

# ***UNIVERSAL LOGISTICS HOLDINGS, INC.***



***FALL 2021***

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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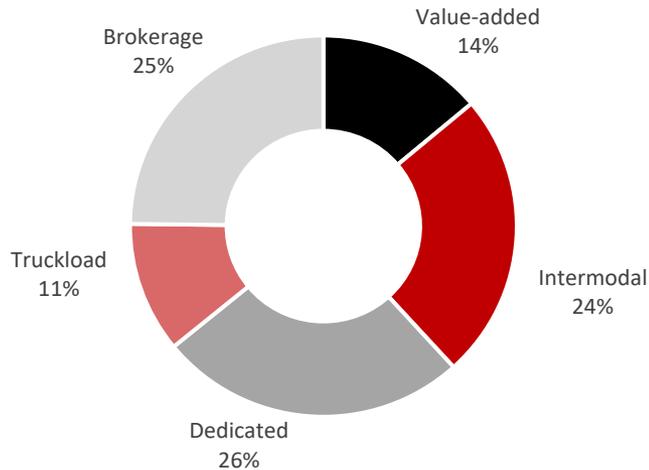
# *Universal*

***ABOUT US***

## Highlights

- Suite of transportation and logistics solutions
- Diversified, complementary service offerings
- Variable cost model protects margin
- Focused on sales growth and managing costs
- Favorable long-term outlook across service lines

**TTM Business Mix**



**Warren, MI  
Headquarters  
Nasdaq: ULH**

**\$594 million  
Market Cap**

**4,260+ Tractor  
Fleet Size**

**9,720 Direct Employees  
and FTE's**

**60 Active  
Value-Added Programs**

<p><b>1981</b></p>		<p><b>2005</b></p>		<p><b>2015 - 2016</b></p>	
<p><i>Universal Founded</i></p>	<p><i>Strategic Acquisitions</i></p>	<p><i>Initial Public Offering</i></p>	<p><i>LINC &amp; Westport Acquisitions</i></p>	<p><i>Corporate Streamline Universal Logistics Holdings (NASDAQ: ULH)</i></p>	<p><i>Six Strategic Intermodal Acquisitions</i></p>
	<p><b>1981 - 2005</b></p>		<p><b>2012 - 2013</b></p>		<p><b>2018 - 2019</b></p>



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***SEGMENTS***

## CONTRACT LOGISTICS

### VALUE-ADDED

#### **Sequencing and sub-assembly**

Provides storage, pre-assembly and rapid delivery of parts

#### **Material handling and consolidation**

Coordinates receipt, unloading, sorting and out-bound delivery to specified destinations

#### **Central materials area operations**

Operates facilities that store customers' bulk orders until transported to assembly plants

#### **Kitting and repacking**

Provides multiple parts in one "kit" for a single assembly operation and repackaging of vendor supplied parts

#### **Returnable container management**

Manages the collection and return of customers' containers following delivery

### DEDICATED

#### **Dedicated transportation**

Uses a mix of owner-operated and company owned equipment for committed capacity and close-loop transportation

#### **Expedited transportation**

Provides expedited direct shipment services using owner- operators

#### **Yard management**

Provides switching and inventory management of customer trailers and containers

## INTERMODAL

#### **Drayage**

Transports containerized cargo over short distances

#### **Storage**

Provides container, chassis and trailer storage near port or railhead locations

#### **Maintenance & repair**

Performs repair and preventative maintenance on all types of intermodal equipment

## TRUCKING

#### **Truckload transportation**

Uses a mix of owner-operated and company owned equipment to haul commodities in various end markets. Services include dry van, flatbed, heavy haul, refrigerated, and specialized equipment

#### **Specialized truckload**

Provides transportation services of customer goods which is over-weight, over-size, and a variety of other specialty characteristics

#### **Truckload brokerage**

Agent-based brokerage and brokerage at company terminals to provide capacity for freight that cannot be serviced by our tractors

## COMPANY-MANAGED BROKERAGE

#### **Company-Managed brokerage**

Uses a nationwide network of broker carriers to fulfill the transportation capacity requirements of customers

#### **Forwarding**

Arranges and manages shipments of goods via ground, air and sea

#### **Customs house brokerage**

Provides expertise in customs & tariffs and offers the preparation of import/export documents

- Customized customer solutions: in-plant or offsite using proprietary technology
- 5 – 10 year contracts with high renewal rate; 60 active programs
- 5,983 full-time equivalents
- Long-tenured customer base
  - *Retail & consumer goods*
  - *Automotive*
  - *Class 8*
  - *Aerospace*
- Target revenue: \$400-\$430 million
- Target margins: 10% - 12%



## Business strategy

Own the plant: Supporting inbound manufacturing for the OEM by providing multiple logistics services at the plants where we operate.

- Asset-based model
- Custom tailored service offerings in the U.S. and Canada
- Multi-year contracts
- Serving industrial markets
- 916 total tractors
- Target revenue: \$175-\$200 million
- Target margins: 10% - 12%



## **Business strategy**

Own the plant: Supporting inbound manufacturing for the OEM by providing multiple logistics services at the plants where we operate.

- Asset-right variable cost model
- Local and regional drayage
- 45+ terminals, 12 full service container yards and 2,025 total tractors
- Diversified customer base
  - *BCO's*
  - *Steamship lines*
  - *Railroads*
- Target revenue: \$450-\$500 million
- Target margins: 10% - 12%



## **Business strategy**

Operate a national drayage network supporting BCO's, steamship lines, and railroads by offering depot, trucking, and maintenance repair services in the markets where we operate.

- Asset-light variable cost model
- A national network of 317 agents and company terminals in the U.S. and Canada
- 1,321 total tractors
- Mix of spot and contractual rates
- Expertise and specialization in end markets served
  - *Steel & metals*
  - *Oil & gas*
  - *Industrials*
  - *Retail & consumer goods*
- Target revenue: \$360-\$385 million
- Target margins: 4% - 6%



## Business strategy

Operating regional supercenters with a focus on non-cyclical van business and flatbed where strategic.

- Asset-light variable cost model
- Nationwide network broker carriers
- Mix of spot and contractual rates
- Expert 3PL offerings
  - *Retail & consumer goods*
  - *Steel & metals*
  - *Industrials*
- Target revenue: \$200-\$220 million
- Target margins: 1% - 3%



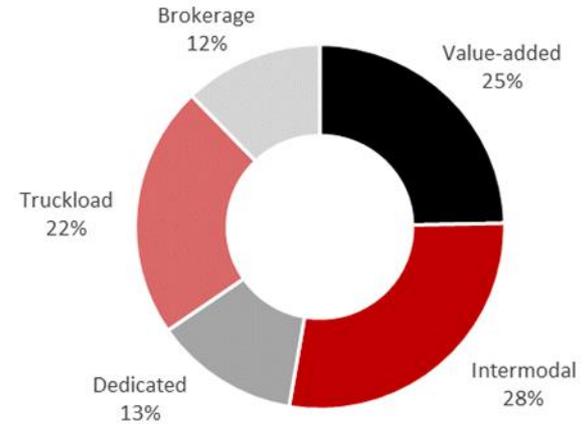
## **Business strategy**

Aggregate freight for large national accounts and optimize truckload assets where needed.

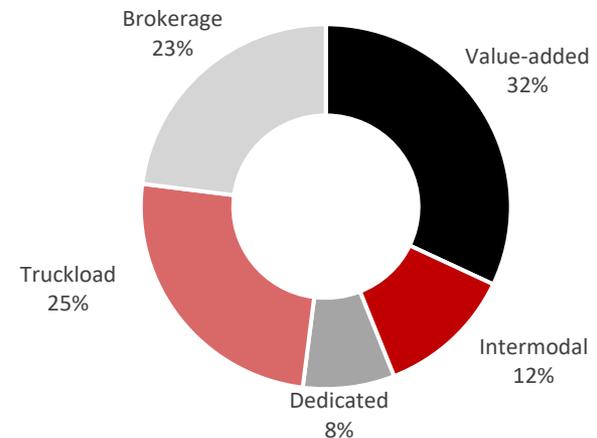
Strategic shift to more profitable services lines:

- \$240 million in VAS and Dedicated wins at full run rate in 2022
- 6 strategic intermodal acquisitions in key markets: Southern California, Chicago, and 26 locations east of the Mississippi
- Transforming brokerage to asset-backed brokerage
- Consistent returns in legacy truckload business

### Future Business Mix



### Former Business Mix





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**WHO WE SERVE**

CSCP

FLXZ 425880

TAREWT 6.600

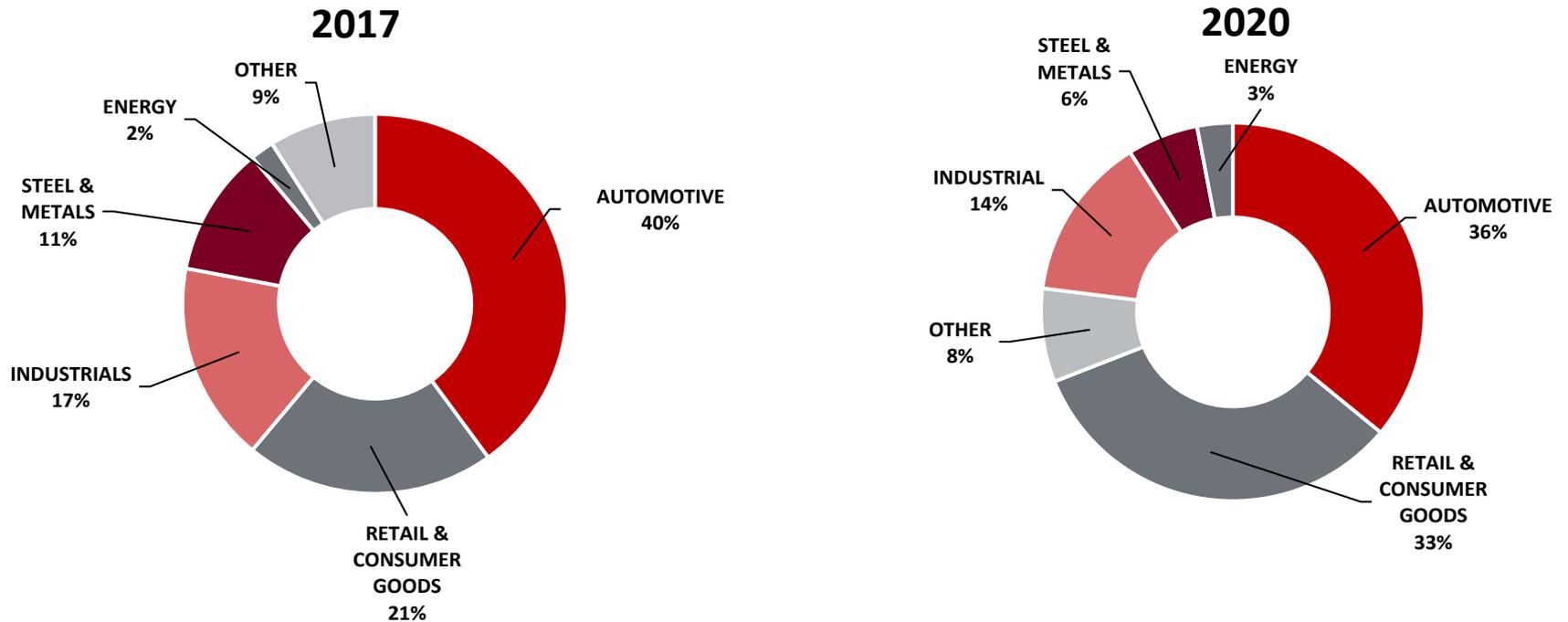
HL NITSUI



ANHEUSER-BUSCH



Customer	Truckload	Brokerage	Value-Added	Dedicated	Intermodal
General Motors	✓		✓	✓	✓
Fiat Chrysler			✓	✓	✓
Ford	✓		✓	✓	
Walmart		✓	✓		✓
Kraft Heinz		✓			
Nissan			✓	✓	
Anheuser Busch		✓			
Ross Stores	✓				✓
Lear			✓	✓	
Polaris			✓	✓	



Reduced exposure to automotive sector from 40% of revenue in 2017 to 36% of revenue in 2020



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***FINANCIAL OVERVIEW***

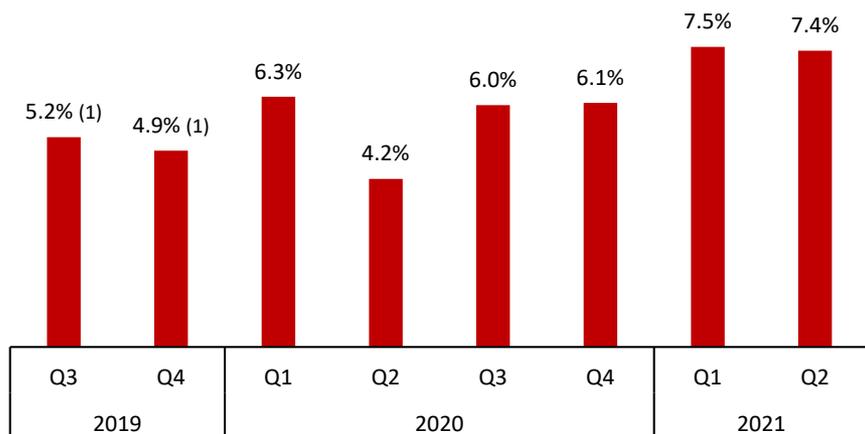
### Revenue (in millions)



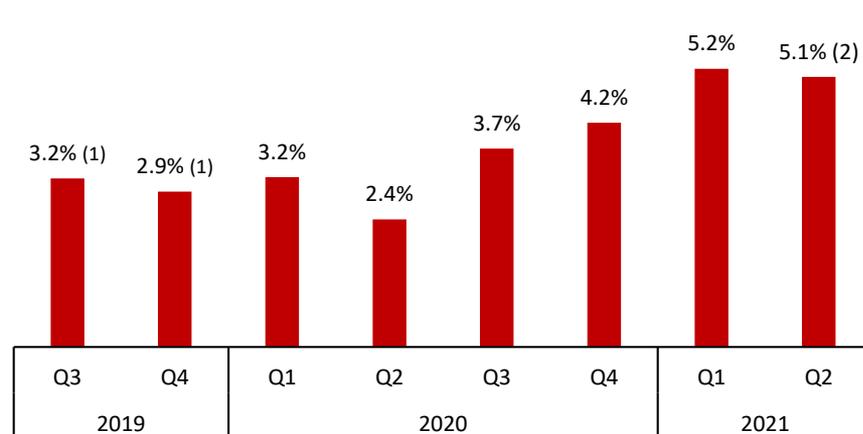
### Adjusted EPS



### Adjusted Operating Margin



### Adjusted Net Margin

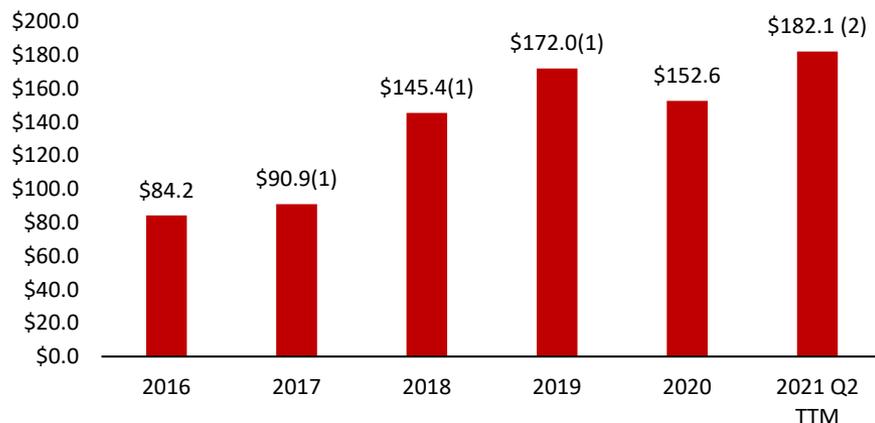


(1) Q3 2019 is adjusted to exclude the impact of \$27.0 million or \$0.72 per share in litigation charges; Q4 2019 is adjusted to exclude the impact of \$2.9 million or \$0.08 per share in litigation charges. See appendix.

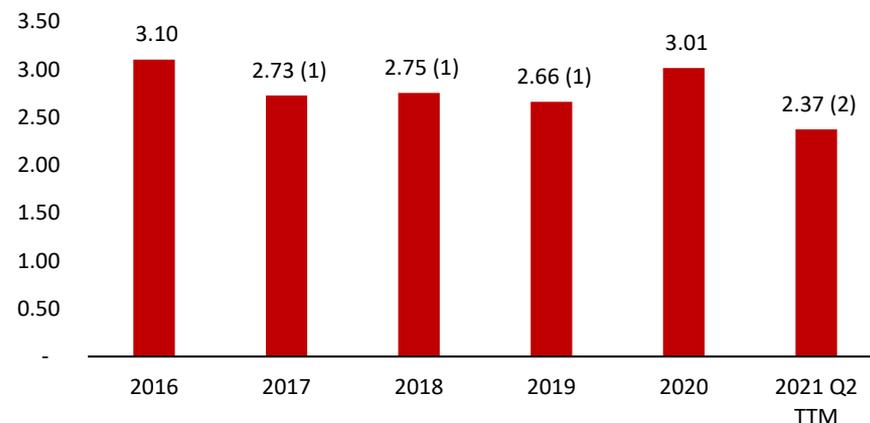
(2) Q2 2021 is adjusted to exclude the impact of \$5.7 million, or \$0.16 per share, in litigation settlement gains. See appendix.

- Flexible balance sheet with ability to raise capital:
  - \$49.5 million available on revolver
  - \$100 million accordion feature on existing credit facility
  - \$350 million shelf registration
  - Can leverage up to 3.5x debt to adjusted EBITDA

**Adjusted EBITDA (in millions)**



**Debt to Adjusted EBITDA**



(1) Q3 2017 is adjusted to exclude the impact of \$17.4 million or \$0.38 per share in litigation charges; Q4 2018 is adjusted to exclude the impact of \$7.0 million or \$0.19 per share in litigation charges; Q3 2019 is adjusted to exclude the impact of \$27.0 million or \$0.72 per share in litigation charges; Q4 2019 is adjusted to exclude the impact of \$2.9 million or \$0.08 per share in litigation charges. See appendix

(2) Q2 2021 is adjusted to exclude the impact of \$5.7 million, or \$0.16 per share, in litigation settlements. See appendix.



Proven business model built on a highly variable cost structure

Highly experienced leadership team, with deep industry knowledge

Ingrained customer relationships with some of the most recognizable companies in the world

Well positioned to deliver long-term shareholder value

# APPENDIX



**Universal**

USDOT 3221607

**Universal**

This presentation includes certain non-U.S. generally accepted accounting principles (GAAP) financial measures and adjustments. Presented are EBITDA, adjusted EBITDA, debt to EBITDA, adjusted operating margin, adjusted net margin and adjusted diluted earnings per share. The Company defines EBITDA as net income plus (i) interest expense, net, (ii) provision for income taxes and (iii) depreciation and amortization. EBITDA, Debt to EBITDA, adjusted operating margin, adjusted net margin and diluted earnings per share are adjusted in 2017 to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including the impact of a \$17.4 million pre-tax litigation charge, or \$0.38 per diluted share, recorded in the third quarter 2017. EBITDA, Debt to EBITDA, adjusted operating margin, adjusted net margin and diluted earnings per share are adjusted in 2018 to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including the impact of a \$7.0 million pre-tax litigation charge, or \$0.19 per diluted share, recorded in the fourth quarter 2018. EBITDA, Debt to EBITDA, adjusted operating margin, adjusted net margin and diluted earnings per share are adjusted in 2019 to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including the impact of \$27.0 million in pre-tax litigation charges, or \$0.72 per diluted share, recorded in the third quarter 2019 and \$2.9 million in pre-tax litigation charges, or \$0.08 per diluted share, recorded in the fourth quarter of 2019. EBITDA, Debt to EBITDA, adjusted net margin and diluted earnings per share are adjusted in 2021 to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including the impact of \$5.7 million in pre-tax litigation settlement gains, or \$0.16 per diluted share, recorded in the second quarter 2021. The calculation of these measures, and a reconciliation to previously reported comparable measures calculated in accordance with U.S. GAAP is shown in the accompanying Appendix. The Company believes that this information, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. The Company believes that this information should be used in conjunction with the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2021 and previously filed public financial reports.

	Year Ended December 31,	Twelve Months Ended July 3,				
	2016	2017	2018	2019	2020	2021 Q2 TTM
	(in thousands)					
<b>Revenue</b>	\$ 1,072,751	\$ 1,216,665	\$ 1,461,708	\$ 1,511,998	\$ 1,391,083	\$ 1,588,956
<b>Adjusted Income from Operations</b>						
Income from operations	\$ 46,580	\$ 25,214	\$ 83,794	\$ 65,380	\$ 80,360	\$ 108,082
Litigation charges	-	17,356	7,000	29,992	-	-
Adjusted income from operations	\$ 46,580	\$ 42,570	\$ 90,794	\$ 95,372	\$ 80,360	\$ 108,082
<i>Adjusted operating margin</i>	4.3%	3.5%	6.2%	6.3%	5.8%	6.8%
<b>Adjusted EBITDA</b>						
Net Income	\$ 24,244	\$ 28,153	\$ 52,178	\$ 37,586	\$ 48,132	\$ 77,062
Provision for income taxes	15,161	(11,012)	17,211	12,600	15,778	26,007
Interest expense, net	8,109	9,446	14,593	17,012	14,579	13,201
Depreciation	29,207	41,030	48,679	59,023	58,934	57,439
Amortization	7,495	5,965	5,746	15,742	15,207	14,078
EBITDA	\$ 84,216	\$ 73,582	\$ 138,407	\$ 141,963	\$ 152,630	\$ 187,787
Litigation Charges	-	17,356	7,000	29,992	-	(5,700)
Adjusted EBITDA	\$ 84,216	\$ 90,938	\$ 145,407	\$ 171,955	\$ 152,630	\$ 182,087
<b>Debt to Adjusted EBITDA</b>						
Total debt, net of debt issuance costs	\$ 261,267	\$ 247,978	\$ 400,452	\$ 457,612	\$ 460,120	\$ 432,157
Adjusted EBITDA	84,216	90,938	145,407	171,955	152,630	182,087
Debt to adjusted EBITDA	3.10	2.73	2.75	2.66	3.01	2.37

	2019		2020		2020		2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2019	2019	2020	2020	2020	2020	2021	2021
	(in thousands)							
<b>Revenue</b>	\$ 375,485	\$ 375,931	\$ 382,162	\$ 257,980	\$ 364,988	\$ 385,953	\$ 415,231	\$ 422,783
<b>Adjusted Income from Operations</b>								
Income from Operations	\$ (7,353)	\$ 15,504	\$ 23,908	\$ 10,839	\$ 22,063	\$ 23,549	\$ 31,156	\$ 31,313
Litigation charges	27,044	2,948	-	-	-	-	-	-
Adjusted Income from Operations	\$ 19,691	\$ 18,452	\$ 23,908	\$ 10,839	\$ 22,063	\$ 23,549	\$ 31,156	\$ 31,313
Adjusted operating margin	5.2%	4.9%	6.3%	4.2%	6.0%	6.1%	7.5%	7.4%
<b>Adjusted EPS</b>								
EPS Diluted	\$ (0.30)	\$ 0.32	\$ 0.45	\$ 0.23	\$ 0.50	\$ 0.60	\$ 0.80	\$ 0.95
Litigation charges net of tax	0.72	0.08	-	-	-	-	-	(0.16)
Adjusted EPS	\$ 0.42	\$ 0.40	\$ 0.45	\$ 0.23	\$ 0.50	\$ 0.60	\$ 0.80	\$ 0.79
<b>Adjusted net income</b>								
Net income	\$ (8,416)	\$ 8,737	\$ 12,163	\$ 6,168	\$ 13,578	\$ 16,223	\$ 21,656	\$ 25,604
Litigation charges net of tax	20,283	2,212	-	-	-	-	-	(4,234)
Adjusted net income	\$ 11,867	\$ 10,949	\$ 12,163	\$ 6,168	\$ 13,578	\$ 16,223	\$ 21,656	\$ 21,370
Adjusted net margin	3.2%	2.9%	3.2%	2.4%	3.7%	4.2%	5.2%	5.1%



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