

Market Update

Logistics & Transportation

Q4 2017

Key Highlights

- Highest performing subsector stock in Q4 of 2017 was Third Party Logistics / Outsourced Services, up 8.4%
- Lowest performing subsector stock in Q4 of 2017 was Contracted Transportation, down 1.5%
- On average, EV / LTM EBITDA multiples for the subsectors were up by 0.3x 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, 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:

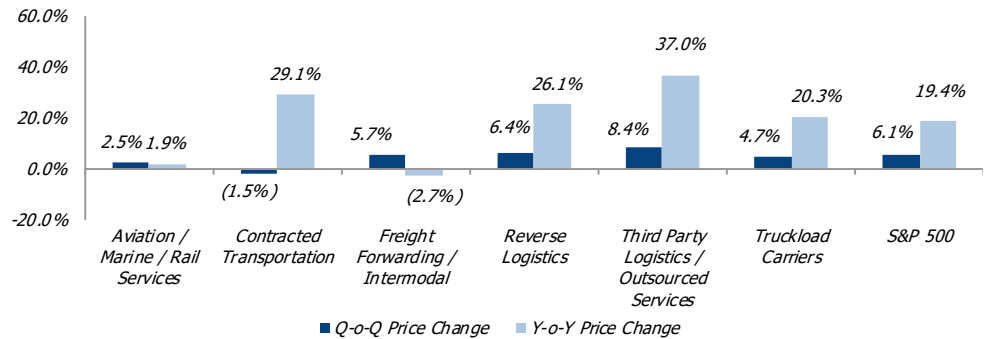
- Aviation / Marine / Rail Services
- Contracted Transportation
- Freight Forwarding / Intermodal
- Reverse Logistics
- Third Party Logistics / Outsourced Services
- Truckload Carriers

Quarter over Quarter Price Performance

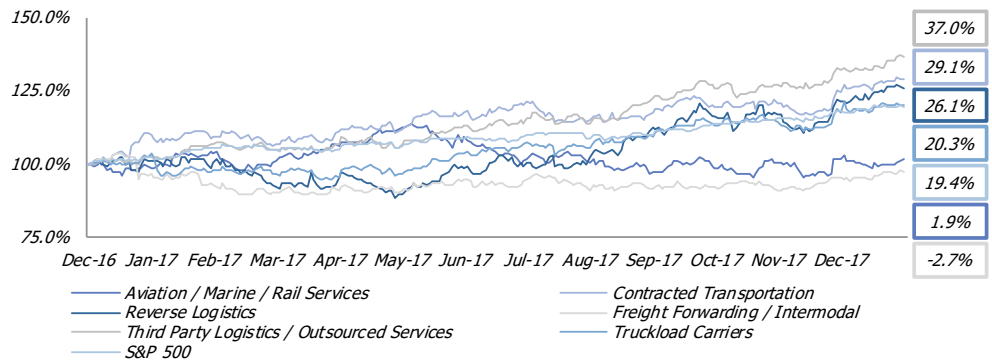
Outperformers	Change	Underperformers	Change
Echo Global Logistics, Inc.	48.5%	Roadrunner Transportation Systems, Inc.	(19.1%)
XPO Logistics, Inc.	35.1%	Engility Holdings, Inc.	(18.2%)
USA Truck, Inc.	29.0%	The Go-Ahead Group plc	(11.9%)
Nippon Yusen Kabushiki Kaisha	17.5%	Atlas Air Worldwide Holdings, Inc.	(10.9%)
C.H. Robinson Worldwide, Inc.	17.1%	A.P. Møller - Mærsk A/S	(8.0%)

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

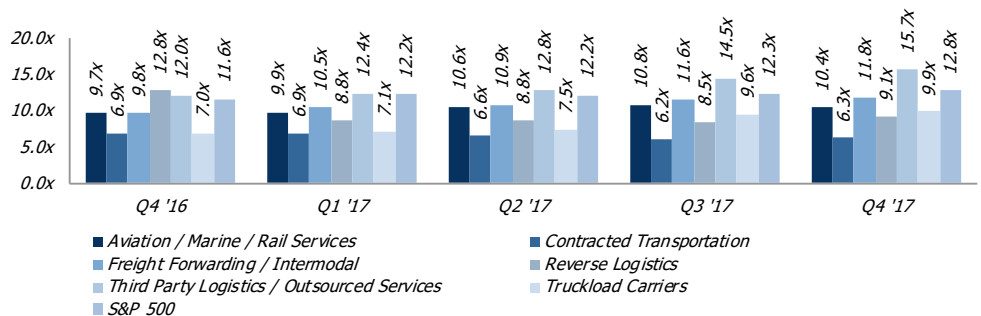
Quarter over Quarter & Year over Year Stock Indices Price Change



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	\$1,748.21	76.0%	\$35,424	\$49,347	\$37,925	\$7,487	28.1%	19.7%	1.3x	6.6x
Air Transport Services Group, Inc.	23.14	86.5%	1,368	1,869	967	231	32.7%	23.9%	1.9x	8.1x
Atlas Air Worldwide Holdings, Inc.	58.65	85.4%	1,483	3,412	2,058	427	15.5%	20.7%	1.7x	8.0x
Canadian National Railway Company	82.65	95.4%	61,665	69,883	10,379	5,542	13.7%	53.4%	6.8x	12.7x
CSX Corporation	55.01	94.3%	49,164	60,282	11,582	5,242	4.6%	45.3%	5.2x	11.5x
Forward Air Corporation	57.44	95.8%	1,710	1,739	1,059	147	8.8%	13.9%	1.6x	11.8x
Genesee & Wyoming Inc.	78.73	96.3%	4,912	7,551	2,153	653	7.7%	30.3%	3.5x	11.6x
Hapag-Lloyd Aktiengesellschaft	40.14	83.9%	7,055	14,524	11,033	1,037	26.7%	9.4%	1.3x	13.2x
Kansas City Southern	105.22	91.6%	10,895	13,763	2,521	1,211	8.0%	48.1%	5.5x	11.2x
Nippon Yusen Kabushiki Kaisha	24.41	94.5%	4,117	12,058	18,290	914	(7.5%)	5.0%	0.7x	11.4x
Norfolk Southern Corporation	144.90	99.0%	41,463	50,899	10,372	4,384	4.6%	42.3%	4.9x	11.6x
PostNL N.V.	4.89	87.5%	2,220	2,299	4,101	396	5.3%	9.7%	0.6x	5.9x
Union Pacific Corporation	134.10	98.4%	105,559	120,455	20,958	9,952	4.9%	47.5%	5.7x	12.1x
Mean		91.1%					11.8%	28.4%	3.1x	10.4x
Median		94.3%					8.0%	23.9%	1.9x	11.5x
Contracted Transportation										
Firstgroup plc	\$1.49	71.5%	\$1,806	\$3,520	\$7,857	\$887	12.9%	11.3%	0.4x	3.9x
National Express Group PLC	5.15	97.9%	2,626	3,863	2,944	463	23.0%	15.7%	1.3x	8.1x
Stagecoach Group plc	2.23	72.5%	1,276	1,921	4,904	285	3.5%	5.8%	0.4x	5.9x
Student Transportation Inc.	6.17	93.8%	586	946	643	83	5.5%	12.9%	1.5x	11.5x
The Go-Ahead Group plc	20.13	63.5%	865	587	4,521	281	2.5%	6.2%	0.1x	2.0x
Mean		79.8%					9.5%	10.4%	0.7x	6.3x
Median		72.5%					5.5%	11.3%	0.4x	5.9x
Freight Forwarding / Intermodal										
Deutsche Post AG	\$47.73	96.1%	\$57,711	\$62,236	\$71,271	\$5,492	9.9%	7.7%	0.9x	11.1x
FedEx Corporation	249.54	97.8%	66,849	79,522	62,335	8,485	12.9%	13.6%	1.3x	9.4x
United Parcel Service, Inc.	119.15	95.2%	102,675	117,173	63,974	7,846	6.6%	12.3%	1.8x	14.9x
Mean		96.4%					9.8%	11.2%	1.3x	11.8x
Median		96.1%					9.9%	12.3%	1.3x	11.1x
Reverse Logistics										
Arrow Electronics, Inc.	\$80.41	95.1%	\$7,074	\$9,719	\$25,622	\$1,125	6.2%	4.4%	0.4x	8.6x
Avnet, Inc.	39.62	82.2%	4,791	5,744	17,983	721	10.1%	4.0%	0.3x	8.0x
Brambles Limited	7.87	78.6%	12,515	15,134	5,206	1,529	(8.2%)	29.4%	2.9x	9.8x
Greif, Inc.	60.58	92.3%	3,091	4,037	3,638	455	9.5%	12.5%	1.1x	8.8x
Sims Metal Management Limited	12.32	96.5%	2,484	2,185	3,906	178	9.6%	4.6%	0.5x	10.4x
Mean		88.9%					5.4%	11.0%	1.0x	9.1x
Median		92.3%					9.5%	4.6%	0.5x	8.8x
Third Party Logistics / Outsourced Services										
C.H. Robinson Worldwide, Inc.	\$89.09	99.4%	\$12,446	\$13,618	\$14,325	\$838	9.0%	5.8%	1.0x	16.3x
DSV A/S	78.80	96.6%	14,531	15,555	11,674	842	21.4%	7.2%	1.3x	18.1x
Echo Global Logistics, Inc.	28.00	97.1%	781	969	1,802	32	5.0%	1.8%	0.5x	30.5x
Engility Holdings, Inc.	28.37	80.9%	1,045	1,992	1,973	190	(5.0%)	9.6%	1.0x	10.5x
Expeditors International of Washington, Inc.	64.69	98.5%	11,496	10,465	6,662	722	9.2%	10.8%	1.6x	14.5x
Hub Group, Inc.	47.90	94.5%	1,634	1,914	3,851	143	7.8%	3.7%	0.5x	13.3x
Kuehne + Nagel International AG	177.00	95.1%	21,160	20,590	18,373	1,131	12.9%	6.2%	1.1x	18.2x
Landstar System, Inc.	104.10	97.3%	4,369	4,228	3,490	276	10.1%	7.9%	1.2x	15.3x
Panalpina World Transport (Holding) Ltd.	155.04	99.0%	3,680	3,388	5,571	113	8.9%	2.0%	0.6x	30.2x
Roadrunner Transportation Systems, Inc.	7.71	67.5%	296	695	1,972	101	0.0%	5.1%	0.4x	6.9x
Ryder System, Inc.	84.17	100.0%	4,457	9,741	7,119	1,774	4.9%	24.9%	1.4x	5.5x
Universal Logistics Holdings, Inc.	23.75	96.8%	674	900	1,167	79	8.8%	6.8%	0.8x	11.4x
XPO Logistics, Inc.	91.59	98.4%	10,980	15,684	14,864	1,219	1.7%	8.2%	1.1x	12.9x
Mean		93.9%					7.3%	7.7%	1.0x	15.7x
Median		97.1%					8.8%	6.8%	1.0x	14.5x
Truckload Carriers										
Celadon Group, Inc.	\$6.40	66.6%	\$177	\$552	\$1,055	\$83	(0.9%)	7.9%	0.5x	6.4x
Covenant Transportation Group, Inc.	28.73	93.9%	525	737	693	100	0.7%	14.5%	1.1x	7.1x
Heartland Express, Inc.	23.34	92.6%	1,944	1,893	582	154	(10.2%)	26.5%	3.3x	12.3x
J.B. Hunt Transport Services, Inc.	114.98	98.4%	12,619	13,698	6,920	1,048	7.2%	15.1%	2.0x	13.1x
Knight-Swift Transportation Holdings Inc.	43.72	98.0%	7,779	8,605	1,355	266	21.0%	19.6%	6.4x	NM
Marten Transport, Ltd.	20.30	96.0%	1,107	1,106	688	133	3.1%	19.4%	1.6x	8.3x
Schneider National, Inc.	28.56	97.3%	5,052	5,250	4,262	512	6.5%	12.0%	1.2x	10.2x
USA Truck, Inc.	18.13	95.2%	144	265	426	20	(4.0%)	4.6%	0.6x	13.4x
Werner Enterprises, Inc.	38.65	97.0%	2,796	2,860	2,068	344	2.4%	16.6%	1.4x	8.3x
Mean		92.8%					2.9%	15.1%	2.0x	9.9x
Median		96.0%					2.4%	15.1%	1.4x	9.3x
Total Mean		90.9%					7.8%	15.5%	1.7x	11.3x
Total Median		95.2%					6.6%	11.7%	1.2x	11.2x

Source: Bloomberg, Capital IQ and company filings, as of 12/31/2017

Acquisition Spotlight

12/13/2017: **Target Corporation (NYSE: TGT)**, the Minneapolis-based retail giant, announced it has agreed to acquire Birmingham, Alabama-based same-day online delivery platform **Shipt, Inc.** for \$550 million. Target plans to leverage its network of stores and Shipt's proprietary technology platform and community of shoppers to bring same-day delivery to consumers across the country.

Market Intelligence

12/22/2017: **Home Depot (NYSE:HD)** has at least discussed within its own walls the idea of acquiring **XPO Logistics (NYSE: XPO)**, utilizing a defensive strategy against **Amazon (NASDAQ:AMZN)**, who is also rumored to be interested in an XPO acquisition

12/20/2017: **Nishi-Nippon Railroad Co (TYO:9031)**, the Fukuoka, Japan-based railway operator, is considering M&A in Europe, South America, the Middle East, Africa and Southeast Asia to further expand into fast-growing developing markets

12/18/2017: The United States Government's **Electronic Logging Device Mandate** has gone into effect, which is expected to pressure margins at smaller trucking companies and drive a flurry of consolidation across the United States in 2018

12/07/2017: **Kirby (NYSE:KEX)**, the Houston-based tank barge, industrial services and distribution company, is keeping watch for potential M&A opportunities as a downturn in the inland barge business persists

11/27/2017: **Becker Logistics LLC**, a Glendale Heights, Illinois-based third-party trucking logistics provider, remains in "acquisition mode" after purchasing the freight brokerage business of Utah-based **Savage Companies**, with approximately 10 companies it would like to acquire in its near-term pipeline

11/07/2017: **BP Express**, the Tecum Capital Partners-backed provider of port and inland drayage services in the Southeast United States, is opportunistic about future acquisitions

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Dec-17	Channel Distribution Corporation	Air cargo and warehousing services	St. George Logistics
Dec-17	Elog	Logistics and warehousing services in Brazil	Multilog
Dec-17	Keen Transport	Heavy-haul logistics and transportation services	Wallenius Wilhelmsen Logistics
Dec-17	APEX Logistics	Logistics services including truckload shipping	GlobalTranz Enterprises
Dec-17	BC Transport	Trucking and freight transportation services	Kinaxia
Dec-17	Moore Freight Service	Freight services specializing in flat glass transportation	Daseke
Dec-17	Sandler & Travis Trade Advisory Services	International trade and customs consulting services	United Parcel Service
Nov-17	The Clark Group	Third-party logistics services for publishing and printing	LSC Communications
Nov-17	Savage Logistics	Third-party logistics services	Becker Logistics
Nov-17	Logical Freight Solutions Pty.	Specialized logistics services provider	MNX Global
Nov-17	Future Supply Chain Solutions	Third-party supply chain and logistics services in India	Edelweiss
Nov-17	Arena	Offers transportation services	Cardinal Transportation
Nov-17	REI Logistics and Korten Quality Systems	Ground transportation and freight forwarding services	Day & Ross Transportation
Nov-17	Cogent Holdings	Logistics management services in Singapore	COSCO Shipping International
Nov-17	Indiana Transport	Trucking services for the transportation of large trailers	Patrick Industries
Oct-17	Yusen Logistics	Contract logistics and transportation services	Nippon Yusen Kabushiki
Oct-17	Fliway Group	Transportation and logistics services	Yang Kee Logistics
Oct-17	Compañía Trasmediterránea	Passenger, freight and goods transport services	Naviera Armas
Oct-17	AIT Worldwide Logistics	Transportation and logistics services	Quad-C Management
Oct-17	ITS Technologies & Logistics	Intermodal rail terminal services	AMP Capital Investors
Oct-17	Radial	Omnichannel operations and marketing solutions	bpost SA
Oct-17	IntegraCore	Order fulfillment and supply chain services	Visible SCM
Oct-17	Xpress Group	Freight transportation services	Titanium Transportation

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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 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.

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