

Trucking Industry Update

Trucking Valuations Still Strong Relative to Historical Averages

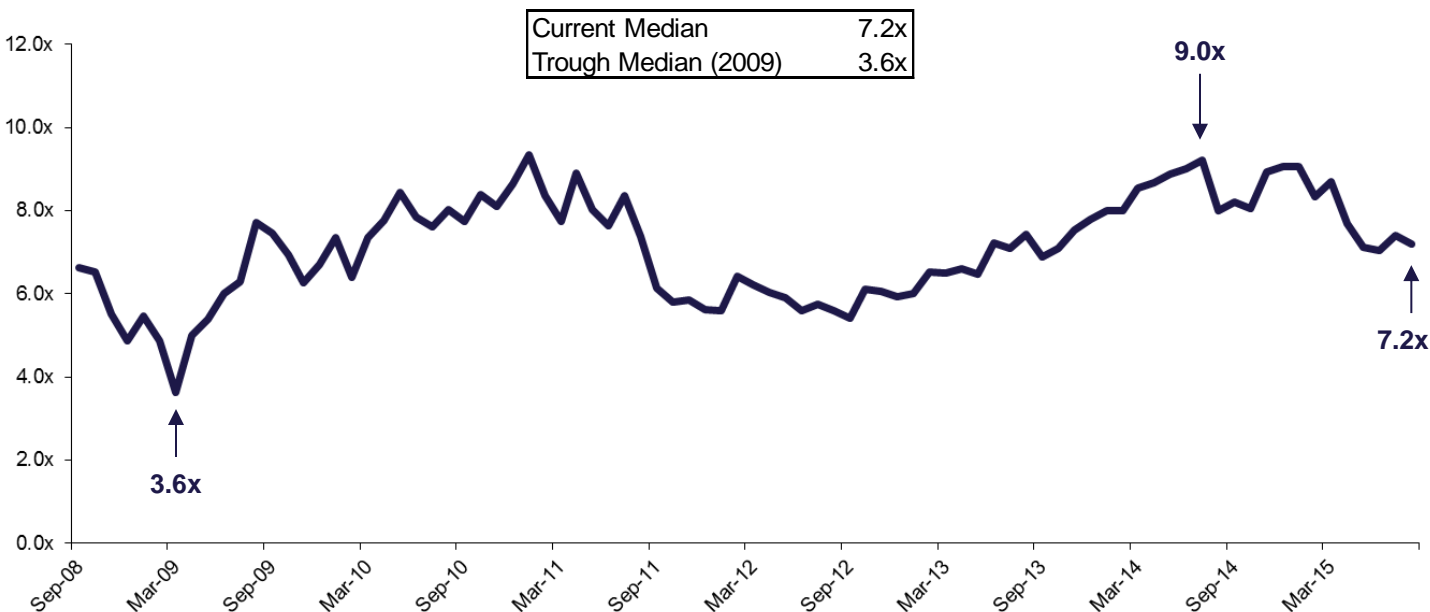
Executive Summary

- Trucking company valuation multiples have demonstrated strong growth in recent years, driven by improved economic growth and lower fuel costs
- ATA tonnage index near all-time high in June, deep into the industry cycle – positioning companies strongly relative to buyers/financing providers but timing critical
- Industry multiples are currently trending downward, reflecting an opportunistic market for trucking company owners to explore monetization and strategic options while the cycle window of robust multiples is still open

Key Takeaways

- Current trucking industry valuation multiples are trending downward but still reflect an attractive time to sell while companies can still capture strong premiums – multiples remain 2x last cycle trough
- Deep into the industry cycle – timing critical for sellers
- Valuations (and earnings) are highly cyclical due to nature of industry; cycle timing is critical to maximize value for trucking companies
- Bridgepoint Merchant Banking advises trucking company owners that timing is attractive to consider exploring monetization, financing and other strategic options

Trucking Valuation Cycle – TEV / LTM EBITDA



Source: Bridgepoint Merchant Banking, IBIS World, Capital IQ

Bridgepoint Merchant Banking is a division of Bridgepoint Holdings, LLC. Securities offered through an unaffiliated entity, M&A Securities Group, Inc., member FINRA/SIPC

Industry Background

- The trucking industry is composed mainly of owner-operators (over 90% of industry operators) engaged in long-distance transport of various commodities, usually palletized and transported in containers or van trailers
- The industry is mature and highly fragmented, characterized by intense competition with companies competing on price. Industry growth is usually highly correlated to general economic activity and freight tonnage with operators focusing on improving operating efficiencies rather than introducing new technologies. Currently, the industry is experiencing heightened levels of merger and acquisition activity

Performance

- Revenues have climbed to \$175.3b as a result of moderate 3.0% per year growth over the past five years (2010-15). Demand in the industry is expected to be strong over the next five years (2015-20) as the American economy continues to recover
- While revenues are expected to grow 3.6% annually, the cost of crude oil is expected to increase 4.2% annually, compressing profit margins in the industry

Source: Bridgepoint Merchant Banking, IBIS World, Capital IQ

Valuation

- For publicly traded companies in the trucking industry, TEV to LTM EBITDA multiples have increased 200% from the 2009 trough (3.6x multiple) to a current median multiple of 7.2x (see chart on previous page)

Corporate Strategy Considerations

- Transaction multiples and capital markets support for buyouts/acquisitions are still at historically high levels. Trucking sector multiples are particularly sensitive to the cyclical nature of the industry – companies are currently garnering premium multiples relative to historical norms
- Cycle timing and selling/financing from a position of strength are particularly important in the sector; ATA tonnage currently near all-time high having posted several good years of performance since the last trough, presenting a window that may not be matched for several years for potential sellers and companies seeking near-term monetization or financing

Selected Bridgepoint Merchant Banking Vehicular Transactions

 <p>USD375 million Senior secured credit facilities/senior notes</p> <p>Joint Bookrunner</p>	 <p>USD811 million M&A and financing advisory</p> <p>Financial Advisor</p>	 <p>USD5.7 billion M&A advisory</p> <p>Financial Advisor</p>	 <p>Not Disclosed M&A advisory</p> <p>Sole Financial Advisor</p>	 <p>USD474 million IPO + Capital Raise</p> <p>Joint Bookrunner</p>	<p>Superior Logistics USA, Inc.</p> <p>Not Disclosed Financial Advisor</p> <p>Sole Financial Advisor</p>
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About Us

- **\$41 billion in vehicular transaction experience**
- **\$104+ billion of M&A and capital raising experience**
- **35+ completed M&A assignments spanning more than \$29 billion**
- **40+ completed corporate finance transactions, raising more than \$74 billion in capital**
- **35+ years cumulative investment banking & private equity experience**

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