

TRUCKING & LOGISTICS INDUSTRY UPDATE

Q1 2019

Industry Multiples In Decline; In Late Stages of Cycle

EXECUTIVE SUMMARY

Trucking company median valuation multiples are currently at 6.3x, up 36.9% from the most recent cycle trough of 4.6x in January 2016

According to ATA Chief Economist Bob Costello, we are currently in one of the best, if not the best, truck freight markets we have ever seen. This has caused demand to outpace the ability of trucking companies to find drivers

The level of for-hire freight shipments as measured by the Transportation Services Index was up 3.2% from January 2018 showing growing demand for freight service

The ATA tonnage index rose 2.2% in January 2019 to 114.4 from December's 111.9 level

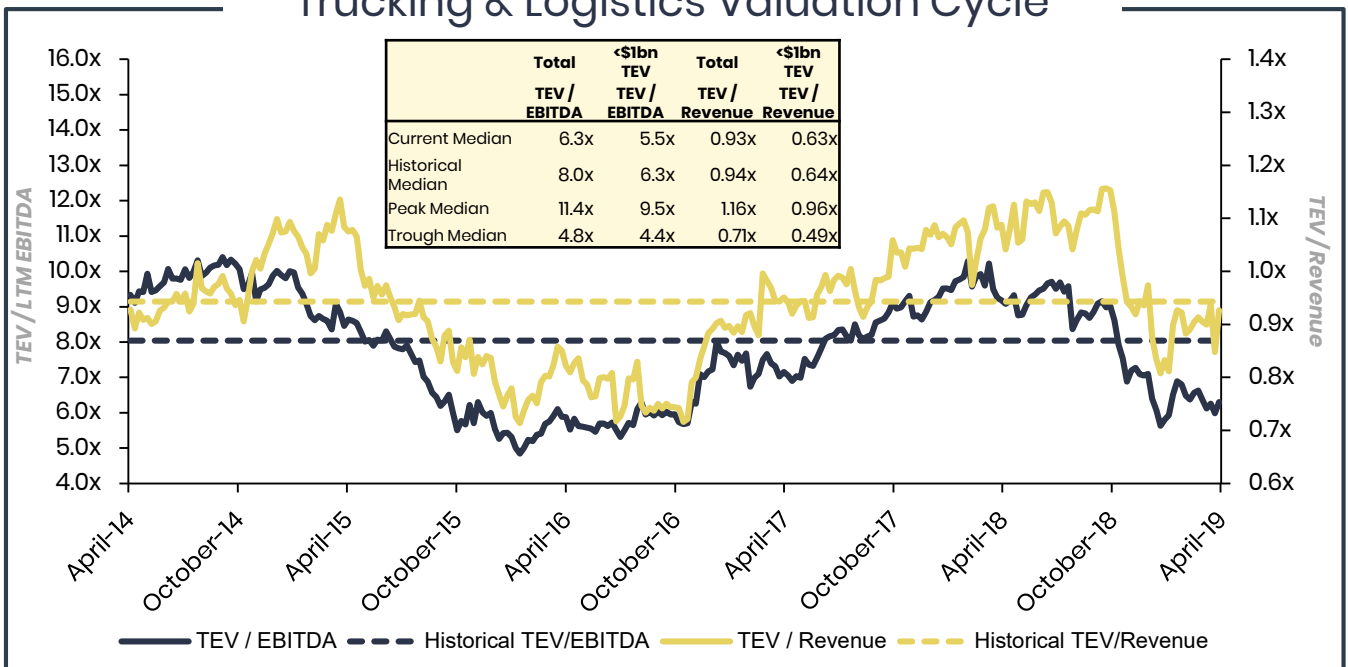
BIG PICTURE

Trucking company valuations and earnings are **highly cyclical** due to the nature of the industry and general macroeconomic factors as well as specific business characteristics

Cycle timing is critical to maximize transaction value. **Recent decline of 3.2x (33.7%)** of public trucking companies' median TEV / EBITDA multiple since September 2018 indicates that the industry is in the late stages of the cycle

Bridgepoint Investment Banking advises trucking company owners seeking near-term liquidity or growth financing that it is **imperative to consider exploring monetization, financing and other strategic options**

Trucking & Logistics Valuation Cycle

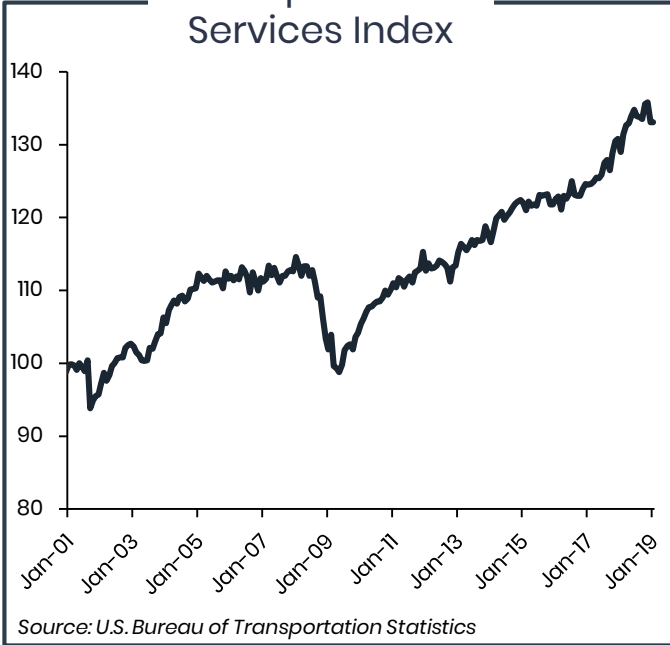


Note: Composite composed of selected public comparables as listed on page 3.

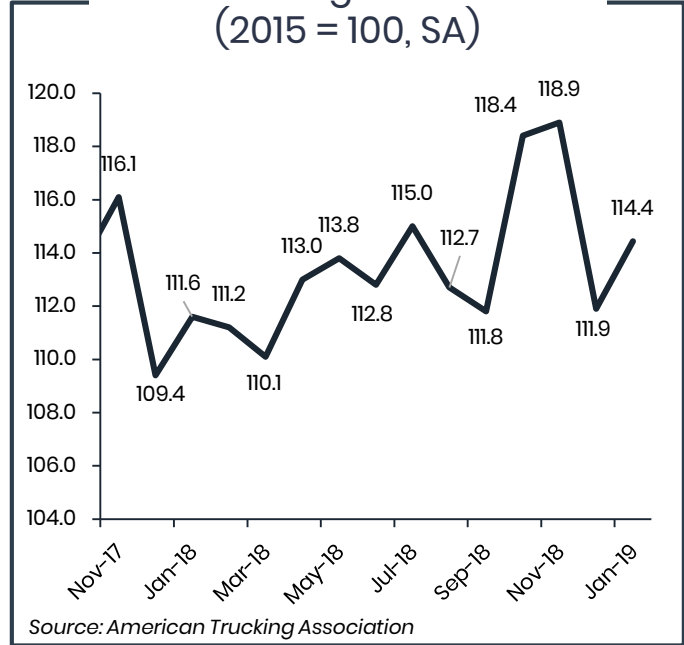
Source: Bridgepoint Investment Banking, Capital IQ, IBISWorld

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Transportation Services Index



ATA Tonnage Index LTM (2015 = 100, SA)



Key Business Considerations

KEY TRUCKING & LOGISTICS TRENDS

- ☑ **Solid Freight Volume and Lack of Capacity Driving Capital Expenditures**
- ☑ **Electronic Logging Device Mandate in Effect – Truck Capacity Beginning to Increase**
- ☑ **Record New Class 8 Truck Orders to Combat Tight Capacity and Add to Driver Satisfaction**
- ☑ **Increased Costs due to New Engine Technology and Maintenance Complexity**
- ☑ **Driver Pay Expected to Continue to Follow Rates**
- ☑ **Operators Looking to Diversify Revenue Base with Asset Light Offerings**
- ☑ **Corporate Tax Overhaul Significantly Increases Book and Cash Earnings**

VALUATION CONSIDERATIONS

- Economic growth and more goods ordered online by consumers have contributed to the heightened freight volume and driving high freight costs
- ELDs represents a real value-add for companies that have successfully transitioned and historically utilized electronic logs
- Investing in their fleet is one strategy trucking firms can use to differentiate themselves and effectively recruit talent in this tight labor market
- Industry-wide driver shortage heightens focus on quality of drivers, driver retention rates and safety history
- Facilitating effective loading and unloading will allow drivers to spend more time on the road and increase capacity
- Drive synergistic value through complementary or diversifying service offerings and / or economies of scale through consolidation
- As businesses increase investments, demand in the transportation and logistics industry will increase

Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	4/1/2019 Share Price	Equity Value	Enterprise Value	P / E		TEV / Revenue		TEV / EBITDA		TEV / EBIT	
					LTM	LTM	LTM	LTM	LTM	LTM		
ArcBest Corporation	United States	\$32.91	\$786.3	\$781.8	12.2x	0.25x	3.4x	6.2x				
Covenant Transportation Group, Inc.	United States	\$20.04	\$348.6	\$561.3	8.3x	0.63x	3.9x	8.2x				
Heartland Express, Inc.	United States	\$19.41	\$1,579.7	\$1,418.2	21.9x	2.32x	8.5x	21.9x				
J.B. Hunt Transport Services, Inc.	United States	\$103.44	\$11,014.2	\$12,160.5	22.9x	1.41x	10.9x	17.9x				
Knight-Swift Transportation Holdings Inc.	United States	\$33.09	\$5,653.9	\$6,502.3	13.8x	1.22x	6.7x	12.1x				
Landstar System, Inc.	United States	\$111.43	\$4,388.4	\$4,334.7	17.7x	0.94x	11.6x	13.1x				
Marten Transport, Ltd.	United States	\$18.00	\$972.9	\$916.1	17.8x	1.16x	6.0x	14.4x				
Old Dominion Freight Line, Inc.	United States	\$148.95	\$11,716.8	\$11,571.5	19.6x	2.86x	11.0x	14.2x				
P.A.M. Transportation Services, Inc.	United States	\$49.70	\$289.6	\$494.2	12.5x	0.93x	5.5x	12.3x				
Patriot Transportation Holding, Inc.	United States	\$18.80	\$62.6	\$42.4	25.9x	0.37x	4.4x	68.3x				
Roadrunner Transportation Systems, Inc.	United States	\$0.42	\$394.4	\$1,015.8	NM	0.46x	75.2x	NM				
Saia, Inc.	United States	\$63.61	\$1,565.1	\$1,685.7	15.3x	1.02x	6.9x	11.9x				
Schneider National, Inc.	United States	\$21.32	\$3,726.4	\$3,707.7	13.9x	0.74x	5.5x	9.7x				
TFI International Inc.	Canada	\$30.31	\$2,519.1	\$3,709.7	12.3x	0.97x	7.4x	11.9x				
Universal Logistics Holdings, Inc.	United States	\$20.40	\$558.6	\$944.0	10.7x	0.65x	6.3x	10.0x				
USA Truck, Inc.	United States	\$15.20	\$117.1	\$276.6	9.7x	0.52x	5.9x	14.6x				
Werner Enterprises, Inc.	United States	\$34.79	\$2,407.2	\$2,498.2	14.7x	1.02x	5.6x	11.6x				
XPO Logistics, Inc.	United States	\$55.35	\$5,868.1	\$10,152.1	18.7x	0.59x	6.7x	12.7x				
YRC Worldwide Inc.	United States	\$7.29	\$226.4	\$873.7	11.2x	0.17x	3.3x	7.3x				

Sub-\$1bn TEV

	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	17.8x	1.16x	6.3x	14.6x
Mean	11.8x	0.62x	4.9x	10.4x
Median	11.2x	0.63x	5.5x	10.0x
Low	8.3x	0.17x	3.3x	6.2x

Total

	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	25.9x	2.86x	75.2x	68.3x
Mean	15.5x	0.96x	10.2x	15.5x
Median	14.3x	0.93x	6.3x	12.2x
Low	8.3x	0.17x	3.3x	7.3x

Selected Recent Industry Transactions

(\$ in millions)

Date Announced	Target	Acquirer	TEV	
			(\$mm)	TEV / LTM Sales EBITDA
04/01/2019	Aulick Leasing	TFI International Inc. (TSX:TFII)	-	-
02/28/2019	Riechmann Transport, Inc.	PS Logistics, LLC	-	-
02/25/2019	Schilli Corporation	TFI International Inc. (TSX:TFII)	-	-
01/21/2019	Reliable Source Logistics LLC	Fitzmark, Inc.	-	-
01/21/2019	J&B Express LLC	Kuhlhaus Logistics Systems	-	-
01/09/2019	All Assets of Joseph Cory Warehouses, Inc.	J.B. Hunt Transport, Inc.	\$100.0	-
12/07/2018	Deco Logistics, Inc./Oaktree Logistics, Inc.	Mason Dixon Intermodal, Inc.	\$60.0	1.1x
11/05/2018	CaseStack, Inc.	Hub Group, Inc. (NasdaqGS:HUBG)	\$255.0	1.1x 11.6x
10/25/2018	J & B Services, Inc.	Milan Supply Chain Solutions	\$6.4	-
10/24/2018	Martin Transport, Inc.	Martin Operating Partnership LP.	\$145.0	-
10/18/2018	Davis Transfer Company Inc./Davis Transfer Logistics Inc./B & G Leasing, LLC.	USA Truck, Inc. (NasdaqGS:USAK)	\$53.0	1.1x
10/18/2018	American Fast Freight, Inc.	Odyssey Logistics & Technology Corporation	\$465.0	-
08/10/2018	Southern Counties Express, Inc./Aquarius Financial, Inc.	Mason Dixon Intermodal, Inc.	\$65.0	-
08/08/2018	Capstan Hauling Ltd.	ENTREC Corporation (TSX:ENT)	\$10.5	-
07/25/2018	Dacota Freight Services Ltd.	Hi-Way 9 Group of Companies	\$18	-
06/07/2018	Thunder Ridge Transport, Inc.	EVO Transportation & Energy Services, Inc. (OTCPK:EVOA)	\$3.0	-
02/07/2018	Marshall Trucking Inc.	Mullen Trucking Corp.	\$7.8	-
02/02/2018	Fore Transportation, Inc.	Universal Logistics Holdings, Inc. (NasdaqGS:ULH)	\$34.9	1.1x
12/07/2017	Keen Transport, Inc.	Wallenius Wilhelmsen ASA (OB:WALWIL)	\$64.0	0.8x 6.4x
11/01/2017	Indiana Transport, Inc.	Patrick Industries, Inc. (NasdaqGS:PATK)	\$59.0	-
09/05/2017	RDK Transportation Co. Inc.	Mullen Group Ltd. (TSX:MTL)	\$10.9	-
08/31/2017	Milgram & Company Ltd.	C.H. Robinson Worldwide, Inc. (NasdaqGS:CHRW)	\$49.5	0.4x
07/18/2017	Commodity Forwarders Inc.	Kuehne + Nagel International AG (SWX:KNIN)	\$94.4	0.5x
07/06/2017	Interstate Distributor Co., Inc.	Heartland Express, Inc. (NasdaqGS:HTLD)	\$113.0	0.3x
06/16/2017	Owen Logistics, LLC	AlumiFuel Power Corporation (OTCPK:AFPW)	\$0.1	-
06/15/2017	Big Red LTL Transport, Inc.	Bulova Technologies Group, Inc. (OTCPK:BTGI)	\$12	-
05/25/2017	Hub Group Dedicated	Hub Group Trucking, Inc.	\$285.0	1.1x
04/10/2017	Swift Transportation Company	Knight-Swift Transportation Holdings Inc. (NYSE:KNX)	-	-

High	1.1x	11.6x
Mean	0.8x	9.0x
Median	1.1x	9.0x
Low	0.3x	6.4x

EXECUTIVE SUMMARY

Sector-focused trucking, transportation and vehicular boutique investment bank focused on the middle market

- Deep sector experience, completing more than \$50 billion of transactions in the trucking, transportation and vehicle space
- Member of numerous state and national trucking associations
- Full-service investment banking capabilities spanning sell-side M&A, buy-side M&A and a market-leading leveraged finance practice
- Tenacious, creative and results-oriented boutique investment bank focused on impact and value creation for the companies we serve
- Confidential, independent and unconflicted capital solutions and strategic advice

SECTORS



SELECTED BRIDGEPOINT TRANSACTION EXPERIENCE

<p>SD1.9 million Convertible Debt and Preferred Equity Placement</p> <p>Sole Financial Advisor</p>	<p>Not Disclosed Buy-side Advisory on its potential acquisition of publicly traded technology services company and related acquisition financing</p> <p>Sole Financial Advisor</p>	<p>Not Disclosed Self-side Advisor and Buy-side acquisition financing</p> <p>Sole Financial Advisor</p>	<p>USD1.0 million Follow-on equity offering</p> <p>Senior Co-Marketer</p>	<p>USD300 million Joint Bookrunner and Joint Arranger for new revolving credit facility and senior note offering</p> <p>Senior Bookrunner</p>	<p>USD26 million Exit financing facilities</p> <p>Senior Bookrunner</p>	<p>USD3.0 billion Joint Bookrunner on senior notes offering</p> <p>Joint Bookrunner</p>	<p>USD300 million Secondary equity offering</p> <p>Joint Lead Bookrunner</p>	<p>USD1.0 billion Bridgepoint Moore Capital Investors, LLLP</p> <p>Lead Bookrunner & Sole Financial Advisor</p>
<p>SD1.9 billion Senior secured credit facilities</p> <p>Joint Bookrunner</p>	<p>Not Disclosed Buy-side Advisor on acquisition of Bank of Nebraska</p> <p>Sole Financial Advisor</p>	<p>Not Disclosed Buy-side advisory and in-sourcing financing for management buyout</p> <p>Sole Financial Advisor</p>	<p>USD375 million Senior secured credit facilities / senior notes</p> <p>Sole Financial Arranger</p>	<p>USD300 million Senior secured credit facilities</p> <p>Senior Bookrunner</p>	<p>USD200 million Senior secured credit facilities</p> <p>Senior Advisor</p>	<p>USD1.0 billion Senior secured credit facilities</p> <p>Sole Financial Advisor</p>	<p>USD1.0 billion Senior secured credit facilities</p> <p>Sole Financial Advisor</p>	<p>USD60 million Global financing</p> <p>Sole Financing Arranger</p>
<p>SD1.2 billion Senior secured credit facilities</p> <p>Sole Financial Advisor</p>	<p>AULICK Leasing Has been acquired by TFI International</p> <p>Sole Financial Advisor</p>	<p>FLKQ USD765 million Senior secured credit facilities (financing for FLKQ's acquisition of top competitor)</p> <p>Joint Bookrunner</p>	<p>TENNECO USD 250 million Senior notes offering</p> <p>Joint Bookrunner</p>	<p>USD1.0 billion Senior secured credit facilities</p> <p>Sole Financial Advisor</p>	<p>USD1.0 billion Senior secured credit facilities</p> <p>Joint Bookrunner</p>	<p>CONTRACTORS Has been acquired by SRS Distribution</p> <p>Sole Financial Advisor</p>	<p>RURAL MEDIA Not Disclosed Unit-tranche financing for dividend recapitalization</p> <p>Sole Financial Arranger</p>	<p>CooperStandard Buy-side advisory on acquisition of European automotive supplier</p> <p>Financial Advisor</p>

MORE THAN

197

YEARS OF EXPERIENCE

\$102B

IN TRANSACTIONS

118

TOTAL TRANSACTIONS

SENIOR LEADERSHIP



Matt Plooster
Managing Director



Wm. Lee Merritt
Managing Director



Gary Grote
Managing Director



Mike Anderson
Managing Director



Adam Claypool
Managing Director



Joe Liss
Managing Director



Natasha Plooster
COO



Subhash Marineni
Vice President

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