



PCE Industry Report

Transportation & Logistics





Middle Market M&A Summary

2nd Quarter 2015

Transportation & Logistics

Key Highlights

- The average value of the top ten transactions was \$33.2mm.
 - The largest transaction was the acquisition of Command Transportation, LLC by Echo Global Logistics, Inc. for \$125 million.
 - The smallest transaction was the acquisition of Mobius Logistics, Inc. by Axios Mobile Assets Corp for \$532,000.
- The public company industry median TEV/EBIT multiple is 13.8x.
- The public company industry median TEV/EBITDA multiple is 9.9x.

Key Trends

- The Air Freight & Logistics subsector's transaction volume is trending positively. The Marine subsector is trending neutrally while the Railroads and Trucking and Transportation Infrastructure subsectors are trending negatively.
- The Railroads and Trucking subsector's transaction volume was the largest at 50% of the industry over the past quarter.
- Transportation and logistics transactions should continue to grow steadily in order to expand geographic reach and improve efficiency through consolidation. Many M&A deals have historically been valued at over \$1 billion across many subsectors.
- Profit margins in the railroads and trucking subsectors are expected to increase as a result of higher demand from the manufacturing sector.
- Capital expenditures are also helping to reduce operating costs. Otherwise, poor infrastructure threatens industry growth across all subsectors.

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



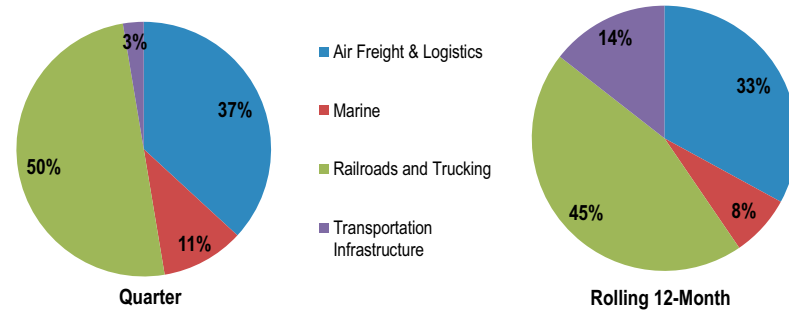
Transportation & Logistics - For the Quarter Ended 06/30/15

Industry Trends During Quarter

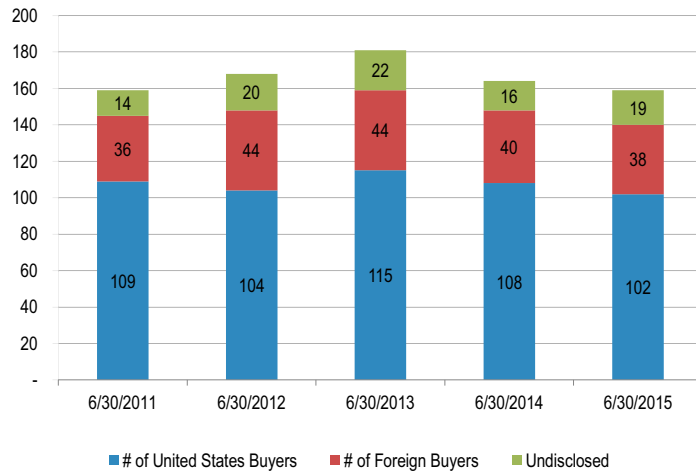
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Air Freight & Logistics	↑	↑	↑
Marine	→	↑	↓
Railroads and Trucking	↓	↓	↑
Transportation Infrastructure	↓	↓	↓

* 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
Air Freight & Logistics	Command Transportation, LLC	Echo Global Logistics, Inc.	\$411.4
Marine	Bridge Terminal Transport Inc.	XPO Logistics, Inc.	\$100.0
Railroads and Trucking	Rail Offloading Facility in El Dorado, Arkansas	Delek Logistics Operating, LLC	\$42.5
Railroads and Trucking	Hodges Trucking Company, L.L.C.	Aveda Transportation and Energy Services Inc.	\$42.0
Air Freight & Logistics	MR Coal Marketing & Trading, LLC	Noble Americas Corporation	\$23.9
Railroads and Trucking	CSX Corp., Framingham Secondary Rail Line	Massachusetts Department of Transportation	\$23.0
Air Freight & Logistics	Service By Air, Inc.	Radiant Logistics, Inc.	\$11.9
Railroads and Trucking	Two Men and a Truck's Oklahoma City Franchise	Michael Mays	\$0.8
Air Freight & Logistics	Mobius Logistics, Inc.	Axios Mobile Assets Corp.	\$0.5

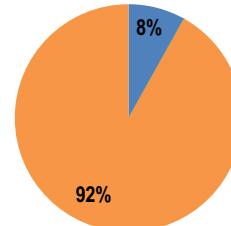
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Air Freight & Logistics - For the Quarter Ended 06/30/15

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

Number of Transactions in Sector	14
Number of Transactions with Disclosed Values	4
Transaction Value*	\$447.67
Average Transaction Value*	\$111.92
Median Transaction Value*	\$13.47

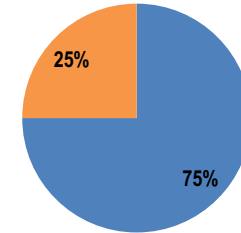
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% Transaction Value During Quarter

Transactions by Value & Volume

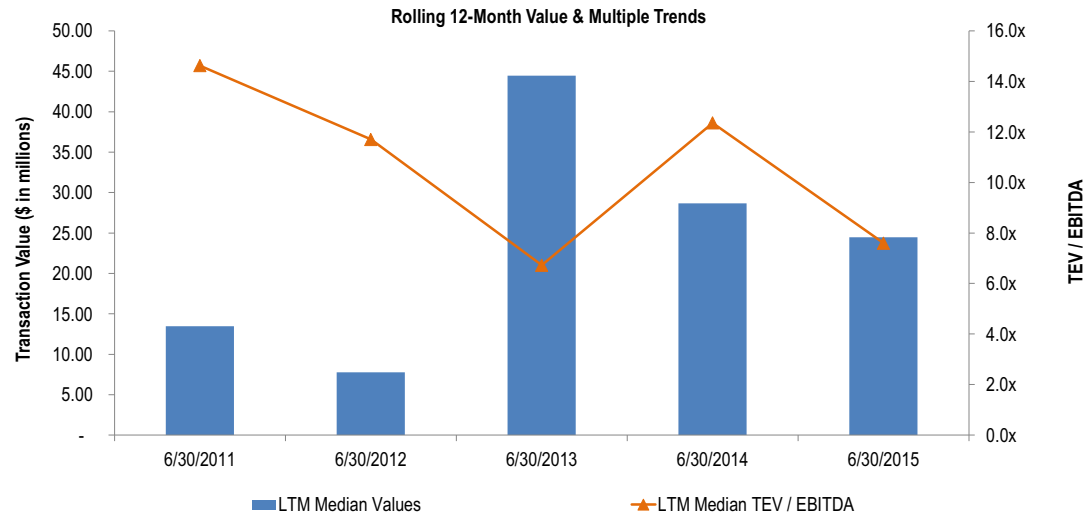
- Transactions <\$50MM
- Transactions \$50MM - \$100MM
- Transactions \$100MM - \$150MM
- Transactions \$150MM - \$200MM
- Transactions \$200MM - \$250MM
- Transactions > \$250MM



% Transaction Volume During Quarter

*Based on transactions with disclosed financial data only

Private Sector Value & EBITDA 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 7/17/2015 and PCE Proprietary Data

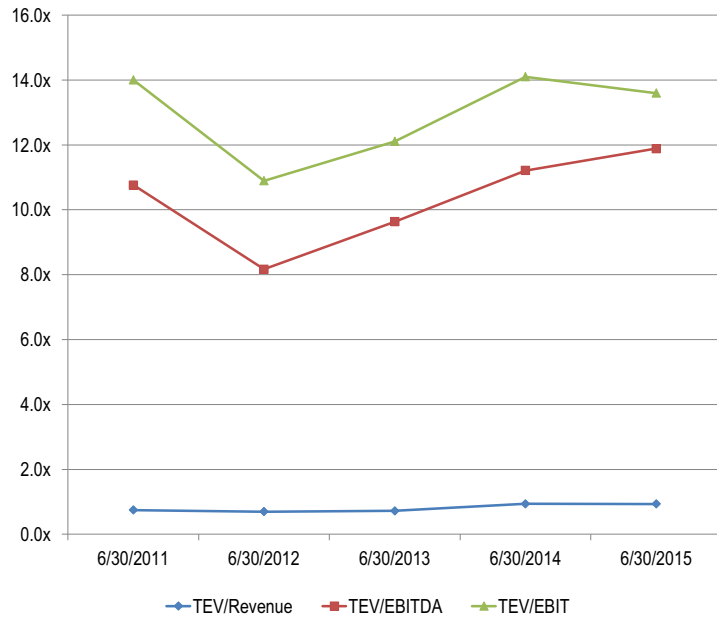
Air Freight & Logistics - For the Quarter Ended 06/30/15

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

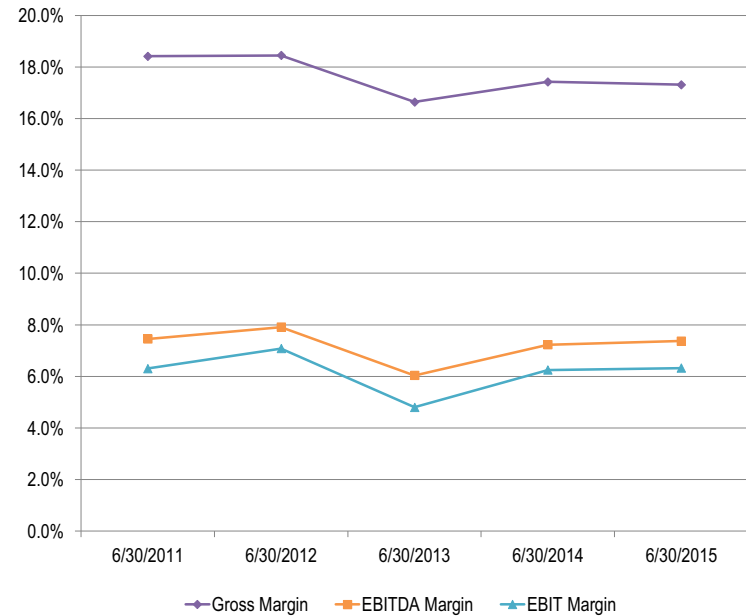
	TEV				LTM 6/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$11,855	1.1x	26.8x	17.5x	TEV/Revenue	↓
Median	\$1,432	0.9x	11.9x	13.6x	TEV/EBITDA	↑
					TEV/EBIT	↓

	Margins			LTM 6/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.3%	9.7%	6.0%	Gross Margin	↓
Median	17.3%	7.4%	6.3%	EBITDA Margin	↑
				EBIT Margin	↑

Valuation Trends



Margin Trends



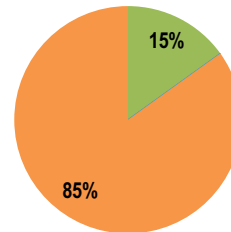
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Marine - For the Quarter Ended 06/30/15

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

Number of Transactions in Sector	4
Number of Transactions with Disclosed Values	3
Transaction Value*	\$937.60
Average Transaction Value*	\$312.53
Median Transaction Value*	\$240.75

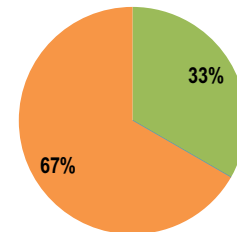
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% Transaction Value During Quarter

Transactions by Value & Volume

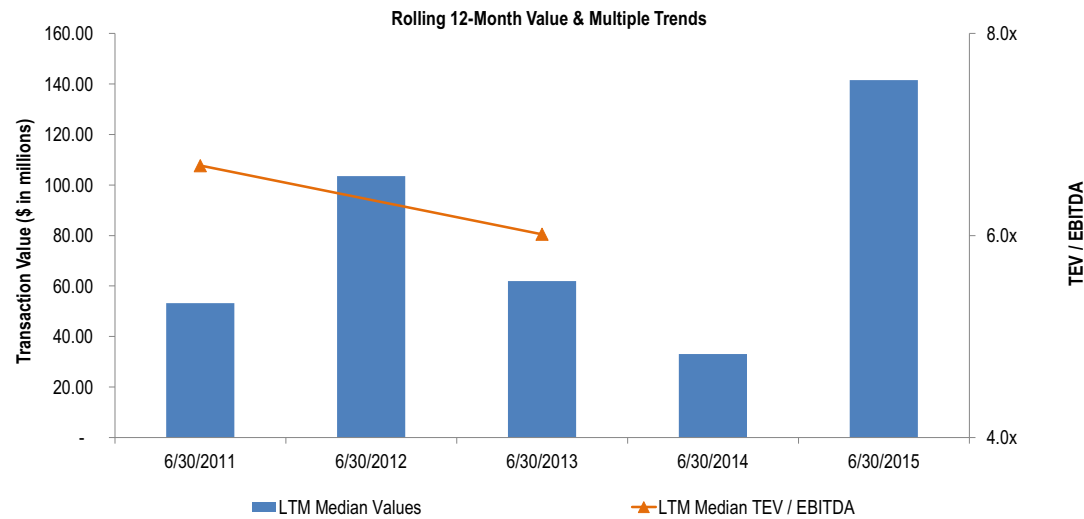
- Transactions <\$50MM
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- Transactions > \$250MM



% Transaction Volume During Quarter

*Based on transactions with disclosed financial data only

Private Sector Value & EBITDA Multiple Trends



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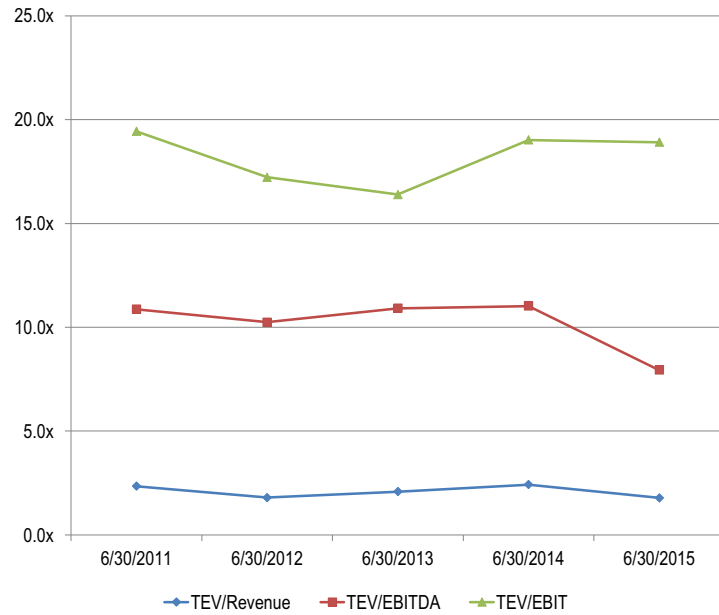
Marine - For the Quarter Ended 06/30/15

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

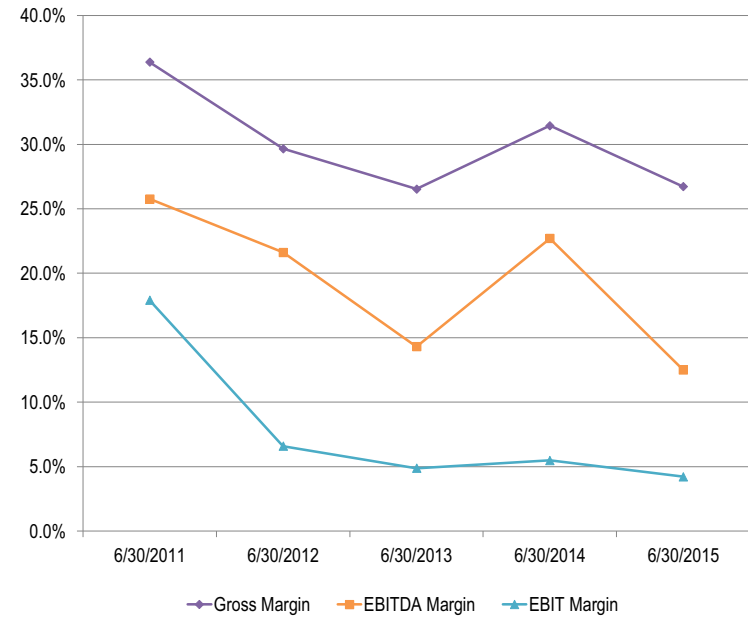
	TEV				LTM 6/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$1,073	3.0x	9.9x	28.0x	TEV/Revenue	↓
Median	\$193	1.8x	7.9x	18.9x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			LTM 6/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	29.1%	17.0%	-2.7%	Gross Margin	↓
Median	26.7%	12.5%	4.2%	EBITDA Margin	↓
				EBIT Margin	↓

Valuation Trends



Margin Trends



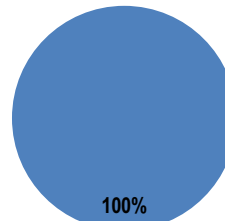
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Railroads and Trucking - For the Quarter Ended 06/30/15

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

Number of Transactions in Sector	19
Number of Transactions with Disclosed Values	4
Transaction Value*	\$108.28
Average Transaction Value*	\$27.07
Median Transaction Value*	\$32.50

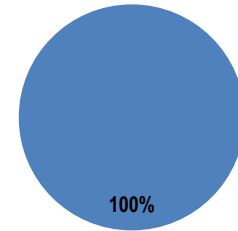
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% Transaction Value During Quarter

Transactions by Value & Volume

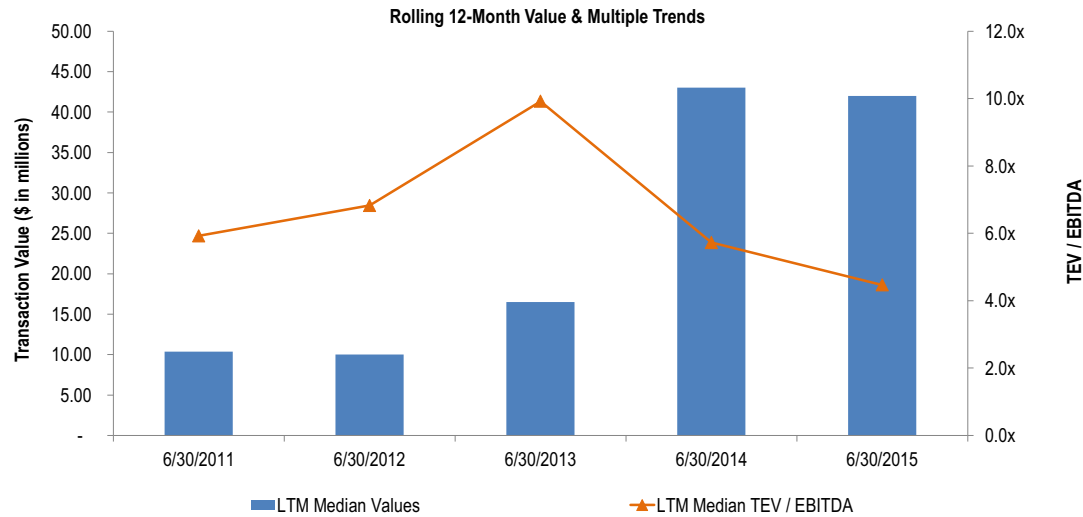
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% Transaction Volume During Quarter

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Private Sector Value and EBITDA Multiple Trends



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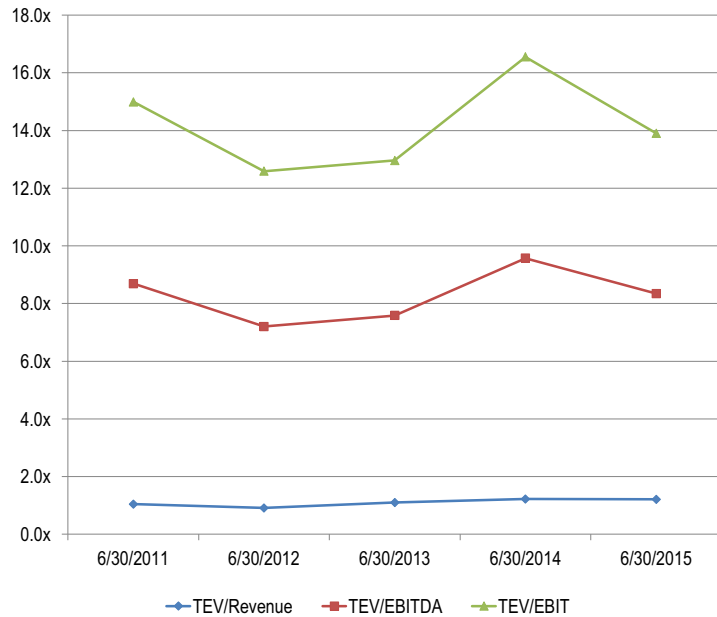
Railroads and Trucking - For the Quarter Ended 06/30/15

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

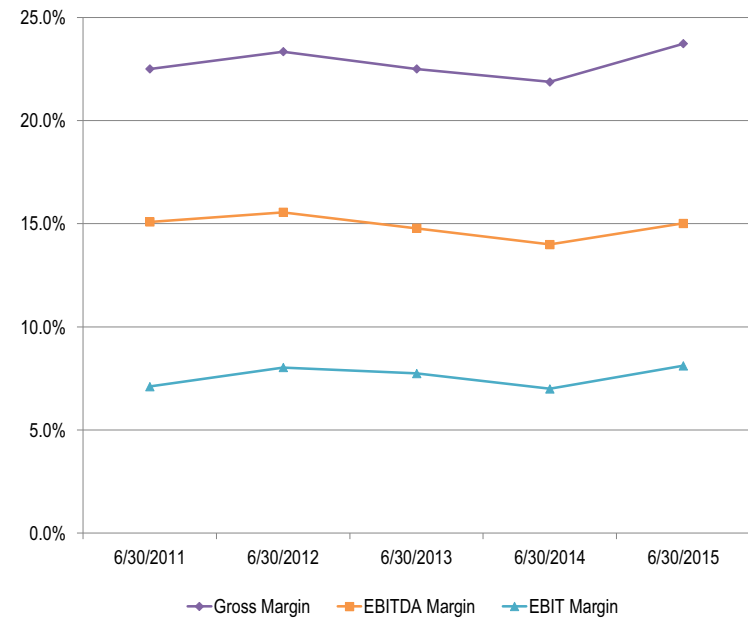
	TEV				LTM 6/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$7,296	1.7x	8.4x	14.4x	TEV/Revenue	↓
Median	\$2,023	1.2x	8.3x	13.9x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			LTM 6/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.1%	19.0%	12.1%	Gross Margin	↑
Median	23.7%	15.0%	8.1%	EBITDA Margin	↑
				EBIT Margin	↑

Valuation Trends



Margin Trends



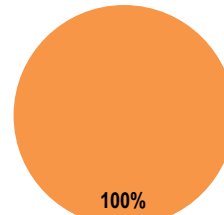
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Transportation Infrastructure - For the Quarter Ended 06/30/15

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

Number of Transactions in Sector	1
Number of Transactions with Disclosed Values	1
Transaction Value*	\$7,500
Average Transaction Value*	\$7,500
Median Transaction Value*	\$7,500

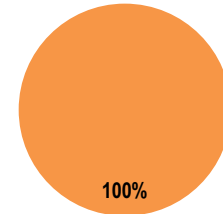
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100%
% Transaction Value During Quarter

Transactions by Value & Volume

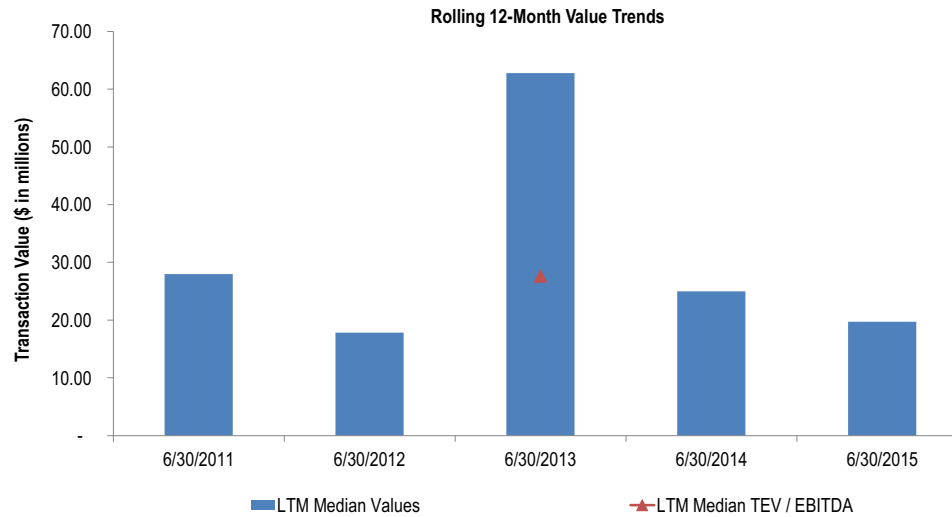
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100%
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Private Sector Value Trends



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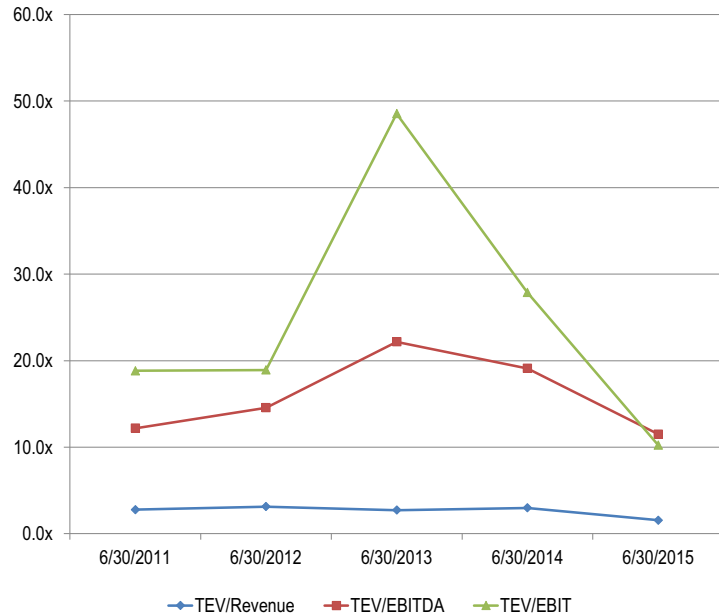
Transportation Infrastructure - For the Quarter Ended 06/30/15

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

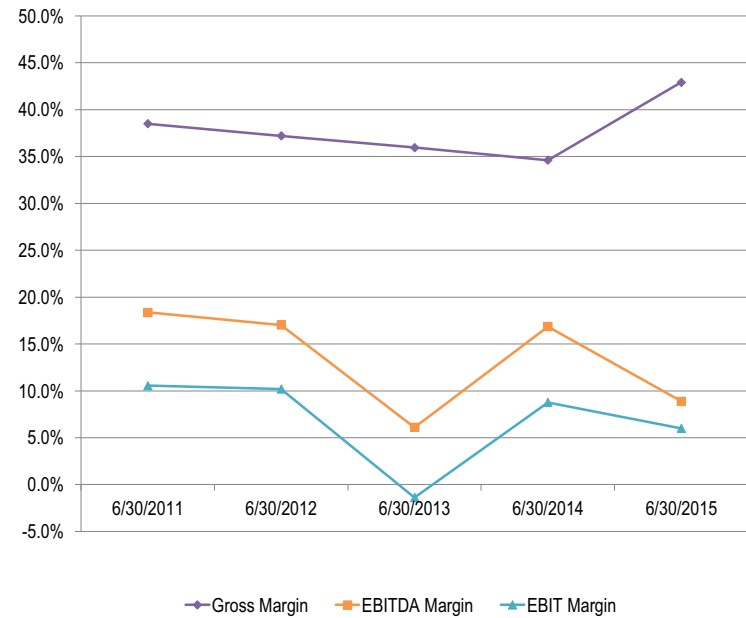
	TEV				LTM 6/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,675	2.6x	25.9x	10.3x	TEV/Revenue	↓
Median	\$1,469	1.6x	11.5x	10.3x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			LTM 6/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	40.7%	10.0%	4.7%	Gross Margin	↑
Median	42.9%	8.9%	6.0%	EBITDA Margin	↓
				EBIT Margin	↓

Valuation Trends



Margin Trends



Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Data Assumptions

At PCE, we consider 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 announced dates.



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Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value

About PCE

Eighteen years ago, PCE was formed to provide professional investment banking, business valuation and advisory services to middle market companies. We determined from our experience as business owners that there was a need that was not being professionally fulfilled.

We understand the importance of creating a relationship and the value of trust when providing our services. PCE's professionals are successful business owner, entrepreneurs, lenders, former Federal Reserve board members, CPA's, CFA's, national & international valuation experts, international analysts and investors. PCE offers senior level attention, sound advice, skilled execution and personalized attention you can trust.

Our mission is to be the premier investment bank serving middle market companies. PCE is committed to providing individualized strategies throughout your business life-cycle, focused on maximizing shareholder value.

PCE Investment Bankers, Inc. – member FINRA and SIPC; PCE Valuations, LLC; PCE Advisory, LLC