

## Transportation & Logistics M&A Market Q2 2015

As the dollar strengthens and advanced economies continue to recover, continual growth is expected in the industry as strategic buyers continue to expand and consolidate internationally. Fuel prices will also play a critical role in this space over the next few months. As gas prices continue to remain low, firms have seen stronger margins and are expected to persist in the near future.

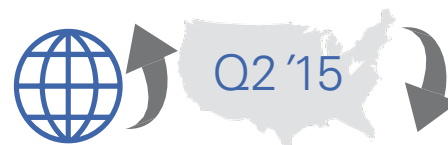


Total global deal value in Q2 '15 was \$24.7 billion, up by 22.8% from Q1 '15

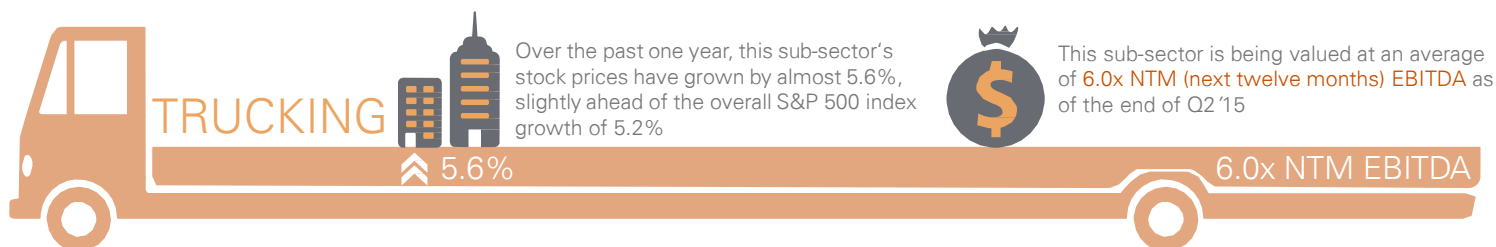


The U.S. accounted for 20% of global M&A in the Q2 '15, down from 23% in Q1 '15

The global M&A deal **volume** saw a 15.6% increase in Q2 '15 over Q1 '15. However for U.S., the M&A deal volume was almost flat in the quarter



### SECTOR PERFORMANCE



This sub-sector's stock performance witnessed a fall of 9.1% compared to last year

9.1%

Marine was valued at an average of **7.8x NTM EBITDA** as of the end of Q2 '15

### RAIL AND RAIL SERVICES

Rail stock performance was the worst amongst other sub-sectors, with a 14.0% fall in the last year



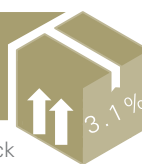
14.0%



It is being valued at an average of **8.3x NTM EBITDA** as of the end of Q2 '15

### LOGISTICS PROVIDERS

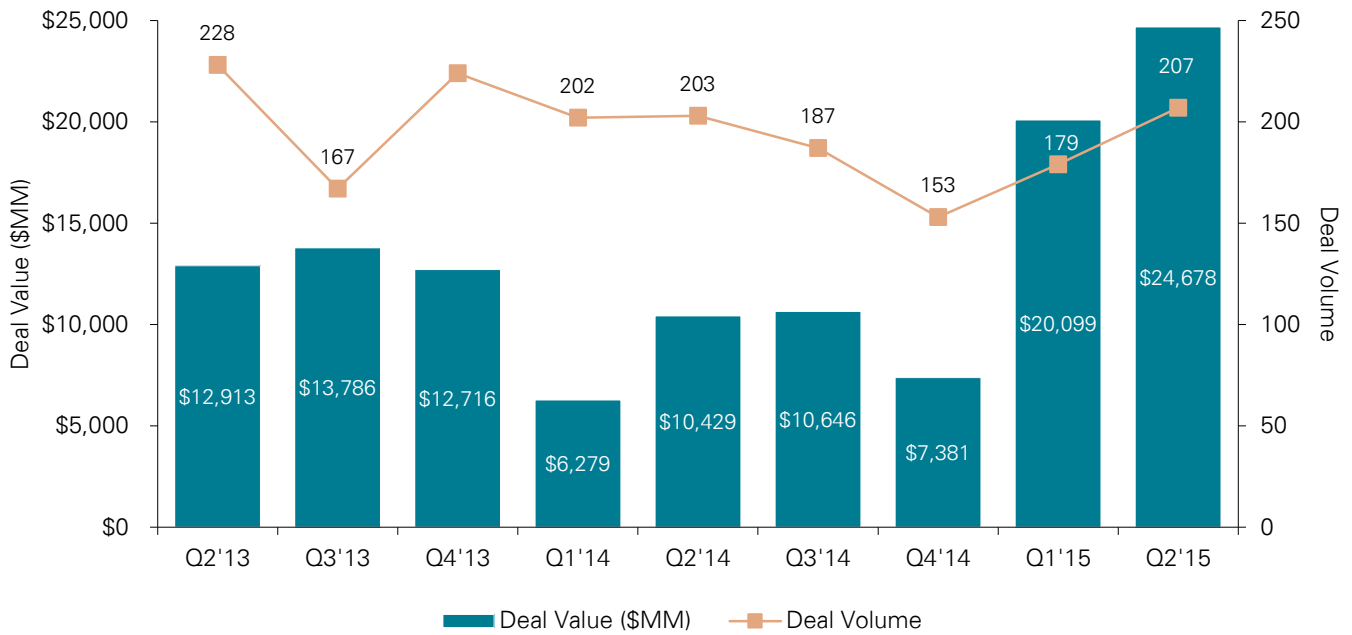
Witnessing 3.1% growth in stock prices over last year, this sub-sector has underperformed as compared to the S&P 500 index



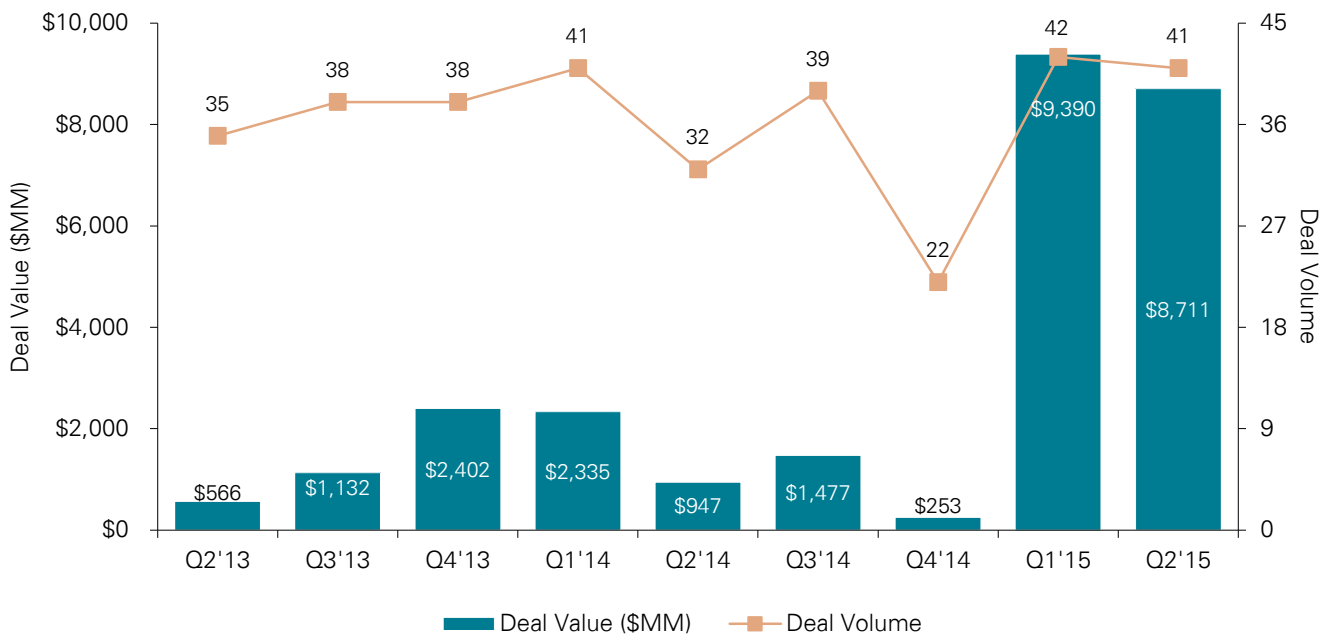
Source: Capital IQ.

Notes: M&A growth analysis based on deals closed during the respective periods of Q2 2015 vs. Q1 2015. Deal value multiples represent aggregate deal value for disclosed transactions only. The sub-sector performances are based on internally originated lists of representative public companies within the sub-sectors. Detailed list of these sub-sectors can be found on pages 3-4.

## Global Transportation & Logistics M&A Trend Q2'13 – Q2'15



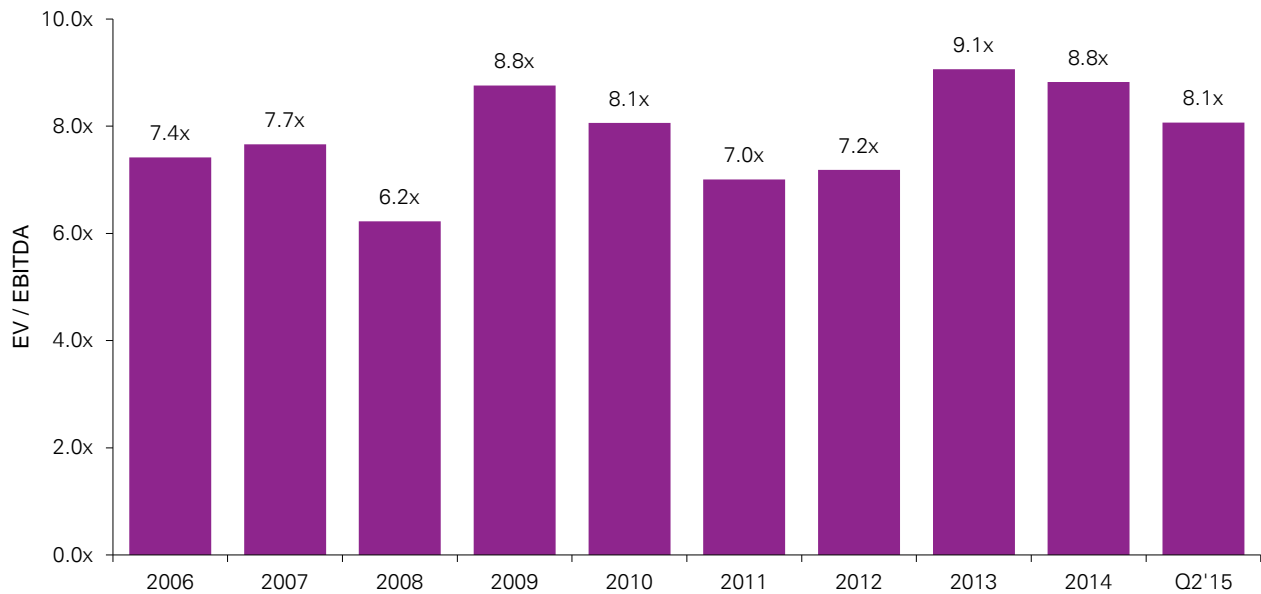
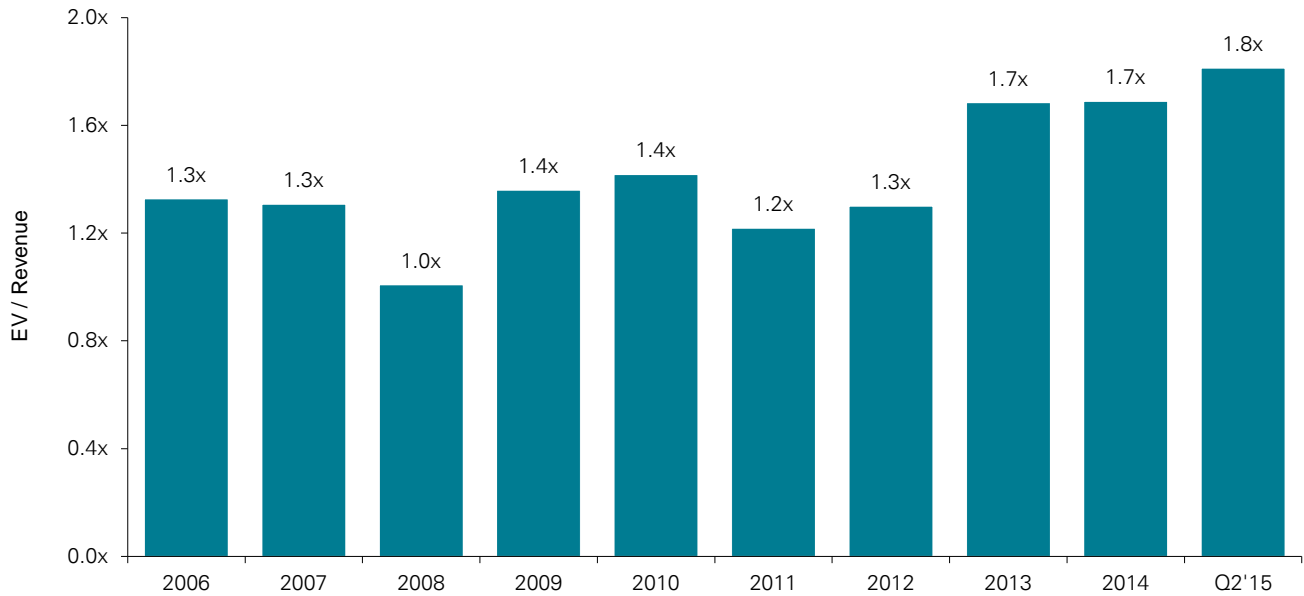
## U.S. Transportation & Logistics M&A Trend Q2'13 – Q2'15



Source: Capital IQ.

Notes: M&A analysis based on deals closed during the respective periods. Deal value represents aggregate deal value for disclosed transactions for the time periods noted on the above graphs.

## U.S. NTM Multiple Valuation Trends 2006 – Q2'15



Source: Capital IQ

Note: The Transportation & Logistics valuation trend is based on an internally originated list of public companies viewed as best representing the sector. The list of public companies selected can be found on pages 3-4. Graphs depict enterprise value as multiple of Revenue and EBITDA; respectively.

## Transportation & Logistics Performance Summary by Sub-sector (\$MM, except per share data)

Company	Market Cap <sup>(1), (2)</sup>	Share Price <sup>(2)</sup>	% 52-Wk High <sup>(3)</sup>	Enterprise Value <sup>(4)</sup>	Last Twelve Months (LTM)				EV/NTM Revenue <sup>(6)</sup>	EV/NTM EBITDA <sup>(7)</sup>
					Revenue	Revenue Growth	EBITDA <sup>(5)</sup>	EBITDA Margin		
<b>Logistics Providers</b>										
Agility Public Warehousing Company KSC	2,609.8	2.27	78.3%	2,395.7	4,527.5	1.8%	259.6	5.7%	NM	NM
Air Transport Services Group, Inc.	684.3	10.49	95.7%	997.8	593.0	2.2%	187.2	31.6%	1.6x	5.3x
Atlas Air Worldwide Holdings, Inc.	1,374.2	54.96	92.4%	3,030.9	1,840.7	9.4%	369.5	20.1%	1.6x	8.0x
CH Robinson Worldwide Inc.	9,098.8	62.39	80.5%	10,074.8	13,628.4	5.6%	823.2	6.0%	0.7x	11.3x
Deutsche Post AG	35,354.1	29.19	84.0%	37,663.6	62,628.8	5.1%	3,877.1	6.2%	0.6x	7.7x
DSV A/S	5,456.1	32.37	89.8%	6,408.4	7,130.0	7.0%	443.1	6.2%	0.8x	12.3x
Echo Global Logistics, Inc.	943.1	32.66	95.1%	910.5	1,209.2	30.3%	38.0	3.1%	0.5x	10.5x
Expeditors International of Washington Inc.	8,818.7	46.11	93.1%	7,851.2	6,750.6	9.6%	676.8	10.0%	1.1x	10.7x
FedEx Corporation	48,352.2	170.40	92.0%	52,102.2	47,453.0	4.1%	7,141.0	15.0%	1.0x	6.5x
Forward Air Corp.	1,618.6	52.26	90.7%	1,578.7	815.3	19.5%	122.3	15.0%	1.7x	10.2x
Hub Group Inc.	1,482.2	40.34	78.4%	1,483.0	3,558.6	3.0%	135.7	3.8%	NM	11.5x
JB Hunt Transport Services Inc.	9,568.1	82.09	87.8%	10,495.7	6,198.7	8.8%	976.4	15.8%	1.6x	9.7x
Kuehne + Nagel International AG	15,897.5	132.53	83.5%	14,697.5	18,396.6	0.6%	1,057.3	5.7%	0.6x	13.0x
Landstar System Inc.	2,969.8	66.87	81.7%	2,914.8	3,260.3	19.4%	254.0	7.8%	0.9x	10.6x
Panalpina World Transport Holding Ltd.	2,991.2	126.02	79.7%	2,614.3	6,815.3	(2.1%)	153.7	2.3%	NM	11.8x
Roadrunner Transportation Systems, Inc.	984.2	25.80	88.9%	1,403.9	1,979.8	37.1%	129.7	6.6%	0.6x	9.1x
Ryder System, Inc.	4,657.6	87.37	86.8%	9,119.5	6,595.2	2.0%	1,654.0	25.1%	1.4x	5.1x
TransForce Inc.	2,079.4	20.30	80.2%	3,499.6	3,140.1	27.0%	360.8	11.5%	1.0x	7.6x
United Parcel Service, Inc.	87,420.1	96.91	84.7%	94,967.1	58,430.0	4.7%	7,040.0	12.0%	1.6x	9.8x
Universal Truckload Services Inc.	658.4	21.96	75.6%	874.4	1,175.7	10.4%	116.6	9.9%	0.7x	7.1x
UTi Worldwide Inc.	1,058.9	9.99	67.7%	1,367.4	4,109.2	(6.6%)	8.7	0.2%	NM	12.0x
World Fuel Services Corp.	3,461.4	47.95	82.0%	3,849.0	40,176.2	(4.2%)	330.2	0.8%	NM	10.4x
<b>Logistics Providers Mean</b>			<b>84.9%</b>			<b>8.9%</b>		<b>10.0%</b>	<b>1.1x</b>	<b>9.5x</b>
<b>Logistics Providers Median</b>			<b>84.4%</b>			<b>5.4%</b>		<b>7.2%</b>	<b>1.0x</b>	<b>10.2x</b>
<b>Trucking</b>										
ArcBest Corporation	827.0	31.80	66.9%	767.9	2,648.1	12.4%	164.5	6.2%	NM	3.9x
Celadon Group Inc.	557.2	20.68	70.9%	976.6	844.9	16.6%	116.6	13.8%	1.0x	6.6x
Con-way Inc.	2,211.3	38.37	71.7%	2,516.5	5,809.7	5.5%	512.6	8.8%	0.4x	4.5x
Covenant Transportation Group, Inc.	516.4	25.06	68.1%	697.4	725.2	6.5%	100.3	13.8%	0.9x	5.4x
Heartland Express, Inc.	1,776.0	20.23	72.4%	1,783.3	834.4	24.1%	208.8	25.0%	2.1x	6.7x
Knight Transportation Inc.	2,200.1	26.74	77.0%	2,317.4	1,143.5	16.3%	259.2	22.7%	1.7x	7.0x
Marten Transport Ltd.	728.5	21.70	87.1%	752.7	670.0	1.3%	122.5	18.3%	1.0x	4.8x
Old Dominion Freight Line Inc.	5,883.9	68.61	84.2%	6,004.8	2,863.9	18.4%	615.3	21.5%	1.9x	8.6x
P.A.M. Transportation Services, Inc.	431.2	58.05	85.9%	485.6	412.6	3.0%	59.6	14.4%	NM	NM
Quality Distribution Inc.	434.3	15.46	97.5%	784.2	987.7	5.7%	68.7	7.0%	0.7x	8.7x
Saia, Inc.	977.8	39.29	68.2%	1,056.5	1,265.6	8.6%	152.1	12.0%	0.8x	6.2x
Swift Transportation Company	3,227.6	22.67	77.0%	4,623.7	4,305.4	3.9%	611.4	14.2%	1.0x	6.7x
Universal Truckload Services Inc.	658.4	21.96	75.6%	874.4	1,175.7	10.4%	116.6	9.9%	0.7x	7.1x
USA Truck Inc.	223.4	21.23	66.1%	340.8	589.9	3.8%	63.7	10.8%	0.6x	4.9x
Werner Enterprises Inc.	1,886.9	26.25	78.6%	1,939.3	2,142.9	5.7%	334.3	15.6%	0.9x	4.9x
YRC Worldwide Inc.	425.1	12.98	44.4%	1,363.9	5,044.3	2.7%	235.0	4.7%	NM	4.3x
<b>Trucking Mean</b>			<b>74.5%</b>			<b>9.0%</b>		<b>13.7%</b>	<b>1.1x</b>	<b>6.0x</b>
<b>Trucking Median</b>			<b>74.0%</b>			<b>6.1%</b>		<b>13.8%</b>	<b>0.9x</b>	<b>6.2x</b>

## Transportation & Logistics Performance Summary by Sub-sector (\$MM, except per share data)

Company	Market Cap <sup>(1), (2)</sup>	Share Price <sup>(2)</sup>	% 52-Wk High <sup>(3)</sup>	Enterprise Value <sup>(4)</sup>	Last Twelve Months (LTM)				EV/NTM Revenue <sup>(6)</sup>	EV/NTM EBITDA <sup>(7)</sup>
					Revenue	Revenue Growth	EBITDA <sup>(5)</sup>	EBITDA Margin		
<b>Rail and Rail Services</b>										
American Railcar Industries, Inc.	1,038.6	48.64	58.7%	1,359.4	814.7	10.4%	230.0	28.2%	1.5x	5.6x
Canadian National Railway Company	46,387.5	57.75	81.1%	53,603.8	9,902.8	16.1%	4,704.6	47.5%	5.1x	10.5x
Canadian Pacific Railway Limited	26,296.3	160.31	80.8%	31,125.1	5,351.4	10.2%	2,358.2	44.1%	5.5x	11.4x
CSX Corp.	32,257.6	32.65	85.9%	41,038.6	12,684.0	5.0%	4,887.0	38.5%	3.3x	8.4x
FreightCar America Inc.	257.2	20.88	55.7%	95.7	635.2	145.4%	24.1	3.8%	NM	3.3x
Genesee & Wyoming Inc.	4,187.4	76.18	71.9%	5,747.8	1,659.8	5.7%	590.3	35.6%	2.9x	10.2x
Kansas City Southern	10,081.7	91.20	72.1%	12,049.6	2,572.8	6.1%	1,110.0	43.1%	4.8x	10.8x
Norfolk Southern Corporation	26,631.6	87.36	74.3%	34,964.6	11,502.0	2.7%	4,469.0	38.9%	3.2x	8.4x
The Greenbrier Companies, Inc.	1,236.5	46.85	59.8%	1,622.9	2,457.9	18.7%	363.1	14.8%	0.6x	4.0x
Trinity Industries Inc.	4,095.1	26.43	52.1%	6,695.7	6,336.2	29.5%	1,423.0	22.5%	1.0x	4.8x
Union Pacific Corporation	83,809.3	95.37	76.6%	93,703.3	23,964.0	7.4%	10,807.0	45.1%	4.0x	8.6x
Westinghouse Air Brake Technologies Corporation	9,105.0	94.24	89.7%	9,200.3	3,167.8	19.7%	619.9	19.6%	2.7x	13.6x
<b>Rail and Rail Services Mean</b>			<b>71.5%</b>			<b>23.1%</b>		<b>31.8%</b>	<b>3.2x</b>	<b>8.3x</b>
<b>Rail and Rail Services Median</b>			<b>73.2%</b>			<b>10.3%</b>		<b>37.0%</b>	<b>3.2x</b>	<b>8.5x</b>
<b>Marine</b>										
A.P. Møller - Mærsk A/S	38,234.9	1,809.84	73.7%	46,673.9	46,380.0	(2.3%)	11,557.0	24.9%	1.0x	4.3x
Aegean Marine Petroleum Network Inc.	608.2	12.36	78.7%	1,220.1	5,982.5	(7.4%)	99.7	1.7%	NM	8.9x
Costamare Inc.	1,376.8	18.37	73.7%	3,030.8	489.9	12.0%	319.7	65.2%	6.0x	8.8x
Diana Shipping Inc.	585.1	7.05	62.3%	850.4	176.4	8.5%	47.8	27.1%	5.3x	NM
Kirby Corporation	4,276.9	76.66	61.8%	4,969.3	2,564.7	12.9%	645.0	25.1%	2.3x	8.8x
Matson, Inc.	1,826.8	42.04	95.9%	1,907.0	1,719.9	5.2%	234.2	13.6%	1.0x	7.5x
Neptune Orient Lines Limited	1,578.1	0.61	68.3%	5,781.6	8,322.3	(0.2%)	422.9	5.1%	0.8x	11.2x
Nordic American Tankers Limited	1,269.1	14.23	94.9%	1,418.3	375.6	38.4%	85.1	22.7%	5.6x	8.5x
Rand Logistics, Inc.	58.4	3.24	48.7%	228.2	153.0	(1.8%)	30.3	19.8%	1.6x	6.7x
SEACOR Holdings Inc.	1,294.6	70.94	85.1%	1,685.8	1,270.0	(1.6%)	212.1	16.7%	1.5x	7.8x
Wilh. Wilhelmsen ASA	1,318.2	5.99	85.0%	2,269.2	289.0	(9.1%)	154.0	53.3%	0.9x	5.2x
<b>Marine Mean</b>			<b>75.3%</b>			<b>5.0%</b>		<b>25.0%</b>	<b>2.6x</b>	<b>7.8x</b>
<b>Marine Median</b>			<b>73.7%</b>			<b>(0.2%)</b>		<b>22.7%</b>	<b>1.5x</b>	<b>8.1x</b>
<b>Total Mean</b>			<b>77.8%</b>			<b>11.0%</b>		<b>18.0%</b>	<b>1.8x</b>	<b>8.1x</b>
<b>Total Median</b>			<b>78.7%</b>			<b>6.1%</b>		<b>14.4%</b>	<b>1.0x</b>	<b>8.2x</b>

Source: Capital IQ.

(1) Market Capitalization based on closing share prices as of June 30, 2015.

(2) Market Capitalization and Share Prices may be based on foreign exchange listed securities and converted to \$USD.

(3) Indicates percentage of current stock price compared to its 52 week high. Closing share prices as of June 30, 2015.












(4) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents.

(5) EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization.

(6) EV/NTM Revenue is the multiple of Enterprise Value and the Next Twelve Months of Revenue.

(7) EV/NTM EBITDA is the multiple of Enterprise Value and the Next Twelve Months of EBITDA.

# Selected recent transactions\*

 <b>First Support Services</b> <b>FirstGroup plc</b> Corporate Finance acted as financial advisor to FirstGroup plc on the sale of First Support Services, Inc. to Parsons Corporation 	 <b>MyUS.com</b> <b>Access USA Shipping</b> (dba MyUS.com) Corporate Finance acted as financial advisor to Logisticap Partners and Palm Beach Capital. Privately placed a senior secured credit facility in connections with the acquisition of MyUS.com	 <b>Deutsche Post DHL</b> <b>Deutsche Post DHL</b> Corporate Finance acted as financial advisor to Deutsche Post DHL on the sale of Cargus International Srl to Abris Capital Partners	 <b>Rentokil Initial</b> Corporate Finance acted as financial advisor to Rentokil Initial Plc on the sale of their non-core subsidiary, City Link Limited, to Better Capital
 <b>swissport</b> <b>Swissport Group</b> Corporate Finance acted as financial advisor to Swissport Group on the acquisition of Flightcare in Spain and Belgium	  Corporate Finance acted as exclusive financial advisor to the shareholders of Atlas Logistics Private Limited on the sale of their stake to SBS Holdings Inc. Japan	  Corporate Finance acted as financial advisor to Lloyds Banking Group on its disposal of Hill Hire plc to Ryder System Inc.	 <b>First GBRf</b> Corporate Finance acted as financial advisor to FirstGroup Plc on the disposal of GB Railfreight to Europorte SAS

\* Represents the Corporate Finance practices of KPMG International's network of independent member firms.

## Global Coverage. Industry Knowledge. Middle-Market Focus.

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2014		No. of deals
1	PWC	426
2.	<b>KPMG*</b>	<b>370</b>
3.	Deloitte	257
4.	Ernst & Young	243
5.	BDO	211

2013		No. of deals
1	PWC	384
2.	<b>KPMG*</b>	<b>354</b>
3.	Ernst & Young	242
4.	BDO	221
5.	Rothschild	211

2012		No. of deals
1	PWC	342
2.	<b>KPMG*</b>	<b>319</b>
3.	IMAP	214
4.	Morgan Stanley	210
5.	Goldman Sachs	197

Source: Thomson Reuters SDC; Each set of figures is taken from the league table press releases issued for that year. Middle market is defined as deals less than US\$500 million.

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