

VALUE FOCUS

Transportation & Logistics

Fourth Quarter 2018 | Article: Labor Shortage in Trucking Sector

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FEATURE

Labor Shortage in Trucking Sector

Driver Shortage

The trucking industry is wedged between a rock and a hard place when it comes to driver recruitment. Trucking companies are simultaneously exploring self-driving technology, while still convincing new entrants to the labor market that commercial driving is a career choice that will pay off. Punctuating the less-than-glamorous work and lifestyle conditions of the occupation, those entering the labor force realize that the career path could be upended in the near-term by the economic cycle and disrupted in the long term by the impending evolution of autonomous transportation. With several companies (like **Tesla**) beginning deployment of self-driving trucks, and numerous others deep in development of the technology, young workers may fear choosing a vocation that trucking companies are actively planning to automate.

Rob Sandlin, CEO of Patriot Transportation, emphasized these challenges in the company's third quarter earnings call, "Management spends a good deal of time dealing with these issues surrounding driver shortage, including advertising, recruiting, compensation, dispatcher training and productivity among others." With the tightening of the labor market, companies have found new ways to attract talent including investments in newer and more reliable assets, in-house training programs, incentive bonuses, and, of course, a simple increase in wages.

Executives at many of the largest trucking companies dedicated time in their third quarter investor calls and presentations to this issue. PAM identified several unique recruitment initiatives in its November corporate presentation. The company is taking advantage of temporary visitor qualifications through the B1 Visa program to increase labor capacity. This program allows commercial drivers with Mexican residence temporary entry to the United States for truck delivery. Additionally, the company's new driver-friendly initiatives promote lifestyle and career improvements. Its "Driver Life-Cycle" program provides dedicated driver experience with a path towards ownership through a lease-to-own set up.

Patriot mentioned significant changes to its recruitment efforts, as well. "In the latter part of fiscal 2018, we implemented a significant change to our hiring process, we added [a] driver advocate position and introduced productivity-based driver pay, all in an effort to attract and retain drivers. We are encouraged by the increased number of drivers hired and in training since these implementations, and we'll continue to monitor our progress for any needed adjustments to our plan."

FEATURE

Labor Shortage in Trucking Sector

(continued)

Mechanic Shortage

The driver shortage (which is **estimated to reach** 108,000 by 2026) has sparked major shifts in the way hiring and training are conducted in the industry. While this shortage will hurt shippers until autonomous technology is fully developed, the long-term problem may actually lie in another labor pool: service technicians.

As new truck designs increase the level of technology on board, those who service them will have to develop more tech-focused expertise. Additional sensors, predictive technology, and, of course, autonomy will evolve the role of the truck mechanic as they start spending more time with computers than wrenches. While technical colleges and certificate programs continue to produce a skilled workforce, the supply of service technicians has not kept pace with the increasing demand.

Annual Technician Certifications

	Auto Mechanic		Diesel Technician	
	Number of Institutions	Degree & Certificate Completions	Number of Institutions	Degree & Certificate Completions
2017	1,303	37,413	542	12,807
2016	1,305	38,830	521	11,966
2015	1,292	38,852	504	11,352
2014	1,271	38,888	477	10,857
2013	1,271	38,959	444	10,100
2012	1,218	38,735	418	9,138
2011	1,197	37,710	408	9,414
2010	1,201	30,212	396	8,907

Source: National Center for Education Statistics

FEATURE

Labor Shortage in Trucking Sector

(continued)

Trucking companies have had to adapt to the shifting labor force trends and find new ways to fulfill maintenance needs. Like driver scarcity, mechanic shortages have caused companies to seek alternatives to traditional labor sourcing, from **outsourcing labor needs** to developing **training programs**.

Overall, employment in the transportation and warehousing industry grew 3.5% from October 2017 to October 2018, adding more than 183,700 jobs. Nearly 37,000 of these jobs were in the trucking industry, which experienced a 2.5% increase in employment over the prior year. The transportation industries are adding jobs faster than the overall non-farm economy, which experienced a more modest 1.7% increase in employment.

Despite labor pressures in the industry, economic activity and transportation demand remain strong. While executives will continue to monitor driver and mechanic shortages, the outlook for trucking in 2019 appears optimistic. John Roberts III, CEO of J.B. Hunt, summed up the industry sentiment well on the company's third quarter earnings call.

"Just final comment on the people side of things. Driver hiring has been a challenge. It's been a challenge in the past. It presented us with the challenge like we have never seen before this year. In fact, our unseated need number got as high as [it's] ever been. In about the last 60 days, we've seen that number come down a little bit through a number of internal efforts. And I think overall pay in the industry is starting to catch up a little bit. And so I think more people are becoming interested. But we're making progress there and feel confident we'll continue to get through that. Good year, some challenges, and frankly, we're looking forward to heading into 2019."

Industry Labor Trends

Occupation	Employment		Change in Employment		Annual Openings
	2016	2026	Thousands	Percentage	
All Occupations	156,063.8	167,582.3	11,518.6	7.4%	18,742.0
Heavy & Tractor-Trailer Truck Drivers	1,871.7	1,980.1	108.4	5.8%	213.5
Diesel Engine Specialist	278.8	304.6	25.8	9.2%	28.2
Automotive Service Technicians	749.9	795.8	45.9	6.4%	75.6

Source: Bureau of Labor Statistics
presented in thousands

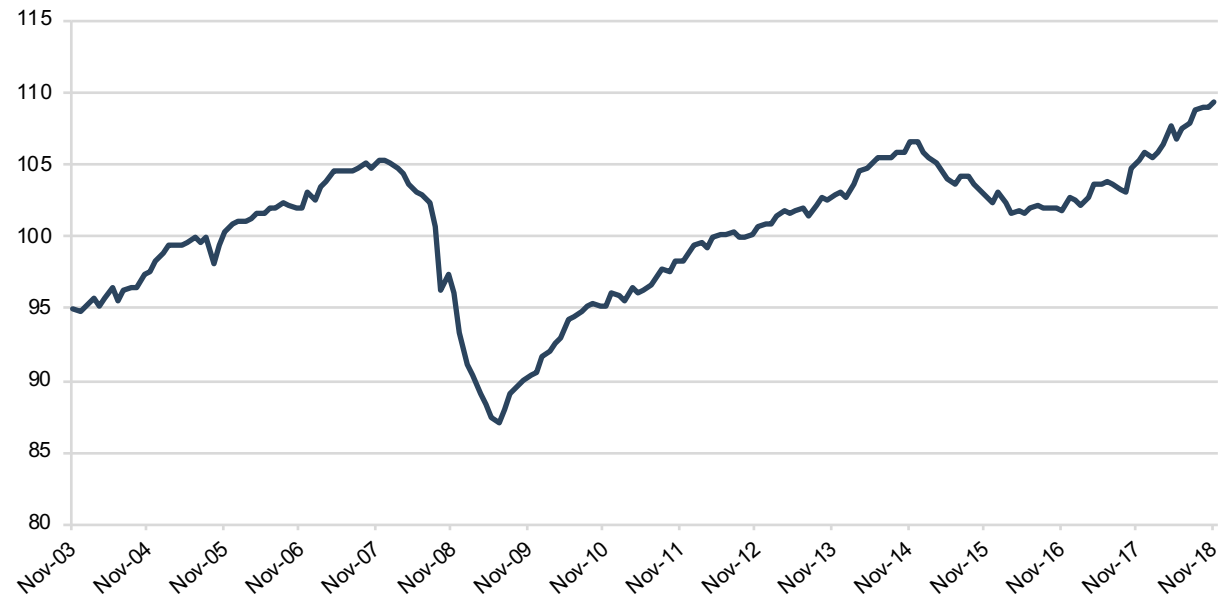
Industry Macro Trends

Despite negative headwinds in global trade, geopolitics, and financial market volatility, the level of industrial output and demand for logistics services nevertheless remain strong.

Industry Production Index

Demand for services in the logistics industry is tied to the level of **domestic industrial production**. The Industrial Production Index is an economic measure of all real output from manufacturing, mining, electric, and gas utilities. The index value in November 2018 reached 109.4, the highest level since the index began.

Industry Production Index (seasonally adjusted)



Source: Federal Reserve Bank of St. Louis

Indexed to January 2012

Industry Macro Trends

Transportation Services Index

The Transportation Services Index, which measures freight traffic in the U.S., reached its highest level in October 2018 at 138.8. The index fell modestly to 136.3 in November, which was 44% above the low of 94.8 reached during the Great Recession in April 2009. The index has generally risen since 2009, with a year-to-date increase of 4.6% through November 2018. The use of freight transportation has generally paced with industrial output over the last 20 years.

Cass Freight Index

The **Cass Freight Index** of shipments and expenditures is considered one of the best indicators of U.S. freight activity. Demand for transportation services outpaced capacity in 2018, lending pricing power advantages to service providers. Rising diesel costs and labor shortages contributed to this effect; however, workforce and technology expenditures are expected to correct some of this gap.

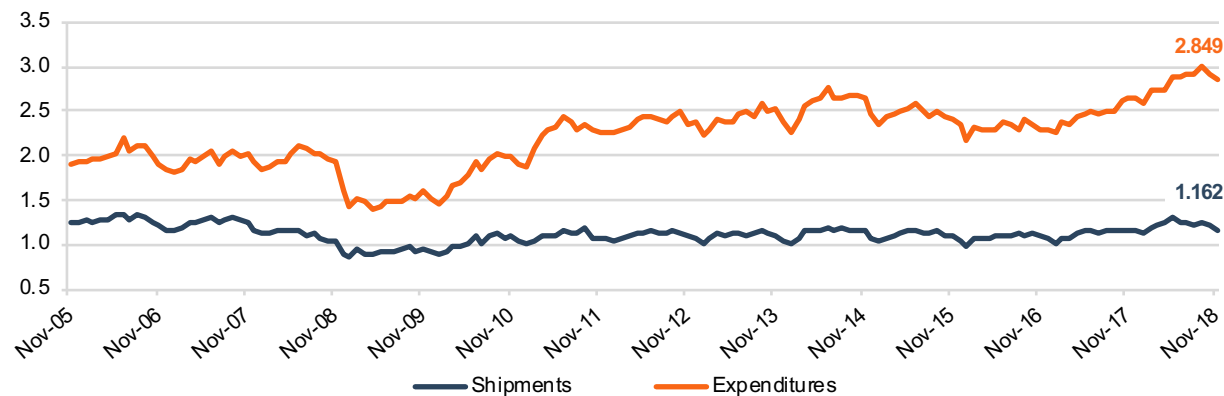
Transportation Services Index (freight, seasonally adjusted)



Source: Bureau of Transportation Statistics

Indexed to January 2000

Cass Freight Index



Source: Cass Information Systems, Inc. and Avondale Partners

Industry Macro Trends

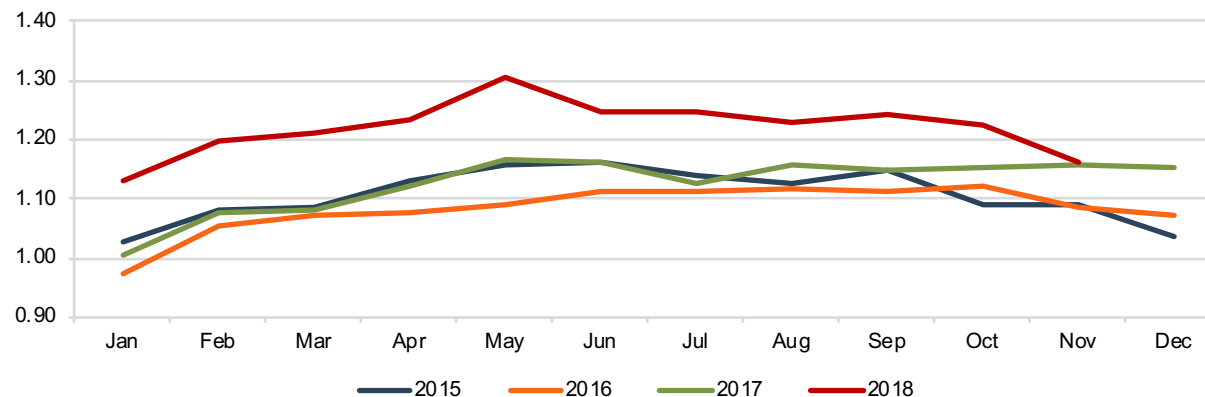
Shipments

Shipments reached a high of 1.307 in May 2018. The index fell slightly through the remainder of the year to 1.162 in November 2018, but still represents modest growth over the prior year. The Cass report attributes high shipments levels during 2018 to a generally strong economic environment. Increases and declines in the level of freight shipments are frequent precursors to economic activity, signaling economic expansion and contraction, respectively.

Expenditures

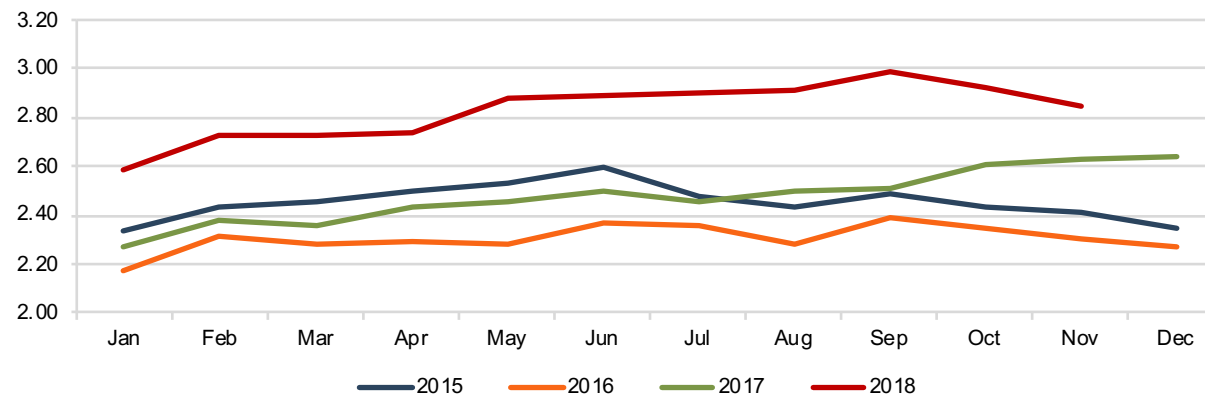
Expenditures rose to 2.990 in September 2018, the highest level observed and an increase of 19.3% over September 2017. Expenditures generally increased month-over-month through September 2018 partially due to an increase in fuel costs, which is often passed on to customers through a fuel surcharge. The index fell slightly in October and again in November, but remained elevated over the prior year.

Shipments



Source: Cass Information Systems, Inc. and Avordale Partners

Expenditures



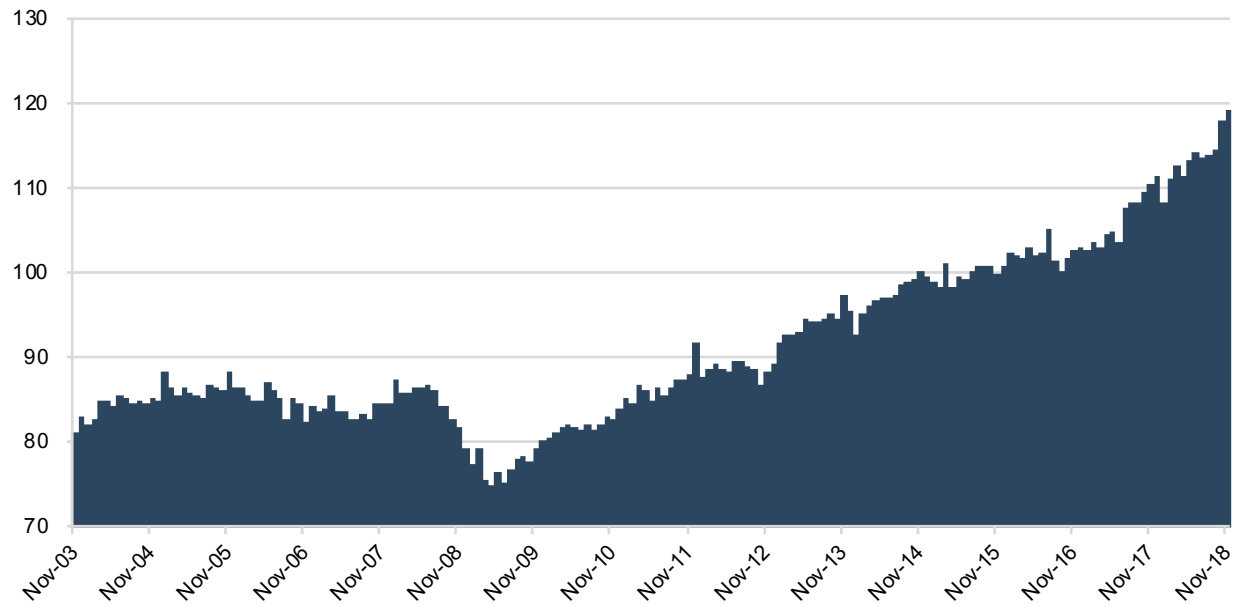
Source: Cass Information Systems, Inc. and Avordale Partners

Trucking

Truck Tonnage

The truck tonnage index reached a high level in November 2018 at 119.4, compared to 74.8 in April 2009 during the Great Recession. The American Trucking Association projects 16.0 billion tons of freight to be transported by truck in 2018, an increase of 4.2% over 2017. Growth over the next ten years is projected to accelerate as well, reaching an estimated 21.7 billion tons in 2029. However, the ATA expects five more years of growth before a five-year decline during the next decade.

Truck Tonnage (seasonally adjusted)



Source: Bureau of Transportation Statistics

Indexed to January 2000

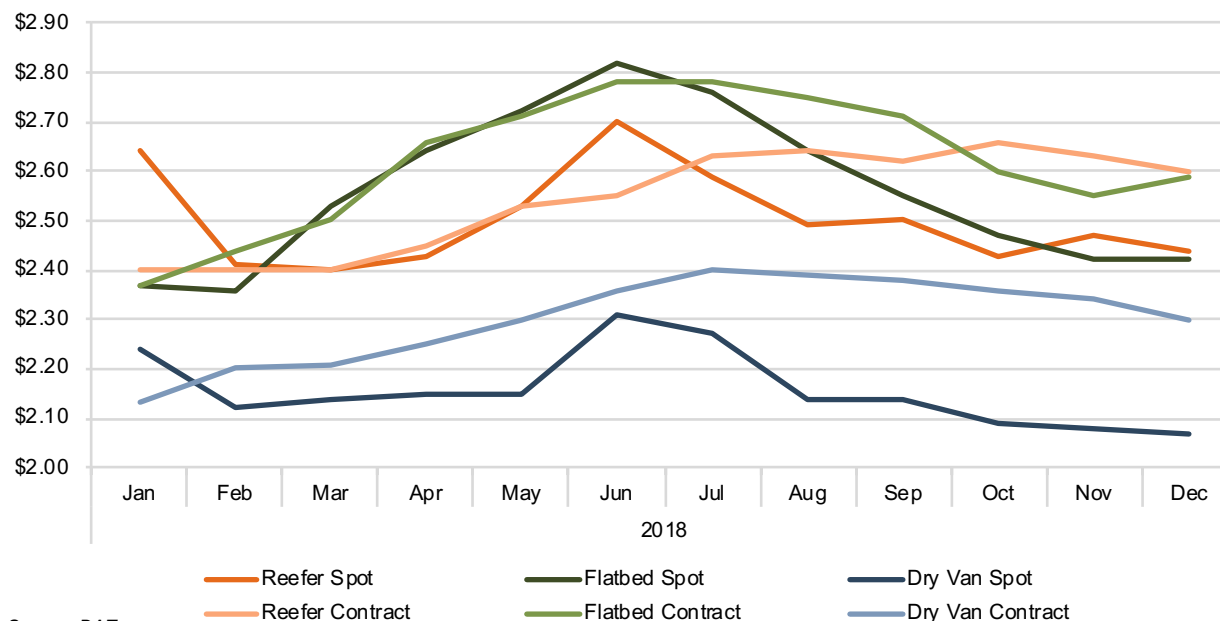
Trucking

Spot vs. Contract Rates

The Spot vs. Contract Rates chart depicts monthly national average line haul rates and fuel surcharges **from DAT**. Shippers enter contracts that lock in a static contract rate for a period of time. Spot rates, on the other hand, are one-time shipping quotes for a specific transaction or series of transactions.

Rates generally increased over 2017 in all categories, due to a 9¢ average fuel surcharge increase. Reefer spot rates fell 3¢ to \$2.44 in December 2018 from \$2.47 in November. Dry van spot rates declined 1¢ to \$2.09 in December 2018 from \$2.14 in November. Flatbed spot rates remained flat from November to December 2018 at \$2.42. This continues a trend of generally declining spot rates over the second half of 2018, which fell from highs of \$2.70 (reefer), \$2.31 (dry van), and \$2.82 (flatbed) in June.

Spot vs. Contract Rates



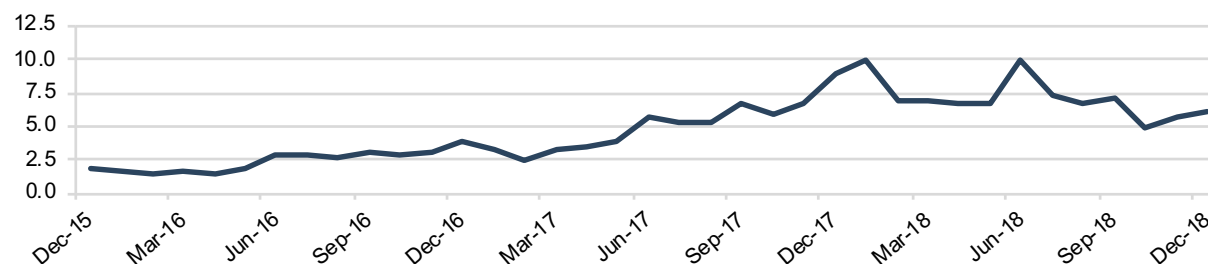
Source: DAT

Trucking

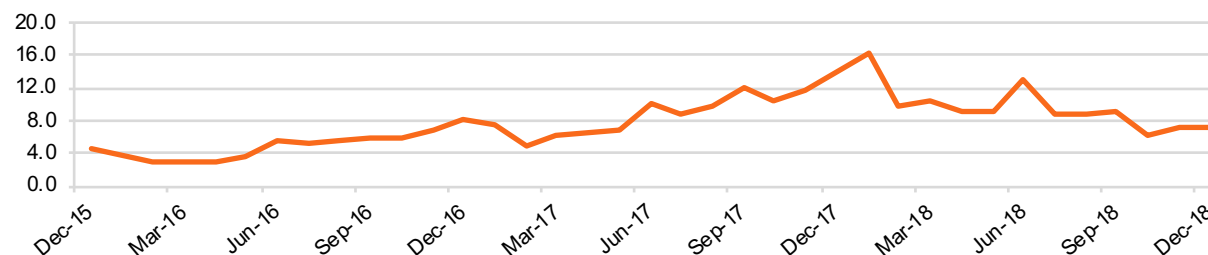
Load-to-Truck Ratio

Increases or decreases in freight rates are **influenced by** trucking capacity, as measured by the load-to-truck ratio. While economic factors typical push supply and demand, compression or expansion that occurs faster in the shipping industry can accelerate movements faster than the overall economy.

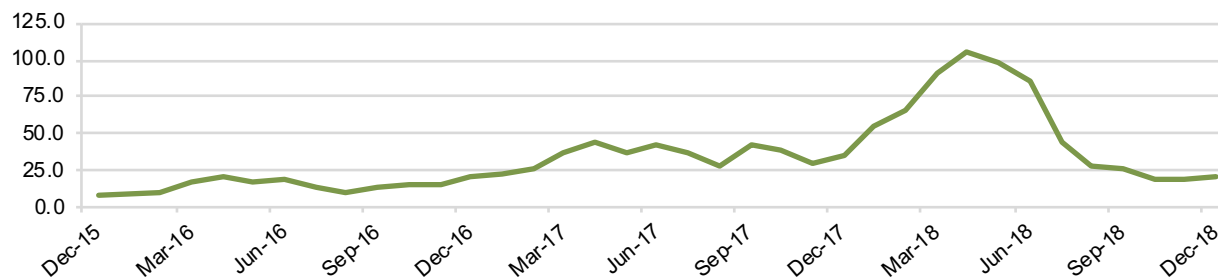
Dry Van Load-to-Truck



Reefer Load-to-Truck



Flatbed Load-to-Truck



Source: DAT

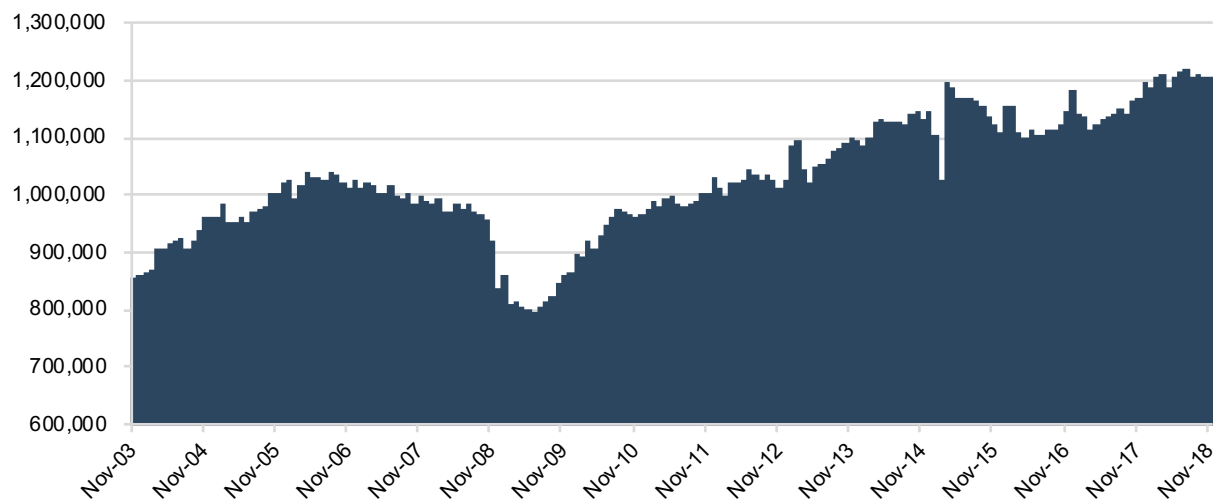
Rail & Intermodal

Rail Freight Intermodal Traffic

The American Trucking Association projects rail will decrease as a percentage of total freight movement over the next decade from approximately 13.0% in 2018 to 10.0% in 2029. Agricultural and energy commodities are a significant contributor to rail freight demand. According to [Zacks Equity Research](#), coal production declined in the first half of 2018, down 3.4% from the prior year. Coal production is expected to continue to decline, falling an estimated 2.0% in 2019.

A generally strong economic environment and limited capacity benefitted rail freight, however. Intermodal shipments performed well in 2018, with intermodal freight volumes up 6.2% in the first half of the year. According to [Logistics Management](#), the number of total intermodal loads increased 10.6% over 2017. Additionally, intermodal shippers enjoyed the benefits that tight capacity had on pricing power, as revenue per load grew 12.4% to \$2,887.

Rail Freight Intermodal Traffic



Source: Bureau of Transportation Statistics

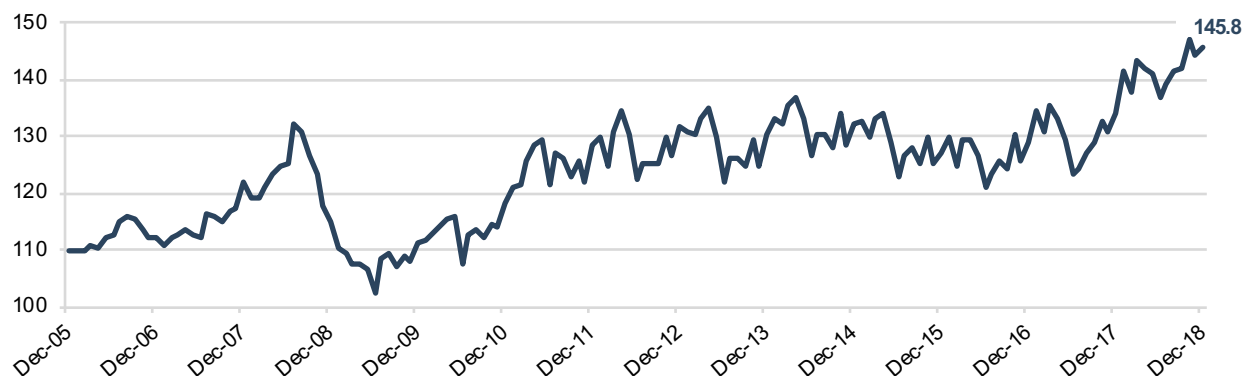
Indexed to January 2000

Rail & Intermodal

Cass Intermodal Index

The Cass Intermodal Index measures changes in per mile U.S. domestic intermodal costs. The index rose to a high of 147.3 in October 2018, 10.9% over the prior year and a historical high for the index. Capacity constraints in intermodal shipping have created significant pricing power for shippers. This, combined with increases in fuel surcharges, led to year-over-year index increases for the last 26 consecutive months. The index ended the year at 145.8 for December 2018.

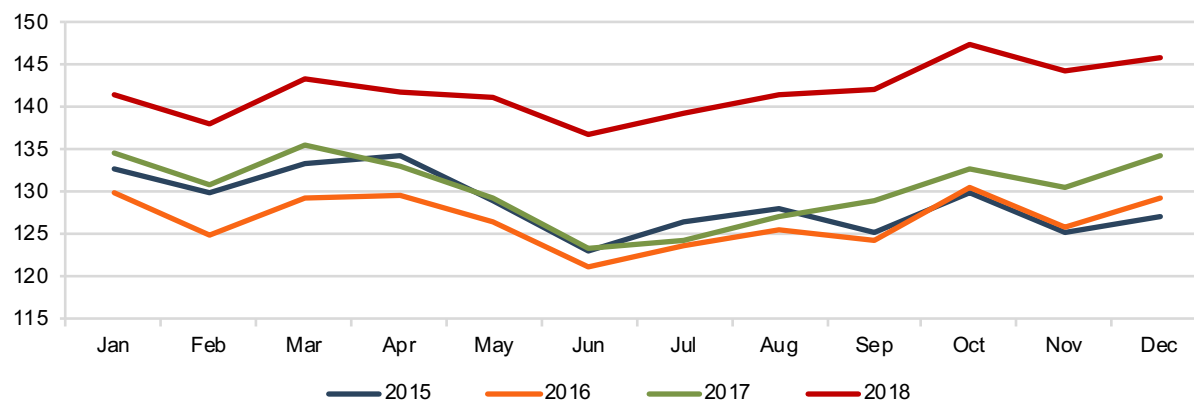
Cass Intermodal Index: Historical Trend



Source: Cass Information Systems, Inc. and Avondale Partners

Indexed to January 2005

Cass Intermodal Index: Annual Comparison



Source: Cass Information Systems, Inc. and Avondale Partners

M&A Activity

Featured Transactions

United Rail acquired US Rail Holdings

On August 3, United Rail acquired US Rail Holdings for \$4.5 million. According to CEO Michael Barron "With the inclusion of US Rail Holdings under [our] umbrella, we now have a pathway to effectively reach those small railroad companies who wish to sell."



Covenant Transportation Group acquired Landair Holdings

On July 5, Covenant Transportation acquired Landair for \$107 million in a combination of cash and debt. The deal is expected to add 430 trucks and 900 trailers to Covenant's truckload business as well as expand its offerings in logistics and warehousing.



GlobalTranz Enterprises acquired AFN, LLC

On September 13, GlobalTranz acquired AFN for an undisclosed amount. The addition of AFN is expected to provide entrance into the beverage and water concentrated truckload sector. GlobalTranz has been a frequent acquirer this year and may have also placed value on the proprietary brokerage technologies developed by AFN.



York Capital Management acquired Mark VII, Inc.

On August 31, York Capital Management acquired Mark VII (Mode Transportation) from Hub Group for \$239 million. The valuation represented 10x last twelve months EBITDA. Revenue for Mark VII exceeded \$1 billion in 2017. Hub Group cited lack of strategic alignment for the disposition and will use proceeds from the deal for acquisitions in other service lines.



Select Transactions

Target	Buyer	Date Announced	Deal Status	Total Deal Value	Implied Enterprise Value	Deal Value to		
						Sales	EBITDA	
Trucking								
Xpress Global Systems, Inc.	Aterian Investment Partners, LLC	12/21/18	Closed	-	-	-	-	-
Ursa Major Corporation	EVO Transportation & Energy Services, Inc. (OTCPK:EVOA)	12/20/18	Announced	\$8.9	-	-	-	-
W.E. Graham, Inc.	EVO Transportation & Energy Services, Inc. (OTCPK:EVOA)	12/20/18	Closed	-	-	-	-	-
Book of Business from Kluane Freight Lines Ltd.	Manitoulin Transport Inc.	12/12/18	Closed	-	-	-	-	-
TransX Group of Companies	Canadian National Railway Company	10/30/18	Announced	-	-	-	-	-
Express Havre St-Pierre Ltée	Manitoulin Transport Inc.	11/6/18	Closed	-	-	-	-	-
JDHB, LLC	Platform Capital, LLC	11/1/18	Closed	-	-	-	-	-
Tank Truck Assets of McKenzie Tank Lines, Inc.	Groendyke Transport, Inc.	10/25/18	Announced	-	-	-	-	-
J & B Services, Inc.	Milan Supply Chain Solutions	10/25/18	Closed	\$6.4	\$6.4	-	-	-
Substantially All of the Assets of Southwest Freight Distributors, Inc.	Central States Trucking Co.	10/24/18	Announced	\$16.3	\$16.3	-	-	-
Baucom Truck Service, Inc.	Manito Transit LLC	10/17/18	Closed	-	-	-	-	-
Specialized Rail Service, Inc.	Westport Axle Corp.	10/12/18	Closed	\$12.3	\$12.3	0.5x	-	-
Grammer Industries, Inc.	Stellax Capital Management LP	10/2/18	Closed	-	-	-	-	-
Smith Transportation Services Inc.	Post Capital Partners LLC	9/25/18	Announced	-	-	-	-	-
Johnsrud Transport, Inc.	-	9/18/18	Announced	-	-	-	-	-
AFN, LLC	GlobalTranz Enterprises, Inc.	9/13/18	Closed	-	-	-	-	-
BTC Express	Kriska Transportation Group Limited	9/4/18	Closed	-	-	-	-	-
Mark VII, Inc.	York Capital Management	8/31/18	Closed	\$238.5	\$238.5	-	-	10.0x

Source: S&P Global Market Intelligence
in USD millions

Select Transactions

Target	Buyer	Date Announced	Deal Status	Total Deal Value	Implied Enterprise Value	Deal Value to	
						Sales	EBITDA
All Assets of D. Mosley Trucking, Inc./ All Assets of DMT Logistics Services	PS Logistics, LLC	8/23/18	Closed	-	-	-	-
Transport L'Épiphanie Inc.	2635-8762 Québec Inc.	8/23/18	Closed	-	-	-	-
Leavitt's Freight Service, Inc.	Central Oregon Trucking Company, INC.	8/13/18	Closed	-	-	-	-
Southern Counties Express, Inc./Aquarius Financial, Inc.	Mason Dixon Intermodal, Inc.	8/10/18	Closed	\$65.0	\$65.0	-	-
Capstan Hauling Ltd.	ENTREC Corporation (TSX:ENT)	8/8/18	Closed	\$10.5	\$10.5	-	-
Mo Vaughn Transport, Inc.	-	8/6/18	Effective	-	-	-	-
613734 Saskatchewan Ltd	TFI International Inc.	7/27/18	Closed	-	-	-	-
Brasseur Transport Inc.	TFI International Inc.	7/27/18	Closed	-	-	-	-
Dacota Freight Services Ltd.	Hi-Way 9 Group of Companies	7/25/18	Closed	\$1.8	\$1.8	-	-
Manna Freight Systems, Inc.	Pilot Freight Services, Inc.	7/17/18	Closed	-	-	-	-
Condor Mobility, LLC	Mobiliti, LLC	7/17/18	Closed	-	-	-	-
Walt's Drive-A-Way Services, Inc.	Warehouse Services, Inc.	7/11/18	Closed	-	-	-	-
Kelsey Trail Trucking Ltd	Big Freight Systems Inc.	7/5/18	Closed	-	-	-	-
Breakthrough Oilfield Services Ltd.	CEDA International Corporation	7/5/18	Closed	-	-	-	-
Rail							
The Nashville & Eastern Railroad Corp.	R. J. Corman Railroad Group, LLC	11/5/18	Announced	-	-	-	-
Sweetman Construction Co.	Knife River Corporation	10/4/18	Closed	-	-	-	-
San Pedro Valley Railroad, LLC	Ironhorse Resources, Inc.	9/28/18	Closed	-	-	-	-
U S Rail Holdings LLC	United Rail, Inc.	8/23/18	Closed	\$4.5	\$4.5	-	-

Source: S&P Global Market Intelligence
in USD millions

Select Transactions

Target	Buyer	Date Announced	Deal Status	Total Deal Value	Implied Enterprise Value	Deal Value to	
						Sales	EBITDA
Tahawus Rail Line Assets of Iowa Pacific Holdings LLC	OmniTRAX, Inc.	8/17/18	Announced	-	-	-	-
Grenada Railroad, LLC	International Rail Partners LLC	8/7/18	Closed	-	-	-	-
Alabama & Tennessee River Railway and Fulton County Railway	OmniTRAX, Inc.	7/10/18	Closed	-	-	-	-
Decatur and Danville Secondary subdivisions of CSX Transportation	Watco Companies, LLC	7/9/18	Announced	-	-	-	-
Marine							
Foreshore Technologies Inc., et al.	Briggs Environmental Services Ltd	9/12/18	Effective	-	-	-	-
Tamarind International Inc.	Source Logistics Corp.	7/6/18	Closed	-	-	-	-
Air Freight & Logistics							
Certain Assets and Operations of Wings Over Kississing	Exchange Income Corporation (TSX:EIF)	12/20/18	Closed	\$7.4	-	-	-
Business Transportation Solutions, Inc.	Alliant Energy Transportation, Inc.	12/11/18	Announced	-	-	-	-
Stonehammer Transport Inc.	Day & Ross Inc.	12/10/18	Closed	-	-	-	-
Express Division of Network Global Logistics	MNX Global Logistics	12/6/18	Closed	-	-	-	-
N/J International Inc.	Manitoulin Global Forwarding Inc.	11/9/18	Closed	-	-	-	-
CaseStack, Inc.	Hub Group, Inc. (NasdaqGS:HUBG)	11/5/18	Closed	\$255.0	\$255.0	1.1x	11.6x
Domek Logistics, LLC	Masterpiece International Limited	11/2/18	Closed	-	-	-	-
Anderson Cargo Services, Inc.	Argosy Capital; Headhaul Capital Partners LLC	10/24/18	Closed	-	-	-	-
Worldfresh Express, Inc.	AIT Worldwide Logistics, Inc.	10/17/18	Closed	-	-	-	-

Source: S&P Global Market Intelligence
in USD millions

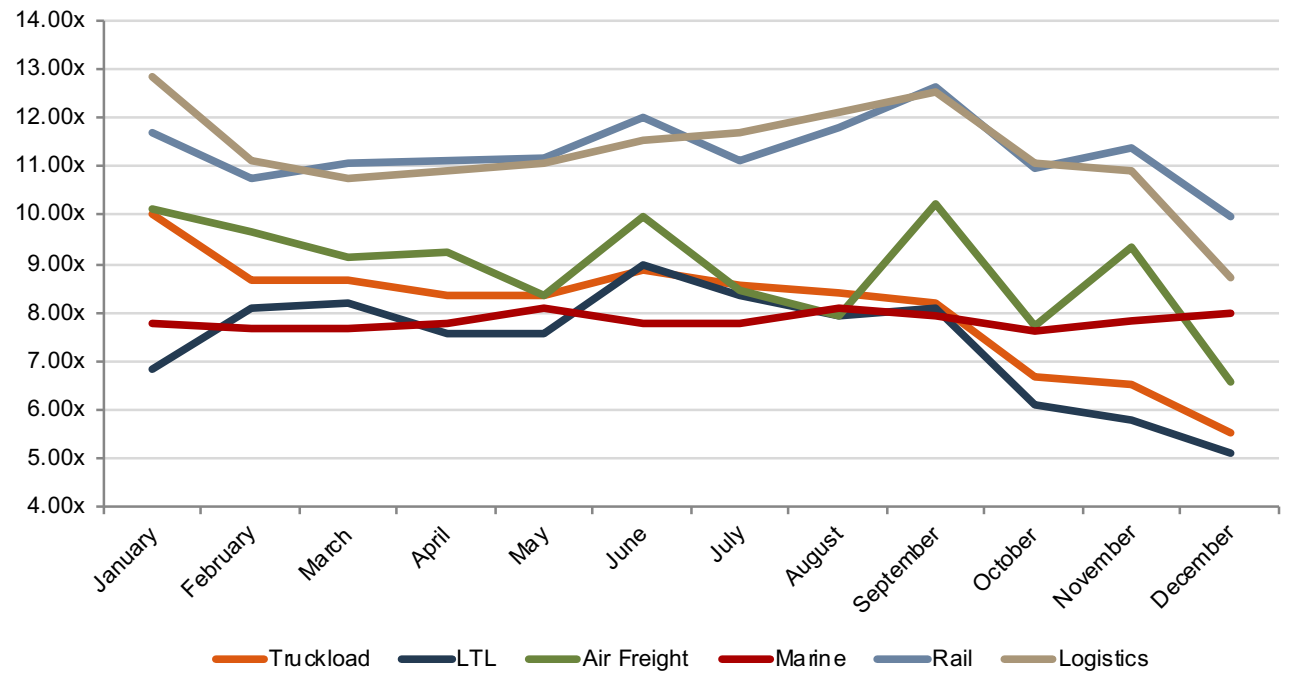
Select Transactions

Target	Buyer	Date Announced	Deal Status	Total Deal Value	Implied Enterprise Value	Deal Value to	
						Sales	EBITDA
CV Logistics Inc.	Delmar International Inc.	10/11/18	Closed	-	-	-	-
Condata Global	NextGen Growth Partners, LLC	10/10/18	Closed	-	-	-	-
HA Logistics, Inc.	Sunteck Transport Group, Inc.	10/9/18	Closed	-	-	-	-
Intermodal Operations of Yusen Logistics (Americas) Inc.	Celtic International Inc.	10/8/18	Closed	-	-	-	-
N.D. Cunningham & Company, Inc.	D J Powers Company, Inc.	9/20/18	Closed	-	-	-	-
Dicom Transportation Group Canada Inc.	General Logistics Systems B.V.	9/3/18	Closed	\$275.1	\$275.1	1.6x	-
TAGG Logistics, LLC	Dot Family Holdings	8/31/18	Closed	-	-	-	-
The Westport Business Group LLC	Tallgrass Freight Co, LLC	8/28/18	Effective	-	-	-	-
SynchOne, LLC	GlobalTranz Enterprises, Inc.	8/15/18	Closed	-	-	-	-
Substantially All Assets of Freight Management Plus, Inc.	Echo Global Logistics, Inc.	7/25/18	Closed	-	-	-	-
MXN Global Logistics	Audax Group, Inc.	7/10/18	Closed	-	-	-	-
Landair Holdings, Inc.	Covenant Transportation Group, Inc.	7/5/18	Closed	\$106.7	\$106.0	0.8x	7.9x
Unlimited Freight, LLC	BNSF Logistics, LLC	7/2/18	Closed	-	-	-	-

Source: S&P Global Market Intelligence
in USD millions

Public Company Performance

Monthly Median TEV/EBITDA Multiples



Source: S&P Global Market Intelligence

Publicly Traded Companies

Company Name	Ticker	Price at 12/31/18	Enterprise Value	Debt / Total Capital	Return on Assets	LTM		LTM Multiples			Forward Multiples	
						Rev.	EBITDA Margin	EV / Rev.	EV / EBITDA	Price / Earn.	EV / EBITDA	Price / Earn.
Truckload												
J.B. Hunt Transport Services, Inc.	JBHT	\$93.04	\$11,220	9%	1007%	\$8,287	14%	1.4x	9.9x	12.9x	9.0x	17.2x
Ryder System, Inc.	R	\$48.15	\$8,779	71%	308%	\$8,115	23%	1.1x	4.6x	3.2x	4.5x	8.3x
Knight-Swift Transportation Holdings Inc.	KNX	\$25.07	\$5,229	17%	387%	\$5,309	17%	1.0x	5.8x	6.1x	5.5x	10.6x
Schneider National, Inc.	SNDR	\$18.67	\$3,322	1%	648%	\$4,847	13%	0.7x	5.1x	7.1x	5.0x	12.3x
Landstar System, Inc.	LSTR	\$95.67	\$3,835	-3%	1483%	\$4,488	8%	0.9x	10.7x	15.6x	10.2x	15.7x
TFI International Inc.	TFII	\$25.87	\$3,344	32%	628%	\$3,789	13%	0.9x	6.8x	8.7x	6.8x	10.4x
Werner Enterprises, Inc.	WERN	\$29.54	\$2,218	5%	585%	\$2,379	17%	0.9x	5.5x	8.3x	4.9x	12.7x
Heartland Express, Inc.	HTLD	\$18.30	\$1,379	-9%	371%	\$630	24%	2.2x	9.0x	16.9x	7.4x	21.9x
Marten Transport, Ltd.	MRTN	\$16.19	\$846	-4%	522%	\$766	19%	1.1x	5.8x	8.4x	5.3x	16.4x
Daseke, Inc.	DSKE	\$3.68	\$953	68%	180%	\$1,423	10%	0.7x	6.4x	4.4x	5.5x	54.8x
Universal Logistics Holdings, Inc.	ULH	\$18.09	\$830	38%	577%	\$1,389	8%	0.6x	7.1x	7.6x	5.8x	9.3x
Covenant Transportation Group, Inc.	CVTI	\$19.20	\$568	38%	477%	\$816	16%	0.7x	4.5x	4.7x	4.2x	8.6x
P.A.M. Transportation Services, Inc.	PTSI	\$39.41	\$419	44%	474%	\$506	15%	0.8x	5.5x	4.8x	nm	nm
USA Truck, Inc.	USAK	\$14.97	\$218	44%	397%	\$516	9%	0.4x	4.8x	5.6x	4.4x	10.4x
ENTREC Corporation	ENT	\$0.11	\$125	90%	-186%	\$129	8%	1.0x	11.9x	nm	11.6x	nm
Titanium Transportation Group Inc.	TTR	\$0.94	\$74	53%	390%	\$137	12%	0.5x	4.7x	nm	4.5x	8.3x
Patriot Transportation Holding, Inc.	PATI	\$19.71	\$49	-34%	92%	\$113	10%	0.4x	4.5x	14.0x	nm	nm
Median				32.4%			13.3%	0.9x	5.8x	7.6x	5.5x	11.4x

Source: S&P Global Market Intelligence
 USD millions except per share values
 Financial statement data as of Q3

Publicly Traded Companies

Company Name	Ticker	Price at 12/31/18	Enterprise Value	Debt / Total Capital	Return on Assets	LTM		LTM Multiples			Forward Multiples	
						Rev.	EBITDA Margin	EV / Rev.	EV / EBITDA	Price / Earn.	EV / EBITDA	Price / Earn.
Less-Than-Truckload												
Old Dominion Freight Line, Inc.	ODFL	\$123.49	\$9,963	-1%	1438%	\$3,908	25%	2.5x	10.4x	15.7x	9.8x	17.2x
Saia, Inc.	SAIA	\$55.82	\$1,543	8%	806%	\$1,581	14%	1.0x	6.7x	11.2x	6.4x	14.3x
ArcBest Corporation	ARCB	\$34.26	\$917	4%	530%	\$3,030	7%	0.3x	4.0x	9.9x	3.8x	9.0x
YRC Worldwide Inc.	YRCW	\$3.15	\$802	87%	379%	\$5,053	5%	0.2x	3.2x	nm	2.7x	6.3x
Roadrunner Transportation Systems, Inc.	RRTS	\$0.50	\$537	96%	-449%	\$2,225	-1%	0.2x	nm	nm	nm	nm
Median				8%			7%	0.3x	5.4x	11.2x	5.1x	11.7x
Air Freight												
Atlas Air Worldwide Holdings, Inc.	AAWW	\$42.19	\$3,383	68%	338%	\$2,541	20%	1.3x	6.6x	4.0x	6.5x	5.8x
Forward Air Corporation	FWRD	\$54.85	\$1,614	1%	1023%	\$1,221	13%	1.3x	10.4x	16.2x	10.0x	18.2x
Air Transport Services Group, Inc.	ATSG	\$22.81	\$1,846	27%	486%	\$935	31%	2.0x	6.3x	8.0x	6.2x	17.8x
Cargojet Inc.	CJT	\$51.88	\$1,088	36%	586%	\$341	24%	3.2x	13.3x	nm	11.7x	39.9x
Median				31%			22%	1.7x	8.5x	8.0x	8.2x	18.0x

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						Rev.	EBITDA Margin	EV / Rev.	EV / EBITDA	Price / Earn.	EV / EBITDA	Price / Earn.
Marine												
Kirby Corporation	KEX	\$67.36	\$5,432	26%	275%	\$2,957	16%	1.8x	11.7x	12.1x	11.1x	23.8x
Triton International Limited	TRTN	\$31.07	\$9,972	75%	442%	\$1,361	96%	7.3x	7.6x	5.1x	7.7x	7.0x
Matson, Inc.	MATX	\$32.02	\$2,263	40%	337%	\$2,174	10%	1.0x	10.2x	5.4x	7.6x	12.8x
Seaspan Corporation	SSW	\$7.83	\$5,298	73%	382%	\$1,016	61%	5.2x	8.6x	5.0x	7.5x	8.3x
Textainer Group Holdings Limited	TGH	\$9.96	\$3,673	85%	240%	\$553	72%	6.6x	9.2x	10.3x	8.0x	9.6x
Costamare Inc.	CMRE	\$4.39	\$1,489	67%	302%	\$375	58%	4.0x	6.9x	9.7x	6.6x	10.8x
Eagle Bulk Shipping Inc.	EGLE	\$4.61	\$576	42%	231%	\$298	21%	1.9x	9.3x	nm	7.1x	24.2x
Navios Maritime Partners L.P.	NMM	\$0.85	\$603	76%	326%	\$233	56%	2.6x	4.7x	nm	4.4x	3.8x
Pangaea Logistics Solutions, Ltd.	PANL	\$3.03	\$328	59%	517%	\$373	14%	0.9x	6.2x	6.0x	6.2x	4.9x
Global Ship Lease, Inc.	GSL	\$0.62	\$355	86%	526%	\$145	65%	2.4x	3.8x	nm	3.4x	2.4x
Sino-Global Shipping America, Ltd.	SINO	\$0.77	\$5	-121%	-439%	\$20	8%	0.2x	2.9x	5.8x	4.6x	7.7x
Median				67%				2.4x	7.6x	5.9x	7.1x	8.3x
Railroads												
Union Pacific Corporation	UNP	\$138.23	\$122,357	17%	921%	\$22,525	48%	5.4x	11.4x	8.7x	11.5x	17.6x
Canadian National Railway Company	CNR	\$74.10	\$62,450	14%	901%	\$10,674	50%	5.9x	11.8x	12.0x	12.5x	18.5x
CSX Corporation	CSX	\$62.13	\$64,974	19%	802%	\$11,970	50%	5.4x	10.9x	7.9x	10.5x	16.3x
Norfolk Southern Corporation	NSC	\$149.54	\$51,413	21%	689%	\$11,231	45%	4.6x	10.2x	6.9x	10.4x	16.2x
Canadian Pacific Railway Limited	CP	\$177.53	\$31,278	19%	923%	\$5,433	52%	5.8x	11.2x	13.7x	12.4x	17.1x
Kansas City Southern	KSU	\$95.45	\$12,616	23%	649%	\$2,680	48%	4.7x	9.7x	9.5x	9.6x	16.0x
Genesee & Wyoming Inc.	GWR	\$74.02	\$6,837	36%	364%	\$2,345	31%	2.9x	9.4x	7.1x	9.9x	19.7x
Median				19%				5.4x	10.9x	8.7x	10.5x	17.1x

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						Rev.	EBITDA Margin	EV / Rev.	EV / EBITDA	Price / Earn.	EV / EBITDA	Price / Earn.
Logistics & Intermodal												
United Parcel Service, Inc.	UPS	\$97.53	\$102,329	18%	1096%	\$70,275	14%	1.5x	10.3x	15.4x	10.6x	13.5x
FedEx Corporation	FDX	\$161.33	\$57,282	26%	655%	\$63,864	12%	0.9x	7.2x	9.4x	6.5x	10.7x
Expeditors International of Washington, Inc.	EXPD	\$68.09	\$10,763	-9%	1512%	\$7,804	11%	1.4x	13.0x	19.4x	12.8x	20.8x
XPO Logistics, Inc.	XPO	\$57.04	\$11,466	36%	385%	\$17,084	9%	0.7x	7.8x	13.5x	7.3x	17.3x
C.H. Robinson Worldwide, Inc.	CHRW	\$84.09	\$12,606	8%	1251%	\$16,453	6%	0.8x	13.3x	18.4x	12.8x	18.3x
Forward Air Corporation	FWRD	\$54.85	\$1,614	1%	1023%	\$1,221	13%	1.3x	10.4x	16.2x	10.0x	18.2x
Hub Group, Inc.	HUBG	\$37.07	\$1,315	3%	485%	\$4,486	5%	0.3x	6.2x	5.0x	6.4x	13.3x
Air Transport Services Group, Inc.	ATSG	\$22.81	\$1,846	27%	486%	\$935	31%	2.0x	6.3x	8.0x	6.2x	17.8x
Echo Global Logistics, Inc.	ECHO	\$20.33	\$737	21%	357%	\$2,404	3%	0.3x	9.6x	16.5x	7.8x	11.4x
Radiant Logistics, Inc.	RLGT	\$4.25	\$248	15%	316%	\$810	3%	0.3x	10.4x	nm	9.0x	18.5x
Median				17%				0.8x	9.9x	15.4x	8.4x	17.6x

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Mercer Capital

Transportation & Logistics
Industry Services

Mercer Capital provides valuation and transaction advisory services to the transportation & logistics industry.

Industry Segments

Mercer Capital serves the following industry segments:

- Trucking
- Air Freight
- Marine
- Railroads
- Logistics & Intermodal

Services Provided

- Valuation of transportation and logistics companies
- Transaction advisory for acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes

Contact a Mercer Capital professional to discuss your needs in confidence.

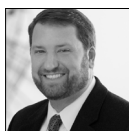
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