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Transportation & Logistics M&A Update

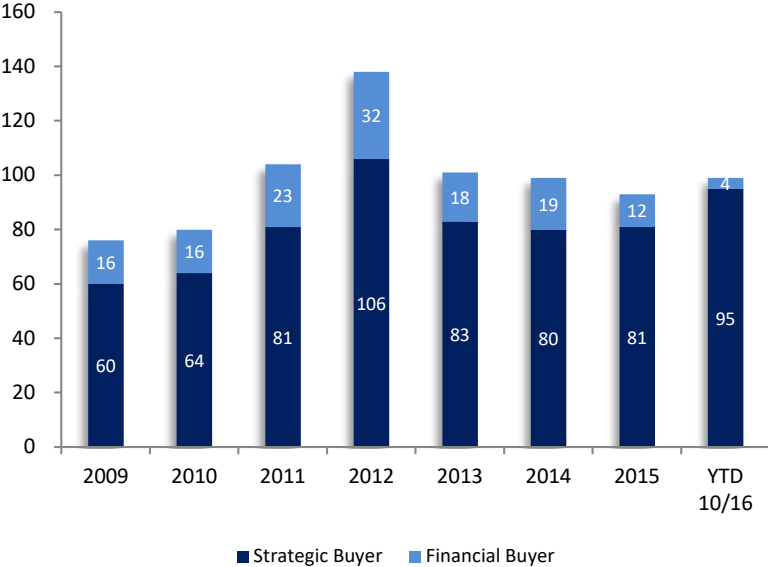
November 2016

Transportation & Logistics M&A Update

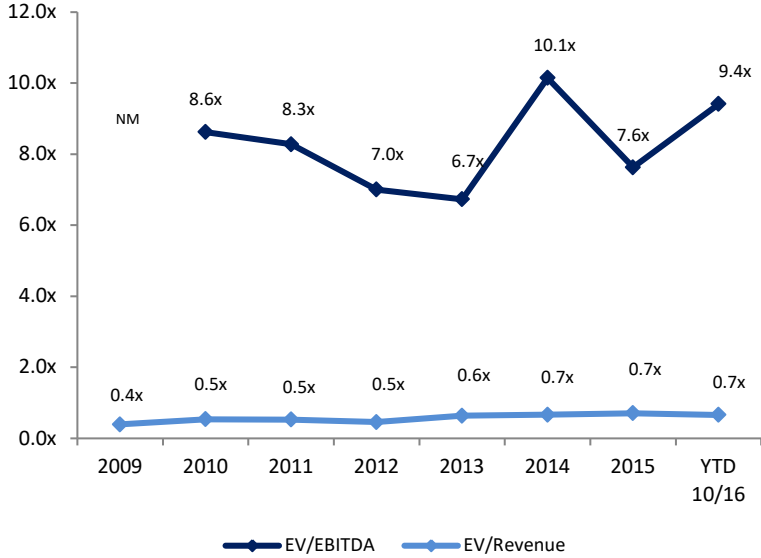
- Transportation and logistics M&A continues to see strong activity. YTD 2016 transaction volume of 99 exceeded 2015 levels. During 2015, there were 93 transactions.
- For YTD 2016, strategic buyers accounted for 96% of the transportation and logistics M&A transactions with financial buyers making up the difference. During 2015, strategic buyers accounted for approximately 87% of the transactions.
- For announced transactions, transportation and logistics multiples saw 9.4x EBITDA and 0.7x revenue in YTD 2016.
- Peakstone equally weighted transportation and logistics index is slightly underperforming the S&P 500.
- Notable publicly announced transactions:
 - General Logistics Systems acquired Golden State Overnight Delivery Service Inc. for approximately \$90 million.
 - Menzies Aviation Inc. entered into a definitive agreement to acquire Aircraft Service International Group, Inc. for approximately \$200 million.
 - Genesee & Wyoming Inc. entered into a definitive agreement to acquire Providence and Worcester Railroad Company for approximately \$130 million.
 - Matson Logistics, Inc. acquired Span-Alaska Transportation, Inc. for approximately \$200 million.

Transportation & Logistics – U.S. M&A Market Overview

U.S. Transportation & Logistics Transactions by Buyer Type



U.S. Transportation & Logistics Transaction Multiples

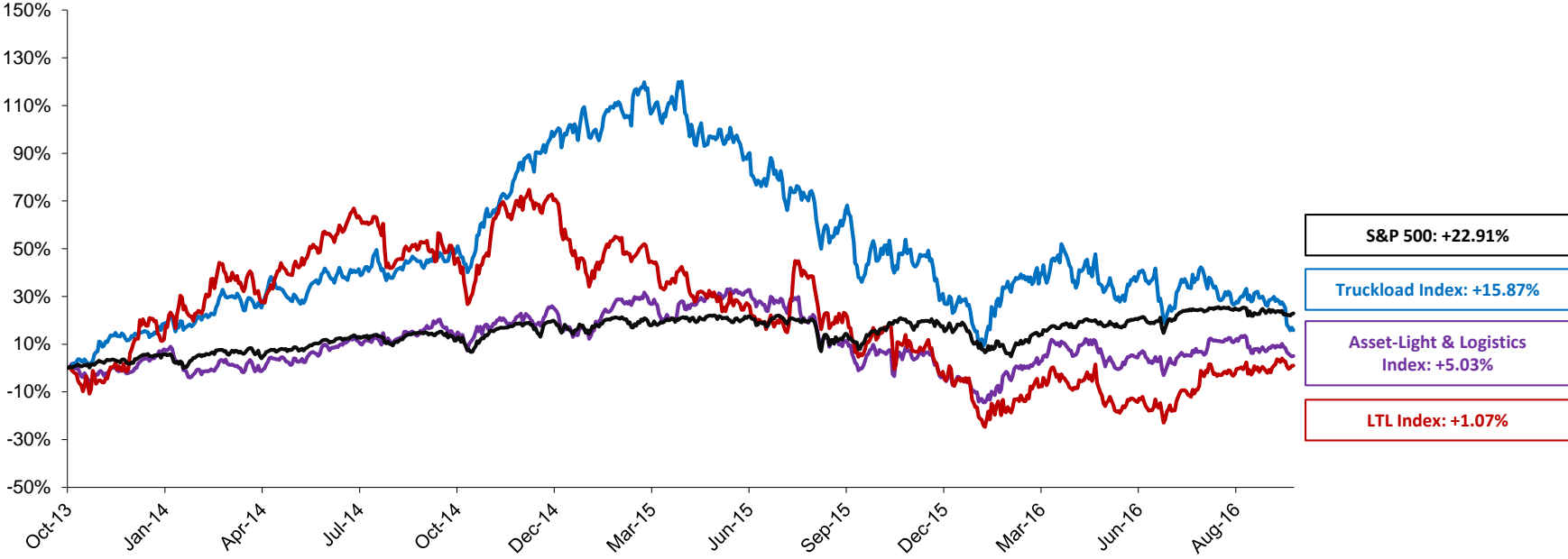


Source: Capital IQ

Peakstone Transportation Indices – Trading Statistics

Transportation and logistics companies are trading at discounted valuations compared to the broader S&P 500 index

Relative Stock Performance ⁽¹⁾



Peakstone Truckload Index: CGI, PTSI, KNX, JBHT, WERN, MRTN, USAK, HTLD, SWFT, CVTI

Peakstone Asset-Light & Logistics Index: FWRD, RRTS, LSTR, CHRW, EXPD, XPO, HUBG, ECHO

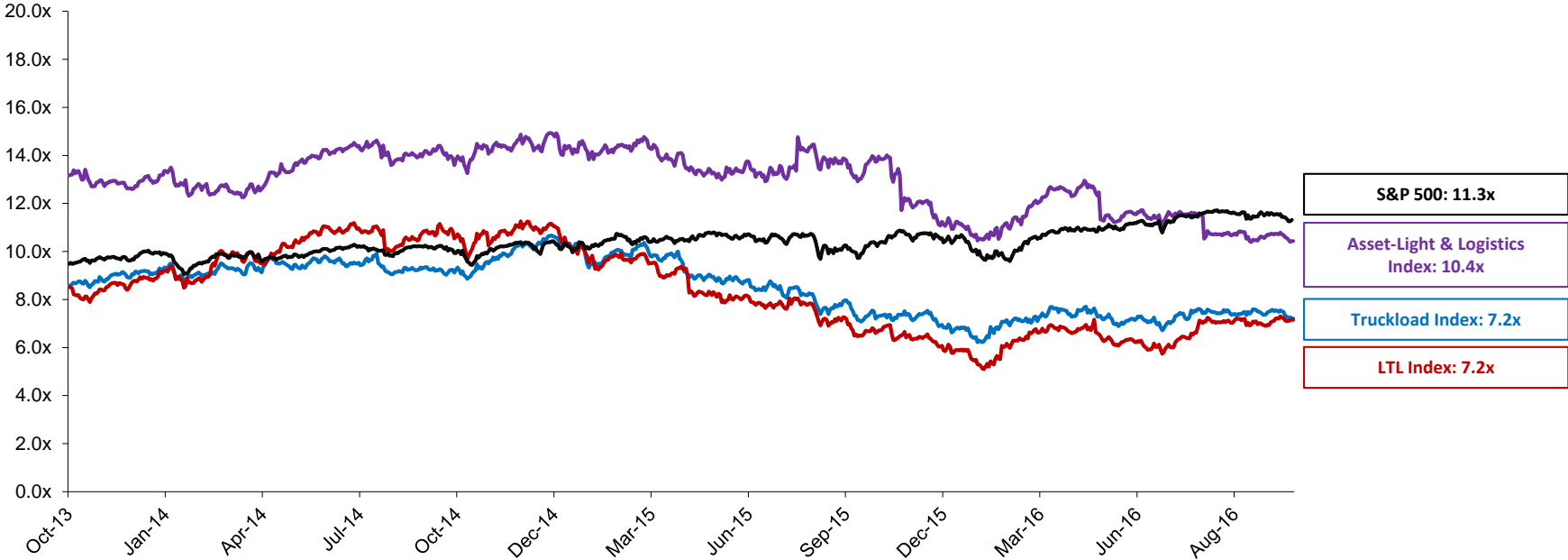
Peakstone LTL Index: ARCB, SAIA, YRCW, ODFL

⁽¹⁾ Equally weighted

Peakstone Transportation Indices – Trading Statistics

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Comparable Valuation Trends – Enterprise Value / EBITDA



Peakstone Truckload Index: CGI, PTSI, KNX, JBHT, WERN, MRTN, USAK, HTLD, SWFT, CVTI

Peakstone Asset-Light & Logistics Index: FWRD, RRTS, LSTR, CHRW, EXPD, XPO, HUBG, ECHO

Peakstone LTL Index: ARCB, SAIA, YRCW, ODFL

Source: Capital IQ

Selected Public Trading Comparables

Transportation & Logistics – Peakstone LTL Index

<i>(\$ in millions)</i>								
Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Old Dominion Freight Line Inc.	\$6,352	\$6,530	2.2x	9.9x	13.5x	20.0x	30.2%	22.3%
YRC Worldwide Inc.	\$450	\$1,214	0.3x	5.0x	14.2x	-	10.8%	5.2%
Saia, Inc.	\$870	\$964	0.8x	6.3x	12.1x	16.9x	18.9%	12.7%
ArcBest Corporation	\$527	\$538	0.2x	3.8x	11.4x	16.0x	6.9%	5.3%
Median			0.6x	5.7x	12.8x	16.9x	14.9%	9.0%

As of October, 2016

Transportation & Logistics – Peakstone Truckload Index

<i>(\$ in millions)</i>								
Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
JB Hunt Transport Services Inc.	\$9,090	\$10,029	1.6x	9.3x	13.9x	20.0x	19.8%	16.7%
Swift Transportation Company	\$2,990	\$4,111	1.0x	7.1x	14.1x	15.7x	20.4%	14.1%
Knight Transportation Inc.	\$2,317	\$2,367	2.1x	8.9x	15.8x	22.9x	30.7%	23.6%
Werner Enterprises Inc.	\$1,769	\$1,905	0.9x	5.7x	14.8x	22.0x	26.5%	16.4%
Heartland Express, Inc.	\$1,550	\$1,450	2.2x	7.9x	18.7x	27.1x	37.4%	28.5%
Marten Transport Ltd.	\$660	\$668	1.0x	5.1x	13.3x	19.9x	28.7%	19.7%
Celadon Group Inc.	\$195	\$637	0.6x	5.8x	21.2x	12.6x	17.4%	10.3%
Covenant Transportation Group, Inc.	\$299	\$497	0.7x	4.3x	10.4x	17.5x	25.1%	16.4%
P.A.M. Transportation Services, Inc.	\$130	\$271	0.6x	4.9x	15.0x	8.6x	18.8%	13.1%
USA Truck Inc.	\$70	\$202	0.4x	4.6x	15.3x	27.6x	18.1%	9.6%
Median			1.0x	5.8x	14.9x	19.9x	22.8%	16.4%

As of October, 2016

Selected Public Trading Comparables (continued)

Transportation & Logistics – Peakstone Asset-Light & Logistics Index

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
CH Robinson Worldwide Inc.	\$9,615	\$10,616	0.8x	11.6x	12.4x	18.5x	9.4%	7.1%
XPO Logistics, Inc.	\$3,757	\$9,253	0.7x	10.1x	29.0x	25.9x	14.4%	7.1%
Expeditors International of Washington Inc.	\$9,196	\$8,219	1.3x	11.0x	11.7x	20.5x	14.9%	12.2%
Landstar System Inc.	\$2,994	\$2,930	0.9x	11.5x	13.2x	21.0x	22.1%	8.2%
Forward Air Corp.	\$1,244	\$1,276	1.3x	9.1x	12.3x	17.6x	25.8%	14.4%
Hub Group Inc.	\$1,210	\$1,234	0.4x	7.2x	9.6x	16.3x	12.9%	4.9%
Echo Global Logistics, Inc.	\$630	\$797	0.5x	15.2x	26.8x	17.4x	19.0%	3.0%
Roadrunner Transportation Systems, Inc.	\$290	\$689	0.4x	7.2x	12.1x	8.1x	20.4%	5.0%
Median			0.8x	10.6x	12.4x	18.0x	17.0%	7.1%

As of October, 2016

Selected Precedent M&A Transactions

Date	Target	Buyers/Investors	Size (\$mm)	EV/ EBITDA	Transaction Comments
10/4/16	Golden State Overnight Delivery Service Inc.	General Logistics Systems B.V.	\$90	N/A	General Logistics Systems B.V. acquired Golden State Overnight Delivery Service Inc. from The Halifax Group and others for \$90 million on October 4, 2016. Golden State Overnight Delivery Service is being acquired on a debt free, cash free basis. The consideration will be funded from existing resources. Golden State Overnight Delivery Service will operate as separate entity. Golden State Overnight Delivery Service had generated revenue of \$114 million in the year ended March 31, 2016.
9/16/16	Aircraft Service International Group, Inc.	Menzies Aviation plc; Menzies Aviation Inc.	\$200	8.5x	Menzies Aviation Inc. and Menzies Aviation plc entered into an agreement to acquire Aircraft Service International Group, Inc. from BBA Holdings Limited and BBA Aviation Shared Services, Inc. for approximately £150 million in cash on September 16, 2016.
8/15/16	Providence and Worcester Railroad Company (NasdaqGM:PWX)	Genesee & Wyoming Inc. (NYSE:GWR)	\$131	22.6x	Genesee & Wyoming Inc. (NYSE:GWR) entered into a definitive merger agreement to acquire Providence and Worcester Railroad Company (NasdaqGM:PWX) for approximately \$120 million on August 12, 2016. As reported, Genesee & Wyoming will acquire Providence and Worcester Railroad Company at a price of \$25 per share of common stock.
7/28/16	Penske Truck Leasing Co., L.P.	Penske Automotive Group, Inc. (NYSE:PAG)	\$499	N/A	Penske Automotive Group, Inc. (NYSE:PAG) signed a definitive agreement to acquire additional 14.4% stake in Penske Truck Leasing Co., L.P. from investment arm of GE Capital Global Holdings, LLC for approximately \$500 million in cash on July 27, 2016.
7/18/16	Span-Alaska Transportation, Inc.	Matson Logistics, Inc.	\$198	9.4x	Matson Logistics, Inc. entered into a definitive agreement to acquire Span-Alaska Transportation, Inc. from Evergreen Pacific Partners and others for approximately \$200 million in cash on July 18, 2016. Under the terms, the consideration to be paid includes \$197.6 million on a debt free, cash free basis, and is subject to working capital and other closing adjustments. The escrow amount is \$2.96 million which will be paid post closing.
6/1/16	The Apex Group	Kerry Logistics Network Limited (SEHK:636)	\$88	N/A	Kerry Logistics Network Limited (SEHK:636) acquired 51% stake in Apex Maritime Co., Inc. for \$87.9 million on June 1, 2016. The exiting management of Apex Maritime will remain in place for three years, providing the continuity required during the integration process.
3/14/16	KLN Investment (US) LLC	Kerry Logistics Holding (US) Limited	\$88	N/A	Kerry Logistics Holding (US) Limited agreed to acquire KLN Investment (US) LLC for \$87.9 million on March 13, 2016. Post completion, KLN Investment will become a wholly owned subsidiary of Kerry.
1/19/16	Southern Air Holdings, Inc.	Atlas Air Worldwide Holdings, Inc. (NasdaqGS:AAWW)	\$110	N/A	Atlas Air Worldwide Holdings, Inc. (Nasdaq:AAWW) entered into a definitive agreement to acquire Southern Air Holdings, Inc. for approximately \$110 million in cash on January 15, 2016. Under the terms, Atlas Air Worldwide Holdings will acquire Southern Air Holdings in a all-cash, debt-free transaction valued at approximately \$110 million.
10/9/15	UTi Worldwide Inc.	DSV A/S (CPSE:DSV)	\$1,587	N/A	DSV A/S (CPSE:DSV) made an offer to acquire UTi Worldwide Inc. (NasdaqGS:UTIW) from P2 Capital Partners, LLC and other shareholders for approximately \$860 million on September 13, 2015. DSV A/S offered \$8.1 per share. On September 28, DSV revised the offer to acquire UTi Worldwide Inc. for \$1.4 billion.

Selected Precedent M&A Transactions (continued)

Date	Target	Buyers/Investors	Size (\$mm)	EV/ EBITDA	Transaction Comments
9/9/15	Con-way Inc. (NYSE:CNW)	XPO Logistics, Inc. (NYSE:XPO)	\$3,500	6.2x	XPO Logistics, Inc. (NYSE:XPO) entered into a definitive agreement to acquire Con-way Inc. (NYSE:CNW) for \$2.7 billion on September 9, 2015. Under the terms of the agreement, XPO will launch a tender offer for all of Con-way's outstanding shares by September 11, 2015, at a cash price of \$47.6 per share. All of the acquired operations - Con-way Freight, Menlo Logistics, Con-way Truckload and Con-way Multimodal - will be rebranded as XPO Logistics.
7/31/15	Coyote Logistics, LLC	United Parcel Service, Inc. (NYSE:UPS)	\$1,800	N/A	United Parcel Service, Inc. (NYSE:UPS) entered into a definitive purchase agreement to acquire Coyote Logistics, LLC from Warburg Pincus LLC for \$1.8 billion on July 31, 2015. The transaction will be financed with United Parcel Service's available cash resources and through existing and new debt arrangements. Coyote reported annual revenue of \$2.1 billion in 2014.
7/28/15	Stagecoach Cartage and Distribution, LP.	Roadrunner Transportation Systems, Inc. (NYSE:RRTS)	\$40	5.7x	Roadrunner Transportation Systems, Inc. (NYSE:RRTS) acquired Stagecoach Cartage and Distribution, LP. for \$40 million on July 28, 2015. As a part of consideration, Roadrunner Transportation Systems will pay \$35 million, plus an earn-out capped at \$5 million. The acquisition was financed with borrowings under Roadrunner's credit facility.
5/25/15	Hodges Trucking Company, L.L.C.	Aveda Transportation and Energy Services Inc. (TSXV:AVE)	\$42	3.0x	Aveda Transportation and Energy Services Inc. (TSXV:AVE) agreed to acquire Hodges Trucking Company, L.L.C. from Seventy Seven Energy Inc. (NYSE:SSE) for \$42 million in cash and notes on May 25, 2015. As part of consideration, AVE paid \$15 million in cash and \$27 million principal amount junior secured fixed rate note due June 15, 2020.
5/6/15	Quality Distribution Inc.	Apax Partners LLP	\$783	11.3x	Apax Partners LLP entered into a definitive agreement to acquire Quality Distribution Inc. (NasdaqGM:QLTY) for approximately \$450 million in cash on May 6, 2015. Under the terms, Apax Partners will pay \$16 in cash for each share of Quality Distribution.
5/4/15	Bridge Terminal Transport Inc.	XPO Logistics, Inc. (NYSE:XPO)	\$100	8.1x	XPO Logistics, Inc. (NYSE:XPO) signed a definitive agreement to acquire Bridge Terminal Transport, Inc. (BTT) from Platinum Equity, LLC for \$100 million on May 4, 2015. The purchase price is excluding any working capital adjustments, with no assumption of debt. Upon closing, XPO intends to rebrand and integrate BTT with XPO Logistics.
4/21/15	Command Transportation, LLC	Echo Global Logistics, Inc. (NasdaqGS:ECHO)	\$411	11.1x	Echo Global Logistics, Inc. (NasdaqGS:ECHO) entered into a unit purchase agreement to acquire Command Transportation, LLC for approximately \$410 million in cash and stock on April 20, 2015. Echo will pay \$15 million in Echo Global's common stock and \$369.7 million in cash. Additionally, Echo will pay \$10 million in restricted common stock of Echo Global to the employees as retention amount. For 2014, Command Transportation had revenues of \$561 million, total assets of \$90.1 million, operating income of \$21.9 million, net income of \$21.6 million and total common equity of \$54.4 million.
2/9/15	UX Specialized Logistics	XPO Last Mile, Inc.	\$59	7.2x	XPO Last Mile, Inc. acquired substantially all of the assets of UX Specialized Logistics from Seacoast Capital for \$59 million on February 9, 2015. Under the terms, purchase price of \$59 million excludes any working capital adjustments and there is no assumption of debt. The transaction is funded with cash on hand. XPO will integrate the acquisition into its XPO Last Mile division.
2/4/15	CLP Towne Inc.	Forward Air, Inc.	\$125	N/A	Forward Air, Inc. entered into a definitive agreement to acquire CLP Towne Inc. from Towne Holdings, Inc. and ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. of Centre Lane Partners, LLC for approximately \$130 million on February 4, 2015.

Selected Precedent M&A Transactions (continued)

Date	Target	Buyers/Investors	Size (\$mm)	EV/EBITDA	Transaction Comments
1/26/15	Taylor Express, Inc.	Celadon Group Inc. (NYSE:CGI)	\$43	N/A	Celadon Group Inc. (NYSE:CGI) acquired Taylor Express, Inc. from Doug Taylor for \$43 million on January 20, 2015. The transaction was funded from existing credit facility. Taylor Express, Inc. reported total annual revenues of \$38 million.
12/15/14	GENCO Distribution Systems, Inc.	FedEx Corporation (NYSE:FDX)	\$1,380	N/A	FedEx Corporation (NYSE:FDX) signed an agreement to acquire GENCO Distribution Systems, Inc. from Greenbriar Equity Group LLC and others for \$1.4 billion on December 15, 2014. The transaction will be funded by FedEx's fixed income offering. As of December 2013, GENCO had revenue of \$1.6 billion.
10/1/14	Barr-Nunn Transportation, Inc.	Knight Transportation Inc. (NYSE:KNX)	\$116	4.5x	Knight Transportation Inc. (NYSE:KNX) acquired Barr-Nunn Transportation, Inc. for approximately \$120 million on October 1, 2014. As a part of consideration, Knight Transportation paid \$112.4 in cash, valued on a cash-free, debt-free basis and \$3.5 million earn-out payment contingent on financial performance and retention of management for the first four full fiscal quarters after closing.
8/11/14	Active Aero Group, Inc.	Roadrunner Transportation Systems, Inc. (NYSE:RRTS)	\$115	N/A	Roadrunner Transportation Systems, Inc. (NYSE:RRTS) entered into a definitive merger agreement to acquire Active Aero Group, Inc. from Platinum Equity, LLC, Greenbriar Equity Fund, L.P. fund of Greenbriar Equity Group LLC, and others approximately for \$120 million in cash on August 8, 2014. The transaction will be funded with borrowings under Roadrunner's revolving credit facility of \$350.0 million and the term loan of \$200.0 million.
7/29/14	New Breed Holding Company	XPO Logistics, Inc. (NYSE:XPO)	\$616	8.0x	XPO Logistics, Inc. (NYSE:XPO) signed a definitive agreement to acquire New Breed Holding Company from Warburg Pincus LLC through Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII C.V.I, and WP-WPVIII Investors L.P for approximately \$620 million in cash on July 29, 2014. New Breed had revenue of approximately \$597 million and adjusted EBITDA of approximately \$77 million for the trailing 12 months ended June 30, 2014.
7/29/14	Simply Logistics, Inc.	XPO Logistics, Inc. (NYSE:XPO)	\$37	5.9x	XPO Logistics, Inc. (NYSE:XPO) acquired Atlantic Central Logistics for \$36.5 million in cash on July 28, 2014. Atlantic Central Logistics reported annual revenue of \$63 million, EBITDA of \$6.2 million and EBITDA multiple of 5.9 times for the year ending June 30, 2014.
6/2/14	Transport America, Inc.	TransForce Inc. (TSX:TFI)	\$319	6.5x	TransForce Inc. (TSX:TFI) entered into an agreement to acquire Transport America, Inc. from Goldner Hawn Johnson & Morrison Incorporated for approximately \$310 million on June 2, 2014. The purchase price includes assumption of Transport America's debt of \$150 million and cash payment of \$164.6 million. TransForce will finance the transaction through its existing credit facility whose authorized amount has been increased to \$1.05 billion. Transport America will continue to operate under the current name.
5/13/14	One Stop Logistics, Inc.	Echo Global Logistics, Inc. (NasdaqGS:ECHO)	\$37	8.7x	Echo Global Logistics, Inc. (NasdaqGS:ECHO) acquired the assets of One Stop Logistics, Inc. for \$37.3 million on May 12, 2014. According to the terms of the transaction, Echo Global paid \$19.8 million at closing, \$13.8 million is payable in January 2015 and \$3.7 million is payable in one year pursuant to the terms of an earn out agreement.
3/14/14	Unitrans International Corporation	Roadrunner Transportation Systems, Inc. (NYSE:RRTS)	\$56	N/A	Roadrunner Transportation Systems, Inc. (NYSE:RRTS) acquired Unitrans International Corporation from Palm Beach Capital Fund III, L.P. of Palm Beach Capital, Logisticap Partners and others for \$55.5 million in cash on March 14, 2014. The acquisition was financed by borrowings under Roadrunner's credit facility.

Selected Precedent M&A Transactions (continued)

Date	Target	Buyers/Investors	Size (\$mm)	EV/ EBITDA	Transaction Comments
1/6/14	XPO Intermodal, Inc.	XPO Logistics, Inc. (NYSE:XPO)	\$336	11.9x	XPO Logistics, Inc. (NYSE:XPO) entered into an agreement to acquire Pacer International, Inc. (NasdaqGS:PACR) from Becker Drapkin Management, L.P. and others for approximately \$330 million in cash and stock on January 5, 2014. Under the terms of the proposed transaction, shareholders of Pacer will receive \$6.00 in cash and \$3.00 of XPO Logistics common stock for each share of Pacer common stock, subject to a price collar, for a total market value of \$335 million and a total enterprise value of \$296 million.
11/11/13	Gordon Trucking, Inc.	Heartland Express, Inc. (NasdaqGS:HTLD)	\$341	5.7x	Heartland Express, Inc. (NasdaqGS:HTLD) acquired Gordon Trucking, Inc. from the Gordon family for approximately \$320 million in cash, stock and debt assumption on November 11, 2013. The purchase price was on a debt-free, cash-free basis. The consideration included approximately \$150 million in assumed Gordon debt and \$150 million paid to the stockholders of Gordon and associated asset owners.
10/1/13	On Time Express, Inc.	Radiant Transportation Services, Inc.	\$20	5.7x	Radiant Transportation Services, Inc. acquired On Time Express, Inc. from Bart and Kelly Wilson for \$20 million in cash and stock on October 1, 2013.
8/6/13	Central Refrigerated Service, Inc.	Swift Transportation Company (NYSE:SWFT)	\$225	4.5x	Swift Transportation Company (NYSE:SWFT) acquired Central Refrigerated Service, Inc. from Jerry Moyes, The Jerry and Vickie Moyes Family Trust and others for approximately \$230 million on August 6, 2013. The consideration includes \$189 million in cash and \$36 million of assumed capital lease obligations and other financial debt.
7/15/13	XPO Last Mile, Inc.	XPO Logistics, Inc. (NYSE:XPO)	\$375	12.8x	XPO Logistics, Inc. (NYSE:XPO) entered into a stock purchase agreement to acquire 3PD, Inc. from Arcapita Bank B.S.C.(c), Investment Arm and others in a transaction valued at approximately \$370 million on July 12, 2013. XPO Logistics will pay approximately \$180 million in cash and will issue \$8 million of its restricted common stock.
3/1/13	AutolInfo Inc.	Comvest Partners	\$52	6.7x	ComVest Investment Partners IV, L.P., a fund of Comvest Partners, Harry Wachtel and Mark Weiss entered into a merger agreement to acquire AutolInfo Inc. (OTCPK:AUTO) from Kinderhook Partners LLC and Baker Street Capital, L.P. managed by Baker Street Capital Management LLC, Harry Wachtel, Mark Weiss and other shareholders for \$39.2 million in cash on February 28, 2013.
10/25/12	Turbo Logistics, Inc.	XPO Logistics, LLC	\$50	N/A	XPO Logistics, LLC acquired the operating assets of Turbo Logistics, Inc. from OHL, LLC for \$50 million in cash on October 24, 2012. The cash purchase price was \$50 million, excluding any working capital adjustments, with no assumption of debt.
9/25/12	Phoenix International Freight Services Ltd. (US, Illinois)	CH Robinson Worldwide Inc. (NasdaqGS:CHRW)	\$645	12.3x	CH Robinson Worldwide Inc. (NasdaqGS:CHRW) signed a stock purchase agreement to acquire Phoenix International Freight Services Ltd. for approximately \$640 million in cash and stock on September 24, 2012. The purchase consideration includes \$571.5 million in cash and approximately \$63.5 million in newly-issued CH Robinson stock.
7/26/12	Linc Logistics Company	Universal Truckload Services Inc. (NasdaqGS:UACL)	\$265	5.2x	Universal Truckload Services Inc. (NasdaqGS:UACL) entered into an agreement to acquire Linc Logistics Company from Matthew T. Moroun and Manuel J. Moroun for approximately \$180 million on July 25, 2012.
6/14/12	Panther Premium Logistics, Inc.	ArcBest Corporation (NasdaqGS:ARCB)	\$180	7.5x	Arkansas Best Corporation (NasdaqGS:ABFS) entered into a definitive agreement to acquire Panther Expedited Services, Inc. from Fenway Partners LLC and York Street Mezzanine Partners, L.P. and York Street Mezzanine Partners II, L.P., funds of York Street Capital Partners, LLC and others for \$180 million on June 14, 2012.

Contact Us

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com or contact Carolyn Henson at chenson@peakstone.com or 312-204-7300.