

Market Update Logistics & Transportation

Q2 2018

Key Highlights

- Highest performing subsector index in Q2 of 2018 was Truckload Carriers, up 2.6%
- Lowest performing subsector index in Q2 of 2018 was Freight Forwarding / Intermodal, down 17.2%
- On average, EV / LTM EBITDA multiples for the tracked subsectors were down by 0.3x over the prior quarter and up 0.2x on a year over year basis

Lincoln International's Logistics & Transportation Sector

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Logistics & Transportation Sector has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the logistics & transportation space. This update tracks pricing and valuation metrics and transaction activity for six key logistics and transportation subsectors:

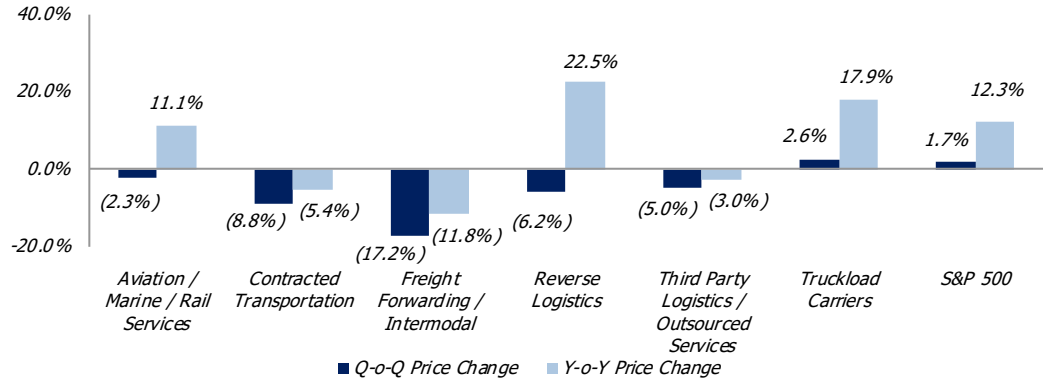
- Aviation / Marine / Rail Services
- Contracted Transportation
- Freight Forwarding / Intermodal
- Reverse Logistics
- Third Party Logistics / Outsourced Services
- Truckload Carriers

Quarter over Quarter Price Performance

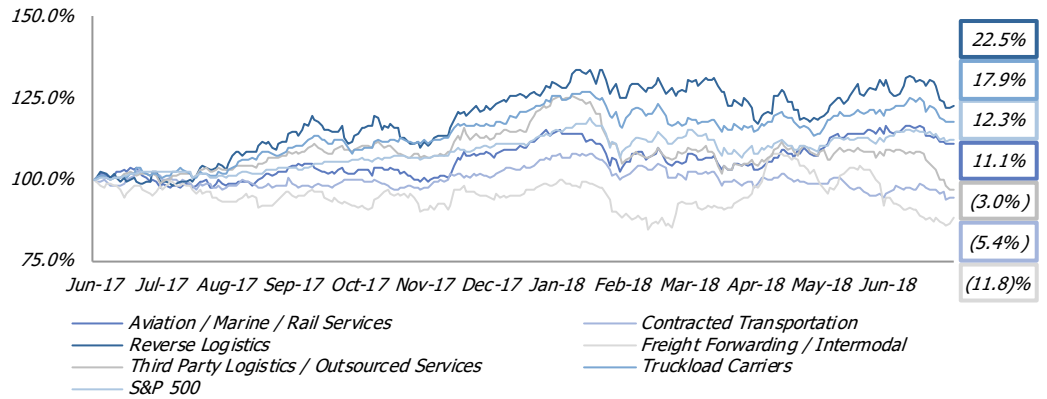
Outperformers	Change	Underperformers	Change
USA Truck, Inc.	29.5%	Roadrunner Transportation Systems, Inc.	(72.9%)
Atlas Air Worldwide Holdings, Inc.	22.3%	Deutsche Post AG	(31.6%)
CSX Corporation	15.9%	A.P. Møller - Mærsk A/S	(28.8%)
Marten Transport, Ltd.	15.5%	Firstgroup plc	(26.2%)
Expeditors International of Washington	13.0%	PostNL N.V.	(23.4%)

Note: Based on quarter-over-quarter share price performance

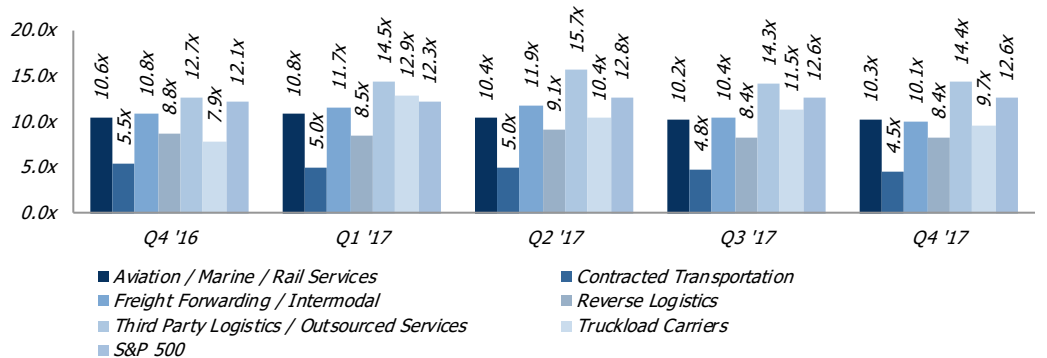
Quarter over Quarter & Year over Year Stock Indices Price Change



LTM Relative Stock Indices Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



Logistics & Transportation Stock Indices Data

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Aviation / Marine / Rail Services										
A.P. Møller - Mærsk A/S	\$1,244.50	55.7%	\$25,203	\$34,024	\$33,097	\$3,556	28.1%	10.7%	1.1x	10.2x
Air Transport Services Group, Inc.	22.59	81.6%	1,335	1,874	1,033	268	24.6%	25.9%	1.8x	7.2x
Atlas Air Worldwide Holdings, Inc.	71.70	95.2%	1,833	3,967	2,271	469	19.8%	20.7%	1.7x	8.5x
Canadian National Railway Company	81.75	97.4%	60,113	68,986	10,104	5,151	9.7%	51.0%	7.0x	13.7x
CSX Corporation	63.78	94.2%	55,830	67,640	11,415	5,342	0.8%	46.8%	5.9x	12.1x
Forward Air Corporation	59.08	91.2%	1,738	1,766	1,141	150	12.4%	13.1%	1.5x	11.8x
Genesee & Wyoming Inc.	81.32	96.4%	4,946	7,466	2,264	693	11.1%	30.6%	3.3x	10.8x
Hapag-Lloyd Aktiengesellschaft	36.05	77.5%	6,336	12,707	12,884	1,310	51.7%	10.2%	1.0x	9.9x
Kansas City Southern	105.96	92.2%	10,872	13,757	2,612	1,255	9.7%	48.0%	5.3x	10.9x
Nippon Yusen Kabushiki Kaisha	19.84	72.6%	3,346	11,490	20,556	1,089	19.1%	5.3%	0.6x	10.1x
Norfolk Southern Corporation	150.87	95.1%	42,627	52,122	10,693	4,735	6.5%	44.3%	4.9x	11.0x
PostNL N.V.	3.75	71.7%	1,739	1,745	4,312	336	17.9%	7.8%	0.4x	5.7x
Union Pacific Corporation	141.68	95.5%	109,884	126,334	21,583	10,426	6.6%	48.3%	5.9x	12.1x
Mean		85.9%					16.8%	27.9%	3.1x	10.3x
Median		92.2%					12.4%	25.9%	1.8x	10.8x
Contracted Transportation										
Firstgroup plc	\$1.10	65.5%	\$1,334	\$2,846	\$8,981	\$772	26.9%	8.6%	0.3x	3.9x
National Express Group PLC	5.30	94.5%	2,708	3,949	3,137	491	14.6%	15.7%	1.3x	8.3x
Stagecoach Group plc	1.87	73.2%	1,071	1,583	4,449	415	(12.8%)	9.3%	0.4x	3.7x
The Go-Ahead Group plc	20.95	79.2%	900	728	4,859	330	12.6%	6.8%	0.2x	2.3x
Mean		78.1%					10.3%	10.1%	0.5x	4.5x
Median		76.2%					13.6%	9.0%	0.4x	3.8x
Freight Forwarding / Intermodal										
Deutsche Post AG	\$32.63	67.6%	\$40,083	\$54,493	\$74,754	\$5,619	19.5%	7.5%	0.8x	10.2x
FedEx Corporation	227.06	82.7%	60,674	73,994	65,450	8,335	8.5%	12.7%	1.1x	8.9x
United Parcel Service, Inc.	106.23	78.4%	91,537	110,502	67,475	9,756	8.8%	14.5%	1.6x	11.3x
Mean		76.2%					12.3%	11.6%	1.2x	10.1x
Median		78.4%					8.8%	12.7%	1.1x	10.2x
Reverse Logistics										
Arrow Electronics, Inc.	\$75.28	86.3%	\$6,596	\$9,668	\$27,951	\$1,242	16.0%	4.4%	0.3x	7.8x
Avnet, Inc.	42.89	95.6%	5,060	6,146	18,584	703	10.6%	3.8%	0.3x	8.7x
Brambles Limited	6.57	85.1%	10,456	13,019	5,441	1,591	11.9%	29.2%	2.5x	8.7x
Greif, Inc.	52.89	80.6%	2,640	3,706	3,804	466	11.2%	12.3%	1.0x	7.9x
Sims Metal Management Limited	11.89	89.1%	2,410	2,111	4,438	212	19.5%	4.8%	0.5x	8.8x
Mean		87.4%					13.8%	10.9%	0.9x	8.4x
Median		86.3%					11.9%	4.8%	0.5x	8.7x
Third Party Logistics / Outsourced Services										
C.H. Robinson Worldwide, Inc.	\$83.66	83.5%	\$11,649	\$12,700	\$15,380	\$868	14.0%	5.6%	0.8x	14.6x
DSV A/S	80.73	92.6%	14,784	15,745	12,406	895	22.1%	7.2%	1.3x	18.6x
Echo Global Logistics, Inc.	29.25	88.8%	830	1,010	2,104	55	21.9%	2.6%	0.5x	18.4x
Engility Holdings, Inc.	30.64	86.0%	1,132	2,067	1,923	177	(5.7%)	9.2%	1.1x	11.7x
Expeditors International of Washington, Inc.	73.10	93.5%	12,769	11,639	7,230	794	16.2%	11.0%	1.6x	14.7x
Hub Group, Inc.	49.80	91.4%	1,711	1,978	4,238	172	15.8%	4.1%	0.5x	11.5x
Kuehne + Nagel International AG	150.17	82.1%	17,971	17,288	20,091	1,231	19.5%	6.1%	0.9x	14.6x
Landstar System, Inc.	109.20	92.1%	4,594	4,487	3,916	307	20.9%	7.8%	1.1x	14.6x
Panalpina Welttransport (Holding) AG	135.88	81.8%	3,223	3,271	5,946	143	15.1%	2.4%	0.6x	23.9x
Roadrunner Transportation Systems, Inc.	2.09	21.4%	80	541	2,182	-25	6.7%	(1.1%)	0.2x	NM
Ryder System, Inc.	71.86	79.6%	3,815	9,419	7,496	1,770	8.7%	23.6%	1.3x	5.3x
Universal Logistics Holdings, Inc.	26.25	93.3%	745	1,002	1,267	84	15.5%	6.6%	0.8x	11.9x
XPO Logistics, Inc.	100.18	86.7%	12,086	17,078	16,033	1,332	9.7%	8.3%	1.1x	12.8x
Mean		82.5%					13.9%	7.2%	0.9x	14.4x
Median		86.7%					15.5%	6.6%	0.9x	14.6x
Truckload Carriers										
Covenant Transportation Group, Inc.	\$31.50	89.5%	\$577	\$753	\$720	\$107	6.9%	14.8%	1.0x	6.8x
Heartland Express, Inc.	18.55	73.6%	1,527	1,422	634	140	9.3%	22.1%	2.2x	10.1x
J.B. Hunt Transport Services, Inc.	121.55	92.3%	13,341	14,334	7,509	1,043	12.8%	13.9%	1.9x	13.7x
Knight-Swift Transportation Holdings Inc.	38.21	73.6%	6,813	7,603	3,425	578	206.6%	16.9%	2.2x	13.1x
Marten Transport, Ltd.	23.45	79.2%	1,280	1,270	712	136	4.3%	19.2%	1.8x	9.3x
Schneider National, Inc.	27.51	90.1%	4,869	4,961	4,516	575	9.5%	12.7%	1.1x	8.6x
USA Truck, Inc.	23.47	80.5%	190	281	470	34	11.8%	7.3%	0.6x	8.2x
Werner Enterprises, Inc.	37.55	85.4%	2,715	2,751	2,178	363	7.4%	16.6%	1.3x	7.6x
Mean		83.0%					33.6%	15.4%	1.5x	9.7x
Median		83.0%					9.4%	15.7%	1.5x	9.0x
Total Mean		82.2%					16.8%	13.9%	1.4x	9.6x
Total Median		83.0%					11.9%	9.0%	0.9x	9.0x

Source: Bloomberg, Capital IQ and company filings, as of 06/29/2018

Acquisition Spotlight

06/05/2018: **GlobalTranz Enterprises, Inc.**, a leading technology-driven third-party logistics solutions provider, has been acquired by **The Jordan Company L.P.** from **Providence Strategic Growth, Susquehanna Growth Equity, Volition Capital, Savano Capital Partners** and other investors. GlobalTranz is looking to leverage this new partnership to drive growth with 25,000+ customers through technology innovation, a network of 34,000+ carriers and transformative M&A.

Market Intelligence

06/18/2018: **ID Systems (NASDAQ:IDSY)**, the New Jersey-based telematics and asset tracking technology provider, would like to make larger acquisitions in the trailer asset management niche

06/08/2018: **Lime**, a San Mateo, California-based bike sharing company, secured a \$250m funding round led by GV, Andreessen Horowitz, Coatue Management, Yahoo founder Yang Zhiyuan and other existing investors, valuing the company at roughly \$1 billion

06/08/2018: **VTG (FRA:VT9)**, the German rail car leasing company, could make acquisitions to expand operations in the U.S. in the freight car leasing sector, targeting companies that have fleets of 5,000-10,000 rail cars

05/18/2018: **Welsh, Carson, Anderson & Stowe**, a private equity firm, and industry veteran Randall Curran, the former CEO of **Ozburn-Hessey Logistics**, have formed a strategic partnership to acquire companies in the third-party logistics industry, focusing on US-based contract logistics and transportation management providers

05/16/2018: **Canadian National Railway (NYSE:CNI)**, a Montreal, Quebec-based Class I freight railway, is on the lookout for opportunistic takeover targets in North America to bolster its network

04/11/2018: **AP Moller-Maersk (CPSE:MAERSK B)**, the Danish transportation conglomerate, would consider acquisitions in order to reach its growth goals, and is most likely be interested in companies that will help it become a full logistical services provider

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Worldwide Flight Services	Provides air cargo handling services	Cerberus Capital Management
Announced	World Freight Company	Cargo general sales agent (GSA) that provides trade of air freight products	PAI Partners; Baring Private Equity
Jun-18	National Logistics Services	Provides logistics services to the fashion, footwear, action wear and general merchandise retail industry in Canada	Fulcrum Capital Partners
Jun-18	Outsource Fleet Services	Provides maintenance and repair services for trucks and trailers	Dickinson Fleet Services (Ridgemont Equity Partners)
Jun-18	Metro Truck & Tractor Leasing	Provides truck leasing and rental services	Ryder System
Jun-18	Industrial Container Services	Provides container solutions, services and container management systems	BWAY Holding Company (Stone Canyon Industries)
Jun-18	Newport Cargo	Provides logistics and air freight management services	Panalpina Welttransport
Jun-18	New Age Transportation	Provides third-party freight, warehousing and distribution services	Evans Delivery Company
Jun-18	Thunder Ridge Transport	Provide freight trucking services	EVO Transportation
Jun-18	GlobalTranz Enterprises	Provides freight management services for shippers in the United States	The Jordan Company
Jun-18	Service Cold Storage	Offers temperature-controlled supply chain solutions	Lineage Logistics (Bay Grove Capital)
Jun-18	Delta Douane France	Provides customs operation services in France and Europe	Rhenus SE & Co.
May-18	Integra Logistics Services	Provides transportation services and logistics solutions	ROAR Logistics
May-18	Pensacola Stevedore Company	Provides cargo handling and distribution services	Logistec
May-18	SIRVA	Provides moving and relocation services to corporate and individual customers	Madison Dearborn Partners
May-18	HALO Branded Solutions	Marketing services platform that distributes promotional products and provides employee recognition services	TPG Growth
May-18	Direct Connect Logistix	Offers trucking and logistics services	Huron Capital Partners
May-18	Traffic Solutions	Provides comprehensive traffic control products and services	Sterling Partners
May-18	Logistics Business of R.R. Donnelley	Provides logistics services and technologies	LSC Communications
Apr-18	Freight Management Services Business of ROAR Logistics	Provides global transportation services including rail, air and ocean	Redwood Logistics (CI Capital Partners)
Apr-18	Student Transportation Inc.	Provides school bus transportation and management services	CDPQ; ULLICO Inc.
Apr-18	Universal Maritime	Owns and operates a fleet of crude tankers	Ship Supply of Florida (H.I.G. Capital)
Apr-18	MXD Group	Provides logistics services for home delivery and retail replenishment	Ryder System
Apr-18	Normandin Transit	Offers LTL and truckload services across North America	TFI International

Global Industry Groups

Business Services
Consumer
Energy, Power & Infrastructure
Healthcare
Industrials
Technology, Media & Telecom

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About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With twenty offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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