



Value Investors: Buy Canada's Most Undervalued Transportation Company

Description

Mullen Group ([TSX:MTL](#)) is one of Canada's [largest logistics providers](#). The company's network of independently operated businesses provide a wide range of service offerings, including truckload, warehousing, logistics, transload, oversized, and specialized hauling transportation. In addition, Mullen Group provides a diverse set of specialized services related to the energy, mining, forestry, and construction industries in Western Canada, including water management, environmental reclamation, and fluid hauling.

Effective decentralized structure

Mullen Group conducts business through the operations of 34 business units, each of which is operated under a separate brand and is held accountable for performance and profitability. The company's corporate office employs 60 people and provides oversight and support to the business units by coordinating business strategies, monitoring business performance and providing management services.

The corporate office also owns a network of [real estate holdings](#) and facilities, which are primarily leased to the business units on commercially reasonable terms. The day-to-day operations of the business units are the responsibility of each business unit's management team.

Diverse product offering

Mullen Group actively employs over 5,000 people, including owner operators and dedicated subcontractors. The company owns and leases over 3,000 power units and 8,000 trailers including vans, flatbeds, dry bulk trailers, removable gooseneck trailers, specialized trailers and temperature controlled trailers. A vast majority is owned by Mullen Group. In addition, Mullen Group also leases over 600 skid and trailer mounted dri-prime diesel pumps, and over 50 sediment control tanks.

The company also owns a significant amount of earth moving equipment, light duty vehicles and a fleet of truck mounted drilling units. The business units are currently divided into three distinct business

segments and include less than truckload (LTL), logistics and warehousing, and specialized and industrial services segments. These segments are differentiated by the type of service provided, equipment requirements, and customer needs.

Industry challenges

Some risks do exist with investing in Mullen Group. As a provider of trucking and logistics services to customers throughout North America, Mullen Group's results are affected by the state of the economy and the associated demand for freight transportation and logistics services. The employees in the LTL segment operate both specialized and regular highway equipment that require unique instruction, training and operating skills. Some business units are subject to collective agreements with employees. However, the company has fostered a positive working relationship with employees and contractors.

Leader in logistics-related services

LTL is often referred to as the final or last-mile delivery of general freight consisting of smaller shipments, packages, and parcels. The company's LTL segment operates one of the largest final mile networks in western Canada and Ontario with service capabilities extending into the United States. The company's business units in this segment operate a diverse network of 11 service centres, which provide cross dock capacity to over 5,000 customers.

Through a combination of leading-edge technology, equipment, and connected facilities, the company's LTL segment delivers over three million shipments of consumer-related goods each year. The company's strong financial position and focus on investing in leading edge track and trace technology makes Mullen Group a key player in the consumer-focused LTL industry.

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