

TRANSPORTATION & LOGISTICS MERGERS & ACQUISITIONS UPDATE

2020

TRANSPORTATION & LOGISTICS M&A

OVERVIEW & OUTLOOK

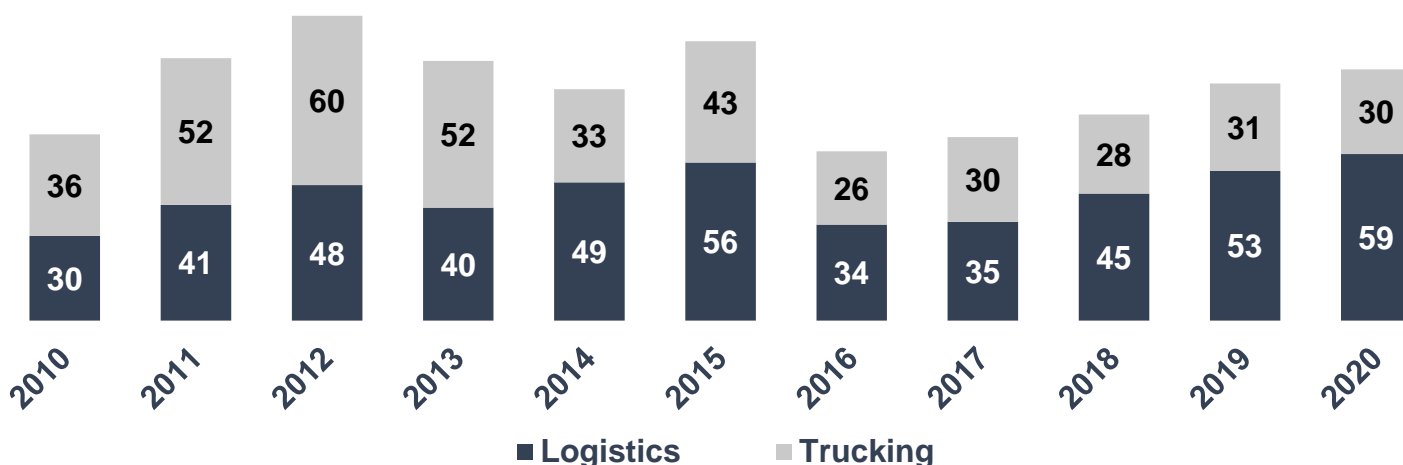
The Transportation and Logistic (T&L) industry recorded 89 M&A transactions in 2020, up from 84 in 2019. This marked the fourth consecutive year of higher M&A volume. The 2020 activity level is especially notable, given the economic uncertainty precipitated by the COVID-19 pandemic.

Every transaction needs a motivated buyer and a motivated seller, and each side often has its unique circumstances influencing the grow-or-sell decision. Depressed operating conditions, uncertainty, fear, and fatigue can be leading contributors to the sale decision of the owners of a privately-held transportation company. Nothing elevated the aforementioned factors, and others, like the unprecedented business and societal trauma caused by the pandemic. Challenges persisted across the board, even for those carriers which were in less-impacted, or thriving, segments. The 2020 conditions drove many out of business, and even the survivors, and the strongest, were challenged. When more and more things move outside your control, it can clearly play with one's psyche and zap your will to fight.

On the other side of the coin are the survivors and those committed to thriving. The consumer-led economy helped keep freight flows moving. While America has demonstrated it can work from home, we have re-discovered that we still need our "stuff," and it must be transported. Now, we simply want it with greater transparency, quicker and cheaper. These B2B and B2C mandates will continue to drive innovation and efficiencies, and the disciplined and best-prepared enterprises will rule the day and will look to do so across a broader scale.

It is against this backdrop that we expect the M&A market to continue to thrive as we move into 2021. While there will be challenging days ahead for the economy, the prospects of higher tonnage, constrained capacity, cooperative capital markets, and the potential for higher taxes lead us to conclude that there could be meaningful alignment in buyer and seller interests and intentions. We are having discussions with numerous firms that are plotting a strategic growth agenda, while others are exploring how their transportation platform might be received and valued in today's market. Valuation attributes are expected to remain solid for high-achieving and strategically positioned transportation and logistics providers.

T&L Total Deals 2010–2020



Source: S&P Capital IQ

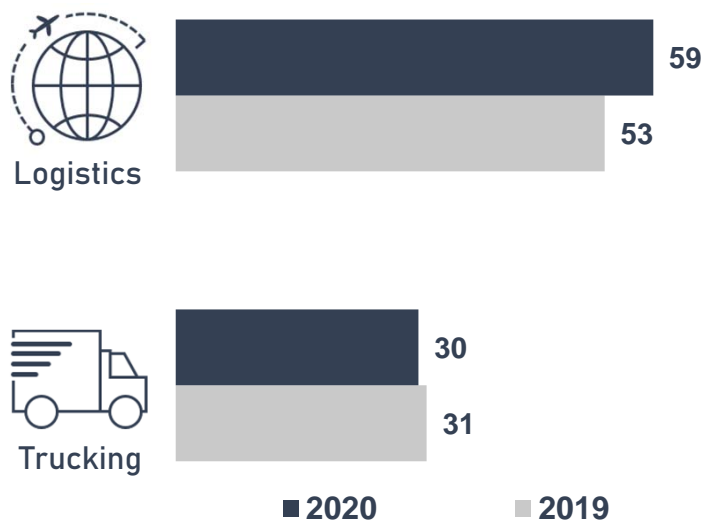
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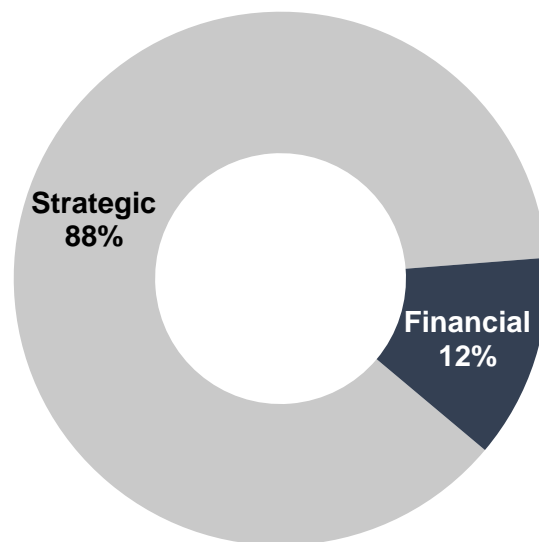
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TRANSACTION ACTIVITY OVERVIEW

Number of Deals by Segment



2020 Deals by Buyer Type



Select Strategic Buyers
2017–2020

Investor Name	# of Acquisitions
TFI International	4
Visible Supply Chain Management	4
Fitzmark	4
Pilot Freight Services	3
Manitoulin Global Forwarding	3
The Kenan Advantage Group	2
Penske Logistics	2
Hub Group	2
Radiant Logistics	2

Select Private Equity Buyers
with Active T&L Holdings

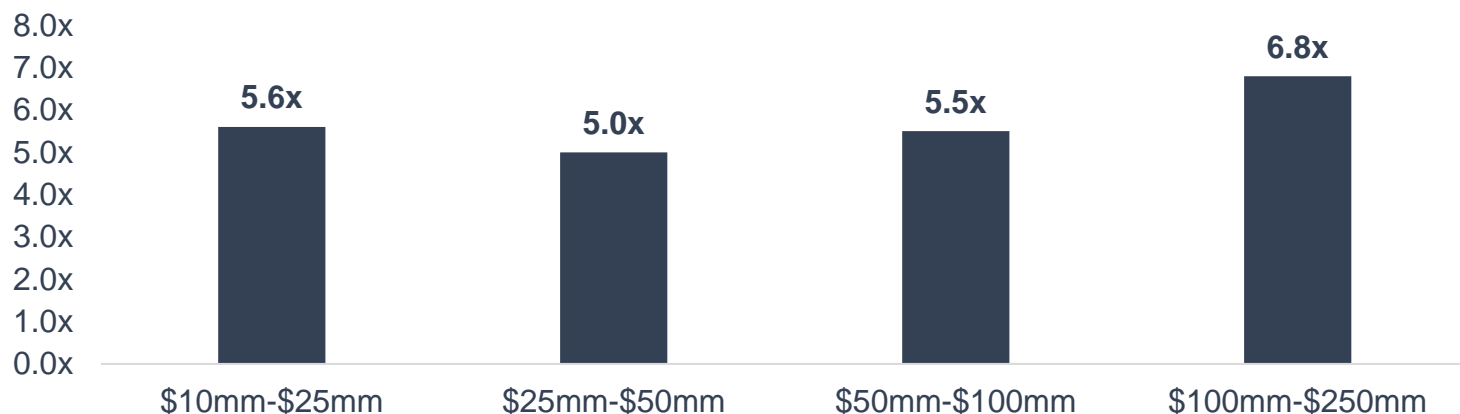
Investor Name	# of Active Holdings
Audax Group	7
Capital For Business	4
Kinderhook Industries	4
Konza Valley Capital	4
Salt Creek Capital	4
Tenex Capital Management	4
Main Street Capital	3
Tecum Capital	3
AEA Investors	3

Source: S&P Capital IQ, PitchBook

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TRANSACTION ACTIVITY OVERVIEW

Trucking EV/EBITDA Multiples by Transaction Size



Source: GF Data (private equity deals, 2005-2020)

Select Middle-Market Private Equity Transactions in 2020

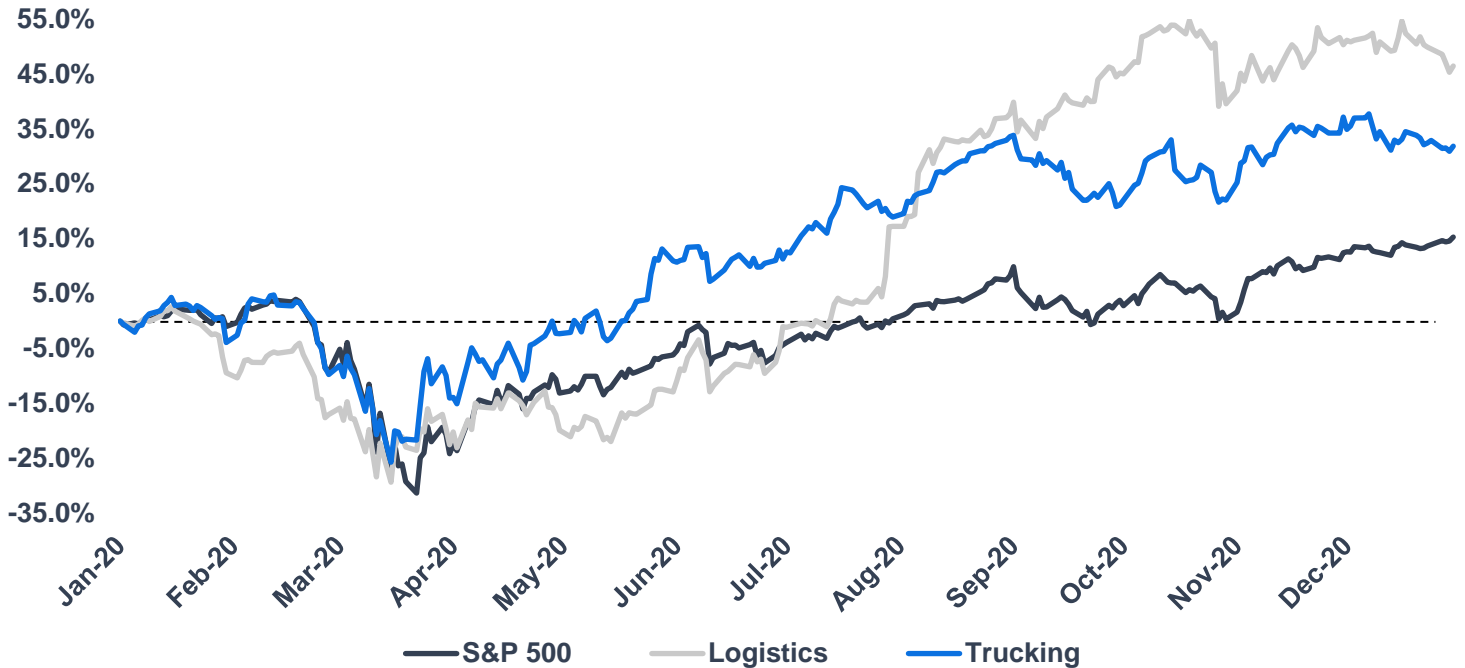
Acquirer/Sponsor	Target Company	Transaction Date
	 WEBER LOGISTICS <i>The Strongest Link</i>	12/10/2020
	Flatland Trucking, Inc.	12/02/2020
	 MONTWAY AUTO TRANSPORT	11/05/2020
	 Roadrunner Temperature Controlled <i>ON TEMP. ON TIME.</i>	08/17/2020
		08/11/2020
		02/21/2020

Source: S&P Capital IQ

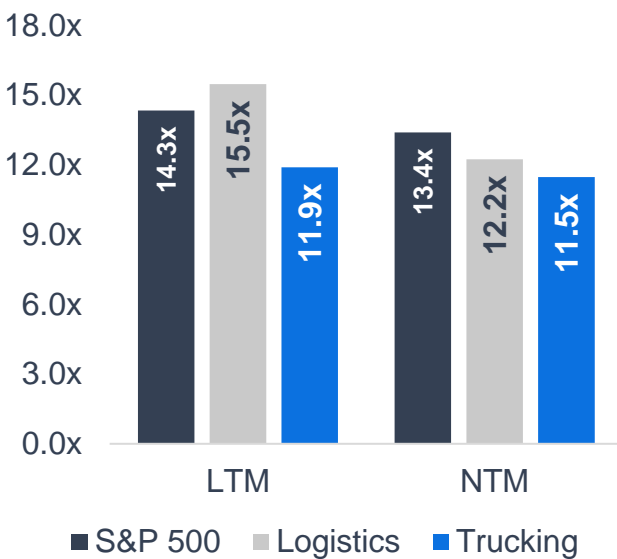
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PUBLIC MARKET OVERVIEW

T&L Segments vs. S&P 500



Average LTM & NTM EV/EBITDA Multiples



Key T&L Topics to Consider in 2021

1. Overall economic conditions ... continued recovery or additional COVID-19-related setbacks?
2. A continued boom in e-commerce leading to an increased need for outsourced logistics and warehousing.
3. Technology utilization designed to drive efficiencies, cost savings and safety, and the continued evolution of electronic and autonomous vehicle initiatives.
4. The industry's ability to adapt to the new political environment and its potential impact on tax rates and emission standards.
5. Driver capacity dynamics, and the corresponding effect on wage levels.

Note: Public metrics current as of December 30, 2020

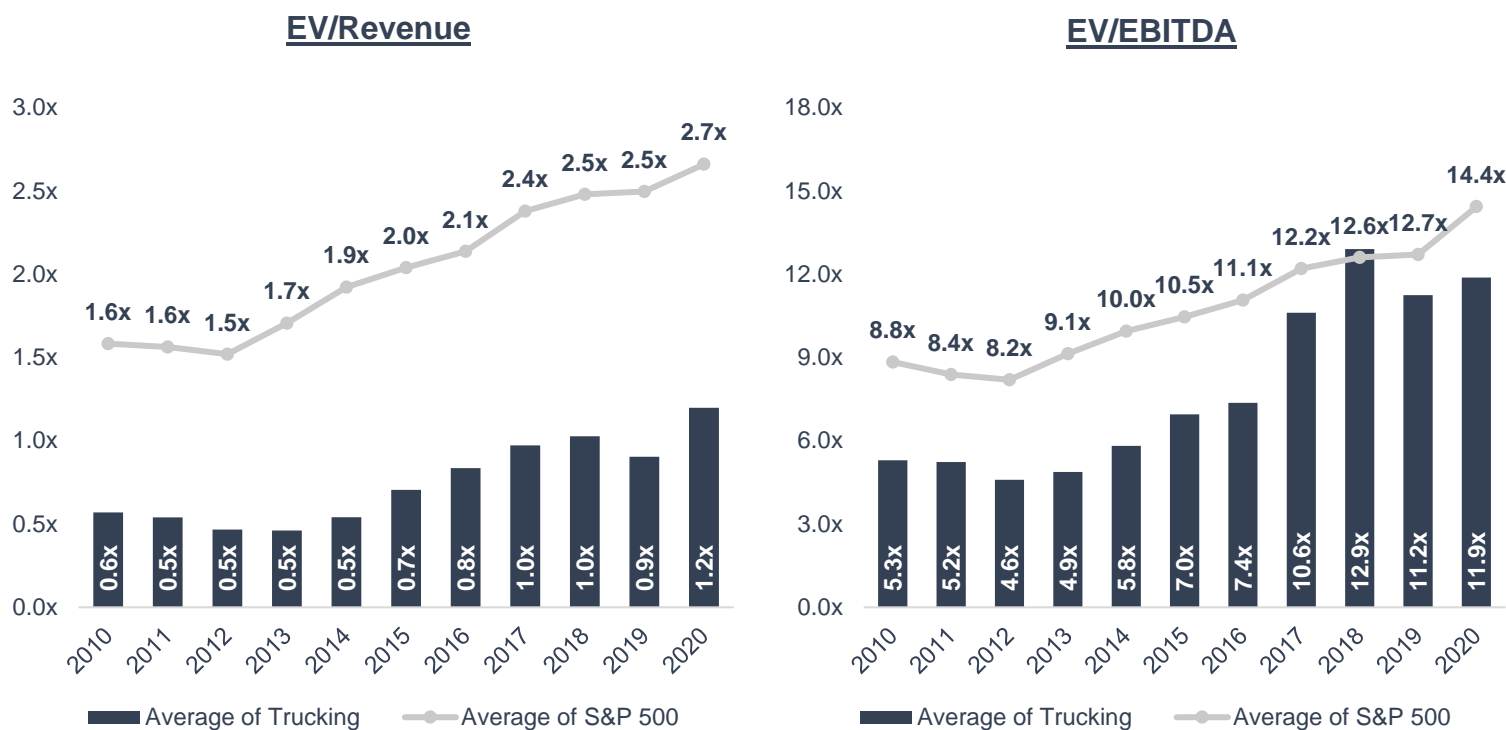
Source: S&P Capital IQ

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TRUCKING PUBLIC COMPARABLES

Company	Ticker	Price	% of 52-Week High	\$ in Millions					Valuation Multiples		
				Market Cap	TTM Revenue	TTM EBITDA	Enterprise Value	EBITDA Margin	EV/Revenue	EV/EBITDA	
ArcBest Corporation	ARCB	\$43	92.2%	\$1,083	\$2,841	\$191	\$1,143	6.73%	0.40x	5.98x	
Covenant Logistics Group	CVLG	15	74.0%	262	853	82	415	9.61%	0.49x	5.06x	
Daseke	DSKE	6	76.8%	375	1,522	158	1,064	10.36%	0.70x	6.75x	
Heartland Express	HTLD	18	79.0%	1,452	657	183	1,370	27.93%	2.09x	7.47x	
J.B. Hunt Transport Services	JBHT	135	93.8%	14,313	9,349	1,238	15,438	13.24%	1.65x	12.47x	
Knight-Swift Transportation Holdings	KNX	42	88.6%	7,136	4,593	982	7,904	21.38%	1.72x	8.05x	
Marten Transport	MRTN	17	84.9%	1,414	864	177	1,327	20.50%	1.54x	7.49x	
Mullen Group	MTL	9	92.7%	833	926	159	1,238	17.22%	1.34x	7.77x	
Old Dominion Freight Line	ODFL	194	90.6%	22,718	3,951	1,102	22,339	27.88%	5.65x	20.28x	
P.A.M. Transportation Services	PTSI	48	81.0%	272	468	56	520	11.95%	1.11x	9.30x	
Saia	SAIA	182	94.0%	4,720	1,789	287	4,935	16.04%	2.76x	17.20x	
Schneider National	SNDR	20	72.8%	3,634	4,444	587	3,126	13.22%	0.70x	5.32x	
TFI International	TFII	52	96.1%	4,847	3,840	610	5,920	15.89%	1.54x	9.70x	
U.S. Xpress Enterprises	USX	7	59.4%	334	1,736	115	1,002	6.65%	0.58x	8.69x	
Universal Logistics Holdings	ULH	21	85.9%	554	1,381	147	1,102	10.62%	0.80x	7.51x	
USA Truck	USAK	9	67.2%	72	516	41	253	7.94%	0.49x	6.17x	
Werner Enterprises	WERN	39	83.2%	2,726	2,374	462	2,871	19.44%	1.21x	6.22x	
YRC Worldwide	YRCW	4	67.5%	236	4,509	140	1,221	3.11%	0.27x	8.70x	
Median									1.16x	7.64x	
Average									1.39x	8.90x	
Average Large Cap (Over \$10B)									3.65x	16.37x	
Average Mid Cap (\$2B - \$10B)									1.59x	9.30x	
Average Small Cap (Under \$2B)									0.89x	7.35x	

Valuation Multiples by Year – Trucking Sector vs. S&P 500



Note: Public metrics current as of December 30, 2020

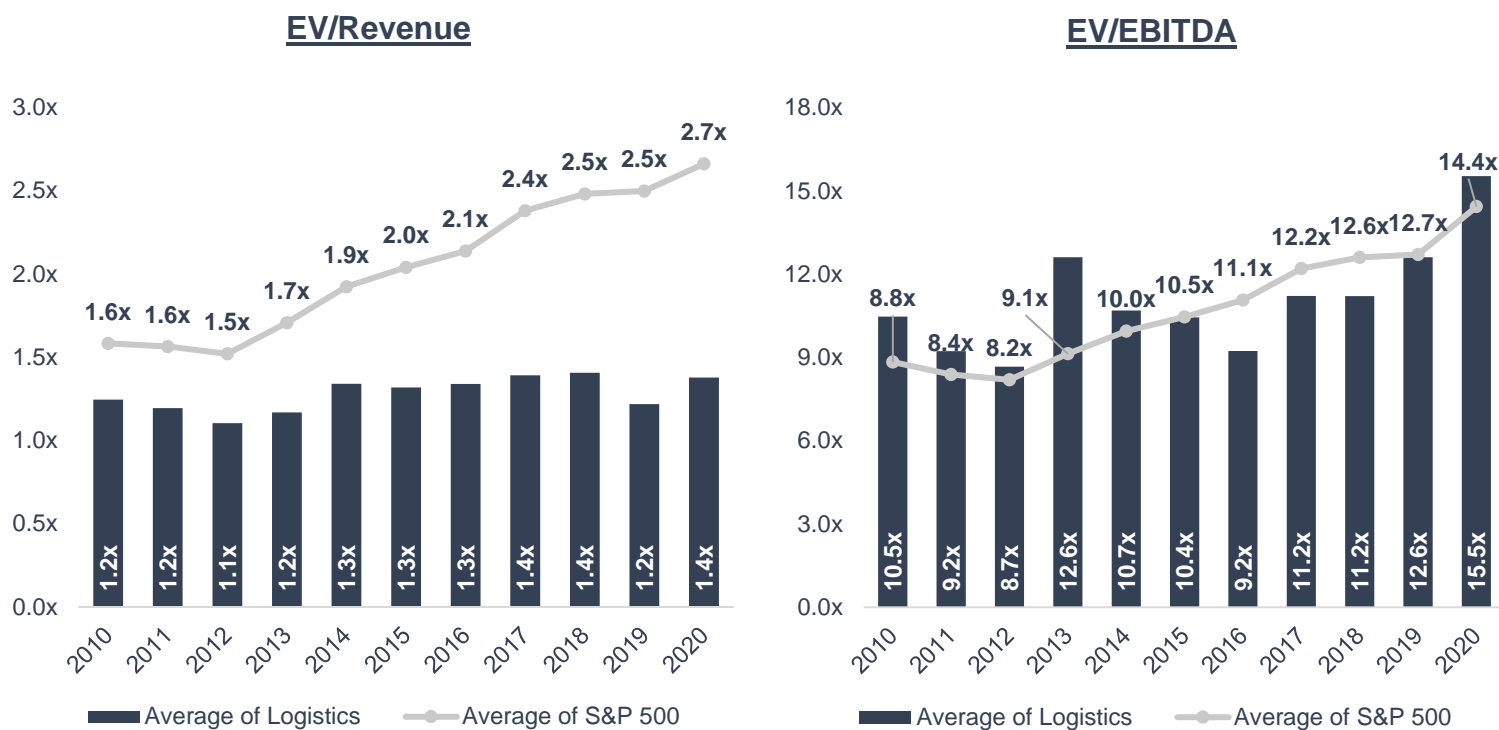
Source: S&P Capital IQ

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LOGISTICS PUBLIC COMPARABLES

Company	Ticker	Price	% of 52-Week High	\$ in Millions					Valuation Multiples		
				Market Cap	TTM Revenue	TTM EBITDA	Enterprise		EV/Revenue	EV/EBITDA	
							Value	EBITDA Margin			
Air Transport Services Group	ATSG	\$31	96.8%	\$1,823	\$1,575	\$497	\$3,295	31.59%	2.09x	6.63x	
Atlas Air Worldwide Holdings	AAWW	55	79.1%	1,503	3,026	698	3,575	23.06%	1.18x	5.12x	
C.H. Robinson Worldwide	CHRW	93	87.2%	12,648	15,451	689	13,895	4.46%	0.90x	20.18x	
CJ Logistics Corporation	A000120	151	85.5%	2,734	9,798	837	5,961	8.54%	0.61x	7.12x	
Deutsche Post	DPW	49	93.1%	61,034	78,926	6,118	78,539	7.75%	1.00x	12.84x	
DSV Panalpina	DSV	167	87.2%	37,701	18,685	1,597	40,425	8.55%	2.16x	25.31x	
Echo Global Logistics	ECHO	27	86.4%	718	2,289	40	847	1.73%	0.37x	21.38x	
Expeditors International of Washington	EXPD	95	98.8%	16,009	8,992	894	14,974	9.94%	1.67x	16.75x	
FedEx Corporation	FDX	260	85.1%	68,913	74,729	7,900	99,024	10.57%	1.33x	12.53x	
Forward Air Corporation	FWRD	76	96.7%	2,100	1,434	129	2,291	8.97%	1.60x	17.80x	
Hub Group	HUBG	57	93.8%	1,935	3,444	231	2,024	6.70%	0.59x	8.77x	
Kuehne + Nagel International	KNIN	226	96.6%	27,026	22,577	1,303	28,009	5.77%	1.24x	21.49x	
Landstar System	LSTR	134	95.6%	5,153	3,836	281	5,033	7.33%	1.31x	17.90x	
Radiant Logistics	RLGT	6	86.6%	277	831	36	300	4.38%	0.36x	8.25x	
Roadrunner Transportation Systems	RRTS	2	19.6%	78	1,848	-68	488	-3.68%	0.26x	N/M	
Ryder System	R	63	96.7%	3,372	8,484	2,029	10,374	23.92%	1.22x	5.11x	
United Parcel Service	UPS	166	93.4%	143,689	80,300	8,655	163,213	10.78%	2.03x	18.86x	
XPO Logistics	XPO	119	95.9%	10,839	15,723	1,276	17,944	8.12%	1.14x	14.06x	
									Median	1.20x	14.06x
									Average	1.17x	14.12x
									Average Large Cap (Over \$10B)	1.43x	17.75x
									Average Mid Cap (\$2B - \$10B)	1.19x	11.98x
									Average Small Cap (Under \$2B)	0.81x	10.03x

Valuation Multiples by Year – Logistics Sector vs. S&P 500



Note: Public metrics current as of December 30, 2020

Source: S&P Capital IQ

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- ESOP feasibility analysis
- Forecasts & projections

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- Real estate cost segregation studies
- Restructuring planning
- State & local tax planning

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- Fraud detection
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- Computer forensics
- Data analytics

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- Foreign tax credit planning
- Global structuring support
- Indirect global taxes
- Transfer pricing

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- Family tax planning
- Investment management
- Personal wealth planning
- Retirement planning

TRANSACTION SERVICES

- Federal, state, & local tax diligence
- Financial diligence
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GROWTH & ADVISORY

INVESTMENT BANKING

- Mergers & acquisitions
- Company sales & divestitures
- Debt & equity recapitalizations
- Management buyouts
- Affiliations
- Succession planning
- Strategic options analysis

ECONOMIC DEVELOPMENT

- Expansion projects
- Grants & public incentives

INTERNATIONAL MARKET

- Development
- Exporting
- Direct investment
- Licensing
- Acquisitions

BKD OPTICS

BUSINESS PERFORMANCE INTELLIGENCE

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- Business activity analysis
- Cost & profitability reporting
- Business strengths, values, & opportunity planning

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- Sage
- Sage Intacct
- Microsoft Dynamics CRM
- Microsoft Dynamics F&O
- Microsoft Dynamics GP & Business Central

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- Virtual CIO
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- Penetration testing
- Incident response
- Regulatory compliance

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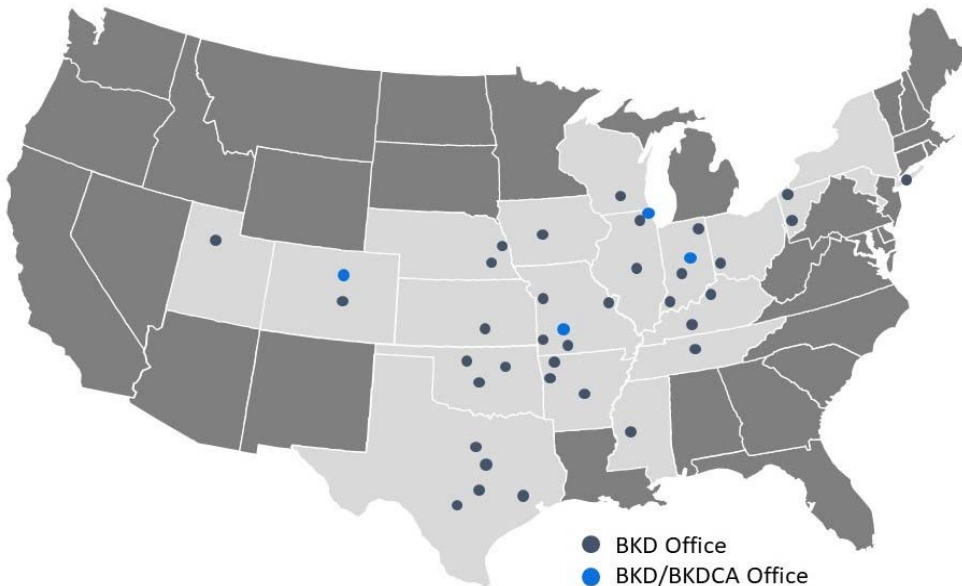
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