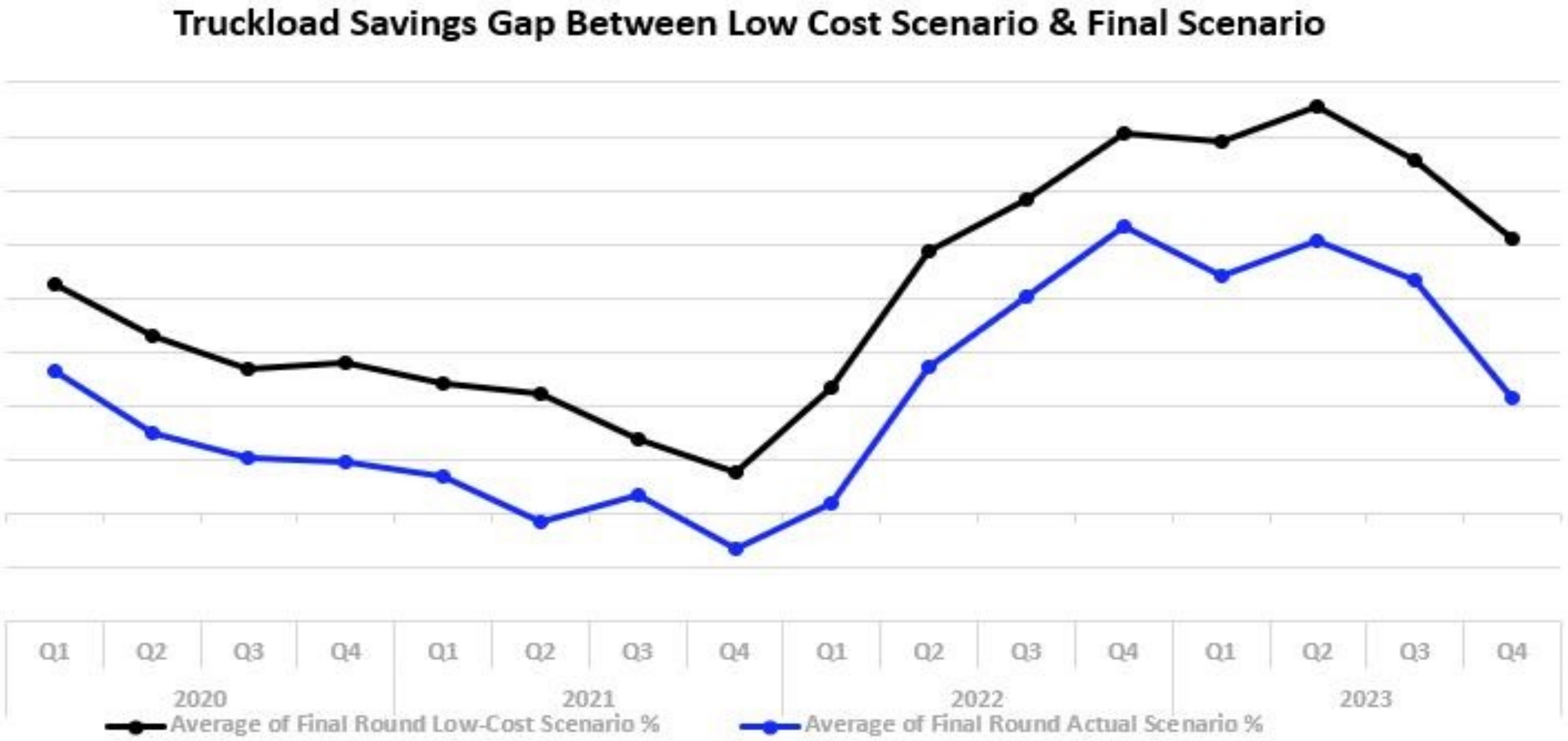
Current procurement headlines

Bid Activity
- Record activity trend continues in TL side of the business

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.

Carrier Pricing Q1
- TL savings range continues to trend in low double-digits and trending down vs. 2023 Q1



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 marrow since Q1 2023 as carriers become more selective of pricing 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

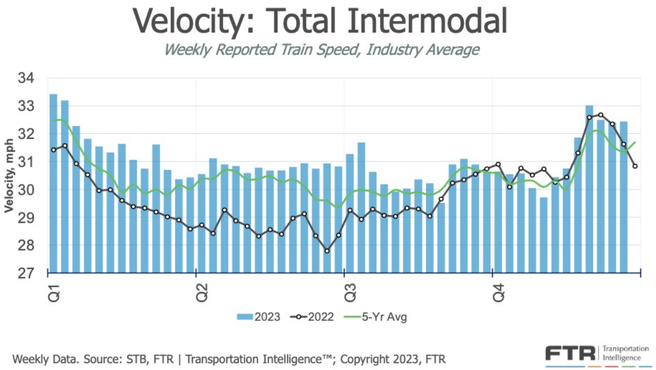
- **Understand your carrier base's tracking and technology capabilities** and set clear expectations
- **Meet carriers where they are** in the tech journey and find the best solution while pushing them to your preferred connectivity method
- **Understand where your rates are** to the market
- **Work 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

Uber Freight

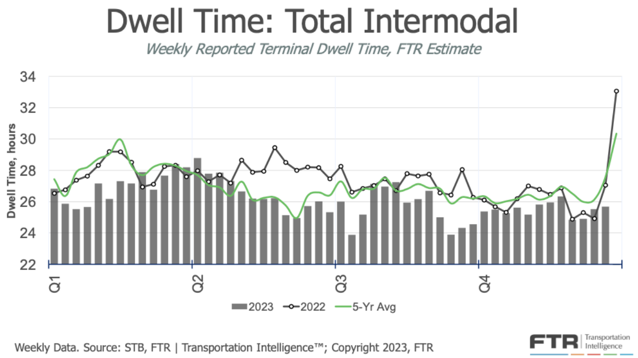
US Intermodal

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.
- Rail capacity and container availability are plentiful.
- Rail utilization has improved. Rail terminal dwell time continues to go down year after year. We did not see a spike in dwell time over the holidays like we did in 2022.
- With the exception of the impact of recent weather events, the railroad networks are generally free of delays and congestion. They have been able to recover quickly from delays due to the weather.
- The railroads continue to be focused on Mexico and enhanced service offerings:
    - CPKC
    - UP-CN Falcon Premium Service
    - UP-NS-CSX New MX-Southeast Service



Velocity levels have improved in recent months, rising by more than 2 mph since September. An increase in the average speed is normal following the traditional peak shipping season, but the recent increase was higher than anticipated. The coming couple of months should see reductions in velocity due to winter weather.

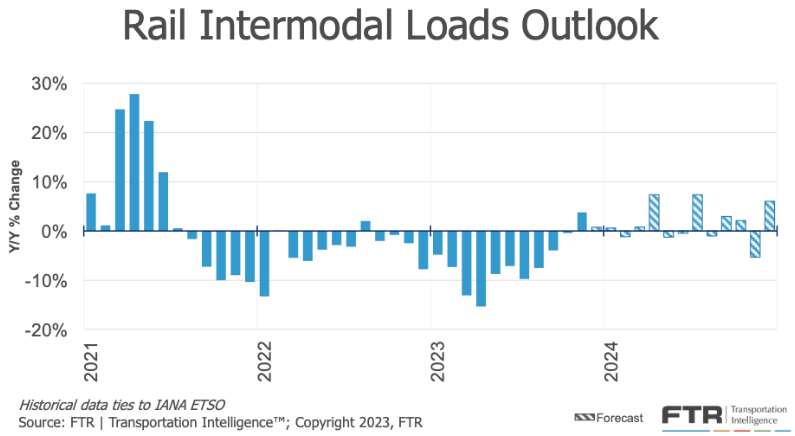


**Sources: IFTR January 2024 Intermodal Report;*

Uber Freight

Key factors impacting intermodal demand

- Intermodal volume was up year over year in November and December. It is now forecasted to be up for the full year in 2024, with some fluctuations throughout the year.
- Over-the-road capacity is plentiful now, though capacity is leaving the industry, and there are some signs of tightening in a few areas. Long-distance truckload employment fell in December.
- 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 has improved. 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 fell during the fourth quarter, and as of January 22, the DOE is $3.838.

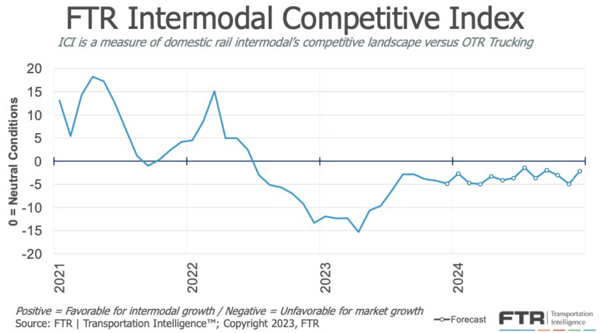


The forecast for intermodal volume in 2024 improved significantly to 1.4% growth y/y, up from a 0.1% dip previously. The outlook improved for both domestic and international, although the latter shows the stronger gain. The 2023 intermodal volume estimate also improved slightly to a 6.3% decrease y/y, up from a 6.9% decline.

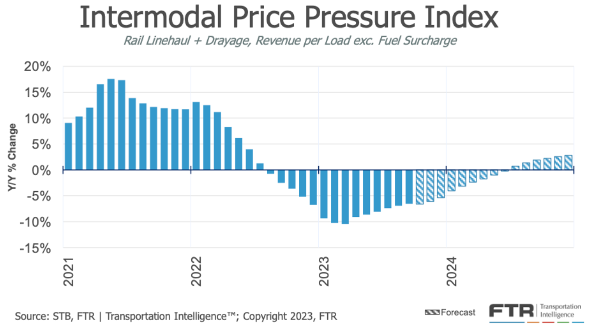
**Sources: IFTR January 2024 Intermodal Report;*

Current pricing, outlook, recommendation

- Intermodal remains challenged relative to the truckload competition.
- Spot rates are still at low levels compared to the last few years, but they have gone up compared to Q4, especially on westbound lanes.
- We are still seeing 3%-5% rate reductions in contract rates, and, depending on the lane and the volume, up to 10% rate reductions in RFPs through early January.
- The Intermodal Price Pressure Index* still has rates down year over year for the first half of 2024 before a modest increase in the second half of the year.
- 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.



The Intermodal Competitive Index is little changed from the prior forecast and looks consistently negative through 2025. An improved outlook for intermodal volume boosts the index slightly in 2024, but prolonged sluggishness in the competitive truckload sector remains a major headwind for the intermodal sector.



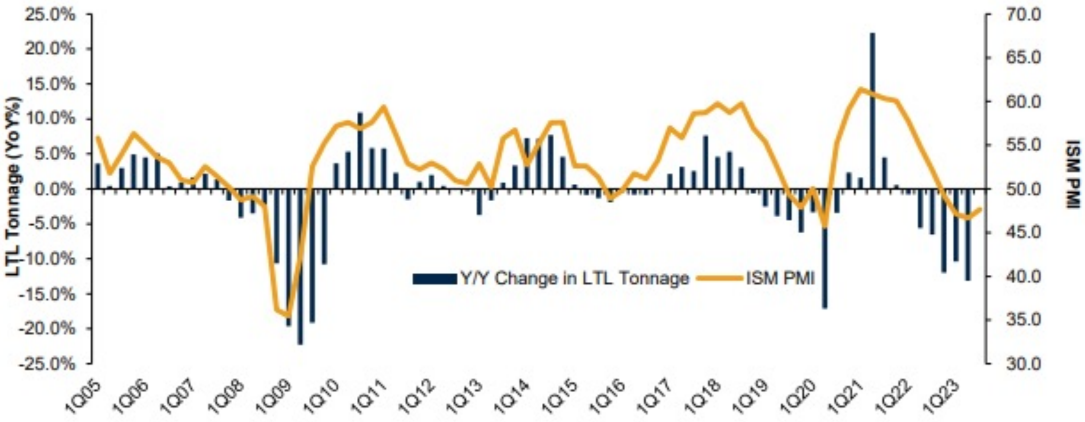
After a rough 2023 from carriers' perspective, 2024 will at least end up no worse as pricing is expected hold nearly flat y/y. Pricing will still be negative through mid-year, but expectations are for positive y/y results starting in the third quarter. The forecast for 2025 is for pricing to be up 3.5% compared to 2024.

*Sources: IFTR January 2024 Intermodal Report;

US Less-than-Truckload

Key factors impacting demand
Tonnage and shipment count continue to decline

- Institute for Supply Chain Management (ISM) and Purchasing Managers' Index (PMI) are good indicators of LTL freight volumes
  - A reading above 50 indicates manufacturing economy is expanding
  - January PMI was 49.1
  - This was the 14th consecutive month the PMI Index was under 50
  - The historical correlation between U.S. manufacturing PMI and LTL tonnage suggests continued industry volume declination

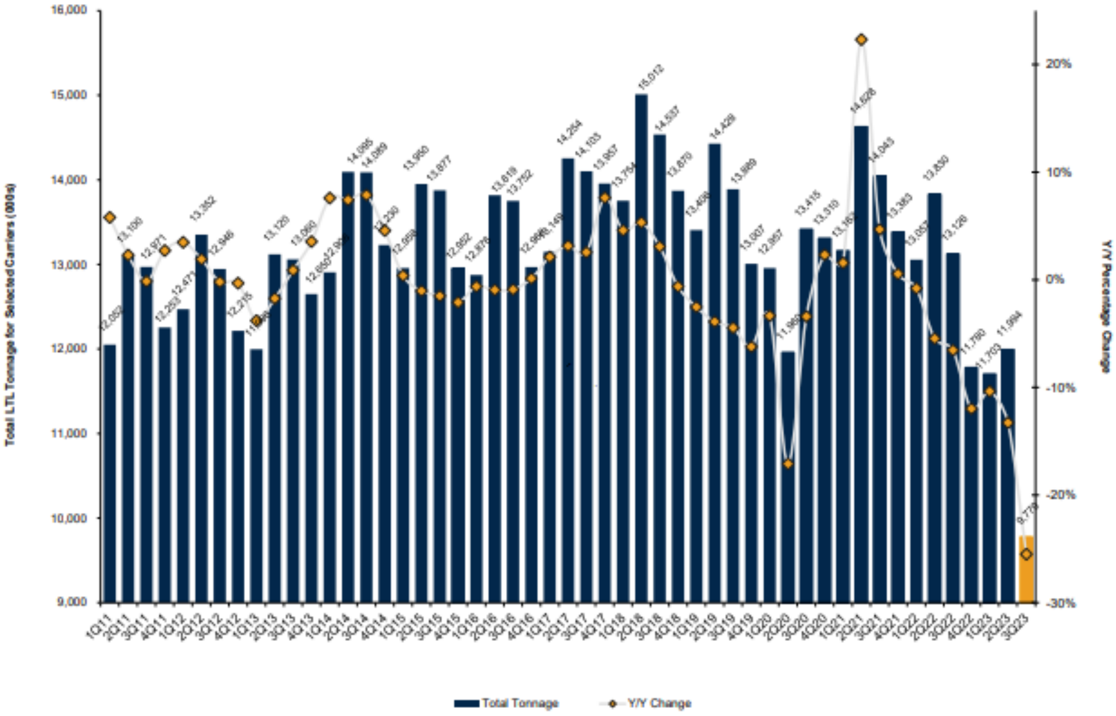


Source: Stephens & ISM

Key factors impacting demand

Tonnage and shipment count continue to decline

- Observations impacting demand
  - Tonnage, shipment count, and weight per shipment all continue to be down
  - Collectively, LTL carriers' tonnage is down less than the market due to Yellow's volume dispersing among carriers
  - Carriers have varying degrees of excess capacity available, ranging from 5% - 20%
  - Expect a similar volume level through at least mid-2024



Source: Stephens & ISM

Uber Freight

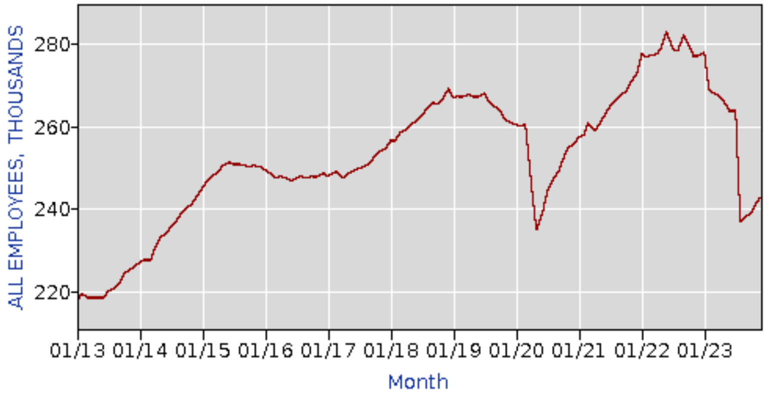
Key factors impacting supply

Yellow's impact to the Market

	Auction 1		Auction 2		Total	
	Terminals	Value	Terminals	Value	Terminals	Value
XPO	28	$870.0			28	$870.0
Estes	24	248.7	5	$35.3	29	284.1
Saia	17	235.7	11	7.9	28	243.6
RAMAR Land Corp. (R+L Carriers)	8	211.5	3	9.0	11	220.5
Terminal Properties, LLC (Pitt Ohio)	7	83.8			7	83.8
Knight-Swift Transportation	13	51.3	2	0.4	15	51.7
Crown Enterprises	8	38.2			8	38.2
ArcBest	3	30.2	1	7.8	4	38.0
A. Duie Pyle	4	29.4			4	29.4
FedEx Freight	0	0.0	1	22.5	1	22.5
RLF IV Acquisitions	3	20.9			3	20.9
TForce	2	16.0			2	16.0
GPSS Holdings	1	9.9			1	9.9
Southeast Consolidators (SECO)	1	8.5			1	8.5
Skylark Logistics	2	8.0			2	8.0
United Holding Group	2	4.7			2	4.7
Z Brothers Trucking	1	4.2			1	4.2
JIOS Fund I Acquisitions	1	3.1			1	3.1
Royal Group Holdings	1	3.0			1	3.0
MDHE Enterprises	1	2.8			1	2.8
Unis	2	2.4			2	2.4
All Star Investments	1	0.6			1	0.6
Total	**130**	**$1,882.6**	**23**	**$82.9**	**153**	**$1,965.5**

$ in millions

R+L Carriers purchased terminals through affiliate Greenwood Motor Lines in the second auction



Series Title: All employees, thousands, general freight trucking, long-distance, less than truckload, seasonally adjusted

Industry: General freight trucking, long-distance, less than truckload

Yellow Terminal

- Traditional LTL carriers bought 90% of available terminals sold to date
- Nearly $2B has been generated from sale and only about half of the terminals have been sold
- This results in strategic growth either to expand existing territory or improve terminal density within current territory

LTL Driver Employment

- Gradual decline in LTL drivers from mid 2022 through the closure of Yellow in July 2023
- The market is hiring drivers back into the market, but are still at historic lows

Carrier Cost Drivers

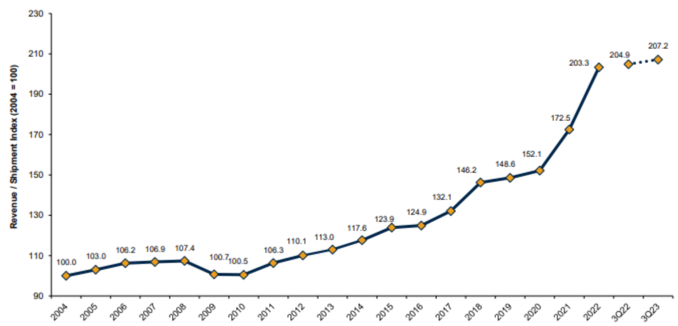
- Despite softening demand carrier's costs continue to rise
- According to a large regional carrier, maintenance & repair costs are up nearly 10%
- New equipment costs continue to rise by approximately 10%

Source: Freightwaves & US Bureau of Labor Statistics

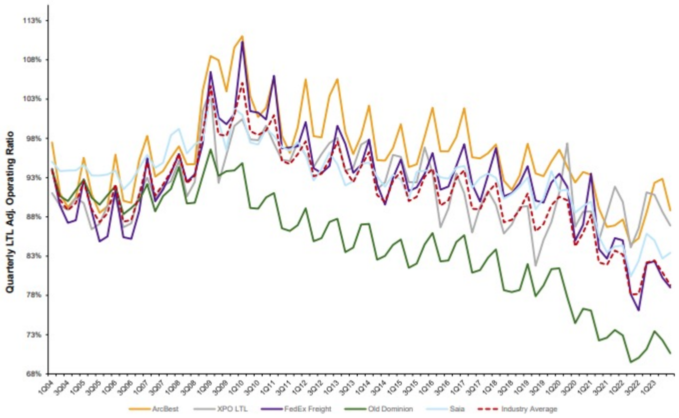
2024 rate outlook

REVENUE / SHIPMENT INDEX

2004 – 2Q23 (2004 = 100)



Historical Adjusted Operating Ratio



Source: Stephens

Contractual renewals

- The majority of contractual renewals are in the 3% - 7% range
- We are seeing a slight uptick in requested increases over the past quarter as carriers are entering year 2 of restrained carrier pricing
- LTL carriers remain price-disciplined despite reduced tonnage levels and continue to evaluate pricing on an annual basis
- LTL carrier revenue has stabilized recently due to subdued demand and overall competitive pricing
- Despite pricing pressure, carriers are managing costs as their Operating Ratio (OR) overall remains healthy with limited upward pressure

Pricing outlook

- Expect 3% - 7% contractual increases through 2024
- As carriers begin to move into their newly acquired terminals, expect some to offer attractive pricing in those markets in order to build density within those markets
- RFPs continue to yield savings, assuming carrier mix and route guide changes are made

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)

Industry observations

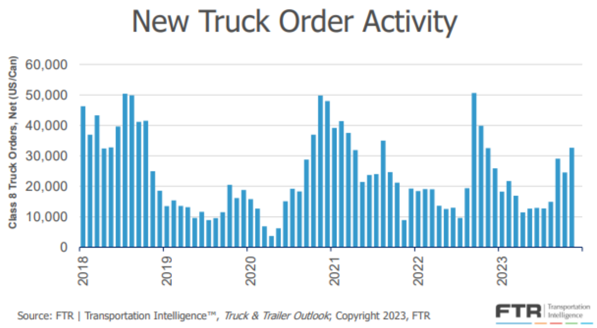
What we are observing from the market

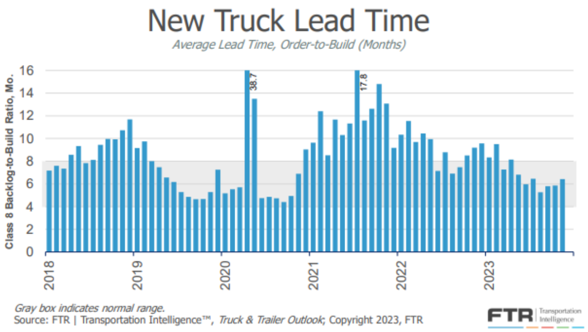
- Yellow impact
  - Majority of the volume appears to have spread-out among the industry and not a single carrier's market share increased substantially over others
  - Carriers with notable increase in market share since July 2023: XPO, FedEx, Averitt, and Saia (internal Uber Freight data)
- Forward Air recently announced an amendment to the merger agreement with Omni and the merger transaction closed
- Hub Group acquired Final Mile business from Forward Air
- Digital LTL Council announced amended version of the eBOL standard
- NMFTA appoints Joe Ohr as COO
- The National Motor Freight Classification (NMFC) system is undergoing a process to simplify the LTL classification system and emphasize density as the dominating criteria
- Continued focus to automate & digitize the LTL industry through the Digital LTL Council which includes LTL carriers, 3PLs and technology providers

US Bulk

Key factors impacting supply

- Overall utilization remains down
  - Although utilization is projected to improve throughout 2024, it is still expected to remain soft, staying below the levels seen in 2022.
  - Some carriers and shippers are reporting pockets of tightened capacity but are mitigating it with flexibility on pickup and/or delivery dates.
- Carriers continue to focus on utilization
  - Little change from Q3 as carriers continue to look for efficiencies in their networks.
  - Seeing upward rate pressure as carriers look to recoup empty miles costs.
  - Continued concern for the long-term health of smaller carriers as they struggle to cover fixed costs. Easing fuel costs and lower interest rates provide short-term relief.
- Equipment lead time back to pre-pandemic levels
  - Although new truck orders increased in Q4 (up over 30% from Q3), the lead time remained relatively flat, as production was able to keep up with the increased demand.
  - New trailer orders dropped overall in Q4, following higher Q3 order levels. Supply remains tight, however, for bulk, with its specialized equipment needs.
  - Although the availability of new trailers has improved, supply remains tight for parts, impacting repairs and preventative maintenance on existing equipment.

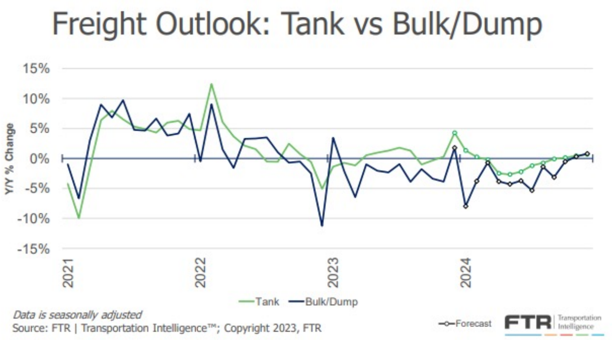




Uber Freight

Key factors impacting demand

- Volume projections mixed
  - Tanker demand is projected to be softer in H1 before increasing in the second half of the year, with longer-term chemical forecasts trending higher.
  - With the chemical industry being a significant portion of the tanker segment, demand can be impacted positively or negatively by geopolitical factors and shifts in fuel costs.
- Contract/Spot volume mix continues to trend toward contract rates
  - In Q2 2022, the contract/spot mix was 72.4%/27.6%. By Q3 2023, the spot rate % had dropped to 12%. Q4 saw spot usage drop again, but only slightly to 10.7%.
  - Despite that, spot premiums increased in Q4, rising from 7.3% in Q3 to 12.1% in Q4.
  - The Midwest region had the lowest spot rate impact, with spot rates nearly equal to contract rates (0.3% premium). The Southeast had the largest impact, with spot rates averaging 20% above contract rates.



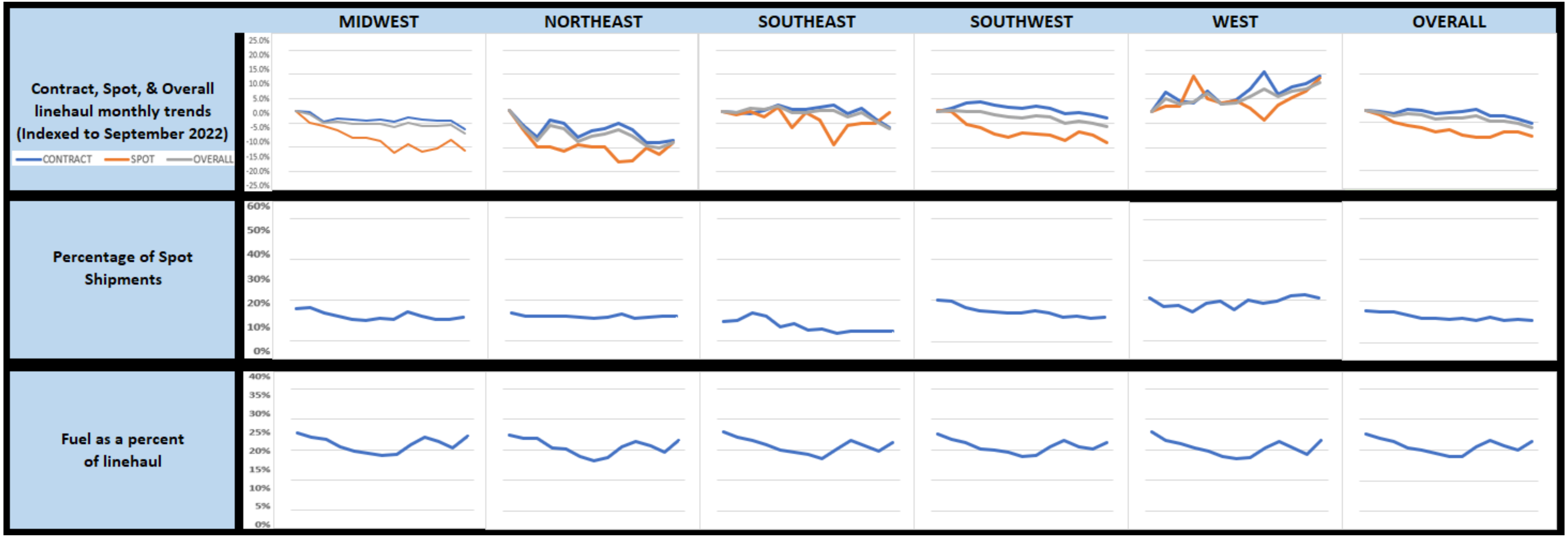
Truck Loadings Summary

Annual Growth Rate

Segment	2021	2022	2023 (Forecast)	2024 (Forecast)	2025 (Forecast)
Dry Van	6.6%	1.3%	0.5%	0.7%	1.9%
Refrigerated	1.4%	1.4%	0.8%	2.0%	3.4%
Flatbed	4.4%	4.3%	-0.8%	-0.3%	1.8%
Specialized	4.8%	4.7%	1.6%	0.3%	2.2%
Tank	3.0%	2.1%	0.5%	-0.6%	0.5%
Bulk/Dump	4.3%	0.3%	-1.9%	-2.9%	0.6%
Total	**4.8%**	**2.0%**	**0.0%**	**-0.3%**	**1.6%**

Source: FTR | Transportation Intelligence™; Copyright 2023, FTR

Bulk truck rate trends



- Contract rates face upward pressure as shippers stay with incumbent carriers due to Safety, Health, and Environmental concerns
- Similarly, these concerns keep spot use low despite soft capacity

Uber Freight

Warehousing Update

Key factors impacting warehousing

Demand

- Extraordinary strength of consumer spending on goods in **Q4 2023.**
- Retail sales on a not-seasonally adjusted basis were the strongest ever in **December 2023.**
- Optimism in **Q4 2023** held true with strong consumer spending, but it is possible consumer spending will slow down significantly given inflation, waning stimulus, and stock market volatility.

Inventory

- Retail Sales & Retail Inventories (excluding the auto industry) remain near **all-time highs.**
- Retail Sales (excluding the auto industry) experienced low volatility with a **0.08%** change m/m on average in 2023.
- Retail Inventory (excluding the auto industry) experienced low volatility with a **-0.05%** change m/m on average in 2023.
- Leanest inventories on record outside of the Covid pandemic with a sales-to-inventory ratio of **1.17.**

Labor

- Slight increase in industrial employment from **42.9M** in Q3 2023 to **43.0M** in Q4 2023.
- The US unemployment rate decreased from **3.8%** in Q3 2023 to **3.7%** in Q4 2023.
- Q4 2023 **wages hit a new all-time high,** continuing the trend set during Q3 2022 as worker availability continues to challenge employers.

Space

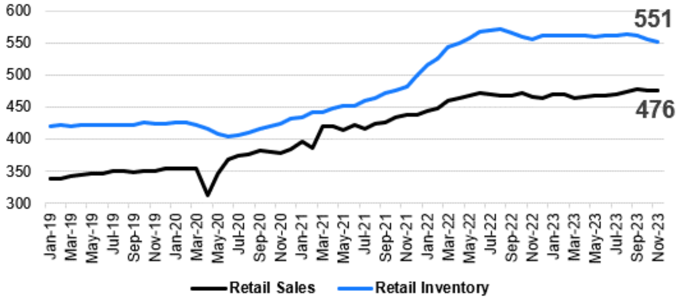
- Vacancies continue to climb from **4.7%** in Q3 2023 to **5.4%** in Q4 2023.
- Despite vacancies increasing, they still remain below the **6.8%** 15-year average, which has allowed Asking Rents to increase slightly from **$9.73 PSF** in Q3 2023 to **$9.79 PSF** in Q4 2023.
- Construction completions continue to deliver at a fast pace, with the **2nd highest total on record in Q4 2023.**
- New Constructions continues to dip for the 5th straight month, the **smallest pipeline since Q2 2021.**

Inventory levels

Retail sales and inventories remain near all-time highs but stay lean with Just-In-Time (JIT) delivery

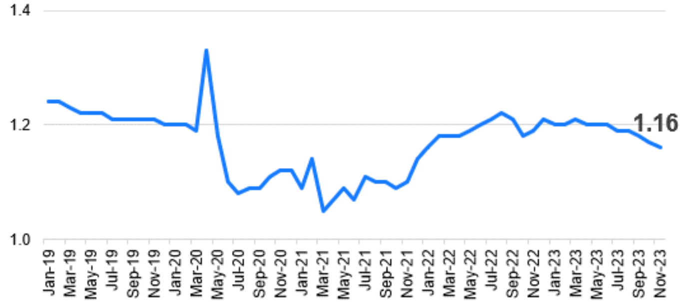
Retail sales & retail inventory (excluding auto industry) [1]

Thousands, indexed to January 2019



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

Indexed to January 2019



Q4 2023 inventory:

- Retail inventory decreased to **$551M** in Q4 2023 but still remain near all-time highs.
- Retail sales hit another all-time high in September 2023 of **$477M**, before decreasing slightly to **$476M** in October & November 2023.

Q4 2023 → Q1 2024 outlook:

- Logistics Managers' Index respondents expect inventory levels to grow slightly but to turn over quickly in a JIT-style. [2]
- Quick inventory turnover is expected to drive demand for warehousing and transportation, increasing prices for both. [2]
- The inventory-to-sales ratio is the lowest it has ever been except for during the COVID-19 pandemic.
- Lean inventories could mean a short-term increase in truck freight as businesses restock their inventory after the holiday shopping season. [3]

Source: [1] US Census Bureau; [2] Logistics Managers' Index, [3] HDT Trucking Info

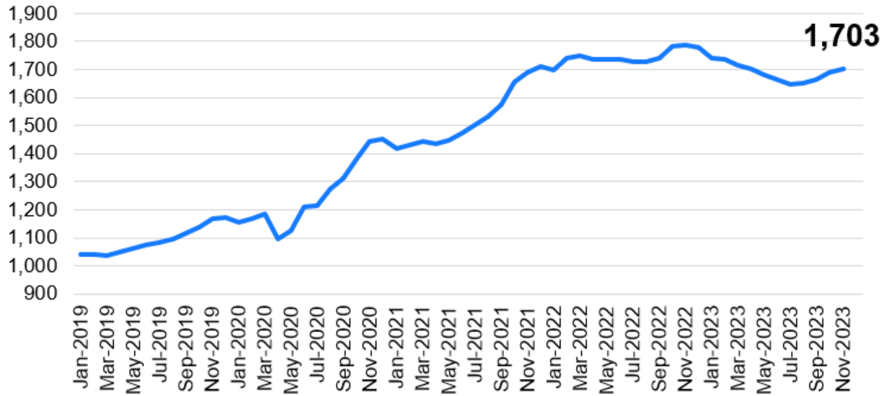
Uber Freight

Warehouse labor trends

Wages continue to soar as competition for labor continues in Q4 2023

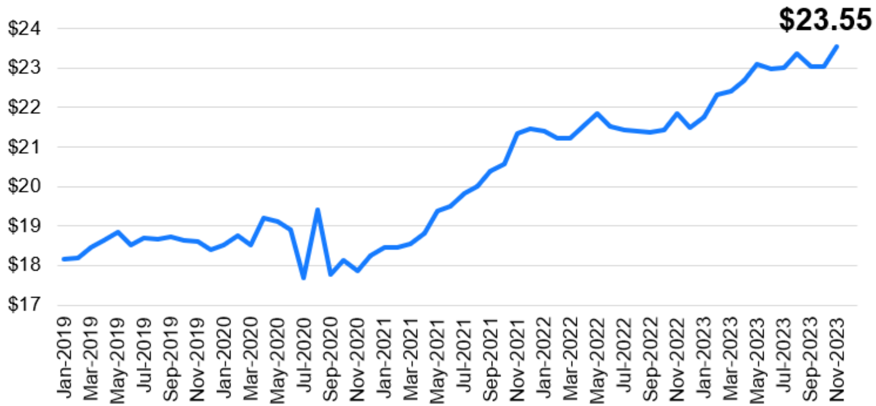
Warehouse Employment [1]

Thousands of employees, Indexed to January 2019



Warehouse Non-Supervisory Wages [1]

Per Hour Rate, Indexed to January 2019



Between November 2022 – July 2023, there was a steady decline in warehouse labor, -7.8%. Since July 2023, there has been a slight increase m/m of 0.8% on average. As of November 2023 warehouse employment reach 1.7M employees, 4.8% down from the all-time high of 1.8M in November 2022.

Non-supervisory warehouse wages hit a new all-time high of **$23.55** in November 2023 as wages continue to climb. This is a 7.8% y/y increase compared to November of 2022. Wages have increased by 32% since November 2020 during the Covid pandemic.

Source: [1] *US Bureau of Labor Statistics*

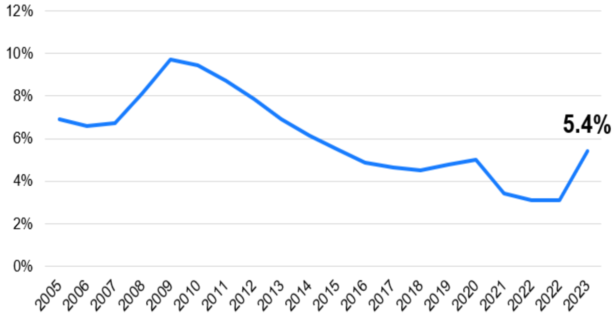
Uber Freight

Space availability and cost

Vacancies continue to slowly increase as cost per square foot slows its pace of growth

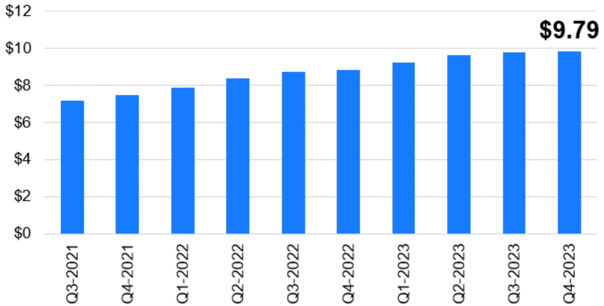
Vacancies [1]

Rate (%), Indexed to 2005



Asking Rent [1]

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



Q4 2023 Warehousing Recap:

- Vacancies continued to edge upward during the final quarter of 2023 to 5.4%, marking the first time the rate surpassed the 5% mark since Q3 of 2020. [1]
- Despite the uptick in vacancies, occupancy remains tight as the amount of available space is much lower than the 10-year pre-pandemic average of 7%.
- Asking rent increased slightly but rent growth has decelerated compared to historical figures.

Q4 2023 → Q1 2024 Outlook:

- Look for vacancies to inch up further as the construction pipeline continues to deliver new products throughout the country while demand moderates further. The national vacancy rate should peak at just over 6% in 2024 before re-tightening. [1]
- More sustainable rent growth will occur in 2024 as vacancy ticks higher and markets rebalance. Vacancy rates in the 5%-6% range typically generate steady rent growth in the mid-single digits. [1]

[1] *Cushman & Wakefield*

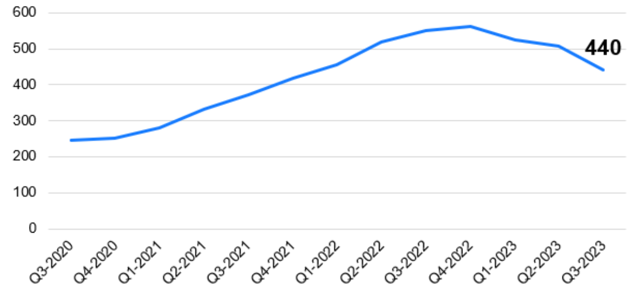
Uber Freight

Warehouse space outlook

Deliveries continue to climb while new construction continues to slow

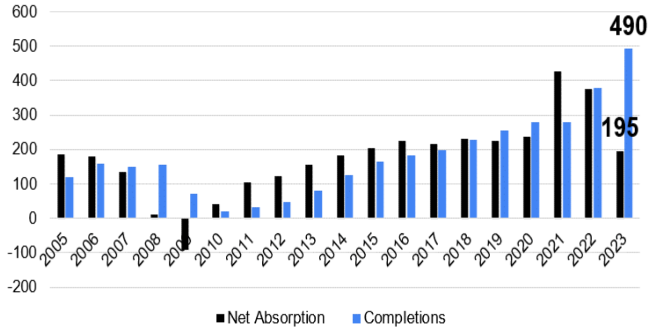
Under Construction [(2)]

Millions of Square Feet (MSF), Indexed to 2020



Net Absorptions & Completions [(2)]

Millions of Square Feet (MSF), Indexed to 2005



Q4 2023 Warehousing Recap:

- 2023 ended with absorption totals and vacancy rates back at pre-pandemic levels. High interest rates, normalizing demand, and record-setting construction delivery totals all contributed to market rebalancing after two record years. [(1)]
- Nine markets delivered more than 20 MSF in 2023, led by Dallas/Fort Worth (60.4 MSF), Houston (35.2 MSF), the Inland Empire (32.8 MSF) and Phoenix (32.1 MSF). [(1)]
- The volume of space under construction dipped below the 500-msf mark for the first time since mid-year 2021, and it now stands at 452.6 MSF, down 33.7% year-over-year (y/y) at the close of 2023. [(1)]

Q4 2023 → Q1 2024 Outlook:

- New supply for space will start to moderate in 2024, as construction starts continue to pullback due to uncertainty about the economy, difficult lending environment, and ongoing slowdown in demand. [(1)]
- Net absorption is expected to remain tempered in 2024 as cooler consumer demand for goods, persisting elevated interest rates, and inflation hamper growth. Still, almost 365 MSF of space is expected to be absorbed in the next two years. [(1)]

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

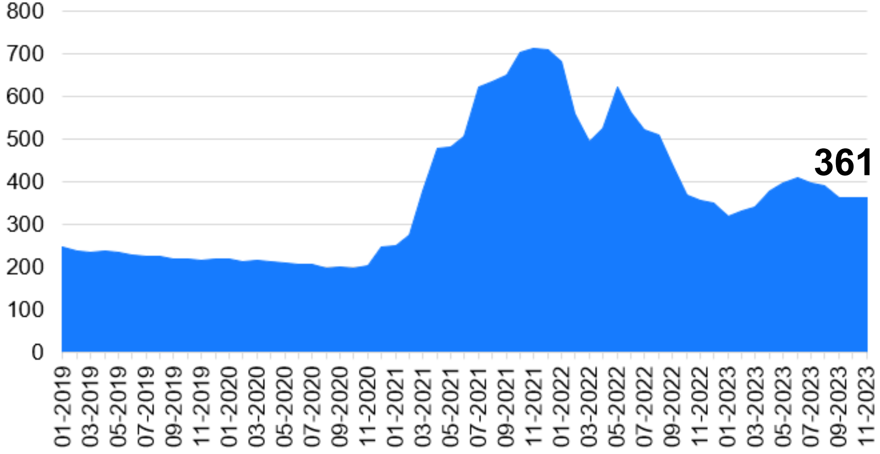
Uber Freight

Warehouse commodities

Price of steel holds steady as wooden pallets continue to decrease

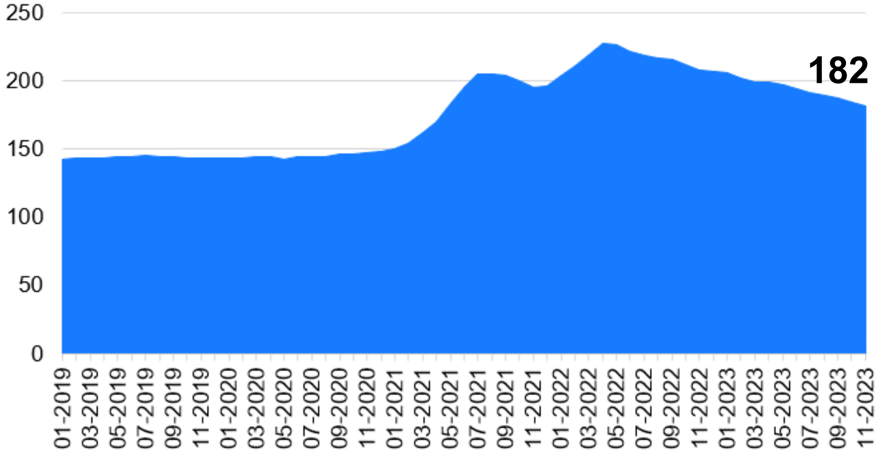
Steel Price Index (1)

Indexed to January 2019



Wooden Pallet Price Index (1)

Indexed to January 2019



The current price of steel is down 5.6% compared to Q3 2023. Prices are within 1% when compared to a year ago when the Q4 2022 average index was around 358. Prices are still well above where they were in 2019 (228) and 2020 (211) , but the volatility is slowing down.

The current price of wooden pallets is down 3.5% compared to Q3 2023 and down 12.5% when compared to Q4 2022. Much like steel, the price of wooden pallets is trending down, but it is still much higher than where it was before the pandemic. In fact, prices are 27% higher than they were in Q4 2019.

Source: (1) *U.S. Bureau of Labor Statistics*

Warehousing Summary

- The Logistics Managers' Index (LMI), comprised of warehousing, transportation, and inventory components, saw mild contraction in November (**49.4**) after three consecutive months of expansion. The LMI moved back into expansion territory in December (**50.6**), however it was a 3.4% decrease compared to the end of Q3 (**52.4).** *(1)*
- The LMI's contraction in November was mainly due to the rapid selling off of inventory due to the Q4 holiday sales in parallel with dips in warehouse and transportation capacity. Slowdowns in warehousing and transportation utilization also contributed to the contraction in November. *(1)*
- More and more shippers are beginning to return to their normal seasonal patterns. The volatility we saw in 2020 – 2021 may be in the rearview, but uncertainty ahead in 2024 may stunt the positive consumer spending trend we saw in 2023.
- We saw overall unemployment go down from **3.8%** in Q3 2023 to **3.7%** in Q4 2023 but industrial labor increased from **42.9M** to **43.0M** in the same timeframe. Competition to hire during peak holiday seasons was a challenge for some, resulting in warehousing wages reaching a new all-time high of **$23.55**. *(2)*
- Vacancies are up, but the market is still tight, driving asking rent higher.
- Construction completions continue to deliver at a rapid pace, but new construction starts continue to slow, which will deplete the market throughout the course of 2024.

Source: [1] Logistics Managers' Index, [2] Cushman & Wakefield

Recommendations

- Shippers who need more space should capitalize on the wave of new construction completions over the next twelve months. Start looking for space now: as the rapid decline of new construction continues, it will increase competition/cost for space in 2024.
- If you are looking to spend capital and expand, compare different network scenarios (1-DC, 2-DC, 3-DC, etc.) to see how much you could potentially expand your footprint while also protecting the cost to serve.
- If you are looking not to spend capital, compare different network scenarios by shifting customer assignments where it makes sense. Look for opportunities in transportation costs, warehouse costs, and improving service levels to customers.
- Shippers with expiring leases or 3PL contracts may investigate 3PL insourcing/outsourcing/resourcing or warehouse automation to take advantage of the current market dynamics.
- Create a Plan-For-Every-Part (PFEP) by standardizing how you package and ship your products. Many shippers have gaps in their PFEP and can get by with manual process and work arounds. However, if you look to invest in automation, these gaps must be closed in order for the automation to work properly. Start now, do not wait!

Europe

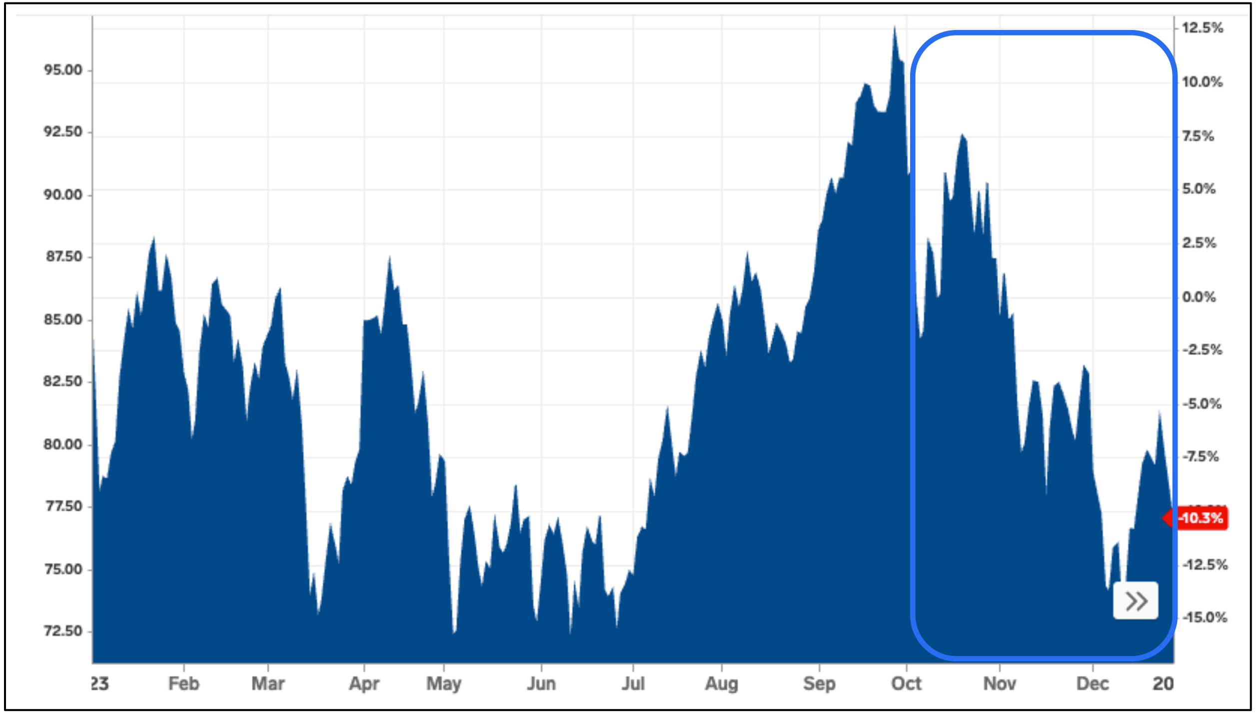
Factors affecting supply

Key points around capacity, pricing, and driver shortages

- Q4 continued to show positive transport capacity, both in the LTL and FTL markets.
- Carriers are actively seeking new business in a soft market.
- Procurement activity is showing significant price benefits as carriers aim to fill capacity.
- Rate reductions of >10% are being seen, especially in the LTL/Groupage market where fixed cost networks need volume.
- The premium of spot to contract rates continues to decline on some major trade lanes, with some lanes showing spot rates below contract rates, especially ex Germany.
- In the first nine months of 2023, 1,032 new electric trucks were registered in the Netherlands, an increase of almost 1,500%. The share of electric trucks amounts to almost 8% of the total number of registrations in this period (13,133), which was just half a percent a year ago.
- Sennder and Scania have launched a joint venture named JUNA, to drive electric truck adoption and accelerate decarbonization of European road logistics. JUNA introduces a pay-per-use model that provides carriers with access to electric truck solutions and capacity utilization guarantee from Sennder.

Factors affecting supply - oil price

Brent crude $/barrel



- The oil price has decreased rapidly during the quarter, falling from $90 to $77 per barrel
- The price was at its highest in mid-October at $92 per barrel
- Quarterly decrease: between Oct '23 - Dec '23 the oil price decreased by $13/barrel (-15%)
- Y/y: From Jan 2023 to Dec 2023, the oil price decreased by 10.3%

Source: Markets Insider

Factors affecting demand

The European economy GDP lags North America and Asia

Table 1.1. **Global growth is projected to remain subdued**

	Average 2013-2019	2022	2023	2024	2025	2023 Q4	2024 Q4	2025 Q4
				Per cent				
Real GDP growth[1]								
World[2]	3.4	3.3	2.9	2.7	3.0	3.0	2.9	3.0
G20[2]	3.5	3.0	3.1	2.8	3.0	3.2	2.9	3.0
OECD[2]	2.3	2.9	1.7	1.4	1.8	1.7	1.5	1.9
United States	2.5	1.9	2.4	1.5	1.7	2.4	1.3	1.9
Euro area	1.9	3.4	0.6	0.9	1.5	0.5	1.1	1.6
Japan	0.8	0.9	1.7	1.0	1.2	1.6	1.4	1.1
Non-OECD[2]	4.4	3.6	4.0	3.8	4.0	4.1	4.0	3.9
China	6.8	3.0	5.2	4.7	4.2	5.5	4.4	4.1
India[3]	6.8	7.2	6.3	6.1	6.5			
Brazil	-0.4	3.0	3.0	1.8	2.0			
OECD unemployment rate[4]	6.5	5.0	4.8	5.1	5.1	4.9	5.1	5.1
Inflation[1]								
G20[2,5]	3.0	7.9	6.2	5.8	3.8	5.4	4.5	3.4
OECD[6,7]	1.6	9.3	7.4	5.3	3.9	6.4	4.3	3.6
United States[6]	1.3	6.5	3.9	2.8	2.2	3.2	2.5	2.1
Euro area[8]	0.9	8.4	5.5	2.9	2.3	3.2	2.6	2.1
Japan[9]	0.9	2.5	3.2	2.6	2.0	3.0	2.1	2.1
OECD fiscal balance[10]	-3.2	-3.4	-4.8	-4.3	-4.0			
World real trade growth[1]	3.4	5.2	1.1	2.7	3.3	2.0	3.0	3.4

1. Per cent; last three columns show the change over a year earlier.
2. Moving nominal GDP weights, using purchasing power parities.
3. Fiscal year.
4. Per cent of labour force.
5. Headline inflation.
6. Personal consumption expenditures deflator.
7. Moving nominal private consumption weights, using purchasing power parities.

Source: OECD Economic Outlook, Volume 2023 Issue 2

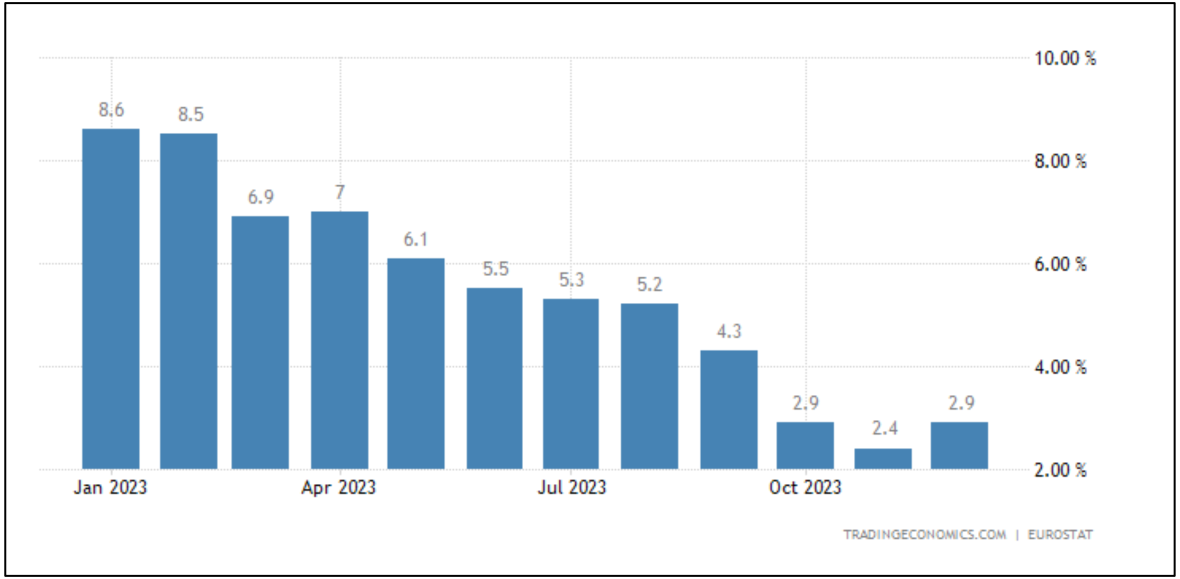
- GDP growth in the euro area in 2024 is forecast to be 1.1%, increasing to 1.6% in 2025.
- Europe's growth is lagging behind North American and Asian economies.
- Uncertainty has increased with growing geopolitical tensions.
- Forward-looking indicators of consumer confidence have worsened.
- Monetary policy needs to remain tight to ensure continued easing in inflation.
- The labor market remains tight, leading to ongoing above-average wage growth in many countries.

Uber Freight

Factors affecting demand

Inflation has fallen in Europe, and central banks have paused interest rate changes

Euro Area annual inflation rate



- The Euro area annual inflation rate was at 2.9% in December 2023, up from an over 2-year low of 2.4% in November 2023.
- European Union's annual inflation was 3.1% in November 2023, down from 5.9% in August. A year earlier, the rate was 11.1%.
- UK inflation was 4.0% in December, down from 6.7% in August.
- The European Central Bank did not change interest rates in the quarter.
- The UK central bank did not change interest rates in the quarter.

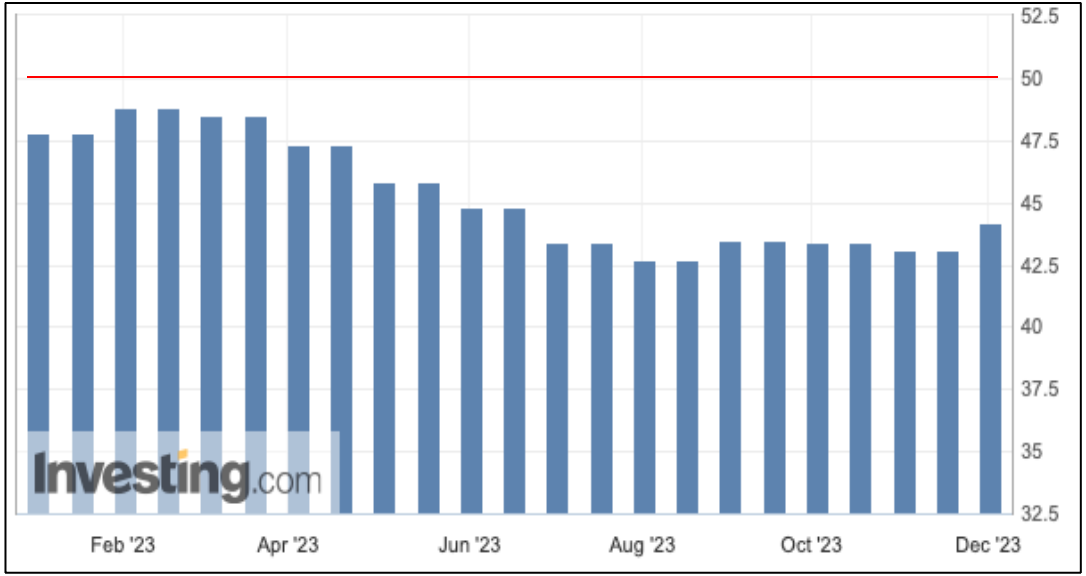
Uber Freight

Key factors impacting demand

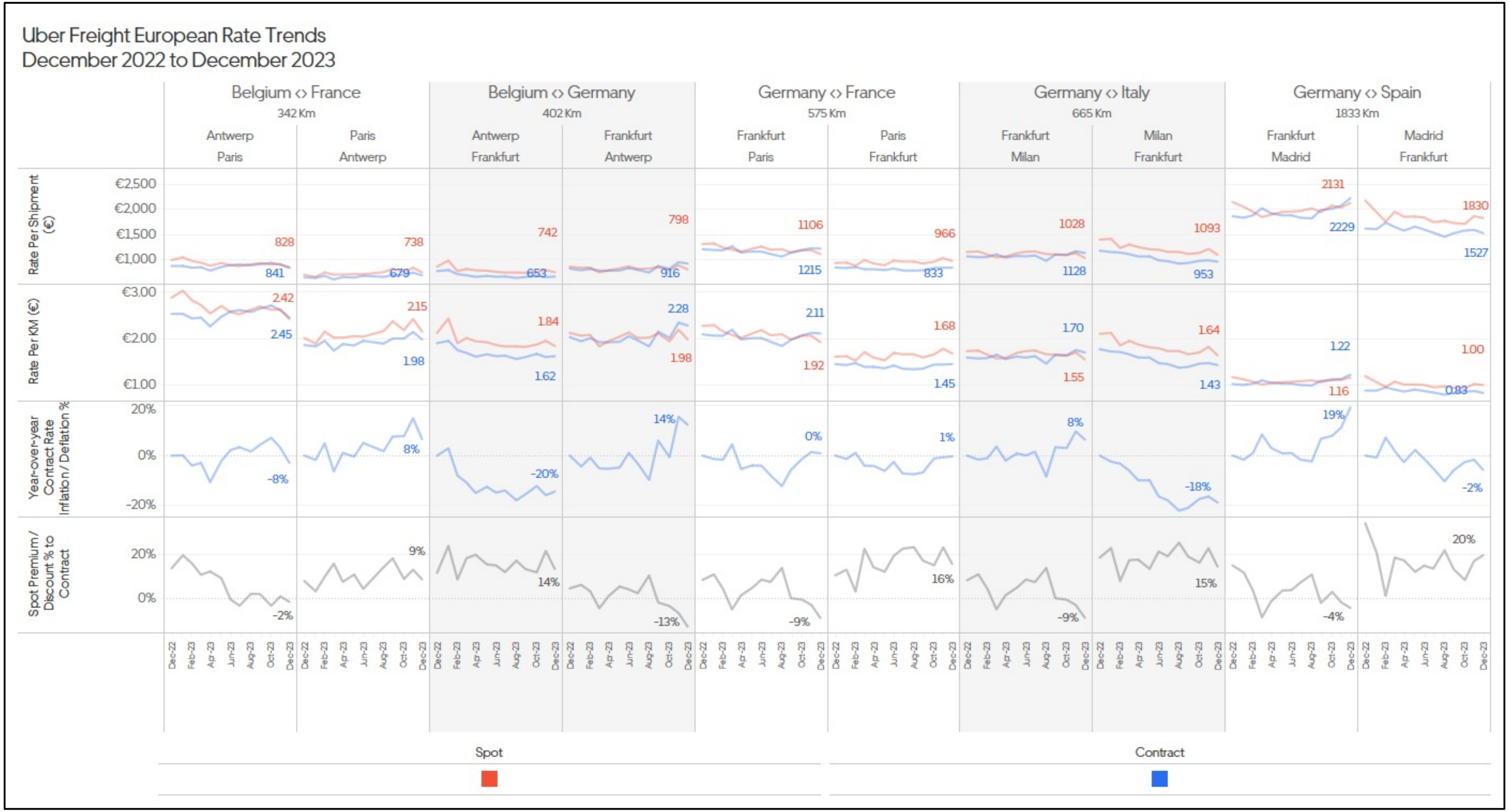
The manufacturing PMI remains below 50, with a small increase in December 2023.

- The unemployment rate in the Euro area was at 6.4% in November 2023, down from 6.5% in August 2023.
- The number of unemployed is 10.97 million, with the lowest jobless rate being in the Netherlands at 3.6%.
- The Purchasing Managers Index (PMI) for the Euro Area in Q4 2023 increased from 42.7 in August to 44.2 in December. The level remains well below 50, the threshold between expansion and contraction in the manufacturing sector.
- The PMI has now stayed below 50 since August 2022.

Purchasing Managers Index Manufacturing: past 12 months



European rate trends



Source: UPPLY.com

Uber Freight

European rate trends

Source: UPPLY.com

Uber Freight

Outlook: Freight supply and demand

- Inflation has continued to fall, and this is forecast to continue in 2024 at an average of 2.7%.
- GDP is expected to be 1.1% in the Euro area in 2024, supported by real income increases and foreign demand.
- Strikes by train drivers in Germany are expected to continue as the GDL Union continues its dispute with Deutsche Bahn.
- Carrier capacity continues to return as volumes decline, especially in LTL and Groupage networks.
- Fuel prices will remain volatile, especially given the ongoing geopolitical unrest.

Uber Freight

Outlook: Sustainability and regulatory

- The Council and the European Parliament have agreed to in effect ban sales of almost all diesel trucks by 2040. Manufacturers will have to reduce the average emissions of new HGVs sold in the EU by 45 percent between 2020 and 2030, increasing to 90 percent by 2040.
- As part of implementing EU Directive 2022/362, Austria will introduce a CO2 component to new tolls from January 2024, closely followed by The Czech Republic from 1 March 2024.
- Europe's Investment Bank has agreed to inject close to €1bn into the upgrade of the Czech Republic's railways, as part of a major "greening" initiative.
- Deutsche Bahn has begun construction of a rail connection which from late 2029 will enable trains to travel from Copenhagen, Denmark, through the Fehmarnbelt tunnel via Lübeck to Hamburg in two and a half hours.
- The Swiss government has announced a €270 million package to increase rail freight transport, including increased digitalisation in the sector.
- The UK government has announced a target to increase rail freight by 75% by 2050 to reduce emissions and road congestion.
- The International Transport Intermediaries Club has warned that the EU's new Emissions Trading Scheme (ETS) could impose billion of euros of costs on the shipping industry. From January 2024, the extended EU ETS will establish an annual absolute limit on greenhouse gas emissions for vessels of 5,000 gross tonnage and above, calling at EU ports.

Recommendations

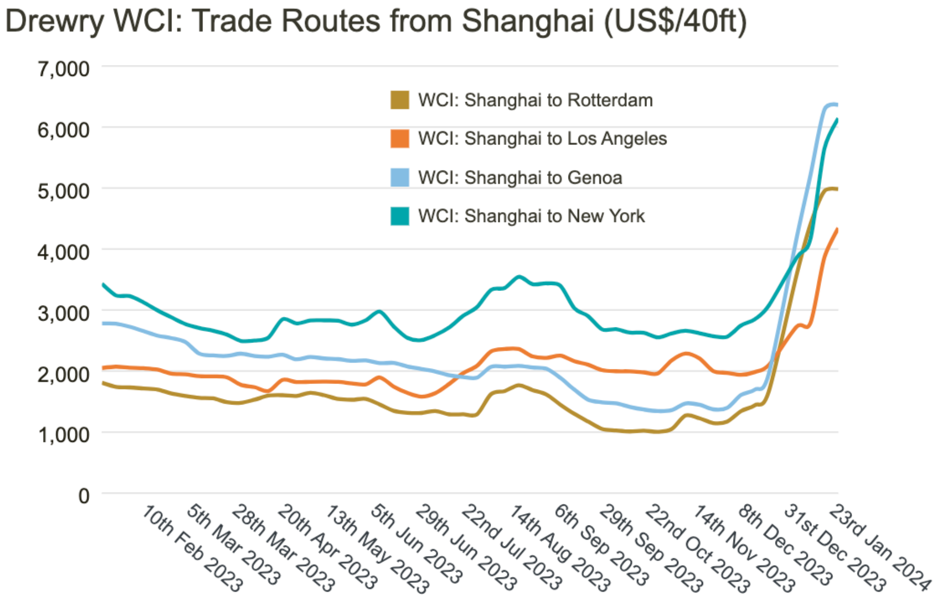
- Re-procure to gain benefits from a soft market.
- Carry out strong due diligence with new carriers to ensure they can provide long-term service at the rates proposed.
- Ensure contracts are robust to mitigate against increasing costs when the market improves.
- When re-procuring, add depth to the routing guide to ensure service levels are maintained.
- Explore spot market options where contract prices remain sticky.
- Carefully track carrier financial viability – a margin squeeze to maintain volumes may impact the least solvent.
- Track and measure the ongoing European rollout of increasing tolls and pass on costs to customers.
- Explore alternative fuel options and costs with carriers.
- Track strike action (Germany, France) and mitigate service issues by diverting freight where possible.

International

Global supply chain impacts

Red Sea diversions

- Vessels transits around Africa's Cape of Good Hope add ~ 10 to 15 days longer transit time from Asia to USEC ports.
- Sea-Intelligence Maritime Analysis data suggests that the new surcharges imposed by ocean carriers appear to exceed the cost to the carriers of rerouting around southern Africa. The US Federal Maritime Commission (FMC) granted waivers to ocean carriers of the standard required 30-day notice for rate increases. The FMC is planning a forum to discuss the surcharges.
- Majority of carriers will not resume Suez Canal transits until the risk of attacks is eliminated.



The Drewry composite index increased to almost $4,000 per 40ft container in January 2023, 94% above the same week last year.

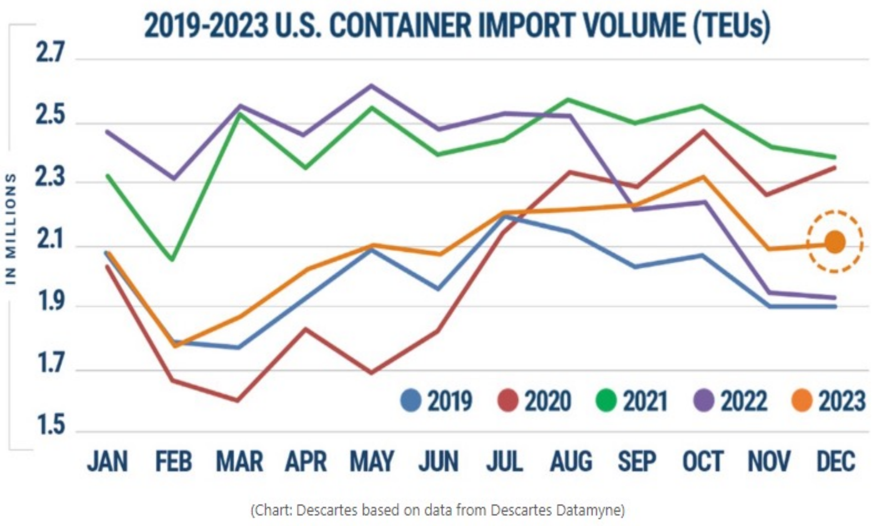
Uber Freight

Global supply chain impacts

- Ocean carriers have implemented Panama Canal Surcharges due to the ongoing drought.
  - USWC ports to benefit from reduced vessel transits via Panama Canal.
  - Analysis estimates LA/LGB share of US imports could increase to 35% from current 32%.
  - LA port is currently operating at 70% utilization compared to 90%+ during 2021-22.
  - Some carriers are offering alternate rail transit through Panama.

- Maersk & Hapag-Lloyd are entering into a vessel sharing agreement (Gemini Cooperation) effective February 2025. The cooperation will encompass 290 vessels and a combined capacity of 3.4m TEUs. Maersk will deploy 60% and HL 40%.
  - HL will leave THE Alliance end of January 2025
  - Maersk previously announced the termination of their alliance with MSC effective January 2025.

- ILA contract for longshoremen at East & Gulf coasts expires September 30th. National Retail Federation urging restart on negotiations.



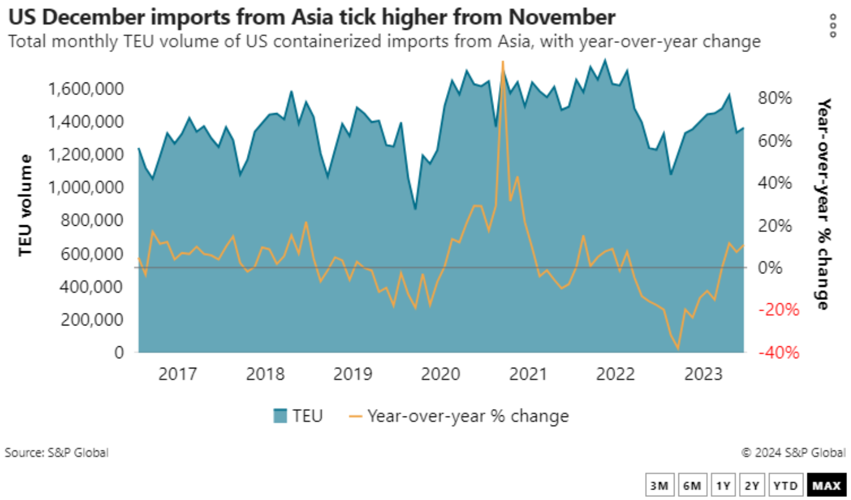
December 2023 imports up 9.2% compared to Dec 2022.
2023 total imports up 4.6% to 2019.

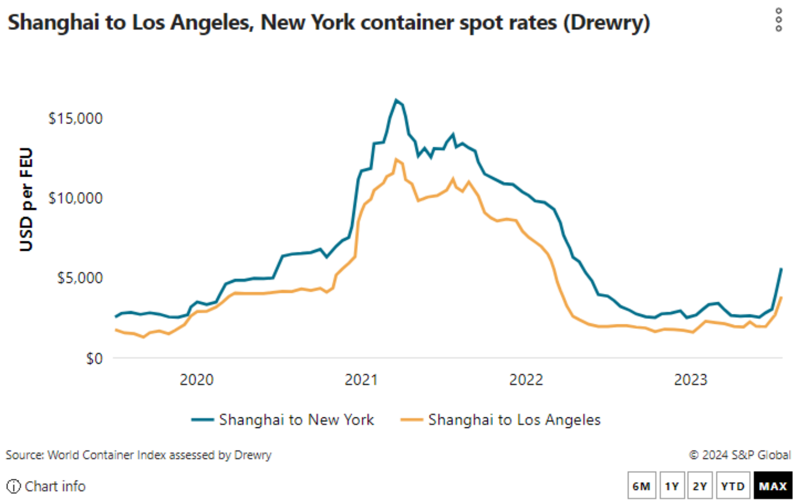
Transpacific trade

US Imports from Asia totaled 16.2m TEU, down from 18.7m TEU in 2022 (-13%). Volume in line with 2019 levels.

Ocean carrier investment in additional capacity has provided more resilient supply chains for shippers. Vessel schedules are expected to stabilize post China's Lunar New Year holiday.

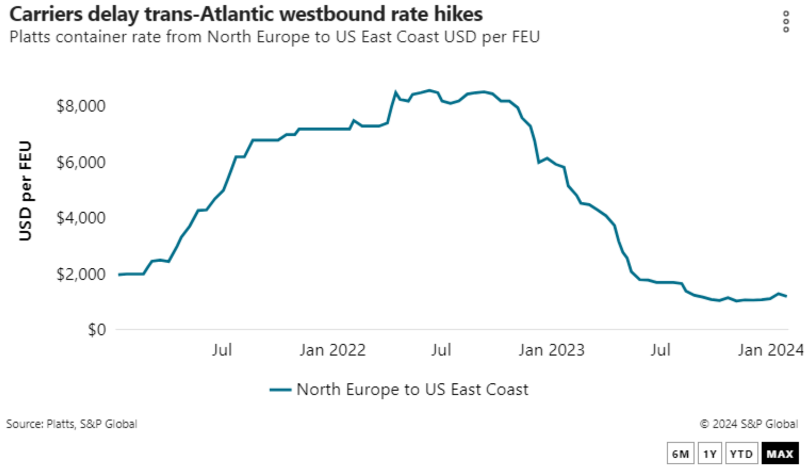
Equipment shortages developed at some Asia and India origin ports which were worsened by longer transit around Africa.

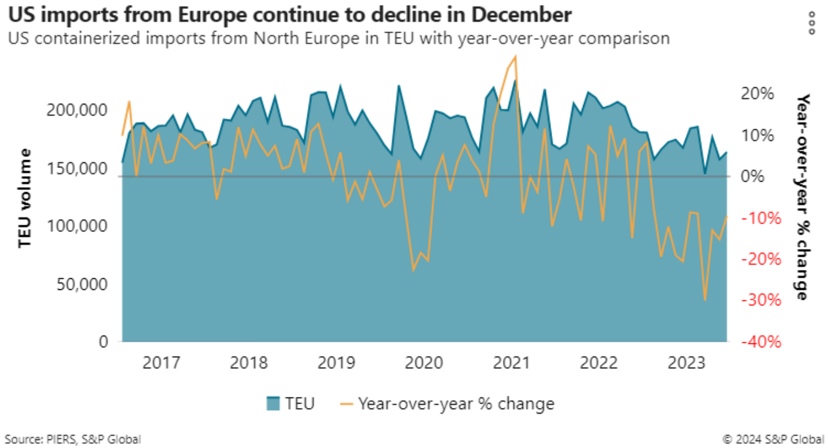




Trans-Atlantic trade

- Carriers' attempts to raise Trans-Atlantic westbound and Mediterranean to US/Canada/Mexico rates due to Red Sea-linked surcharges to cover equipment repositioning and rising vessel costs are thwarted by the ongoing drop in volume.
- Trans-Atlantic rates are at loss-making levels as the spot market has continued to deteriorate. US imports from N Europe to the US in December were down 10% y/y.
- Shippers anticipate carriers will shift capacity to more profitable lanes such as Asia to Europe and trans-Pacific trades.





Uber Freight

Mexico Truckload

Mexico economic outlook

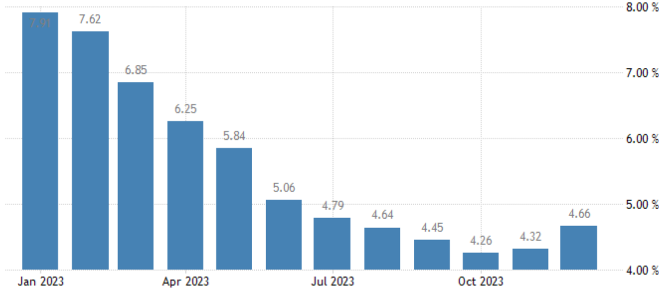
Mexico economy

- The accumulated annual inflation rate was 4.66% in December 2023.
- Interest rates remain high, up to 11.25%.
- GDP growth of 3.4% for 2023, surpassing all forecasts.
- The unemployment rate fell to 2.6% in December 2023 from 2.8% in the corresponding period a year ago.

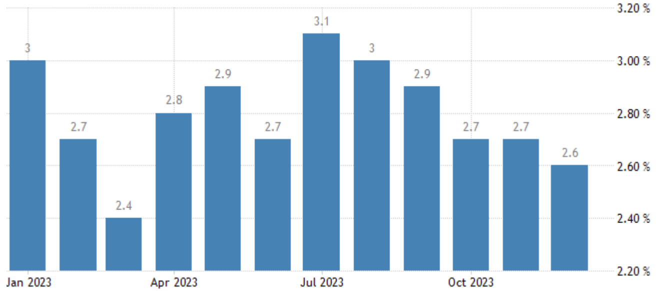
Exchange rate

- The average exchange rate for Q4 2023 closed at $17.58 MXN/USD, not reaching the Q1 2023 level of $18.70.
- Throughout 2023, the peso has increased against the US dollar by 13% compared to 2022.
- The 2023 exchange rate levels affected Mexican carriers' billing in USD.
- Analysts predict a further strengthening of the peso. Nevertheless, two factors can affect the peso's favorable forecast: the upcoming Mexican elections and Mexico's energy policies, but at least the peso will continue to strengthen in H1'24.

Mexico Inflation 2023



Unemployment Rate 2023



*Millions of U.S. dollars

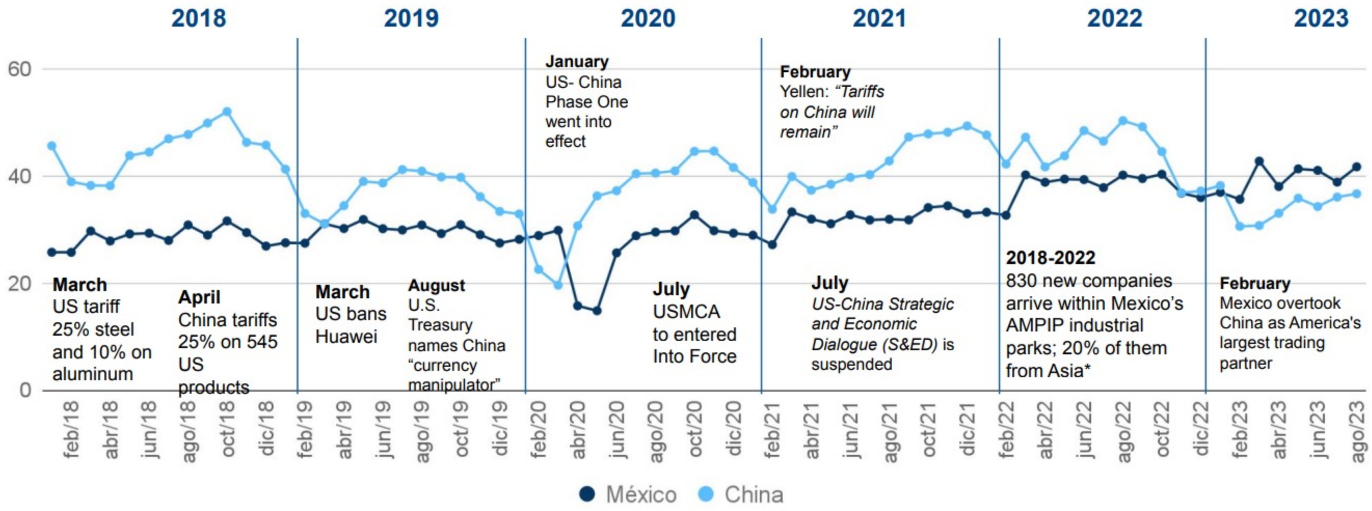
Source: Inegi (Instituto Nacional de Estadística y Geografía)

Uber Freight

Mexico economic outlook: Mexico and US Trade

- Mexico ranked as the top US trading partner in 2023, with a 3% increase year over year.
- The key industries that have driven this growth since 2018 are transportation equipment, machinery, furniture, and electrical equipment.

Total trade in goods with U.S.



*Millions of U.S. dollars

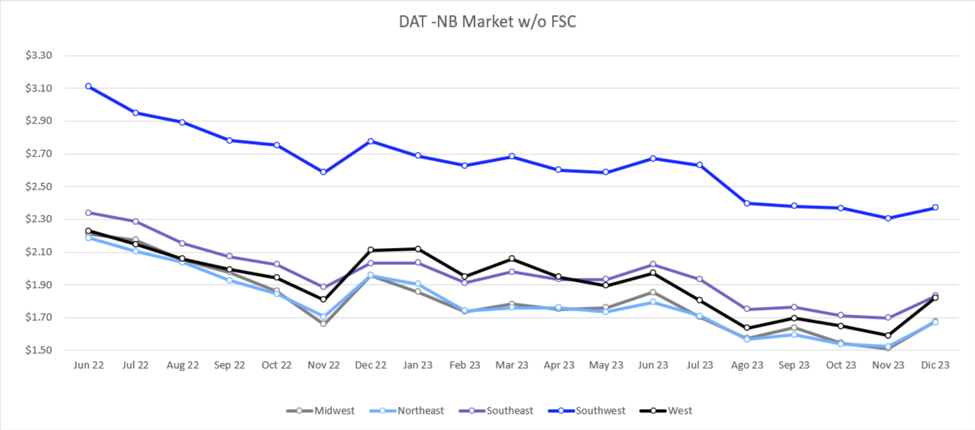
Source: BBVA Research with Census data

Uber Freight

Mexico current situation
Transportation cost and capacity

- Cross-border transportation continues to experience a soft market, with carriers prioritizing long-term commitments at competitive rates for shippers.
- However, it is expected that during Q2 2024, the market will recover, and we will start to see an increase in transport rates as we approach the uncertainty of the presidential elections for both Mexico and the USA.
- National avg. price per liter of diesel in MX reached $24.12 MXN in Nov 2023, an increase of 1.6% compared to the beginning of the year, $23.74 MXN in Dec 2023. During the year, the cost of diesel had minimal fluctuations.
- The Laredo load/truck ratio averaged 5:1 in January 2024.

Laredo Northbound Spot Rates



Source: DAT, w/o fuel

Mexico current situation

Security

- Cargo theft continues to be one of the biggest challenges for the transportation industry in Mexico. Carriers are facing increased insurance policy costs due to the rising risks. According to CANACAR, about 13,000 incidents of truck theft were reported on highways in 2023, a 5% rise from 2022.

Complemento Carta Porte

- The trial period without penalties for the correct emission of the Mexican Bill of Lading (Complemento Carta Porte) has ended, and as of January 1st, 2024, the 2.0 version has come into effect.
- In September 2023, the Mexican Tax Administration Service (SAT) announced a 3.0 version of the document that will take effect in March 2024.
- The new carte porte process requires a lot of coordination between shippers, carriers, and brokers; this situation creates delays in the southbound and northbound shipments while all parties get used to it.

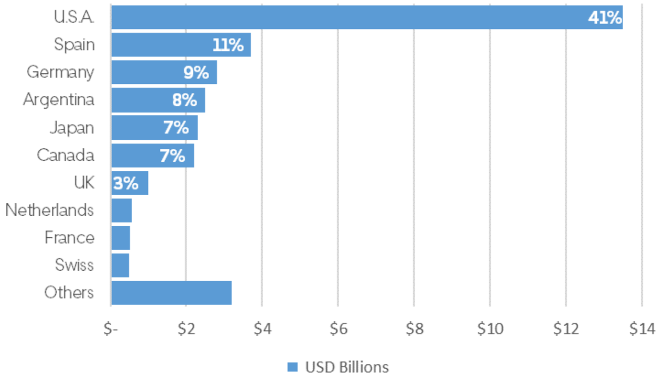
Cargo theft hot spots in Mexico 2023

Uber Freight

Nearshoring 2023 impact

- + 21% increase in both FDI and greenfield project announcements.
- 53% of Foreign Direct Investment corresponds to the manufacturing sector and 22% to financial services by Q3 2023.
- By Q3 2023, the primary origin countries of FDI in Mexico during last year were the US (US$13.5B), Spain (US$3.7B) and Germany (USS2.8B).
- AMPIP – Mexican Association of Private Industrial Parks – recognizes a positive pattern of nearshoring effects in attracting firms.
- According to the real estate consulting firm Colliers, 982 industrial parks and warehouses will be delivered in 2024, representing 23.1 million m2.

Main origin countries of FDI in México by Q3 2023

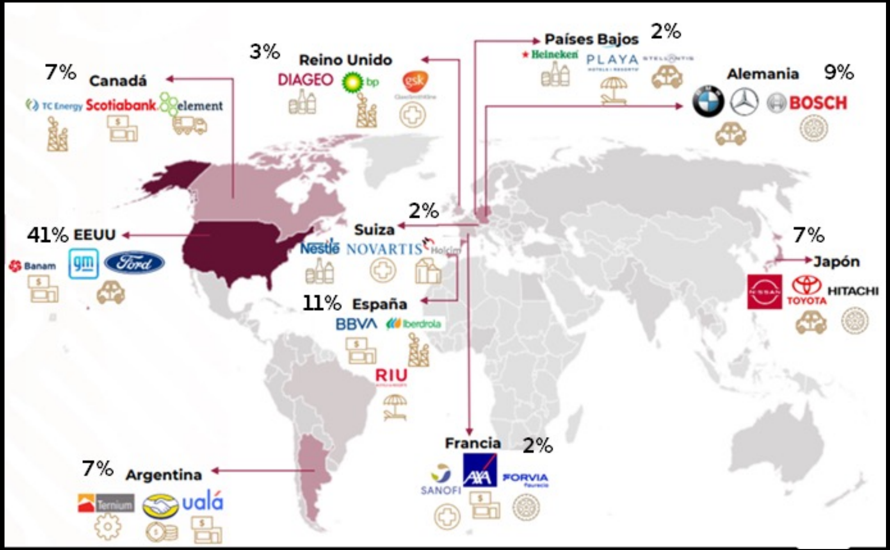


Source:: Secretary of Economy

5 largest investments in Industrial Parks in 2023

Uber Freight

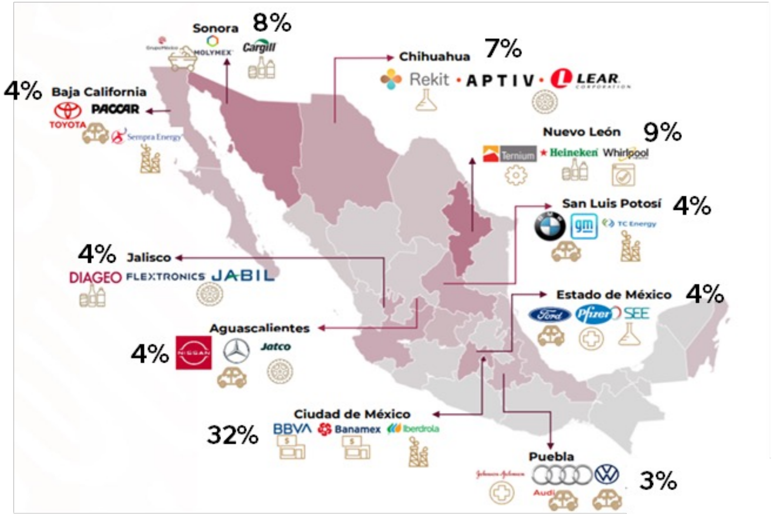
Top 10 countries with the highest FDI in Mexico during 2023



Sectors:

USA: 49% manufacturing, 29% financial services
Spain: 64% financial services, 20% construction
Germany: 97% manufacturing
Japan: 99% manufacturing
Argentina: 95% manufacturing

Top 10 Mexico states with the highest benefit from FDI during 2023



Source:: Secretary of Economy

Sectors:

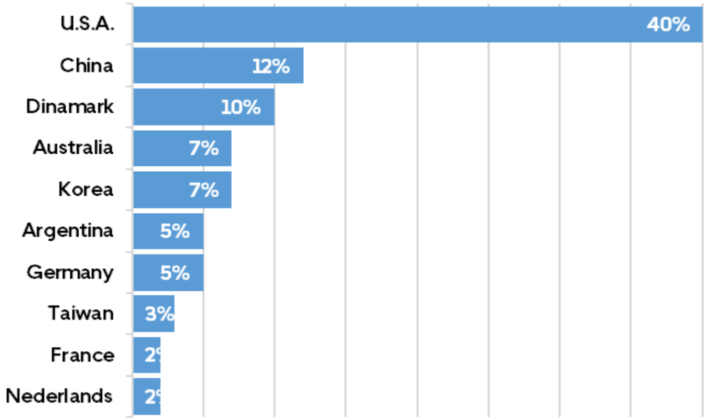
Ciudad de Mexico: 49% financial services, 31%, manufacturing, 6% construction
Nuevo Leon: 90% manufacturing sector
Sonora: 78% Mining, 14% manufacturing sector
Chihuahua: 83% manufacturing sector, 9% mining

Uber Freight

Nearshoring – 2023 announcements

- The Secretary of Economy identified last year 378 announcements of investment, which will represent US $106B and 235K new direct employments, in the following 2-3 years.
- 49% of the announcements correspond to the manufacturing sector, mainly the automotive industry, iron and steel, electronics, and beverages.
- Demand growth of industrial parks is expected. AMPIP (Mexican Association of Private Industrial Parks) members estimate to receive 453 firms within the next two years, 20% of which are Chinese.
- Nearshoring will generate an estimated demand of up to 8 million square meters in industrial spaces in Mexico by 2027, with a US$3B investment.
- The biggest challenges continue to be security, logistics infrastructure, water scarcity crisis, insufficient electricity, and the energy policy not encouraging green energy generation at a competitive price.

Top 10 2023 announcements of Investment by Country



Top 10 2023 announcements of Investment by Company

Company	Country	Sector	Investment *Billions
Mexico Pacific Limited	U.S.A.	Transportation	$ 15
Tesla	U.S.A.	Manufacturing	$ 10
Copenhagen Infrastructure Partners	Denmark	Energy	$ 10
Woodside Energy	Australia	Energy	$ 7
KIA Montors	Korea	Manufacturing	$ 6
LGMG Group	China	Construction	$ 5
Ternium	Argentina	Manufacturing	$ 4
CloudHQ	U.S.A.	Construction	$ 4
Jetour	China	Manufacturing	$ 3
Pagtraon y Wistron	Taiwan	Manufacturing	$ 2

Source: Secretary of Economy

Uber Freight

Relevant announcements by state during 2023

Nuevo León is the state with the most favorable impact from the announced investments in 2023, followed by Sonora.

67% - New companies have been created in Mexico and are expanding their investments.

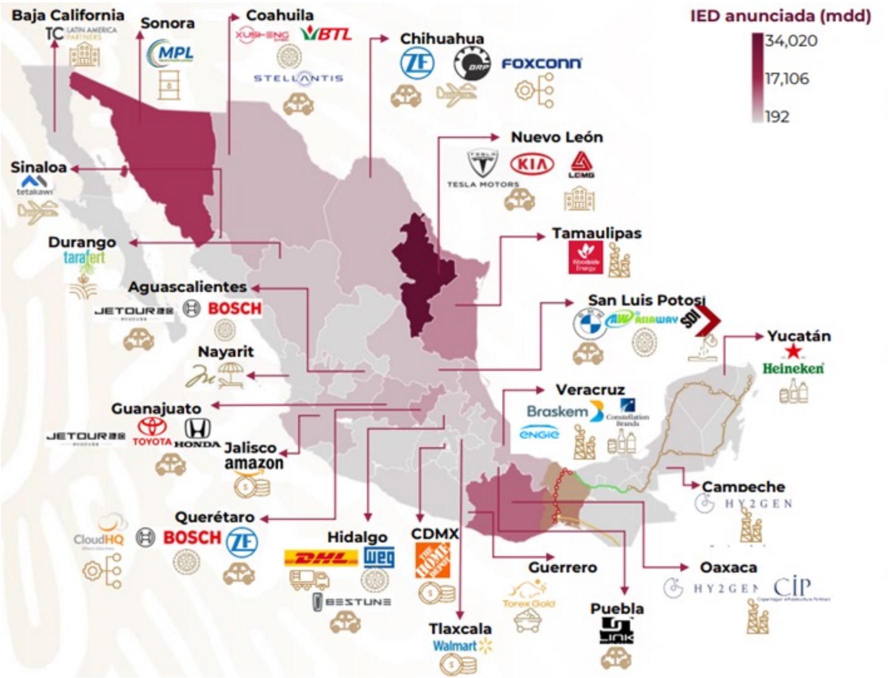
1. Mexico Pacific Limited (EEUU)
2. Tesla (EEUU)
3. Woodside Energy (Australia)
4. Kia Motors (Corea)
5. CloudHQ (EEUU)

25% - New investments with no current presence in Mexico.

1. Copenhagen Infrastructure Partners (Dinamarca)
2. LGMG Group (China)
3. Jetour (China)
4. HY2GEN AG (Alemania)
5. Quanta Computers (Taiwán)

8% - Companies with a current presence in Mexico are expanding their investments.

1. Ternium (Argentina)
2. Constellation Brands (EEUU)
3. CPKC (Canadá)
4. Walmart (EEUU)
5. Heineken (Países Bajos)



Source: Secretary of Economy

Uber Freight

Outlook and recommendations

- Mexico's economy has demonstrated resilience and stability. Nearshoring will continue supporting Mexico in the medium to long run.
- Mexico will have presidential election this upcoming month of June. The elections will be Mexico's most consequential event of 2024. This event can create uncertainty and affect potential investment and, thus, FDI. Companies can be expected to postpone and even cancel their investment in the country throughout the year.
- The Mexican peso is expected to continue strengthening for at least the first half of 2024 and will be under pressure around the presidential elections in the U.S. and Mexico.
- Cargo theft grew 5% compared to 2022, which continues to be challenging. It is important to define robust safety procedures on shippers' routes to minimize the drivers' risk. i.e., transit during daylight in hot areas and convoys.
- Nearshoring effects will impact cross-border activity in the upcoming years. Capacity will be a challenge that might impact rates.
- It is recommended that shippers adapt to the 3.0 version of the carta porte to be prepared once it comes into effect in March 2024.
- Q1 2024 is still a good time to negotiate and lock in rates for 2024, taking advantage of the soft market.

Canada highlights

Canada's economy hit a technical recession at the end of 2023 and will continue to struggle to grow in the new year, according to forecasts from the Canadian Federation of Independent Business. The CFIB projection released on January 23rd, 2024, suggests the Canadian economy contracted 0.2 percent in the final quarter of 2023. Statistics Canada reported last year that real gross domestic product also contracted slightly in the third quarter. The CFIB forecasts have the Canadian economy rebounding with 0.5 percent growth in the first quarter of the year.

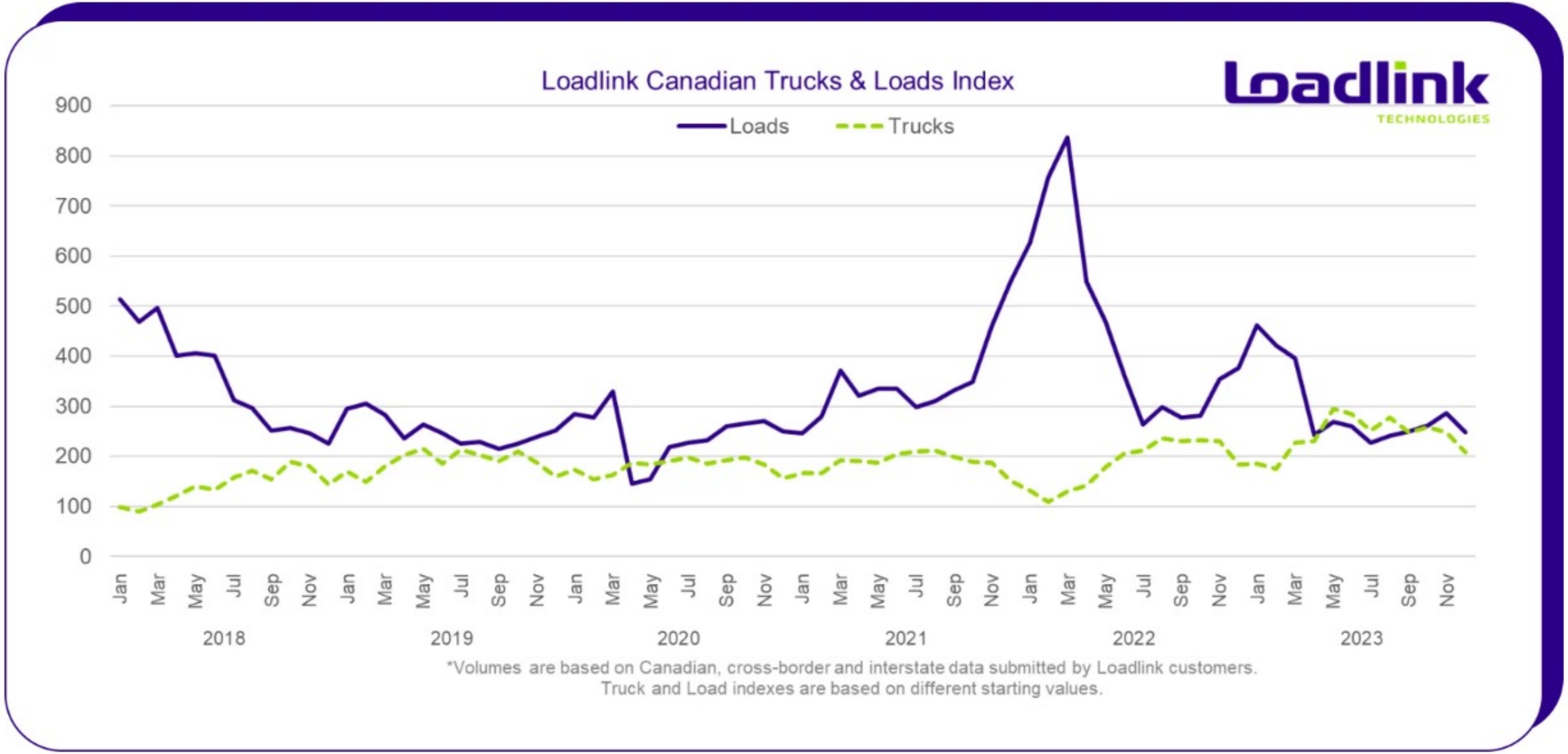
- Canada Manufacturing PMI fell to 45.4 in December 2023 from 47.7 in the previous month.
- Business investment is contracting due to tightening financial conditions.
- The Bank of Canada held the target for its overnight rate at 5% for the fourth consecutive decision in January 2024, leaving benchmark borrowing costs at a 22-year high.
- Forecasts predict that the average inflation rate will be lower than in recent years at 3.1 percent for 2024.
- Consumer spending patterns are trending downward, and high inflation and borrowing costs affect many households.
- Unemployment rate in Canada was at 5.8% in December of 2023, holding unchanged from the 22-month high recorded in the previous month.
- Canadian Dollar is expected to trade at 1.34 by the end of this quarter, according to analyst's expectations.

Canada: key factors impacting supply

Canadian market continues to favor shippers. The full truckload market capacity oversupply, coupled with customers' efforts to reduce inventory levels, have contributed to a difficult operating environment in the 4th quarter.

- Capacity is slowly exiting the market but is far away from balancing with demand.
- FTL contract and spot rates remain stable and near the bottom.
- Less-than-truckload demand is strong with improving yields. Carriers are implementing single-digit rate increases.
- Class 8 retail truck sales in December fell year-over-year for a fifth consecutive month.
- A few carriers closed their doors in the last quarter. The market will continue to weed out those carriers and brokers that don't have a strong enough balance sheet.

Canada: key factors impacting supply



Truck-to-load ratios been flat through Q4 '23. Loadlink's most recent figure for November was 4.33 available trucks for every load posted. Year-over-year, the truck to load ratio increased by 32 percent to a ratio of 2.86 in November 2022

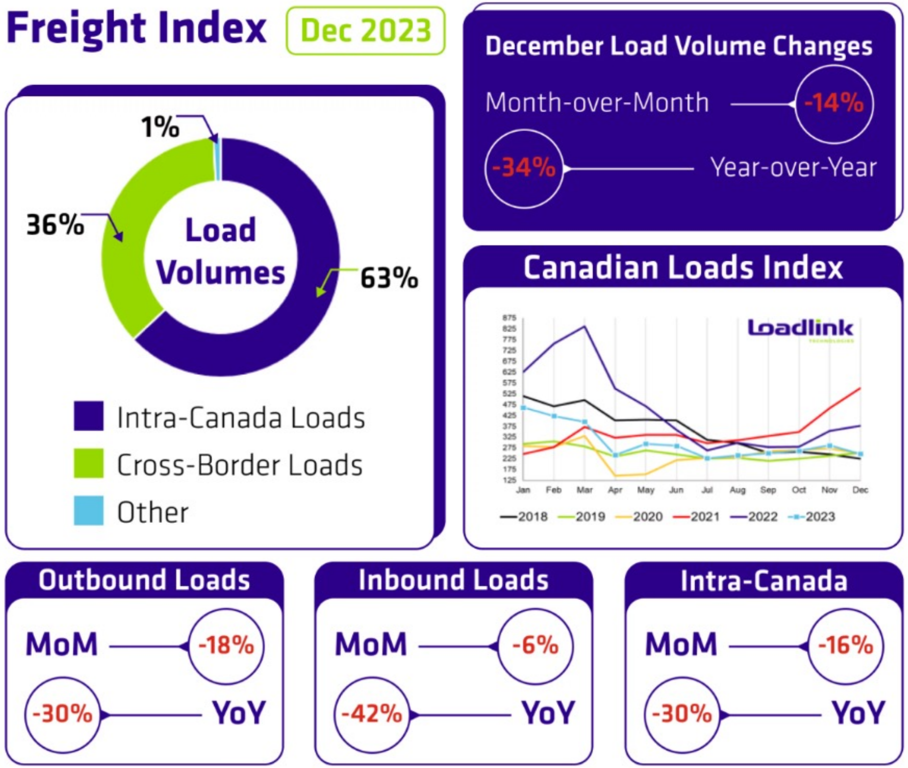
Uber Freight

Canada: key factors impacting demand

- The continued impact of higher interest rates is taking hold, negatively impacting consumer spending.
- Due to a drop in domestic demand, consumption stagnated for the second quarter in a row.
- Bank of Canada’s Fourth Quarter Business Outlook Survey indicates that firms reported less favorable business conditions in the fourth quarter. Many saw declines in sales volumes. Indicators of future sales, such as order books and sales inquiries, have deteriorated compared with a year ago. But, on balance, firms expect sales to stabilize over the next 12 months.
- Optimism around oil demand, following strong US GDP growth and Chinese stimulus measures, along with decreased supply shown in the EIA report, indicating a significant draw in US stocks and heightened tensions in the Red Sea, underpinned oil prices.
- The Canadian dollar strengthened past the 1.35 per USD level in January on the back of rising oil benchmarks and despite a strong US dollar.
- Manufacturing output and new orders both contracted in Q4 due to market demand.
- A growing proportion of unemployed people who had worked in the past year found themselves out of work as a result of an employer's decision rather than a voluntary departure.

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.

Canada: outlook

2023 has been defined by a cost-of-living crisis and a slowing economy. However, there are some promising economic indicators that are bringing hope for 2024. The Bank of Canada has been trying to get inflation back to the 1-3% range through interest rate hikes. The central bank is expected to start cutting by Q3-2024, with estimates that the rate will be 4% by Q4-2024. That should provide some relief to Canadian households and businesses. Overall, expect a sluggish first half of 2024, with the economy getting back on track in the second half of 2024.

- Unemployment is expected to be 6.10 percent by the end of this quarter. In the long term, the Canada Unemployment Rate is projected to trend around 6.20 percent in 2024.
- Full-year GDP Growth in Canada is expected to reach 1.30 percent by the end of 2024. In the long-term, the Canada Full Year GDP Growth is projected to trend around 2.10 percent in 2025.
- Retail Sales expanded by 1.8% from previous year, slowing from the 2.2% increase in October.
- Inflation Rate increased to 3.40% in December from 3.10% in November of 2023. Inflation Rate is expected to be 2.70% by the end of this quarter and is projected to trend around 2.00% in 2025.
- While the BoC noted it may be too soon to discuss reducing interest rates, it may be inevitable in 2024. Inflation is showing clear signs of easing, while economic conditions are weakening.

Source: Statistics Canada, OECD Economic Outlook

Canada: recommendations

Will 2024 bring a definitive end to the current freight recession? There are a few indications that the market turn is imminent, and it seems well-positioned to bounce back in 2024.

Time to 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 and re-negotiate your accessorial charges
- Look to remove cost from your network:
  - Leverage sailing schedule for inter-provincial freight flows
  - Convert to intermodal for long-haul lanes
  - 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

Uber Freight

Uber Freight