



PCE Industry Report

Transportation & Logistics



Middle Market M&A Summary

Transportation & Logistics

3rd Quarter 2016

Key Highlights

- The average value of the top transactions was \$87.4 million.
 - The largest transaction was the acquisition of Span Alaska Transportation, Inc. by Matson Logistics, Inc. for \$197.6 million.
 - The smallest transaction was the acquisition of Triumph Transport, Inc. and Triumph Repair Service, Inc. by Central States Trucking Co. for \$10.1 million.
- The public company industry median TEV/EBIT multiple is 13.2x.
- The public company industry median TEV/EBITDA multiple is 8.7x.

Key Trends

- The Railroads & Trucking and Air Freight & Logistics subsector's transaction volume are trending positively. The Marine and Transportation Infrastructure subsectors transaction volume are trending negatively.
- In the 12 months ending August 2016, the amount of sales for “non-store” retailers grew by 11.9%, demonstrating the continued expansion of e-commerce enterprises.¹
- Moreover, 59% of Americans surveyed by the International Council of Shopping Centers say they will shop on Amazon.com Inc. during the 2016 holiday season.¹
- Compared to a year earlier, the amount of truck orders in September declined 27% to the month's lowest level since 2009. This decrease signifies the trucking industry's concern to reduce its oversupply of trucks despite the rising increase in shipping demand moving toward the holiday season.²
- Hanjin Shipping's recent bankruptcy left 66 of its ships- loaded with \$14.5 billion of goods- stranded at sea. Hanjin's financial crisis reflects the troubles facing the industry. Eleven of the twelve largest shipping companies with publicly available quarterly results, announced substantial losses, and it is estimated that container lines will lose up to \$10 billion in profits this year.³

Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

¹"Today's Top Supply Chain and Logistics News", Wall Street Journal, October 4, 2016

²"Truck Orders Sank in September", Wall Street Journal, October 5, 2016.

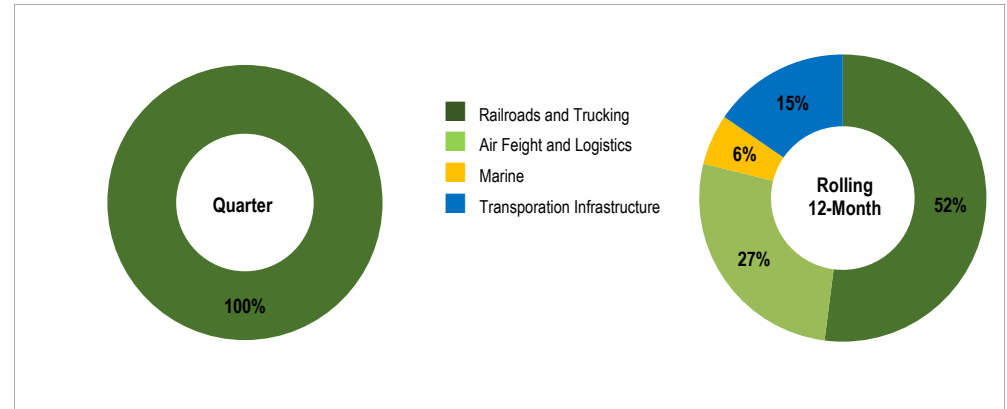
³"Profits overboard", The Economist, September 10, 2016.

Industry Trends During Quarter

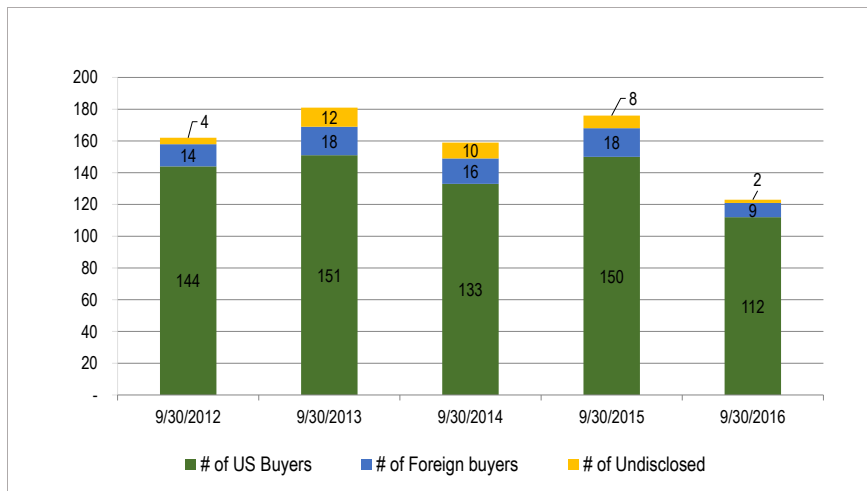
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Railroads and Trucking	↑	↑	↑
Air Freight and Logistics	↑	↑	↑
Marine	↓	↑	↑
Transportation Infrastructure	↓	↓	↓

* 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	Span-Alaska Transportation, Inc.	Matson Logistics, Inc.	\$197.6
Railroads and Trucking	Storey Park	Perseus Realty, LLC & W-G Capital, LLC	\$54.5
Railroads and Trucking	Triumph Transport, Inc. and Triumph Repair Service, Inc.	Central States Trucking Co.	\$10.1

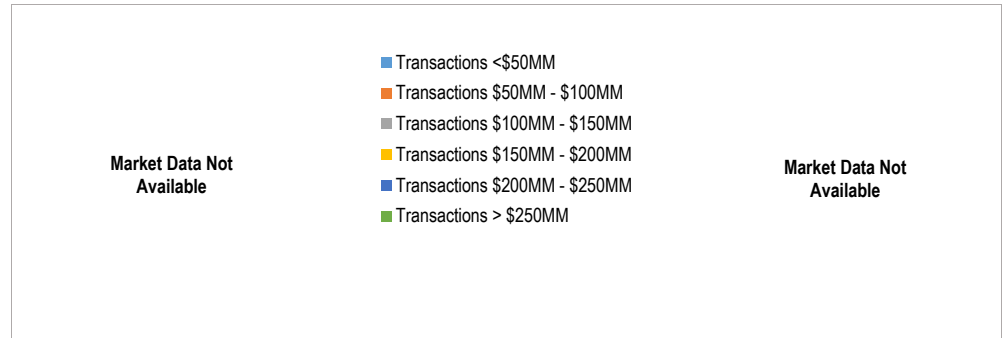
Source: S&P Capital IQ as of 10/24/2016 and PCE Proprietary Data

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

Transaction Volume	9
Number of Transactions with Disclosed Values	0
Transaction Value*	\$0.00
Average Transaction Value*	\$0.00
Median Transaction Value*	\$0.00

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

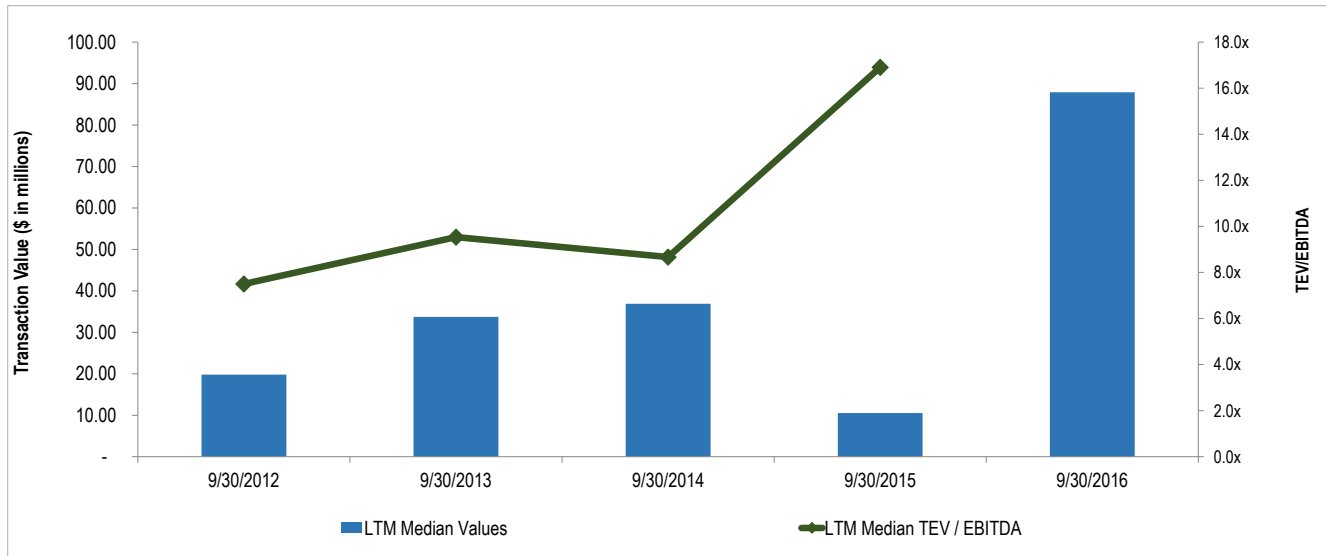
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

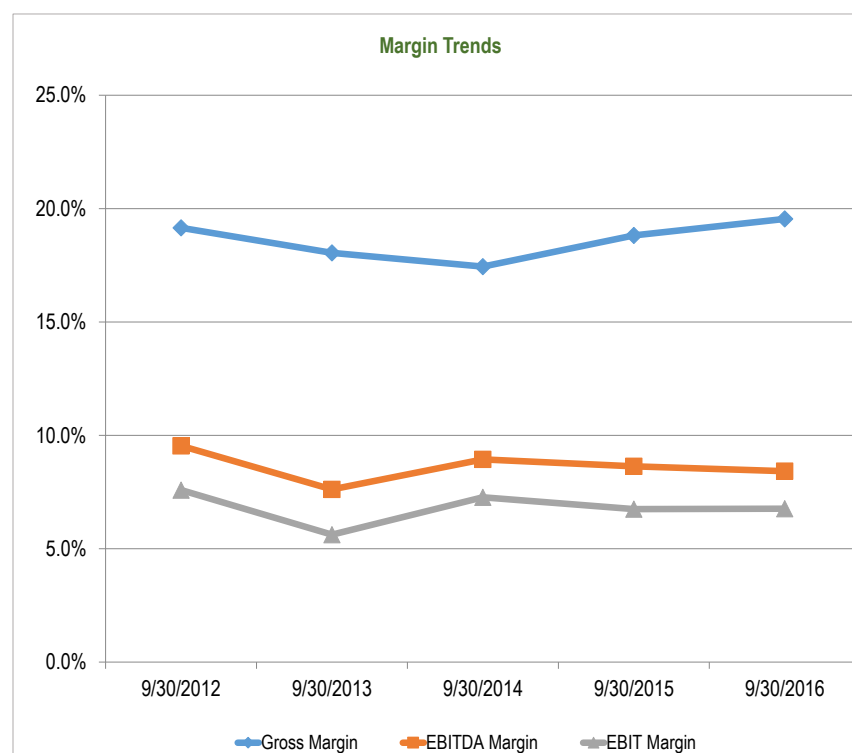
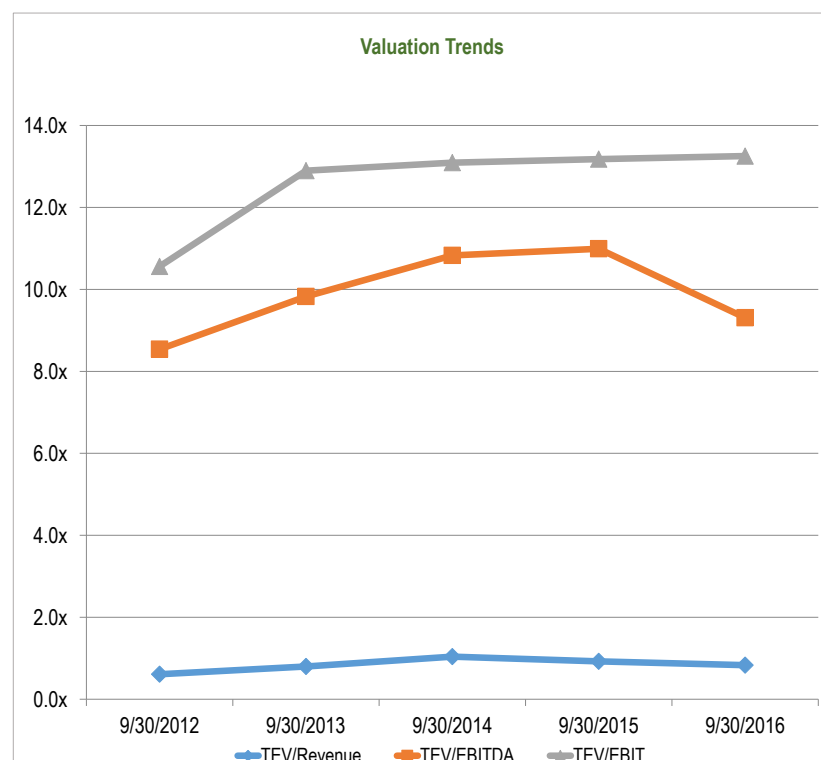


Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$13,128	1.0x	9.5x	15.8x	TEV/Revenue	↓
Median	\$1,310	0.8x	9.3x	13.3x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	21.3%	11.0%	6.9%	Gross Margin	↑
Median	19.5%	8.4%	6.8%	EBITDA Margin	↓
				EBIT Margin	↑



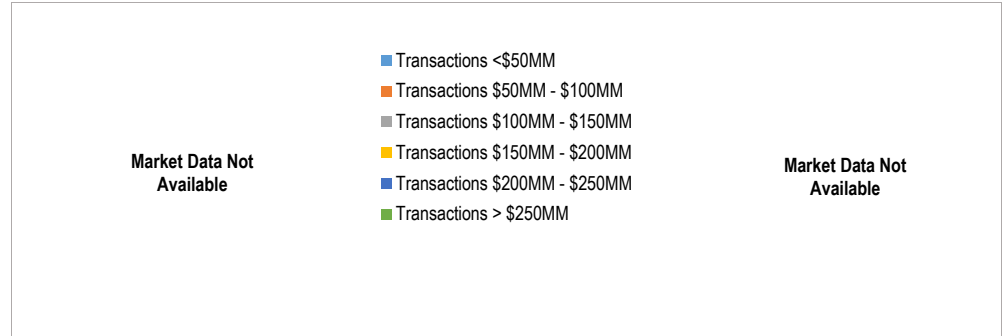
Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

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

Transaction Volume	1
Number of Transactions with Disclosed Values	0
Transaction Value*	\$0.00
Average Transaction Value*	\$0.00
Median Transaction Value*	\$0.00

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

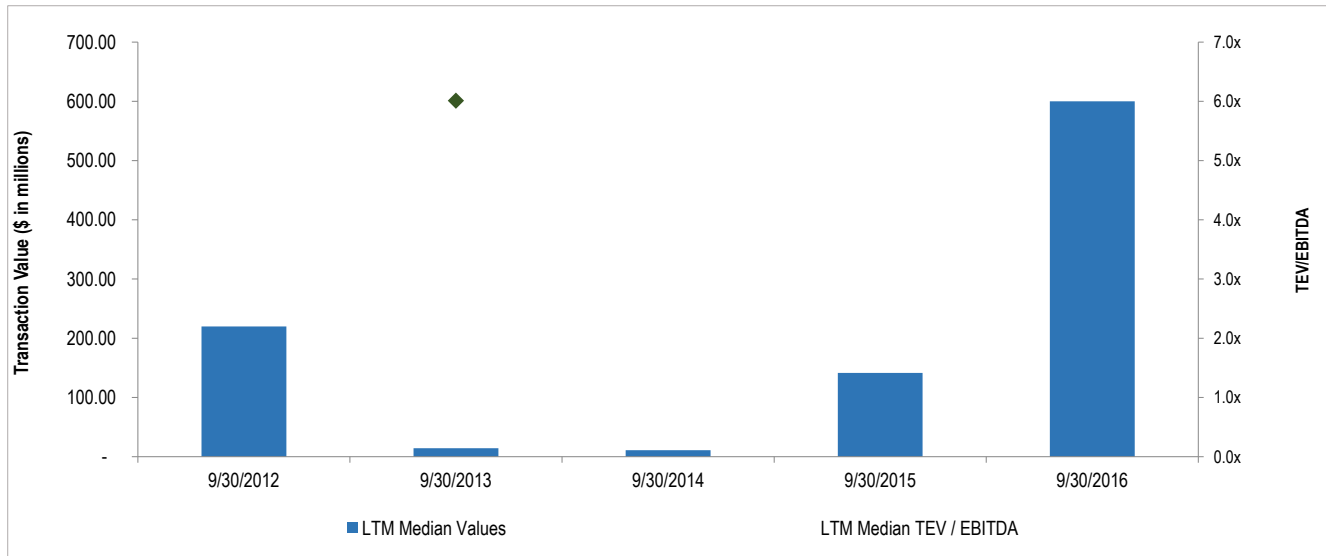
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

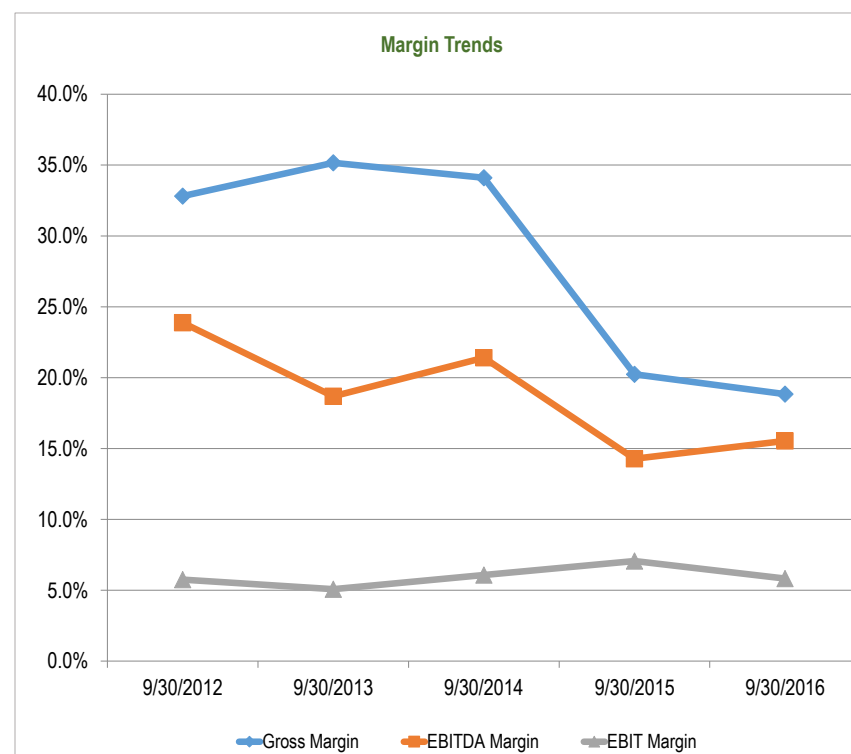
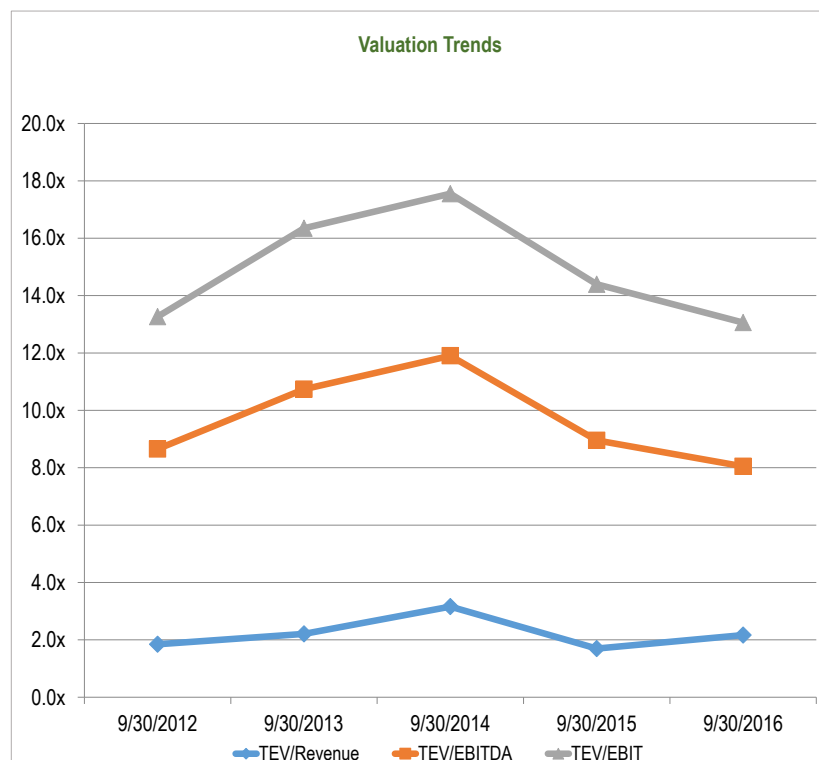


Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$987	3.0x	8.2x	18.3x	TEV/Revenue	↑
Median	\$309	2.2x	8.0x	13.1x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 09/30/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.8%	6.8%	-15.0%	Gross Margin	↓
Median	18.8%	15.5%	5.8%	EBITDA Margin	↑
				EBIT Margin	↓



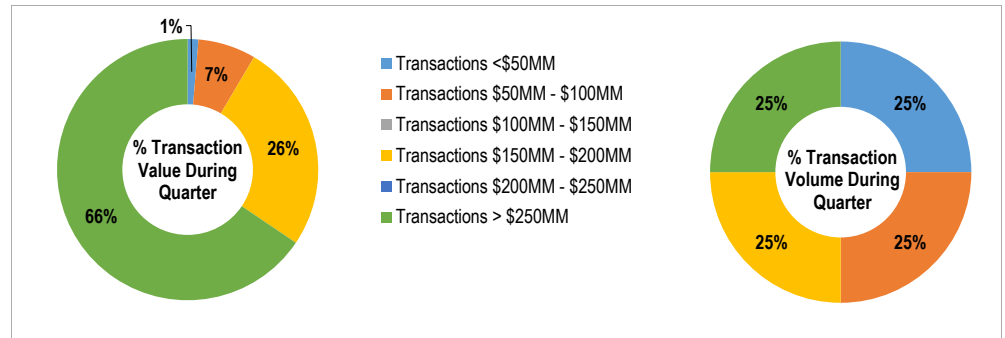
Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

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

Transaction Volume	21
Number of Transactions with Disclosed Values	4
Transaction Value*	\$760.90
Average Transaction Value*	\$190.23
Median Transaction Value*	\$126.05

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

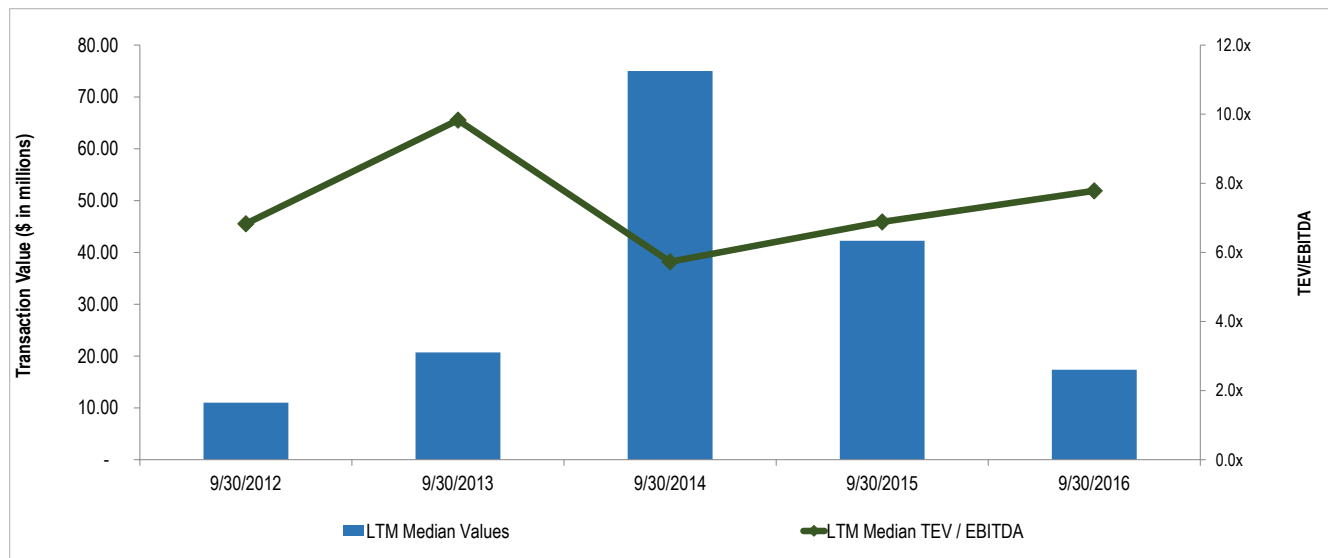
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

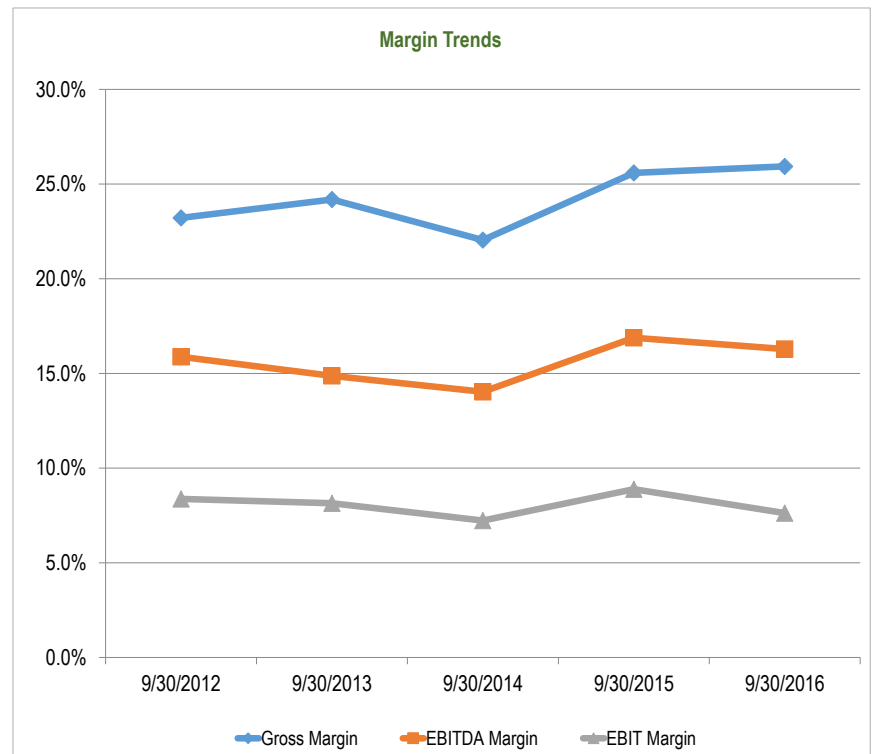
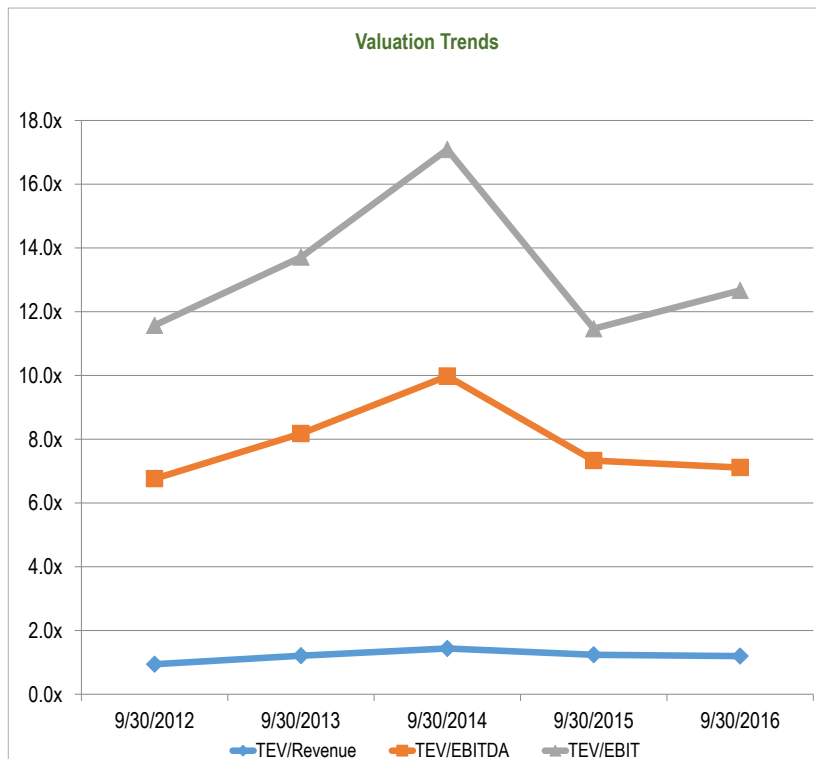
Railroads and Trucking

3rd Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$7,047	1.7x	8.2x	16.2x	TEV/Revenue	↓
Median	\$2,006	1.2x	7.1x	12.7x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	27.1%	19.9%	11.8%	Gross Margin	↑
Median	25.9%	16.3%	7.6%	EBITDA Margin	↓
				EBIT Margin	↓



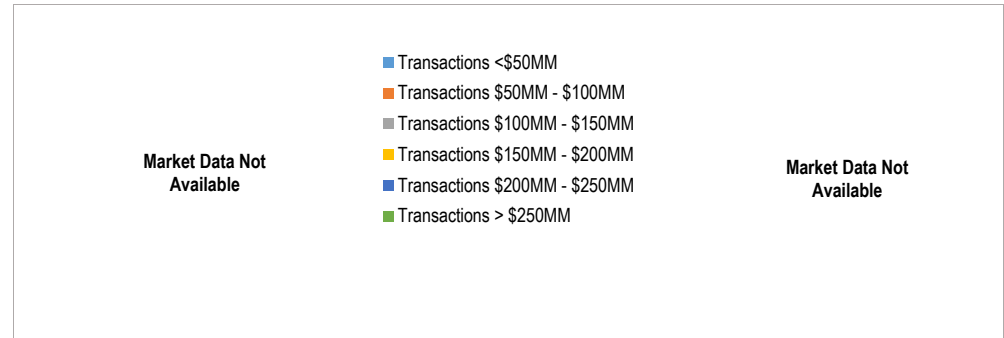
Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

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

Transaction Volume	3
Number of Transactions with Disclosed Values	0
Transaction Value*	\$0.00
Average Transaction Value*	\$0.00
Median Transaction Value*	\$0.00

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

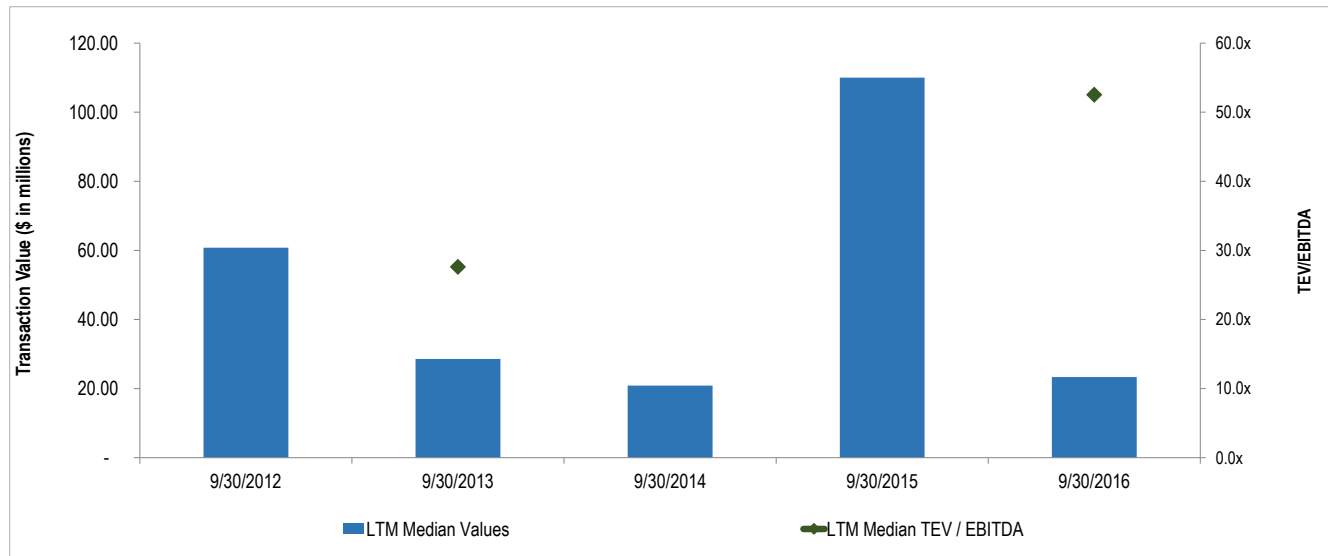
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/12/2016 and PCE Proprietary Data

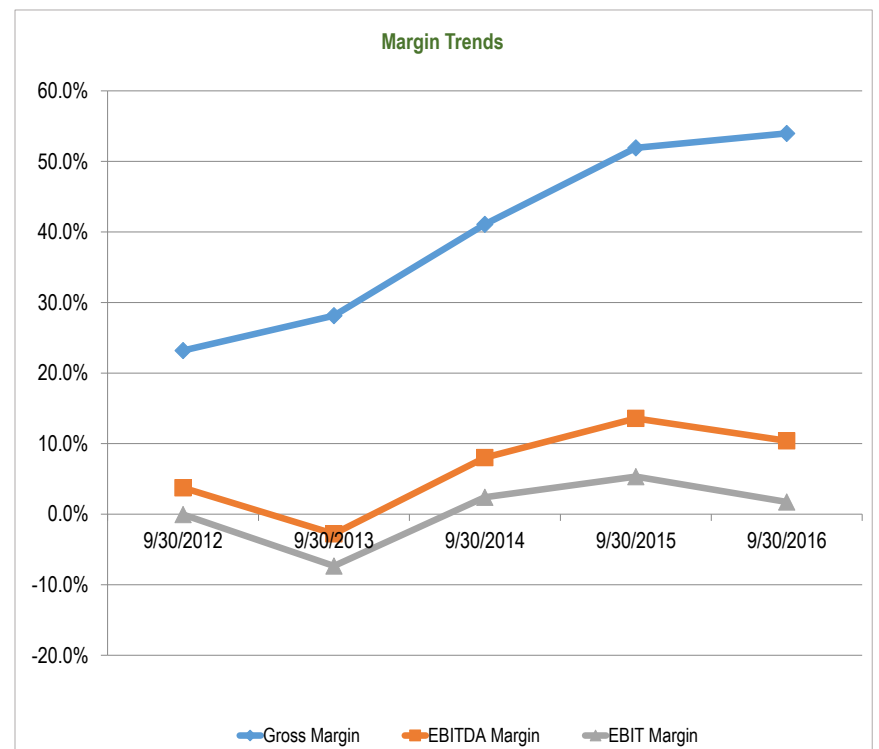
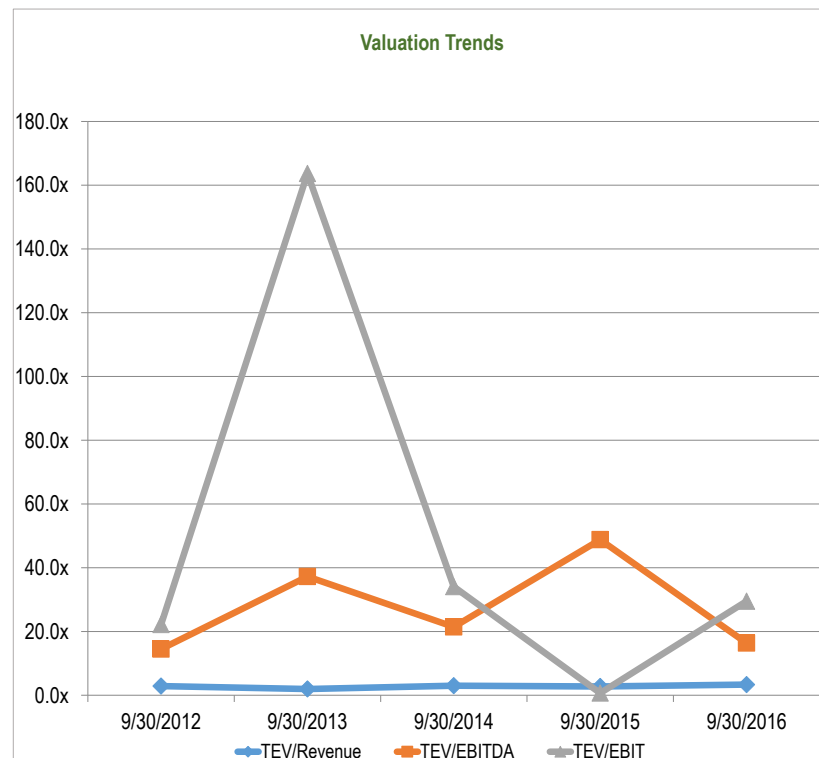
Transportation Infrastructure

3rd Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,341	3.3x	16.4x	29.5x	TEV/Revenue	↑
Median	\$3,341	3.3x	16.4x	29.5x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	54.0%	10.4%	1.7%	Gross Margin	↑
Median	54.0%	10.4%	1.7%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 10/12/2016 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:

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- 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

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- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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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 dates only.

Glossary

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