



# Capstone Partners

## TRANSPORTATION & LOGISTICS

Q3 2016

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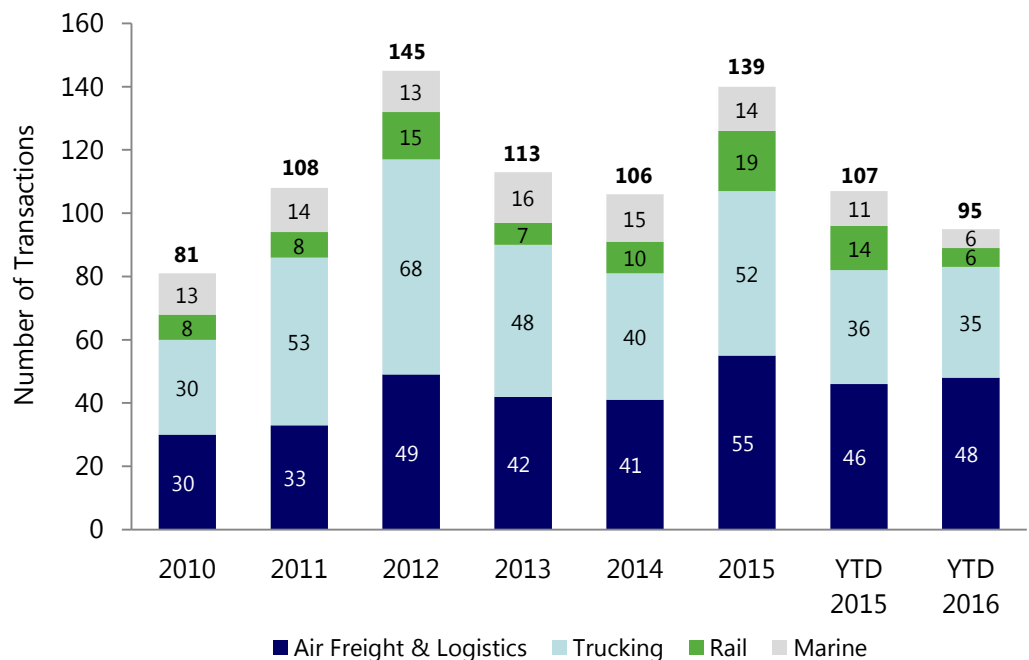
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### M&A OVERVIEW

Companies that provide or facilitate the movement of goods by land, water and air continue to be attractive targets for mergers and acquisitions through Q3 2016. Year-to-date, 95 deals have been announced or completed compared to 107 over the same period last year. Of these, 48 were in the Air Freight & Logistics segment, 35 were in Trucking, 6 were in Marine and 6 were in Rail.

Low fuel prices, a strong US dollar and international trade continue to drive activity in the industry. Trucks remain the leading carrier of freight tonnage per year, accounting for approximately 70.0% of all domestic freight in 2015. Strong demand for trucking services continues to put additional pressure on a growing shortage of qualified drivers (the Bureau of Labor Statistics estimated that 48,000 truck driver positions need to be filled). At the same time, Boeing Air Cargo projected that air freight and express traffic will double by 2033 and as this segment grows, air freight companies will seek out logistics and packing services for outsourcing opportunities. In addition to infrastructure and fleet improvements, carriers are increasingly pursuing technological improvements, such as telematics, load and fleet matching, and route optimization, to make transportation less time consuming, less costly and improve overall efficiency. Trucking, air, rail and even marine freight transportation companies are increasingly looking to third-party logistics providers for outsourcing, acquisitions and partnership opportunities.

**M&A Activity: Transportation & Logistics**



- BOSTON
- CHICAGO
- LONDON
- LOS ANGELES
- NEW YORK
- ORANGE COUNTY
- PHILADELPHIA
- SAN DIEGO
- SILICON VALLEY
- TAMPA

YTD ended September 30, 2016  
Source: Capital IQ; Capstone Partners LLC Research

## M&A DRIVERS

The consensus of many Transportation & Logistics experts is that 2016 has been a relatively flat year for most freight companies. Despite historically low fuel costs and a stable economic environment, carriers and logistics providers haven't gained scale through organic growth alone due to increased pricing competition, more complex supply chain demands, gaps in service offering and/or geographic reach, capacity constraints and regulatory challenges. Accordingly, Transportation industry participants are increasingly acquisitive of businesses with unique solutions to organic growth hurdles. There are a number of drivers that have significant impact on M&A activity within the marine, trucking, air freight, rail and logistics sectors. Capstone has outlined a select number of these drivers below:

- ▶ **Changing customer preferences** – Significant growth in e-commerce over the past year has led to a shift in customer preferences within the Transportation & Logistics (T&L) sector. Time sensitivity of delivery (a need for increased urgency and speed), special handling and tracking are now at the forefront of customer preferences and are becoming required services that transport providers must meet. Traditional asset-heavy transportation companies have been outsourcing to high-tech asset light logistics providers that can utilize proprietary technology to greatly improve efficiency, increase speed and reduce costs (especially in providing last mile delivery solutions that meet the new urgency and tracking requirements). Over the past few years, these tech-enabled logistics providers have proven to be attractive acquisition targets for larger trucking, air freight, logistics and freight forwarding companies that would rather purchase their technology platforms in lieu of having to build such capabilities in-house. Companies are expected to utilize M&A to acquire efficiencies through access to additional warehouses, depots, freight routes, transportation modes, technology and management capabilities that are not presently available to them. Such M&A has allowed larger T&L providers to remain competitive and profitable while continuing to grow revenue.
- ▶ **Entrance of new tech-enabled startups** – Funding for new freight transportation startups was raised at a record pace in 2015 (\$1.5 billion according to a KPMG report). Many of these startups utilize technology platforms to provide direct interfaces between online shoppers and delivery providers. On the B2B side, startups are creating tech-enabled digital solutions to effectively position themselves between shippers of goods and transport providers, eliminating the need for logistics service companies and/or freight forwarders. In theory the overall cost to the shipper will be reduced because of increased efficiencies from pairing transport providers through on-line load matching platforms. More established logistics providers and freight forwarders are still negotiating their freight rates using significantly less sophisticated processes and have become aware of startup entrants (and in some cases are already losing market share to them). It is reasonable to assume that acquirers within the industry will increasingly seek companies that have developed or successfully deployed innovative technology solutions that would allow them to transform their antiquated business models to effectively compete with new players in a dynamic technology-driven market environment.

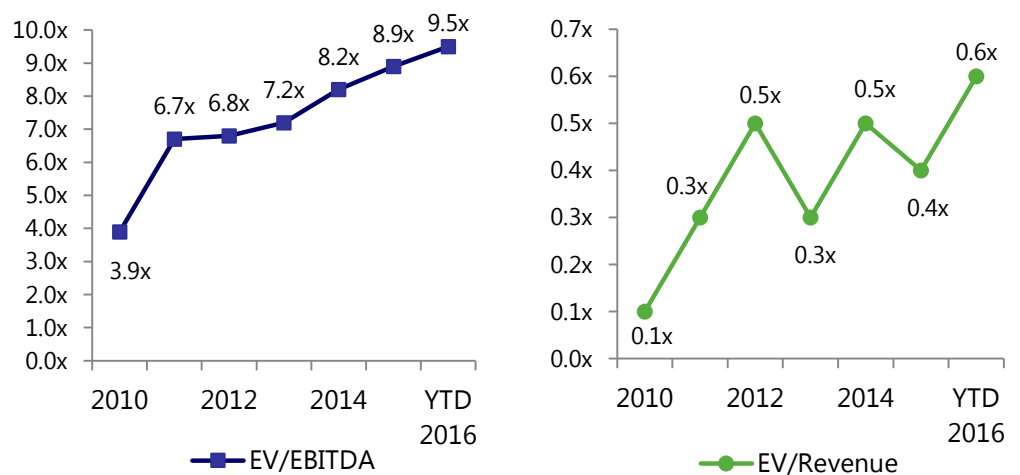
*“Rapid changes in the transportation needs of many businesses coupled with the inability of current service providers to adequately or efficiently meet those needs will continue to create a favorable M&A environment.”*

**Len Batsevitsky**  
Director,  
Transportation &  
Logistics Team

**M&A DRIVERS (CONTINUED)**

- ▶ **Increased Regulation** – Transportation providers have been increasingly subjected to new regulations aimed at making the movement of goods safer, more efficient and environmentally friendly. Rail operators are facing tight timelines to install Positive Train Control technology and crude tank car modifications. Shipping providers are facing the implementation of container weight verification (part of SOLAS) which had a July 2016 deadline as well as several emissions reduction requirements. Meanwhile, trucking companies are still facing the aftermath of limitations on Hours of Service by drivers as well as installation of Electronic Logging Devices on vehicles to ensure compliance (effective requirements beginning December 16, 2019 for carriers using an Automatic On-Board Recording Device (AOBRD) or December 18, 2017 for those using paper logs or logging software). Trucking companies are also facing standards and regulations aimed at reducing harmful emissions. Compliance with new regulations will require an increase in equipment cuts by carriers as well as additional pressure on capacity and profitability. Accordingly, the regulatory framework will continue to support a favorable M&A environment as companies seek to add scale to offset increased costs with operating leverage and synergies and acquire targets with the capabilities or know-how to comply with new requirements.
- ▶ **Overcapacity in containerized freight/shipping** – The total containership fleet grew by 8.0% in 2015 and is expected to grow by more than 4.5% in 2016. Meanwhile, shipping rates are down as much as 40.0% on some of the most popular routes. Additionally, global trade is expected to increase at a slower rate than containership fleet growth. Absent a substantial increase in demand, shipping rates will likely remain depressed due to the surplus of containership fleets. Consolidation in the industry will be necessary to achieve the scale and operational efficiencies that shippers will need to be profitable despite lower expected revenue.

**Average Multiples: Transportation & Logistics Transactions**



Source: Capital IQ; Capstone Partners LLC Research  
Data consists of the harmonic mean of disclosed multiples for transactions

## INDUSTRY TRENDS

The continued expansion of e-commerce combined with the need for corporations to outsource logistics functions has led to an increase in technology. Some of the issues impacting the industry are highlighted below.

- ▶ **Driver shortage continues** – With two-thirds of freight in the US hauled by trucks, transporters cannot continue to let a 90.0% annual labor turnover rate cause severe driver shortages. If trends persist, the shortage will reach 175,000 drivers by 2024, according to the American Trucking Association. The two leading causes of driver vacancies are growth in the industry and the retiring workforce. The average truck driver is 45-years-old, and as new drivers are being hired, few see the job as a long-term career. Additionally, despite efforts to overhaul legislation, current law prohibits anyone under the age of 21 from operating a Class A Vehicle. Government regulations, such as additional training requirements and limitations on Hours of Service are further exacerbating the shortage.
- ▶ **Oversized last-mile demand** – The market for big-ticket oversized items purchased online, such as furniture and ovens, grew 8.0% to \$6.8 billion in 2015. An expected 10.0% increase in 2016 has placed a premium on last-mile carriers because these products can't efficiently move through standard sorting systems at FedEx or UPS. Companies are using M&A to serve this growing niche and gain access to last-mile carriers including Schneider National's acquisition of Lodeso and Watkins & Shepard Trucking in June. This transaction puts Schneider on the heels of last-mile leader XPO, who acquired UX Specialized Logistics for \$59.0 million (7.2x EBITDA) in 2015. UX serves major retail chains and e-commerce shippers and was the fourth last-mile related deal for XPO in three years.
- ▶ **Inefficient route economics** – Increased focus on route optimization through logistics is expected to improve economics and allow companies to compete in a price sensitive environment. Software programs, such as ALK's CoPilot in-cab navigation, reduce out-of-route miles and prevent the use of truck-restricted routes, violations that could damage driver scores under federal compliance programs. On-board diagnostics systems also provide information to support driver incentive programs with additional compensation for hitting safety, fuel efficiency and on-time delivery goals. Logistics software company Kewill acquired LeanLogistics, provider of SaaS transportation management systems (TMS), in May for \$115.0 million to expand its global presence and enhance its TMS product portfolio.
- ▶ **Empty miles** – In April, Bregal Sagemount invested in online freight manager Internet Truckstop Group, which continued a trend of investment in digital freight matching providers. On average, truckers have empty loads 10.0-20.0% of the time annually, an inefficiency that can be mitigated through new technologies. While freight brokerage firms have long provided this service, online platforms, such as freightquote.com (acquired by C.H. Robinson in 2014 for \$365.0 million) apply "Uber-like" technology to the complexities of the trucking industry. Transportation specific features like TMS integration, trip planning, and digital document storage create more synergies and further reduce costs.

*"A rampant increase in the use of technology has spurred the acquisition of companies with developed solutions that can create significant synergies."*

**Len Batsevitsky**  
Director,  
Transportation &  
Logistics Team

## SELECTED DEAL BRIEFS

Several notable transactions have already been completed or announced in this industry through Q3 2016. Capstone has outlined select transactions below, followed by a more comprehensive list on the following tables.

- ▶ **G&W acquires P&W Railroad (August 2016)** – Genesee & Wyoming Inc. (G&W), a worldwide operator of short line and freight railroads, acquired Providence and Worcester Railroad Company (P&W). In addition to spanning 516 miles throughout four states and three seaports, P&W has exclusive freight access over the Amtrak’s Northeast Corridor between New Haven, Connecticut and Providence, Rhode Island. The all-cash deal closed for an enterprise value of \$122.0 million at an EBIDTA multiple of 22.6x. Jack Hellmann, G&W CEO, cited cost savings, asset utilization and the unlocking of a significant new customer base as incentives for the buy.
- ▶ **Matson Logistics acquires Span-Alaska Transportation (July 2016)** – In a \$197.0 million all-cash debt-free transaction, Matson Logistics (Matson), a subsidiary of the Hawaii-based Matson, Inc., acquired Span Alaska, a transportation company that moves less-than-truckload freight loads primarily through a fleet of trucks. "The acquisition of Span Alaska underscores Matson's long term commitment to Alaska and our mission to move freight better than anyone," said Matson CEO Matt Cox. "This investment will significantly expand Matson Logistics' platform into freight forwarding in Alaska, where Span Alaska's market leading value-added LCL consolidation model and focus on customer service and reliability will further solidify Matson's position as a critical freight transportation provider to Alaska."
- ▶ **Kerry Logistics buys 51.0% stake in Apex (June 2016)** – The Hong Kong based Kerry Logistics Network Ltd. (Kerry Logistics) continued to expand its international foothold with the acquisition of a 51.0% stake in US freight forwarder Apex Maritime, Co. (Apex). "The Asia-US trade plays an important role in our international freight forwarding growth strategy and Apex will form an important business arm that further strengthens our global network, enabling us to tap into new opportunities from trans-Pacific trades," said William Ma, Managing Director of Kerry Logistics. Apex CEO Vic Cheung commented that he is enthusiastic about the deal with Kerry Logistics, "We are ready to take full advantage in realizing vast cross-selling opportunities from the integration. Our customers will gain global scale and best practices in supply chain management, while maintaining their relationship with the same team that has served them for years."
- ▶ **Verizon acquires Telogis (June 2016)** – Verizon acquired Telogis, a California-based startup that develops telematics and fleet-logistics systems. The terms of the deal were not disclosed. "With a comprehensive enterprise product portfolio and partnerships with some of the world’s leading vehicle and equipment manufacturers, Telogis brings a world-class software platform and new distribution relationships to Verizon Telematics’ already expansive suite of connected vehicle solutions for consumers and enterprise customers," said Verizon Telematics CEO Andrés Irlando. Telogis works with manufactures such as Ford, General Motors, Mack and Freightliner to provide built-in telematics systems.

**AIR FREIGHT & LOGISTICS: SELECT M&A TRANSACTIONS**

Ann. Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
09/23/16	First American Carriers	International Traders	Offers freight management and supply chain logistics solutions.	-	-	-
09/02/16	LDS	ABF Logistics II	Offers transportation and logistics services.	\$25.0	0.4X	-
08/30/16	ShipXpress	GE Transportation	Provides Web-based software solutions for railroads, rail shippers, chemical companies and railcar owners.	-	-	-
08/18/16	Consolidated Distribution	Lineage Logistics	Offers supply chain, redistribution, promotions, and logistics and transportation services.	-	-	-
08/15/16	KFS	Business Intelligence	Offers domestic air and ground transportation, and ocean-specific services.	-	-	-
08/04/16	GenX Mobile	Sierra Wireless	Manufactures wireless data equipment for telematic, security and fleet service companies.	-	-	-
08/01/16	EPIC Logistics	Epes Logistics	Offers transportation services and value-added services.	-	-	-
07/26/16	Sterling Solutions	Savills Studley	Provides strategic and tactical improvement solutions to supply chain issues.	-	-	-
07/25/16	STG	Wind Point	Provides ocean and air container freight station, distribution, transportation and value-added services.	-	-	-
07/21/16	International Asset	REZ-1	Offers a smartphone application that enables users to capture shipment events and data in real-time.	-	-	-
07/13/16	Fulfillment Corp. Of America	Tipp Enterprises	Offers inventory management systems, freight management and warehousing services.	-	-	-
07/07/16	Global Transportation	American Fast Freight	Provides air and ocean import/export, domestic transportation and project cargo services.	-	-	-
07/06/16	Aftermarket Telematics	Innova Electronics	Develops web-based automotive telematics software and services for the automotive aftermarket.	-	-	-
06/21/16	GOFACTORY	Space Time Insight	Provides an IoT platform to connect physical assets, devices, vehicles and people.	-	-	-
06/21/16	Telogis	Verizon Telematics	Provides a cloud-based location intelligence software platform.	-	-	-
05/02/16	LeanLogistics	Kewill	Provides SaaS transportation management system (TMS) applications and supply chain services.	\$115.0	-	-
04/27/16	FDSI Logistics	Cardinal Health	Provides third-party logistics and freight management services	-	-	-
03/19/16	Air Transport Services	Amazon	Leases cargo aircraft to airlines and other customers, and provides airline operations.	-	-	-
03/03/16	Ekahau	AiRISTA Flow	Provides Wi-Fi tags and site survey solutions to help businesses track valuable assets and equipment.	-	-	-
03/01/16	CRSA Global Logistics	Overseas Express Consolidators	Provides logistics services to retailers and consumer goods manufacturers.	-	-	-
02/18/16	Novatel Wireless	Micronet Enertec Technologies	Offers telematic solutions such as On-Board Diagnostics and fleet tracking.	\$24.0	1.1x	-
02/16/16	OrderPigeon	HubLogix	Develops logistics management platforms including inventory level update and shipment updates.	-	-	-
02/02/16	Prostar Packaging	South Atlantic Packaging	Provides co-packing, labeling, warehousing, logistics and e-commerce order fulfillment services.	-	-	-
01/21/16	Map BI	Geotab	Provides SaaS platform to analyze telematics data and create dashboards.	-	-	-
01/19/16	Southern Air	Atlas Air Worldwide	Provides air cargo charter and aviation solutions for blue-chip customers worldwide.	\$110.0	-	-

**TRUCKING: SELECT M&A TRANSACTIONS**

Ann. Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
09/20/16	Agri-Carriers	Kenan Advantage	Provides bulk liquid transportation services.	-	-	-
09/13/16	C&V Trucking	RoadOne	Offers trucking and logistics services.	-	-	-
09/12/16	Gardner Trucking	CRST	Operates a fleet of trailing equipment, including flatbeds and double flatbeds	-	-	-
08/09/16	PREMIER Trailer Leasing	Redwood Capital	Leases flatbeds, refrigerated equipment and chassis.	-	-	-
08/08/16	United Express	NFI Global	Transports nurse stock, produce and other cargo by van, flatbed trucks and refrigeration trailers.	-	-	-
07/29/16	Tennant Truck Lines	Omni Specialized	Provides flatbed trucks and other related assets.	-	-	-
07/26/16	Amerijet	ZS Fund	Provides multi-modal cargo transportation and logistics services.	-	-	-
07/26/16	Apex Freight	Scott Logistics	Provides third party logistics services to handle hazardous freight.	-	-	-
07/18/16	Span-Alaska	Matson Logistics	Provides freight transportation services to and from Alaska.	\$197.6	-	9.4x
07/06/16	Progressive Trans. Services	IMC Companies	Provides over-the-road, intermodal and drayage, heavy haul, flatbed and container storage.	-	-	-
07/05/16	Jones Motor	Transport Investments	Offers carrier, hot shot trucking services and logistics services.	-	-	-
06/30/16	Morrison Road Transportation	InstiCo Express	Provides transportation with a fleet of trucks and drivers.	-	-	-
06/28/16	Buesing Bulk Transport	Foodliner	Offers dry and liquid bulk transport services.	-	-	-
06/15/16	Mats Trucking	Moran Transportation	Provides transportation, freight, and distribution services	-	-	-
06/02/16	Watkins & Shepard, Lodeso	Schneider National	Provides transportation services and operates as a final-mile logistics solution provider.	-	-	-
05/26/16	Kennewick & Sanders	Bekins	Provides relocation services including packing and crating, storage and safe moving.	-	-	-
05/12/16	Direct ChassisLink	EQT Partners	Provides chassis leasing services to the intermodal industry.	-	-	-
03/14/16	Coastal Pacific Xpress	VersaCold North America	Provides temperature-controlled carrier services for the movement of perishables and diverse consumer goods.	-	-	-
03/07/16	Kings Express	Mobile Air	Offers trucking, freight management systems, distribution, line haul and warehousing services.	-	-	-
02/11/16	Advanced Distribution	Dicom	Provides delivery services through cross-dock facilities and a fleet of vehicles.	-	-	-
02/09/16	Gary Heer	Versacold International	Provides truck load refrigerated hauling services.	-	-	-
02/06/16	FLS	ABRY	Offers equipment and freight management services.	-	-	-
02/03/16	SC Trucking	Integrated Freight	Offers local and long haul trucking services.	-	-	-
02/02/16	Robert N. Karpp	GMS	Offers road transportation of freight.	-	-	-
01/29/16	Flint Energy	CP Energy	Offers a oil transportation fleet.	-	-	-

## MARINE: SELECT M&A TRANSACTIONS

Ann. Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
06/01/16	Apex	Kerry Logistics Network	Provides ocean and air freight, customs brokerage, logistics and door-to-door delivery services.	\$172.4	-	-
05/18/16	Secunda Canada	Siem Offshore	Manages a fleet of offshore support vessels servicing national oil and gas companies.	-	-	-
05/10/16	Liberty Terminals	Diversified Port	Transports domestic and foreign cargo and operates cargo terminals.	-	-	-
03/14/16	KLN Investment	Kerry Logistics	Offers ocean freight, customs broker, logistics and warehousing services.	\$87.9	-	-
02/05/16	WWL Vehicle Services	Wilhelmsen Logistics	Provides vehicle processing, logistics and marine services to the automotive industry.	-	-	-
02/02/16	Global Distribution	Rockfarm Supply	Provides freight transportation services.	-	-	-
12/07/15	Neptune Orient	CMA CGM	Offers container transportation services for dry, climate-controlled, hazardous and special cargo.	\$5,439.0	0.7x	13.1x
12/07/15	Sargeant Marine	Vitol	Offers asphalt and bitumen shipping solutions.	-	-	-
11/02/15	Dunbar Armored	Loomis	Provides shipments and storage of precious metals and other valuables.	-	-	-
09/22/15	SeaFreight	Crowley Maritime	Provides ocean transportation services.	-	-	-
08/05/15	SPT	Teekay Tankers	Provides ship to ship cargo transfer services.	\$44.4	-	-

## RAIL: SELECT M&A TRANSACTIONS

Ann. Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
08/15/16	Providence & Worcester	Genesee & Wyoming	Operates short line and regional freight railroads worldwide.	\$122.03	3.5x	22.6x
06/27/16	Continental Rail	Train Travel	Provides short line and regional freight services.	\$36,606.2	3.4x	8.8x
05/11/16	Heart of Texas	OmniTRAX	Operates 67 miles of railway track in Texas.	-	-	-
04/07/16	River Road Terminals	Watco Transloading	Provides rail transportation services for dry bulk commodities.	-	-	-
03/29/16	Iowa Northern	Trive Capital	Provides rail transportation, transloading and storage services.	-	-	-
11/17/15	Norfolk Southern	Canadian Pacific	Offers rail transportation of raw materials, intermediate products and finished goods.	\$13.9	-	-
10/30/15	Georgia Northeastern	SteelRiver Infrastructure	Provides railroad freight transportation services in Georgia.	\$23.0	-	-
10/28/15	Pacific Imperial	Conatus Capital	Operates 130 miles of track for shortline and freight railroad.	-	-	-
09/30/15	General Electric Capital Rail	First Union Rail	Sells and leases low and high horsepower switch engine locomotives.	\$42.5	-	-



**PUBLIC COMPANY TRADING & OPERATING DATA**

Logistics Companies	Price 09/30/16	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
CH Robinson Worldwide Inc.	\$72.63	95.3%	\$10,403.7	\$11,185.5	\$13,003.8	\$939.2	7.2%	0.9x	11.9x
Echo Global Logistics, Inc.	\$26.20	76.3%	\$787.1	\$927.2	\$1,706.3	\$53.5	3.1%	0.5x	5.0x
Expeditors International of WA	\$48.06	92.8%	\$8,751.8	\$7,946.7	\$6,141.2	\$746.6	12.2%	1.3x	10.6x
Hub Group Inc.	\$37.59	85.4%	\$1,340.2	\$1,281.6	\$3,451.6	\$172.8	5.0%	0.4x	7.4x
Landstar System Inc.	\$63.21	85.9%	\$2,681.4	\$2,677.9	\$3,178.6	\$258.0	8.1%	0.8x	10.4x
Roadrunner Transportation Syst.	\$12.34	43.3%	\$472.2	\$914.8	\$1,937.2	\$96.3	5.0%	0.5x	9.5x
TransForce Inc.	\$17.12	72.3%	\$1,671.7	\$2,908.2	\$3,042.0	\$421.9	13.9%	1.0x	6.9x
World Fuel Services Corp.	\$46.94	80.2%	\$3,323.4	\$3,523.1	\$26,366.5	\$307.2	1.2%	0.1x	11.5x
XPO Logistics, Inc.	\$27.37	53.7%	\$3,000.9	\$8,542.2	\$12,933.3	\$918.1	7.1%	0.7x	9.3x

<b>Mean</b>	<b>7.0%</b>	<b>0.7x</b>	<b>9.2x</b>
<b>Median</b>	<b>7.1%</b>	<b>0.7x</b>	<b>9.5x</b>
<b>Harmonic Mean</b>	<b>4.2%</b>	<b>0.5x</b>	<b>8.1x</b>

Trucking Companies	Price 09/30/16	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
ArcBest Corporation	\$22.53	53.5%	\$580.9	\$567.8	\$2,666.9	\$164.7	6.2%	0.2x	3.4x
Celadon Group Inc.	\$9.87	33.9%	\$275.1	\$797.8	\$1,026.5	\$121.4	11.8%	0.8x	5.0x
Covenant Transportation Group	\$21.68	58.9%	\$393.1	\$639.3	\$724.2	\$129.8	17.9%	0.9x	4.9x
Heartland Express, Inc.	\$18.74	74.5%	\$1,559.1	\$1,525.9	\$736.3	\$193.4	26.3%	2.1x	7.9x
JB Hunt Transport Services Inc.	\$82.36	88.1%	\$9,288.1	\$10,287.5	\$6,187.6	\$1,055.3	17.1%	1.7x	9.7x
Knight Transportation Inc.	\$26.10	75.2%	\$2,105.1	\$2,210.4	\$1,183.0	\$280.9	23.7%	1.9x	7.9x
Marten Transport Ltd.	\$17.99	72.2%	\$582.7	\$620.1	\$665.0	\$126.7	19.1%	0.9x	4.9x
Old Dominion Freight Line Inc.	\$68.81	85.0%	\$5,767.7	\$5,890.0	\$2,972.4	\$660.0	22.2%	2.0x	8.9x
Swift Transportation Company	\$17.58	60.8%	\$2,401.6	\$3,681.8	\$4,229.3	\$606.2	14.3%	0.9x	6.1x
Universal Logistics Holdings Inc.	\$17.09	61.9%	\$485.0	\$695.5	\$1,128.8	\$108.7	9.6%	0.6x	6.4x
USA Truck Inc.	\$17.86	60.6%	\$171.7	\$273.0	\$507.9	\$55.7	11.0%	0.5x	4.9x
Werner Enterprises Inc.	\$27.54	82.4%	\$1,984.0	\$2,027.2	\$2,093.5	\$374.3	17.9%	1.0x	5.4x
YRC Worldwide Inc.	\$9.47	44.3%	\$308.8	\$1,212.6	\$4,832.4	\$258.6	5.4%	0.3x	4.7x

EV = enterprise value; LTM = last twelve months  
\$ in millions, except per share data  
NM = Not Meaningful; NA = Not Available

<b>Mean</b>	<b>15.6%</b>	<b>1.0x</b>	<b>6.2x</b>
<b>Median</b>	<b>17.1%</b>	<b>0.9x</b>	<b>5.4x</b>
<b>Harmonic Mean</b>	<b>12.4%</b>	<b>0.7x</b>	<b>5.6x</b>

**PUBLIC COMPANY TRADING & OPERATING DATA (CONTINUED)**

Marine Companies	Price 09/30/16	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Costamare Inc.	\$9.09	60.2%	\$702.7	\$2,147.4	\$486.1	\$323.2	66.5%	4.4x	6.6x
Diana Shipping Inc.	\$2.79	38.3%	\$230.3	\$723.4	\$136.3	NM	NA	NM	5.0x
Kirby Corporation	\$59.04	80.6%	\$3,179.7	\$3,982.6	\$1,917.0	\$515.3	26.9%	2.1x	7.7x
Matson, Inc.	\$40.06	75.3%	\$1,720.9	\$2,164.5	\$1,961.0	\$304.7	15.5%	1.1x	7.1x
Nordic American Tankers Ltd.	\$10.68	62.7%	\$952.5	\$1,307.9	\$441.1	\$199.9	45.3%	3.0x	6.5x
Rand Logistics, Inc.	\$0.80	29.9%	\$14.8	\$230.2	\$137.4	\$26.8	19.5%	1.7x	8.6x
SEACOR Holdings Inc.	\$56.52	83.6%	\$979.0	\$1,504.3	\$923.4	\$128.3	13.9%	1.6x	11.7x

Mean	31.3%	2.3x	7.6x
Median	23.2%	1.9x	7.1x
Harmonic Mean	22.9%	1.9x	7.2x

Expedited & Air Companies	Price 09/30/16	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Atlas Air Worldwide Holdings	\$40.10	69.4%	\$991.1	\$2,736.2	\$1,783.9	\$350.7	19.7%	1.5x	7.8x
FedEx Corporation	\$175.34	99.5%	\$46,598.2	\$57,391.2	\$52,749.0	\$7,742.0	14.7%	1.1x	5.0x
Forward Air Corp.	\$42.09	83.4%	\$1,273.5	\$1,308.4	\$971.7	\$144.4	14.9%	1.3x	9.1x
United Parcel Service, Inc.	\$108.84	97.3%	\$95,568.5	\$104,339.5	\$59,338.0	\$10,082.0	17.0%	1.8x	10.3x

Mean	16.5%	1.4x	8.1x
Median	15.9%	1.4x	8.4x
Harmonic Mean	16.3%	1.4x	7.5x

Rail Companies	Price 09/30/16	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Canadian Pacific Railway Limited	\$146.81	95.2%	\$21,677.5	\$28,224.8	\$4,959.2	\$3,125.0	63.0%	NM	9.0x
Canadian National Railway	\$63.88	98.9%	\$49,347.7	\$57,054.7	\$9,394.6	\$6,531.0	69.5%	NM	5.0x
CSX Corp.	\$29.71	97.3%	\$28,105.4	\$37,827.4	\$11,042.0	\$4,514.0	40.9%	3.4x	8.4x
Genesee & Wyoming Inc.	\$66.32	90.4%	\$3,849.4	\$6,026.9	\$2,045.1	\$573.3	28.0%	2.9x	10.5x
Kansas City Southern	\$90.10	89.5%	\$9,729.3	\$12,310.2	\$2,361.1	\$1,134.9	48.1%	NM	10.8x
Norfolk Southern Corporation	\$93.28	94.5%	\$27,382.3	\$36,895.3	\$10,105.0	\$4,033.0	39.9%	3.7x	9.1x
Union Pacific Corporation	\$94.18	95.8%	\$78,443.8	\$91,469.8	\$20,369.0	\$9,503.0	46.7%	4.5x	9.6x

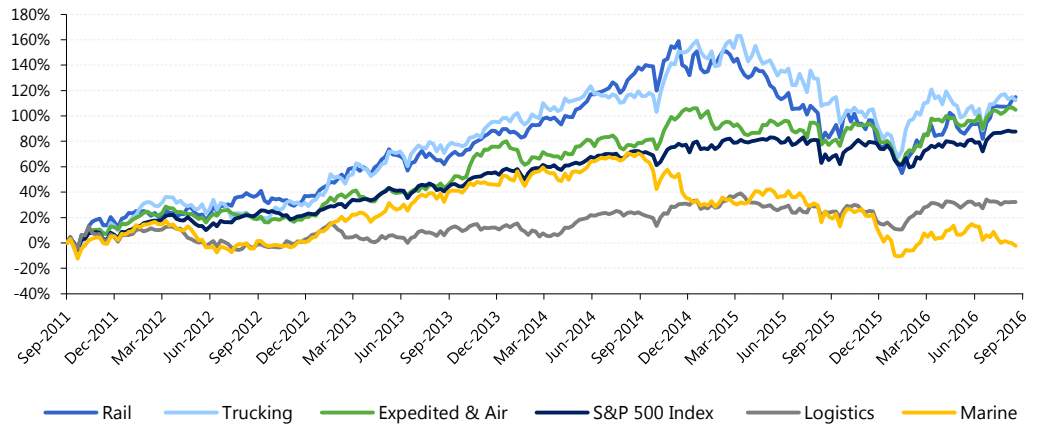
Mean	48.0%	3.6x	8.9x
Median	46.7%	3.5x	9.1x
Harmonic Mean	44.4%	3.5x	8.4x

EV = enterprise value; LTM = last twelve months  
\$ in millions, except per share data  
NM = Not Meaningful; NA = Not Available

TRANSPORTATION & LOGISTICS MACROECONOMIC INDICATORS

**CAPSTONE  
TRANSPORTATION &  
LOGISTICS INDEXES  
(VS. S&P 500)**

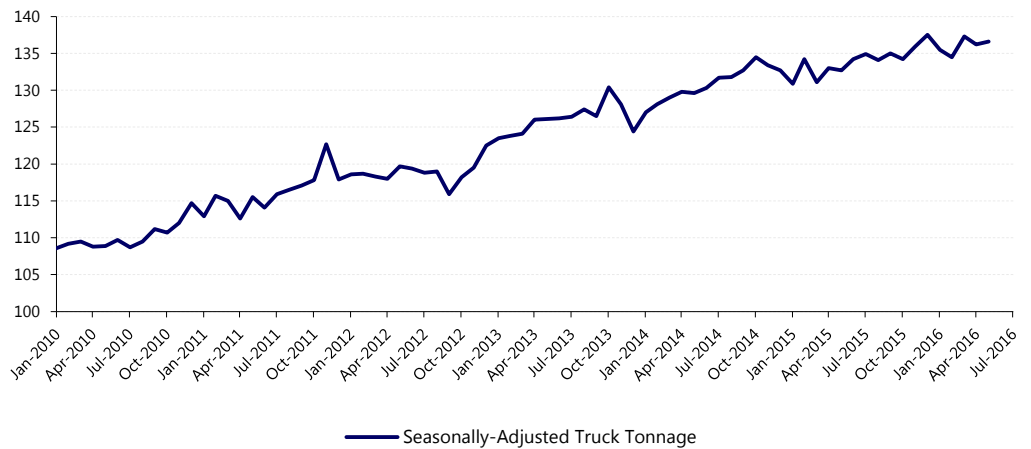
*Rail, Trucking and Air freight transportation are currently outperforming the S&P 500, while Logistics continues to climb and Marine declines.*



Source: CapIQ

**TRUCK  
TONNAGE INDEX  
(Seasonally Adjusted)**

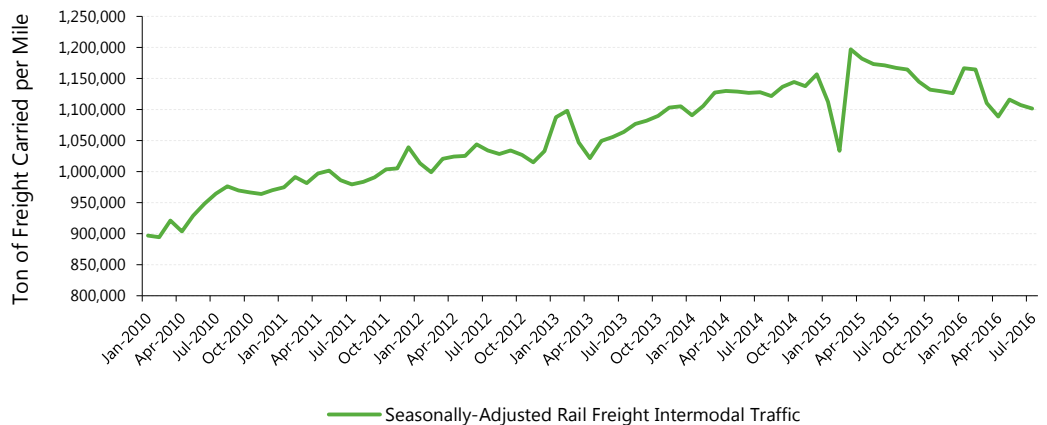
*Truck tonnage fell 2.1% in July 2016, reflecting a 0.3% year-over-year gain from 2015.*



Source: American Trucking Associations

**RAIL FREIGHT  
INTERMODAL TRAFFIC  
(Seasonally Adjusted)**

*Intermodal traffic continues to recover after the decline of traffic seen in the second half of 2015.*



Source: US Department of Transportation

THE TRANSPORTATION & LOGISTICS TEAM



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With over 17 years of investment banking and financial advisory experience, Len has developed extensive M&A transaction expertise serving as an adviser to middle market companies on the buy-side and sell-side as well as advising on capital raising transactions. In the past several years, he has been successful in executing M&A or capital raising transactions with an aggregate value of nearly half a billion dollars. Len also has extensive financing knowledge having spent six years working in commercial lending/underwriting for Santander Bank. Prior to investment banking and commercial lending, Len began his career at PricewaterhouseCoopers LLP. Len is a graduate of the University of Buffalo with a BS in Finance and Accounting. Len is a Certified Public Accountant, CFA Charterholder and Registered Securities Representative having passed the FINRA Series 79 and 63 examinations.



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Dan oversees Capstone's national business development and industry coverage activities, working closely with current and prospective clients of the firm on matters related to corporate sales, recapitalizations, mergers & acquisitions and growth financings. In his role, Dan is able to deliver specific market intelligence to clients regarding M&A, financing, strategic, industry and competitive trends. Prior to spearheading the firm's business development and market initiatives, he was a Vice President in Capstone's M&A group, managing numerous successful transactions across a variety of industries. Dan also gained hands-on transaction experience as an investment banker at Headwaters MB. He started his career with Ernst & Young's National Professional AABS practice and later worked in Assurance and Advisory Business Services in the Denver office. Dan received a BE in Biomedical Engineering with a Business Minor from Vanderbilt University. He earned an MBA and a Master of Accountancy from the Daniels College of Business at the University of Denver.



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Matthew works closely with senior team members while executing a variety of corporate finance transactions. Prior to joining Capstone, Matthew worked as an investment banker with a consumer products M&A boutique firm. He also worked with Breakaway Innovation Group, a hybrid venture capital and strategy firm focused on early to growth stage businesses. Before entering the finance industry, Matthew enjoyed a long career in professional sports management with executive operations responsibility for various Minor League Baseball franchises. He earned an MBA in Entrepreneurship and an MS in Finance from the Carroll School of Management at Boston College, graduating with honors as a member of Beta Gamma Sigma. He holds a BA in Economics from Colgate University and is a Registered Securities Representative having passed the FINRA Series 79 and 63 examinations.

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## ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a premier investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides M&A, corporate restructuring, private placement and financial advisory services. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, New York, Orange County, Philadelphia, San Diego, Silicon Valley and Tampa with an international presence that spans 450+ professionals in 70 offices across 31 countries.

**For more information  
about our expertise,  
please visit**

**[www.capstonellc.com](http://www.capstonellc.com)**



# Capstone Partners

World Class Wall Street Expertise. Built for the Middle Market