



Transportation & Logistics

Strategic Market Insights – Q2 2017 Report



Transportation & Logistics

G2 Insights – Sector Summary

The Transportation & Logistics industry continues to evolve to meet the growing demands of the continuing e-commerce boom. Below are G2's insights and observations:

The e-commerce boom and changing consumer preferences have driven a shift in industry dynamics for both delivery expectations and tracking of goods. By adopting technologies such as telematics, automated fleet management, autonomous vehicles, robotics, and cloud-based data analytics, industry participants can gain significant operating leverage, dramatically improve efficiency, expeditiously fulfill customer shipment demands, and increase tracking/delivery management capabilities. The need for tech-enablement in operations has continued to fuel M&A within the industry, as less sophisticated buyers seek to either acquire capabilities, operational/technical know-how, or management expertise. Other companies that are currently utilizing advanced technology, seek geographic expansion or access to market share in order to leverage capabilities.



Sector Summary

Total T&L M&A transactions during the first half of 2017 have been roughly on par with first half of 2016. However, transaction value (where announced) appears to have increased. High competition from both strategic and financial acquirers in conjunction with a supportive financing environment has lead valuations to remain strong, particularly in the middle market. The current atmosphere has formed a “seller’s market” with vast amounts of capital chasing a limited amount of desirable acquisition targets. The summary table below references select public comparables identified for each of the industry’s key segments: Logistics, Marine, Rail Services, and Trucking. Public valuations range from ~7x EBITDA for Trucking companies to ~11X EBITDA for Logistics providers.

Sector	Number of Selected Companies	Median Enterprise Value (MM)	FY 2017 ¹		LTM ²	
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Logistics	19	3,388	5.1%	8.8%	1.0x	10.9x
Marine	17	2,918	-2.6%	-10.6%	1.4x	8.4x
Rail Services	10	19,858	1.7%	5.8%	2.1x	8.7x
Trucking	16	773	3.9%	2.1%	1.1x	7.2x

¹ Compared with values at June 30, 2016

² LTM Multiples as of June 30, 2017

Sector Summary in Millions USD (converted where necessary)
Data sourced from S&P Capital IQ on June 30, 2017

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G2 Insights – Emerging Industry Trends

Companies continue to take advantage of technology-enablement as well as shifts in operations to become increasingly lean, efficient, flexible, and accurate. Select industry trends are as follows:

- **Driverless Technology** – Subject to regulation and continual trials, steps toward driverless transportation have emerged alongside the race to build commercial self-driving cars. Regulatory and safety concerns remain as serious barriers to commercialized driverless fleets. Despite such barriers, greater capacity to integrate and process large amounts of information including road conditions, route optimization, traffic, and enhanced visibility (through various sensors) mark undeniable upsides to driverless technology. It is expected that the efficiency, cost savings, and load capacity of 24-hour fleets far outweigh the initial costs of the technology.
- **Electronic Logging Device (ELD) Mandate** – The Federal Motor Carrier Safety Administration (FMCSA) mandated the use of ELDs to replace paper log books for drivers' Record of Duty Statuses (RODS) by Dec. 2017. In today's fleet, ELDs installed in commercial vehicles can monitor and record a whole host of data about vehicles and drivers that go beyond RODS. This can include inspection reports, fuel usage (including IFTA automation) and actual driver behavior (such as hard braking, speeding, sharp turns, etc.). Operators who have been proactive or have already implemented ELD's are benefiting from significant reductions in driver paperwork (and the associated time savings) as well as better visibility for fleet management and route planning.
- **Robotic Automation** – As the fulfillment subsector of supply chain logistics ramps up to meet the volume demand of e-commerce providers, autonomous mobile robotics (AMRs) have made an entry into the industry. Internet and omni-channel retailers, such as Amazon (through its \$775MM acquisition of Kiva Systems in 2012), have significantly expanded their utilization of robotics in warehouses. It is estimated that Amazon has now deployed some 45,000 robots across 20 fulfillment centers, representing a 50% increase year-over-year. Companies, such as **Quiet Logistics**, and subsidiary **Locus Robotics**, have recognized the importance of AMR in fulfillment and are working on delivering the next generation of solutions for warehouse operators.
- **Management Systems and Business Intelligence** – T&L providers are continuing to leverage (and deploy) newer, more advanced software systems such as warehouse management systems (WMS), rate management systems (RMS) enterprise resource planning (ERP) software, order management systems (OMS) and transportation management systems (TMS). These management systems are exceedingly linked with mobility devices within fulfillment facilities or transportation fleets, creating an Internet of Things (IoT) ecosystem.



Figure 1 - Locus Robotics' AMR purposed for accuracy, efficiency, and analytics in warehousing and fulfillment centers.

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G2 Insights – Emerging Industry Trends (continued)

- **Big Data Analytics** – As the e-commerce boom continues to fuel the 3PL industry, vast amounts of data collected through various software platforms have increased demand for big data analytics. Advances in technological capabilities coupled with growth in mobile and cloud computing, as well as increased adoption of GPS, RFID, and various sensor/scanners have given rise to enormous amounts of data collected each and every day. Many operators are now using data analytics to predict demand patterns & market trends, reduce excess inventory, optimize resource consumption, reduce operating costs, calculate route optimization, and better forecast maintenance cycles. Big data analytics provides an opportunity to improve operational efficiency while simultaneously improving customer experience.
- **Real-time Logistics** – Supply chain management has become increasingly complex, with logistics providers now relying on considerable amounts of data to effectively manage global operations. Sensors/GPS' can now transmit real-time data on shipment positions at any point during the delivery process. Additionally, when integrated into vehicles, advanced cloud-based telematics track location ETA, temperature, driver fatigue, weight, space available, and facilitate freight matching and route planning. Real-time tracking, combined with software systems that integrate data from various sources (WMS, TMS, ERP, CRM etc.), enables industry providers to help clients manage demand slowdowns/delays, prevent/fix inefficient processes in real-time (vs. after the fact), and adjust workflow to meet delivery deadlines should disruptions occur.
- **Business Intelligence** – T&L providers are using business intelligence systems to identify sources of changes in costs and performance at very early stages to mitigate costs earlier in the process. Companies like **Teknowlogi**, are taking the concept of business intelligence even further. Much like IBM's "Watson" artificial intelligence platform, Teknowlogi has created the industry's first AI platform (called Tai) that provides cloud-based integration of legacy systems into a Logistics Expert System (LES). Tai is able to "assess, analyze, provide recommendations and execute change for numerous logistical and business situations that affect all players within the shipping industry, including shippers, 3PLs, freight forwarders, LTL brokers, truckload brokers, LTL carriers, truckload carriers, drayage carriers, cartage agents, couriers, and parcel carriers." Teknowlogi has stated that Tai "can analyze millions of data variables in real-time to allow companies to enhance and change business processes within the complicated and multi-party global shipping and logistics industry."



Figure 2 – Teknowlogi's Tai Mobile Intelligence enables on-demand self-service for data, business management, and API management for all segments of the logistics industry.

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Selected Industry Deals Q2 2017

Several notable transactions have already been completed or announced in the Transportation & Logistics industry through Q2 2017. G2 has outlined select transactions below, followed by a more comprehensive list on the following tables.

- **Swift Transportation Company (NYSE:SWFT) to be acquired by Knight Transportation, Inc. (NYSE:KNX) (Pending)** – Swift Transportation Company (NYSE:SWFT) agreed to merge with Knight Transportation Inc. (NYSE:KNX) to form a combined entity, Knight-Swift Transportation Holdings, Inc. The deal is estimated to be nearly \$3B. Despite being one of the largest examples of industry consolidation, both entities will operate independently.
- **Penske Truck Leasing to acquire Old Dominion Truck Leasing (July 2017)** – Penske Truck Leasing has announced that it has entered into a definitive agreement to acquire Old Dominion Truck Leasing, based in Richmond, VA. Through 11 locations across five states, Old Dominion provides full-service truck leasing, truck rental, contract fleet maintenance, and dedicated logistics to more than 350 customers. The acquisition was announced in June and closed in July 2017. It added approximately 1,400 tractors, trucks and trailers to Penske's fleet (of more than 250,000 vehicles). Penske executed the transaction to benefit from potential synergies in products, technology, and services across the combined facilities network.
- **Dedicated Logistics Technologies acquired by Radiant Logistics, Inc. (June 2017)** – Dedicated Logistics Technologies, a third-party logistics and warehousing provider was acquired by Radiant Logistics, a third-party logistics and multimodal transportation services company. The rationale behind the acquisition was centered on expanding Radiant's client network and warehousing capabilities in the Northeast Region of the United States.
- **Carelog Freight Services A/S acquired by Panalpina World Transport (May 2017)** – Carelog Freight Services A/S was acquired by Panalpina World Transport (Holding) Ltd. (SWX:PWTN). Panalpina attributed the transaction to their corporate development strategy, assisting its organic growth via bolt-on acquisitions. Highly acquisitive, Panalpina, with its acquisition of Carelog, aspires to be a leading freight forwarder in Denmark.
- **GlobalTranz Enterprises, Inc., announced it has acquired Logistics Planning Services (May 2017)** – GlobalTranz Enterprises, Inc., a technology-driven freight management solution provider, has acquired Logistics Planning Services (LPS), a leading managed transportation provider and freight brokerage company. The acquisition is expected to help GlobalTranz significantly increase its market share in third-party logistics (3PL) services. The LPS acquisition will add scale to GlobalTranz's combined freight brokerage operations and leverage its technology with LPS' customers to generate synergy. Terms of the transaction were not announced.
- **Pamplona Capital Management sells Beacon Rail Leasing to JP Morgan Asset Management (April 2017)** – JP Morgan Asset Management has acquired British rolling stock leasing company Beacon Rail Leasing in a deal valued at just under \$1.1B. Beacon Rail Leasing was established in 2008 and grew significantly, especially following the acquisition of HSBC Rail in 2009. In 2014, the company was sold by a subsidiary of Mitsubishi UFJ to Pamplona in a transaction worth approximately \$450MM. Beacon Rail's current portfolio includes 225 locomotives, over 1000 freight wagons, 55 passenger train units, 67 double decker coaches and 13 sets of five-car intercity carriages on lease in the UK, Germany, Denmark, France, Belgium, Norway, Sweden, Austria, and the Netherlands.

Source: Transportation Topics, S&P Capital IQ

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Recent Select Deal Activity – Pending & Closed

Logistics

Date Closed	Target	Acquirer / Investor
Pending	Air Connection Ltd	Panalpina World Transport (Holding) Ltd.
Pending	Nightline Logistics Group Unlimited Company	United Parcel Service, Inc.
Jun-17	Dedicated Logistics Technologies, Inc	Radiant Logistics, Inc.
Jun-17	Partner Logistics Europe B.V.	Lineage Logistics, LLC
Jun-17	Worthington Logistics Solutions, Inc.	GlobalTranz Enterprises, Inc.
May-17	Carelog Freight Service A/S (nka:Panalpina Carelog)	Panalpina World Transport (Holding) Ltd.
May-17	EXTRA Express Cerritos, Inc.	St. George Trucking & Warehouse Inc
May-17	Logistics Planning Services, Inc.	GlobalTranz Enterprises, Inc.
May-17	GAT Airline Ground Support, Inc.	Atlantic Street Capital Management, LLC
Apr-17	Masterpiece International Limited	Magnate Worldwide, LLC
Apr-17	Transportation Certification Services, Inc. And Rail Temps, Inc.	Halcon Corporation

Marine

Date Closed	Target	Acquirer / Investor
Pending	Stewart & Stevenson, LLC	Kirby Corporation
Pending	Shanghai International Port (Group) Co., Ltd.	China COSCO Shipping Corporation Limited
Pending	Thessaloniki Port Authority Societe Anonyme	Terminal Link SAS; Deutsche Invest Equity Partners GmbH; Belterra Investments Ltd
Apr-17	Orion Marine Corporation	OL International Holdings, LLC
Apr-17	Settoon Towing LLC, Marine Assets	Savage Inland Marine, LLC

Trucking

Date Closed	Target	Acquirer / Investor
Pending	Societe de Transports de Vehicules Automobiles S.A.	Compagnie d'Affretement et de Transport SA
Pending	Old Dominion Truck Leasing, Inc.	Penske Truck Leasing Co., L.P.
Pending	L Mermans-Van Houdt BVBA	Van Moer Group NV
Pending	BBVA AutoRenting S.p.a.	ALD S.A.
Pending	Swift Transportation Company	Knight Transportation, Inc.
Jul-17	Estenson Logistics, LLC	Hub Group Trucking, Inc.
Jun-17	Bleu Pelican Inc.	9189-7751 Quebec Inc.
May-17	The Schilli Companies and Big Freight Systems Inc.	Daseke, Inc.
May-17	4 Companies	Central States Trucking Co.

Rail Services

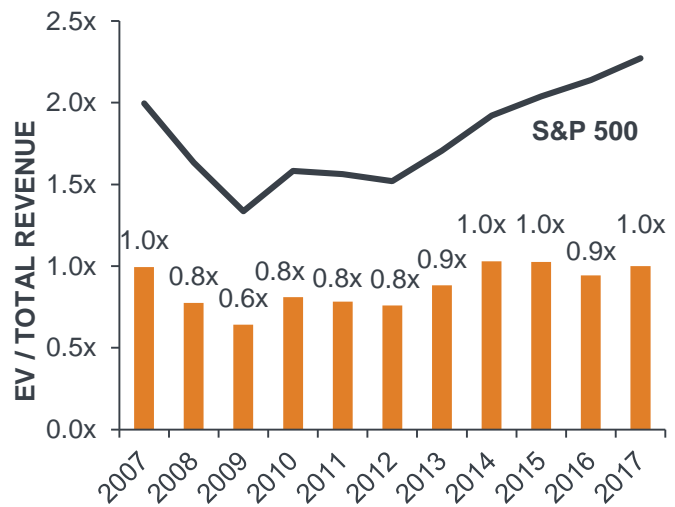
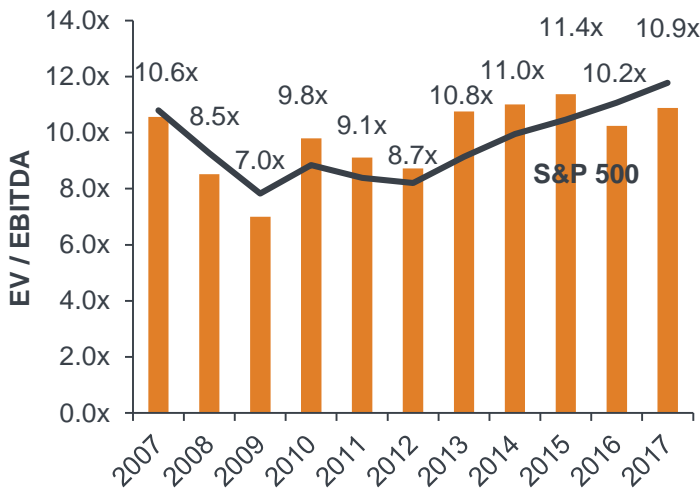
Date Closed	Target	Acquirer / Investor
Pending	Semvac A/S	Westinghouse Air Brake Technologies Corporation
Pending	Newport Rail Loading Facility, LLC	Select Sands Corp.
May-17	Adler-Rail e. K.	Undisclosed
Apr-17	CJSC Acron-Trans	Public Joint Stock Company Acron
Apr-17	Beacon Rail Leasing Limited	J.P. Morgan Asset Management, Inc.

Sector Summary in Millions USD (converted where necessary)
Data sourced from S&P Capital IQ on June 30, 2017

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Public Trading Metrics – Logistics

Industry		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean		16,493	14,300	825	14,184	1,500	8.2%	3,084	2.2x	1.0x	10.9x
Median		3,388	3,341	215	4,115	369	8.1%	856	1.8x	1.1x	10.4x
		Size (Millions USD)					Leverage		Valuation		
Company	Ticker	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Agility Public Warehousing Company K.S.C.P.	KWSE:AGLTY	3,388	3,091	287	4,115	349	8.5%	317	0.9x	0.8x	9.7x
Air Transport Services Group, Inc.	NasdaqGS:ATSG	1,769	1,288	28	829	211	25.5%	482	2.3x	2.1x	8.4x
Atlas Air Worldwide Holdings, Inc.	NasdaqGS:AAWW	3,184	1,317	109	1,896	369	19.5%	1,804	4.9x	1.7x	8.6x
Deutsche Post AG	XTRA:DPW	50,011	46,207	2,857	62,927	4,753	7.6%	4,904	1.0x	0.8x	10.5x
DSV A/S	CPSE:DSV	12,616	11,422	239	10,159	673	6.6%	1,230	1.8x	1.2x	18.7x
Echo Global Logistics, Inc.	NasdaqGS:ECHO	761	580	20	1,753	32	1.8%	207	6.5x	0.4x	NM
Expeditors International of Washington, Inc.	NasdaqGS:EXPD	9,022	10,176	1,156	6,225	712	11.4%	NA	NA	1.4x	12.7x
FedEx Corporation	NYSE:FDX	69,071	58,109	3,969	60,319	8,275	13.7%	14,909	1.8x	1.1x	8.3x
Forward Air Corporation	NasdaqGS:FWRD	1,609	1,610	10	1,029	144	14.0%	21	0.1x	1.6x	11.1x
Hub Group, Inc.	NasdaqGS:HUBG	1,317	1,309	152	3,729	147	3.9%	106	0.7x	0.4x	9.0x
Kuehne + Nagel International AG	SWX:KNIN	19,124	19,965	529	17,946	1,120	6.2%	NA	NA	1.1x	17.1x
Landstar System, Inc.	NasdaqGS:LSTR	3,467	3,589	215	3,238	262	8.1%	NA	NA	1.1x	13.2x
Panalpina World Transport (Holding) Ltd.	SWX:PWTN	2,934	3,341	260	5,461	119	2.2%	1	0.0x	0.5x	NM
Radiant Logistics, Inc.	AMEX:RLGT	283	263	13	758	27	3.6%	30	1.1x	0.4x	10.5x
Ryder System, Inc.	NYSE:R	9,144	3,855	55	6,995	1,816	26.0%	4,796	2.6x	1.3x	5.0x
TFI International Inc.	TSX:TFII	3,253	1,972	0	3,476	379	10.9%	1,246	3.3x	0.9x	8.6x
United Parcel Service, Inc.	NYSE:UPS	109,531	95,966	4,604	62,924	7,847	12.5%	14,257	1.8x	1.7x	14.0x
Universal Logistics Holdings, Inc.	NasdaqGS:ULH	665	427	3	1,097	80	7.3%	221	2.8x	0.6x	8.3x
XPO Logistics, Inc.	NYSE:XPO	12,222	7,220	342	14,613	1,178	8.1%	4,819	4.1x	0.8x	10.4x

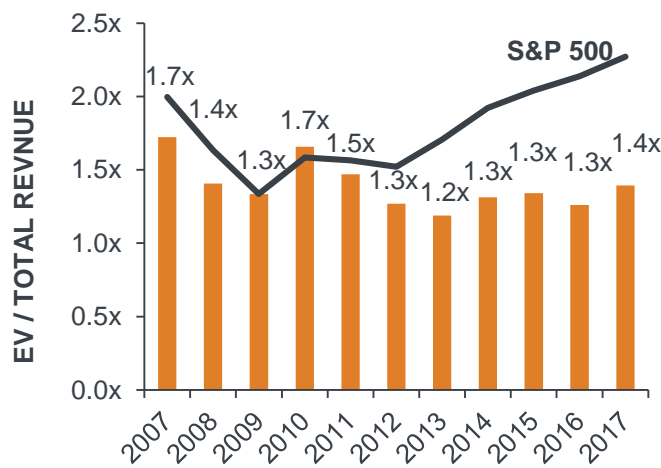
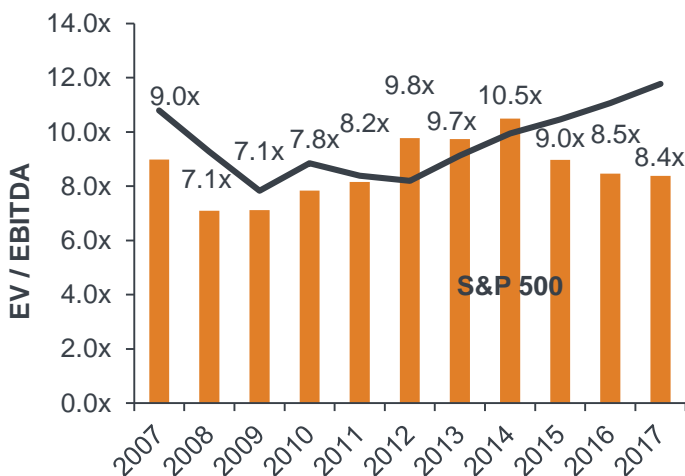


Sector Summary in Millions USD (converted where necessary)
 Charts show average daily multiples for each year
 Data sourced from S&P Capital IQ on June 30, 2017

Transportation & Logistics

Public Trading Metrics – Marine

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA	
Mean	6,224	3,792	527	4,661	671	21.7%	2,460	6.6x	1.4x	8.4x	
Median	2,918	1,222	197	864	180	19.2%	754	4.4x	1.2x	9.7x	
Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Agcean Marine Petroleum Network Inc.	NYSE:ANW	1,024	231	60	4,848	122	2.5%	514	4.2x	0.2x	8.4x
A.P. Møller - Mærsk A/S	CPSE:MAER SK B	54,463	40,568	2,873	35,888	6,875	19.2%	13,019	1.9x	1.5x	7.9x
COSCO Shipping Specialized Carriers Co., Ltd.	SHSE:600428	2,918	1,969	NM	937	140	15.0%	NA	NA	3.1x	NM
Costamare Inc.	NYSE:CMRE	1,982	774	195	439	280	63.7%	754	2.7x	4.5x	7.1x
Diana Shipping Inc.	NYSE:DSX	992	431	42	124	NM	-0.3%	634	NM	NM	NM
Evergreen Marine Corporation (Taiwan) Ltd	TSEC:2603	4,207	1,785	1,084	4,264	97	2.3%	2,424	24.9x	1.0x	NM
Hapag-Lloyd Aktiengesellschaft	DB:HLAG	8,870	4,726	556	8,491	636	7.5%	3,764	5.9x	1.0x	14.0x
Kirby Corporation	NYSE:KEX	4,286	3,610	NM	1,804	426	23.6%	675	1.6x	2.4x	10.1x
Matson, Inc.	NYSE:MATX	2,056	1,295	20	1,962	219	11.1%	749	3.4x	1.0x	9.4x
Nippon Yusen Kabushiki Kaisha	TSE:9101	10,800	3,138	1,284	17,255	663	3.8%	7,458	11.2x	0.6x	16.3x
Nordic American Tankers Limited	NYSE:NAT	1,044	646	46	336	114	33.8%	443	3.9x	3.1x	9.2x
Overseas Shipholding Group, Inc.	NYSE:OSG	512	198	198	455	142	31.1%	417	2.9x	1.1x	3.6x
Rand Logistics, Inc.	NasdaqCM:R LOG	212	7	NM	115	24	20.6%	NA	NA	1.8x	8.9x
SEACOR Holdings Inc.	NYSE:CKH	1,343	603	419	808	75	9.3%	733	9.8x	1.7x	18.0x
Seaspan Corporation	NYSE:SSW	3,759	782	296	864	525	60.8%	2,420	4.6x	4.4x	7.2x
Teekay LNG Partners L.P.	NYSE:TGP	3,848	1,222	181	402	280	69.8%	1,745	6.2x	NM	NM
Wallenius Wilhelmsen Logistics ASA	OB:WWL	3,501	2,480	121	247	125	50.6%	1,155	9.2x	NM	NM



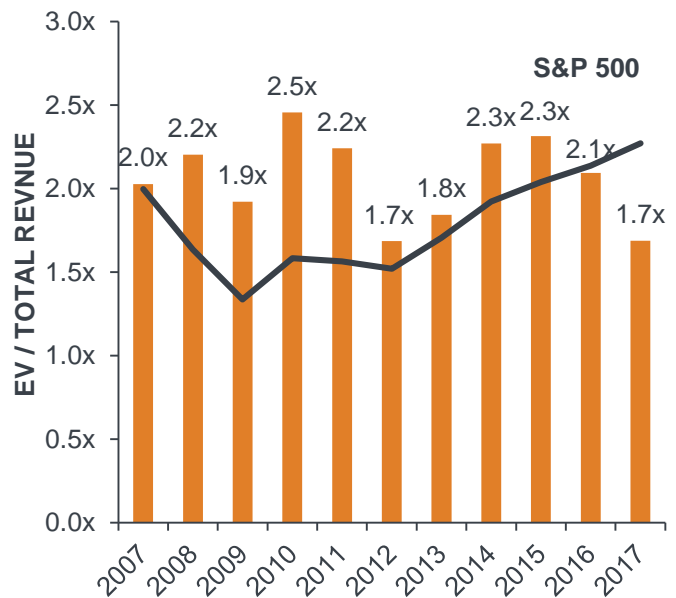
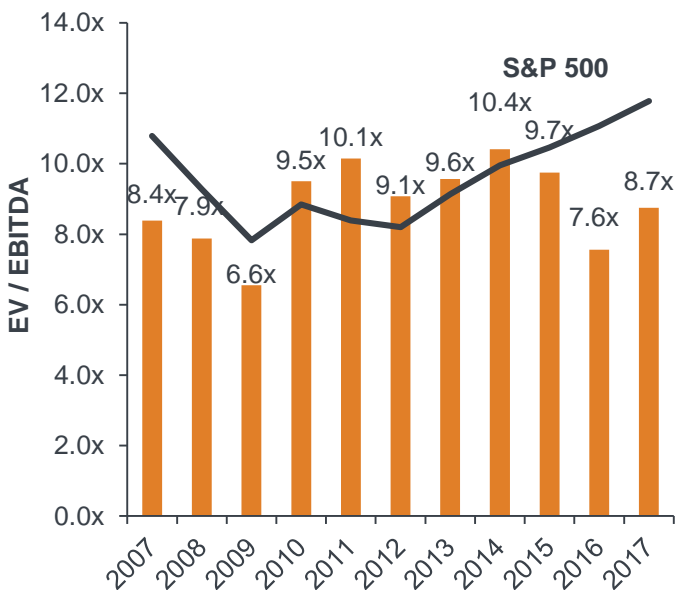
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Transportation & Logistics

Public Trading Metrics – Rail Services

Industry		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean		30,629	25,474	415	6,275	2,751	30.6%	5,783	2.4x	2.1x	8.7x
Median		13,856	11,102	183	3,998	1,179	41.9%	4,582	2.2x	1.7x	10.1x

		Size (Millions USD)					Leverage		Valuation		
Company	Ticker	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
American Railcar Industries, Inc.	NasdaqGS:ARII	1,137	731	151	578	165	28.5%	539	3.3x	2.0x	6.9x
Canadian National Railway Company	TSX:CNR	69,415	61,214	101	9,823	5,287	53.8%	6,726	1.3x	NM	13.1x
Canadian Pacific Railway Limited	TSX:CP	30,084	23,559	183	4,953	2,546	51.4%	5,894	2.3x	NM	11.8x
CSX Corporation	NasdaqGS:CSX	60,432	50,342	620	11,549	5,196	45.0%	11,806	2.3x	NM	11.6x
FreightCar America, Inc.	NasdaqGS:RAIL	107	216	98	515	11	2.1%	NA	NA	0.2x	9.9x
Genesee & Wyoming Inc.	NYSE:GWR	6,896	4,259	38	2,038	590	29.0%	2,319	3.9x	3.4x	11.7x
Kansas City Southern	NYSE:KSU	13,856	11,102	166	2,469	1,179	47.8%	2,244	1.9x	NM	11.7x
Norfolk Southern Corporation	NYSE:NSC	44,711	35,267	642	10,226	4,286	41.9%	9,273	2.2x	NM	10.4x
The Greenbrier Companies, Inc.	NYSE:GBX	1,539	1,318	465	2,153	345	16.0%	533	1.5x	0.7x	4.5x
Trinity Industries, Inc.	NYSE:TRN	6,915	4,265	809	3,998	859	21.5%	3,270	3.8x	1.7x	8.1x
Union Pacific Corporation	NYSE:UNP	101,832	87,938	1,286	20,724	9,800	47.3%	15,229	1.6x	NM	10.4x



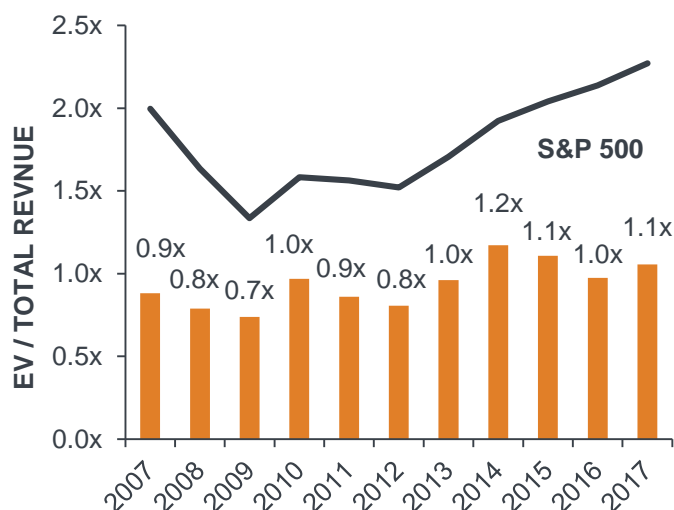
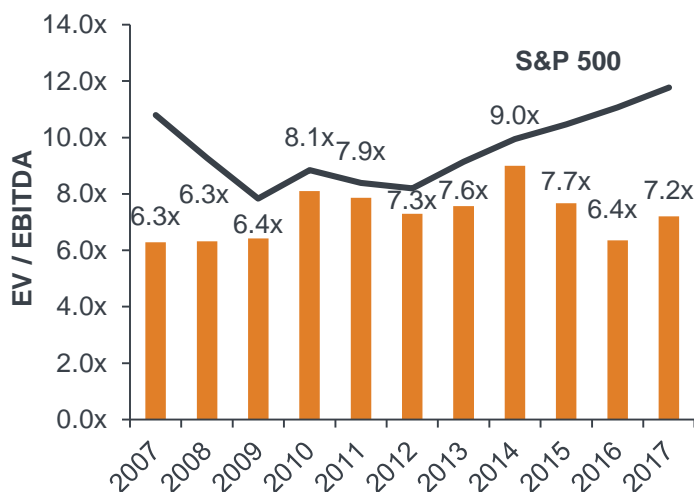
Sector Summary in Millions USD (converted where necessary)
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Transportation & Logistics

Public Trading Metrics – Trucking

Industry		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean		2,650	2,133	62	2,291	326	9.9%	687	1.8x	1.1x	7.2x
Median		1,181	896	43	1,246	158	12.2%	167	1.5x	1.0x	6.8x

Company	Ticker	Size (Millions USD)					Leverage		Valuation		
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
ArcBest Corporation	NasdaqGS:ARCB	620	532	82	2,730	136	5.0%	167	1.2x	0.2x	4.6x
Celadon Group, Inc.	NYSE:CGI	462	87	6	1,055	83	7.9%	115	1.4x	0.4x	5.5x
Covenant Transportation Group, Inc.	NasdaqGS:CVTI	518	320	NM	679	98	14.4%	NA	NA	0.8x	5.3x
Daseke, Inc.	NasdaqCM:DSKE	731	424	39	655	76	11.6%	263	3.5x	1.1x	9.6x
Heartland Express, Inc.	NasdaqGS:HTLD	1,575	1,734	159	580	174	29.9%	NA	NA	2.7x	9.1x
J.B. Hunt Transport Services, Inc.	NasdaqGS:JBHT	10,992	10,050	7	6,768	1,058	15.6%	943	0.9x	1.6x	10.4x
Knight Transportation, Inc.	NYSE:KNX	2,937	2,980	45	1,117	247	22.1%	NA	NA	2.6x	11.9x
Landstar System, Inc.	NasdaqGS:LSTR	3,467	3,589	215	3,238	262	8.1%	NA	NA	1.1x	13.2x
Marten Transport, Ltd.	NasdaqGS:MRTN	887	896	10	688	134	19.5%	NA	NA	1.3x	6.6x
Old Dominion Freight Line, Inc.	NasdaqGS:ODFL	7,899	7,852	48	3,038	688	22.6%	45	0.1x	2.6x	11.5x
P.A.M. Transportation Services, Inc.	NasdaqGM:PTSI	259	121	NM	439	53	12.2%	111	2.1x	0.6x	4.8x
Roadrunner Transportation Systems, Inc.	NYSE:RRTS	678	279	5	1,972	101	5.1%	NA	NA	0.3x	6.7x
Ryder System, Inc.	NYSE:R	9,144	3,855	55	6,995	1,765	25.2%	5,385	3.1x	1.3x	5.2x
Saia, Inc.	NasdaqGS:SAIA	1,449	1,293	NM	1,246	158	12.7%	65	0.4x	1.2x	9.2x
Swift Transportation Company	NYSE:SWFT	4,473	3,532	43	4,009	481	12.0%	744	1.5x	1.1x	9.3x
Universal Logistics Holdings, Inc.	NasdaqGS:ULH	665	427	3	1,097	80	7.3%	221	2.8x	0.6x	8.3x
USA Truck, Inc.	NasdaqGS:USAK	201	69	NM	420	22	5.3%	80	3.6x	0.5x	9.0x
Werner Enterprises, Inc.	NasdaqGS:WERN	2,219	2,120	23	2,048	325	15.8%	75	0.2x	1.1x	6.8x
YRC Worldwide Inc.	NasdaqGS:YRCW	1,181	373	182	4,748	253	5.3%	717	2.8x	0.2x	4.7x



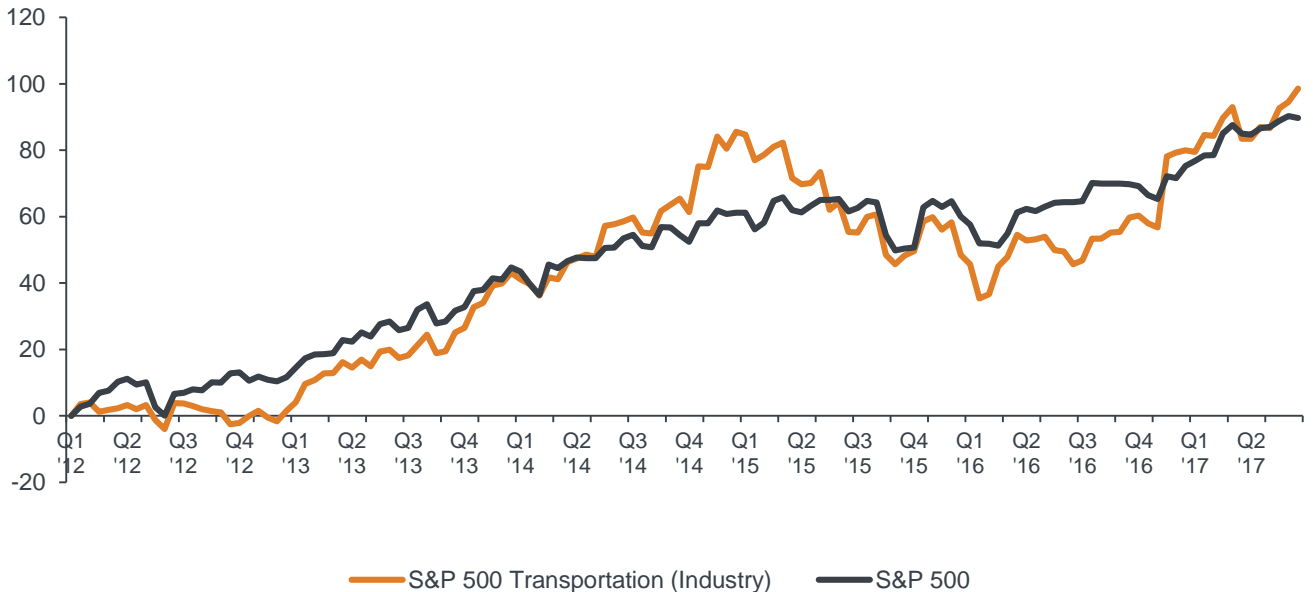
Sector Summary in Millions USD (converted where necessary)
 Charts show average daily multiples for each year
 Data sourced from S&P Capital IQ on June 30, 2017

Transportation & Logistics

Economic Indicators

Economic Index Trends

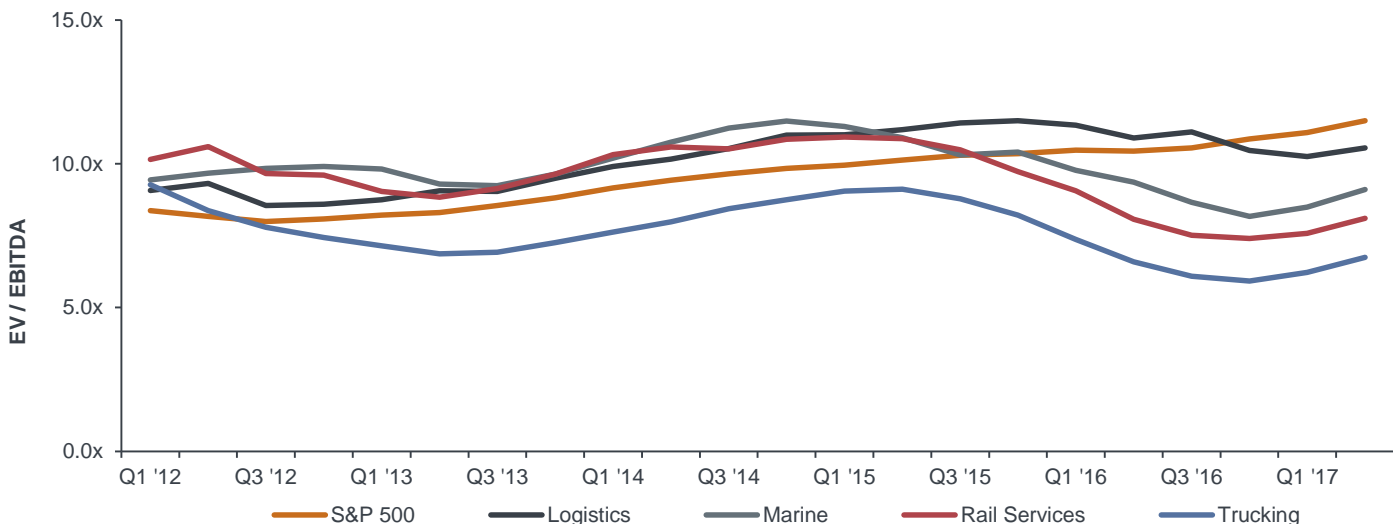
The Transportation sector has recovered considerably over the last 12 months, outperforming the S&P 500 since Q4 2016.



Data sourced from S&P Capital IQ on June 30, 2017

Last 5 Year EV / EBITDA Trend by Industry

Though still tracking below the S&P 500 EV/EBITDA multiple average, the industry has begun to slowly increase its averages since Q4 2016, led by the Logistics segment followed by Marine, Rail, and Trucking segments.



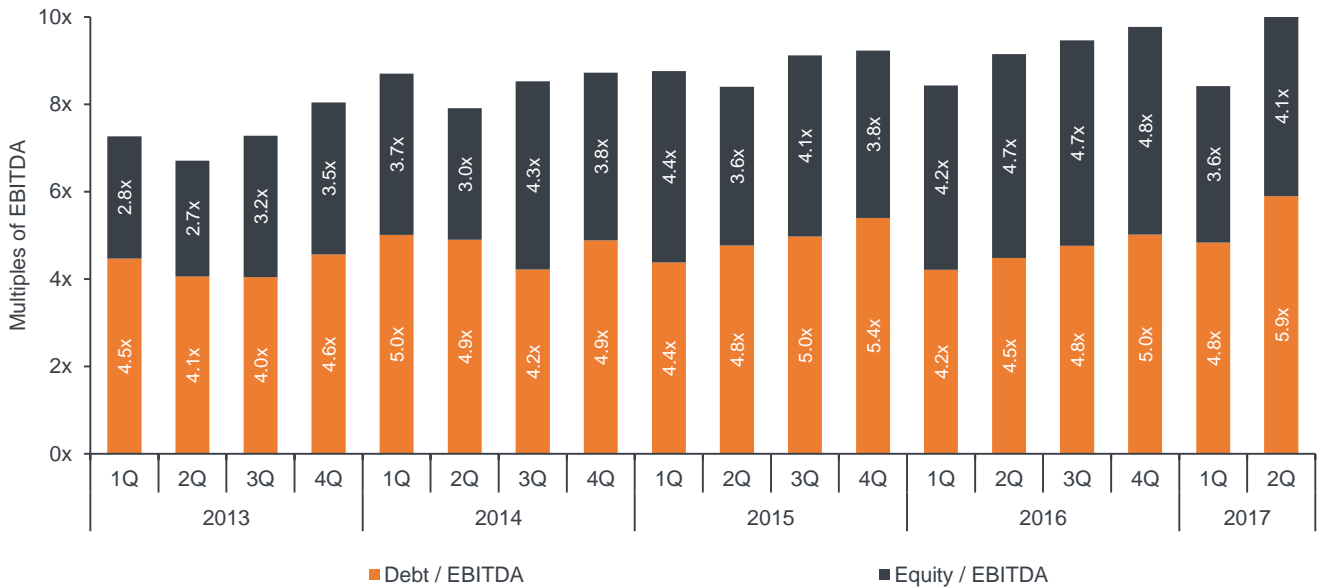
Data sourced from S&P Capital IQ on June 30, 2017

Transportation & Logistics

M&A Activity – Middle Market

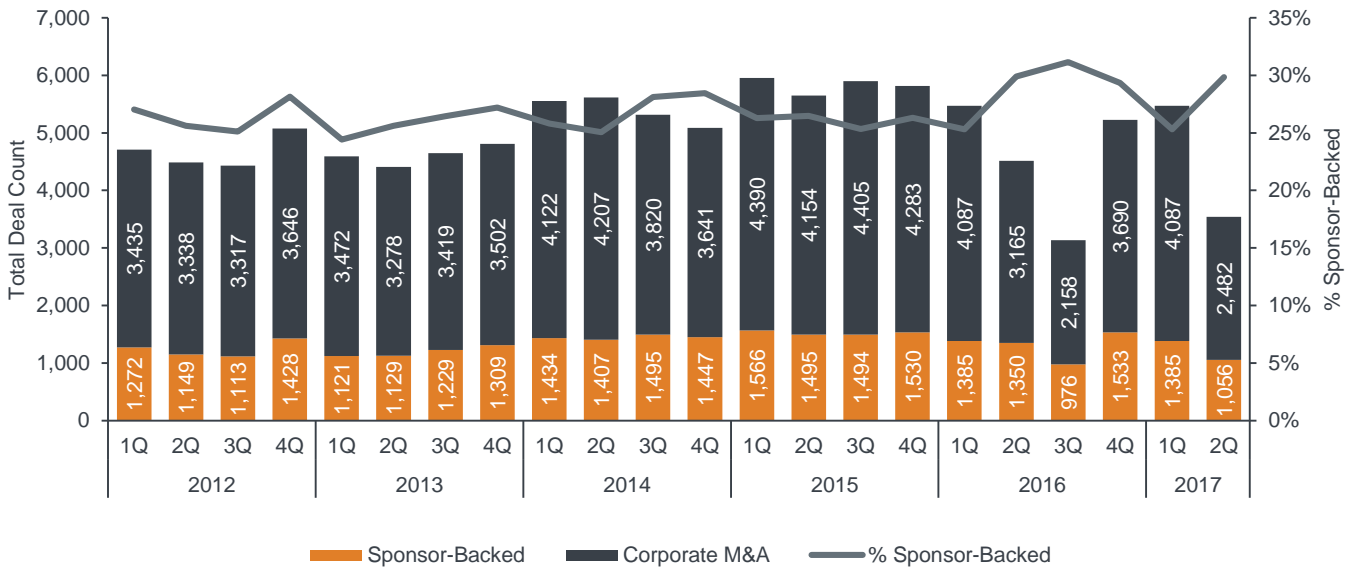
Though mid market deal volumes have come down off historical highs, frothy debt availability continues to drive premium valuations.

M&A Transaction Multiples



M&A transaction multiples are the median North American M&A activity independent of target / acquirer industry and enterprise value. The dataset has been restricted to multiples between 0.0x and 30.0x EBITDA; sourced through Pitchbook's Q2 2017 Report.

M&A Activity by Acquirer Type



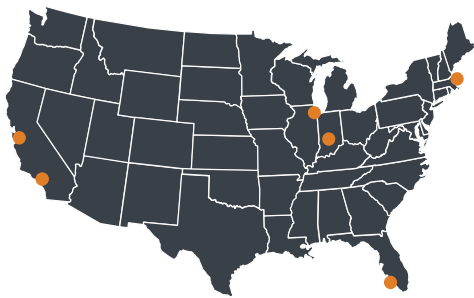
Data sourced through PitchBook Q2 2017 Report

G2 Overview

Investment Banking and Restructuring Advisory

G2 Capital Advisors is pleased to present its Transportation & Logistics update for Q2 2017, providing commentary and analysis on M&A and market trends within the Transportation & Logistics industry. We hope you find this report helpful and encourage you to contact us directly if you would like to discuss our perspective on the current market environment, trends, or our relevant industry experience.

THIRTY-FIVE professionals



across **SIX** offices

FOUR Industry Practice Groups



Transportation & Logistics / Supply Chain



Technology / Business Services



Aerospace & Defense / Security



Industrials / Manufacturing

FIVE Service Offerings

Securities



Sell-Side

Buy-Side



Operational Restructuring

Financial Restructuring



G2 Overview

Sector-Focused; Experience-Based

G2 is focused in four sectors; each practice group headed by a leader with 20+ years of C-level operating experience. G2's managing directors have navigated all stages of the corporate lifecycle, from growth to maturity, and apply that experience to provide advisory services to our clients.



Transportation & Logistics / Supply Chain

Led by Ron Lentz

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment



Industrials / Manufacturing

Led by Jack Shields

- Manufacturing / Distribution
- Flooring
- Plastics / Packaging
- Consumer Products
- Metals



Technology / Business Services

Led by Matt Konkle

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Aerospace & Defense / Security

Led by Jim Bullion


- Cyber Security
- Defense Robotics
- UAV, C4ISR, Hardware
- Aerospace Electronics
- Telecommunications

G2 Capital Advisors offers an integrated and complementary set of financial and corporate advisory services to assist our clients through the lifecycle of a business.

G2 Overview

Ron Lentz, Managing Director

G2 Capital Advisor’s Transportation & Logistics industry practice leader, Ron Lentz, brings 25+ years of C-level leadership and operating experience to the Transportation & Logistics practice group.

Company	Title	Role
	CEO	Restructured operations of international freight forwarder and acquired 11 companies in 18 months before selling the parent at 4.5x premium.
	EVP	Doubled the size of company sales and EBITDA in 18 months before selling at a 2.5x premium.
	COO	Restructured and recapitalized the company, before selling for \$400 million.
	COO	Restructured platform company for a private equity group before selling for \$658 million – representing a 6x return on initial investment.
	CEO	Co-founded the business in 2000, building the company from start-up to \$150 million in revenues in 18 months then sold to private equity firm in 2002.
	EVP	Built Ryder’s 3PL division from \$100 million revenues in 1988 to \$2.4 billion in 1999.



Ron Lentz
Practice Leader
Transportation & Logistics

G2 Overview

Select On-going G2 Projects

Project Customs
Buy-Side
Freight Forwarding and
Customs Brokerage

Project Armor
Sell-Side
Healthcare Logistics

- Project Customs** – G2 is currently advising a leading customs brokerage, compliance, and freight solutions provider in a buy-side process. Search criteria includes:
 - Core Services: sophisticated Air freight forwarding, international freight forwarding
 - Value-Added Services: Asset-light ancillary services, import services, freight / customs bundling
 - Location: Headquartered in North America
- Project Armor** – G2 is currently advising a high growth tech-enabled healthcare logistics provider in a sell-side process. The client provides expedited logistics of pharmaceuticals in a B2B capacity in North America.

Reference

G2 Team

Ron Lentz, Managing Director

rlentz@g2cap.com

630.362.8317

Jeffrey Unger, CEO

junger@g2cap.com

617.918.7929

Theodore Bang, Analyst

tbang@g2cap.com

617.910.0918

Term	Definition
Revenue	Total revenue from the sale of goods and services rendered during the reporting period, in normal course of business, reduced by sales returns and allowances, and sales discounts. For banks, this item is defined as net interest income after loan loss provisions
EBITDA	Earnings before interest, taxes, depreciation, and amortization. Calculated as Revenue – Expenses, excluding interest, taxes, depreciation and amortization
Market Cap	Market value of a company using most recently reported basic weighted average shares outstanding. Calculated as Market Price (as of period end) * Basic Weighted Average Shares Outstanding
Long-Term Debt	Sum of the carrying values as of the balance sheet date of long-term debt with a maturity beyond one year or the normal operating cycle, if longer
Net Debt	Net Debt shows the company's overall debt situation by netting the value of debts with cash and other similar liquid assets. Calculated as Total Debt – Cash & Cash Equivalents and Short Term Investments
Enterprise Value	Enterprise Value represents the combined economic value of a company as of the most recent fiscal year end. Calculated as Diluted Market Capitalization + Total Debt + Minority Interest + Preferred Stock – Cash and Short Term investments
P/E	A valuation ratio of a company stock price compared to its per share earnings. Calculated as Market Price / Earnings per Share for the last annual period
Tangible Book Value	Total Shareholder's Equity – Goodwill and Intangible Assets

For more information about G2, please visit: www.g2cap.com

Our corporate headquarters is located at: [535 Boylston Street, 11th Floor, Boston, MA 02116](https://www.g2cap.com)

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