

# Market Update

## Logistics & Transportation

Q3 2016

### Key Highlights

- Highest performing subsector stock in Q3 of 2016 was Aviation / Marine / Rail Services, up 12.0%; the S&P 500 increased 3.3% in Q3 of 2016
- Lowest performing subsector stock in Q3 of 2016 was Contracted Transportation, up 3.5%
- On average, EBITDA multiples for the subsectors were up by 0.8x over the prior quarter and up 0.8x 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, combined with our globally integrated resources 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

### Lincoln's Recent Logistics & Transportation Transactions

**HALO**  
branded solutions

has been sold to

Audax Private Equity

**Earnest Bros. Logistics**

has been sold to

HURON CAPITAL PARTNERS

**STERLING**  
INVESTMENT PARTNERS

has sold

**LAZER SPOT**

to

**GREENBRIAR**  
EQUITY GROUP LLC

**Ferrostaal**  
has sold

**Ferrostaal**  
Automotive GmbH

to

**RHENUS**  
LOGISTICS

**Arner Private Equity LP**  
and other shareholders

have sold

**BRACCHI**  
Logistics and Logistics

to

**IGI SGR SpA**  
PRIVATE EQUITY

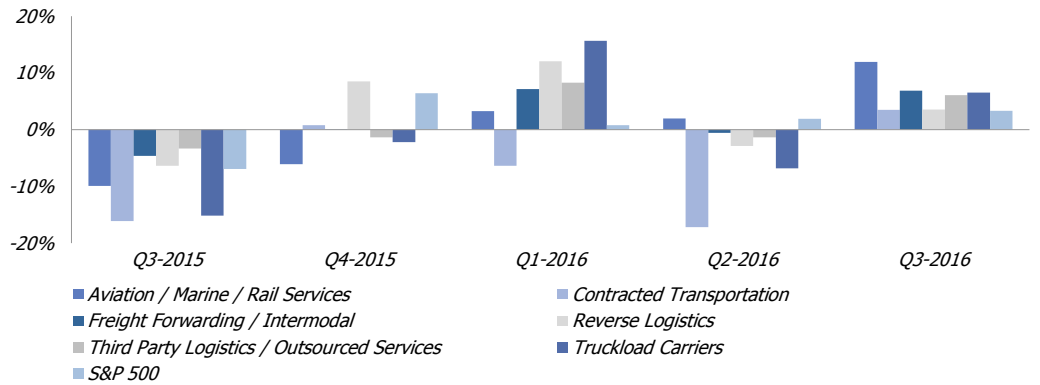
**Siparex**

### Quarter over Quarter Price Performance

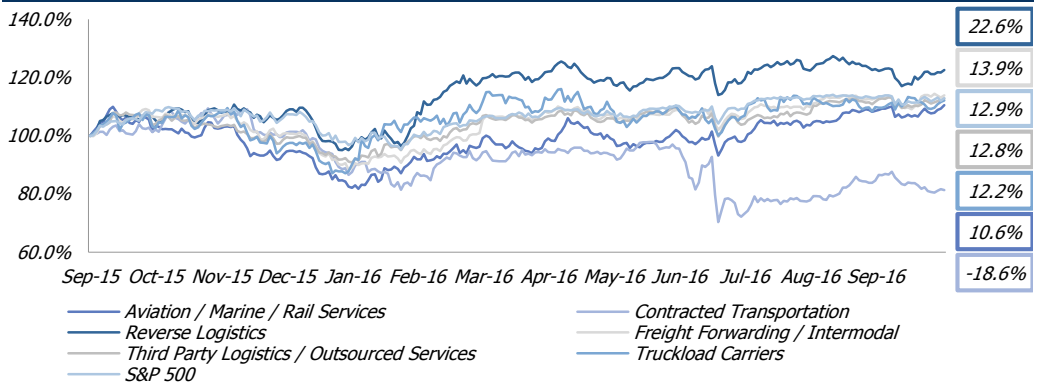
Outperformers	Change	Underperformers	Change
Engility Holdings, Inc.	49.1%	Forward Air Corp.	(2.9%)
XPO Logistics, Inc.	39.6%	CH Robinson Worldwide Inc.	(5.1%)
Swift Transportation Company	39.3%	Hapag-Lloyd AG	(7.4%)
Greif, Inc.	33.1%	Stagecoach Group plc	(10.4%)
Sims Metal Management Limited	22.4%	USA Truck Inc.	(41.5%)

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

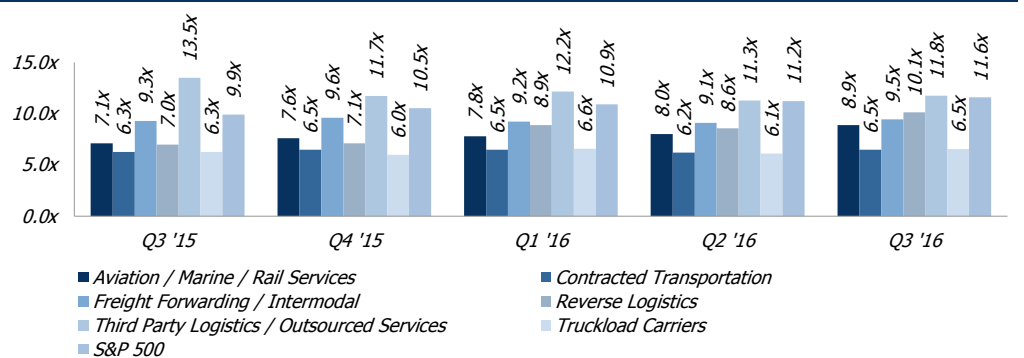
### Quarter over Quarter Stock Indices Price Change



### 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 - Mærsk A/S	\$1,467.18	84.6%	\$29,744	\$42,250	\$36,635	\$7,218	(14.6%)	19.7%	1.1x	5.6x
Air Transport Services Group, Inc.	14.35	92.4%	856	1,197	678	198	13.8%	29.3%	1.8x	6.0x
Atlas Air Worldwide Holdings, Inc.	42.82	74.1%	1,058	2,803	1,784	351	(3.0%)	19.7%	1.6x	8.0x
Canadian National Railway Company	65.34	99.5%	50,475	58,217	9,395	5,032	(0.5%)	53.6%	6.3x	11.7x
CSX Corp.	30.50	99.7%	28,853	38,575	11,042	4,514	(9.7%)	40.9%	3.5x	8.5x
Forward Air Corp.	43.26	85.7%	1,309	1,344	972	144	6.0%	14.9%	1.4x	9.3x
Genesee & Wyoming Inc.	68.95	94.0%	4,002	6,180	2,045	573	7.6%	28.0%	3.0x	10.8x
Hapag-Lloyd AG	19.58	79.6%	2,313	6,089	8,838	422	(9.6%)	4.8%	0.7x	13.3x
Kansas City Southern	93.32	92.7%	10,077	12,658	2,361	1,135	(4.1%)	48.1%	5.4x	11.0x
Nippon Yusen Kabushiki Kaisha	1.86	55.8%	3,148	10,521	20,978	1,212	3.8%	5.8%	0.5x	7.2x
Norfolk Southern Corporation	97.06	98.3%	28,492	38,005	10,105	4,033	(7.0%)	39.9%	3.8x	9.4x
PostNL N.V.	4.54	96.3%	2,011	1,934	3,874	416	(18.3%)	10.7%	0.5x	4.6x
Union Pacific Corporation	97.53	99.2%	81,234	94,260	20,369	9,503	(10.5%)	46.7%	4.6x	9.9x
<b>Mean</b>		<b>88.6%</b>					<b>(3.7%)</b>	<b>27.8%</b>	<b>2.6x</b>	<b>8.9x</b>
<b>Median</b>		<b>92.7%</b>					<b>(4.1%)</b>	<b>28.0%</b>	<b>1.8x</b>	<b>9.3x</b>
<b>Contracted Transportation</b>										
Firstgroup plc	\$1.38	91.0%	\$1,658	\$3,671	\$7,516	\$873	(10.5%)	11.6%	0.5x	4.7x
National Express Group PLC	4.48	94.5%	2,283	3,388	2,737	409	(5.0%)	14.9%	1.3x	8.4x
Stagecoach Group plc	2.75	55.8%	1,577	2,124	5,665	481	6.0%	8.5%	0.4x	5.1x
Student Transportation Inc.	5.98	97.9%	550	815	600	75	7.3%	12.5%	1.4x	11.0x
The Go-Ahead Group plc	26.45	73.6%	1,133	743	4,458	228	(10.0%)	5.1%	0.2x	3.3x
<b>Mean</b>		<b>82.6%</b>					<b>(2.5%)</b>	<b>10.5%</b>	<b>0.8x</b>	<b>6.5x</b>
<b>Median</b>		<b>91.0%</b>					<b>(5.0%)</b>	<b>11.6%</b>	<b>0.5x</b>	<b>5.1x</b>
<b>Freight Forwarding / Intermodal</b>										
Deutsche Post AG	\$31.27	95.9%	\$37,690	\$42,314	\$64,688	\$3,952	(2.8%)	6.1%	0.6x	10.6x
FedEx Corporation	174.68	98.5%	46,423	57,216	52,749	7,742	9.8%	14.7%	1.1x	7.4x
United Parcel Service, Inc.	109.36	97.8%	96,025	104,796	59,338	10,082	1.9%	17.0%	1.8x	10.4x
<b>Mean</b>		<b>97.4%</b>					<b>3.0%</b>	<b>12.6%</b>	<b>1.2x</b>	<b>9.5x</b>
<b>Median</b>		<b>97.8%</b>					<b>1.9%</b>	<b>14.7%</b>	<b>1.1x</b>	<b>10.4x</b>
<b>Reverse Logistics</b>										
Arrow Electronics, Inc.	\$63.97	94.0%	\$5,838	\$8,127	\$23,896	\$1,076	4.2%	4.5%	0.3x	7.5x
Avnet, Inc.	41.06	87.5%	5,235	6,695	26,219	974	(6.1%)	3.7%	0.3x	6.9x
Brambles Limited	9.18	87.9%	14,581	17,278	5,626	1,564	1.2%	27.8%	3.0x	10.7x
Greif, Inc.	49.59	99.2%	2,612	3,730	3,325	423	(12.4%)	12.7%	1.1x	8.8x
Ingram Micro Inc.	35.66	97.3%	5,337	5,725	41,287	761	(11.0%)	1.8%	0.1x	7.5x
Sims Metal Management Limited	7.13	89.6%	1,410	1,217	3,474	56	(15.5%)	1.6%	0.3x	19.4x
<b>Mean</b>		<b>92.6%</b>					<b>(6.6%)</b>	<b>8.7%</b>	<b>0.9x</b>	<b>10.1x</b>
<b>Median</b>		<b>91.8%</b>					<b>(8.6%)</b>	<b>4.1%</b>	<b>0.3x</b>	<b>8.2x</b>
<b>Third Party Logistics / Outsourced Services</b>										
CH Robinson Worldwide Inc.	\$70.46	92.6%	\$10,047	\$10,805	\$13,004	\$939	(4.5%)	7.2%	0.8x	11.5x
DSV A/S	49.81	97.6%	9,229	10,559	8,667	542	14.1%	6.3%	1.2x	19.2x
Echo Global Logistics, Inc.	23.06	80.9%	676	836	1,706	53	21.4%	3.1%	0.5x	15.6x
Engility Holdings, Inc.	31.50	87.7%	1,158	2,213	2,166	184	15.9%	8.5%	1.0x	12.0x
Expeditors International of Washington Inc.	51.52	98.0%	9,328	8,351	6,141	747	(9.5%)	12.2%	1.4x	11.2x
Hub Group Inc.	40.76	93.7%	1,395	1,376	3,452	173	(2.8%)	5.0%	0.4x	8.0x
Kuehne + Nagel International AG	145.42	99.2%	17,429	16,993	17,076	1,100	(1.5%)	6.4%	1.0x	15.3x
Landstar System Inc.	68.08	93.3%	2,867	2,801	3,179	258	(4.7%)	8.1%	0.9x	10.9x
Panalpina World Transport Holding Ltd.	139.54	96.4%	3,313	2,975	5,650	143	(10.4%)	2.5%	0.5x	20.7x
Roadrunner Transportation Systems, Inc.	7.98	41.5%	306	704	1,937	96	(4.9%)	5.0%	0.4x	7.3x
Ryder System, Inc.	65.95	86.4%	3,527	9,095	6,675	1,808	1.8%	27.1%	1.4x	5.0x
Universal Logistics Holdings, Inc.	13.42	73.3%	381	592	1,107	101	(3.3%)	9.1%	0.5x	5.9x
XPO Logistics, Inc.	36.67	96.6%	4,039	9,535	12,933	918	153.0%	7.1%	0.7x	10.4x
<b>Mean</b>		<b>87.5%</b>					<b>12.7%</b>	<b>8.3%</b>	<b>0.8x</b>	<b>11.8x</b>
<b>Median</b>		<b>93.3%</b>					<b>(2.8%)</b>	<b>7.1%</b>	<b>0.8x</b>	<b>11.2x</b>
<b>Truckload Carriers</b>										
Celadon Group Inc.	\$8.74	51.5%	\$247	\$688	\$1,065	\$109	9.4%	10.3%	0.6x	6.3x
Covenant Transportation Group, Inc.	19.33	75.0%	352	549	697	120	(3.6%)	17.2%	0.8x	4.4x
Heartland Express, Inc.	18.88	86.0%	1,572	1,495	681	186	(11.0%)	27.4%	2.2x	8.0x
JB Hunt Transport Services Inc.	81.14	90.7%	9,143	10,089	6,351	1,084	2.8%	17.1%	1.6x	9.3x
Knight Transportation Inc.	28.69	94.4%	2,296	2,348	1,139	269	(5.8%)	23.7%	2.1x	8.7x
Marten Transport Ltd.	21.00	94.3%	682	686	668	131	(0.2%)	19.6%	1.0x	5.3x
Swift Transportation Company	21.47	96.9%	2,865	3,980	4,134	577	(3.4%)	13.9%	1.0x	6.9x
USA Truck Inc.	10.24	47.7%	86	217	462	44	(14.5%)	9.6%	0.5x	4.9x
Werner Enterprises Inc.	23.27	80.8%	1,677	1,807	2,045	355	(3.5%)	17.4%	0.9x	5.1x
<b>Mean</b>		<b>79.7%</b>					<b>(3.1%)</b>	<b>17.3%</b>	<b>1.2x</b>	<b>6.5x</b>
<b>Median</b>		<b>86.0%</b>					<b>(3.5%)</b>	<b>17.2%</b>	<b>1.0x</b>	<b>6.3x</b>
<b>Total Mean</b>		<b>87.1%</b>					<b>0.9%</b>	<b>15.7%</b>	<b>1.4x</b>	<b>9.2x</b>
<b>Total Median</b>		<b>92.7%</b>					<b>(3.4%)</b>	<b>12.2%</b>	<b>1.0x</b>	<b>8.5x</b>

Source: Bloomberg, Capital IQ and company filings, as of 9/30/2016

**Acquisition Spotlight**

9/30/2016: **C.H. Robinson** has acquired **APC Logistics**, a provider of freight forwarding and customs brokerage services, for \$251 million. This transaction underscores the interest in logistics and transportation companies as the growing e-commerce market has consumers demanding faster shipping times. Similar deals in the space include NFI's acquisition of United Express, American Fast Freight's acquisition of Global Transportation Services and Atlas Air Worldwide's acquisition of Southern Air Holdings.

**Market Intelligence**

09/27/2016: **Pekaes S.A.**, a Poland-based provider of contract logistics and rail forwarding services, is actively seeking acquisition targets that operate in the general cargo and intermodal segments and has ample cash to execute acquisitions without external capital

09/26/2016: **Asstra Forwarding Ag**, a Switzerland-based provider of freight-forwarding services, is seeking to raise capital through a minority sale and plans to use the capital to pursue acquisition targets that strengthen its international footprint

08/19/2016: **Air Astana**, a U.K.-based provider of passenger and cargo transportation services, is actively seeking acquisition targets in the Middle East and plans to IPO in early 2017

08/03/16: **Genesee & Wyoming**, a U.S.-based owner and leaser of freight railroads, is actively pursuing acquisition targets that expand its international footprint and complement their recent acquisition of U.K.-based **Freightliner** for \$770 million

07/20/2016: **ADSone Group**, an Australian-based provider of third-party logistics services and software, is actively pursuing acquisition targets in the U.S. and Europe that enhance its current software capabilities and provide access to new customers and markets

07/12/2016: **Rhenus Group** and **Sankyo Corporation**, Japan-based providers of distribution and warehousing services, have formed a joint venture, **Rhenus Sankyo Logistics**, that will offer importing and exporting services in Japan

**Selected M&A Transaction Recap**

Date	Target Company	Target Description	Acquiring Company
Announced	UK Mail Group plc	Express parcels, mail collection and delivery	Deutsche Post AG
Announced	Providence and Worcester Railroad Co.	Interstate railroad freight carrier	Genesee & Wyoming Inc.
Announced	Deutsche Post Mobility GmbH	Intercity passenger bus services	FlixBus GmbH
Announced	Premier Farnell plc	Technology distribution and electronic system design and repair	Avnet, Inc.
Announced	Tianjin Zhaohua Lingxian Co., Ltd.	Logistics and container transportation	Fujian Longzhou Transportation
Announced	Shenzhen Chiwan Petroleum Supply Co.	Logistics, warehousing and port management	Shenzhen New Nanshan Holding
Sep-16	APC Logistics	Freight forwarding, distribution and custom brokerage	C.H. Robinson (Australia) Ltd.
Sep-16	Thyssengas GmbH	Transportation of natural gas through subterranean networks	Dutch Infrastructure Fund
Sep-16	Logistics & Distribution Services Co.	Transportation, logistics, warehousing and shipment management	ABF Logistics II, Inc.
Aug-16	Asciano Limited	Rail freight and port management	GIC Pte. Ltd.
Aug-16	Consolidated Distribution Corporation, LLC	Foodservice supply chain solutions and logistics	Lineage Logistics, LLC
Aug-16	KFS, Inc.	Logistics, transportation and truck brokerage	Business Intelligence Group
Aug-16	time:matters GmbH	Logistics, transportation and global express air freight	Lufthansa Cargo AG
Aug-16	United Express Service, Inc	Trucking and freight shipping	NFI Global, LLC
Aug-16	Span-Alaska Transportation, Inc.	Less-than-truckload freight transportation	Matson Logistics, Inc.
Jul-16	Apex Freight Services, Inc.	Third party logistics for the handling of hazardous freight	Scott Logistics Corp.
Jul-16	LGI Logistics Group International GmbH	Warehouse logistics and transport management solutions	Elanders AB (publ)
Jul-16	St. George Trucking & Warehouse Inc	Logistics, distribution and ocean and air container freight	Wind Point Partners
Jul-16	Scan Global Logistics Holding ApS	Road, sea, air and rail transportation and warehousing	AEA Investors
Jul-16	Elemica, Inc.	Logistics applications and supply chain network solutions	Thoma Bravo, LLC
Jul-16	Global Transportation Services, Inc.	Distribution, importing and exporting and warehousing	American Fast Freight, Inc.
Jul-16	Jones Motor Group, Inc.	Logistics and transportation management	Transport Investments, Inc.
Jul-16	Ferrostaal Automotive GmbH	Logistics and supply chain management	Rhenus SE & Co. KG

## 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

## Global Locations

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Milan  
Moscow  
Mumbai  
New York  
Paris  
São Paulo  
Tokyo  
Vienna  
Zurich

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Valuations & Opinions

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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 ventures and partnering services on a wide range of transaction sizes. With seventeen 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).

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