

# Market Update

## Logistics & Transportation

Q2 2017

### Key Highlights

- Highest performing subsector stock in Q2 of 2017 was Aviation / Marine / Rail Services, up 15.5%; the S&P 500 increased 2.3% in Q2 of 2017
- Lowest performing subsector stock in Q2 of 2017 was Reverse Logistics, up 0.3%
- On average, EV / LTM EBITDA multiples for the subsectors were up by 0.3x 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:

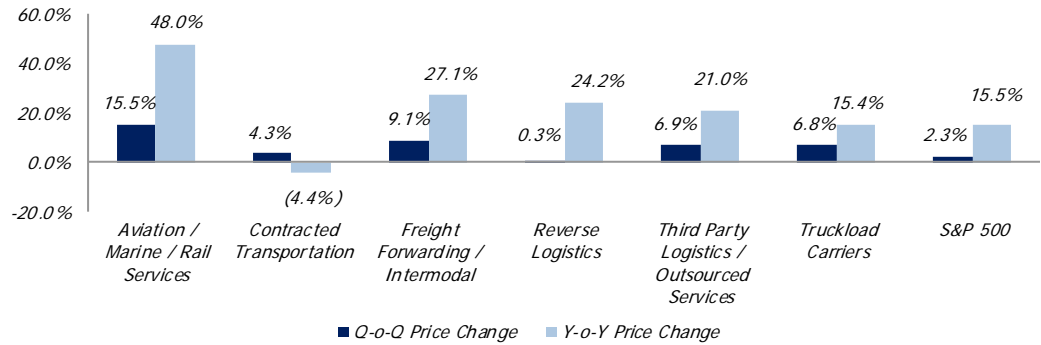
- Aviation / Marine / Rail Services
- Contracted Transportation
- Freight Forwarding / Intermodal
- Reverse Logistics
- Third Party Logistics / Outsourced Services
- Truckload Carriers

### Quarter over Quarter Price Performance

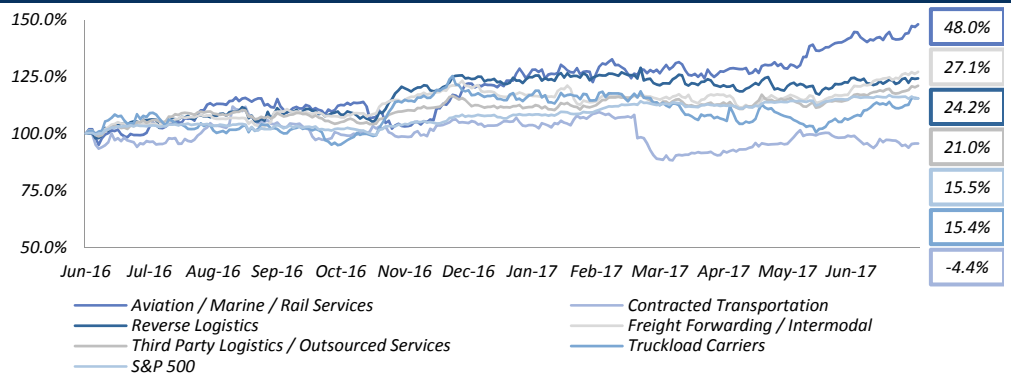
Outperformers	Change	Underperformers	Change
XPO Logistics	36.3%	Celadon Group	(51.5%)
Air Transport Services Group	36.1%	Hub Group	(17.1%)
Swift Transportation	29.8%	Avnet	(14.8%)
Sims Metal Management	20.7%	Nippon Yusen Kabushiki Kaisha	(12.6%)
Kansas City Southern	20.3%	C.H. Robinson Worldwide	(11.6%)

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

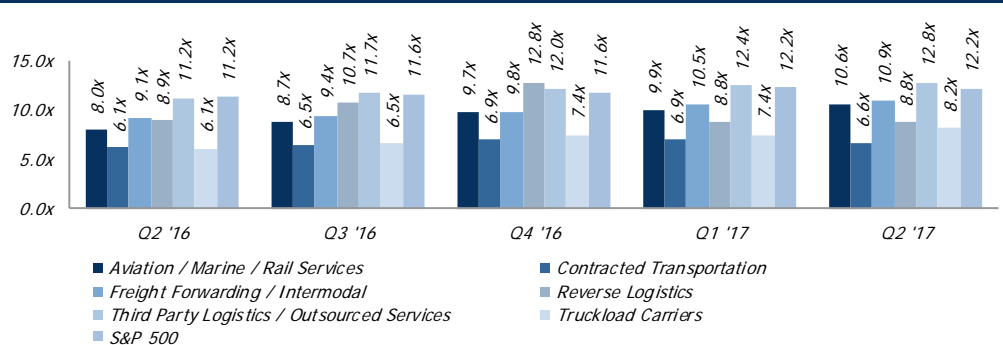
### Quarter over Quarter & Year over Year Stock Indices Price Change



### LTM Relative Stock Indices Price Performance



### Historical Enterprise Value / EBITDA Valuation Performance



## Logistics &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	\$2,008.61	99.2%	\$40,568	\$54,463	\$35,888	\$6,875	(2.0%)	19.2%	1.4x	7.3x
Air Transport Services Group, Inc.	21.78	90.0%	1,288	1,769	829	211	22.4%	25.5%	2.1x	8.4x
Atlas Air Worldwide Holdings, Inc.	52.15	86.8%	1,317	3,184	1,971	398	10.5%	20.2%	1.7x	8.6x
Canadian National Railway Company	80.96	96.9%	61,214	69,415	9,823	5,287	4.6%	53.8%	7.3x	13.6x
CSX Corporation	54.56	99.1%	50,342	60,432	11,549	5,196	4.6%	45.0%	5.3x	12.4x
Forward Air Corporation	53.28	94.3%	1,610	1,609	1,029	144	5.9%	14.0%	1.6x	11.3x
Genesee & Wyoming Inc.	68.39	84.7%	4,259	6,896	2,077	610	1.6%	29.4%	3.4x	11.7x
Hapag-Lloyd Aktiengesellschaft	28.81	80.6%	4,726	8,870	8,491	636	(3.9%)	7.5%	1.0x	12.5x
Kansas City Southern	104.65	99.5%	11,102	13,856	2,469	1,179	4.6%	47.8%	5.8x	11.9x
Nippon Yusen Kabushiki Kaisha	1.86	79.2%	3,138	10,800	17,580	762	(16.2%)	4.3%	0.6x	13.8x
Norfolk Southern Corporation	121.70	97.1%	35,267	44,711	10,226	4,286	1.2%	41.9%	4.5x	10.7x
PostNL N.V.	4.66	79.7%	2,098	2,025	3,656	381	(7.4%)	10.4%	0.5x	5.0x
Union Pacific Corporation	108.91	94.6%	87,938	101,832	20,724	9,800	1.7%	47.3%	5.0x	10.8x
<b>Mean</b>		<b>90.9%</b>					<b>2.1%</b>	<b>28.2%</b>	<b>3.1x</b>	<b>10.6x</b>
<b>Median</b>		<b>94.3%</b>					<b>1.7%</b>	<b>25.5%</b>	<b>2.1x</b>	<b>11.3x</b>
<b>Contracted Transportation</b>										
Firstgroup plc	\$1.63	81.4%	\$1,972	\$3,804	\$7,080	\$828	0.9%	11.7%	0.5x	4.4x
National Express Group PLC	4.76	94.2%	2,421	3,658	2,944	463	23.0%	15.7%	1.3x	8.4x
Stagecoach Group plc	2.42	80.0%	1,387	1,923	5,100	281	(10.0%)	5.5%	0.4x	5.6x
Student Transportation Inc.	6.05	95.3%	572	897	631	78	5.1%	12.4%	1.4x	11.2x
The Go-Ahead Group plc	22.84	75.0%	980	727	4,213	203	(11.1%)	4.8%	0.2x	3.4x
<b>Mean</b>		<b>85.2%</b>					<b>1.6%</b>	<b>10.0%</b>	<b>0.8x</b>	<b>6.6x</b>
<b>Median</b>		<b>81.4%</b>					<b>0.9%</b>	<b>11.7%</b>	<b>0.5x</b>	<b>5.6x</b>
<b>Freight Forwarding / Intermodal</b>										
Deutsche Post AG	\$37.44	97.8%	\$46,207	\$50,011	\$62,927	\$4,753	(2.6%)	7.6%	0.7x	9.9x
FedEx Corporation	217.33	99.5%	58,109	69,071	60,319	8,275	19.8%	13.7%	1.1x	8.6x
United Parcel Service, Inc.	110.59	91.8%	95,966	109,531	62,924	7,847	6.0%	12.5%	1.8x	14.3x
<b>Mean</b>		<b>96.4%</b>					<b>7.8%</b>	<b>11.2%</b>	<b>1.2x</b>	<b>10.9x</b>
<b>Median</b>		<b>97.8%</b>					<b>6.0%</b>	<b>12.5%</b>	<b>1.1x</b>	<b>9.9x</b>
<b>Reverse Logistics</b>										
Arrow Electronics, Inc.	\$78.42	97.6%	\$6,967	\$9,418	\$24,111	\$1,083	1.5%	4.5%	0.4x	8.6x
Avnet, Inc.	38.88	75.5%	4,860	5,226	26,281	990	34.3%	3.8%	0.2x	5.3x
Brambles Limited	7.47	71.4%	11,868	14,495	5,721	1,581	1.7%	27.6%	2.4x	8.7x
Greif, Inc.	55.78	88.5%	2,770	3,851	3,421	448	0.3%	13.1%	1.1x	8.6x
Sims Metal Management Limited	11.65	98.1%	2,308	2,060	3,351	135	(3.5%)	4.0%	0.6x	12.6x
<b>Mean</b>		<b>86.2%</b>					<b>6.9%</b>	<b>10.6%</b>	<b>0.9x</b>	<b>8.8x</b>
<b>Median</b>		<b>88.5%</b>					<b>1.5%</b>	<b>4.5%</b>	<b>0.6x</b>	<b>8.6x</b>
<b>Third Party Logistics / Outsourced Services</b>										
C.H. Robinson Worldwide, Inc.	\$68.68	84.6%	\$9,676	\$10,686	\$13,896	\$848	6.9%	6.1%	0.8x	12.1x
DSV A/S	61.38	96.6%	11,422	12,616	10,159	673	17.2%	6.6%	1.2x	17.5x
Echo Global Logistics, Inc.	19.90	68.9%	580	761	1,753	32	2.7%	1.8%	0.4x	21.9x
Engility Holdings, Inc.	28.40	72.5%	1,045	2,069	2,039	192	(7.6%)	9.4%	1.0x	10.8x
Expeditors International of Washington, Inc.	56.48	97.8%	10,176	9,022	6,225	712	1.4%	11.4%	1.4x	12.7x
Hub Group, Inc.	38.35	73.0%	1,309	1,317	3,729	147	8.0%	3.9%	0.4x	8.2x
Kuehne + Nagel International AG	167.01	99.8%	19,965	19,124	17,946	1,120	5.1%	6.2%	1.1x	17.1x
Landstar System, Inc.	85.60	94.3%	3,589	3,467	3,238	262	1.9%	8.1%	1.1x	13.2x
Panalpina World Transport (Holding) Ltd.	140.81	96.1%	3,341	2,934	5,461	119	(3.4%)	2.2%	0.5x	22.2x
Roadrunner Transportation Systems, Inc.	7.27	61.2%	279	678	1,972	101	1.8%	5.1%	0.3x	6.7x
Ryder System, Inc.	71.98	84.3%	3,855	9,144	6,995	1,816	4.8%	26.0%	1.3x	5.0x
Universal Logistics Holdings, Inc.	15.00	84.7%	427	665	1,097	80	(2.6%)	7.3%	0.6x	8.3x
XPO Logistics, Inc.	64.63	98.8%	7,220	12,222	14,613	1,178	13.0%	8.1%	0.8x	10.4x
<b>Mean</b>		<b>85.6%</b>					<b>3.8%</b>	<b>7.9%</b>	<b>0.8x</b>	<b>12.8x</b>
<b>Median</b>		<b>84.7%</b>					<b>2.7%</b>	<b>6.6%</b>	<b>0.8x</b>	<b>12.1x</b>
<b>Truckload Carriers</b>										
Celadon Group, Inc.	\$3.15	32.3%	\$87	\$462	\$1,055	\$83	(1.0%)	7.9%	0.4x	5.4x
Covenant Transportation Group, Inc.	17.53	74.6%	320	518	679	98	(2.6%)	14.4%	0.8x	5.1x
Heartland Express, Inc.	20.82	91.8%	1,734	1,575	549	166	(19.4%)	30.2%	2.7x	9.1x
J.B. Hunt Transport Services, Inc.	91.38	89.3%	10,050	10,992	6,768	1,058	6.6%	15.6%	1.7x	10.3x
Knight Transportation, Inc.	37.05	95.5%	2,980	2,937	1,114	239	(2.2%)	21.5%	2.6x	11.9x
Marten Transport, Ltd.	16.44	97.0%	896	887	688	134	2.9%	19.5%	1.3x	6.8x
Schneider National, Inc.	22.37	99.2%	3,956	4,431	4,205	532	-	12.6%	1.1x	8.4x
Swift Transportation Company	26.50	97.5%	3,532	4,473	4,009	481	(3.0%)	12.0%	1.1x	8.9x
USA Truck, Inc.	8.66	42.9%	69	201	420	22	(9.1%)	5.3%	0.5x	9.0x
Werner Enterprises, Inc.	29.35	97.2%	2,120	2,219	2,048	325	0.2%	15.8%	1.1x	7.0x
<b>Mean</b>		<b>81.7%</b>					<b>(3.1%)</b>	<b>15.5%</b>	<b>1.3x</b>	<b>8.2x</b>
<b>Median</b>		<b>93.6%</b>					<b>(2.2%)</b>	<b>15.0%</b>	<b>1.1x</b>	<b>8.6x</b>
<b>Total Mean</b>		<b>86.9%</b>					<b>2.4%</b>	<b>15.5%</b>	<b>1.6x</b>	<b>10.1x</b>
<b>Total Median</b>		<b>91.8%</b>					<b>1.6%</b>	<b>12.0%</b>	<b>1.1x</b>	<b>9.1x</b>

Source: Bloomberg, Capital IQ and company filings, as of 06/30/2017

### Acquisition Spotlight

04/10/2017: **Knight Transportation** and **Swift Transportation** have approved a merger to become **Knight-Swift Transportation Holdings**. **Knight** and **Swift** are the two long-standing leaders in the North American truckload transportation industry. The merger provides the two companies with an improved strategic position. The combined entity will have approximately \$5 billion in annual revenues and 28,000 employees. This acquisition contrasts from the trend in the trucking industry of smaller-scale consolidation.

## Market Intelligence

06/13/2017: **Kerry Logistics Network**, a provider of freight, warehouse and logistics services, has entered into a joint venture with **Globalink Logistics DWC**, a freight forwarding group, in order to expand its coverage in high growth potential markets

06/02/2017: **Global Truck**, a leading provider of road freight services, received an investment of \$50 million from the Russian Direct Investment Fund to expand its fleet and pursue strategic acquisitions

05/04/2017: **Transfinder**, a provider of school bus routing and logistics services, is actively seeking to expand internationally and beyond its core education market through a private equity investor or strategic merger

04/16/2017: **Clipper Logistics**, a provider of value-added logistics services to the retail sector, is actively seeking major strategic acquisitions that would allow it to expand its service offerings and reach new international markets

04/12/2017: **Three Lines Shipping**, a provider of shipping and logistics services, is actively seeking an equity investor to raise capital to fund organic growth initiatives, including regional expansion

04/03/2017: **Elliot Associates**, an investor in **Roadrunner Transportation Systems**, a provider of asset-light transportation and logistics services, has filed a 13D, disclosing it may seek to provide financing to the Issuer in the form of equity and / or debt

### Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Jun-17	Worthington Logistics Solutions	Freight brokerage services	GlobalTranz Enterprises
Jun-17	Hopps Group	Postal mail services for advertising material	Colis Prive
Jun-17	JP Haarlem Delivery	Furniture transportation and logistics services	PostNL
Jun-17	Mercosul Line Navegação e Logística	Cargo transportation services	CMA CGM
Jun-17	AJ Maiden & Son	Road transport and trucking services	Kinaxia Logistics
Jun-17	Dedicated Logistics Technologies	Warehousing and distribution logistics services	Radiant Logistics
May-17	Dependable Auto Shippers	Shipping services for vehicles and heavy equipment	CarsArrive Network
May-17	Logistics Planning Services	Managed software and freight brokerage services	GlobalTranz Enterprises
May-17	Extra Express	Warehousing and related delivery services	St. George Logistics
May-17	Estenson Logistics	Road transport for freight and logistics services	Hub Group Trucking
May-17	Carelog Freight Services	Air and sea freight forwarding services	Panalpina World Transport
May-17	Nightline Logistics	Express courier delivery services	United Parcel Service
May-17	PS Nachtdistributie	Night distribution, logistics and warehousing services	PostNL
May-17	Air Connection	Cargo export and import services	Panalpina World Transport
May-17	Big Freight Systems	Asset-based freight management and trucking services	Daseke
May-17	Schilli Companies	Warehouse transportation and industrial logistics solution	Daseke
Apr-17	Polar Transportes Rodoviários	Road transport services to cargo agents, airlines and exporters	DHL Supply Chain
Apr-17	Swift Transportation Company	Multi-faceted transportation services	Knight Transportation
Apr-17	Atlantic Logistics; Atlantic Trucking Company	Trucking transportation and logistics services	Central States Trucking
Apr-17	Masterpiece International	Customs brokerage and international logistics services	Magnate Worldwide
Apr-17	System Transport	Trucking and building materials transport services	Industri Udvikling
Apr-17	P.F. Booth and Son	Logistics and transportation services	Mason Brothers
Apr-17	Atlantic Trucking	Trucking and transportation services	Forward Air

## 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  
São Paulo  
Tokyo  
Vienna  
Zurich

## Advisory Services

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

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