



Market Update

Logistics & Transportation

Q1 2017

Key Highlights

- Highest performing subsector stock in Q1 of 2017 was Aviation / Marine / Rail Services, up 9.2%; the S&P 500 increased 5.8% in Q1 of 2017
- Lowest performing subsector stock in Q1 of 2017 was Reverse Logistics, down 7.5%
- On average, EV / LTM EBITDA multiples for the subsectors were down by 0.7x over the prior quarter and up 0.7x 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:

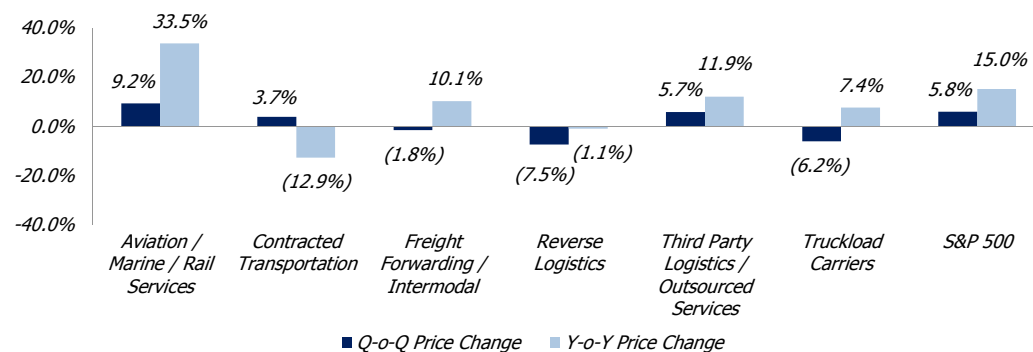
- Aviation / Marine / Rail Services
- Contracted Transportation
- Freight Forwarding / Intermodal
- Reverse Logistics
- Third Party Logistics / Outsourced Services
- Truckload Carriers

Quarter over Quarter Price Performance

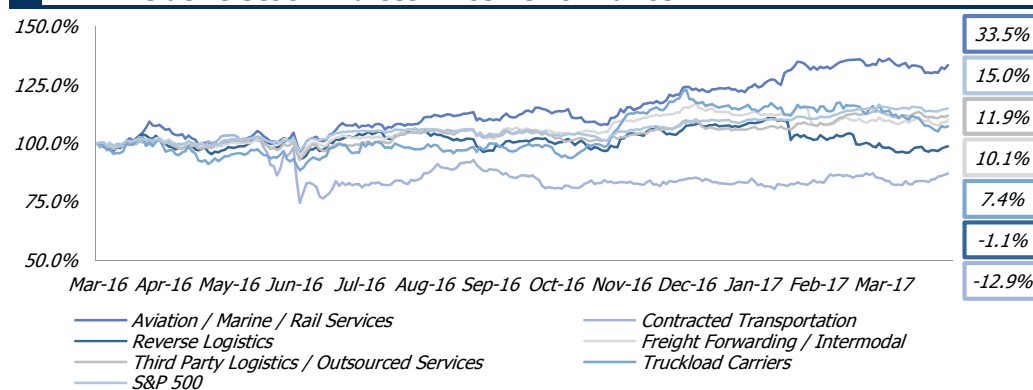
Outperformers	Change	Underperformers	Change
CSX Corporation	31.8%	Swift Transportation Company	(16.2%)
Firstgroup plc	29.7%	Engility Holdings, Inc.	(16.6%)
Hapag-Lloyd Aktiengesellschaft	21.0%	Brambles Limited	(19.2%)
DSV A/S	16.0%	The Go-Ahead Group plc	(22.2%)
Nippon Yusen Kabushiki Kaisha	14.5%	Roadrunner Transportation Systems, Inc.	(36.3%)

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

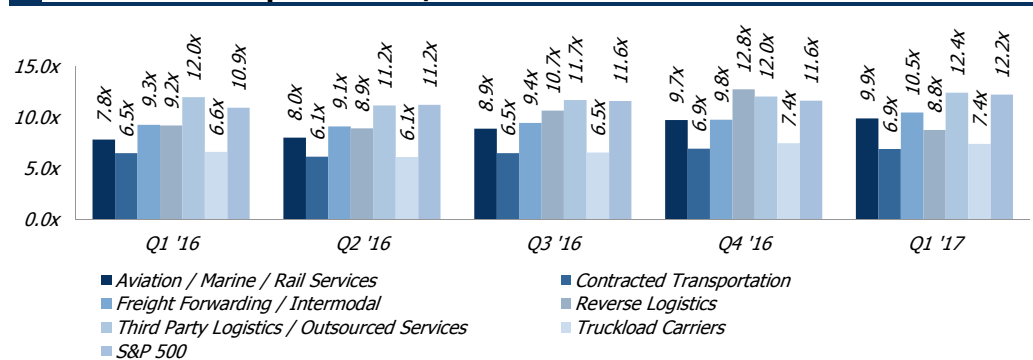
Quarter over Quarter & Year over Year Stock Indices Price Change



LTM Relative Stock Indices Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



Logistics & Transportation Stock Indices Data

Logistics & Transportation Stock Index 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	\$1,694.91	94.9%	\$34,453	\$46,654	\$35,464	\$6,766	(12.0%)	19.1%	1.3x	6.7x
Air Transport Services Group, Inc.	16.00	89.8%	947	1,390	769	205	24.2%	26.7%	1.8x	6.8x
Atlas Air Worldwide Holdings, Inc.	55.65	93.4%	1,398	3,122	1,840	369	0.9%	20.1%	1.7x	8.5x
Canadian National Railway Company	74.23	99.3%	56,438	64,540	8,961	4,867	(1.4%)	54.3%	7.1x	13.1x
CSX Corp.	47.34	94.1%	43,858	54,146	11,069	4,690	(2.9%)	42.4%	4.9x	11.5x
Forward Air Corp.	46.78	90.8%	1,414	1,434	983	139	2.4%	14.2%	1.5x	10.3x
Genesee & Wyoming Inc.	68.10	84.4%	4,231	6,866	2,002	567	0.1%	28.3%	3.4x	12.1x
Hapag-Lloyd AG	27.63	82.2%	3,263	7,131	8,164	616	(15.0%)	7.5%	0.9x	10.9x
Kansas City Southern	87.00	86.4%	9,278	11,906	2,334	1,121	(3.5%)	48.0%	5.1x	10.5x
Nippon Yusen Kabushiki Kaisha	2.13	89.8%	3,589	11,455	16,447	782	(17.1%)	4.8%	0.7x	11.2x
Norfolk Southern Corporation	114.25	91.4%	35,499	45,035	9,888	4,104	(5.9%)	41.5%	4.6x	11.0x
PostNL N.V.	4.73	85.9%	2,094	2,006	3,603	385	(4.2%)	10.7%	0.5x	5.1x
Union Pacific Corporation	106.94	96.0%	86,738	100,408	19,941	9,310	(8.6%)	46.7%	5.0x	10.8x
Mean		90.6%					(3.3%)	28.0%	3.0x	9.9x
Median		90.8%					(3.5%)	26.7%	1.8x	10.8x
Contracted Transportation										
Firstgroup plc	\$1.66	99.2%	\$2,003	\$4,007	\$6,956	\$824	(12.4%)	11.8%	0.6x	5.1x
National Express Group PLC	4.50	95.1%	2,291	3,491	2,597	422	(8.3%)	16.2%	1.3x	8.2x
Stagecoach Group plc	2.62	58.9%	1,503	2,115	4,739	379	(10.8%)	8.0%	0.4x	5.7x
Student Transportation Inc.	5.82	96.4%	536	874	619	71	8.6%	11.5%	1.4x	12.1x
The Go-Ahead Group plc	21.54	64.0%	923	679	4,213	203	(15.0%)	4.8%	0.2x	3.3x
Mean		82.7%					(7.6%)	10.5%	0.8x	6.9x
Median		95.1%					(10.8%)	11.5%	0.6x	5.7x
Freight Forwarding / Intermodal										
Deutsche Post AG	\$34.19	96.7%	\$41,411	\$44,519	\$61,020	\$4,586	(5.9%)	7.5%	0.7x	9.5x
FedEx Corporation	194.17	96.3%	51,916	63,501	57,570	7,805	16.3%	13.6%	1.1x	8.1x
United Parcel Service, Inc.	106.66	88.6%	92,720	104,281	60,906	7,699	4.4%	12.6%	1.7x	13.5x
Mean		93.9%					4.9%	11.2%	1.2x	10.4x
Median		96.3%					4.4%	12.6%	1.1x	9.5x
Reverse Logistics										
Arrow Electronics, Inc.	\$73.88	97.4%	\$6,588	\$8,896	\$23,825	\$1,082	2.3%	4.5%	0.4x	8.2x
Avnet, Inc.	45.61	88.6%	5,879	8,238	25,921	971	16.6%	3.7%	0.3x	8.5x
Brambles Limited	7.25	69.3%	11,521	14,147	5,721	1,581	5.9%	27.6%	2.3x	8.5x
Greif, Inc.	55.28	91.3%	2,858	3,951	3,373	443	(3.2%)	13.1%	1.2x	8.9x
Sims Metal Management Limited	9.65	92.4%	1,907	1,659	3,351	135	(14.4%)	4.0%	0.5x	10.1x
Mean		87.8%					1.5%	10.6%	0.9x	8.8x
Median		91.3%					2.3%	4.5%	0.5x	8.5x
Third Party Logistics / Outsourced Services										
CH Robinson Worldwide Inc.	\$77.65	95.7%	\$10,977	\$11,969	\$13,144	\$901	(2.5%)	6.9%	0.9x	13.3x
DSV A/S	51.76	98.1%	9,600	10,798	9,619	595	29.9%	6.2%	1.1x	17.8x
Echo Global Logistics, Inc.	21.60	74.7%	628	815	1,716	39	13.5%	2.2%	0.5x	21.1x
Engility Holdings, Inc.	28.11	71.8%	1,034	2,066	2,076	191	(0.4%)	9.2%	1.0x	10.8x
Expeditors International of Washington Inc.	56.62	98.7%	10,231	9,259	6,098	717	(7.8%)	11.8%	1.5x	12.9x
Hub Group Inc.	46.25	88.1%	1,579	1,626	3,573	169	1.3%	4.7%	0.5x	9.6x
Kuehne + Nagel International AG	141.20	97.6%	16,880	15,999	16,268	1,049	(2.6%)	6.5%	1.0x	14.9x
Landstar System Inc.	86.15	94.9%	3,605	3,534	3,169	256	(3.1%)	8.1%	1.1x	13.8x
Panalpina World Transport Holding Ltd.	119.54	84.9%	2,835	2,455	5,115	134	(12.5%)	2.6%	0.5x	18.0x
Roadrunner Transportation Systems, Inc.	6.62	51.6%	254	653	1,972	101	(1.1%)	5.1%	0.3x	6.5x
Ryder System, Inc.	75.58	88.5%	4,041	9,373	6,787	1,814	3.3%	26.7%	1.4x	5.2x
Universal Logistics Holdings, Inc.	14.00	79.1%	398	644	1,073	83	(5.0%)	7.8%	0.6x	7.7x
XPO Logistics, Inc.	47.43	86.7%	5,286	10,178	14,619	1,132	91.8%	7.7%	0.7x	9.0x
Mean		85.4%					8.0%	8.1%	0.8x	12.4x
Median		88.1%					(1.1%)	6.9%	0.9x	12.9x
Truckload Carriers										
Celadon Group Inc.	\$6.50	54.0%	\$180	\$555	\$1,055	\$83	2.7%	7.9%	0.5x	6.5x
Covenant Transportation Group, Inc.	18.46	73.2%	337	545	671	104	(7.4%)	15.5%	0.8x	5.1x
Heartland Express, Inc.	20.00	88.1%	1,666	1,537	613	182	(16.8%)	29.7%	2.5x	8.4x
JB Hunt Transport Services Inc.	91.90	89.8%	10,229	11,209	6,555	1,083	5.9%	16.5%	1.7x	10.4x
Knight Transportation Inc.	31.45	81.1%	2,526	2,538	1,118	259	(5.5%)	23.2%	2.3x	9.8x
Marten Transport Ltd.	23.90	88.4%	781	788	671	130	0.9%	19.4%	1.2x	6.1x
Swift Transportation Company	20.42	75.1%	2,717	3,773	4,032	538	(4.7%)	13.3%	0.9x	7.0x
USA Truck Inc.	7.31	34.1%	59	211	429	30	(15.5%)	7.1%	0.5x	7.0x
Werner Enterprises Inc.	26.10	89.8%	1,884	2,047	2,009	319	(4.0%)	15.9%	1.0x	6.4x
Mean		74.8%					(4.9%)	16.5%	1.3x	7.4x
Median		81.1%					(4.7%)	15.9%	1.0x	7.0x
Total Mean										
		85.3%					0.0%	15.8%	1.5x	9.7x
Total Median										
		89.2%					(3.0%)	11.8%	1.1x	9.3x

Source: Bloomberg, Capital IQ and company filings, as of 03/31/2017

Acquisition Spotlight

03/10/2017: **Lincoln International** represented **Audax Private Equity** in the sale of **Cozzini Bros., Inc.** to **Birch Hill Equity Cozzini Bros.** is a leading provider of reverse logistics solutions, offering knife sharpening, rental and exchange services at over 40,000 locations. "Lincoln ran a disciplined, highly competitive process which resulted in multiple attractive alternatives for the shareholders and the Cozzini management team." - Keith Palumbo, Managing Director, **Audax Private Equity**

Market Intelligence

03/29/2016: **Deliveroo**, a UK-based provider of food delivery services, is actively seeking acquisition targets in the UAE that provide new service capabilities and plans to use capital generated in a Series E funding of \$275 million in Q3 of 2016, led by Bridgepoint

03/22/2017: **Trucker Path**, a provider of an online marketplace that connects truckers and logistics companies, is interested in pursuing a Series B funding of \$30 million to boost sales efforts and pursue acquisitions in the online freight marketplace

03/09/2017: **DHL Supply Chain**, a leading provider of logistics services, is actively seeking acquisition targets in Latin America that complement existing services, enhance technological capabilities and expand presence in existing, high-growth markets

03/01/2017: **uShip**, a provider of online markets for shipping services, is seeking acquisitions that enhance its transportation services capabilities, following an investment by **DB Schenker** in February of 2017 of \$25 million

02/22/2017: **DB Schenker**, a provider of freight transportation and logistics services, plans to bolster its U.S. freight operations through an acquisition this year in order to expand its geographic footprint and supplement organic growth initiatives

02/10/2017: **Echo Global Logistics** (NASDAQ:ECHO), a provider of transportation management services, wants to ramp up its acquisition activity to complement organic growth and is open to targets that enhance existing services or provide new capabilities

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Zet Farma; Ferlito Pharma Logistics	Logistics services for pharmaceutical products	Kuehne + Nagel International
Mar-17	Premium Transportation Logistics	Logistics services for customers with time-critical demands	Magnate Worldwide
Mar-17	Supply Chain Coach	Logistics and supply chain solutions	Rockfarm Supply Chain Solutions
Mar-17	AsepTrans	Tank transportation and cleaning services	Odyssey Logistics & Technology
Mar-17	Appalachian Railcar Services	Plant loading, unloading and short line switching and operation	GenNx360 Capital Partners
Mar-17	CENTRAL RAILWAYS	Rail transportation services	Unicom Tranzit SA
Mar-17	Simplified Logistics	Suite of logistics services and technology solutions	CI Capital Partners
Mar-17	Global Freight Solutions	Parcel and carrier management services	Phoenix Equity Partners
Feb-17	Quick International Courier	Courier and priority freight services	The Jordan Company
Feb-17	Zentral Archiv Service	Logistics and archiving services	Rhenus Archive Services
Feb-17	Evans Delivery Company	Intermodal container and truckload transportation	Calera Capital
Feb-17	Thamesdown Transport	Bus transportation services	Go South Coast
Feb-17	Fusion Logistics	Ground, air and ocean shipping services	Worldwide Express Operations
Feb-17	Transfreight Automotive Logistics Europe	Cross-docking, transportation and logistics services	Yusen Logistics (Europe)
Feb-17	Atlantic Western Transportation	Transportation management, warehousing and logistics services	Genesee & Wyoming
Feb-17	Worldwide Express Operations	Truckload, less than truckload and logistics solutions	Ridgmont Equity Partners
Feb-17	Veson Nautical	Commercial maritime operations software and data solutions	Pamlico Capital
Feb-17	Login Logistics	Logistics and freight forwarding services	Epes Logistics Services
Feb-17	Metro Supply Chain	Third party logistics services	LDC Logistics
Jan-17	American Cargo Express	Domestic and international freight forwarding and warehousing	OIA Global
Jan-17	Cavalier Transportation Services	Less than truckload, truckload, brokerage and warehousing	TFI International
Jan-17	Carlsberg Supply Company UK	Supply chain, transportation and logistics services	DHL Supply Chain
Jan-17	Freightex	Road freight transportation services	United Parcel Service
Jan-17	TForce Critical	Package, courier and logistics services	Dynamex
Jan-17	Railex LLC, Cold Storage Distribution Assets	Distribution assets, which offer railroad freight transportation	Union Pacific Corporation
Jan-17	Global Freight Source	Logistics and freight forwarding services	GlobalTranz Enterprises
Jan-17	Lomas Logistics	Third party logistics solutions	Wheels International
Jan-17	Dominion Warehousing & Distribution Services	Third party warehousing and distribution services	NFI Industries

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

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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 eighteen 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.lincolnternational.com.

Lincoln's Global Business Services Group

Logistics & Transportation Contacts:

North America

Mike Iannelli

Managing Director (Chicago)
miannelli@lincolnternational.com
+1 (312) 580-6281

Gaurang Shastri

Director (Chicago)
gshastri@lincolnternational.com
+1 (312) 506-2738

South America

Roberto Aldworth

Director (Sao Paulo)
raldworth@lincolnternational.com
+55 (11) 2166-8804

Europe

Dirk Engelmann

Managing Director (Frankfurt)
d.engelmann@lincolnternational.com
+49 (69) 9710-5423

Edward Lethbridge

Managing Director (London)
elethbridge@lincolnternational.com
+44 (20) 7632-5224

Rachit Patel

Vice President (London)
rpatel@lincolnternational.com
+44 (20) 7632-5218

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