



# PCE Industry Report

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Transportation & Logistics



# Middle Market M&A Summary

## Transportation & Logistics

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1st Quarter 2016

### Key Highlights

- The average value of the top transactions was \$1.66 billion.
- The largest transaction was the acquisition of Skyway Concession Company LLC by OMERS Administration Corp. for \$2.8 billion.
- The public company industry median TEV/EBIT multiple is 18.5x.
- The public company industry median TEV/EBITDA multiple is 13.0x.

### Key Trends

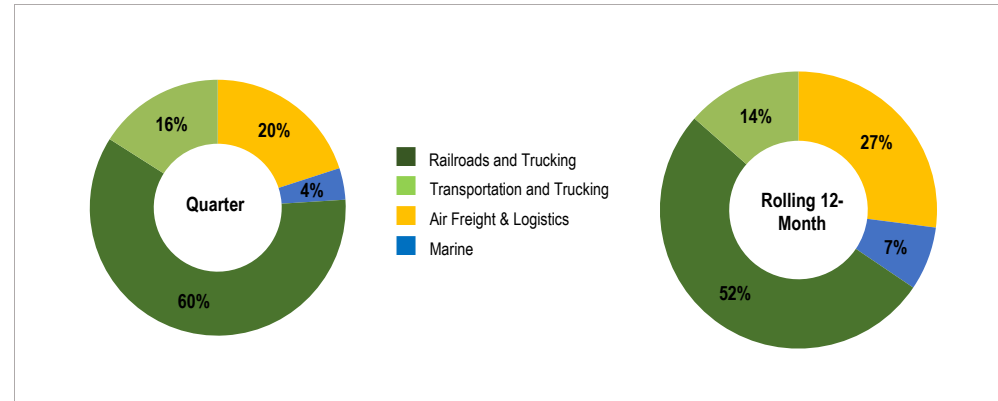
- The Railroad & Trucking subsector's transaction volume is trending positively, while the Air Freight & Logistics, Transportation Infrastructure, and Marine subsectors are trending negatively.
- The Railroad & Trucking subsector's transaction volume was the largest at 60% of the industry over the past quarter.
- America's infrastructure was given a D+, meaning many roads, bridges, inland waterways, ports, and airports are in need of improvements and repair.
- In 2015, President Obama signed the Fixing America's Surface Transportation Act (FAST Act) which allocates more capital to improving highways, transit lines, and collaboration between regulatory agencies and shipping providers. It is estimated that \$3.6 trillion dollars will be invested into repairing America's infrastructure by 2020.
- Retailers have been forced to compete with Amazon's ability to deliver goods quickly to the impatient consumer, due to Amazon's strategic relationship with logistics service providers. This has led to some retailers investing in IT and fulfillment center networks to remain competitive in the logistics market.

## Industry Trends During Quarter

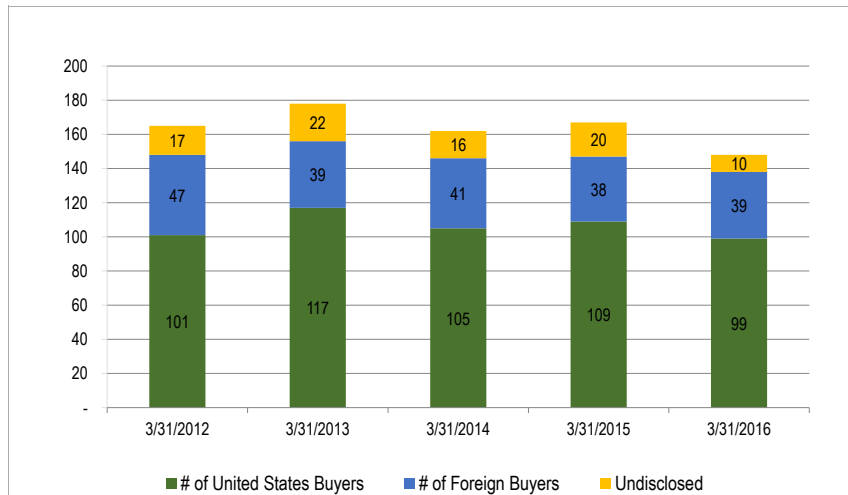
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Air Freight & Logistics	↓	↓	↓
Marine	↓	↑	↓
Railroads and Trucking	↑	↑	↑
Transportation Infrastructure	↓	↑	↑

\* 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
Transportation Infrastructure	Skyway Concession Company, LLC	OMERS Administration Corp.; Canada Pension Plan Investment	\$2,836.0
Air Freight & Logistics	UTi Worldwide Inc.	DSV A/S	\$1,547.4
Marine	Hardin Street Marine LLC	MPLX LP	\$600.0

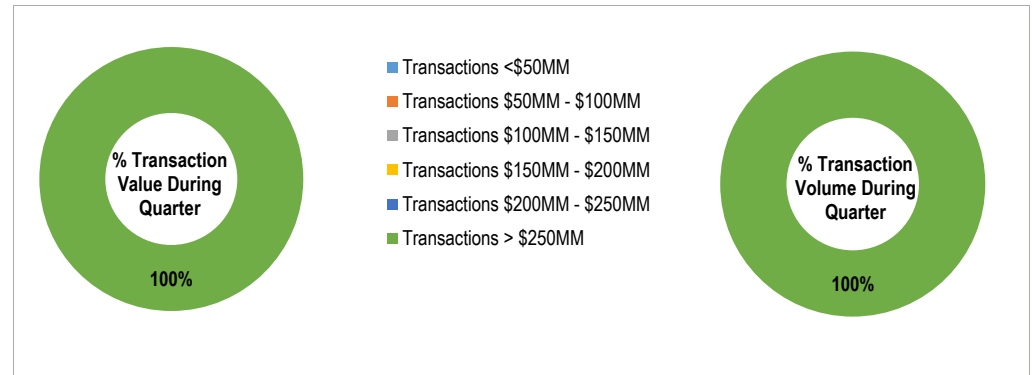
Source: S&P Capital IQ as of 4/25/2016 and PCE Proprietary Data

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

Transaction Volume	5
Number of Transactions with Disclosed Values	1
Transaction Value*	\$1,547.36
Average Transaction Value*	\$1,547.36
Median Transaction Value*	\$1,547.36

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

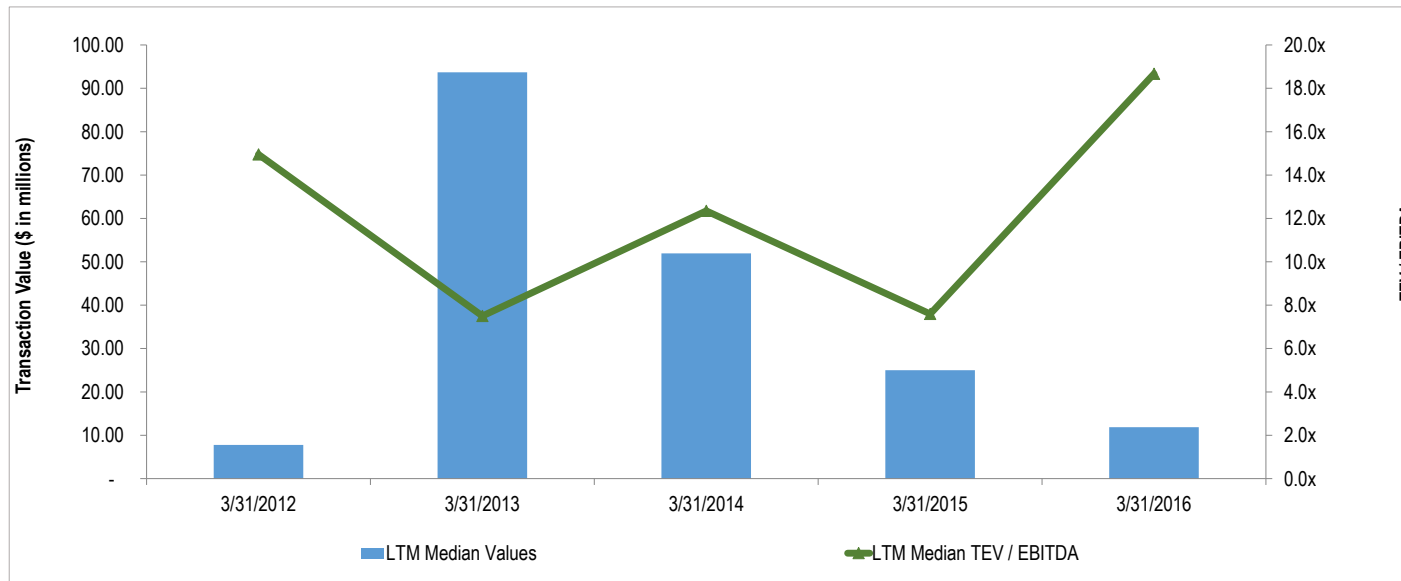
## Transactions by Value & Volume



Based on transactions with disclosed financial data only

## Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



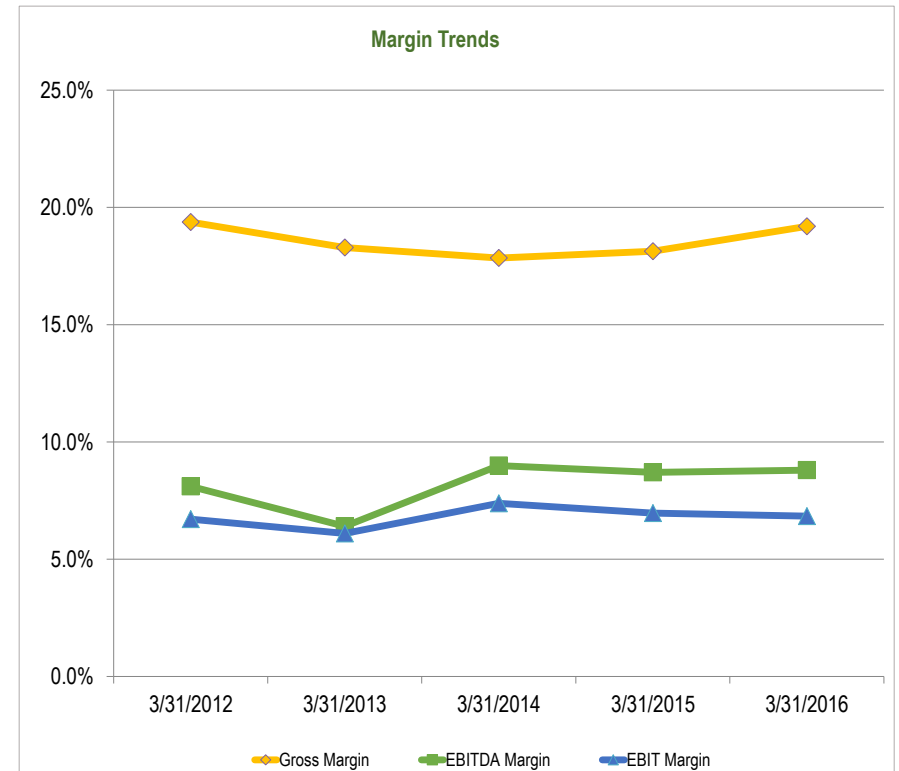
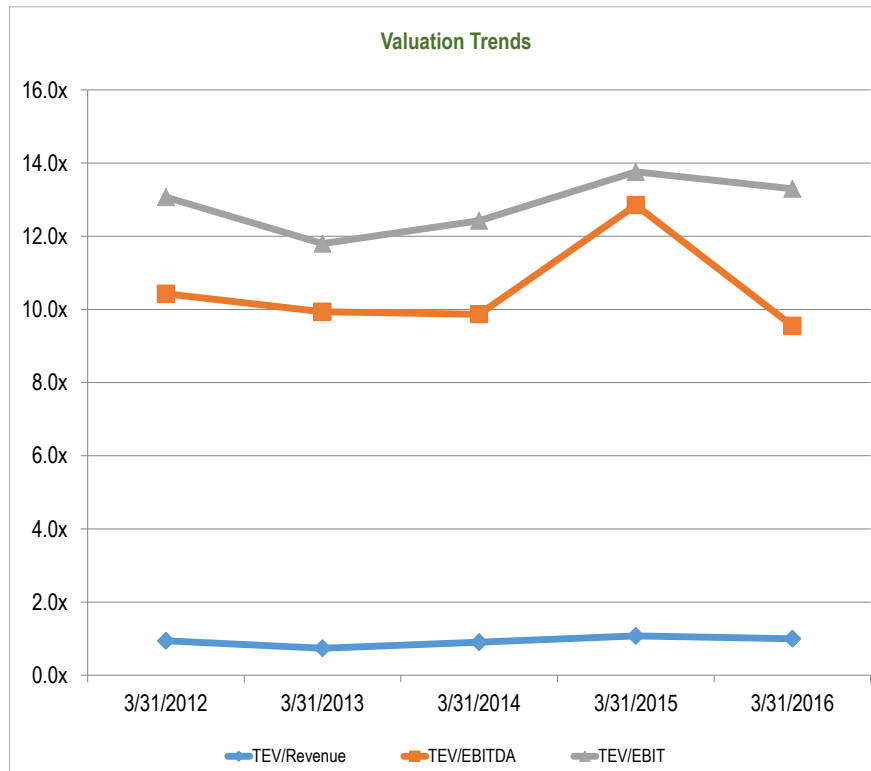
\* Values and multiples may be skewed given data includes reported information only. While ~ 30% - 40% of transactions disclose values, only ~ 3% - 5% disclose EBITDA multiples. As a result, data may be a poor indicator of overall market performance.

Source: S&P Capital IQ as of 4/25/2016 and PCE Proprietary Data

## Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$12,699	1.0x	10.6x	26.1x	TEV/Revenue	↓
Median	\$1,383	1.0x	9.6x	13.3x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	21.3%	11.4%	7.3%	Gross Margin	↑
Median	19.2%	8.8%	6.8%	EBITDA Margin	↑
				EBIT Margin	↓



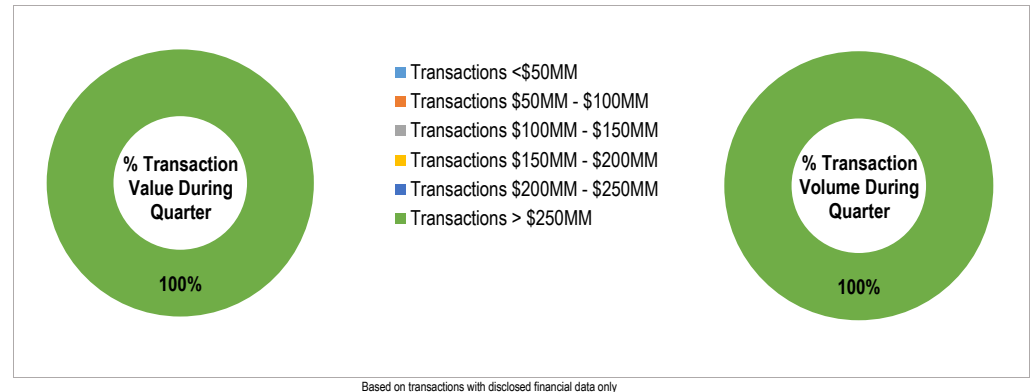
Source: S&P Capital IQ as of 4/25/2016 and PCE Proprietary Data

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

Transaction Volume	1
Number of Transactions with Disclosed Values	1
Transaction Value*	\$600.00
Average Transaction Value*	\$600.00
Median Transaction Value*	\$600.00

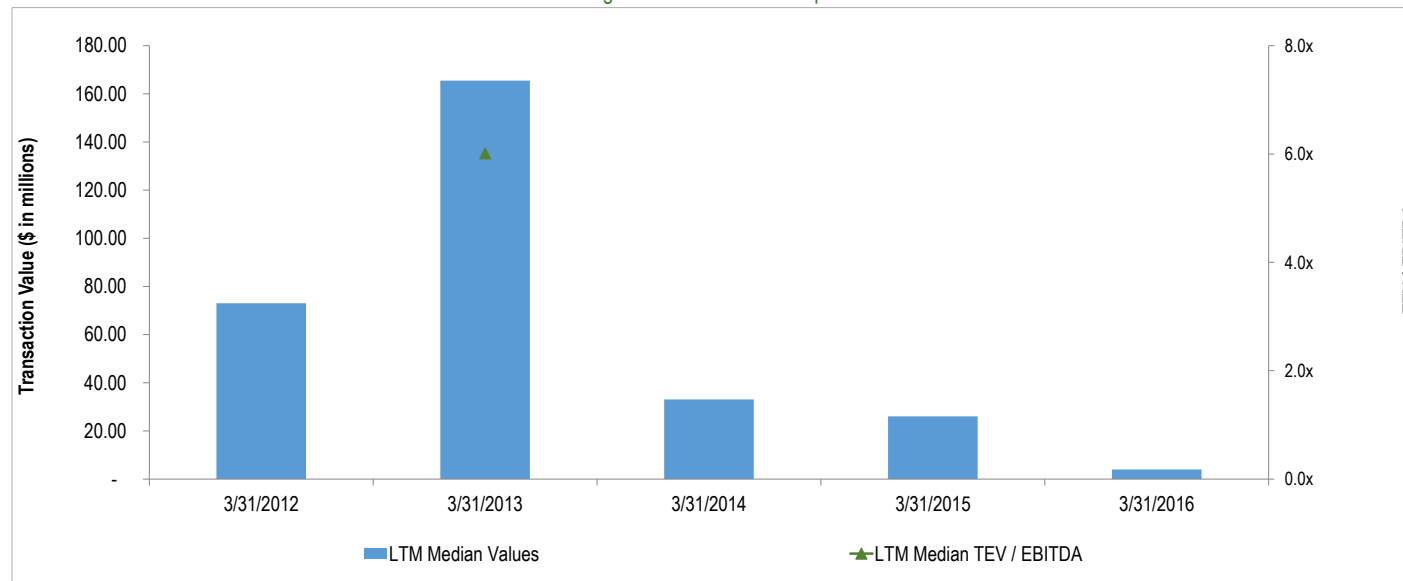
*\*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.*

## Transactions by Value & Volume



## Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

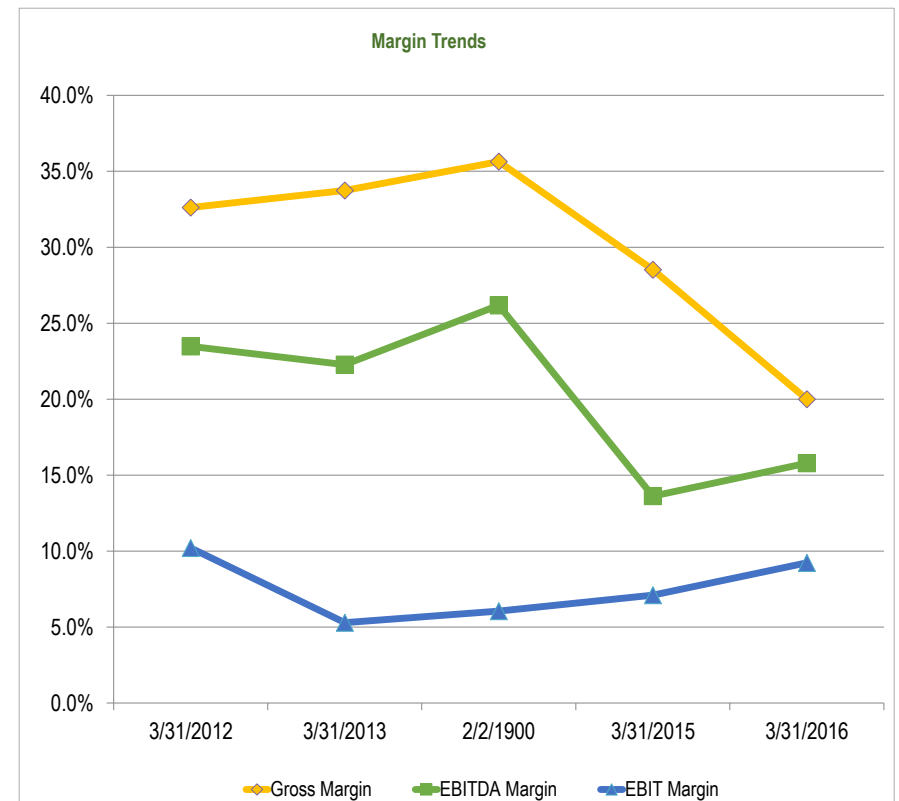
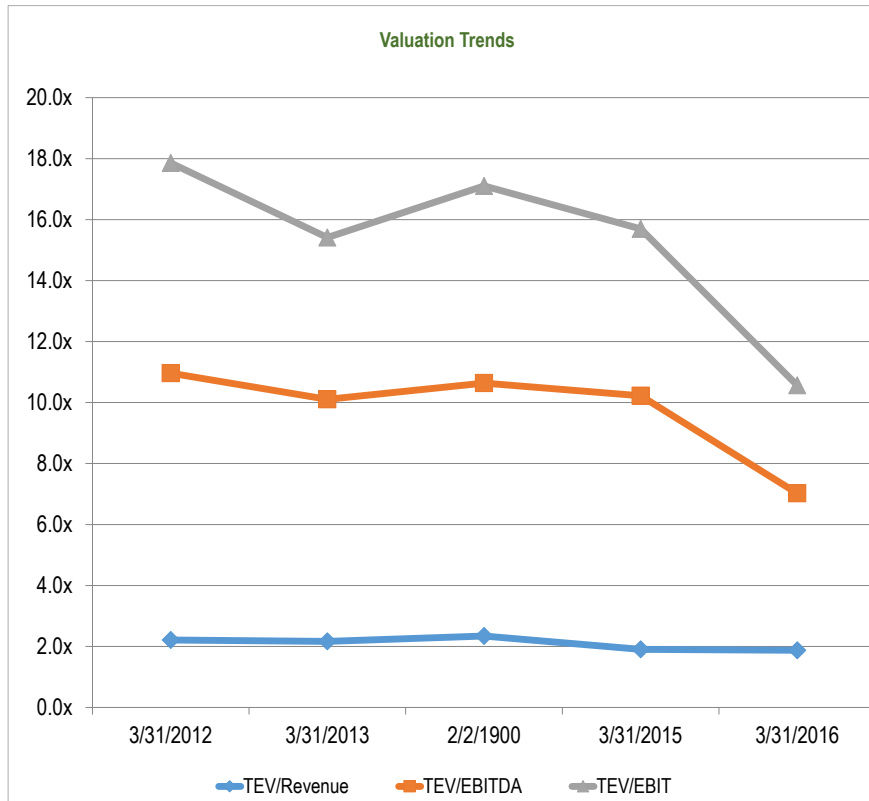


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## Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$947	2.4x	7.7x	17.0x	TEV/Revenue	↑
Median	\$87	1.9x	7.0x	10.6x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	23.4%	8.9%	-11.6%	Gross Margin	↓
Median	20.0%	15.8%	9.2%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/25/2016 and PCE Proprietary Data

# Railroads and Trucking

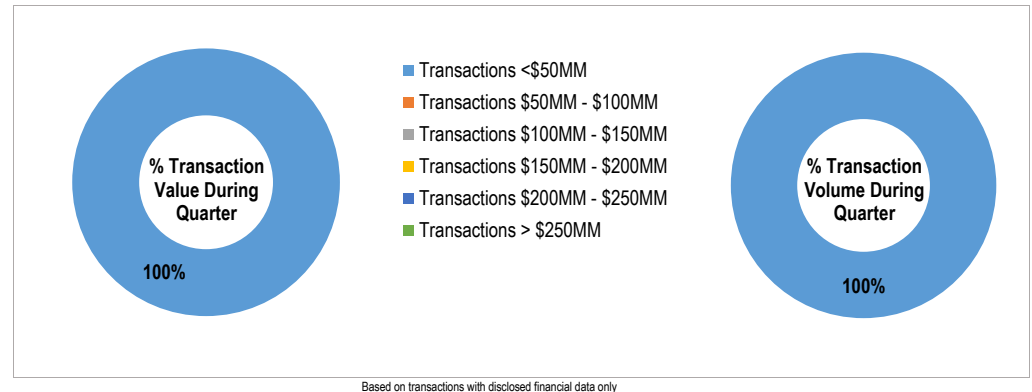
1st Quarter 2016

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

Transaction Volume	15
Number of Transactions with Disclosed Values	2
Transaction Value*	\$1.80
Average Transaction Value*	\$1.80
Median Transaction Value*	\$1.80

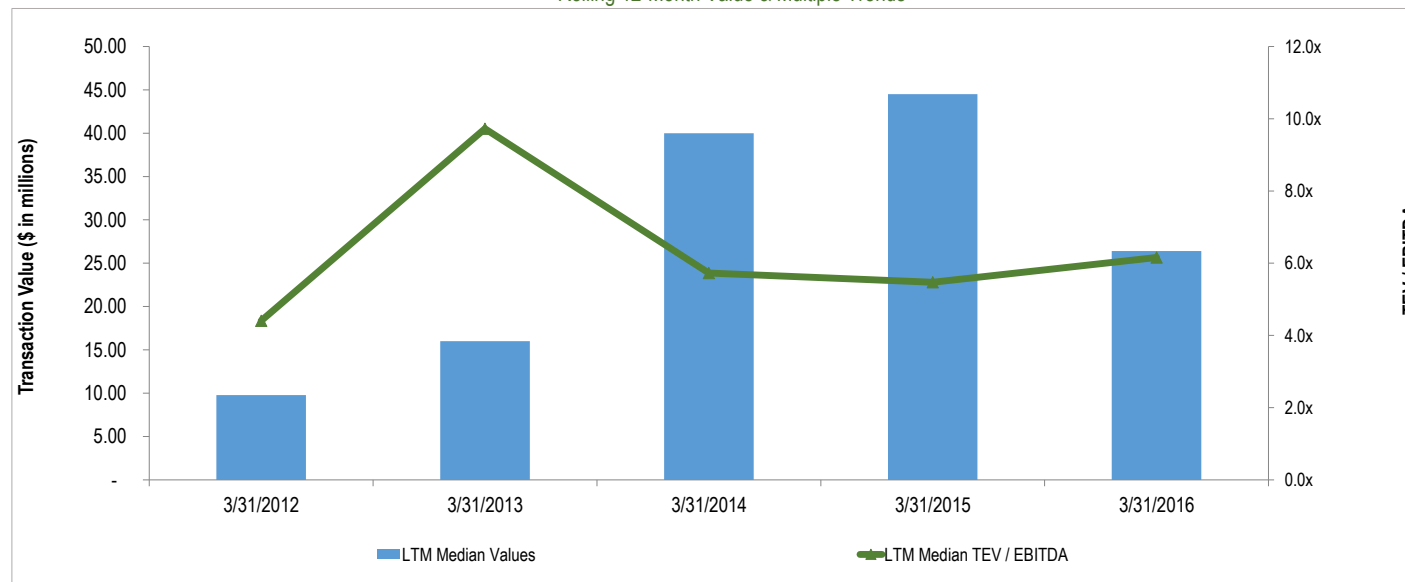
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## Transactions by Value & Volume



## Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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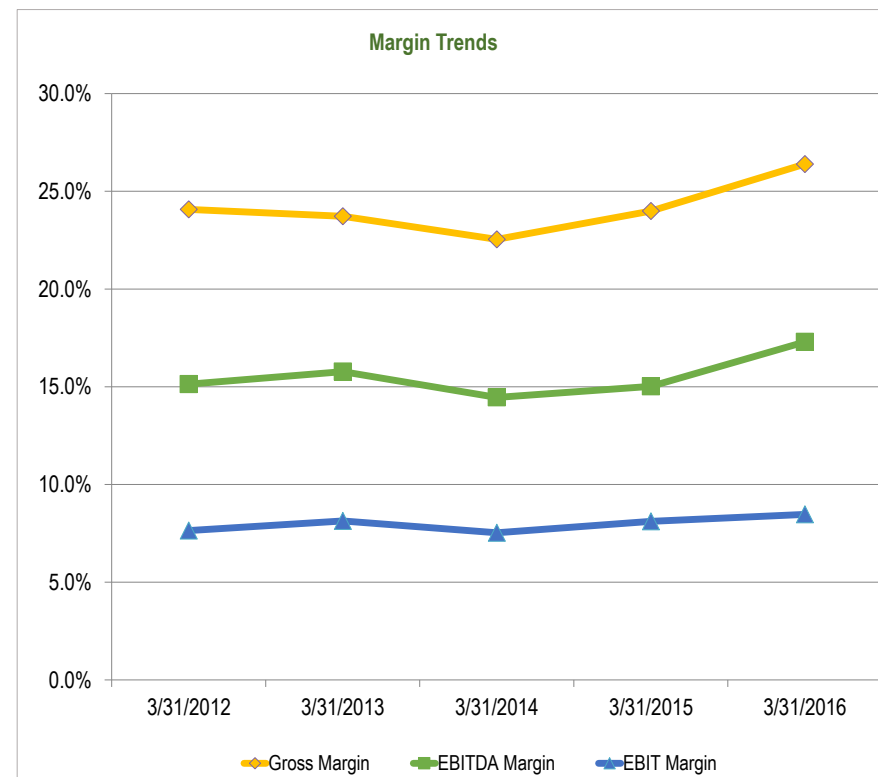
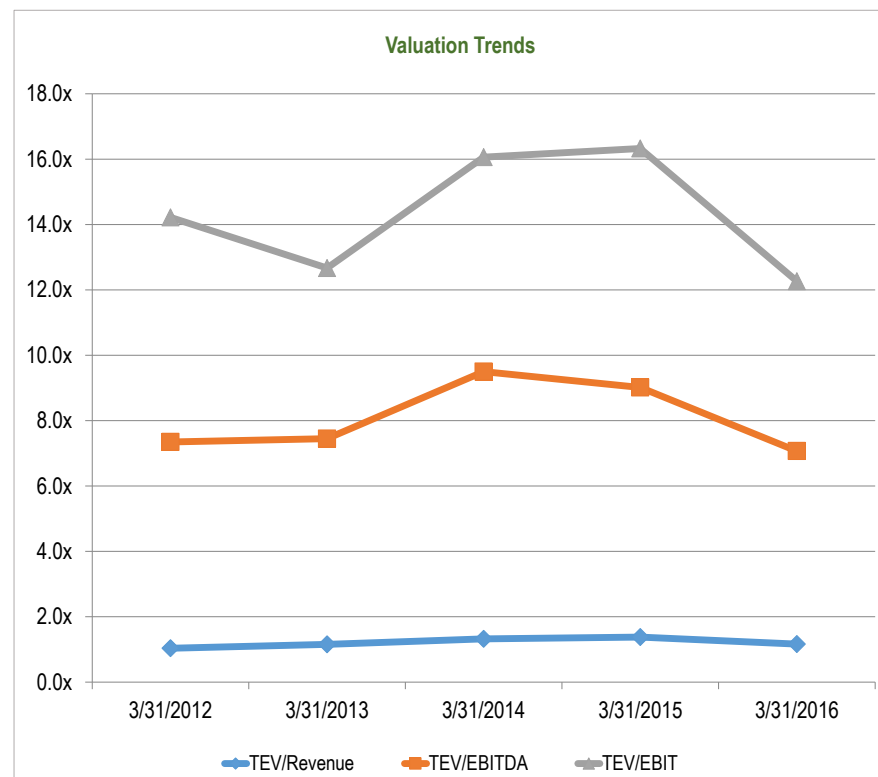
# Railroads and Trucking

1st Quarter 2016

## Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$6,189	1.6x	7.5x	13.2x	TEV/Revenue	↓
Median	\$1,976	1.2x	7.1x	12.3x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	27.0%	20.0%	12.4%	Gross Margin	↑
Median	26.4%	17.3%	8.5%	EBITDA Margin	↑
				EBIT Margin	↑



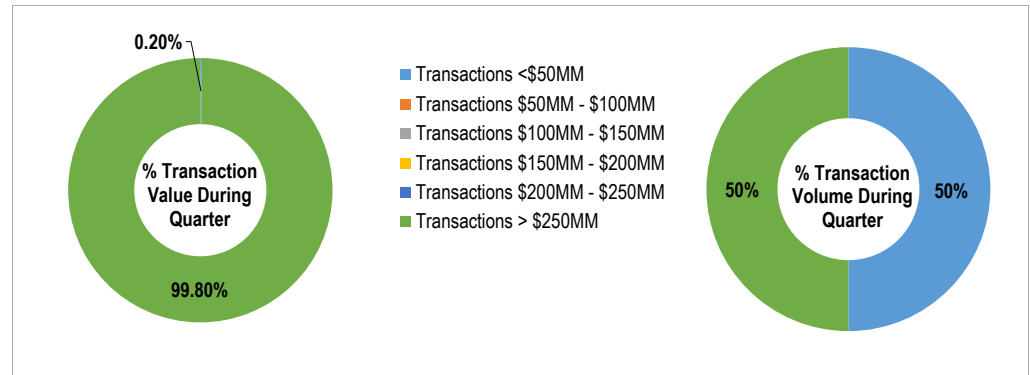
Source: S&P Capital IQ as of 4/25/2016 and PCE Proprietary Data

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

Transaction Volume	4
Number of Transactions with Disclosed Values	2
Transaction Value*	\$2,841.75
Average Transaction Value*	\$1,420.88
Median Transaction Value*	\$1,420.88

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

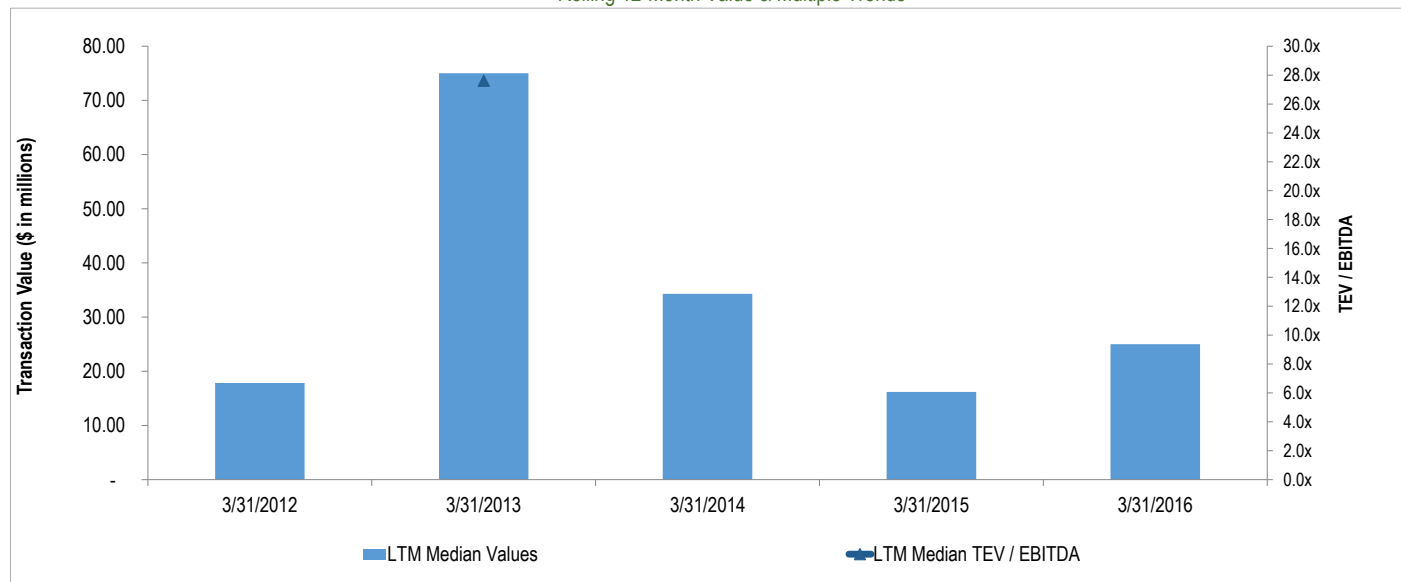
## Transactions by Value & Volume



Based on transactions with disclosed financial data only

## Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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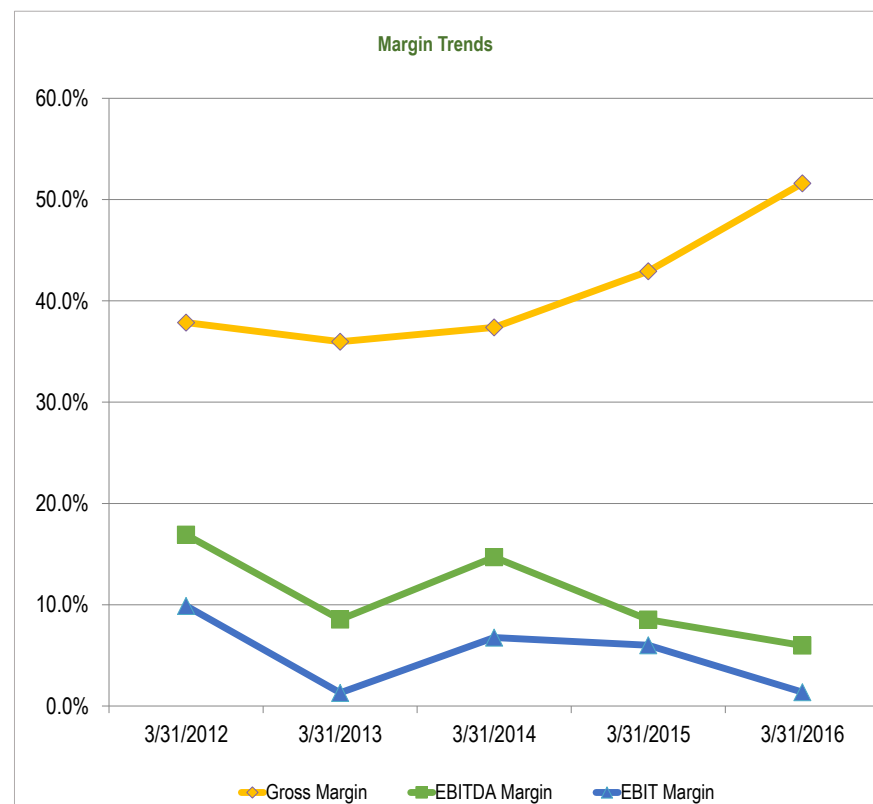
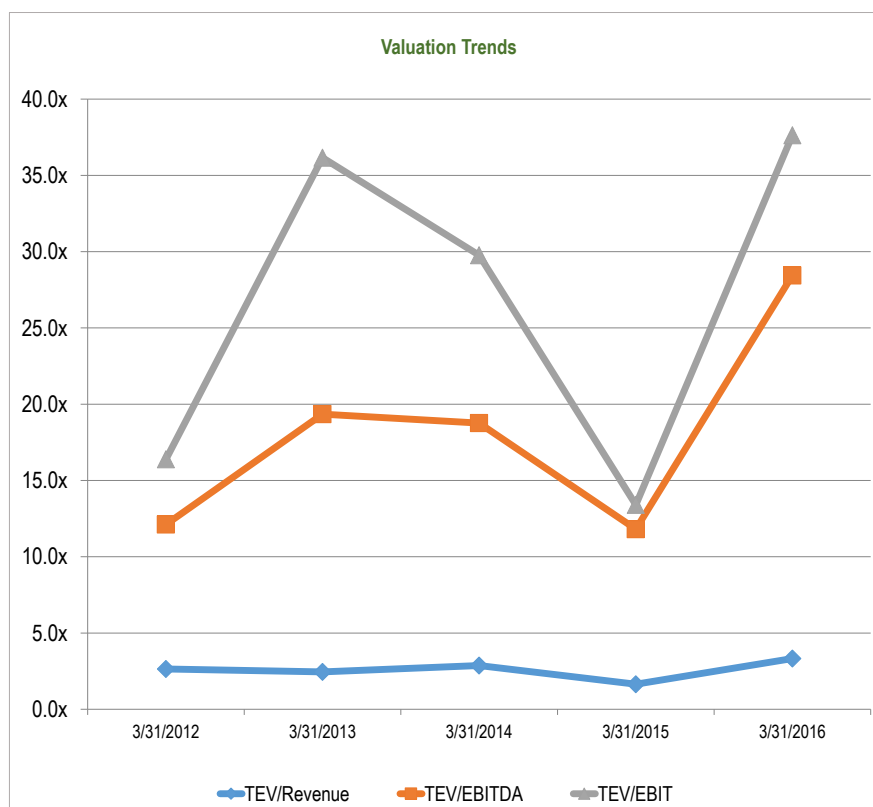
# Transportation Infrastructure

1st Quarter 2016

## Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,271	3.3x	28.4x	37.6x	TEV/Revenue	↑
Median	\$1,412	3.3x	28.4x	37.6x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	43.0%	8.2%	2.1%	Gross Margin	↑
Median	51.6%	6.0%	1.4%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 4/25/2016 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

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New York

## 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