



# Market Update

## Logistics & Transportation

Q3 2017

### Key Highlights

- Highest performing subsector stock in Q3 of 2017 was Truckload Carriers, up 43.3%; the S&P 500 increased 4.0% in Q3 of 2017
- Lowest performing subsector stock in Q3 of 2017 was Contracted Transportation, down 2.2%
- On average, EV / LTM EBITDA multiples for the subsectors were up by 0.6x over the prior quarter and up 1.3x on a year over year basis

## Lincoln International's Logistics & Transportation Group

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 Group 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

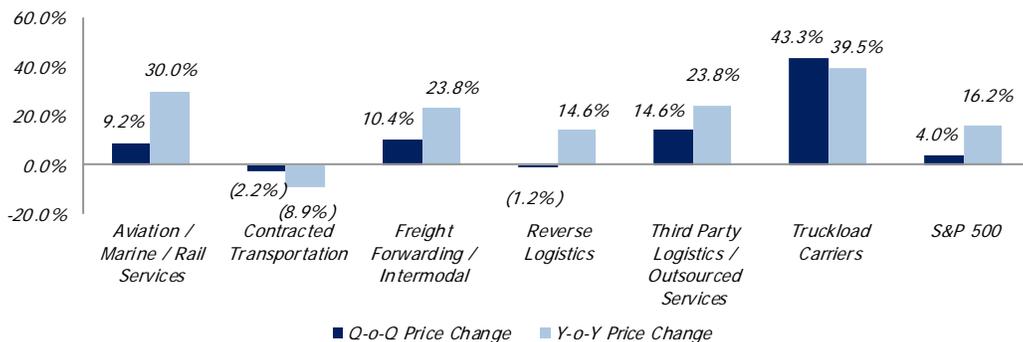
### Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Celadon Group, Inc.	114.3%	Sims Metal Management Limited	(9.2%)
Covenant Transportation Group, Inc.	65.3%	PostNL N.V.	(7.6%)
USA Truck, Inc.	62.2%	Brambles Limited	(5.4%)
Hapag-Lloyd Aktiengesellschaft	46.4%	A.P. Møller - Mærsk A/S	(5.4%)
Universal Logistics Holdings, Inc.	36.3%	Stagecoach Group plc	(5.4%)

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

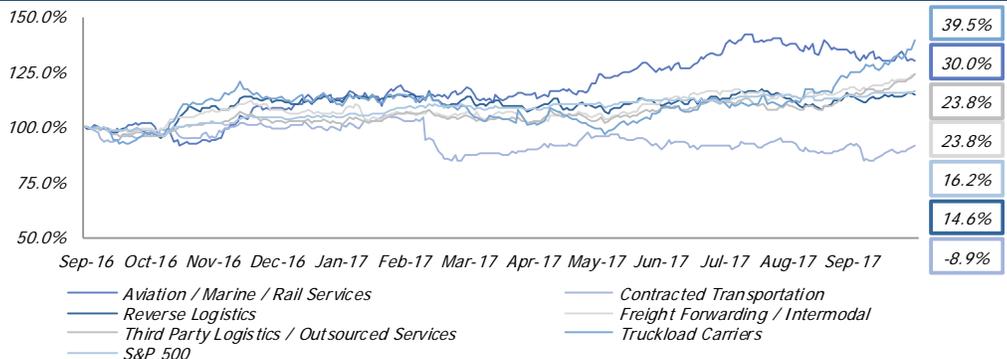
Note: Celadon stock price reflects the amended credit agreement struck with lenders on 6/03/17

### Quarter over Quarter & Year over Year Stock Indices Price Change

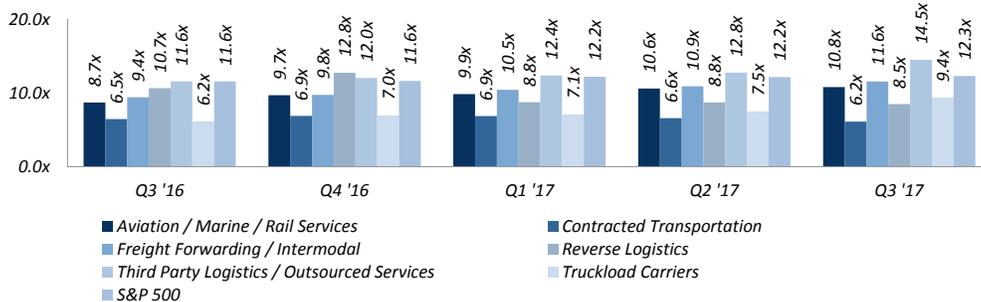


Note: Truckload Carriers average includes outperformance of Celadon

### LTM Relative Stock Indices Price Performance



### Historical Enterprise Value / EBITDA Valuation Performance



## Logistics &amp; 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
<b>Aviation / Marine / Rail Services</b>										
A.P. Møller - Maersk A/S	\$1,899.55	83.9%	\$38,729	\$51,999	\$36,631	\$7,155	2.6%	19.5%	1.4x	6.9x
Air Transport Services Group, Inc.	24.34	93.9%	1,439	1,905	906	223	24.3%	24.6%	2.1x	8.5x
Atlas Air Worldwide Holdings, Inc.	65.80	95.8%	1,662	3,529	1,971	396	10.6%	20.1%	1.8x	8.9x
Canadian National Railway Company	82.71	95.2%	62,116	70,458	9,823	5,287	7.6%	53.8%	6.9x	12.8x
CSX Corporation	54.26	97.8%	49,556	60,298	11,549	5,196	6.8%	45.0%	5.2x	11.6x
Forward Air Corporation	57.23	99.2%	1,734	1,745	1,029	144	5.6%	14.0%	1.7x	12.1x
Genesee & Wyoming Inc.	74.01	91.7%	4,614	7,289	2,077	615	3.9%	29.6%	3.5x	11.8x
Hapag-Lloyd Aktiengesellschaft	42.16	89.5%	6,917	14,697	9,660	820	10.9%	8.5%	1.5x	16.5x
Kansas City Southern	108.68	99.6%	11,457	14,201	2,469	1,179	5.8%	47.8%	5.8x	11.9x
Nippon Yusen Kabushiki Kaisha	20.77	88.6%	3,503	11,247	17,580	762	(11.1%)	4.3%	0.6x	12.5x
Norfolk Southern Corporation	132.24	98.8%	38,109	47,620	10,226	4,286	3.1%	41.9%	4.7x	11.1x
PostNL N.V.	4.31	71.0%	1,953	1,992	3,914	398	1.1%	10.2%	0.5x	4.9x
Union Pacific Corporation	115.97	99.2%	92,821	107,205	20,724	9,800	3.7%	47.3%	5.2x	10.9x
<b>Mean</b>		<b>92.6%</b>					<b>5.8%</b>	<b>28.2%</b>	<b>3.1x</b>	<b>10.8x</b>
<b>Median</b>		<b>95.2%</b>					<b>5.6%</b>	<b>24.6%</b>	<b>2.1x</b>	<b>11.6x</b>
<b>Contracted Transportation</b>										
Firstgroup plc	\$1.57	75.7%	\$1,896	\$3,787	\$7,080	\$828	1.8%	11.7%	0.5x	4.3x
National Express Group PLC	4.74	91.0%	2,414	3,641	2,944	463	23.0%	15.7%	1.2x	7.7x
Stagecoach Group plc	2.29	75.1%	1,311	1,871	5,100	281	(1.2%)	5.5%	0.4x	5.7x
Student Transportation Inc.	5.96	90.3%	566	857	637	77	4.7%	12.1%	1.3x	10.7x
The Go-Ahead Group plc	22.83	72.7%	980	704	4,521	281	2.5%	6.2%	0.2x	2.4x
<b>Mean</b>		<b>81.0%</b>					<b>6.2%</b>	<b>10.3%</b>	<b>0.7x</b>	<b>6.2x</b>
<b>Median</b>		<b>75.7%</b>					<b>2.5%</b>	<b>11.7%</b>	<b>0.5x</b>	<b>5.7x</b>
<b>Freight Forwarding / Intermodal</b>										
Deutsche Post AG	\$44.52	99.6%	\$53,825	\$58,800	\$67,863	\$5,137	4.9%	7.6%	0.8x	11.0x
FedEx Corporation	225.58	99.7%	60,489	72,142	60,953	8,252	15.6%	13.5%	1.2x	8.7x
United Parcel Service, Inc.	120.09	99.7%	103,901	117,419	62,924	7,847	4.8%	12.5%	1.9x	15.0x
<b>Mean</b>		<b>99.7%</b>					<b>8.4%</b>	<b>11.2%</b>	<b>1.3x</b>	<b>11.6x</b>
<b>Median</b>		<b>99.7%</b>					<b>4.9%</b>	<b>12.5%</b>	<b>1.2x</b>	<b>11.0x</b>
<b>Reverse Logistics</b>										
Arrow Electronics, Inc.	\$80.41	95.1%	\$7,097	\$9,790	\$24,604	\$1,089	3.0%	4.4%	0.4x	8.9x
Avnet, Inc.	39.30	76.3%	4,793	5,455	17,440	738	4.2%	4.2%	0.3x	7.4x
Brambles Limited	7.06	70.3%	11,231	13,861	5,206	1,529	(8.2%)	29.4%	2.6x	8.9x
Greif, Inc.	58.54	92.9%	2,926	3,983	3,538	460	6.4%	13.0%	1.1x	8.7x
Sims Metal Management Limited	10.58	82.4%	2,125	1,824	3,906	178	9.6%	4.6%	0.5x	8.6x
<b>Mean</b>		<b>83.4%</b>					<b>3.0%</b>	<b>11.1%</b>	<b>1.0x</b>	<b>8.5x</b>
<b>Median</b>		<b>82.4%</b>					<b>4.2%</b>	<b>4.6%</b>	<b>0.5x</b>	<b>8.7x</b>
<b>Third Party Logistics / Outsourced Services</b>										
C.H. Robinson Worldwide, Inc.	\$76.10	93.8%	\$10,679	\$11,748	\$13,896	\$848	7.4%	6.1%	0.8x	13.9x
DSV A/S	75.65	99.5%	14,061	15,100	11,043	768	16.6%	7.0%	1.3x	19.0x
Echo Global Logistics, Inc.	18.85	65.2%	538	725	1,753	32	2.1%	1.8%	0.4x	22.9x
Engility Holdings, Inc.	34.68	88.6%	1,277	2,270	1,998	191	(5.2%)	9.6%	1.1x	11.9x
Expeditors International of Washington, Inc.	59.86	99.3%	10,819	9,707	6,422	702	6.1%	10.9%	1.5x	13.8x
Hub Group, Inc.	42.95	81.8%	1,466	1,480	3,729	147	7.0%	3.9%	0.4x	10.1x
Kuehne + Nagel International AG	185.04	99.1%	22,121	21,784	17,946	1,120	5.1%	6.2%	1.2x	19.5x
Landstar System, Inc.	99.65	99.7%	4,180	4,060	3,334	272	6.7%	8.1%	1.2x	14.9x
Panalpina World Transport (Holding) Ltd.	146.44	99.9%	3,477	3,230	5,461	119	(0.3%)	2.2%	0.6x	27.5x
Roadrunner Transportation Systems, Inc.	9.53	80.2%	365	765	1,972	101	0.0%	5.1%	0.4x	7.6x
Ryder System, Inc.	84.55	99.0%	4,480	9,809	6,995	1,816	3.9%	26.0%	1.4x	5.4x
Universal Logistics Holdings, Inc.	20.45	98.8%	582	816	1,125	72	1.6%	6.4%	0.7x	11.3x
XPO Logistics, Inc.	67.78	99.5%	7,986	13,040	14,690	1,196	2.8%	8.1%	0.9x	10.9x
<b>Mean</b>		<b>92.6%</b>					<b>4.2%</b>	<b>7.8%</b>	<b>0.9x</b>	<b>14.5x</b>
<b>Median</b>		<b>99.0%</b>					<b>3.9%</b>	<b>6.4%</b>	<b>0.9x</b>	<b>13.8x</b>
<b>Truckload Carriers</b>										
Celadon Group, Inc.	\$6.75	69.2%	\$187	\$561	\$1,055	\$83	(0.9%)	7.9%	0.5x	6.5x
Covenant Transportation Group, Inc.	28.98	98.0%	530	719	679	98	(1.3%)	14.4%	1.1x	7.2x
Heartland Express, Inc.	25.08	99.5%	2,089	1,918	549	165	(15.2%)	30.1%	3.5x	11.6x
J.B. Hunt Transport Services, Inc.	111.08	99.5%	12,156	13,092	6,768	1,058	4.8%	15.6%	1.9x	12.4x
Knight-Swift Transportation Holdings Inc.	41.55	93.5%	7,379	7,292	1,114	243	(0.5%)	21.8%	NM	NM
Marten Transport, Ltd.	20.55	97.2%	1,120	1,110	688	133	3.1%	19.4%	1.6x	8.4x
Schneider National, Inc.	25.30	94.2%	4,474	4,618	4,205	545	-	13.0%	1.1x	8.5x
USA Truck, Inc.	14.05	99.6%	112	239	418	19	(5.9%)	4.5%	0.6x	12.8x
Werner Enterprises, Inc.	36.55	99.9%	2,642	2,694	2,048	334	1.5%	16.3%	1.3x	8.1x
<b>Mean</b>		<b>94.5%</b>					<b>(1.8%)</b>	<b>15.9%</b>	<b>2.0x</b>	<b>9.4x</b>
<b>Median</b>		<b>98.0%</b>					<b>(0.7%)</b>	<b>15.6%</b>	<b>1.3x</b>	<b>8.4x</b>
<b>Total Mean</b>		<b>91.2%</b>					<b>3.9%</b>	<b>15.7%</b>	<b>1.7x</b>	<b>10.9x</b>
<b>Total Median</b>		<b>95.1%</b>					<b>3.9%</b>	<b>11.9%</b>	<b>1.2x</b>	<b>10.9x</b>

Source: Bloomberg, Capital IQ and company filings, as of 09/30/2017

**Acquisition Spotlight**

09/06/2017: **Pitney Bowes (NYSE:PBI)** announced that it would be purchasing all shares of **Newgistics, Inc.**, an Austin, Texas-based provider of parcel delivery, returns, fulfillment and digital commerce solutions for retailers and eCommerce brands, for approximately \$475 million. The acquisition adds to Pitney Bowes' strong list of digital and physical eCommerce service capabilities, and accelerate its expansion into the U.S. domestic parcels market

**Market Intelligence**

09/28/2017: **Challenger Motor Freight**, an Ontario-based freight transportation provider, has held talks with prospective targets against the backdrop of regulatory changes, the Company has several bolt-on buys on its radar

09/08/2017: **CSX (NasdaqGS:CSX)** has begun operations at its new Pittsburgh intermodal rail terminal based in McKees Rocks, PA, which provides shippers a new transportation option to move freight to and from western Pennsylvania

08/15/2017: **Sinochem International Logistics**, a wholly-owned tanker operator of Sinochem International (SHA:600500), aims to establish a presence in Europe via acquisitions to profit from the strong European demand for industrial chemical imports

08/03/2017: **XPO Logistics (NYSE:XPO)** is considering investing \$7-8 billion in acquisitions in Europe and North America, aiming to almost double the hubs of its last-mile delivery network

07/21/2017: **Deutsche Post DHL Group (ETR:DPW)**, plans to enter unspecified new geographies and could make opportunistic acquisitions in order to do so, with smaller deals of EUR 100 million - EUR 200 million possible

07/18/2017: **SpotHero**, North America's leading parking reservation service, announced that it has raised \$30 million in Series C Funding on the heels of record growth

**Selected M&A Transaction Recap**

Date	Target Company	Target Description	Acquiring Company
Sep-17	Manila North Harbour Port	Passenger and cargo handling services	International Container
Sep-17	Penske Truck Leasing Co.	Truck fleet rental and leasing services	Penske Automotive Group
Sep-17	Newgistics, Inc.	Omni-channel commerce, shipping and returns solutions	Pitney Bowes Inc.
Sep-17	Sandifer-Valley Transportation and Logistics	Domestic and international logistics services	Radiant Logistics
Sep-17	R & R Trucking Inc.	Specialized truckload carrier of sensitive cargo	Daseke
Sep-17	United Road Services	Automobile transport services	Carlyle Group
Aug-17	Milgram & Company	Freight forwarding and truck transportation services	C.H. Robinson Worldwide
Aug-17	Gnewt Cargo	Consignment delivery services	Menzies Distribution
Aug-17	Odyssey Logistics & Technology	Logistics solutions	The Jordan Company
Aug-17	Sri Lanka Shipping Company	Shipping and maritime services	Hayleys
Aug-17	China Merchants Logistics Holding Co.	Supply chain management services	Sinotrans
Aug-17	Unitrans	International logistics services	Quick International Courier
Aug-17	Professional Freight Solutions	Third party logistics services	Aerostar Global Logistics
Aug-17	Gardline Shipping	Offshore, onshore and nearshore services	Royal Boskalis Westminster
Aug-17	Transplace	Transportation management and logistics services	TPG Capital
Aug-17	Grand Junction	SaaS platform for accessing and managing local deliveries	Target
Jul-17	Special Logistics Dedicated	Pool distribution services	J.B. Hunt Transport Services
Jul-17	Commodity Forwarders Inc.	Perishable product distribution services	Kuehne + Nagel International
Jul-17	Orient Overseas International	Container transportation and logistics services	Cosco Shipping Holdings
Jul-17	Interstate Distributor Co.	Trucking services	Heartland Express
Jul-17	Grand Worldwide Logistics	Logistics, warehousing and cross dock distribution services	American Fast Freight
Jul-17	Steelman Transportation Inc.	Trucking services	Daseke

## Global Industry Groups

Aerospace & Defense  
Automotive & Truck  
Building & Infrastructure  
Business Services  
Chemicals  
Consumer  
Distribution  
Electronics  
Energy & Power  
Financial Institutions  
Food & Beverage  
Healthcare  
Industrials  
Packaging  
Technology, Media & Telecom

## Global Locations

Amsterdam  
Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
New York  
Paris  
San Francisco  
São Paulo  
Tokyo  
Vienna  
Zurich

## Advisory Services

Mergers & Acquisitions  
Debt Advisory  
Special Situations  
JV & Partnering  
Valuations & Opinions

# 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 nineteen 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](http://www.lincolninternational.com).

## Lincoln's Global Business Services Group

### Logistics & Transportation Contacts:

### North America

**Gaurang Shastri**  
Director (Chicago)  
mailto:gshastri@lincolninternational.com  
+1 (312) 506-2738

**Mike Iannelli**  
Managing Director (Chicago)  
mailto:miannelli@lincolninternational.com  
+1 (312) 580-6281

### South America

**Roberto Aldworth**  
Director (Sao Paulo)  
mailto:raldworth@lincolninternational.com  
+55 (11) 2166-8804

### Europe

**Dirk Engelmann**  
Managing Director (Frankfurt)  
d.engelemann@lincolninternational.com  
+49 (69) 9710-5423

**Edward Lethbridge**  
Managing Director (London)  
elethbridge@lincolninternational.com  
+44 (20) 7632-5224

**Rachit Patel**  
Vice President (London)  
patel@lincolninternational.com  
+44 (20) 7632-5218

### Asia

**Joe Chang**  
Managing Director (Beijing)  
jchang@lincolninternational.com  
+86 (10) 8588-7038

**Tetsuya Fujii**  
Managing Director (Tokyo)  
tfujii@lincolninternational.com  
+(813) 5549-7681

## Disclaimer

This document contains significant assumptions and has been prepared based on publicly available information, or additional information supplied by the owners and/or managers of the company(ies) described in this document, which has not been independently verified. Accuracy and completeness of the information provided has been presumed and, therefore, its content may or may not be accurate and complete. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information or statements made in this document and Lincoln International, its affiliates, directors, officers, employees and representatives expressly disclaim any and all liability with regards thereto. This document has been prepared for informational purposes only, is not a research report (as such term is defined by applicable law and regulations) and is not to be relied on by any person for any purpose. In addition, it is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form, or redistributed, without the prior written consent of Lincoln International.