

Trucking in Mexico: Navigating the Opportunity

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ARMSTRONG &
ASSOCIATES, INC.

Phone: +1-800-525-3915

Website: www.3plogistics.com

Email: Armstrong@3PLogistics.com

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Armstrong & Associates, Inc. (A&A) was established in 1980 to meet the needs of a newly deregulated domestic transportation market. Since then, through its leading Third-Party Logistics (3PL) market research and history of helping companies outsource logistics functions, A&A has become an internationally recognized key resource for 3PL market information and consulting.

A&A's mission is to have leading proprietary supply chain knowledge and market research not available anywhere else. As proof of our continued work in supporting our mission, A&A's 3PL market research is frequently cited in media articles, publications, and securities filings by publicly traded 3PLs. In addition, A&A's email newsletter currently has over 42,000 subscribers globally.

A&A's market research complements its consulting activities by providing continually updated data for analysis. Based upon its unsurpassed knowledge of the 3PL market and the operations of leading 3PLs, A&A has provided strategic planning consulting services to over 30 3PLs, supported 17 closed investment transactions, and provided advice to numerous companies looking to benchmark existing 3PL operations or outsource logistics functions.

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Trucking in Mexico totaled \$60.0 billion in 2016. Proximity to the United States, low wages, increases in manufacturing competencies, and retail investments throughout Mexico are keeping trucking in Mexico afloat. While trucking in Mexico is bobbing relative to the United States due to currency fluctuations, the complexities of intra-Mexico and cross-border trucking with the United States requires expertise.

Figure 1. Mexico: 3PL Distribution of Customer Relationships by Industry Vertical



Table 1. Top 10 U.S./Mexico Border Crossings Ranked by Loaded Truck Containers - 2016

Most cross-border movements involve a U.S. carrier and a Mexican carrier. Each works with a customs broker on its side of the border.

There are two governmental agencies involved in any cross-border shipment. U.S. Customs and Border Protection (CBP) is part of the U.S. Department of Homeland Security. The corresponding Mexican

For examples, Celadon Group has Servicio de Transportacion Jaguar, and Swift Transportation acquired Trans-Mex. Currently, a U.S. company cannot purchase and own a Mexican carrier. Other trucking companies set up control relationships with dedicated Mexican trucking companies and profit

Figure 2. Mexican Trucking Carrier Size Breakdown



Appendix A: U.S. - Mexico Truckload Carrier/3PL Profiles

DHL Supply Chain

Carretera Mex-Qro Km 34.5
Colonia Rancho San Isidro
Estado de Mexico, Mexico, C.P. 54740
+(52) 55-30032600
www.dhl.com.mx

Ownership:

3PL Revenue:

Mexican 3PL Revenue:

Officers:

Agustin Croche,

Mexican Contact:

Mexican Operations:

DHL was established in Mexico in 1979 and has 4,044 employees. It has 57 service centers in Mexico. DHL has five major international gateways with 12 dedicated domestic flights and 10 owned international

**Source: Primary, Company Information; Secondary, A&A Estimates*

Appendix B: 3PL Provider Mexico Capabilities

Ryder Mexico Capabilities

Established in 1994, Ryder Mexico has built an extensive network. Its staff of over 2,500 manage 33 operations including 17 warehousing and 16 customer plant operations. Major Ryder facilities are located in Mexico City, Monterrey, Guadalajara, Queretaro, Toluca, Tijuana, Tlalcahuacan, and Ciudad Juarez.

Appendix C: Mexican Motor Carrier Profiles

Mexican Motor Carrier Profile	Gross Revenue (US\$ Millions)
<p>Autotransportes de Carga Tres Guerras S.A. de C.V. Carretera Celaya-Villagrán Km. 3.57 S/N Localidad Estrada Celaya, Guanajuato 38110, México Jorge Almanza Mos (461) 618-7000 clientes@tresguerra.com www.tresguerra.com</p> <p>Year Established: 1995 Fleet Type: General Freight Equipment: Flatbed, Dry Van, Reefer Additional Information:</p> <ul style="list-style-type: none"> ▪ Certified Motor Carrier ▪ 48 offices ▪ Services: <ul style="list-style-type: none"> - Consolidate - Local - National - Custody - Storage - Consolidate 	
<p>Transportes Castores de Baja California S.A. de C.V. Blvd. José Ma. Morelos #1000, San Felipe, Baja California Sur 37238, México Refugio Muñoz Herrero Jorge Morales, (477) 710-0700 castores@castores.com www.castores.com</p> <p>Year Established: 1995 Fleet Type: General Freight Equipment:</p>	

* Source: Primary, Company Information; Secondary, A&A Estimates

Market Research

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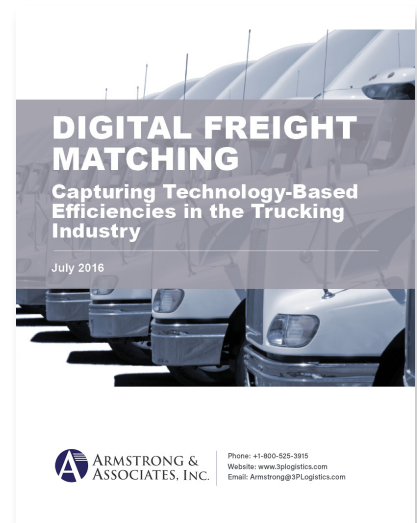
Third-Party Logistics Market Results and Trends for 2017

This definitive analysis explores trends in the third-party logistics industry and its major segments. Segment profitability and growth is detailed. We've expanded our Global 3PL market estimates to include seven major regions comprising 190 countries. Total and segment 3PL revenues and logistics spend by key countries and regions are provided. The report also includes several "Top 3PL" lists.



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A&A's analysis of trends in 3PL/Customer relationships is based on more than 7,200 3PL customer relationships in 41 countries. Market sizing for Domestic and Global Fortune 3PL revenues is included in the report. 3PL revenues are also available for nine major industry segments. Key 3PL services are detailed, as are capabilities for seven leading 3PLs. Regional and country level trends—a new addition to this year's report—are also analyzed.



Digital Freight Matching - Capturing Technology-Based Efficiencies in the Trucking Industry

Digital Freight Matching (DFM) companies, sometimes referred to as "Uber for Trucking," have gained popularity in the last several years. This report summarizes the DFM landscape, including: an overview of transportation and technology market conditions and trends, comparisons of product offerings, an assessment of five business models, a discussion of industry challenges, and profiles of 27 DFM companies.