



PCE Industry Report

Transportation & Logistics



Middle Market M&A Summary

Transportation & Logistics

4th Quarter 2015

Key Highlights

- The largest transaction was the acquisition of Con-way Inc. by XPO Logistics, Inc. for \$3.5 billion.
- The public company industry median TEV/EBIT multiple is 13.3x.
- The public company industry median TEV/EBITDA multiple is 12.1x.

Key Trends

- The Railroad & Trucking, Air Freight & Logistics, Marine, and Transportation Infrastructure subsectors' transaction volume is trending negatively over the past quarter.
- The Railroad & Trucking subsector's transaction volume was the largest at 46% of the industry over the past quarter.
- The airline industry experienced the first industry-wide price hike since June to help manage growing labor costs.¹
- Higher consumer spending and international trade expectations will reinforce revenue growth of freight hauling. However, the growth in the transportation industry is limited to the advancements of logistic systems.

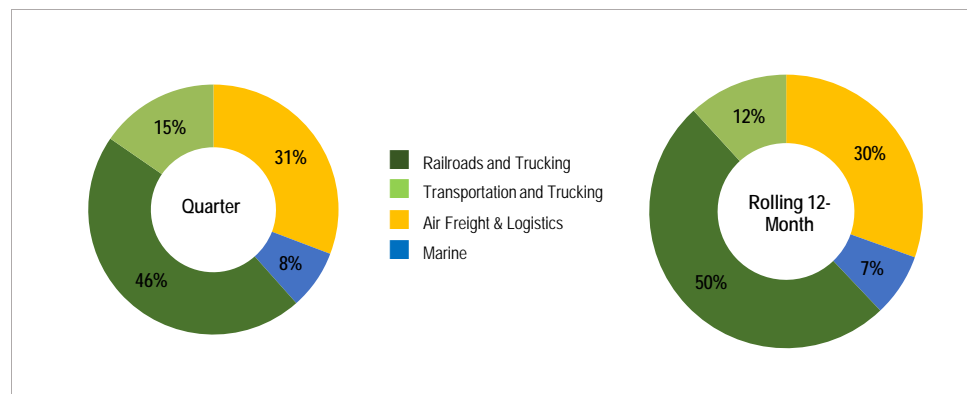
Source: ¹U.S. Airlines raise fares \$3 in first sector-wide hike since June. (2016, January), Reuters

Industry Trends During Quarter

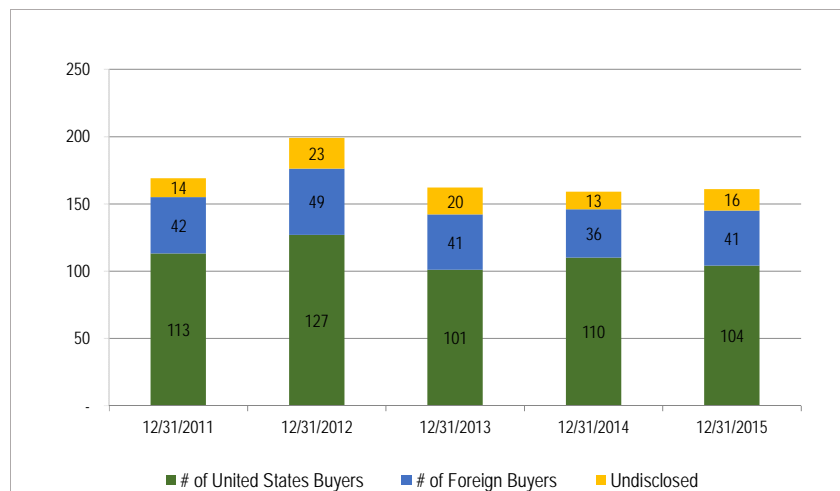
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Air Freight & Logistics	↓	↑	↓
Marine	↓	↓	↑
Railroads and Trucking	↓	↓	↓
Transportation Infrastructure	↓	↓	↑

* 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
Railroads and Trucking	Con-way Inc.	XPO Logistics, Inc.	\$3,500.4

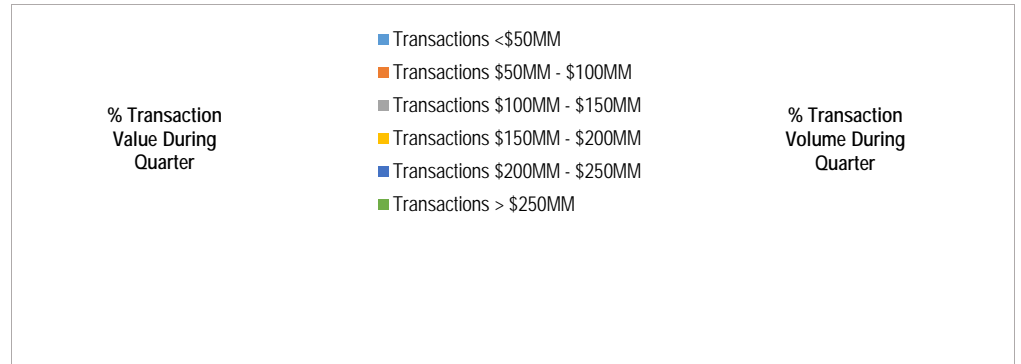
Source: S&P Capital IQ as of 1/26/2016 and PCE Proprietary Data

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

Transaction Volume	8
Number of Transactions with Disclosed Values	0
Transaction Value*	0
Average Transaction Value*	48
Median Transaction Value*	\$10.62

*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 1/26/2016 and PCE Proprietary Data

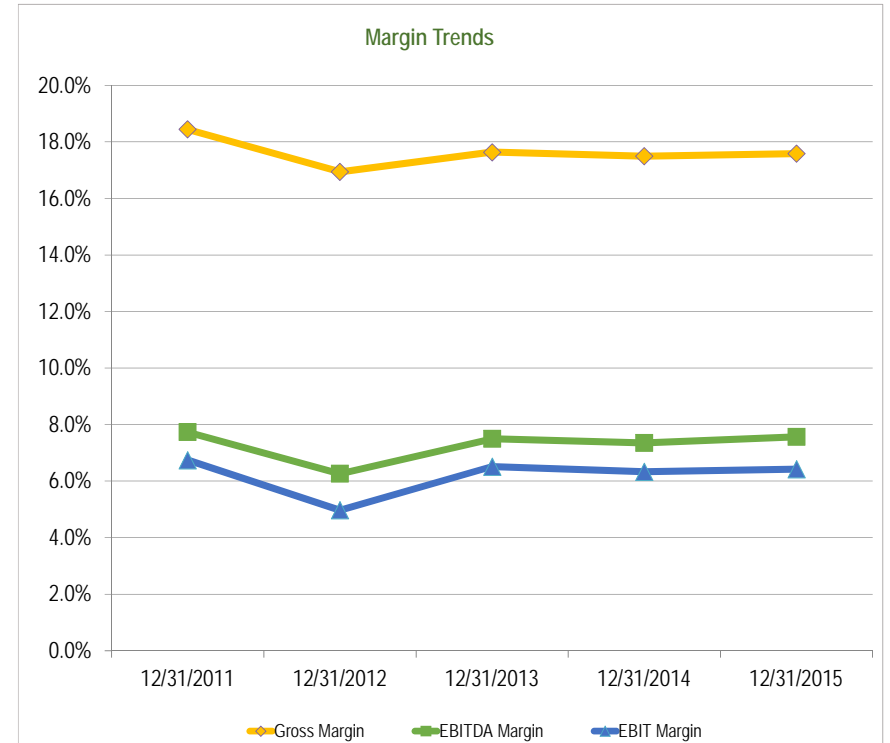
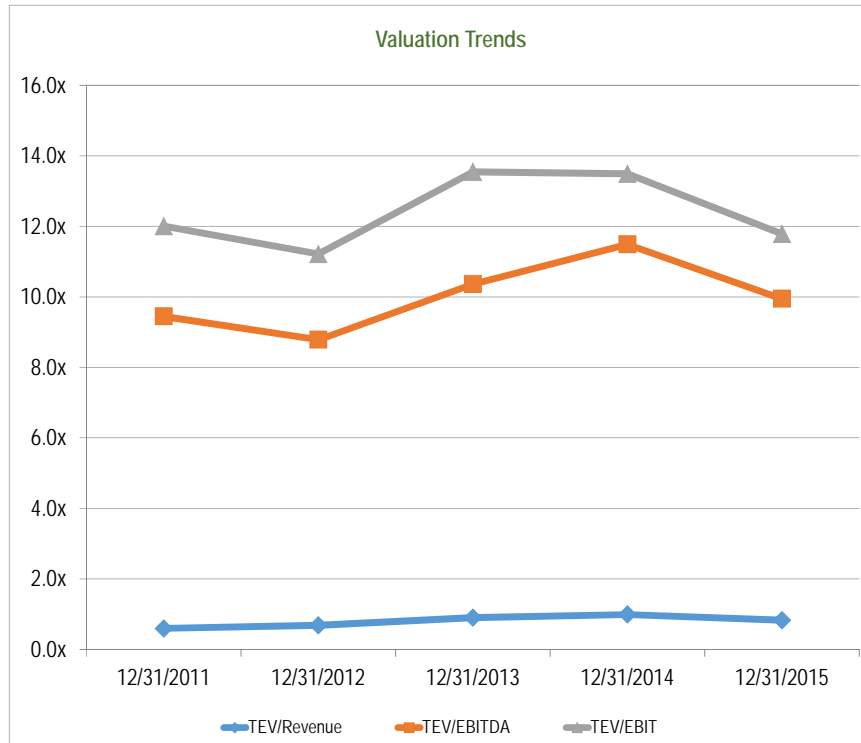
Air Freight & Logistics

4th Quarter 2015

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$10,184	0.9x	10.1x	16.9x	TEV/Revenue	↓
Median	\$956	0.8x	9.9x	11.8x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 12/31/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	20.6%	10.3%	6.4%	Gross Margin	↑
Median	17.6%	7.6%	6.4%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 1/26/2016 and PCE Proprietary Data

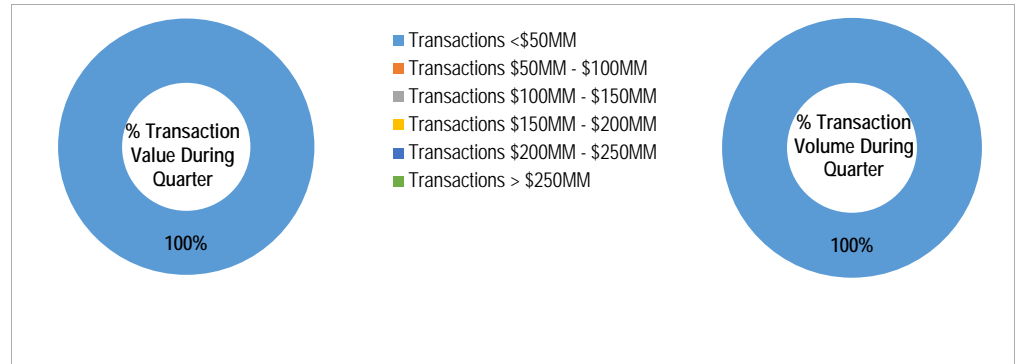


Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	2
Number of Transactions with Disclosed Values	1
Transaction Value*	\$4.00
Average Transaction Value*	\$47.95
Median Transaction Value*	\$53.20

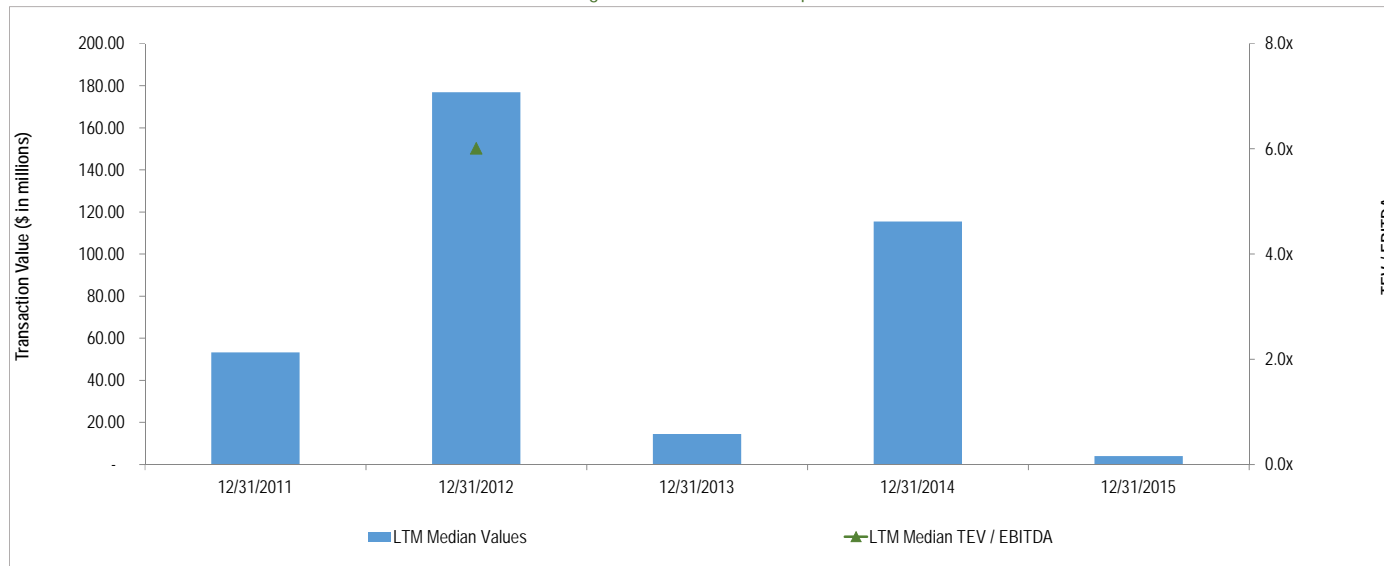
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Transactions by Value & Volume



Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



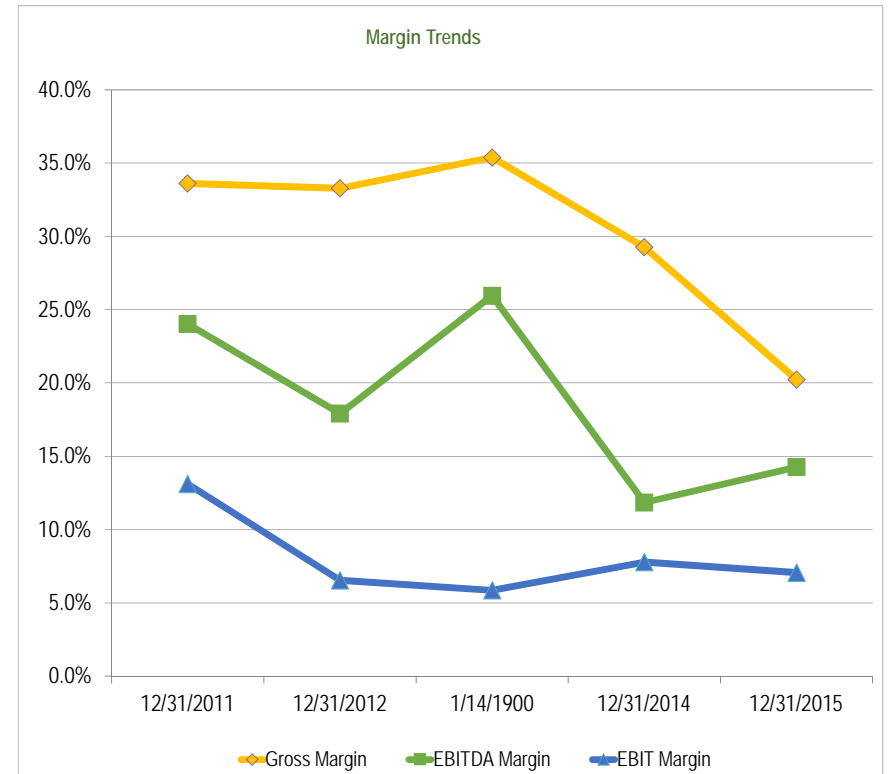
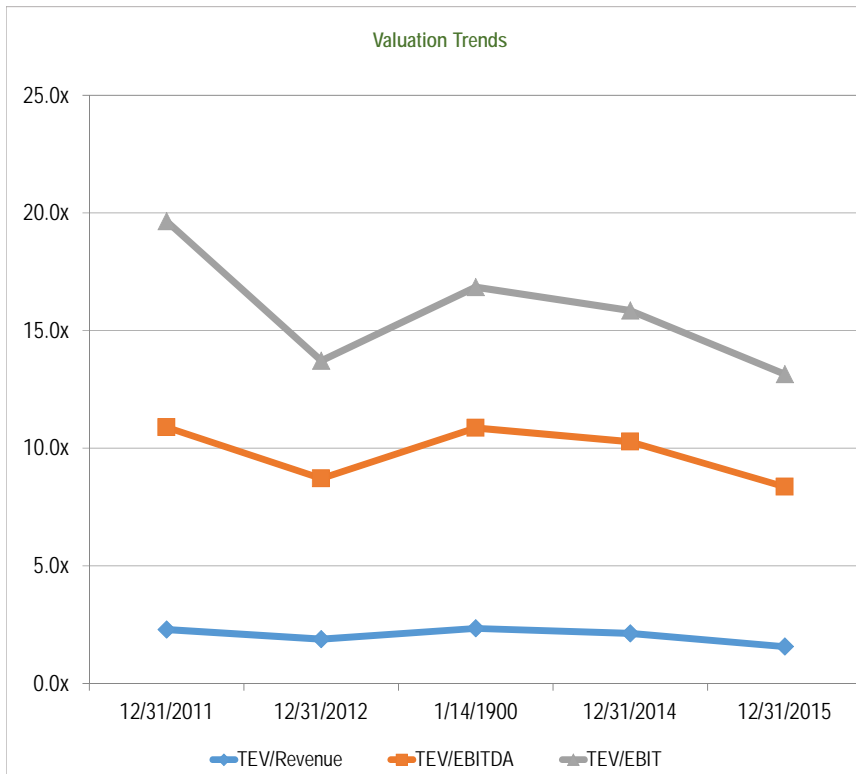
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Source: S&P Capital IQ as of 1/26/2016 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$861	2.5x	8.0x	14.0x	TEV/Revenue	↑
Median	\$90	1.6x	8.4x	13.1x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 12/31/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.9%	12.2%	-6.6%	Gross Margin	↓
Median	20.2%	14.3%	7.1%	EBITDA Margin	↑
				EBIT Margin	↓



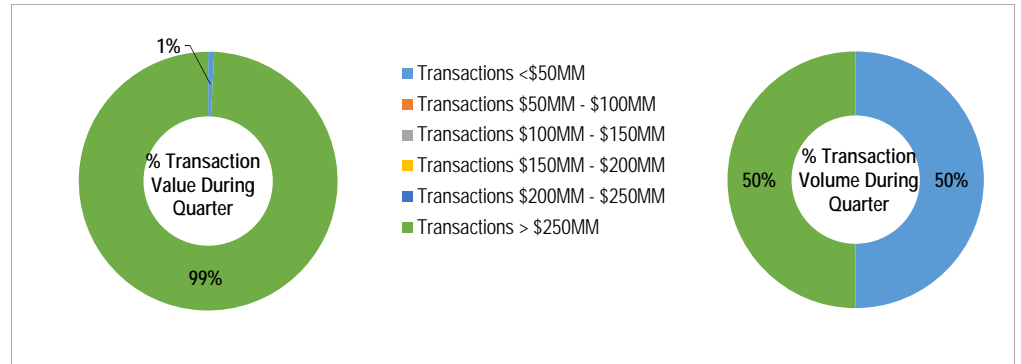
Source: S&P Capital IQ as of 1/26/2016 and PCE Proprietary Data

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

Transaction Volume	12
Number of Transactions with Disclosed Values	2
Transaction Value*	\$3,526.40
Average Transaction Value*	\$47.34
Median Transaction Value*	\$10.00

**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



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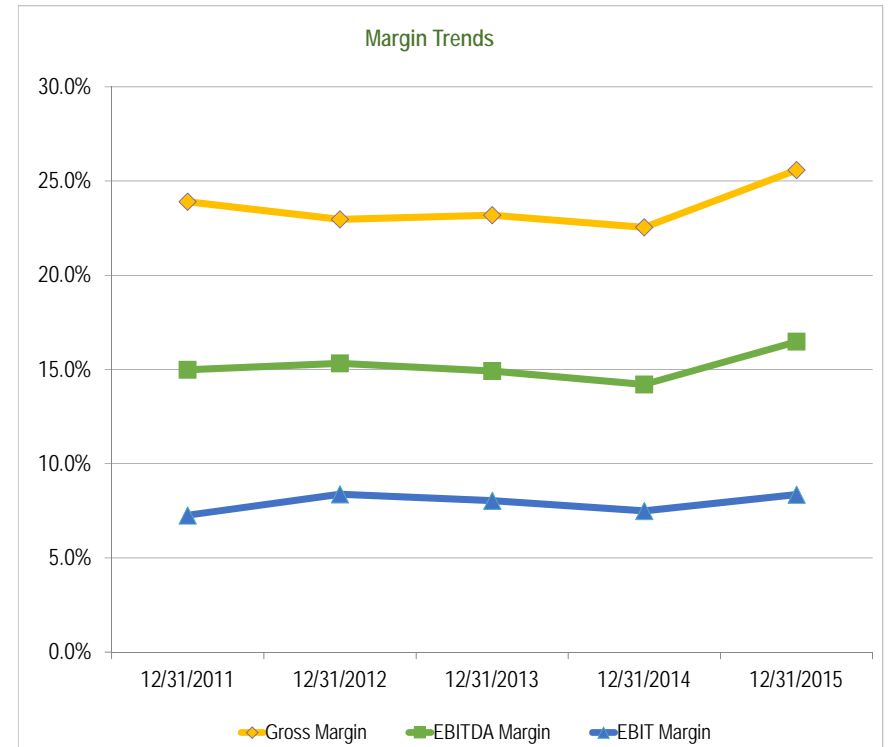
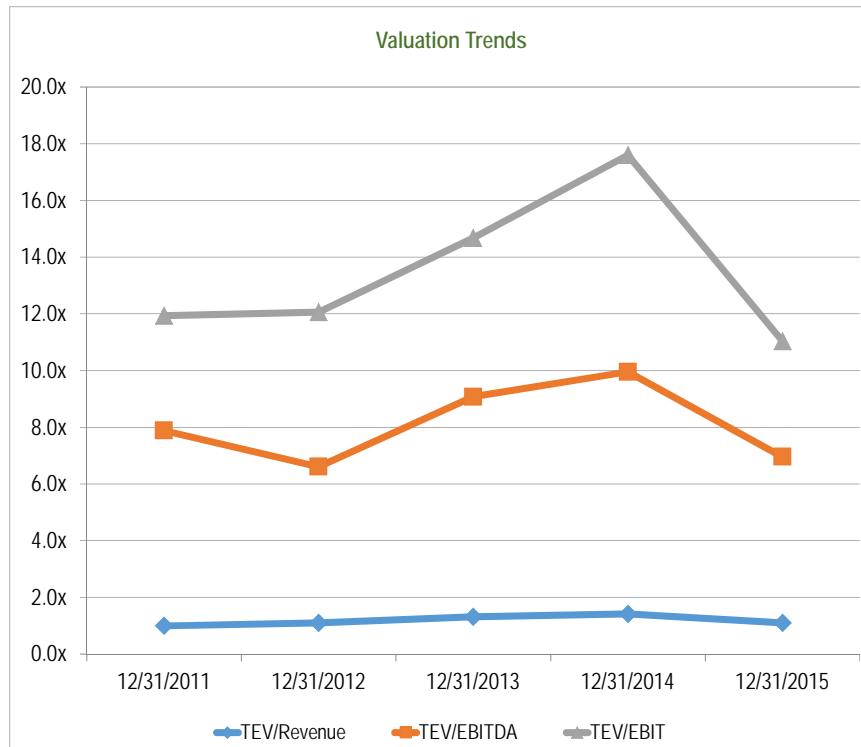
Railroads and Trucking

4th Quarter 2015

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$5,720	1.5x	7.2x	12.2x	TEV/Revenue	↓
Median	\$1,662	1.1x	7.0x	11.0x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 12/31/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	27.0%	20.0%	12.6%	Gross Margin	↑
Median	25.6%	16.5%	8.4%	EBITDA Margin	↑
				EBIT Margin	↑



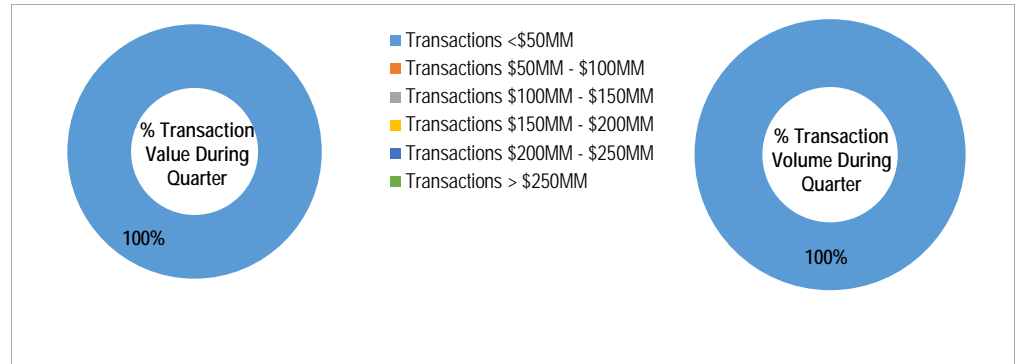
Source: S&P Capital IQ as of 1/26/2016 and PCE Proprietary Data

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

Transaction Volume	4
Number of Transactions with Disclosed Values	2
Transaction Value*	\$46.70
Average Transaction Value*	\$67.28
Median Transaction Value*	\$25.00

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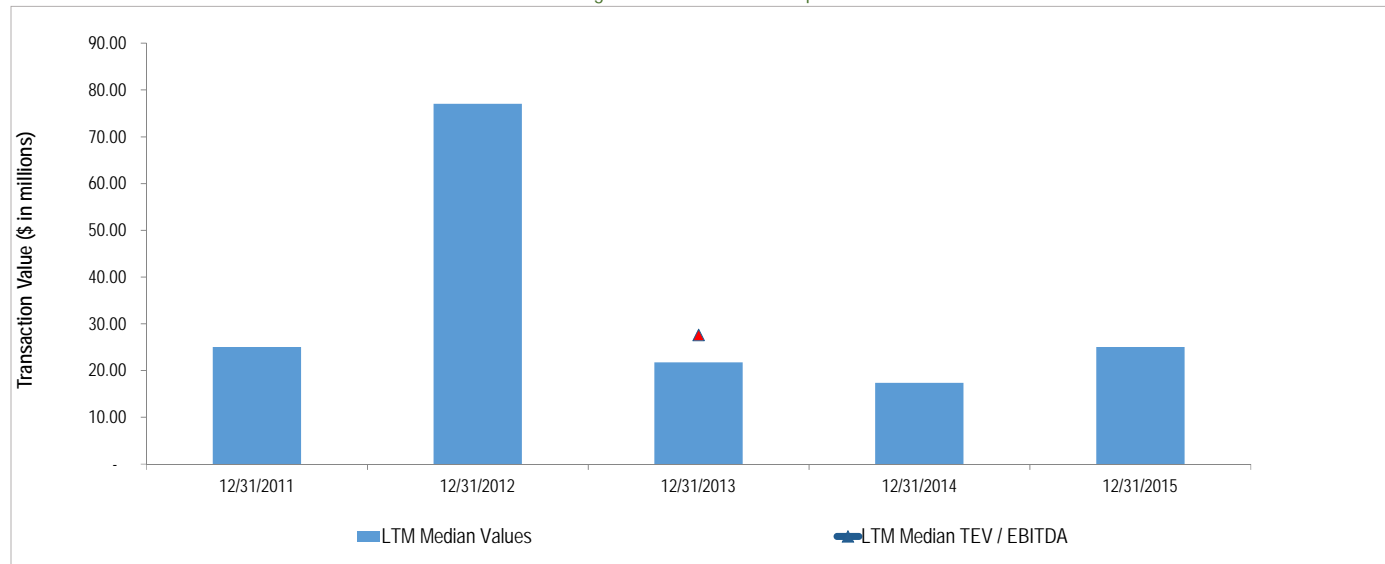
Transactions by Value & Volume



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Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



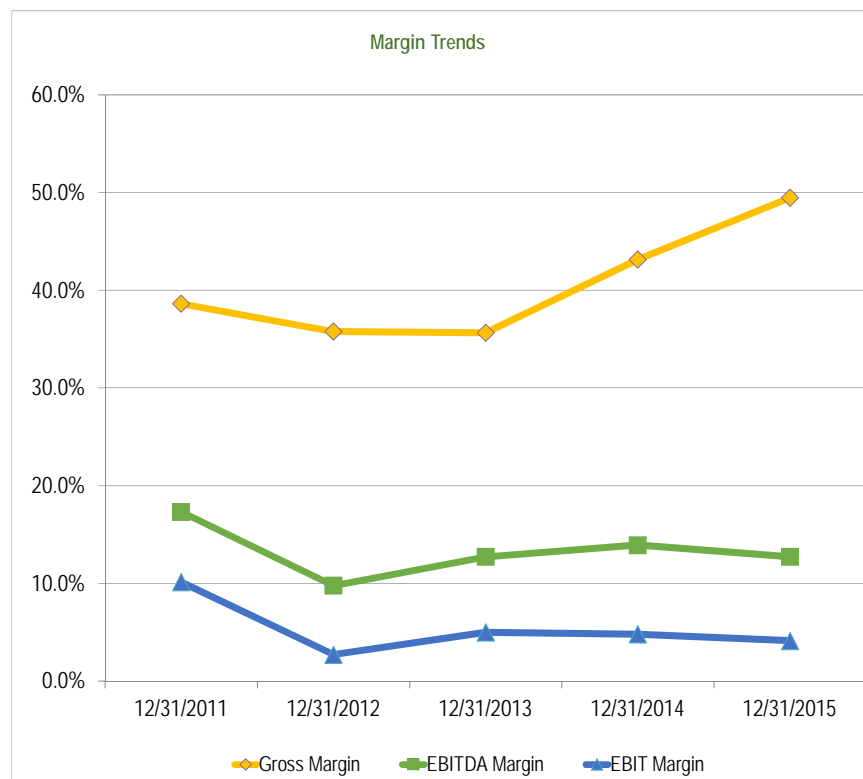
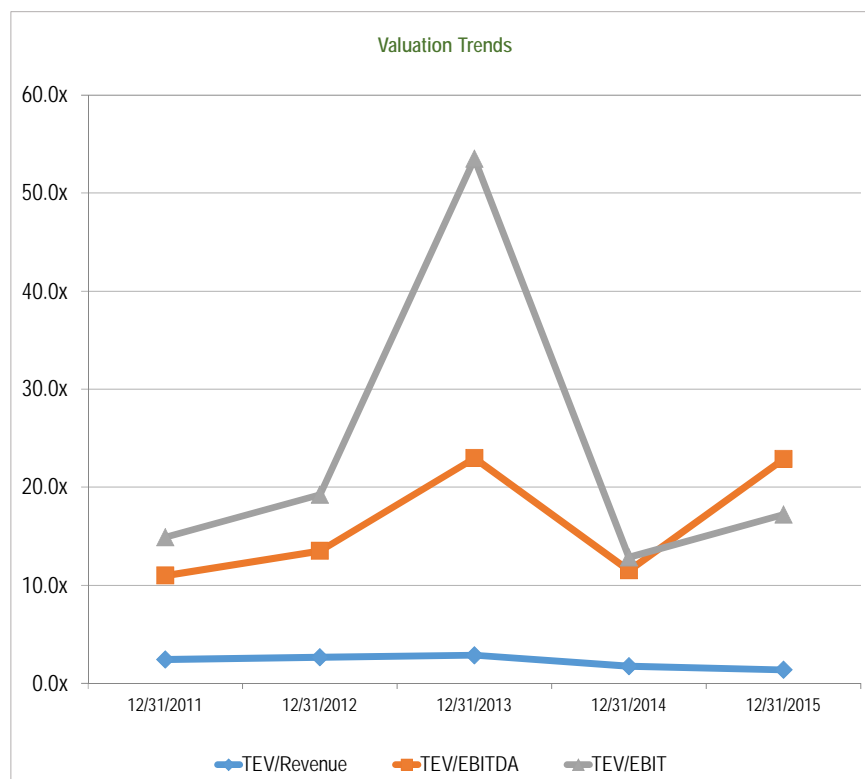
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Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,156	2.3x	19.2x	17.2x	TEV/Revenue	↓
Median	\$1,023	1.4x	22.9x	17.2x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	41.8%	11.5%	5.6%	Gross Margin	↑
Median	49.5%	12.7%	4.1%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 1/26/2016 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

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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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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/announced dates only.

Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value