



Houlihan
Lokey

C.H. Robinson and RXO Case Study

Announced
October 5, 2026

Overview: C.H. Robinson and RXO Case Study

C.H. Robinson (CHRW) is buying RXO, the No. 5 U.S. broker, at 22.3x LTM EBITDA, or 12.6x 2027P, with \$300 million of synergies, with both stocks ~25% off their highs after the Montgomery ruling. The combined business will be ~115% the size of its next-largest competitor, and CHRW's record of converting 37% of gross margin to EBIT, against a loss at RXO, is the core of its value-creation plan. This case study covers the deal rationale, CHRW's margin playbook, and five shifts in brokerage economics that midsize owners should act on now.

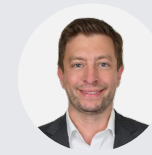
Sources: Publicly available information, news publications, and company filings.

Contacts

U.S.



Nathan Feldman
Vice President
Transportation and Logistics
New York
Nathan.Feldman@HL.com
+1 212.497.4269



Philip Keffer
Director
Transportation and Logistics
New York
PKeffer@HL.com
+1 212.497.7851

Europe

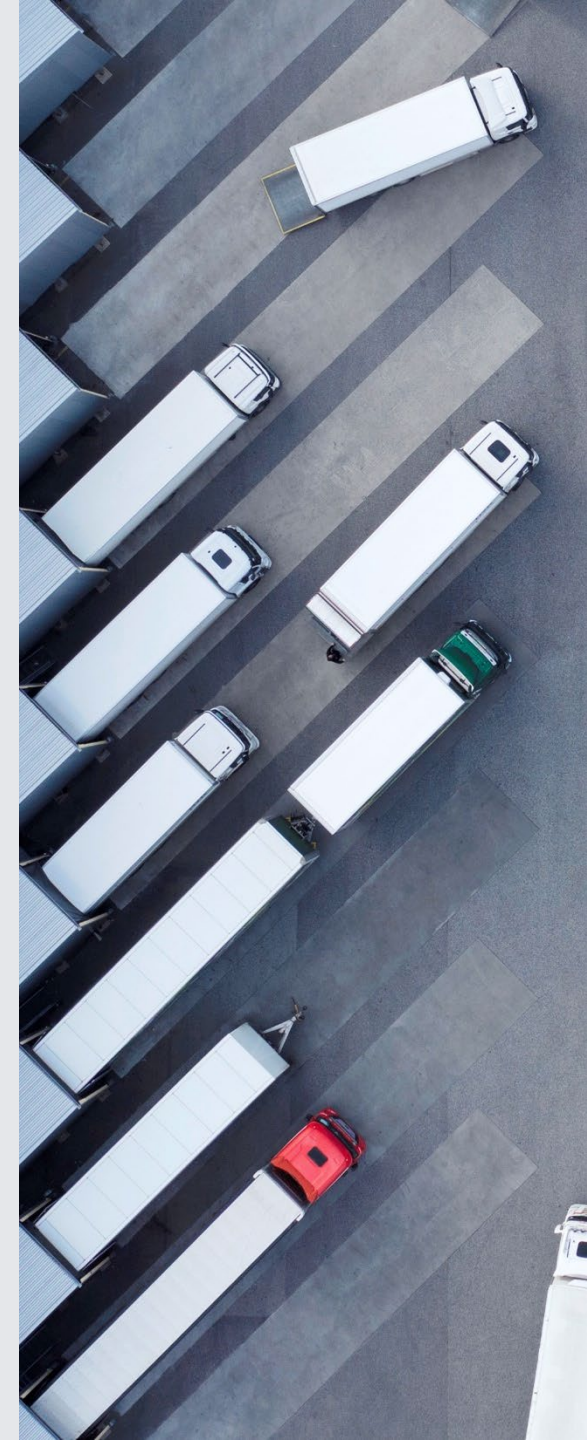


Scott Sergeant
Managing Director
Head of Business Services,
Europe
London
SSergeant@HL.com
+1 212.497.4275

Asia-Pacific



Ryosuke Kato
Managing Director
Transportation and
Logistics
Tokyo
Ryosuke.Kato@HL.com
+81 80 5904 0729



Freight Brokerage Market Map

Differentiation by End Markets and Focus



We look forward to discussing our proprietary Freight Brokerage Market Map:

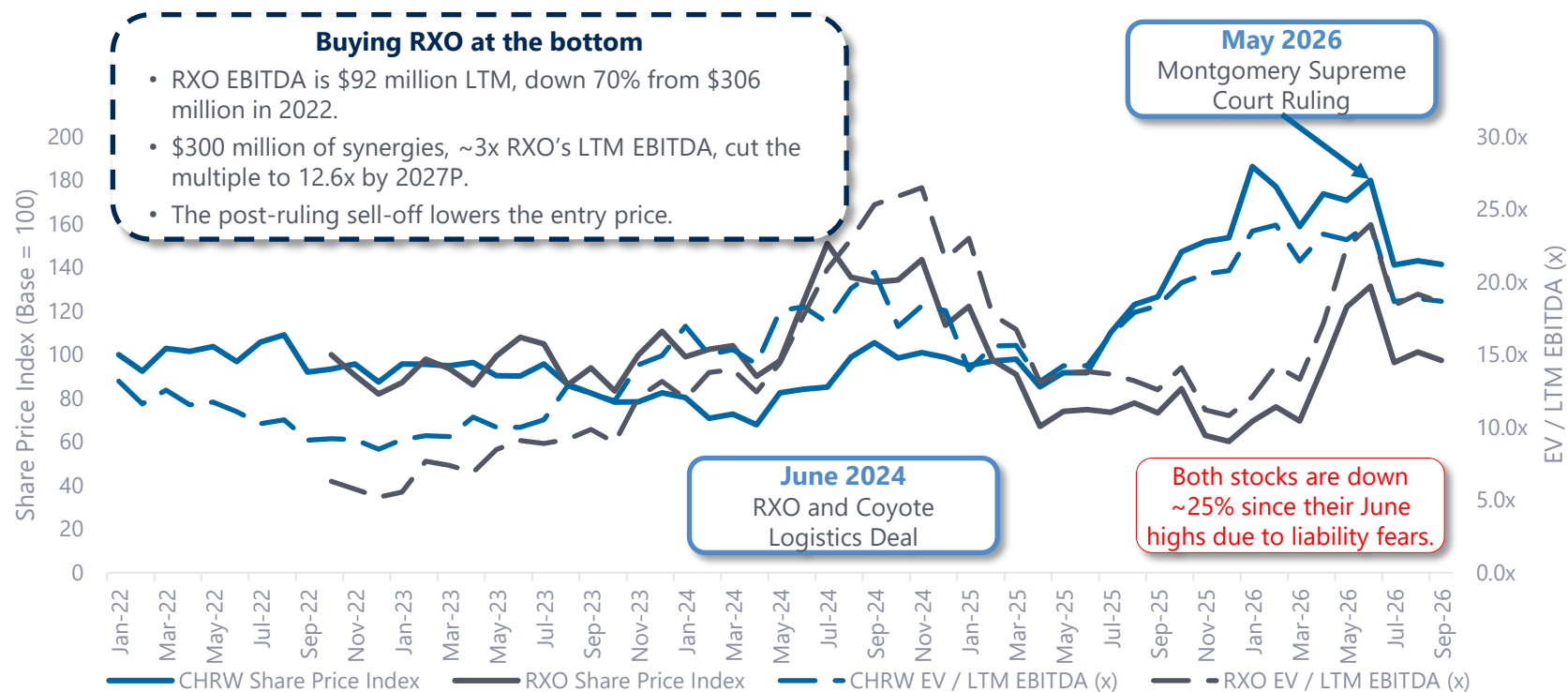
 Request Market Map

Note: Categories are not mutually exclusive or collectively exhaustive; most freight brokerage companies serve multiple end markets.



Deal Snapshot: Why Now?

With both stocks ~25% off their highs, CHRW pays 22.3x LTM EBITDA for RXO, or 12.6x 2027P with synergies.

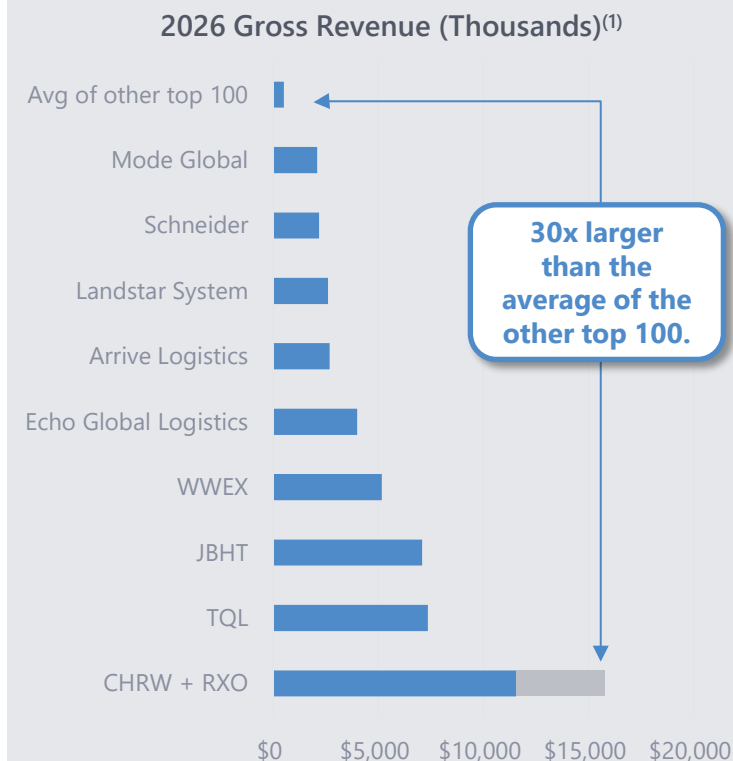


(\$M)	2022	2023	2024	2025	LTM	2026P	2027P
CHRW EBITDA	\$1,365	\$592	\$775	\$875	\$933	\$1,077	\$1,254
RXO EBITDA	\$306	\$134	\$117	\$109	\$92	\$138	\$260
Synergies					\$300	\$300	\$300
Implied EV/EBITDA (Without Synergies)					22.3x	18.8x	15.1x
Implied EV/EBITDA (With Synergies)					17.2x	15.1x	12.6x

Sources: Publicly available information, news publications, and company filings.

Note: Data as of September 30, 2026.

(1) According to "Transport Topics."



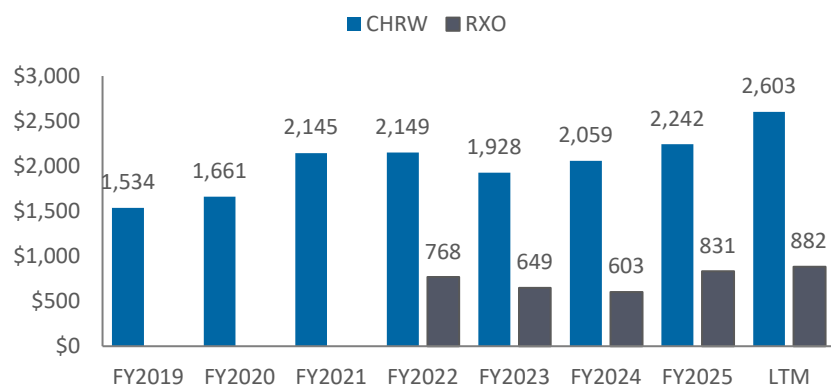
Scale Benefits

- By acquiring RXO, the fifth-largest freight broker by revenue in 2026, CHRW is estimated to become ~115% of the size of its next-largest competitor, TQL.

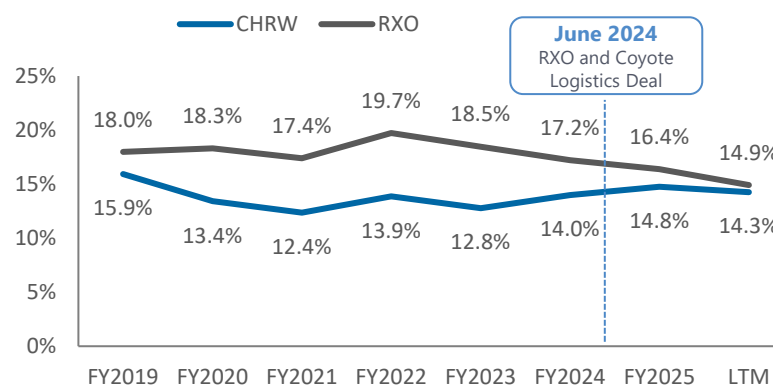
CHRW's Ability to Supercharge Margins Underpins Its Value Creation Plan

CHRW demonstrated the power of scale and technology enablement amid the worst bear freight cycle in memory, pushing its overall EBITDA margin above 5%.

Revenue per Head (Thousands USD)



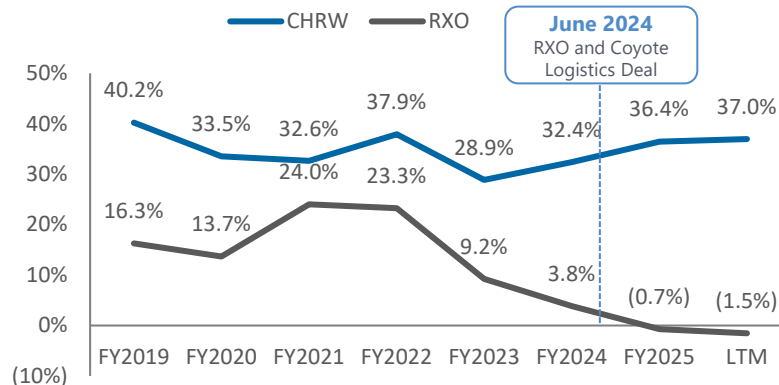
Gross Margin (Percent)



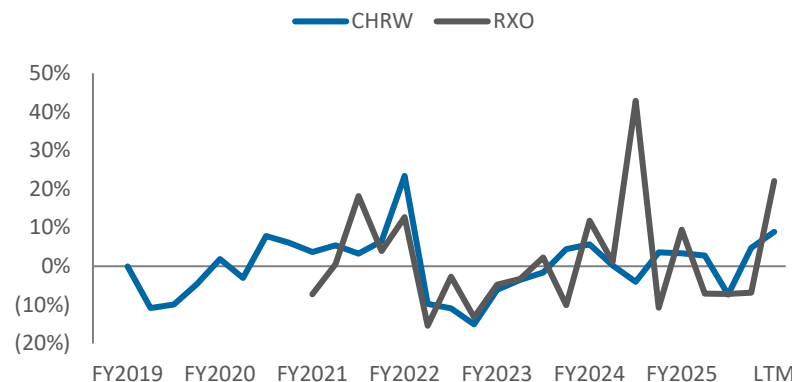
Commentary: CHRW vs. RXO

- **CHRW generates ~3x RXO's revenue per head** (\$2.6 million versus \$0.9 million LTM) and has grown it 70% since FY2019, including 26% since FY2024. RXO has rebounded 46% from its FY2024 low but remains below \$0.9 million per head.
- **RXO's gross margin has fallen ~5 pts since FY2022 to 15%**, nearly erasing its premium over CHRW (14%). The gap narrowed from 5.8pts to 0.6pts as CHRW gained 1.5 pts off its FY2023 low.
- **CHRW converts 37% of gross margin into EBIT versus -2% at RXO.** CHRW is up 8pts from its FY2023 trough, while RXO has slid from 24% in FY2021 to a loss, a ~39pt conversion gap.
- **CHRW grew gross margin dollars in six of the last eight quarters**, including +9% QoQ in Q2 2026. RXO declined three quarters in a row before a 22% rebound in Q2.
- **Applying CHRW's EBIT percentage to RXO's gross margin creates ~\$350 million of upside**, indicating that RXO will likely undergo significant restructuring under CHRW's ownership.

EBIT as a Percent of Gross Margin



QoQ Gross Margin Dollar Growth Rates



Sources: Publicly available information, news publications, and company filings.
Note: CHRW figures only reflect its NAST division. All charts as of Q2 2026.

What This Means for Brokers Going Forward

The CHRW/RXO deal points to five major shifts in brokerage economics, each with a clear action for midsize owners.

Implications



The biggest brokers get the most out of AI.

CHRW plans to save \$300 million a year partly by running its AI workflows on RXO's freight. Since 2022, its staff productivity has increased by ~50%, and its core trucking unit has cut staff by 12% as volume has grown. AI costs the same regardless of size, so the largest broker gains the most.



Two court rulings made size a form of protection.

The Supreme Court's 9-0 Montgomery ruling in May lets brokers be sued for hiring unsafe truckers. The \$604 million Lipe verdict is ~4.5x CHRW's \$135 million accident cover; some brokers saw premiums triple. Each doubling costs CHRW ~\$50 million.



Big shippers are cutting down to fewer, safer brokers.

Fortune 500 shippers now pick brokers based on how well they vet truckers and how strong their finances are, not just price. RXO's vetting process was part of what CHRW bought. Expect business to keep moving to the largest brokers.



Yesterday's buyer is today's acquisition target.

RXO bought Coyote in 2024 and is now being bought by CHRW, the No. 1 player. Debt of 4.1x annual earnings, just as insurance costs rose, forced the timing. Expect the industry to consolidate toward the top 5-10 brokers.



Buyers still pay high prices based on typical-year earnings.

The price was ~30% below July highs but still ~40x expected 2026 earnings (~10x after cost savings). New rules are cutting ~25% of trucking capacity, and in June, one-off load prices beat contract prices for the first time since 2022.

Recommendations



Only spend on technology that your volume can pay back.

If AI won't visibly lift your margin, partnering with a tech provider or selling to a larger broker gets the same gains faster. Buyers only pay for AI that shows up in the financials, so tie each tool to a specific cost.



Test what higher insurance costs would do to your profits.

Model what doubled premiums would do to your typical-year earnings. Document your coverage and how you vet truckers, since shippers and buyers now ask for both. Show the cost as a share of gross profit, not only in dollars.



Choose a lane: large generalist or niche specialist.

Midsize brokers chasing big-company freight face lower margins and higher insurance at once. Brokers focused on one freight type, one industry, and other hyper-specializations feel less of both. If you serve large shippers, prepare for a review of your finances.



Expect fewer large buyers and keep debt low.

Private equity firms and midsize brokers will make up more of the bidders for middle-market brokerage firms. Low debt lets you choose when to sell; high debt plus open accident claims lets the market choose for you.



Make your own case for typical-year earnings before a buyer does.

Show profit per shipment, how long contract prices take to reset, and insurance costs adjusted for accident risk. Buyers value a broker on typical-year earnings, not the last 12 months, so sellers who can back up their numbers win.

Sources: Bernstein, Citi, Jefferies, J.P. Morgan, TD Cowen, and Wolfe Research; company filings; Montgomery v. Caribe Transport II, LLC (U.S. Supreme Court, May 14, 2026). Multiples based on early-August 2026 estimates. Lipe verdict is advisory, pending post-trial motions.



Disclaimer

© 2026 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include the following licensed (or, in the case of Singapore, exempt) entities: in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and a member of FINRA (www.finra.org) and SIPC (www.sipc.org) (investment banking services); (ii) Europe: Houlihan Lokey UK Limited (FRN 792919), authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Ltd., regulated by the Dubai Financial Services Authority; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) India: Houlihan Lokey Advisory (India) Private Limited, registered as an investment adviser with the Securities and Exchange Board of India (registration number INA000001217); and (vii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the Australian Securities and Investments Commission (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the United Kingdom, European Economic Area (EEA), Dubai, Singapore, Hong Kong, India, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (UK, EEA, and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. No entity affiliated with Houlihan Lokey, Inc., provides banking or securities brokerage services, nor is any such affiliate subject to FINMA supervision in Switzerland or similar regulatory authorities regarding such activities in other jurisdictions. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Any forward-looking information and statements contained herein are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. In addition, past performance should not be taken as an indication or guarantee of future performance, and information contained herein may be subject to variation as a result of currency fluctuations. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide financial or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.





Houlihan
Lokey

Corporate Finance
Financial Restructuring
Financial and Valuation Advisory

[HL.com](https://www.hl.com)