



PCE Industry Report

Transportation & Logistics



Middle Market M&A Summary

Transportation & Logistics

4th Quarter 2016

Key Highlights

- The average value of the top transactions was \$344 million.
 - The largest transaction was the acquisition of Transportation Resources, Inc. by TFI International Inc. for \$558 million.
- The public company industry median TEV/EBIT multiple is 15.5x.
- The public company industry median TEV/EBITDA multiple is 9.3x.

Key Trends

- Transaction volume in the Transportation Infrastructure subsector is trending positively. Transaction volume in the Railroads & Trucking and Air Freight & Logistics subsectors are trending negatively. The Marine subsectors transaction volume is flat.
- Parcel carrier's profits have been on a steep decline since the negative impact of E-commerce. United Parcel Service has made an investment in Oporto Inc, with the intentions to recapture revenues lost to returns by rerouting unwanted merchandise to marketplaces where they may be needed.
- Otto, a company owned by Uber has successfully made the first autonomous delivery on the behalf of Anheuser Busch. This technology has major future implications in the trucking industry with the potential to save fuel expenses and generate more timely deliveries.
- The increase in E-Commerce has led to increased employment levels for the transportation and warehousing sector. E-Commerce also brought the freight industry a boom market at the end of FY 2016, which just emerged from a recession in mid-2016.

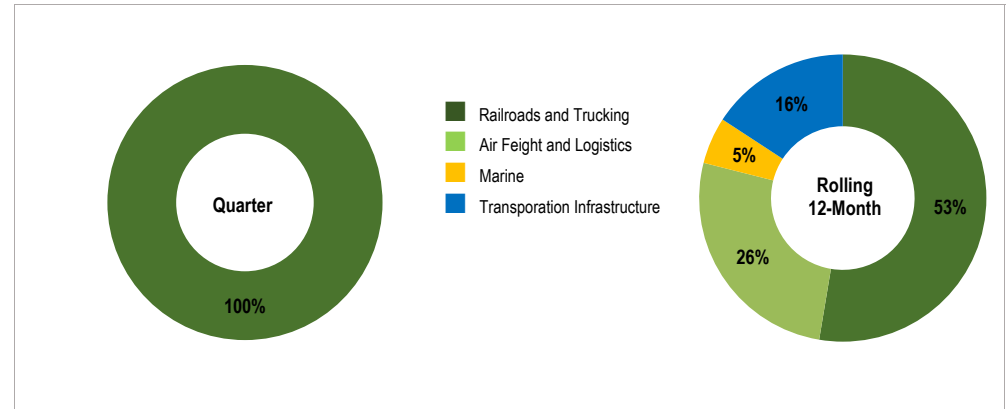
Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

Industry Trends During Quarter

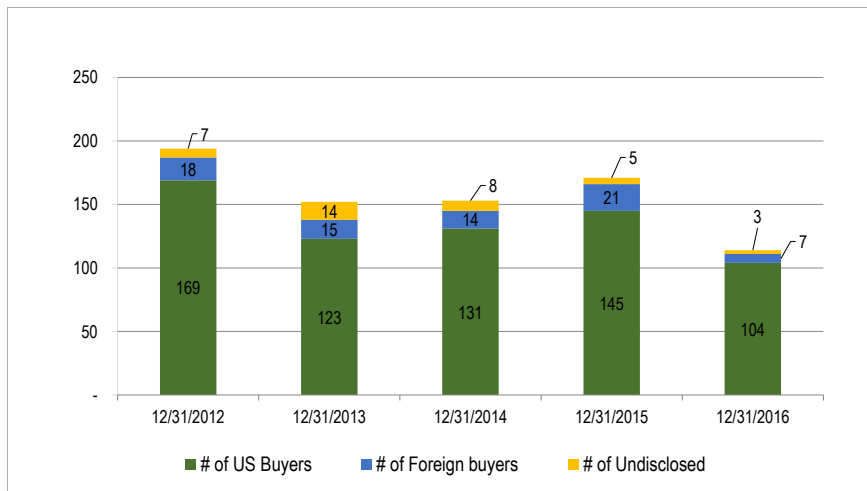
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Railroads and Trucking	↓	↑	↑
Air Freight and Logistics	↓	↑	↑
Marine	→	↑	↑
Transportation Infrastructure	↑	↑	↓

* 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	Transportation Resources, Inc.	TFI International Inc.	\$558.0
Railroads and Trucking	Providence and Worcester Railroad Company	Genesee & Wyoming Inc.	\$130.6

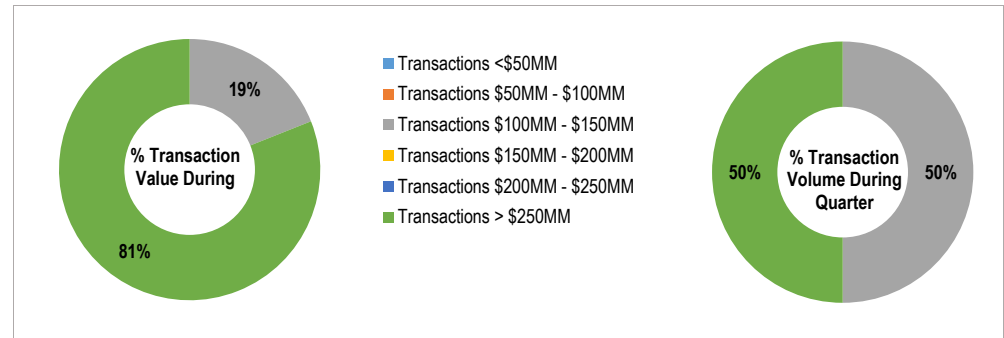
Source: S&P Capital IQ as of 1/18/2017 and PCE Proprietary Data

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

Transaction Volume	10
Number of Transactions with Disclosed Values	2
Transaction Value*	\$688.64
Average Transaction Value*	\$344.32
Median Transaction Value*	\$344.32

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

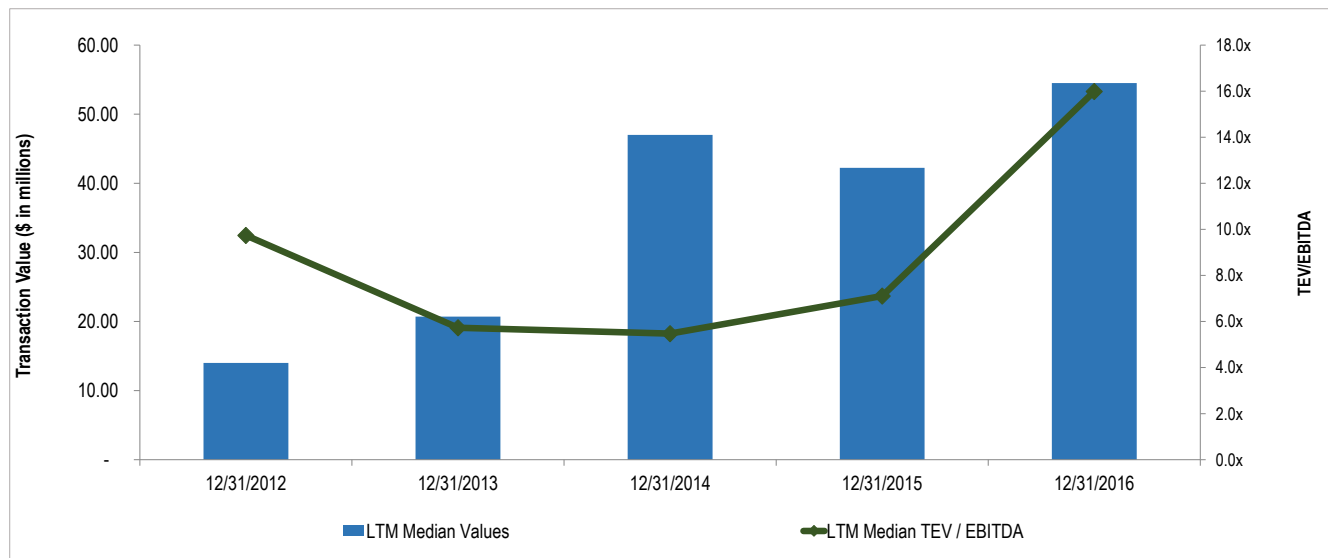
Transactions by Value & Volume



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 1/18/2017 and PCE Proprietary Data

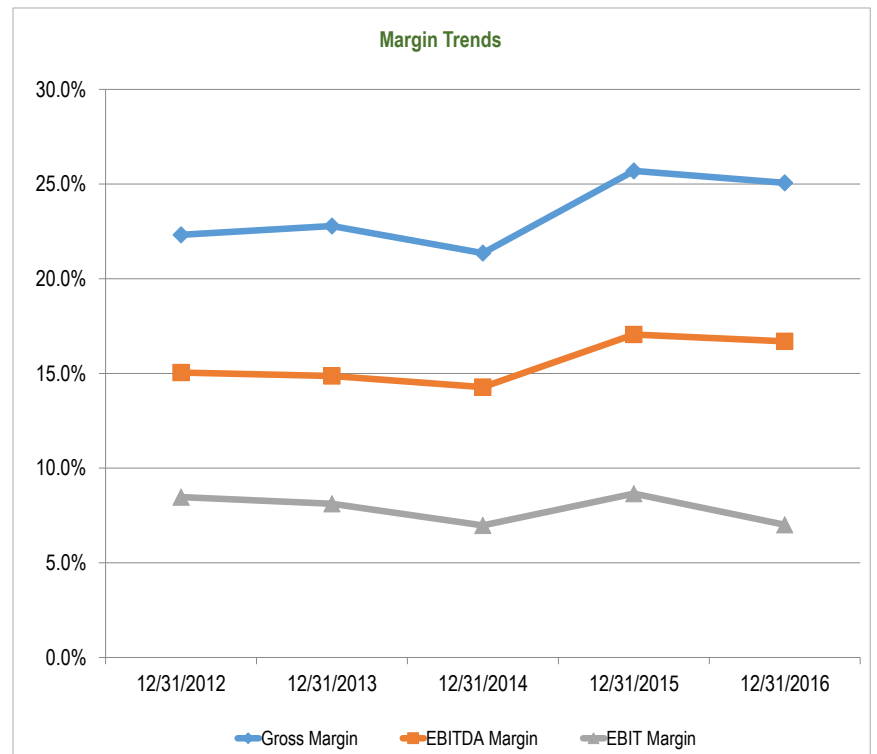
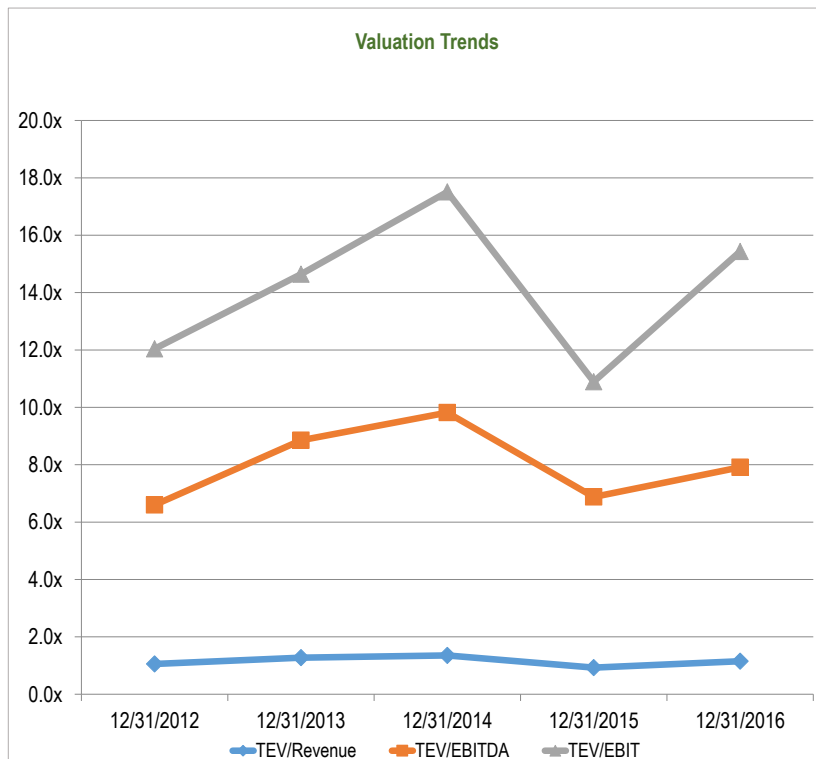
Railroads and Trucking

4th Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$8,016	1.8x	8.5x	16.7x	TEV/Revenue	↑
Median	\$1,953	1.1x	7.9x	15.4x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.5%	19.8%	11.7%	Gross Margin	↓
Median	25.1%	16.7%	7.0%	EBITDA Margin	↓
				EBIT Margin	↓



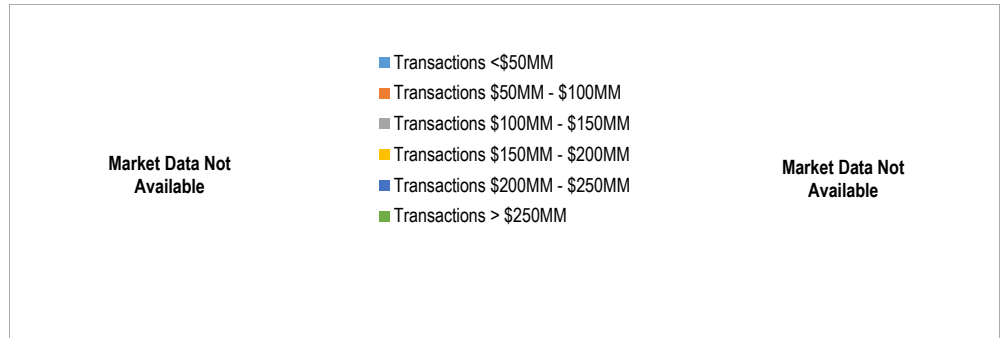
Source: S&P Capital IQ as of 1/18/2017 and PCE Proprietary Data

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.

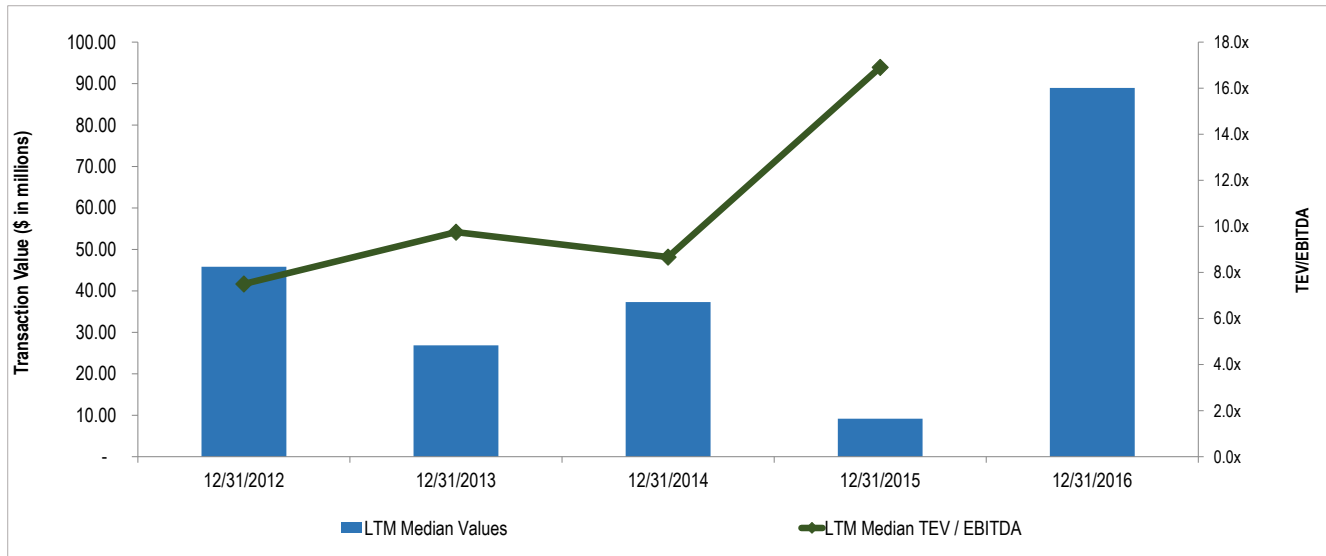
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

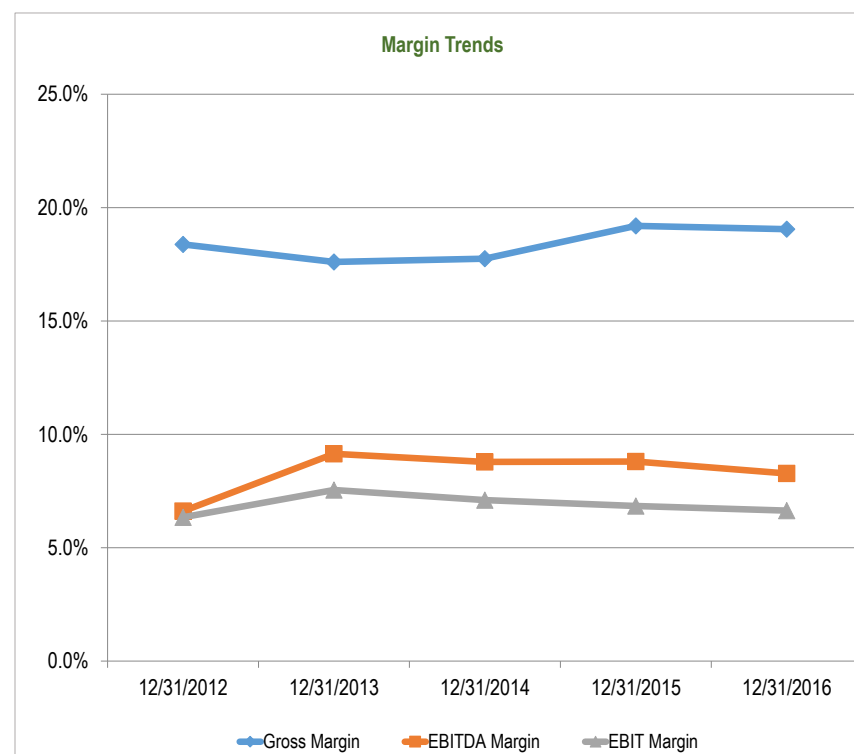
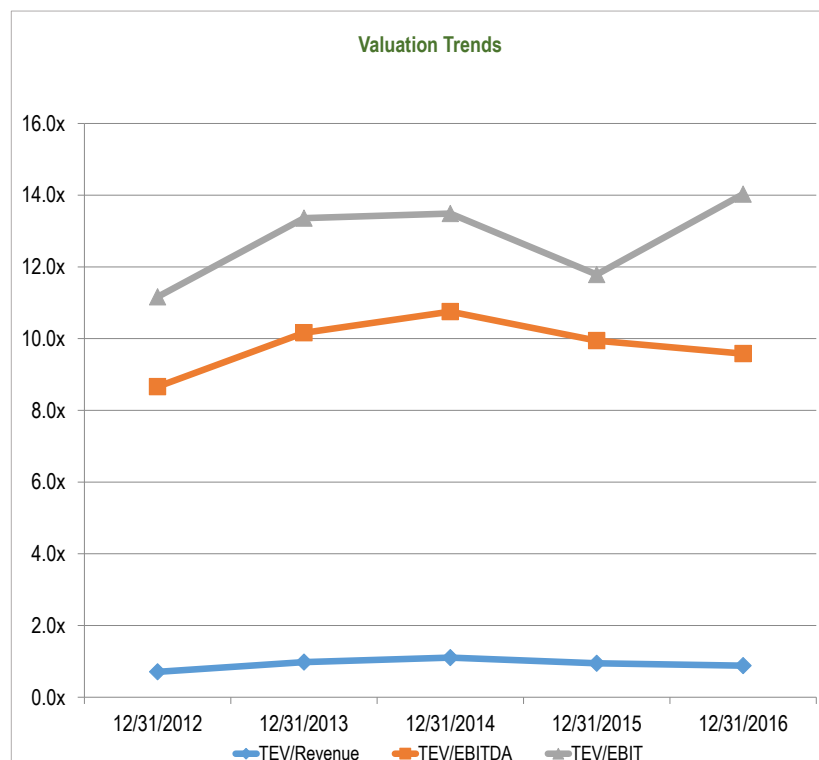


Source: S&P Capital IQ as of 1/18/2017 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$14,018	1.0x	10.2x	16.9x	TEV/Revenue	↓
Median	\$1,466	0.9x	9.6x	14.0x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.9%	10.5%	6.4%	Gross Margin	↓
Median	19.0%	8.3%	6.6%	EBITDA Margin	↓
				EBIT Margin	↓

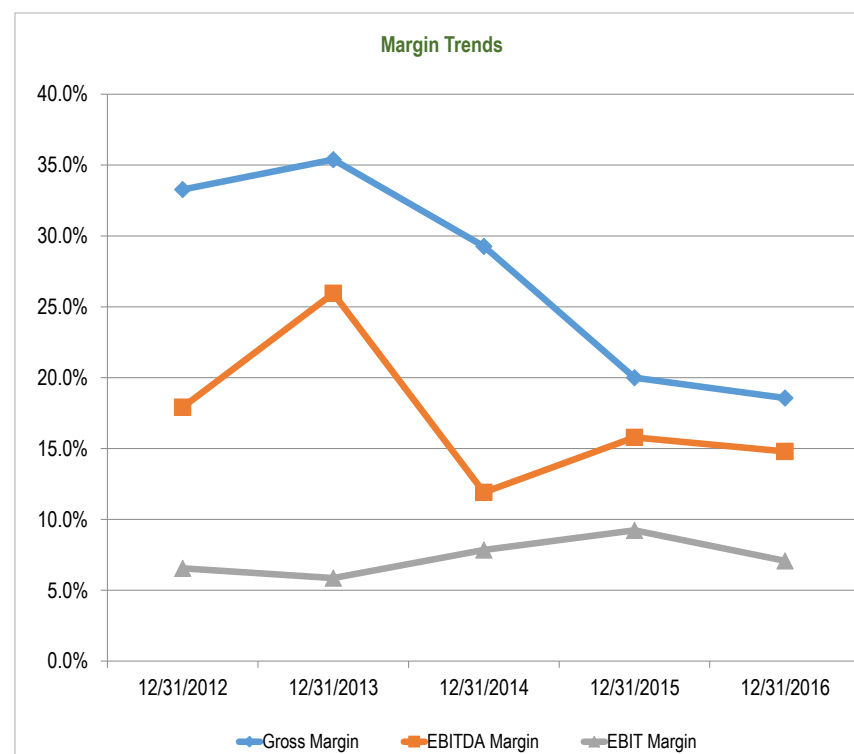
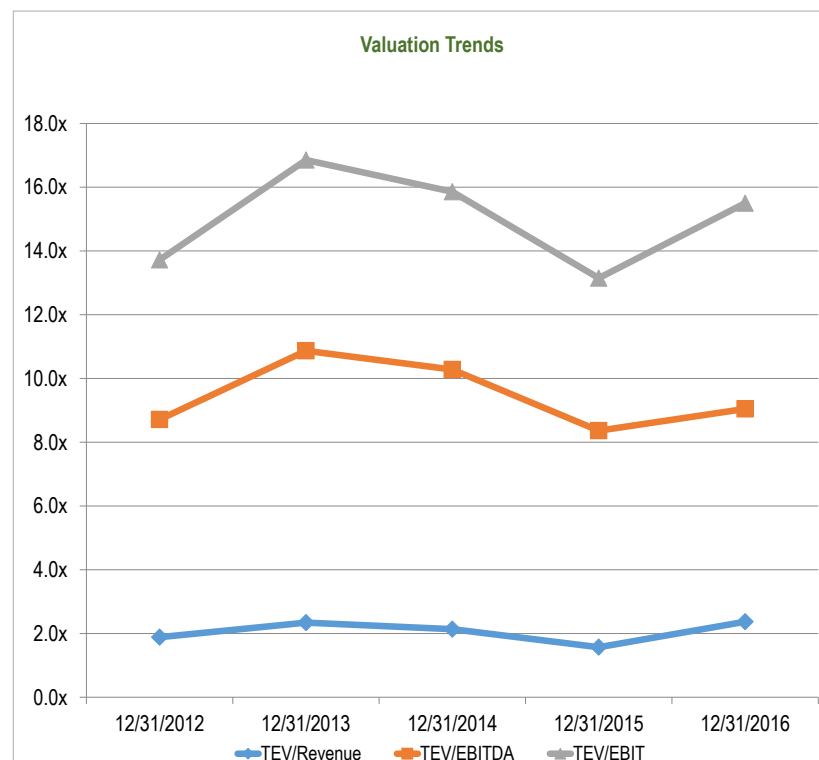


Source: S&P Capital IQ as of 1/18/2017 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$990	2.7x	8.5x	26.1x	TEV/Revenue	↑
Median	\$294	2.4x	9.0x	15.5x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.9%	8.9%	-13.1%	Gross Margin	↓
Median	18.6%	14.8%	7.1%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

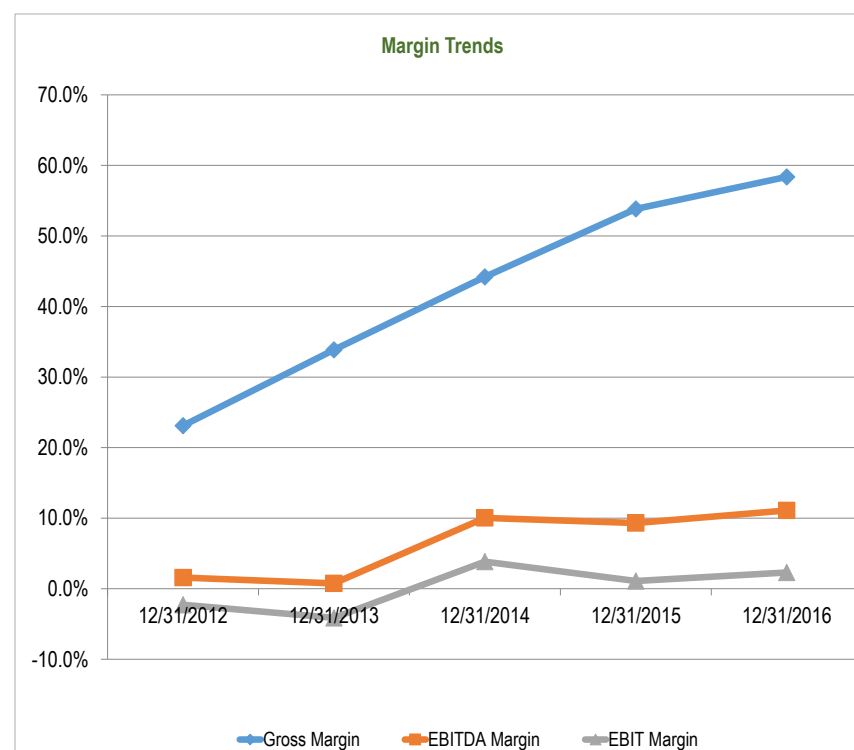
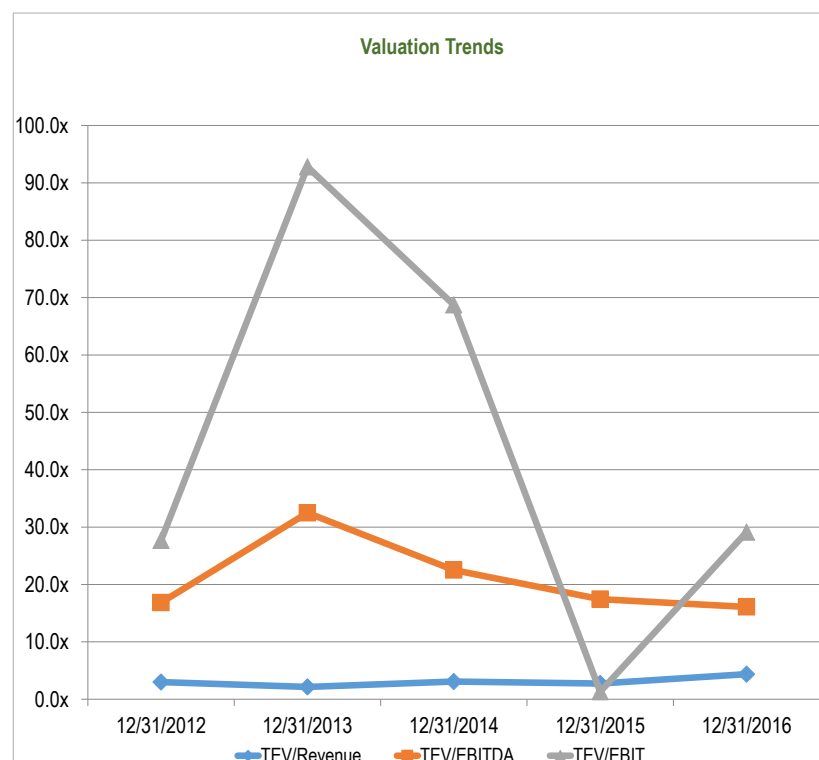
Transportation Infrastructure

4th Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,358	4.4x	16.1x	29.1x	TEV/Revenue	↑
Median	\$3,358	4.4x	16.1x	29.1x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	58.4%	11.1%	2.3%	Gross Margin	↑
Median	58.4%	11.1%	2.3%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 1/18/2017 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

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- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
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- Transportation & Logistics

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

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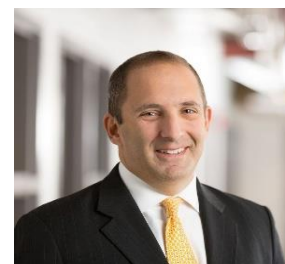


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Data Assumptions

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