



PCE Industry Report

Transportation & Logistics



Middle Market M&A Summary

Transportation & Logistics

1st Quarter 2017

Key Highlights

- The average value of the top transactions was \$92.5 million.
- The largest transaction was the acquisition of Caito Food Service, Inc. and Blue Ribbon Transport, Inc. by SpartanNash Company for \$229.9 million.
- The public company industry median TEV/EBIT multiple is 18.2x.
- The public company industry median TEV/EBITDA multiple is 9.6x.

Key Trends

- Transaction volume in the Transportation Infrastructure subsector is trending negatively. Transaction volume in the Marine, Railroads & Trucking and Air Freight & Logistics subsectors are trending positively.
- As more orders poured in for freight shipments, trucking fleets are hiring at an all-time high rate since early 2012. In February 2017, there was an increase of 10,600 jobs in trucking and the transportation and logistics sector added 8,800 jobs in total.
- Amazon Logistics+ has started importing 10-15 containers a week from China to the US in November 2016 on behalf of other customers. This is on top of container imports for their own use. Currently Amazon Logistics+ has a small portion of the market but given Amazon's other logistic services, they are poised to be a competitor to FedEx, UPS, and DHL.
- The American Society of Civil Engineers (ASCE) has released its infrastructure report card for 2017 (completed every 4 years), concluding the overall grade of the US infrastructure is a D+, unimproved since 2013. They have estimated it would cost an additional \$206 billion a year from congress to improve the rating by a grade. The current administration has promised a \$1 trillion investment in infrastructure, however specifics of this initiative are not known.

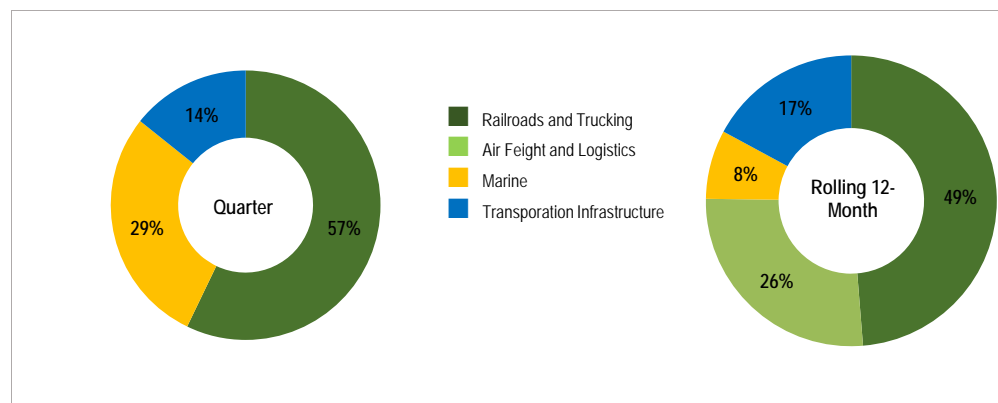
Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

Industry Trends During Quarter

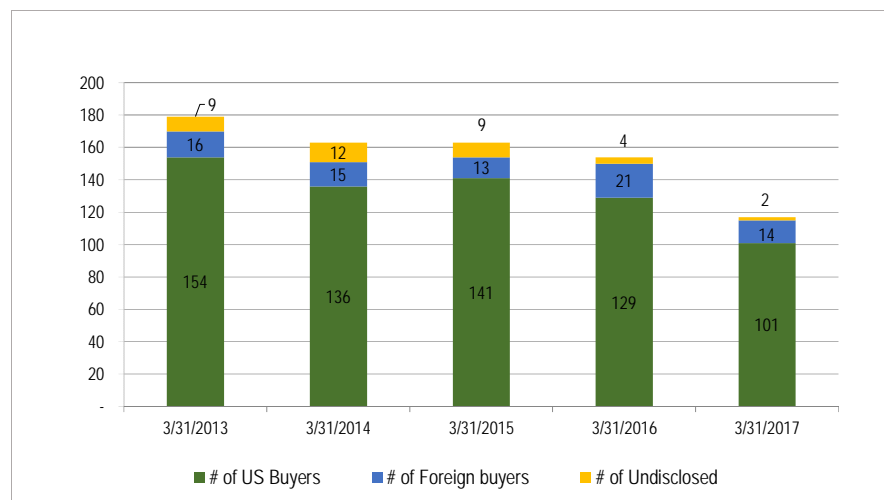
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Railroads and Trucking	↑	↓	↓
Air Freight and Logistics	↑	↑	↑
Marine	↑	↓	↑
Transportation Infrastructure	↓	↑	↑

* 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	Caito Food Service, Inc. and Blue Ribbon Transport, Inc.	SpartanNash Company	\$229.9
Railroads and Trucking	El Monte Rents, Inc.	Tourism Holdings Limited	\$64.0
Transportation Infrastructure	Express Tow & Salvage, LLC And CASH 1, LLC	Moneyline 2027 (pty) Limited	\$51.2
Railroads and Trucking	Flyte Tyme Worldwide Transportation	Addison Lee Limited	\$25.0

Source: S&P Capital IQ as of 4/19/2017 and PCE Proprietary Data



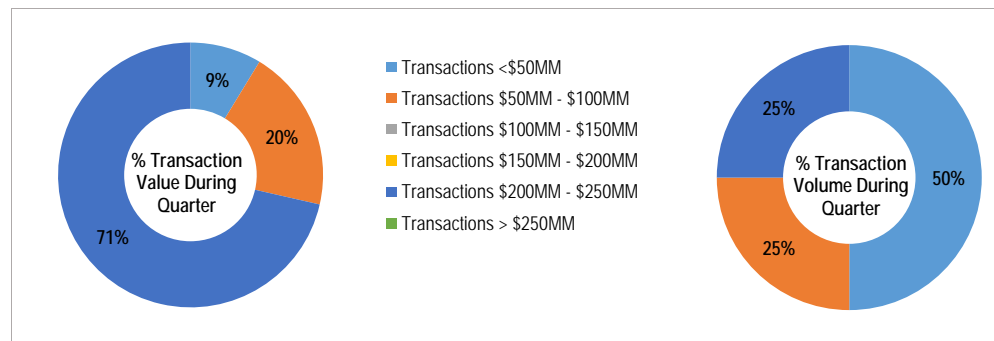
Railroads and Trucking

1st Quarter 2017

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

Transaction Volume	13
Number of Transactions with Disclosed Values	4
Transaction Value*	\$321.81
Average Transaction Value*	\$80.45
Median Transaction Value*	\$44.48
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

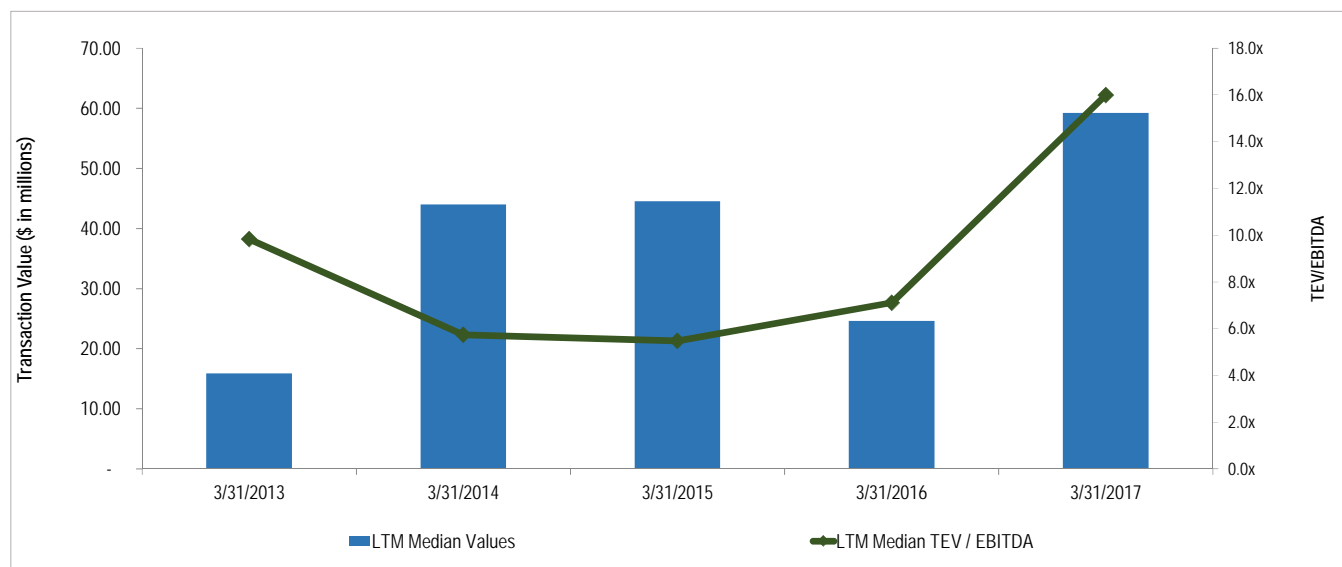
Transactions by Value & Volume



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 4/17/2017 and PCE Proprietary Data



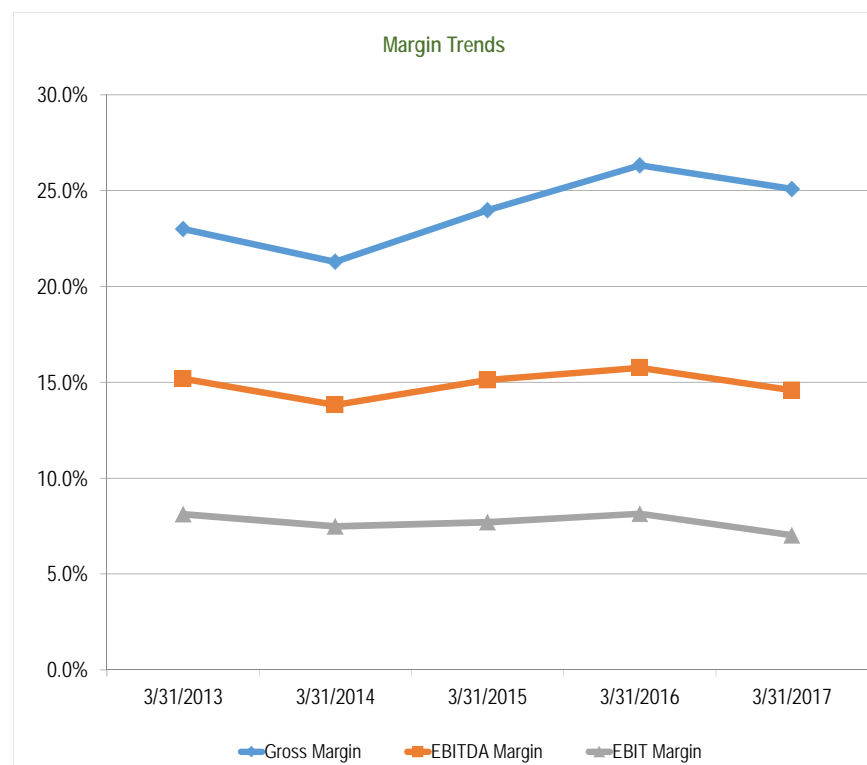
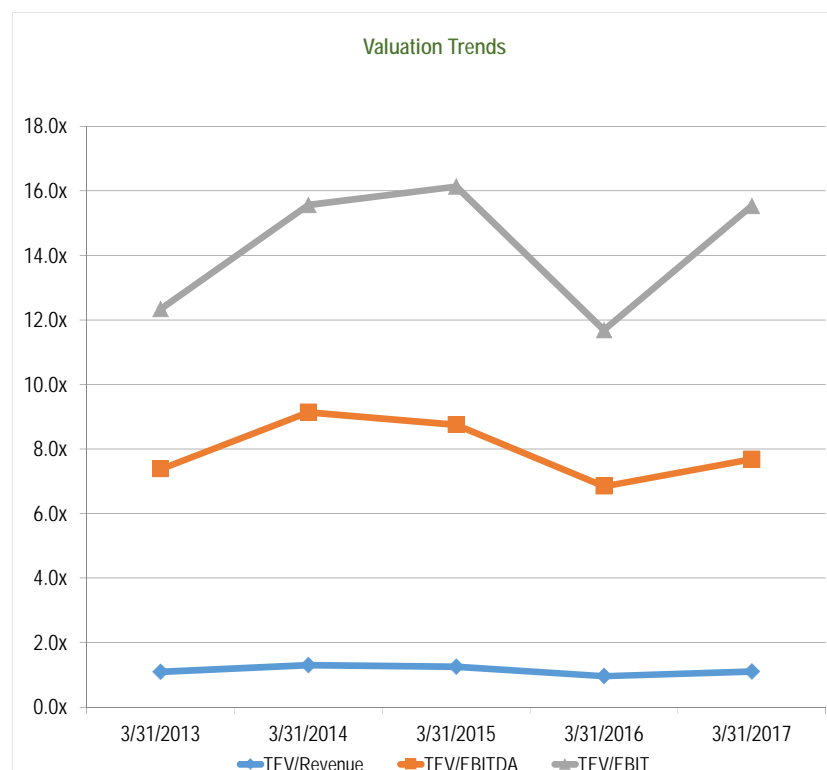
Railroads and Trucking

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$8,098	1.8x	8.3x	18.4x	TEV/Revenue	↑
Median	\$1,754	1.1x	7.7x	15.5x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.9%	19.6%	11.2%	Gross Margin	↓
Median	25.1%	14.6%	7.0%	EBITDA Margin	↓
				EBIT Margin	↓

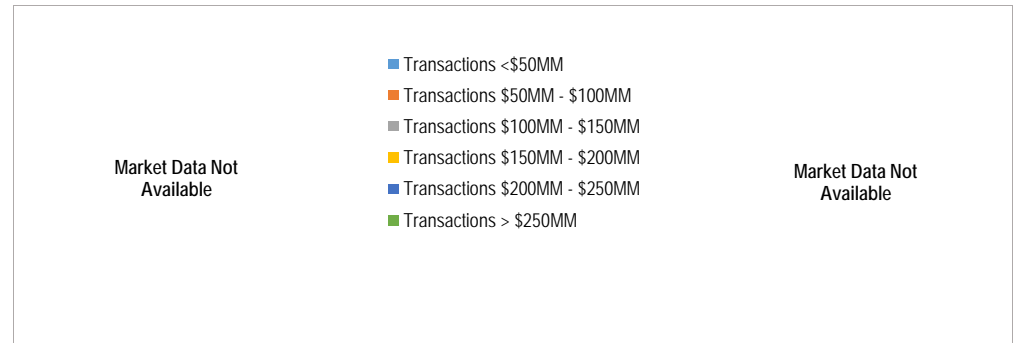


Source: S&P Capital IQ as of 4/17/2017 and PCE Proprietary Data

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

Transaction Volume	10
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.	

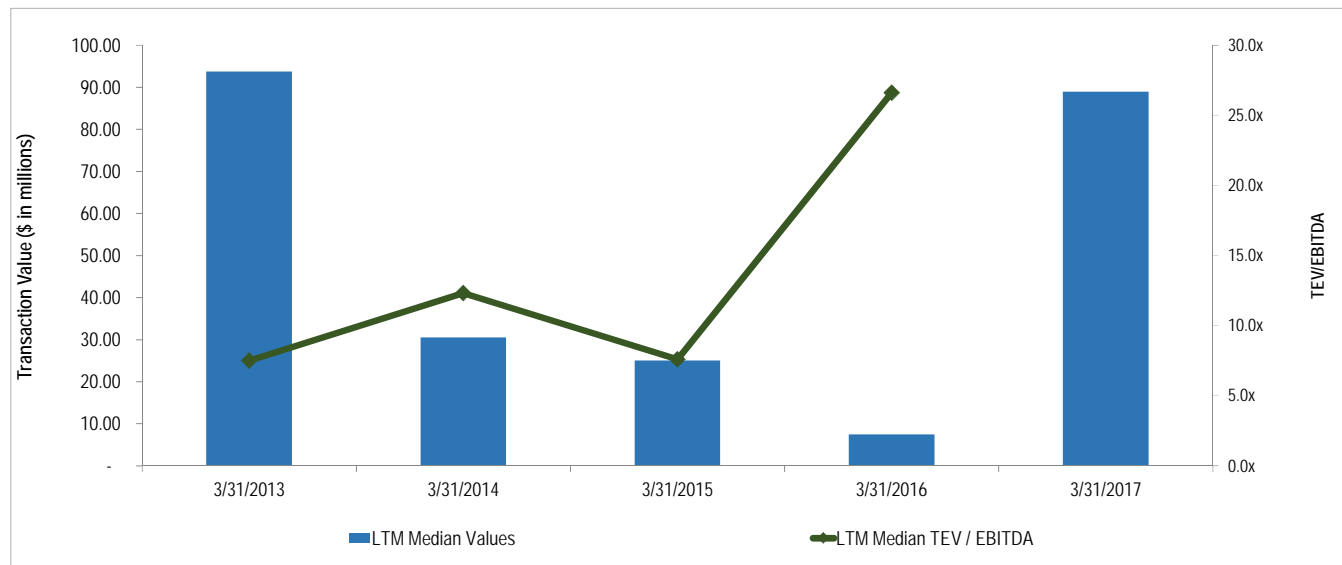
Transactions by Value & Volume



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 4/17/2017 and PCE Proprietary Data



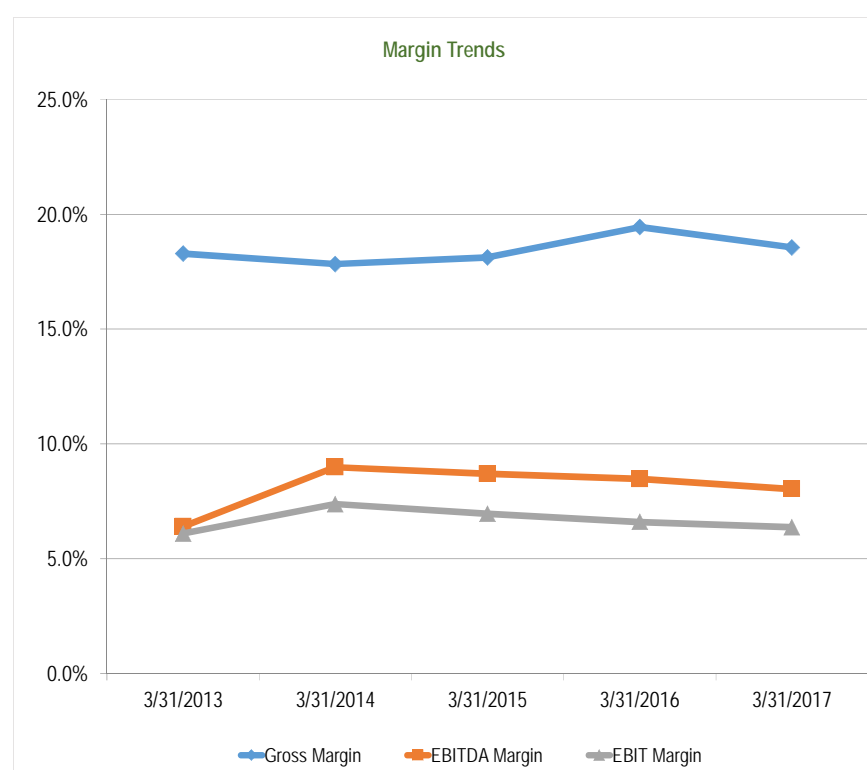
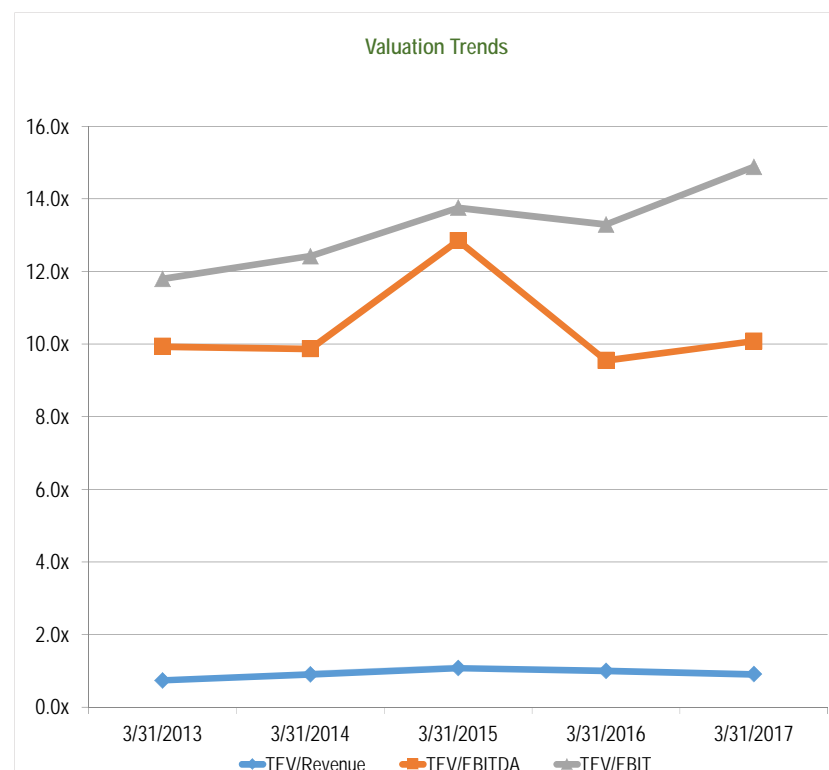
Air Freight & Logistics

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

Total Enterprise Value					Last Twelve Months	
	Market Cap	Revenue	EBITDA	EBIT	03/31/2017 Trends	
Average	\$13,716	1.0x	11.0x	19.2x	TEV/Revenue	↓
Median	\$1,440	0.9x	10.1x	14.9x	TEV/EBITDA	↑
					TEV/EBIT	↑

Margins				Last Twelve Months	
	Gross Profit	EBITDA	EBIT	03/31/2017 Trends	
Average	20.5%	10.0%	5.8%	Gross Margin	↓
Median	18.6%	8.0%	6.4%	EBITDA Margin	↓
				EBIT Margin	↓



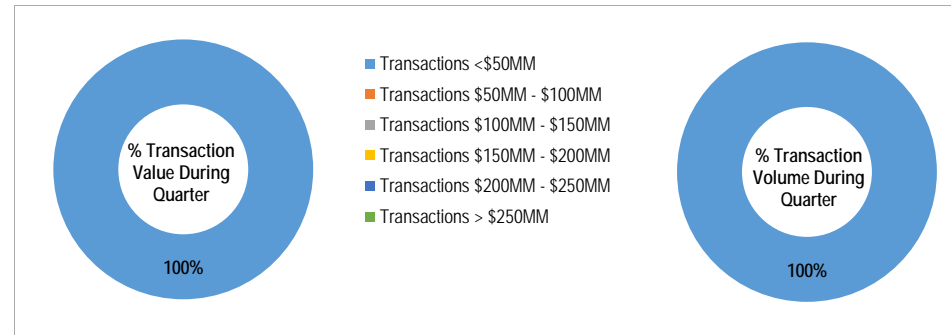
Source: S&P Capital IQ as of 4/17/2017 and PCE Proprietary Data



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

Transaction Volume	3
Number of Transactions with Disclosed Values	2
Transaction Value*	\$22.40
Average Transaction Value*	\$11.20
Median Transaction Value*	\$11.20
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

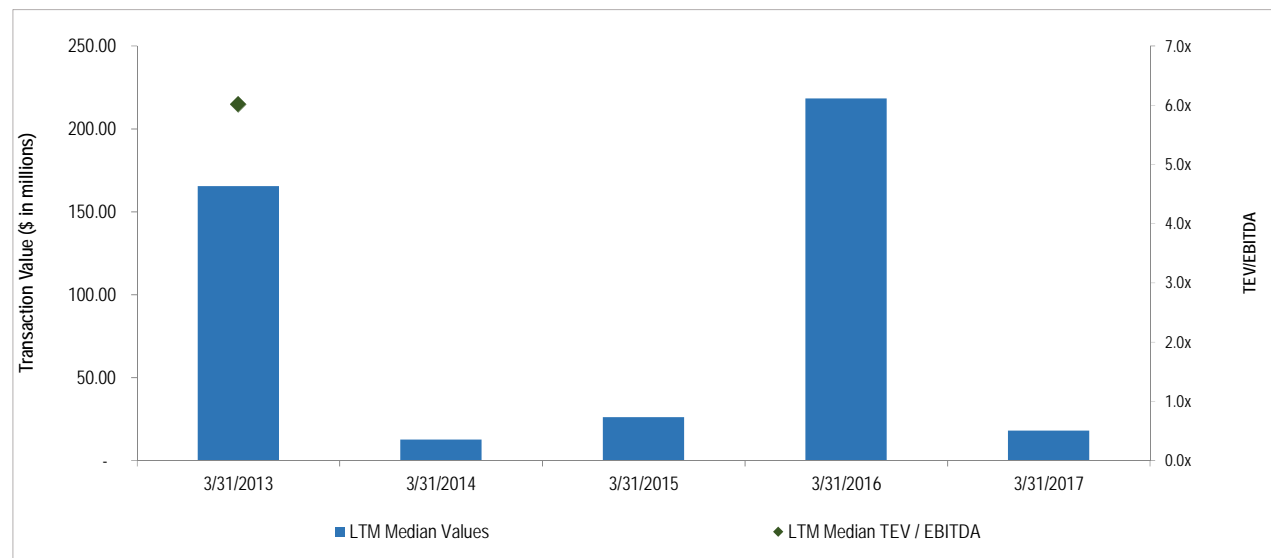
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



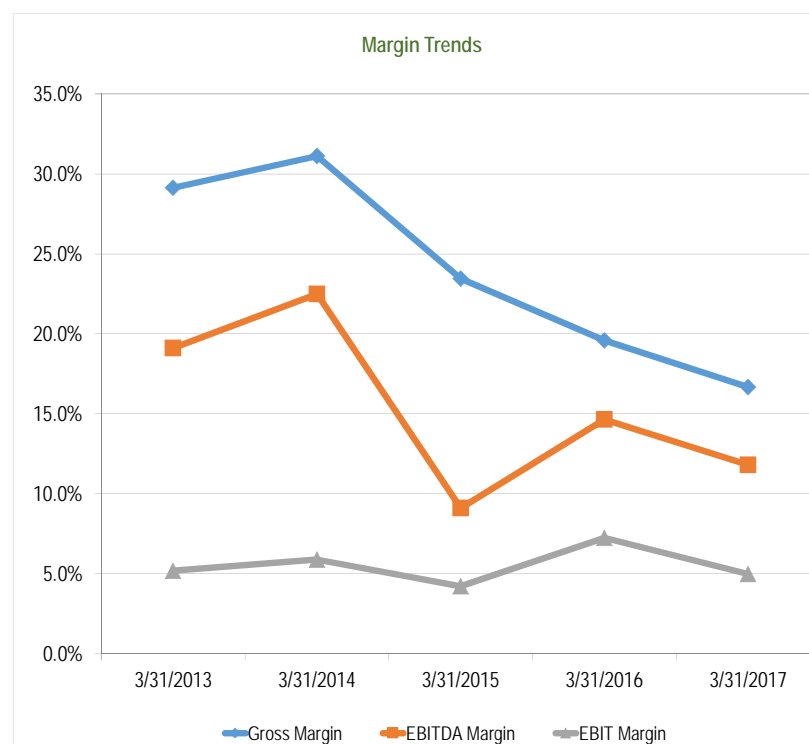
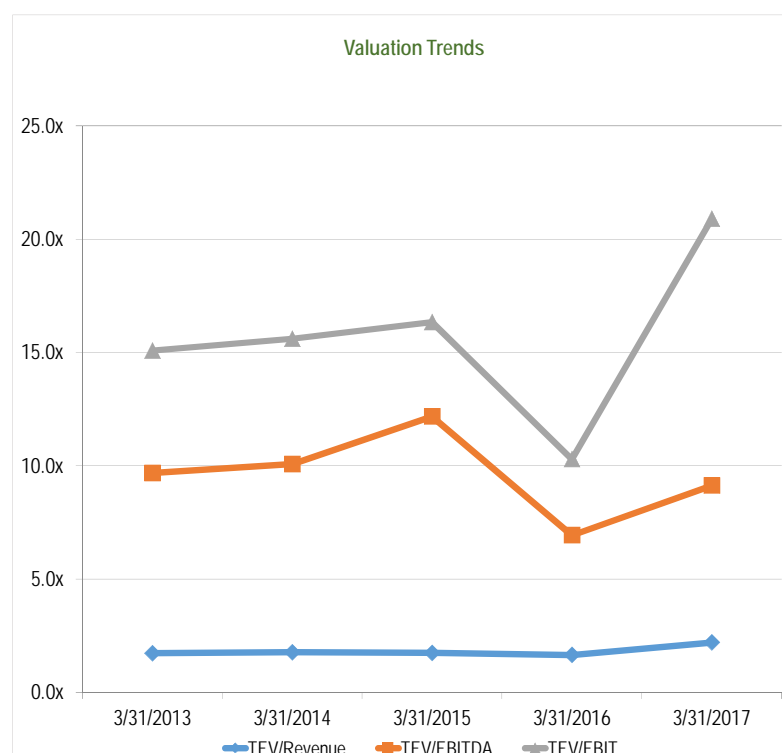
Source: S&P Capital IQ as of 4/25/2017 and PCE Proprietary Data

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Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$889	3.1x	9.4x	24.0x	TEV/Revenue	↑
Median	\$385	2.2x	9.1x	20.9x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	18.0%	1.7%	-18.6%	Gross Margin	↓
Median	16.7%	11.8%	5.0%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 4/17/2017 and PCE Proprietary Data

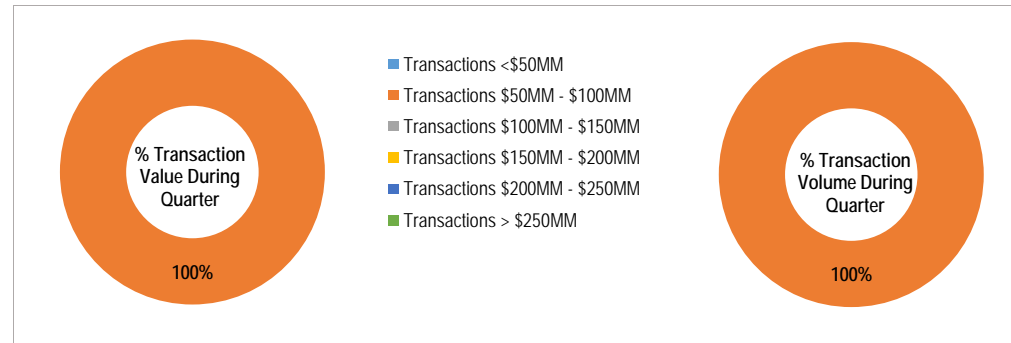
Transportation Infrastructure

1st Quarter 2017

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

Transaction Volume	3
Number of Transactions with Disclosed Values	1
Transaction Value*	\$51.20
Average Transaction Value*	\$51.20
Median Transaction Value*	\$51.20
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

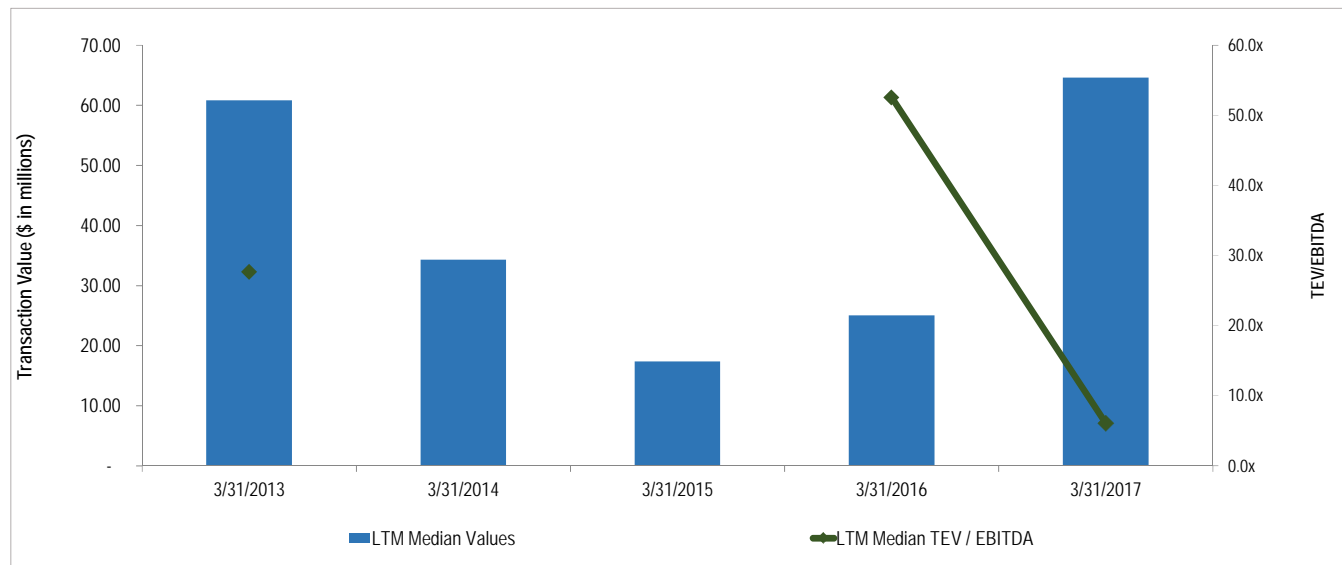
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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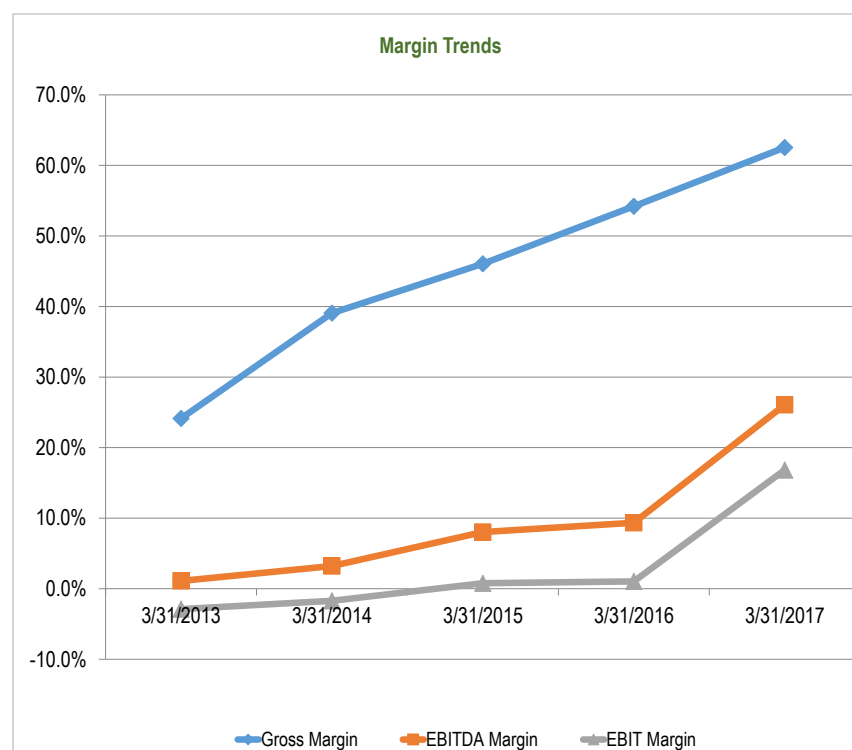
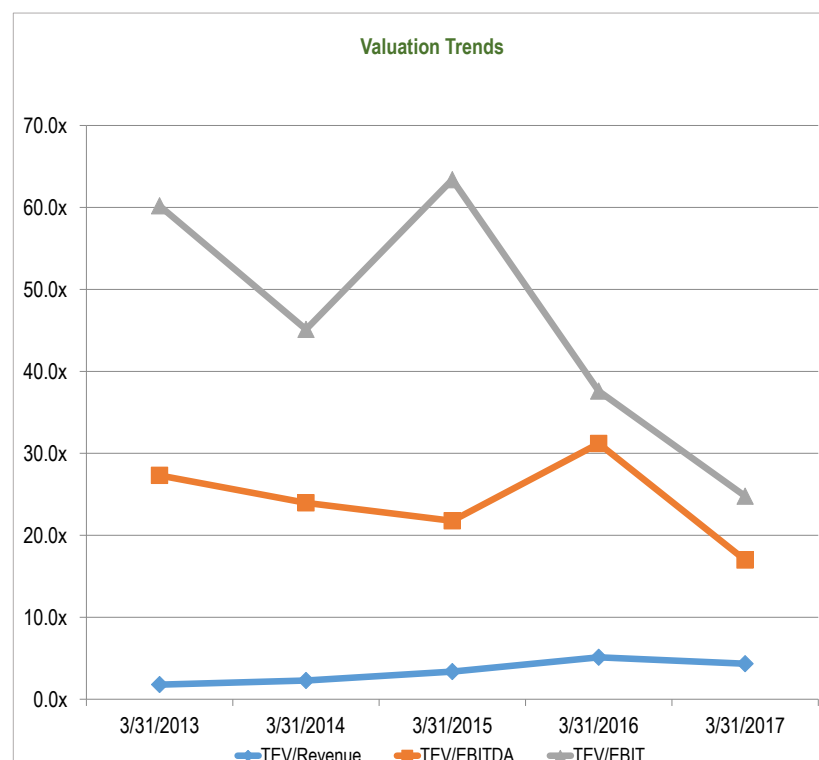
Transportation Infrastructure

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,283	4.3x	17.0x	24.8x	TEV/Revenue	↓
Median	\$3,283	4.3x	17.0x	24.8x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	62.5%	26.1%	16.8%	Gross Margin	↑
Median	62.5%	26.1%	16.8%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/28/2017 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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- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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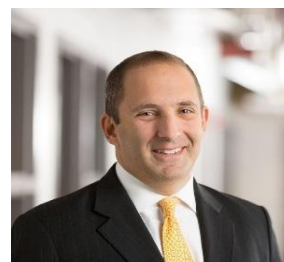


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Data Assumptions

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