



Mullen Group Ltd. (MLLGF)

Updated April 9th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$8.79	5 Year Annual Expected Total Return:	11.0%	Market Cap:	\$756.0 M
Fair Value Price:	\$10.01	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	03/31/2025
% Fair Value:	88%	5 Year Valuation Multiple Estimate:	2.6%	Dividend Payment Date:	04/15/2025
Dividend Yield:	6.7%	5 Year Price Target	\$11.60	Years Of Dividend Growth:	4 ¹
Dividend Risk Score:	F	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Mullen Group is a Canadian logistics and transportation company running one of the largest networks of independently managed business units in the country. Through its decentralized model, the company delivers services across four main segments: Less-Than-Truckload (LTL), Logistics & Warehousing (L&W), Specialized & Industrial Services (S&I), and U.S. & International Logistics (US 3PL). These units collectively offer final-mile delivery, full truckload, intermodal, warehousing, transload, fluid hauling, environmental services, and third-party logistics.

In particular, the company operates a broad, asset-heavy platform with over 8,000 personnel, more than 4,500 power units, and extensive real estate holdings across Canada. Its LTL and logistics businesses primarily serve high-frequency, urban freight demand, while its industrial services group supports sectors like oil & gas, construction, and infrastructure. Its U.S.-based 3PL unit operates a technology-driven, asset-light brokerage model. The company pays dividends on a monthly basis. It reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of \$756.0 million.

On February 12th, 2025, Mullen Group reported its full-year results for the period ending December 31st, 2024. Revenue held steady at \$1.39 billion, essentially flat year-over-year, as contributions from five acquisitions offset softer freight volumes and pricing pressure across legacy business units. The Less-Than-Truckload and Logistics & Warehousing segments provided stable performance, while Specialized & Industrial Services saw declines due to the wind-down of major energy infrastructure projects.

EPS fell to \$0.85 compared to \$1.10 per share in 2023. The drop was mainly driven by lower margins in the S&I segment and higher interest expense following new debt issuance. For FY2025, we expect EPS of \$0.91.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.11	\$0.39	\$0.50	(\$0.31)	\$0.53	\$0.50	\$0.59	\$1.20	\$1.10	\$0.85	\$0.91	\$1.05
DPS	\$0.86	\$0.42	\$0.29	\$0.44	\$0.46	\$0.26	\$0.38	\$0.50	\$0.54	\$0.54	\$0.59	\$0.68
Shares²	91.7	99.2	103.7	104.3	104.8	100.6	96.1	102.4	99.1	97.2	97.2	120.0

Mullen's EPS has been cyclical but generally upward-trending over the past decade, reflecting shifts in freight demand, cost control efforts, and M&A. From 2015 to 2018, EPS was volatile and modest, impacted by rather weak energy-sector exposure and impairments (particularly in 2018, when a non-cash goodwill write-down drove a net loss). From there, Mullen shifted its capital allocation strategy more aggressively toward logistics and diversified services, improving the stability of earnings.

Specifically, from 2019 through 2021, EPS hovered around \$0.50–\$0.60, despite the pandemic. The company managed through COVID-19 with prudent cost control and wage subsidies, while pivoting further into LTL and final-mile services, which outperformed during lockdowns. In 2022, EPS skyrocketed to \$1.20, the highest in the decade, driven by record revenue, strong freight markets, and operating leverage across its platform. The next year marked a slight step down, as

¹ In local currency (CAD)

² Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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cost inflation, softer volumes, and higher interest costs began to weigh on margins, while in 2024, EPS fell further, due to continued normalization in freight activity and a drag from the industrial services segment, which was affected by project slowdowns and pricing pressure.

Moving forward, we believe Mullen can grow its EPS at a CAGR of 3%. We have applied the same rate to the monthly dividend, which the company has increased for 4 consecutive years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	---	---	---	---	---	---	20.9	7.7	8.8	12.2	9.7	11.0
Avg. Yld.	---	---	---	---	---	---	3.1%	5.4%	5.6%	5.2%	6.7%	5.9%

Mullen Group has historically traded at a discount to broader transportation and logistics peers, especially in asset-light or U.S.-based markets. The elevated multiple in 2021 reflected post-pandemic optimism and EPS growth expectations, but multiples normalized quickly as the market priced in softer freight conditions and economic uncertainty. While we do remain wary about these factors, we believe shares are undervalued at their current levels. We have set our fair P/E ratio at 11 times, which we believe better fits the company's investment case.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	108%	58%	---	87%	52%	64%	42%	49%	64%	65%	65%

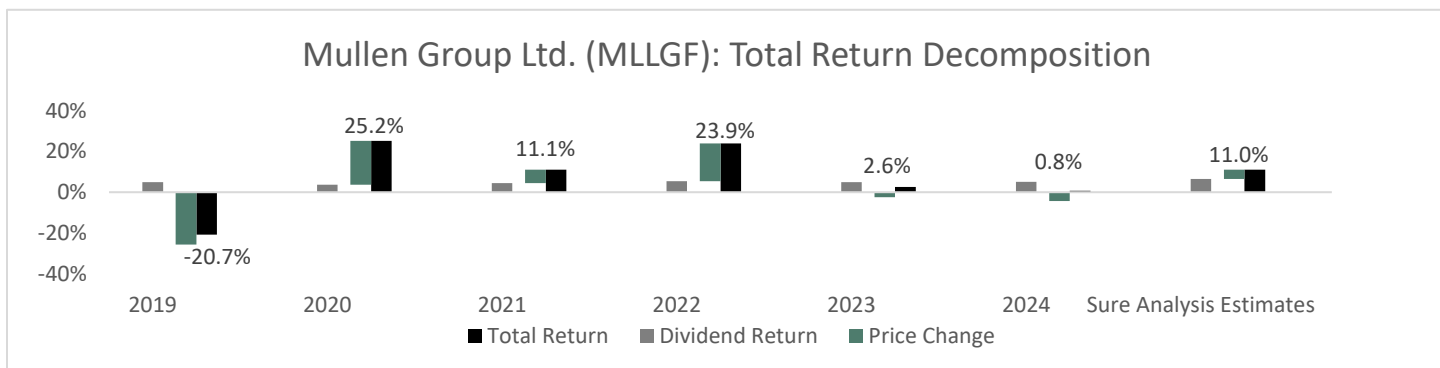
Mullen offers solid safety and quality characteristics, backed by a diversified business model spanning LTL, warehousing, specialized services, and U.S. logistics. The company operates a decentralized structure with strong local execution that is, in turn, supported by significant owned infrastructure and real estate. Its balance sheet is conservatively managed, and it maintains ample liquidity and long-term debt maturity spacing, adding to its financial resilience.

In terms of recession resiliency, performance has varied across cycles. During the COVID-19 pandemic, revenues actually grew as demand for essential logistics, final-mile, and supply chain services remained strong. Still, during the 2008–2009 crisis, revenue and EPS fell notably, particularly due to weakness in industrial and energy-related services. This highlights the dual nature of the model. While parts of the business are defensive, others are sensitive to capital spending and commodity cycles. Mullen's asset-heavy model may limit margin flexibility in downturns compared to asset-light peers.

Final Thoughts & Recommendation

Mullen offers stable cash flow and yield from a diversified logistics platform, with upside tied to industrial recovery and downside cushioned by essential freight exposure. We forecast annualized returns of 11% through 2030, powered by the monthly dividend, our modest growth estimates, and the possibility of a multiple expansion. We rate Mullen a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	951	782	878	973	963	869	1,178	1,537	1,477	1,451
Gross Profit	216	180	186	209	194	199	246	353	351	345
Gross Margin	22.7%	23.0%	21.1%	21.5%	20.1%	22.9%	20.9%	23.0%	23.8%	23.8%
SG&A Exp.	110	107	120	130	126	112	148	186	194	198
D&A Exp.	74	64	67	68	84	76	91	86	86	95
Operating Profit	106	72	66	78	67	87	98	167	157	147
Operating Margin	11.1%	9.2%	7.5%	8.1%	7.0%	10.0%	8.3%	10.9%	10.6%	10.1%
Net Profit	10	39	51	(34)	54	48	58	122	101	82
Net Margin	1.1%	5.0%	5.8%	-3.5%	5.7%	5.5%	4.9%	7.9%	6.9%	5.6%
Free Cash Flow	108	116	84	29	72	119	104	140	130	164
Income Tax	24	15	13	13	6	17	19	40	34	30

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,309	1,389	1,392	1,208	1,339	1,347	1,507	1,471	1,539	1,625
Cash & Equivalents	106	200	107	3	60	83	-	6	2	88
Accounts Receivable	102	103	128	140	139	134	168	189	185	179
Inventories	22	22	24	25	25	24	28	31	36	32
Goodwill & Int. Ass.	270	278	321	232	243	249	359	343	345	339
Total Liabilities	728	677	605	549	636	644	810	754	804	917
Accounts Payable	17	21	23	24	23	23	43	40	42	38
Long-Term Debt	563	516	429	376	441	449	521	457	502	536
Shareholder's Equity	581	712	787	659	703	703	697	717	735	709
LTD/E Ratio	0.97	0.72	0.55	0.57	0.63	0.64	0.75	0.64	0.68	0.76

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.7%	2.9%	3.6%	-2.6%	4.3%	3.6%	4.0%	8.2%	6.7%	5.2%
Return on Equity	1.5%	6.1%	6.7%	-4.7%	8.0%	6.8%	8.3%	17.2%	13.9%	11.3%
ROIC	0.8%	3.3%	4.1%	-3.0%	5.0%	4.2%	4.9%	10.2%	8.4%	6.6%
Shares Out.	91.7	99.2	103.7	104.3	104.8	100.6	96.1	102.4	99.1	97.2
Revenue/Share	10.38	7.88	8.48	9.33	9.19	8.64	12.26	15.01	14.91	14.93
FCF/Share	1.18	1.17	0.81	0.28	0.68	1.18	1.08	1.36	1.31	1.68

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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