



# PCE Industry Report

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Transportation & Logistics



# Middle Market M&A Summary

## Transportation & Logistics

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3rd Quarter 2015

### Key Highlights

- The average value of the top ten transactions was \$362.3 mm
- The largest transaction was the acquisition of Coyote Logistics, LLC by United Parcel Service, Inc. for \$1,800.0 mm.
- The smallest transaction was the acquisition of ClearPointt, LLC by CAI International Inc. for \$4.1 mm.
- The public company industry median TEV/EBIT multiple is 12.1x.
- The public company industry median TEV/EBITDA multiple is 9.4x.

### Key Trends

- The Railroad & Trucking and Transportation Infrastructure subsector's transaction volume are trending positively, while the Air Freight & Logistics and Marine subsectors are trending neutrally.
- The Railroad & Trucking subsector's transaction volume was the largest at 55% of the industry over the past quarter.
- Industry will continue to benefit from increases in production and trade volumes. Industry continues to benefit from the recovered auto industry.<sup>1</sup>
- Transportation and Logistics firms are taking advantage of new technologies to grow their business and acquiring their competitors that are not adapting to new technology (cloud technology, GPS tracking/mapping) and strategies.<sup>1</sup>

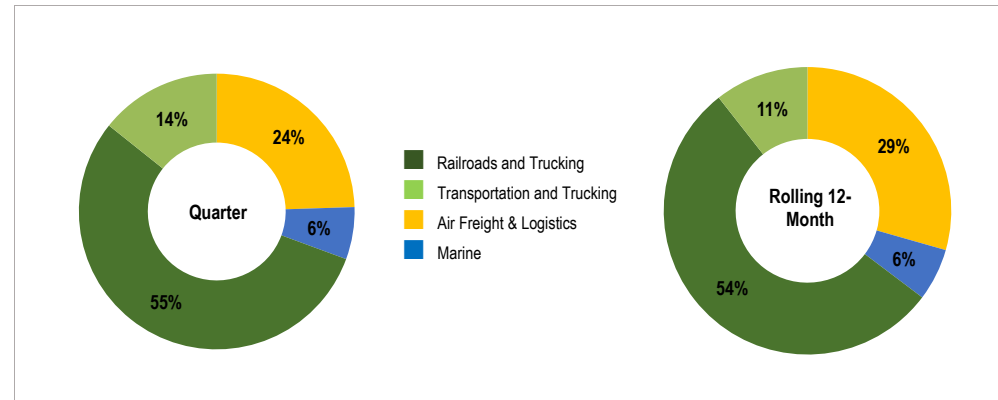
Source: <sup>1</sup> IBIS World, *Technology Driving Trucking and Logistics M&A Boom. (2015, August)*, Market Watch, S&P Capital IQ, and PCE Proprietary Data

## Industry Trends During Quarter

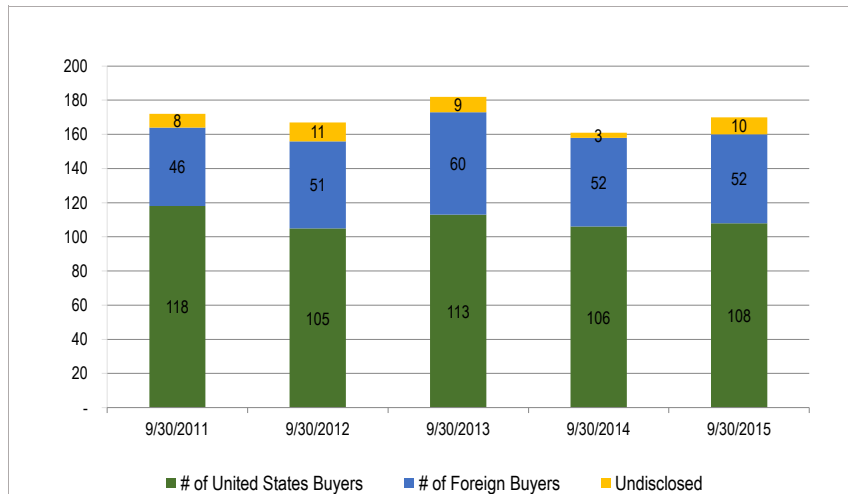
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Air Freight & Logistics	→	↓	↓
Marine	→	↑	↑
Railroads and Trucking	↑	↓	↑
Transportation Infrastructure	↑	↓	↓

\* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

## Transaction Volume as % of Industry



## Rolling 12-Month Transaction Volume Trends by Buyer Origin



## Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

Sector	Target	Buyer	Transaction Value
Railroads and Trucking	Coyote Logistics, LLC	United Parcel Service, Inc.	\$1,800.0
Railroads and Trucking	Quality Distribution Inc.	Apax Partners LLP	\$783.4
Transportation Infrastructure	Raven Energy LLC	SunCoke Energy Partners, L.P.	\$412.0
Marine	Baltic Trading Limited	Genco Shipping & Trading Ltd.	\$295.1
Railroads and Trucking	Delaware and Hudson Railway Company, Inc., 282.55 Mile Rail Line	Norfolk Southern Corporation	\$217.0
Marine	SPT Inc.	Teekay Tankers Ltd.	\$44.4
Railroads and Trucking	Stagecoach Cartage and Distribution, LP	Roadrunner Transportation Systems, Inc.	\$40.0
Railroads and Trucking	Railroad In Eastern North And South Carolina	R. J. Corman Railroad Group, LLC	\$13.9
Railroads and Trucking	Portfolio of Lease of 110 Tractors and 130 Trailers	19th Capital Group LLC	\$13.6
Air Freight & Logistics	ClearPointt, LLC	CAI International Inc.	\$4.1

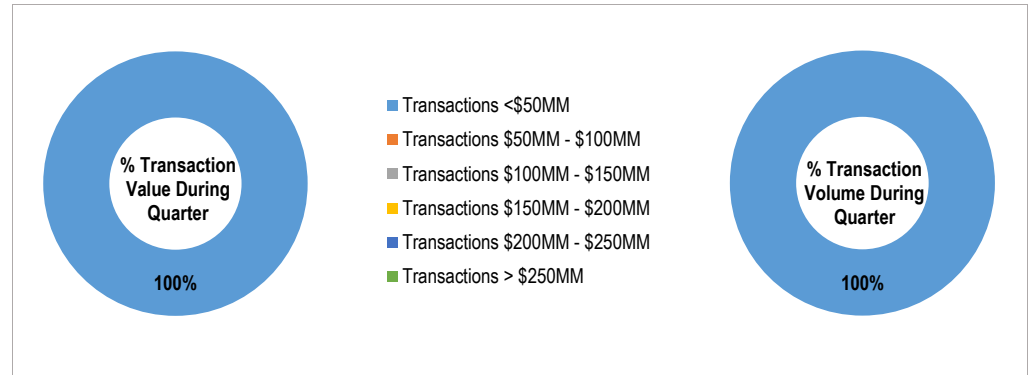
Source: S&P Capital IQ as of 11/4/2015 and PCE Proprietary Data

## Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	12
Number of Transactions with Disclosed Values	2
Transaction Value*	7
Average Transaction Value*	66
Median Transaction Value*	\$7.65

\*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.

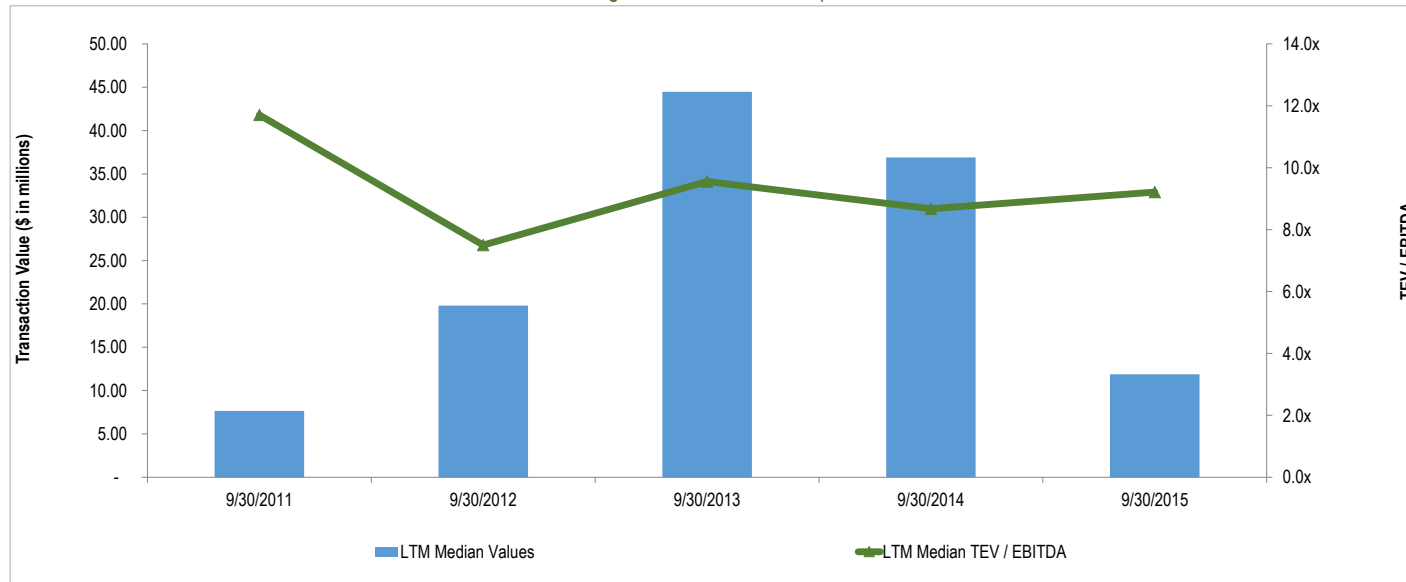
## Transactions by Value & Volume



Based on transactions with disclosed financial data only

## Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

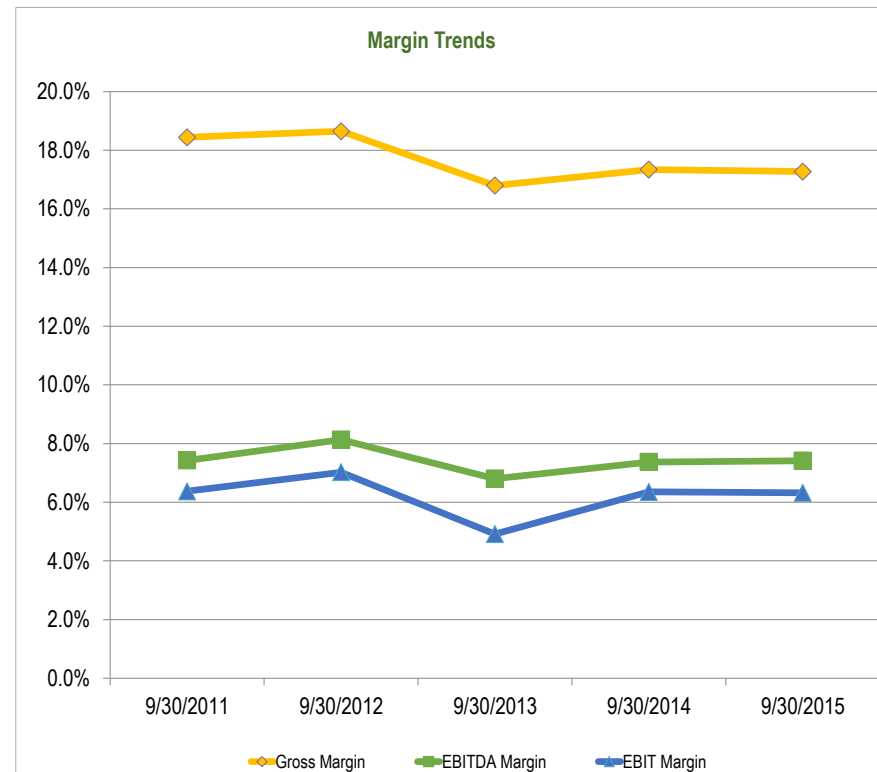
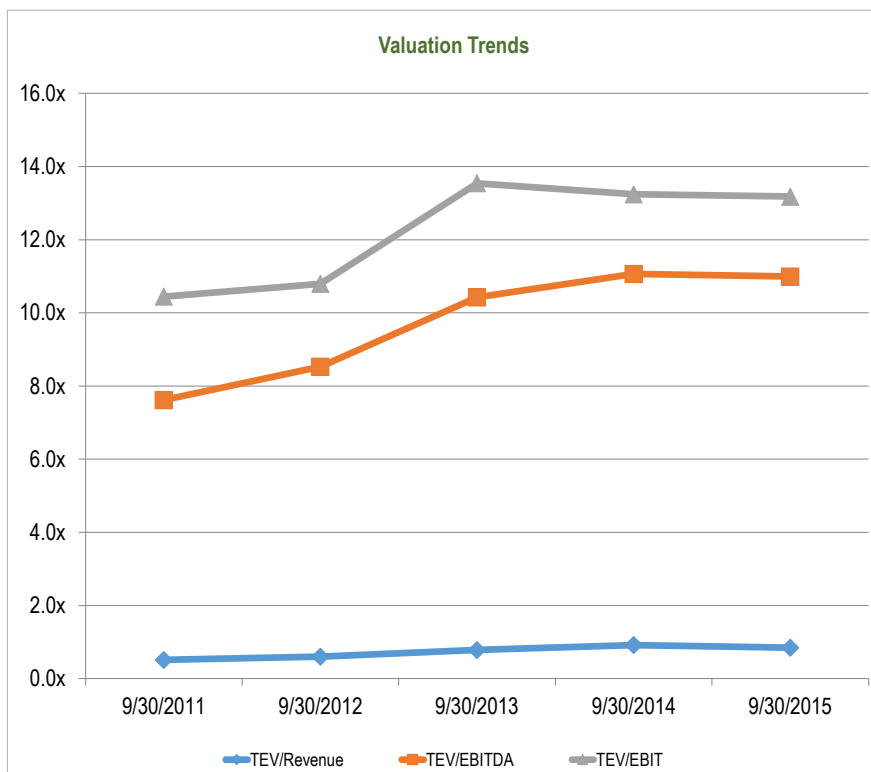


\* Values and multiples may be skewed given data includes reported information only. While ~ 30% - 40% of transactions disclose values, only ~ 3% - 5% disclose EBITDA multiples. As a result, data may be a poor indicator of overall market performance.

### Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$11,666	0.9x	12.9x	30.7x	TEV/Revenue	↓
Median	\$1,184	0.8x	11.0x	13.2x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.4%	10.0%	6.2%	Gross Margin	↓
Median	17.3%	7.4%	6.3%	EBITDA Margin	↑
				EBIT Margin	↓



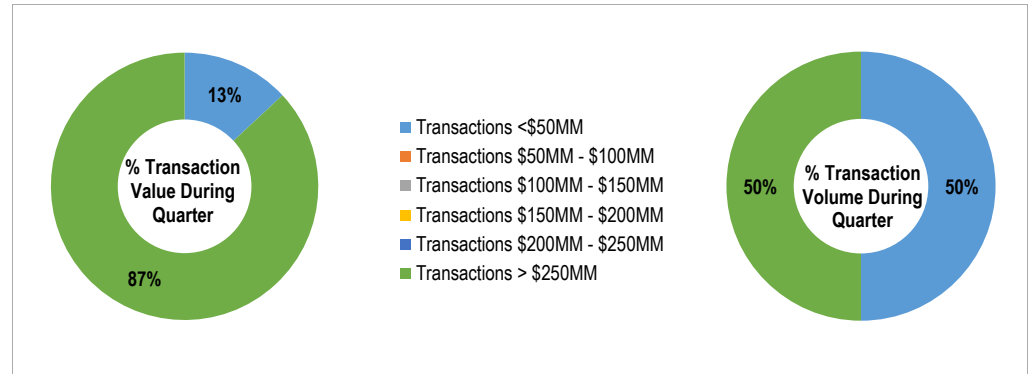
Source: S&P Capital IQ as of 11/4/2015 and PCE Proprietary Data

## Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	3
Number of Transactions with Disclosed Values	2
Transaction Value*	\$339.49
Average Transaction Value*	\$160.00
Median Transaction Value*	\$58.00

*\*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.*

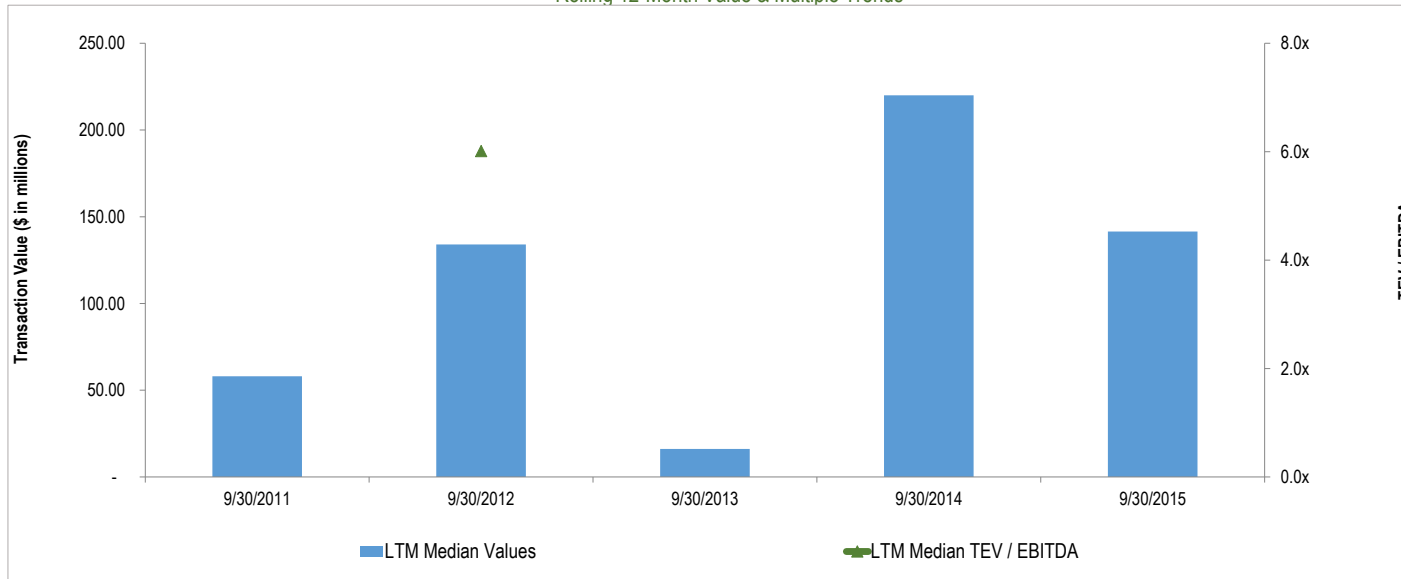
## Transactions by Value & Volume



Based on transactions with disclosed financial data only

## Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

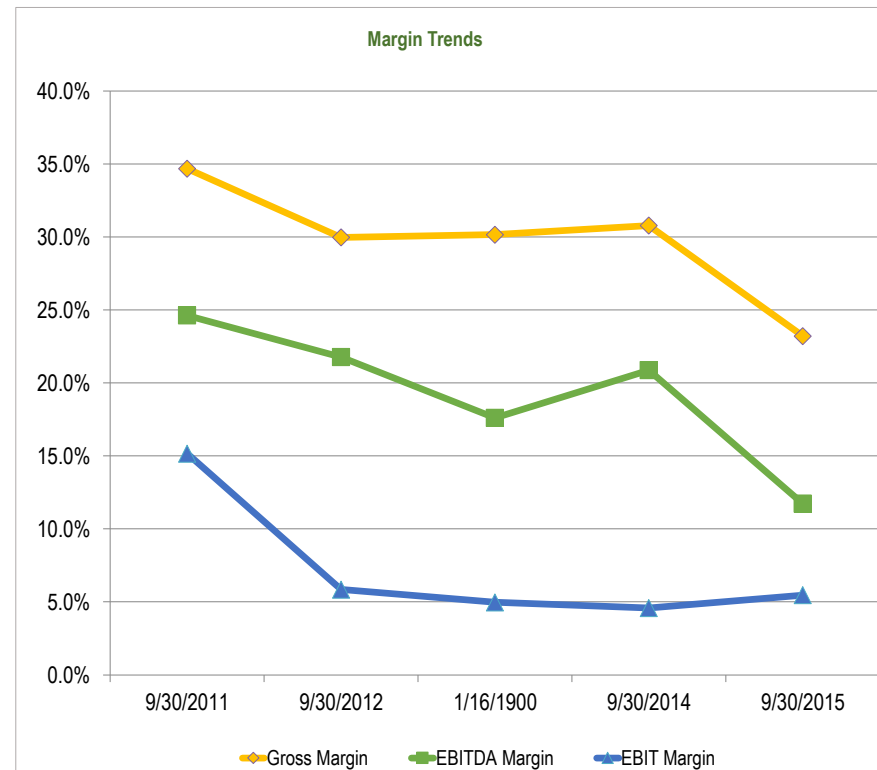
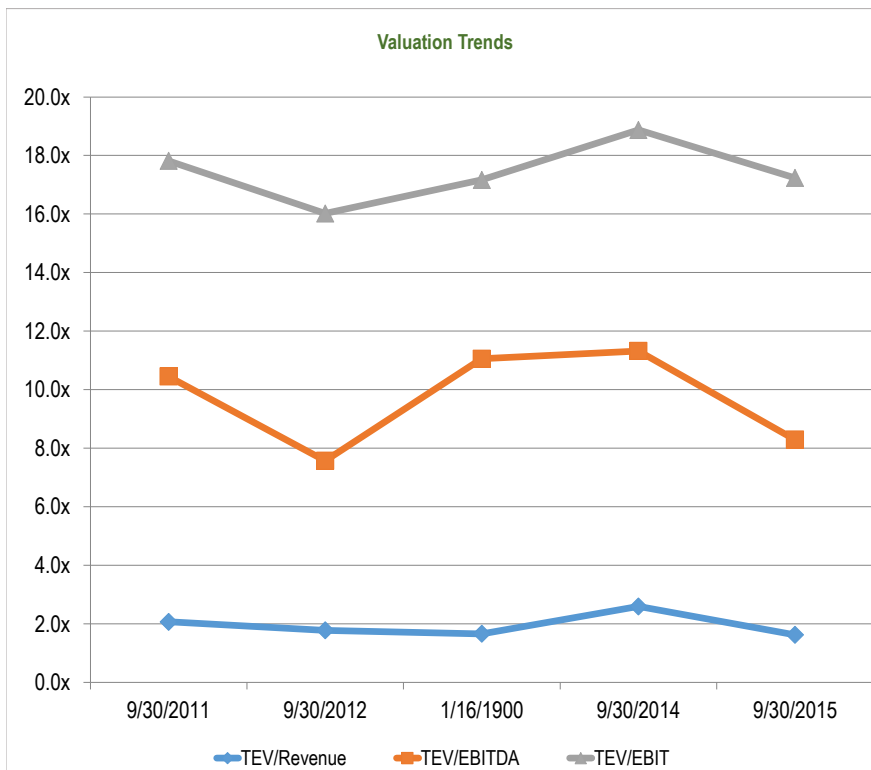


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### Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$962	2.7x	8.8x	28.2x	TEV/Revenue	↑
Median	\$240	1.6x	8.3x	17.2x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.5%	11.9%	-6.8%	Gross Margin	↓
Median	23.2%	11.7%	5.5%	EBITDA Margin	↓
				EBIT Margin	↑



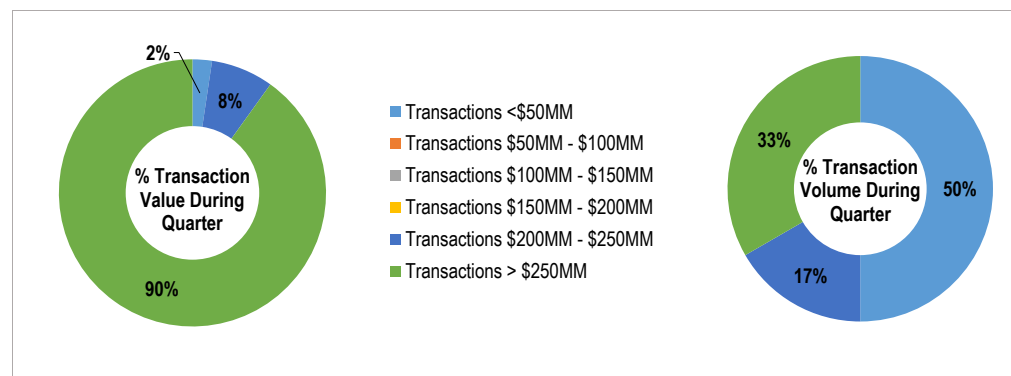
Source: S&P Capital IQ as of 11/4/2015 and PCE Proprietary Data

## Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	27
Number of Transactions with Disclosed Values	6
Transaction Value*	\$2,867.87
Average Transaction Value*	\$68.60
Median Transaction Value*	\$10.05

*\*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.*

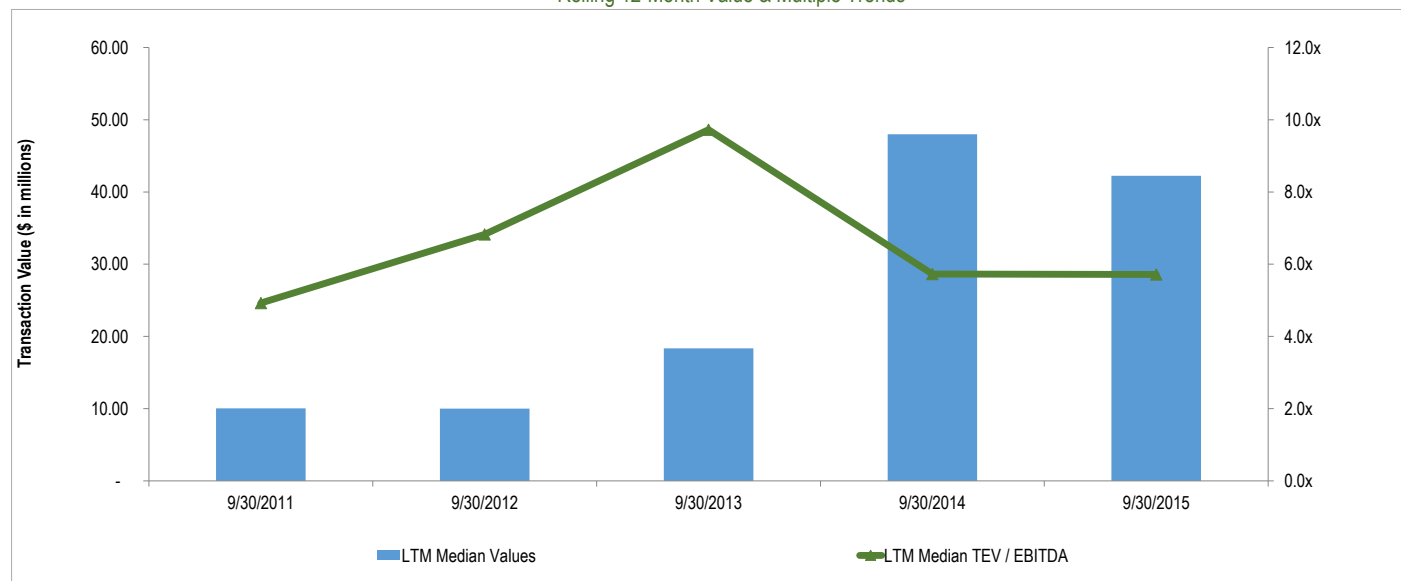
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## Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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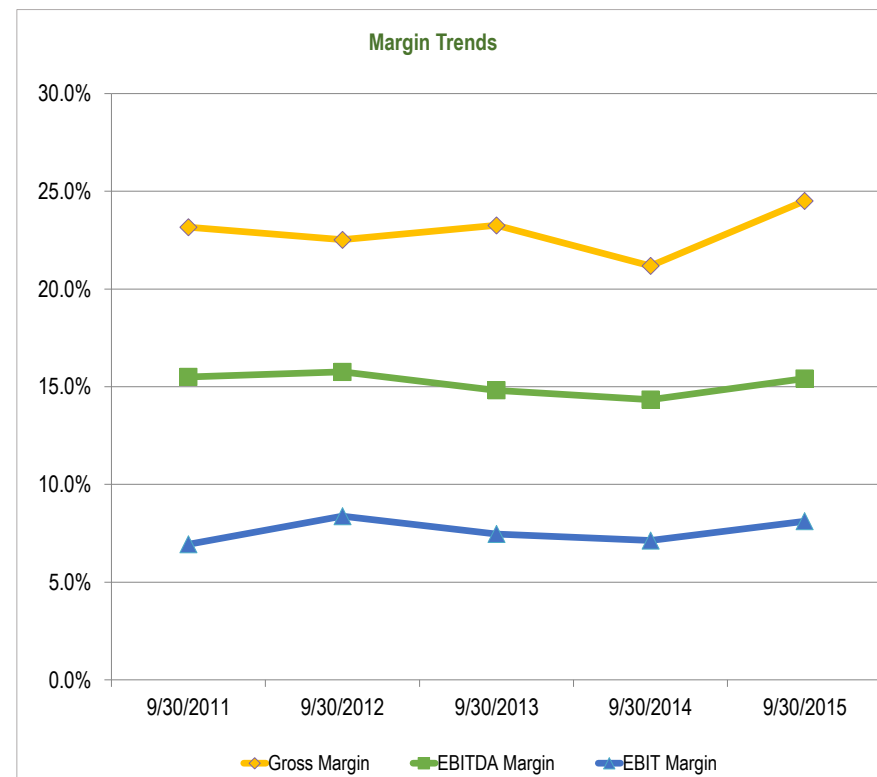
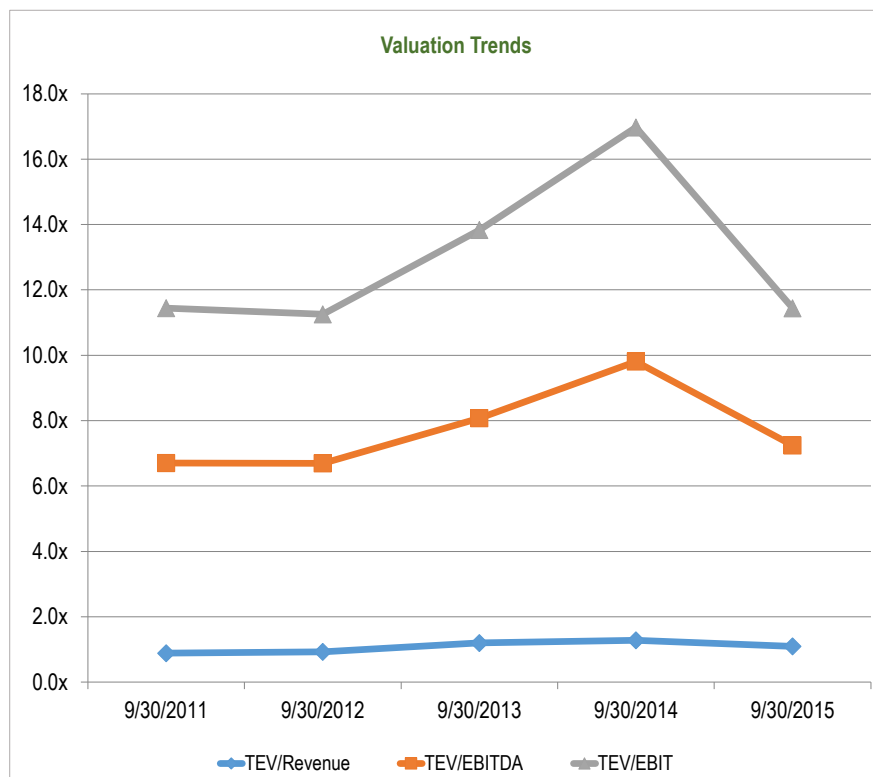
# Railroads and Trucking

3rd Quarter 2015

## Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$7,148	1.6x	7.8x	13.2x	TEV/Revenue	↓
Median	\$2,056	1.1x	7.2x	11.4x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.5%	19.4%	12.2%	Gross Margin	↑
Median	24.5%	15.4%	8.1%	EBITDA Margin	↑
				EBIT Margin	↑



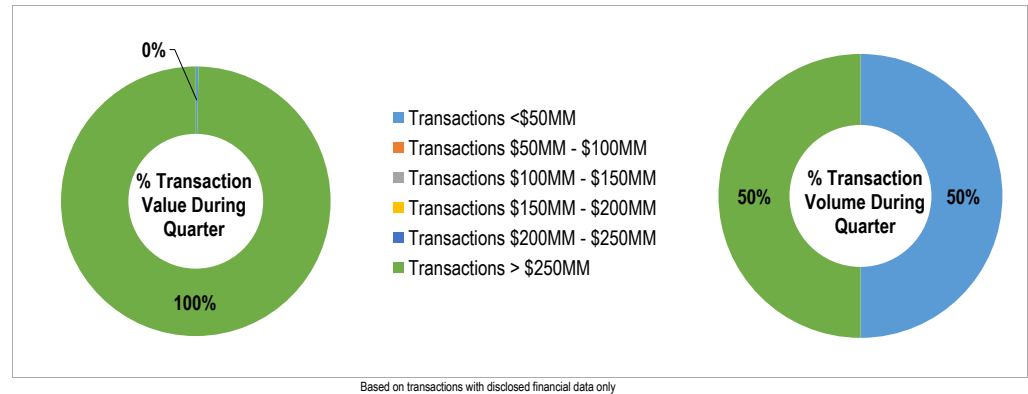
Source: S&P Capital IQ as of 11/4/2015 and PCE Proprietary Data

## Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	7
Number of Transactions with Disclosed Values	2
Transaction Value*	\$413.35
Average Transaction Value*	\$57.11
Median Transaction Value*	\$26.50

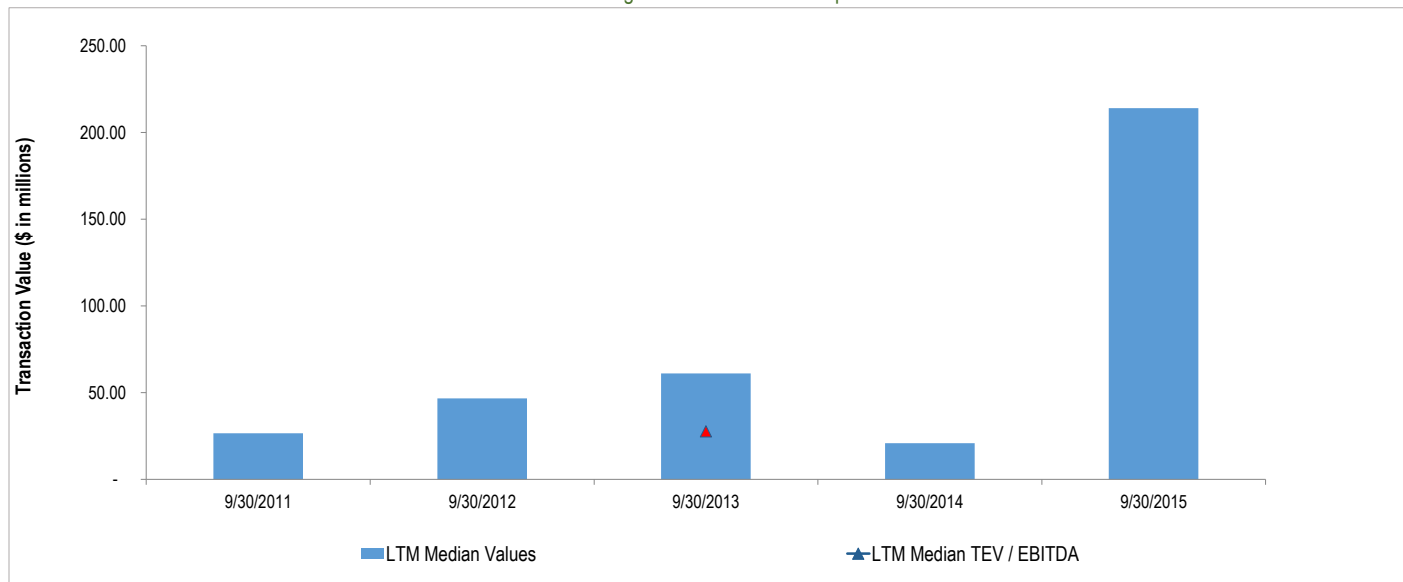
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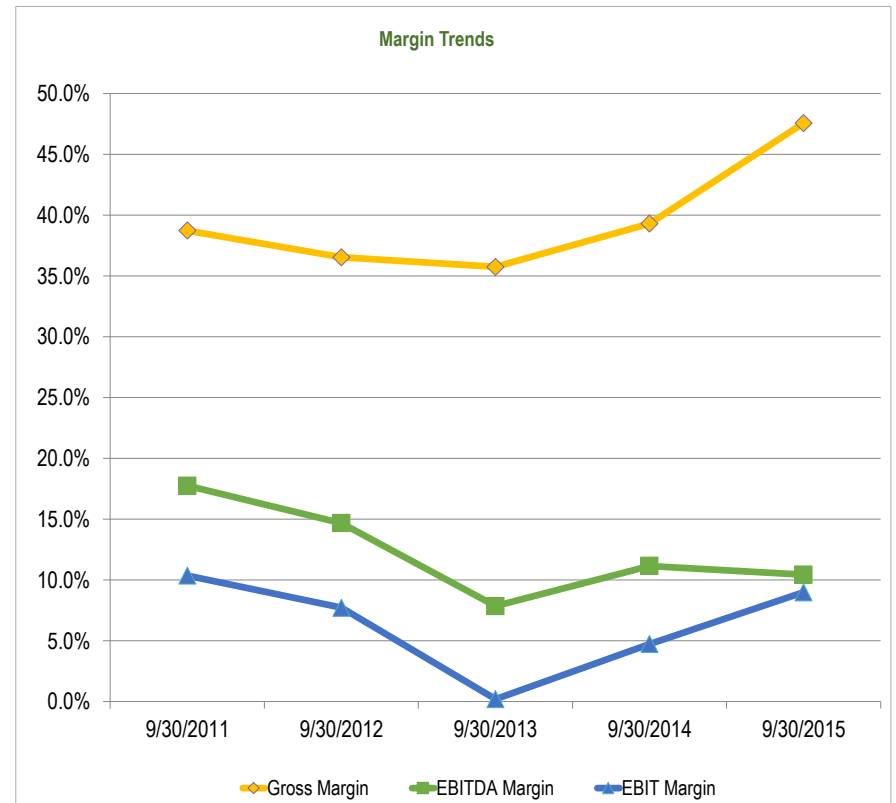
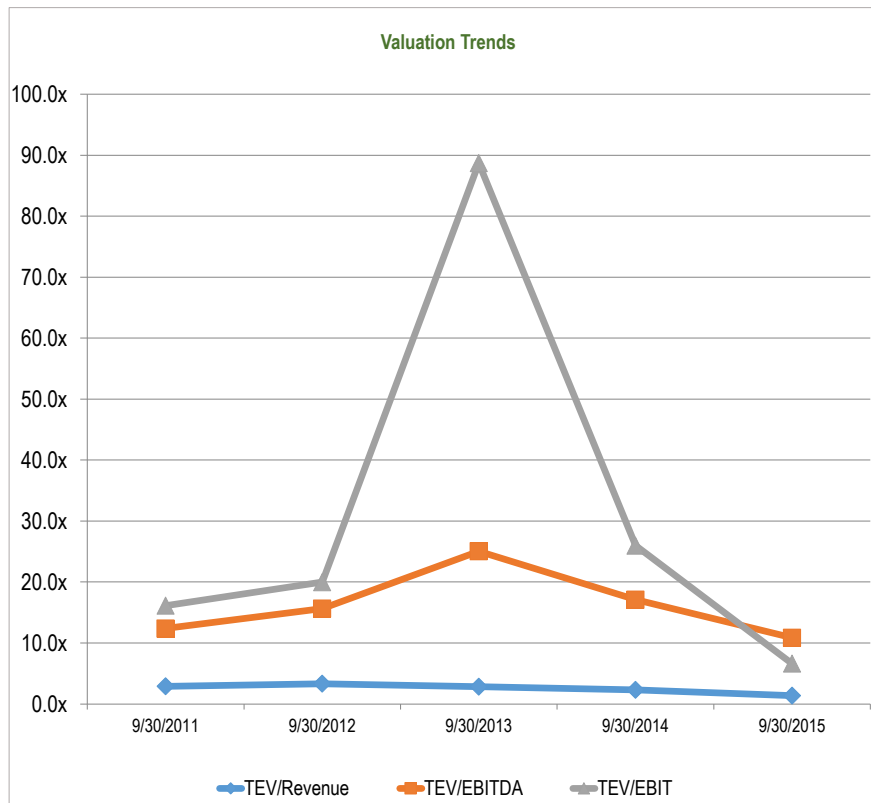
# Transportation Infrastructure

3rd Quarter 2015

## Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,400	2.3x	40.7x	6.6x	TEV/Revenue	↓
Median	\$1,230	1.4x	10.9x	6.6x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	43.1%	9.3%	3.6%	Gross Margin	↑
Median	47.6%	10.4%	9.0%	EBITDA Margin	↓
				EBIT Margin	↑



Source: S&P Capital IQ as of 11/4/2015 and PCE Proprietary Data

# About PCE

When you're navigating the critical and sometimes challenging phases of the business life cycle, nothing is more important than getting the right advice at the right time. At PCE, that's our specialty. Providing clients with the insightful strategies, creative solutions, and expert guidance they need to address the challenges they face today and achieve the goals they set for tomorrow.

PCE, a leading financial services firm for mid-market companies, offers a full range of services:

- M&A (mergers & acquisitions)
- Growth Capital – Equity & Debt
- Business Valuation
- ESOP (Employee Stock Ownership Plans)
- Financial & Management Consulting
- MBO (management buy outs)
- Bankruptcy
- Restructuring
- Fairness and Solvency Opinion
- Management Consulting
- Succession Planning
- Strategic Analysis
- Litigation Support

Experienced in all market sectors, PCE has established several specialty practice areas:

- Aerospace & Defense
- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

PCE Investment Bankers, Inc - member FINRA & SIPC; PCE Valuations, LLC; PCE Advisory, LLC

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## Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed/done dates only.

## Glossary

EBIT - Earnings Before Interest and Taxes  
EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization  
LTM - Last Twelve Months  
TEV - Total Enterprise Value