

# Market Update Logistics & Transportation

Q1 2018

## Key Highlights

- Highest performing subsector stock in Q4 of 2017 was Truckload Carriers, up 1.6%
- Lowest performing subsector stock in Q4 of 2017 was Third Party Logistics / Outsourced Services, down 11.7%
- On average, EV / LTM EBITDA multiples for the subsectors were down by 0.5x over the prior quarter and up 0.9x 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:

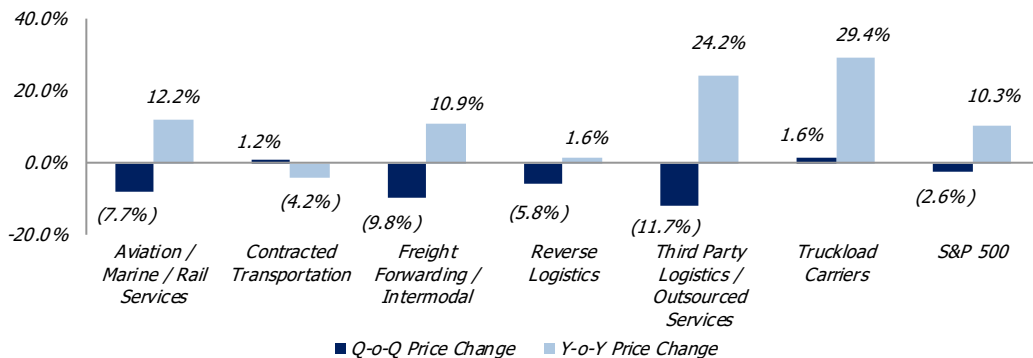
- Aviation / Marine / Rail Services
- Contracted Transportation
- Freight Forwarding / Intermodal
- Reverse Logistics
- Third Party Logistics / Outsourced Services
- Truckload Carriers

### Quarter over Quarter Price Performance

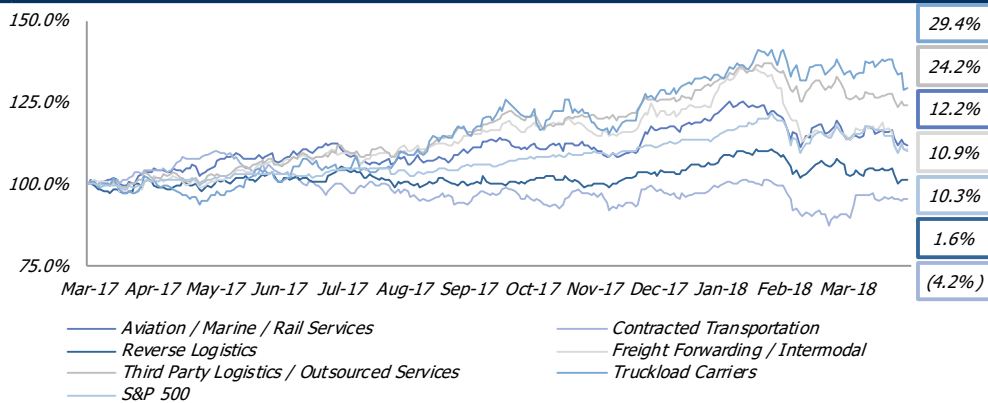
Outperformers	Change	Underperformers	Change
USA Truck, Inc.	34.4%	Roadrunner Transportation Systems, Inc.	(66.0%)
Student Transportation Inc.	21.8%	Firstgroup plc	(24.0%)
The Go-Ahead Group plc	20.4%	Heartland Express, Inc.	(23.0%)
Marten Transport, Ltd.	11.1%	PostNL N.V.	(22.5%)
XPO Logistics, Inc.	7.2%	Nippon Yusen Kabushiki Kaisha	(20.2%)

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

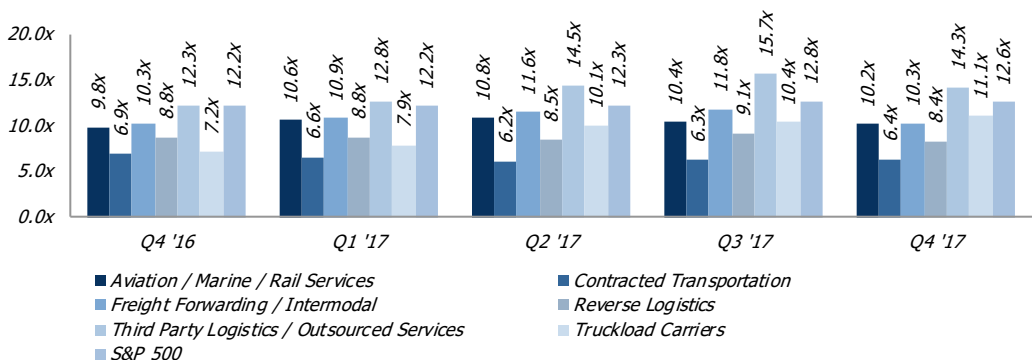
### Quarter over Quarter & Year over Year Stock Indices Price Change



### 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 - Mærsk A/S	\$1,548.51	65.5%	\$31,269	\$47,872	\$30,945	\$3,525	13.5%	11.4%	1.5x	13.3x
Air Transport Services Group, Inc.	22.66	81.9%	1,335	1,872	1,068	250	38.9%	23.4%	1.8x	7.6x
Atlas Air Worldwide Holdings, Inc.	59.25	86.2%	1,507	3,440	2,156	438	17.2%	20.3%	1.6x	7.9x
Canadian National Railway Company	71.83	85.2%	53,168	61,521	10,399	5,453	16.0%	52.4%	6.1x	11.6x
CSX Corporation	54.31	90.5%	48,186	59,592	11,408	5,186	3.1%	45.5%	5.2x	11.0x
Forward Air Corporation	52.01	80.3%	1,539	1,576	1,101	149	12.0%	13.6%	1.4x	10.6x
Genesee & Wyoming Inc.	70.14	83.1%	4,394	6,978	2,208	681	10.3%	30.8%	3.2x	10.2x
Hapag-Lloyd Aktiengesellschaft	38.92	79.1%	6,840	13,895	11,976	1,176	46.7%	9.8%	1.1x	11.1x
Kansas City Southern	107.59	93.7%	11,088	13,895	2,583	1,243	10.7%	48.1%	5.4x	11.1x
Nippon Yusen Kabushiki Kaisha	19.48	68.3%	3,286	12,055	18,999	939	15.5%	4.9%	0.6x	10.5x
Norfolk Southern Corporation	133.97	85.2%	37,954	47,380	10,551	4,645	6.7%	44.0%	4.5x	10.2x
PostNL N.V.	3.80	66.0%	1,721	1,700	4,197	370	16.5%	8.8%	0.4x	4.6x
Union Pacific Corporation	130.76	91.4%	102,930	118,509	21,240	10,252	6.5%	48.3%	5.6x	11.6x
<b>Mean</b>		<b>81.3%</b>					<b>16.4%</b>	<b>27.8%</b>	<b>2.9x</b>	<b>10.1x</b>
<b>Median</b>		<b>83.1%</b>					<b>13.5%</b>	<b>23.4%</b>	<b>1.8x</b>	<b>10.6x</b>
<b>Contracted Transportation</b>										
Firstgroup plc	\$1.14	52.1%	\$1,375	\$3,164	\$7,857	\$887	15.7%	11.3%	0.4x	3.4x
National Express Group PLC	5.42	95.7%	2,768	4,083	3,137	491	21.4%	15.7%	1.2x	7.7x
Stagecoach Group plc	1.84	60.0%	1,055	1,728	4,904	285	(0.2%)	5.8%	0.3x	5.1x
Student Transportation Inc.	7.52	98.4%	716	1,068	659	85	6.5%	12.9%	1.7x	12.9x
The Go-Ahead Group plc	24.22	88.0%	1,041	857	4,859	330	15.3%	6.8%	0.2x	2.5x
<b>Mean</b>		<b>78.8%</b>					<b>11.8%</b>	<b>10.5%</b>	<b>0.8x</b>	<b>6.3x</b>
<b>Median</b>		<b>88.0%</b>					<b>15.3%</b>	<b>11.3%</b>	<b>0.4x</b>	<b>5.1x</b>
<b>Freight Forwarding / Intermodal</b>										
Deutsche Post AG	\$43.13	84.5%	\$52,821	\$56,037	\$73,020	\$5,397	20.1%	7.4%	0.7x	10.1x
FedEx Corporation	234.80	85.5%	62,742	77,533	63,864	8,388	10.9%	13.1%	1.2x	9.2x
United Parcel Service, Inc.	102.68	75.8%	88,451	108,728	65,872	9,811	8.2%	14.9%	1.7x	11.1x
<b>Mean</b>		<b>81.9%</b>					<b>13.1%</b>	<b>11.8%</b>	<b>1.2x</b>	<b>10.1x</b>
<b>Median</b>		<b>84.5%</b>					<b>10.9%</b>	<b>13.1%</b>	<b>1.2x</b>	<b>10.1x</b>
<b>Reverse Logistics</b>										
Arrow Electronics, Inc.	\$75.73	86.8%	\$6,642	\$9,251	\$26,813	\$1,180	12.5%	4.4%	0.3x	7.8x
Avnet, Inc.	41.26	89.7%	4,949	5,954	18,231	698	10.9%	3.8%	0.3x	8.5x
Brambles Limited	7.65	93.1%	12,178	14,839	5,441	1,591	11.9%	29.2%	2.8x	9.6x
Greif, Inc.	50.75	77.4%	2,574	3,639	3,723	457	10.4%	12.3%	1.0x	7.9x
Sims Metal Management Limited	11.31	81.7%	2,290	1,979	4,438	212	32.4%	4.8%	0.5x	8.0x
<b>Mean</b>		<b>85.7%</b>					<b>15.6%</b>	<b>10.9%</b>	<b>1.0x</b>	<b>8.4x</b>
<b>Median</b>		<b>86.8%</b>					<b>11.9%</b>	<b>4.8%</b>	<b>0.5x</b>	<b>8.0x</b>
<b>Third Party Logistics / Outsourced Services</b>										
C.H. Robinson Worldwide, Inc.	\$91.69	91.5%	\$12,814	\$13,945	\$14,869	\$854	13.1%	5.7%	0.9x	16.3x
DSV A/S	78.60	92.5%	14,388	15,313	12,080	869	25.6%	7.2%	1.2x	17.1x
Echo Global Logistics, Inc.	26.30	79.8%	737	924	1,943	43	13.2%	2.2%	0.5x	21.6x
Engility Holdings, Inc.	24.15	67.8%	890	1,825	1,932	183	(7.0%)	9.5%	0.9x	10.0x
Expeditors International of Washington, Inc.	61.62	91.1%	10,878	9,830	6,921	746	13.5%	10.8%	1.4x	13.2x
Hub Group, Inc.	40.85	78.2%	1,404	1,678	4,035	160	12.9%	4.0%	0.4x	10.5x
Kuehne + Nagel International AG	155.33	81.5%	18,588	17,793	19,079	1,172	17.3%	6.1%	0.9x	14.8x
Landstar System, Inc.	107.20	90.4%	4,501	4,381	3,649	284	15.1%	7.8%	1.2x	15.4x
Panalpina Welttransport (Holding) AG	126.61	73.2%	3,005	2,689	5,677	131	11.0%	2.3%	0.5x	20.1x
Roadrunner Transportation Systems, Inc.	2.62	26.9%	101	523	2,082	-55	2.4%	(2.6%)	0.3x	NM
Ryder System, Inc.	71.17	78.8%	3,781	9,112	7,330	1,732	8.0%	23.6%	1.2x	5.3x
Universal Logistics Holdings, Inc.	20.70	80.7%	588	819	1,217	74	13.4%	6.1%	0.7x	11.1x
XPO Logistics, Inc.	98.23	92.5%	11,781	16,499	15,381	1,282	5.2%	8.3%	1.1x	12.9x
<b>Mean</b>		<b>78.8%</b>					<b>11.1%</b>	<b>7.0%</b>	<b>0.9x</b>	<b>14.0x</b>
<b>Median</b>		<b>80.7%</b>					<b>13.1%</b>	<b>6.1%</b>	<b>0.9x</b>	<b>14.0x</b>
<b>Truckload Carriers</b>										
Covenant Transportation Group, Inc.	29.52	88.5%	541	740	705	101	5.1%	14.4%	1.0x	7.1x
Heartland Express, Inc.	17.97	71.3%	1,497	1,422	607	141	(0.9%)	23.2%	2.3x	10.1x
J.B. Hunt Transport Services, Inc.	114.92	90.9%	12,613	13,685	7,190	1,010	9.7%	14.1%	1.9x	13.5x
Knight-Swift Transportation Holdings Inc.	45.50	87.6%	8,108	9,005	2,425	439	116.9%	18.1%	3.7x	20.5x
Marten Transport, Ltd.	22.55	76.2%	1,230	1,215	698	135	4.0%	19.4%	1.7x	9.0x
Schneider National, Inc.	25.81	86.0%	4,566	4,726	4,384	547	8.4%	12.5%	1.1x	8.6x
USA Truck, Inc.	24.37	87.2%	196	304	447	27	4.1%	5.9%	0.7x	11.4x
Werner Enterprises, Inc.	36.10	82.1%	2,616	2,677	2,117	355	5.4%	16.8%	1.3x	7.5x
<b>Mean</b>		<b>83.7%</b>					<b>19.1%</b>	<b>15.5%</b>	<b>1.7x</b>	<b>11.0x</b>
<b>Median</b>		<b>86.6%</b>					<b>5.2%</b>	<b>15.6%</b>	<b>1.5x</b>	<b>9.5x</b>
<b>Total Mean</b>		<b>81.7%</b>					<b>14.5%</b>	<b>13.9%</b>	<b>1.4x</b>	<b>10.0x</b>
<b>Total Median</b>		<b>84.5%</b>					<b>11.9%</b>	<b>11.3%</b>	<b>0.9x</b>	<b>9.5x</b>

Source: Bloomberg, Capital IQ and company filings, as of 03/28/2018

## Acquisition Spotlight

2/14/2018: **Grey Mountain Partners** has acquired **CHEP Recycled Pallet Solutions, LLC**, formerly a division of **Brambles, Ltd. (ASX:BSB)** for an enterprise value of \$115m. CHEP, now rebranded **48forty Solutions** is the largest whitewood pallet recycler in the North America, with a footprint of 73 locations and approximately 2,400 employees. Grey Mountain and 48forty are looking to enter new markets, expand their service offering and offer end-to-end pallet management solutions coast-to-coast.

## Market Intelligence

4/24/2018: To combat package thieves, **Amazon (NASDAQ:AMZN)** is launching a program to deliver packages to customers' parked cars, with the program debuting in 37 US cities

4/09/2018: **DoorDash** and **Postmates**, two California-based delivery services, have talked about merging as a way to better compete against **Uber**, **Amazon (NASDAQ:AMZN)** and **GrubHub**

4/03/2018: **Walmart (NYSE:WMT)** is preparing an under \$1b offer for the Massachusetts-based medical delivery services provider, **PillPack**, which is also rumored to be a target of interest to **Amazon (NASDAQ:AMZN)**

3/19/2018: **Stamps.com (NASDAQ:STMP)** is scouting for multi-carrier software shipping solutions to support its e-commerce and retail customers globally, and would like to buy a business similar to web-based multi-carrier shipping software maker **ShippingEasy**, which it acquired for \$55m in June 2016

2/28/2018: **Greenbriar Equity Group**, a New York-based private equity group, is looking to exit from **World Freight Company International**, a France-based air cargo consolidation company

1/18/2018: **Symbia Logistics**, an Edwards, Colorado-based supply chain management company, is "in acquisition mode" and actively seeking buys in fulfillment and public warehousing

## Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Mar-18	Lasership	Last mile delivery services to east coast markets	Greenbriar Equity Group
Mar-18	P2P Mailing	Global e-commerce transportation solutions provider	FedEx
Mar-18	Scandlines	Operates ferries and provides transportation services	3i Group plc
Mar-18	Abilene Motor Express	Motor freight services	Knight Transportation
Mar-18	Greater China Intermodal Investments	International freight shipping	Seaspan
Mar-18	Freight Force	Cartage, truckload and regional line haul services	St. George Trucking
Mar-18	CommerceHub	Distributed commerce network for retailers and brands	GTCR & Sycamore Partners
Mar-18	Gulf Stream Marine	Cargo handling and terminal operations services	Logistec
Feb-18	Student Transportation	School bus transportation and management services	ULLICO Inc.
Feb-18	Central Arizona Freight	Freight transportation services by road	Red Arts Capital
Feb-18	DWS Logistics	Warehousing, distribution and order fulfillment services	Mullen Group
Feb-18	Globegistics	Distribution of parcels, mail and publications for e-retailers	Asendia Management
Feb-18	Nuovo Trasporto Viaggiatori	High speed rail transportation services	Global Infrastructure Partners
Feb-18	Higman Marine Services	Inland transportation of refined petroleum products	Kirby
Feb-18	Fore Transportation	Local, regional and long-haul intermodal trucking services	Universal Logistics Holdings
Jan-18	Groome Holdings	Specialty ground transportation provider	Cortec Group
Jan-18	Rossendale Transport	Bus and private transportation services	Transdev Blazefield
Jan-18	AJR Transportation	Freight brokerage and logistics services	GlobalTranz Enterprises
Jan-18	The Irwin Brown	Customs brokerage and freight forwarding services	C.H. Powell
Jan-18	Redwood Logistics	Integrated logistics and transportation services	Simplified Logistics

## Global Industry Groups

Business Services  
Consumer  
Energy, Power & Infrastructure  
Healthcare  
Industrials  
Technology, Media & Telecom

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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 twenty 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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