

**M&A Market Analysis and
Capital Markets Update**
Quarterly

Transportation & Logistics Services Report

A Middle-Market Perspective on the Transportation & Logistics Industry



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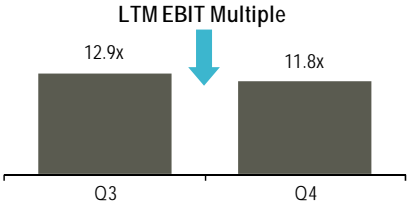

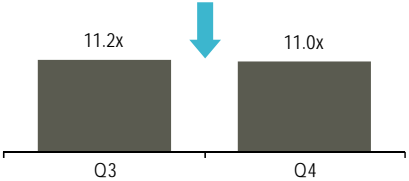

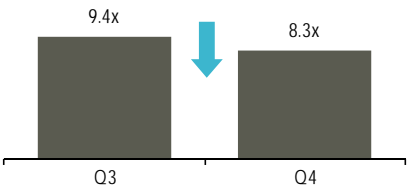

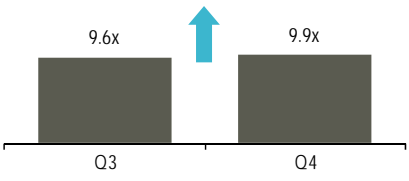

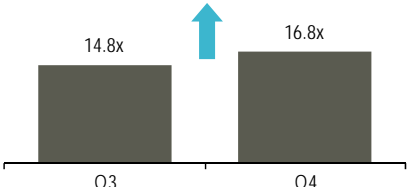

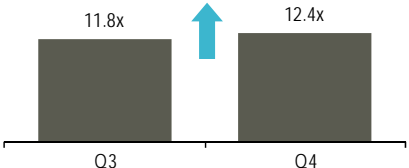
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The following report has been prepared by the Investment Banking Department of Robert W. Baird & Co. This report is an overview and analysis of consolidation trends and is not intended to provide investment recommendations on any specific industry or company. A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/researchdisclosure>. You can also call 1-800-792-2473 or write: Robert W. Baird & Co., Equity Research, 24th Floor, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

Quarterly Report Overview

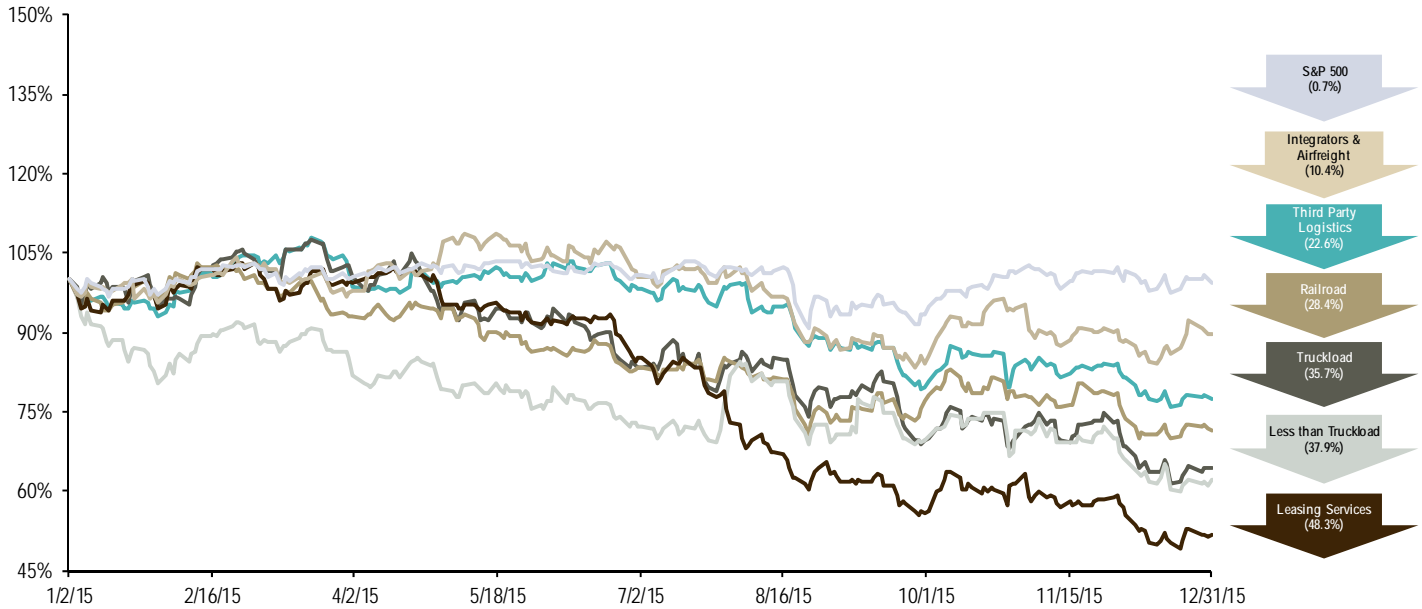
The Transportation and Logistics Services report, created by Baird's Investment Banking Department, highlights capital markets trends and events that impact middle-market companies within these sectors. Detailed below are the report's six areas of focus and representative companies within each group. The statistics at the right of each group represent the current median for the group and the arrows indicate movement up or down from last quarter.

 <p>Third Party Logistics</p>	<p>C.H. Robinson Echo Global Logistics Expeditors International Forward Air Corp Hub Group J.B. Hunt Trans. Kuehne & Nagel Landstar</p>	<p>Panalpina World Trans. Roadrunner Trans. Systems Universal Truckload UTi Worldwide XPO Logistics</p>	<p>Quarterly Change in Stock Price</p> <p>↓</p> <p>(2.3%)</p>	<p>LTM EBIT Multiple</p>  <p>12.9x 11.8x</p> <p>Q3 Q4</p>
 <p>Truckload</p>	<p>Celadon Group Covenant Trans. Heartland Express Knight Transportation</p>	<p>Marten Trans. Swift Transportation USA Truck Werner Enterprises</p>	<p>↓</p> <p>(4.8%)</p>	 <p>11.2x 11.0x</p> <p>Q3 Q4</p>
 <p>Less Than Truckload</p>	<p>ArcBest Corporation Old Dominion</p>	<p>Saia YRC Worldwide</p>	<p>↓</p> <p>(11.0%)</p>	 <p>9.4x 8.3x</p> <p>Q3 Q4</p>
 <p>Integrators & Airfreight</p>	<p>Atlas Air Deutsche Post FedEx Corp Post NL NV United Parcel Service</p>		<p>↓</p> <p>(2.4%)</p>	 <p>9.6x 9.9x</p> <p>Q3 Q4</p>
 <p>Leasing Services</p>	<p>CAI International GATX Corp. Ryder TAL International Group Textainer Group Holdings</p>		<p>↓</p> <p>(3.8%)</p>	 <p>14.8x 16.8x</p> <p>Q3 Q4</p>
 <p>Railroad</p>	<p>Canadian National CSX Genesee & Wyoming</p>	<p>Kansas City Southern Norfolk Southern Union Pacific</p>	<p>↓</p> <p>(8.7%)</p>	 <p>11.8x 12.4x</p> <p>Q3 Q4</p>

Source: Capital IQ. As of December 31, 2015.
Please see glossary on page 16 for definitions and other important information.

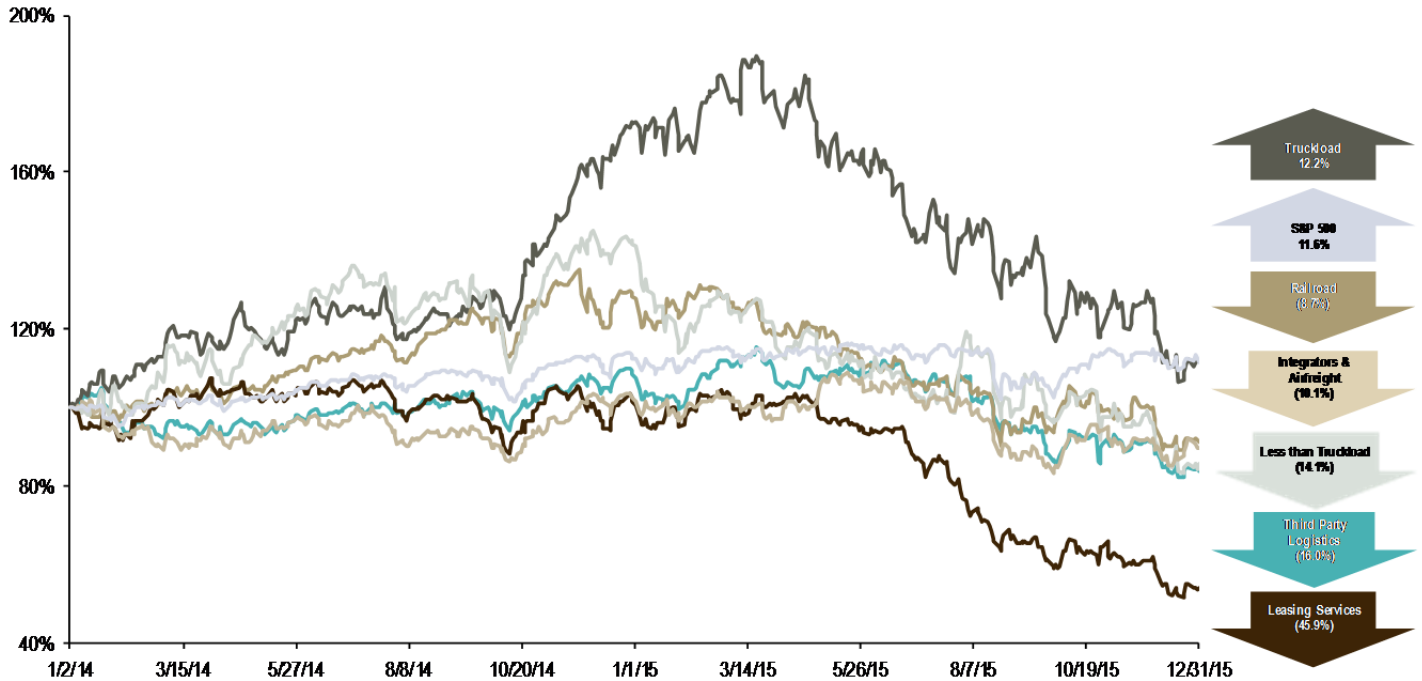
Quarterly Report Overview

LTM Stock Price Performance



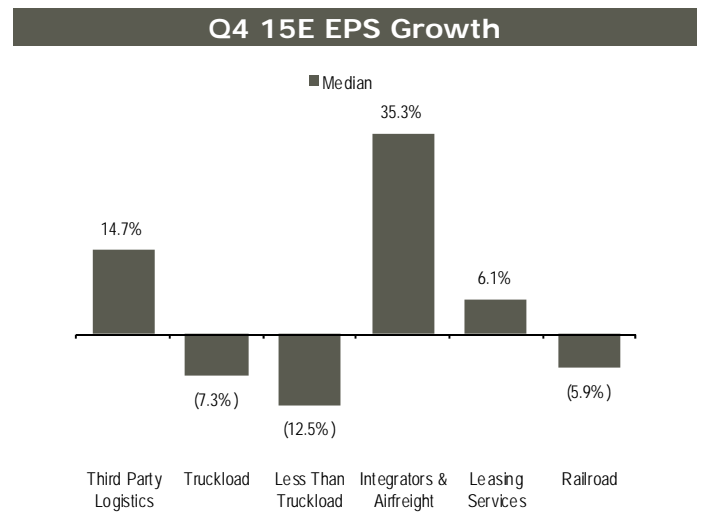
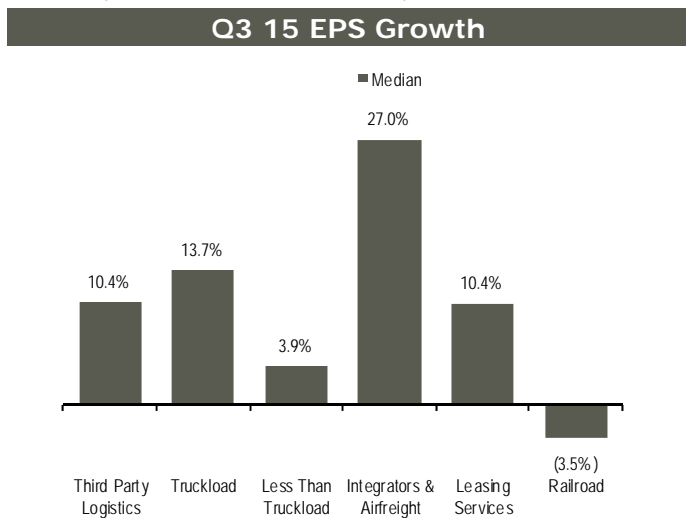
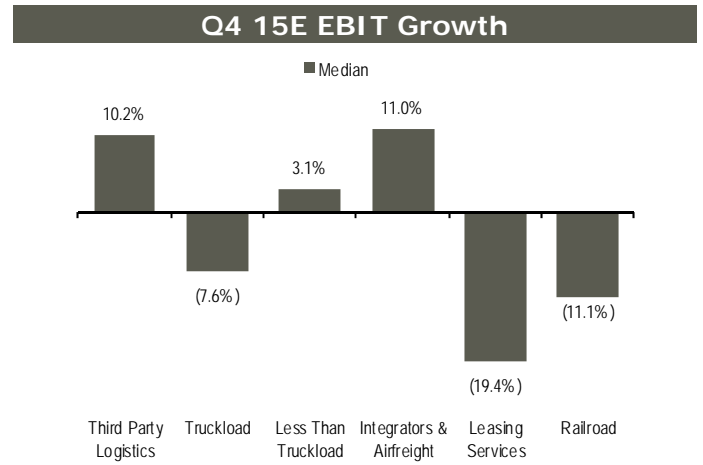
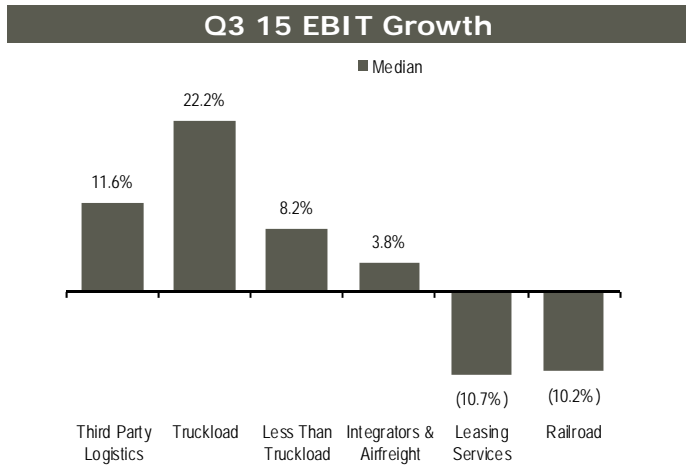
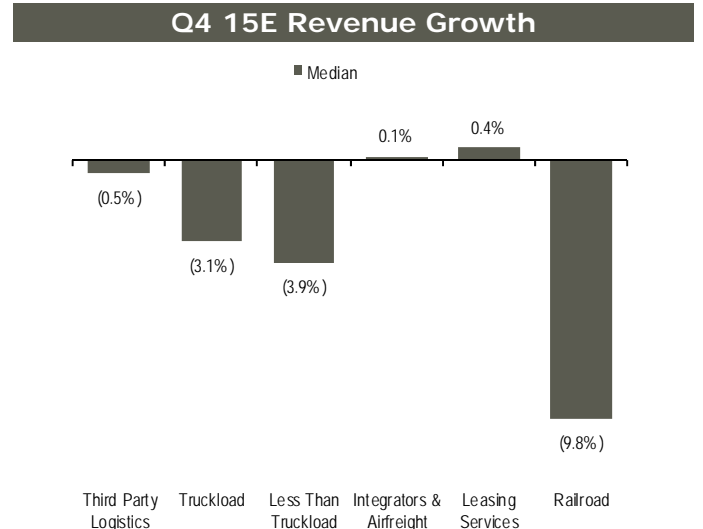
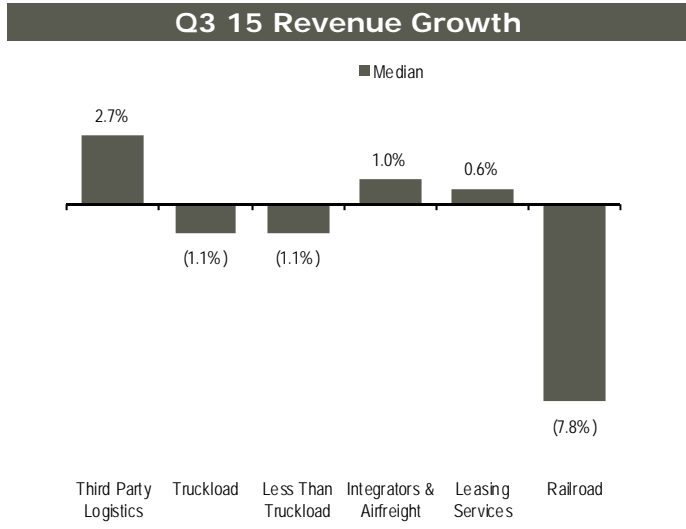
Source: Capital IQ. As of December 31, 2015.
 A list of companies comprising each index may be found on page 1.
 The S&P 500 Index is an unmanaged index commonly used to measure common stock total performance.

2-Year Stock Price Performance



Source: Capital IQ. As of December 31, 2015.
 A list of companies comprising each index may be found on page 1.
 The S&P 500 Index is an unmanaged index commonly used to measure common stock total performance.
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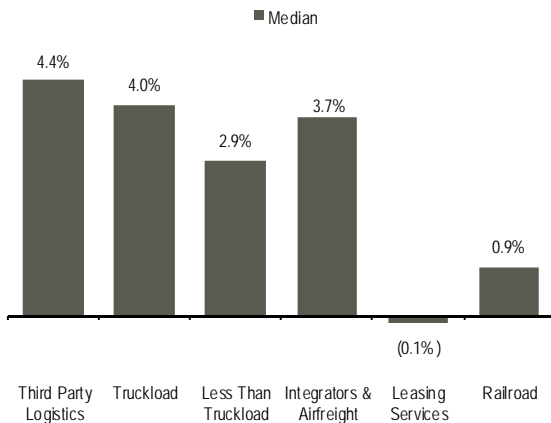
T&L – Actual Growth Metrics for Q3 2015, Q4 2015



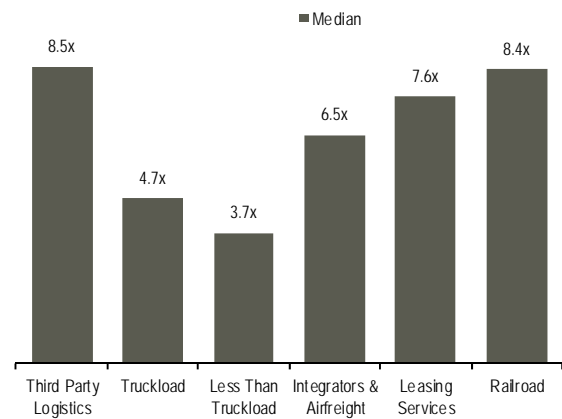
Source: Capital IQ and company press releases. As of December 31, 2015.

T&L – Select Projected Operating / Valuation Metrics

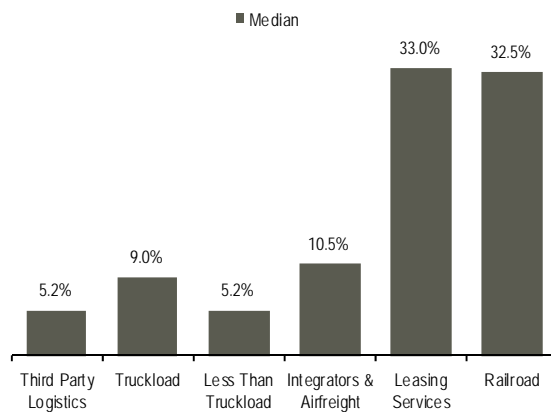
2016E Consensus Revenue Growth



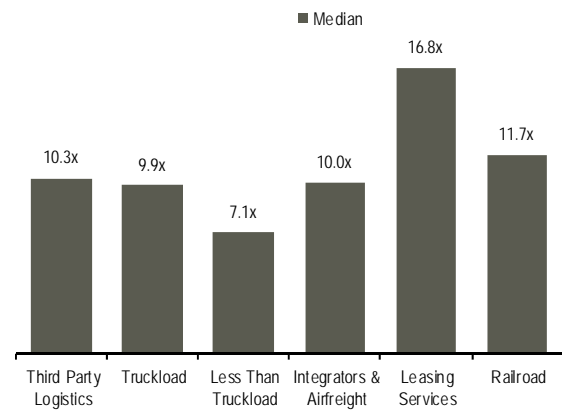
2016E EBITDA Multiple



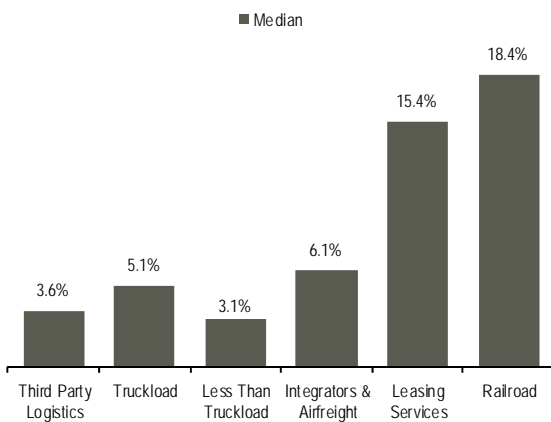
2016E Consensus EBIT Margins



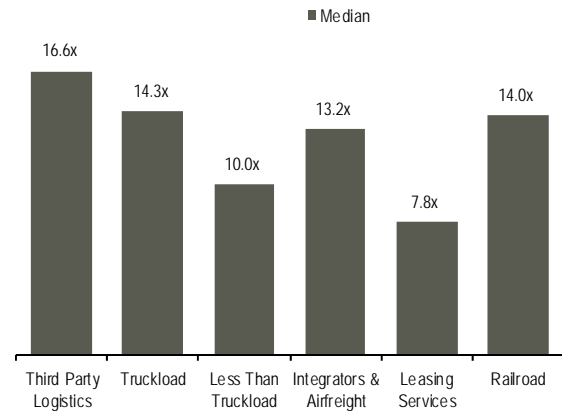
2016E EBIT Multiple



2016E Consensus Net Income Margins



2016E P/E



Source: Capital IQ. As of December 31, 2015.
Please see glossary on page 16 for definitions and other important information.

T&L – Select Equity Research Commentary

Baird's top-ranked* research department provides active, highly quality equity research on various transportation & logistics companies. Excerpts from recent research notes are below. Click on the quote to read the entire note and related disclosures. For detailed information on Baird's Transportation & Logistics Research, click [here](#)



"FWRD dominates its core airport-to-airport market and we believe Core can drive double-digit revenue growth in a healthy economy given 1) an improving rate environment and 2) upper-single-digit volume growth potential. FWRD is actively evaluating acquisitions that would both expand existing offerings and expand FWRD's portfolio. Though the list of potential acquires is limited due to FWRD's channel conflicts, the company is open to acquisitions ranging the transportation spectrum (port drayage, pool distribution, LTL consolidation)."

— [Research note on December 18, 2015](#)



"Over the past decade, the stock traded in a representative range of 18-35x forward EPS estimates with an average valuation of 25x. Recent below-trend growth and structural concerns about growth, particularly on its incumbent Asia-US lane, likely prevents a return to EXPD's historical average valuation multiple. However, given the strong organic historical results (10-year EBIT CAGR of 7%), attractive long-term growth prospects (10-15% EPS growth in a healthy market), and a strong financial position, we believe a premium multiple relative to the market and its peer group is warranted."

— [Research note on November 3, 2015](#)



"With continued expansion of its existing intermodal platform and its truck brokerage and supply chain divisions, HUBG has the opportunity over the next few years to establish itself as a leading domestic third-party logistics (3PL) provider. Over the longer term, we think HUBG's gross profit and earnings growth potential, strong free cash flow, and potential for accretive acquisitions should support a valuation premium relative to the market and consistent with the broader 3PL group."

— [Research note on October 29, 2015](#)



"The truckload market is highly fragmented with the top 10 carriers accounting for roughly 10% of the market. In the near term, growth will be pressured by the challenging external environment. Over the longer term, we expect LSTR to benefit from this highly fragmented market by continuing to take share. We believe LSTR should be capable of double-digit revenue growth in a healthy economy."

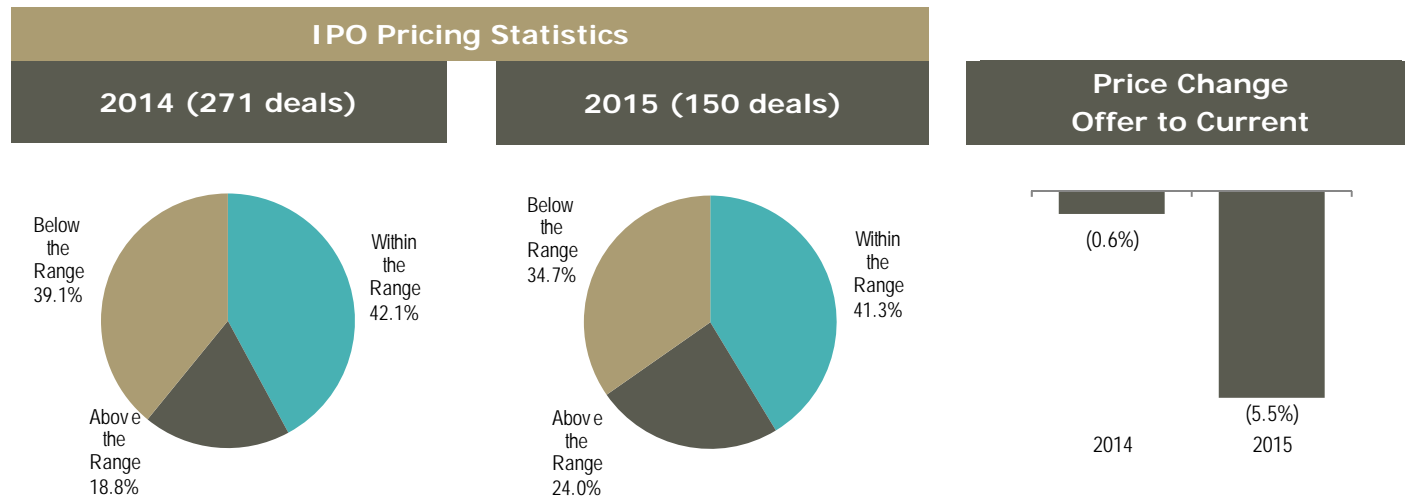
— [Research note on October 23, 2015](#)

(1) *Greenwich Associates U.S. Equity Investors – Small / Mid-Cap Funds, 2005 – 2015. April 2015 survey conducted with 92 U.S. small-cap and mid-cap fund managers.

Equity Activity – Market Overview

IPO PRICING ACTIVITY

- IPO activity slowed in 2015 with a total of 150 IPOs, the lowest volume since 2012; total capital raised plummeted to \$32.3 billion, down 53% from 2014 (excluding Alibaba)
- Heightened volatility in Q3 dampened investors' appetite for risk in the latter part of 2015 and a challenging pricing environment pushed many IPOs into 2016
- Healthcare drove IPO activity yet again in 2015, accounting for 44% of total deals; despite this, volume in the Healthcare space declined 39% YoY



Source: Dealogic as of December 31, 2015.
Note: Excludes deals under \$15 million.

FOLLOW-ON OFFERING PRICING ACTIVITY

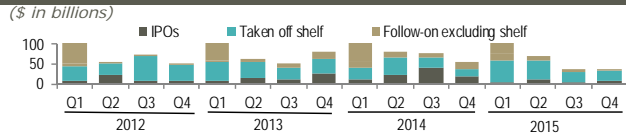
- 27 FOs priced in December, raising \$11.0 billion, bringing the total for 2015 to 632 offerings, down 5.4% from 2014
- Despite lower volume, capital raised increased 7.2% to \$188.3 billion with Healthcare comprising 26.1% of total capital raised
- The median file-to-offer discount fell in 2015 to 4.6% after registering 4.1% the previous two years



Source: Dealogic as of December 31, 2015.
Note: Excludes deals under \$15 million.

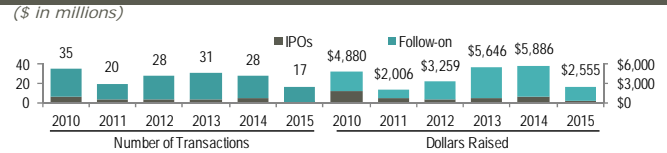
Equity Activity – T&L

Aggregate Offering Activity



Source: Dealogic. Excludes closed-end funds. December 31, 2015.

Relevant Activity



Recent Relevant Offerings

(\$ in millions)

Issuer	Type of Issuance	Pricing Date	Day Filed / Offer	Post-Deal Mkt. Cap	Amount Offered	% Change		
						File / Offer ⁽¹⁾	Last Trade / Offer	Offer / Current
Gener8 Maritime Inc. Provides international seaborne crude oil transportation services.	IPO	06/24/15	33	\$1,146.2	\$236.4	(22.2%)	N/A	(32.5%)
Virgin America Inc Low cost airline.	IPO	11/13/14	108	987.6	352.8	2.2%	N/A	56.6%
Navios Maritime Midstream Partners LP Focuses on acquiring, owning and operating crude oil tankers.	IPO	11/12/14	34	280.3	121.5	(25.0%)	N/A	(23.5%)
Hoegh LNG Partners LP Provider of transportation, and regasification solutions.	IPO	08/07/14	35	526.2	220.8	0.0%	N/A	(6.9%)
			Mean	\$735.1	\$232.9	(11.3%)	N/A	(1.6%)
			Median	756.9	228.6	(11.1%)	N/A	(15.2%)
Volaris Operator of a commercial airline.	FO	11/10/15	1	\$1,663.5	\$174.2	(7.8%)	(2.7%)	7.3%
Ardmore Shipping Corp Transportation of petroleum products and chemicals worldwide to oil companies.	FO	11/03/15	1	386.2	53.0	(10.4%)	(10.4%)	(4.0%)
Roadrunner Transportation Systems Inc Provider of asset-light transportation and logistics services.	FO	08/04/15	1	996.1	49.5	(4.9%)	(4.9%)	(61.9%)
Radiant Logistics Inc Provider of multi-modal transportation and logistics services.	FO	07/16/15	1	369.1	51.7	(11.0%)	(11.0%)	(49.2%)
GasLog Partners LP Owns and operates liquefied natural gas (LNG) carriers.	FO	06/23/15	1	791.1	179.3	(4.4%)	(4.4%)	(40.5%)
Scorpio Bulkers Inc Engages in the marine transportation of dry bulk commodities.	FO	06/10/15	1	533.8	229.4	(30.9%)	(6.3%)	(45.1%)
Celadon Group Inc Provider of truckload transportation services.	FO	05/28/15	1	653.2	80.5	(4.0%)	(4.0%)	(57.0%)
KNOT Offshore Partners LP Owns and operates shuttle tankers.	FO	05/28/15	1	465.7	118.8	(4.0%)	(4.0%)	(43.2%)
USA Truck Inc Provider of general commodities transportation services.	FO	05/15/15	7	236.2	40.0	(21.3%)	(10.0%)	(12.8%)
Scorpio Tankers Inc Engages in transportation of petroleum, and crude oil.	FO	04/30/15	1	1,810.1	159.8	(7.0%)	(7.0%)	(13.8%)
Echo Global Logistics Inc Provider of transportation & supply chain management solutions.	FO	04/29/15	2	877.9	166.8	(11.3%)	(2.2%)	(29.7%)
Capital Product Partners LP Provider of marine transportation services.	FO	04/16/15	1	1,190.4	138.7	(4.0%)	(4.0%)	(42.1%)
HeartLand Express Inc Offers truckload carrier services.	FO	03/05/15	3	2,150.0	88.8	(6.3%)	(3.0%)	(28.3%)
Student Transportation Inc Provides school bus transportation services.	FO	02/19/15	0	573.6	69.5	(3.2%)	(3.2%)	(28.9%)
Navios Maritime Partners LP Operator of dry cargo vessels.	FO	02/06/15	1	1,123.7	60.2	(4.5%)	(4.5%)	(76.9%)
Euronav NV Provider of transportation & storage of oil & petroleum products.	FO	01/22/15	136	1,876.4	229.1	(2.2%)	(2.2%)	11.9%
Golar LNG Partners LP Operates FSRUs and liquefied natural gas (LNG) carriers.	FO	01/09/15	1	1,420.5	214.4	(3.9%)	(3.9%)	(55.3%)
Star Bulk Carriers Corp Provides seaborne transportation services in the dry bulk sector.	FO	01/09/15	1	977.0	245.0	(23.4%)	(23.4%)	(87.9%)
			Mean	\$1,005.2	\$130.5	(9.1%)	(6.2%)	(36.5%)
			Median	927.4	128.8	(5.6%)	(4.2%)	(41.3%)

(1) For IPO, lists if the offering was In, Above or Below the filing range.

Source: Dealogic and Capital IQ. As of December 31, 2015.

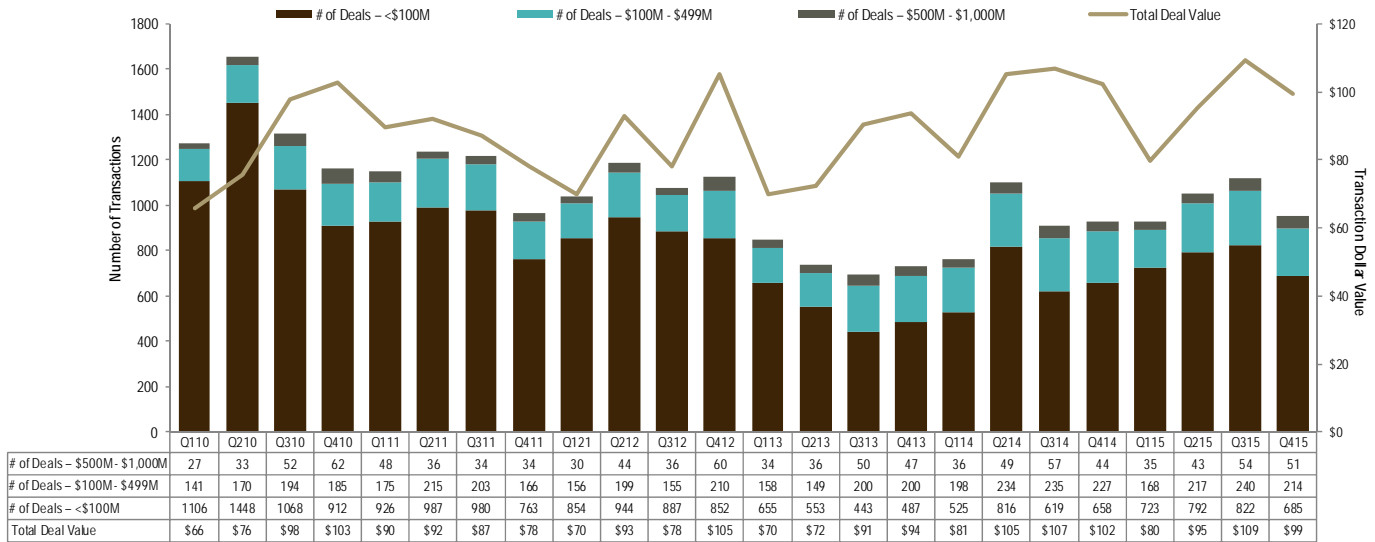
Note: Offerings chosen by Robert W. Baird & Co. Investment Banking for relevance to the transportation and logistics services subsectors.

M&A Activity – Market Overview

Quarterly M&A Volume Trends – U.S. Middle Market

(\$ in billions)

For Q4 2015, there have been a total of 950 disclosed middle-market transactions, compared to 929 transactions in Q4 2014.

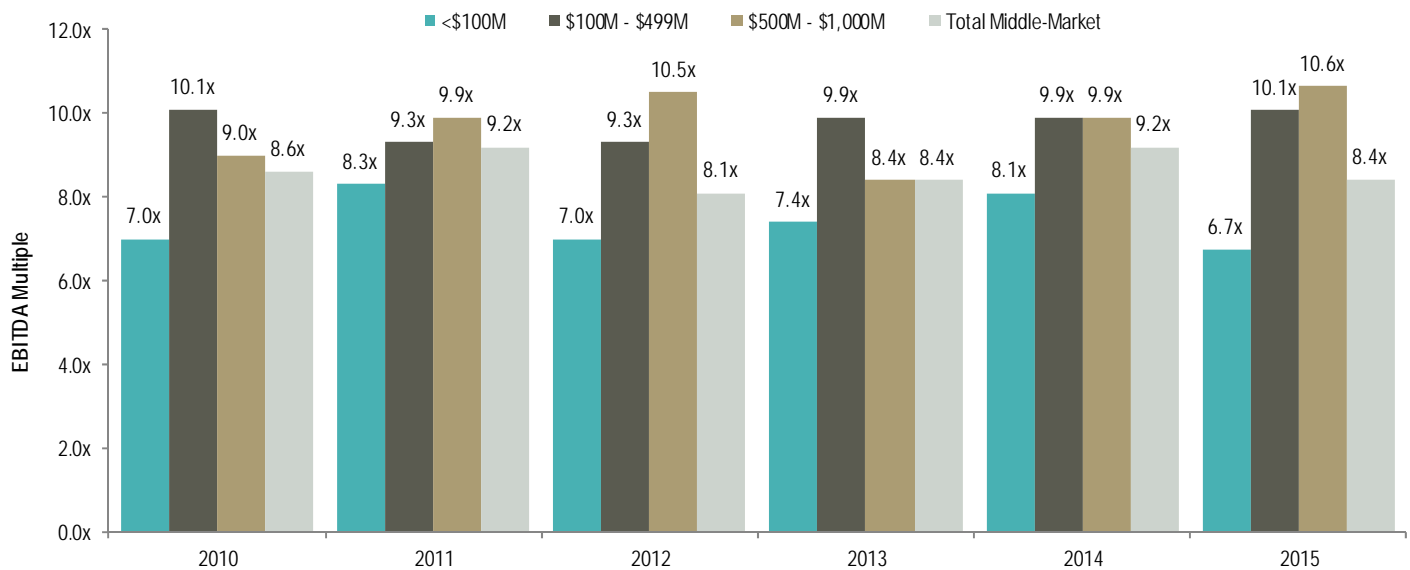


Source: Dealogic and Robert W. Baird & Co. M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion.

U.S. EBITDA Multiples by Deal Value

Current closed deal multiples have decreased compared to recent years. In Q4 2015, for all middle-market transactions across all industry sectors, the median Enterprise Value / EBITDA multiple was 8.4x, down from 9.2x in 2014.



Source: Capital IQ and Robert W. Baird & Co. M&A Market Analysis.

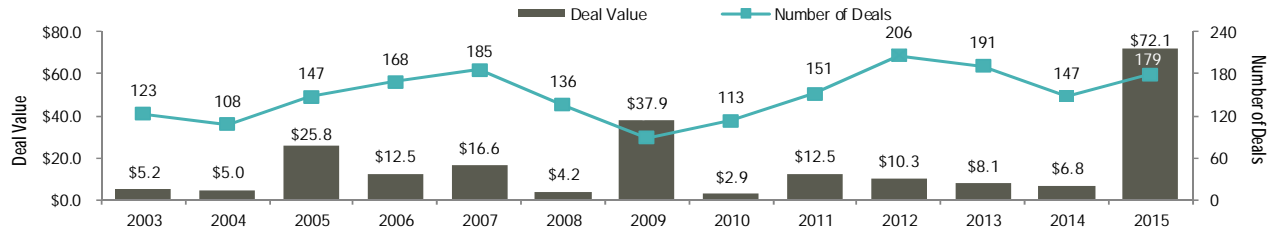
Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion.

As of December 31, 2015.

M&A Activity – T&L

Mergers & Acquisitions

(\$ in billions)



Source: Dealogic, Capital IQ and Robert W. Baird & Co. M&A Market Analysis. Number of deals reflects transactions with disclosed and undisclosed deal size. As of December 31, 2015.

Recent Transportation Related Transactions

(\$ in millions)

Date Effective	Target Name	Acquiror Name	Enterprise Value	Enterprise Value /	
				Revenue	EBITDA
Pending	Cophana SA	McKesson Corp	N/A	N/A	N/A
Pending	Norfolk Southern Corp	Canadian Pacific Railway Ltd	\$40,747.2	3.8x	9.8x
Pending	Skyway Concession Co LLC	Canada Pension Plan Investment Board; Ontario Teachers' Pension Plan Board; Ontario Municipal Employees Retirement System	2,836.0	N/A	N/A
Pending	Crozier Fine Arts Inc	Iron Mountain Inc	N/A	N/A	N/A
Pending	UTi Worldwide Inc	De Sammensluttede Vognmaend A/S-DSV	1,125.9	0.3	N/A
31-Dec-15	Al-Ko Kober SE (AL-KO Vehicle Technology business)	Dexter Axle Co	N/A	N/A	N/A
23-Dec-15	Locatec de Araraquara Ltda	Solenis International LP	N/A	N/A	N/A
21-Dec-15	Travelonomy Ltd	Flight Centre Travel Group Ltd	28.0	N/A	N/A
21-Dec-15	Pro Trans Logistics Inc	Action Resources Inc	N/A	N/A	N/A
18-Dec-15	SARA Enterprises Inc	Corporate Travel Management Ltd	34.3	N/A	N/A
16-Dec-15	Koole Tanktransport BV	JPMorgan Chase & Co	1,073.9	N/A	N/A
16-Dec-15	FreshKO Produce Services Inc	C&S Wholesale Grocers Inc	N/A	N/A	N/A
15-Dec-15	Bio-Team Mobile LLC	Sharps Compliance Corp	N/A	N/A	N/A
14-Dec-15	DPI Specialty Foods Inc (Majority%)	Arbor Investments	N/A	N/A	N/A
10-Dec-15	Pro Star Freight Systems Inc	Hydrophi Technologies Group Inc	N/A	N/A	N/A
10-Dec-15	Pro Star Truck Center Inc	Hydrophi Technologies Group Inc	N/A	N/A	N/A
7-Dec-15	Ellis Brooks Leasing Inc (Commercial leasing assets)	Bancorp Inc	N/A	N/A	N/A
7-Dec-15	Cone Suape Expansao SA (Logistic assets)	Blackstone Group LP	N/A	N/A	N/A
2-Dec-15	Gateway Rolloff Services LP	National Waste Management Holdings Inc	3.5	N/A	N/A
1-Dec-15	Optimal Freight LLC (Majority%)	TransForce Inc (Canada)	N/A	N/A	N/A
1-Dec-15	Bear Transportation Services LP	ArcBest Corp	26.0	0.2	N/A
24-Nov-15	STC Holdings inc	Kinderhook Industries LLC	N/A	N/A	N/A
23-Nov-15	Dakota Dumpster LLC	G&G Garbage LLC	N/A	N/A	N/A
20-Nov-15	Tri Holdings LLC (96.08%)	Focus Technology Co Ltd	5.8	N/A	N/A
17-Nov-15	BirdDog Solutions Inc	Transportation Insight LLC	N/A	N/A	N/A
16-Nov-15	Undisclosed Target	Avis Budget Group Inc	25.0	N/A	N/A
4-Nov-15	Central Files Inc	Access Information Management Shared Services LLC	N/A	N/A	N/A
4-Nov-15	Archive Logistics LLC	Access Information Management Shared Services LLC	N/A	N/A	N/A
4-Nov-15	MET Logistics Inc	Sojitz Corp	N/A	N/A	N/A
3-Nov-15	Rock River Environmental Services Inc	Waste Connections Inc	N/A	N/A	N/A
2-Nov-15	Traffic Specialties Inc	Area Wide Protective Inc	N/A	N/A	N/A
2-Nov-15	Dunbar Armored Inc (Global logistics operations)	Loomis AB	4.0	N/A	N/A
2-Nov-15	Rhoades Car International LLC	Mobile Specialty Group Inc	N/A	N/A	N/A
2-Nov-15	Copper Logistics Inc	Radiant Logistics Inc	N/A	N/A	N/A
28-Oct-15	Waste Recovery Enterprises LLC	National Waste Management Holdings Inc	3.8	N/A	N/A
28-Oct-15	Pacific Imperial Railroad Inc (Majority%)	Conatus Capital Group Inc	N/A	N/A	N/A
21-Oct-15	Courier Advisory Group Inc	RR Donnelley & Sons Co	N/A	N/A	N/A
20-Oct-15	Unishippers Global Logistics LLC	Ridgemont Equity Partners	N/A	N/A	N/A
19-Oct-15	Town & Country Disposal Solid Waste Transfer Station Inc	Macquarie Group Ltd - MGL	N/A	N/A	N/A
15-Oct-15	Collis Prive SAS (75%)	Amazon.com Inc	N/A	N/A	N/A
8-Oct-15	Swiss Access SA	SIRVA Inc	N/A	N/A	N/A
8-Oct-15	MS Move Management SA	SIRVA Inc	N/A	N/A	N/A
6-Oct-15	Torrey Pines Transportation Inc	Marcou Transportation Group	N/A	N/A	N/A
2-Oct-15	Future Transfer Co Inc	Univar Inc	N/A	N/A	N/A
2-Oct-15	BlueStar Distribution Inc	Univar Inc	N/A	N/A	N/A
2-Oct-15	Nordic Logistics & Warehousing LLC	AGRO Merchants Group	N/A	N/A	N/A
1-Oct-15	San Francisco Parking Inc	Ontario Teachers Pension Plan	N/A	N/A	N/A
		Mean	\$3,826.1	1.4x	9.8x
		Median	27.0	0.3	9.8

Source: Dealogic and Capital IQ.

Robert W. Baird & Co.

OVERVIEW

- Baird's comprehensive M&A and capital raising capabilities make it a leading middle-market investment bank
 - Over \$143.4 billion in M&A deal value since 2000 with typical transactions ranging from \$100 to \$500 million
 - Over \$183.7 billion of equity raised since 2008 with typical transactions ranging from \$30 to \$300 million
- With nineteen capital markets locations worldwide, Baird has access to the best partners for its clients
 - Contact us if you would like more information or would like to learn more about our advisory capabilities

TRANSPORTATION & LOGISTICS EQUITY RESEARCH COVERAGE

Third Party Logistics

C. H. Robinson	CHRW
Expeditors International	EXPD
Forward Air Corp	FWRD
Hub Group	HUBG
J.B. Hunt Transportation	JBHT
Landstar	LSTR
Roadrunner Transportation Systems	RRTS

Truckload

Heartland Express	HTLD
Knight Transportation	KNX
Swift Transportation	SWFT
Werner Enterprises	WERN

Less Than Truckload

Old Dominion	ODFL
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Integrators

FedEx Corp	FDX
United Parcel Service	UPS

Leasing Services

Ryder	R
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Railroads

CSX	CSX
Norfolk Southern	NSC
Union Pacific	UNP

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* Baird and its operating affiliates have offices in the United States, Europe and Asia.
 Robert W. Baird Ltd. and Baird Capital Partners Europe are authorized and regulated in the U.K. by the Financial Conduct Authority.

Appendix

T&L Current Market Valuations

Current Market Operating Statistics

(\$ in millions, except per share values)

Company	Market Value of Equity	Enterprise Value	Price Per Share 12/31/2015	2015 Share Price Change	% of 52-Week High	LTM Results				2016E		Long-Term EPS Growth
						Revenue	EBITDA	EBIT	Net Income	Revenue Growth	EBIT Growth	
Third Party Logistics												
Kuehne + Nagel International AG	\$16,509.3	\$16,011.5	\$137.63	1.1%	92.7%	\$17,331.1	\$1,039.5	\$848.0	\$689.2	6.0%	6.4%	5.9%
CH Robinson Worldwide Inc.	8,914.9	9,801.8	62.02	(17.2%)	81.4%	13,622.4	885.6	831.5	496.1	5.1%	5.0%	10.1%
Expeditors International of Washington Inc.	8,407.2	7,433.4	45.10	1.1%	87.1%	6,789.2	747.5	701.4	442.2	4.4%	2.8%	9.8%
JB Hunt Transport Services Inc.	8,407.2	9,395.0	73.36	(12.9%)	78.5%	6,176.1	1,035.3	705.7	420.8	9.3%	9.6%	14.4%
XPO Logistics, Inc.	2,953.2	5,587.4	27.25	(33.3%)	53.5%	21,915.9	927.2	704.1	50.1	(2.6%)	24.2%	41.4%
Panalpina World Transport Holding Ltd.	2,666.6	2,374.4	112.36	(16.4%)	76.0%	6,309.0	143.0	114.3	89.4	3.5%	35.3%	13.5%
Landstar System Inc.	2,532.9	2,500.9	58.65	(19.1%)	79.7%	3,336.7	268.2	239.8	148.3	2.5%	3.6%	14.3%
Forward Air Corp.	1,326.1	1,377.4	43.01	(14.6%)	74.6%	916.8	135.1	100.7	49.4	8.6%	24.9%	12.1%
Hub Group Inc.	1,198.1	1,137.7	32.95	(13.5%)	74.9%	3,550.7	141.3	106.5	64.9	4.4%	12.2%	13.0%
UTi Worldwide Inc.	745.8	1,297.0	7.03	(41.8%)	49.6%	3,736.5	(21.3)	(102.8)	(240.6)	6.0%	(0.8)	N/M
Echo Global Logistics, Inc.	631.0	783.2	20.39	(30.2%)	59.4%	1,405.2	44.0	31.1	10.8	24.5%	36.6%	20.4%
Universal Truckload Services Inc.	398.4	622.9	14.04	(50.8%)	49.1%	1,145.3	110.0	74.6	41.2	2.7%	3.6%	3.0%
Roadrunner Transportation Systems, Inc.	360.8	809.8	9.43	(59.6%)	33.1%	2,036.6	128.9	95.5	48.2	1.8%	9.1%	12.7%
Median				(17.2%)	74.9%					4.4%	9.1%	12.8%
Mean				(23.6%)	68.4%					5.9%	6.8%	14.2%
Truckload												
Swift Transportation Company	\$1,975.7	\$3,349.9	\$13.82	(51.7%)	47.6%	\$4,279.0	\$614.2	\$357.4	\$183.6	3.7%	3.2%	13.4%
Knight Transportation Inc.	1,960.7	2,070.3	24.23	(28.0%)	69.8%	1,209.7	288.1	179.0	120.4	3.5%	5.0%	14.5%
Werner Enterprises Inc.	1,681.6	1,710.7	23.39	(24.9%)	70.0%	2,117.9	360.1	171.9	119.8	4.2%	6.1%	12.3%
Hearland Express, Inc.	1,449.3	1,385.1	17.02	(37.0%)	61.2%	764.7	201.4	89.5	77.6	2.2%	1.1%	10.0%
Marten Transport Ltd.	595.1	621.3	17.70	(19.0%)	71.0%	669.8	125.9	52.6	35.9	9.7%	14.3%	N/A
Covenant Transportation Group, Inc.	341.1	563.5	18.89	(30.3%)	51.3%	723.0	117.0	60.6	42.4	3.4%	4.7%	N/A
Celadon Group Inc.	275.5	865.4	9.89	(56.4%)	33.9%	973.5	122.9	41.2	40.5	7.4%	8.7%	N/A
USA Truck Inc.	174.8	246.7	17.45	(38.6%)	54.3%	540.0	60.2	19.8	10.4	6.1%	(33.5%)	9.7%
Median				(33.7%)	57.8%					4.0%	4.8%	12.3%
Mean				(35.7%)	57.4%					5.0%	1.2%	12.0%
Less Than Truckload												
Old Dominion Freight Line Inc.	\$4,996.4	\$5,170.4	\$59.07	(23.9%)	73.0%	\$2,958.9	\$656.6	\$495.9	\$302.3	7.1%	8.8%	14.9%
Sala, Inc.	555.5	632.1	22.25	(59.8%)	39.4%	1,243.3	156.2	92.9	57.2	(0.1%)	(4.3%)	N/A
ArcBest Corporation	555.3	487.3	21.39	(53.9%)	45.8%	2,683.6	173.0	86.9	54.4	4.3%	13.3%	14.3%
YRC Worldwide Inc.	462.5	1,332.6	14.18	(36.9%)	62.5%	4,907.4	299.5	135.2	30.4	1.5%	0.3	N/A
Median				(45.4%)	54.2%					2.9%	11.1%	14.6%
Mean				(43.6%)	55.2%					3.2%	11.0%	14.6%
Integrators & Air Freight												
United Parcel Service, Inc.	\$85,684.6	\$94,653.6	\$96.23	(13.4%)	84.1%	\$58,204.0	\$8,386.0	\$6,346.0	\$3,966.0	3.7%	7.5%	10.3%
FedEx Corporation	41,063.9	45,911.9	148.99	(14.2%)	80.5%	48,562.0	7,271.0	4,661.0	1,117.0	4.5%	16.7%	13.5%
Deutsche Post AG	34,142.1	37,794.8	28.19	(13.8%)	83.2%	66,654.8	3,432.8	2,073.5	1,685.2	3.6%	34.1%	7.0%
PostNL N.V.	1,678.6	2,503.3	3.80	1.4%	71.9%	4,744.2	438.1	361.9	182.6	4.1%	(12.2%)	0.0
Atlas Air Worldwide Holdings, Inc.	1,018.2	2,434.5	41.34	(16.1%)	69.5%	1,839.4	389.8	242.1	86.5	2.9%	(4.4%)	11.0%
Median				(13.8%)	80.5%					3.7%	7.5%	10.3%
Mean				(11.3%)	77.8%					3.8%	8.3%	8.4%
Leasing Services												
Ryder System, Inc.	\$3,036.1	\$8,411.5	\$56.83	(38.8%)	56.5%	\$6,555.5	\$1,745.5	\$641.9	\$239.9	4.7%	9.0%	9.6%
GATX Corp.	1,804.1	5,990.2	42.55	(26.1%)	67.2%	1,472.6	656.6	354.1	205.6	(0.1%)	(1.2%)	12.0%
Textainer Group Holdings Limited	804.5	3,833.1	14.11	(58.9%)	40.8%	556.5	442.6	268.8	127.9	(2.8%)	(11.3%)	7.5%
TAL International Group, Inc.	522.8	3,712.1	15.90	(63.5%)	36.2%	668.3	524.2	284.6	107.0	(0.3%)	(8.1%)	6.0%
CAI International Inc.	203.8	1,554.5	10.08	(56.6%)	39.2%	242.8	97.9	97.3	55.6	10.8%	(0.0%)	10.0%
Median				(56.6%)	40.8%					(0.1%)	(1.2%)	9.6%
Mean				(48.8%)	48.0%					2.4%	(2.3%)	9.0%
Railroad												
Union Pacific Corporation	\$66,792.2	\$79,033.2	\$78.20	(34.4%)	62.8%	\$22,758.0	\$10,491.0	\$8,507.0	\$5,086.0	0.6%	3.0%	8.4%
Canadian National Railway Company	44,362.5	51,789.4	55.75	(19.1%)	87.0%	9,444.7	4,717.1	3,860.9	2,568.7	1.2%	2.9%	10.4%
CSX Corp.	25,299.8	34,454.8	25.95	(28.4%)	68.9%	12,222.0	4,887.0	3,701.0	1,993.0	(0.7%)	0.8%	8.0%
Norfolk Southern Corporation	25,256.0	34,599.0	84.59	(22.8%)	75.5%	10,863.0	4,161.0	3,176.0	1,706.0	(0.0%)	4.2%	10.8%
Kansas City Southern	8,149.2	10,693.2	74.67	(38.8%)	60.8%	2,463.3	1,086.4	808.4	485.2	2.5%	6.5%	10.4%
Genesee & Wyoming Inc.	3,097.3	5,374.5	53.69	(40.3%)	50.9%	1,901.2	595.3	415.8	227.5	7.6%	5.6%	6.0%
Median				(31.4%)	65.8%					0.9%	3.6%	9.4%
Mean				(30.6%)	67.6%					1.9%	3.8%	9.0%
Median				(28.4%)	67.2%					3.7%	5.0%	10.4%
Mean				(30.5%)	63.5%					4.2%	4.8%	11.5%

Note: XPO Logistics numbers represent Pro-Forma adjustments for Norbert Dentressangle S.A., Conway and Pacer International.
Source: Capital IQ. As of December 31, 2015.

T&L Current Market Multiples

Current Market Valuations

Company	Revenue			EBITDA			EBIT			Price / Earnings		
	2015E	2016E	2017P	2015E	2016E	2017P	2015E	2016E	2017P	2015E	2016E	2017P
Third Party Logistics												
Kuehne + Nagel International AG	0.81x	0.77x	0.73x	15.2x	14.7x	13.9x	18.5x	17.4x	16.4x	24.2x	22.9x	21.5x
CH Robinson Worldwide Inc.	0.72	0.68	0.64	10.7	10.1	9.6	11.5	10.9	10.3	17.7	16.5	15.3
Expeditors International of Washington Inc.	1.10	1.06	1.00	9.7	9.4	8.8	10.3	10.0	9.4	18.9	18.1	16.9
JB Hunt Transport Services Inc.	1.52	1.39	1.26	8.9	8.2	7.3	13.1	11.9	10.6	20.1	18.1	15.8
XPO Logistics, Inc.	0.36	0.37	0.34	4.3	4.5	3.8	12.2	9.7	7.2	N/M	22.8	12.0
Panalpina World Transport Holding Ltd.	0.39	0.38	0.36	13.1	10.6	9.0	18.6	13.8	11.1	28.7	21.2	17.2
Landstar System Inc.	0.75	0.73	0.68	9.3	8.9	8.3	10.4	9.9	9.1	17.4	16.2	14.4
Forward Air Corp.	1.45	1.33	1.22	10.0	8.2	7.3	13.4	10.7	9.2	20.1	16.7	14.5
Hub Group Inc.	0.32	0.31	0.29	9.0	7.9	7.4	9.8	8.7	7.9	17.0	15.1	13.4
UTi Worldwide Inc.	0.36	0.34	0.32	N/M	10.6	7.8	N/M	N/M	15.5	N/M	N/M	N/M
Echo Global Logistics, Inc.	0.51	0.41	0.34	11.6	8.5	6.9	15.2	11.1	8.9	18.6	15.2	12.0
Universal Truckload Services Inc.	0.55	0.54	0.52	5.8	5.5	5.3	8.7	8.4	7.6	10.3	9.6	8.6
Roadrunner Transportation Systems, Inc.	0.40	0.40	0.37	6.4	5.8	5.3	8.4	7.6	6.9	7.6	6.7	5.9
Median	0.55x	0.54x	0.52x	9.5x	8.5x	7.4x	11.8x	10.3x	9.2x	18.6x	16.6x	14.4x
Mean	0.71	0.67	0.62	9.5	8.7	7.7	12.5	10.8	10.0	18.2	16.6	13.9
Truckload												
Swift Transportation Company	0.79x	0.76x	0.72x	5.3x	5.0x	4.9x	9.3x	8.9x	8.2x	10.4x	9.0x	8.2x
Knight Transportation Inc.	1.73	1.66	1.54	7.0	6.7	6.1	11.3	10.7	9.7	16.9	16.5	14.6
Werner Enterprises Inc.	0.81	0.77	0.74	4.4	4.2	3.9	8.6	8.0	7.5	14.0	13.2	12.1
Heartland Express, Inc.	1.87	1.81	1.74	6.1	5.9	5.5	11.9	11.3	10.1	20.4	19.4	17.1
Marlen Transport Ltd.	0.92	0.85	0.79	4.7	4.2	3.9	10.9	9.6	8.4	17.3	15.3	13.4
Covenant Transportation Group, Inc.	0.80	0.77	0.74	4.6	4.4	4.1	8.9	8.5	7.4	9.9	9.9	8.3
Celadon Group Inc.	0.85	0.79	0.73	5.3	5.1	4.8	11.1	10.2	9.4	6.1	6.1	5.9
USA Truck Inc.	0.47	0.46	0.00	4.2	4.4	0.0	13.3	13.9	0.0	18.6	19.0	0.0
Median	0.83x	0.78x	0.74x	5.0x	4.7x	4.4x	11.0x	9.9x	8.3x	15.4x	14.3x	10.2x
Mean	1.03	0.98	0.87	5.2	5.0	4.1	10.7	10.1	7.6	14.2	13.6	10.0
Less Than Truckload												
Old Dominion Freight Line Inc.	1.73x	1.61x	1.47x	7.7x	7.0x	6.2x	10.2x	9.3x	8.1x	16.5x	14.8x	12.9x
Saia, Inc.	0.52	0.51	0.48	4.1	4.0	3.6	7.3	7.1	6.1	11.0	11.0	9.2
ArcBest Corporation	0.18	0.17	0.16	2.8	2.5	2.3	5.5	4.6	4.1	10.8	9.1	7.9
YRC Worldwide Inc.	0.28	0.27	0.26	3.8	3.5	3.2	9.2	7.1	5.8	14.4	8.0	5.4
Median	0.40x	0.39x	0.37x	4.0x	3.7x	3.4x	8.3x	7.1x	6.0x	12.7x	10.0x	8.5x
Mean	0.68	0.64	0.59	4.6	4.3	3.8	8.1	7.0	6.0	13.2	10.7	8.8
Integrators & Air Freight												
United Parcel Service, Inc.	1.61x	1.53x	1.45x	9.7x	9.1x	8.5x	12.3x	11.4x	10.7x	18.2x	16.6x	15.2x
FedEx Corporation	0.00	0.90	0.86	0.0	5.7	5.2	0.0	8.6	7.7	0.0	13.2	11.5
Deutsche PostAG	0.58	0.56	0.54	8.5	7.2	6.7	13.3	10.0	9.2	16.6	13.6	12.5
PostNL N.V.	0.66	0.64	0.63	4.8	5.5	5.4	6.3	7.2	7.1	8.0	8.4	7.7
Atlas Air Worldwide Holdings, Inc.	1.32	1.29	1.24	6.4	6.5	6.4	9.9	10.3	10.1	8.4	8.8	8.6
Median	0.66x	0.90x	0.86x	6.4x	6.5x	6.4x	9.9x	10.0x	9.2x	8.4x	13.2x	11.5x
Mean	0.83	0.98	0.94	5.9	6.8	6.4	8.4	9.5	9.0	10.2	12.1	11.1
Leasing Services												
Ryder System, Inc.	1.28x	1.22x	1.16x	4.7x	4.4x	4.1x	12.6x	11.4x	10.2x	9.2x	8.4x	7.5x
GATX Corp.	4.12	4.13	4.10	7.9	7.7	8.0	17.5	17.8	18.0	8.0	8.1	8.1
Textainer Group Holdings Limited	7.03	7.23	7.29	8.4	8.7	9.1	17.1	19.3	20.0	6.5	7.8	8.6
TAL International Group, Inc.	5.55	5.57	5.31	7.0	6.9	6.9	13.5	14.6	15.4	5.4	5.9	5.4
CAI International Inc.	6.15	5.48	5.38	8.0	7.6	7.5	16.8	16.8	15.9	4.1	4.1	3.9
Median	5.55x	5.48x	5.31x	7.9x	7.6x	7.5x	16.8x	16.8x	15.9x	6.5x	7.8x	7.5x
Mean	4.83	4.73	4.65	7.2	7.1	7.1	15.5	16.0	15.9	6.6	6.9	6.7
Railroad												
Union Pacific Corporation	3.57x	3.52x	3.34x	7.7x	7.4x	6.8x	9.6x	9.2x	8.5x	14.0x	13.0x	11.7x
Canadian National Railway Company	5.58	5.37	5.14	11.1	10.5	9.9	13.6	12.9	12.1	17.8	16.6	15.0
CSX Corp.	2.90	2.90	2.79	7.2	7.0	6.6	9.5	9.4	8.8	13.1	12.7	11.6
Norfolk Southern Corporation	3.27	3.24	3.11	8.5	8.2	7.7	11.5	10.9	10.1	16.1	14.8	13.3
Kansas City Southern	4.41	4.28	3.99	9.9	9.3	8.4	13.4	12.5	11.1	17.0	15.7	13.7
Genesee & Wyoming Inc.	2.69	2.49	2.42	9.3	8.6	8.2	13.6	12.8	12.3	14.4	13.3	12.3
Median	3.42x	3.38x	3.23x	8.9x	8.4x	8.0x	12.4x	11.7x	10.6x	15.3x	14.0x	12.8x
Mean	3.73	3.63	3.47	8.9	8.5	8.0	11.9	11.3	10.5	15.4	14.4	12.9
Median	0.85x	0.85x	0.79x	7.4x	7.0x	6.7x	11.4x	10.3x	9.2x	14.4x	13.4x	12.0x
Mean	1.73	1.69	1.61	7.3	7.1	6.5	11.4	10.9	9.8	13.9	13.3	11.2

Note: XPO Logistics numbers represent Pro-Forma adjustments for Norbert Dentressangle S.A., Conway and Pacer International.
Source: Capital IQ. As of December 31, 2015.

T&L Current Margins and Select Other Ratios

Current Market Operating Ratios

Company	LTM Margins			DuPont Analysis				Return on Equity	Return on Capital	Debt to:		Dividend Yield	
	Gross Margin	EBITDA	EBIT	Profit Margin	X	Asset Turnover	X			Equity Multiplier	Total Cap.		EBITDA
Third Party Logistics													
Kuehne + Nagel International AG	36.6%	6.0%	4.9%	4.0%		2.8x		3.1x	34.8%	24.0%	1.6%	0.0x	5.1%
CH Robinson Worldwide Inc.	8.7%	6.5%	6.1%	3.6%		4.1		2.9	43.8%	25.8%	47.7%	1.2	2.8%
Expeditors International of Washington Inc.	13.7%	11.0%	10.3%	6.5%		2.4		1.5	24.0%	23.4%	0.0%	0.0	1.6%
JB Hunt Transport Services Inc.	19.9%	16.8%	11.4%	6.8%		1.8		2.8	33.7%	20.8%	44.3%	1.0	1.1%
XPO Logistics, Inc.	15.9%	4.2%	3.2%	N/M		2.4		2.9	N/M	1.3%	56.5%	3.9	0.0%
Panalpina World Transport Holding Ltd.	24.1%	2.3%	1.8%	1.4%		3.7		2.6	13.7%	10.3%	0.0%	0.0	2.4%
Landstar System Inc.	21.6%	8.0%	7.2%	4.4%		3.5		2.0	31.0%	24.0%	20.8%	0.5	2.3%
Forward Air Corp.	25.6%	14.7%	11.0%	5.4%		1.3		1.4	10.0%	12.1%	16.7%	0.7	1.1%
Hub Group Inc.	10.9%	4.0%	3.0%	1.8%		2.8		2.1	10.4%	9.4%	16.5%	0.9	0.0%
UTi Worldwide Inc.	13.0%	(0.6%)	(2.8%)	N/M		2.0		3.7	N/M	(5.2%)	72.9%	N/A	0.0%
Echo Global Logistics, Inc.	18.8%	3.1%	2.2%	0.8%		1.8		2.0	2.8%	5.0%	33.4%	4.4	0.0%
Universal Truckload Services Inc.	18.9%	9.6%	6.5%	3.6%		2.2		4.3	33.3%	12.6%	66.7%	2.3	2.0%
Roadrunner Transportation Systems, Inc.	20.2%	6.3%	4.7%	2.4%		1.5		2.2	8.0%	5.8%	43.3%	3.6	0.0%
Median	18.9%	6.3%	4.9%	3.6%		2.4x		2.6x	24.0%	12.1%	33.4%	0.9x	1.1%
Mean	19.1%	7.1%	5.4%	3.7%		2.5		2.6	22.3%	13.0%	32.3%	1.5	1.4%
Truckload													
Swift Transportation Company	20.4%	14.4%	8.4%	4.3%		1.4x		N/M	N/M	11.4%	70.0%	2.3x	0.0%
Knight Transportation Inc.	30.7%	23.8%	14.8%	10.0%		1.1		1.5x	16.8%	14.9%	14.4%	0.4	1.0%
Werner Enterprises Inc.	26.1%	17.0%	8.1%	5.7%		1.3		1.7	13.3%	11.6%	7.7%	0.2	1.0%
Hearland Express, Inc.	34.8%	26.3%	11.7%	10.1%		1.0		1.6	15.7%	11.5%	0.0%	0.0	0.5%
Marten Transport Ltd.	27.2%	18.8%	7.9%	5.4%		1.1		1.5	8.6%	7.8%	5.9%	0.2	0.6%
Covenant Transportation Group, Inc.	25.1%	16.2%	8.4%	5.9%		1.8		2.0	21.8%	10.0%	54.9%	2.0	0.0%
Celadon Group Inc.	19.1%	12.6%	4.2%	4.2%		0.8		3.4	11.0%	3.3%	62.6%	5.0	0.8%
USA Truck Inc.	20.0%	11.1%	3.7%	1.9%		1.6		3.3	10.1%	6.3%	41.8%	1.2	0.0%
Median	25.6%	16.6%	8.2%	5.5%		1.2x		1.7x	13.3%	10.7%	28.1%	0.8x	0.5%
Mean	25.4%	17.5%	8.4%	5.9%		1.3		2.2	13.9%	9.6%	32.2%	1.4	0.5%
Less Than Truckload													
Old Dominion Freight Line Inc.	30.2%	22.2%	16.8%	10.2%		1.2x		1.5x	18.4%	18.0%	10.1%	0.3x	0.0%
Saia, Inc.	17.7%	12.6%	7.5%	4.6%		1.7		1.8	13.8%	12.7%	16.4%	0.5	0.0%
ArcBest Corporation	8.2%	6.4%	3.2%	2.0%		2.2		2.1	9.3%	7.4%	24.8%	1.1	1.5%
YRC Worldwide Inc.	11.6%	6.1%	2.8%	0.6%		2.5		N/M	N/M	12.1%	N/M	3.6	0.0%
Median	14.7%	9.5%	5.4%	3.3%		1.9x		1.8x	13.8%	12.4%	16.4%	0.8x	0.0%
Mean	16.9%	11.8%	7.6%	4.4%		1.9		1.8	13.8%	12.5%	17.1%	1.4	0.4%
Integrators & Air Freight													
United Parcel Service, Inc.	22.5%	14.4%	10.9%	6.8%		1.5x		20.1x	203.6%	23.0%	88.4%	1.7x	3.0%
FedEx Corporation	28.6%	15.0%	9.6%	2.3%		1.3		2.6	7.5%	13.3%	36.2%	1.2	0.7%
Deutsche Post AG	11.1%	5.2%	3.1%	2.5%		1.6		3.5	14.6%	7.9%	34.5%	1.7	3.3%
PostNL N.V.	13.9%	9.2%	7.6%	3.8%		1.9		N/M	N/M	59.1%	N/M	2.4	0.0%
Atlas Air Worldwide Holdings, Inc.	32.3%	21.2%	13.2%	4.7%		0.5		2.7	5.8%	4.5%	54.7%	4.6	0.0%
Median	22.5%	14.4%	9.6%	3.8%		1.5x		3.1x	11.0%	13.3%	45.4%	1.7x	0.7%
Mean	21.7%	13.0%	8.9%	4.0%		1.4		7.2	57.9%	21.6%	53.4%	2.3	1.4%
Leasing Services													
Ryder System, Inc.	22.4%	26.6%	9.8%	3.7%		0.6x		5.5x	12.3%	5.8%	73.6%	3.1x	2.9%
GATX Corp.	58.8%	44.6%	24.0%	14.0%		0.2		5.4	16.2%	4.0%	77.2%	6.6	3.6%
Textainer Group Holdings Limited	89.1%	79.5%	48.3%	23.0%		0.1		3.5	10.1%	4.0%	71.8%	6.9	6.8%
TAL International Group, Inc.	85.9%	78.4%	42.6%	16.0%		0.2		6.7	16.3%	4.7%	83.2%	6.2	11.3%
CAI International Inc.	50.7%	40.3%	40.1%	22.9%		0.1		4.2	11.7%	3.4%	74.9%	14.4	0.0%
Median	58.8%	44.6%	40.1%	16.0%		0.2x		5.4x	12.3%	4.0%	74.9%	6.6x	3.6%
Mean	61.4%	53.9%	33.0%	15.9%		0.2		5.1	13.3%	4.4%	76.1%	7.4	4.9%
Railroad													
Union Pacific Corporation	50.1%	46.1%	37.4%	22.3%		0.4x		2.6x	24.7%	15.9%	39.3%	1.3x	2.8%
Canadian National Railway Company	53.3%	49.9%	40.9%	27.2%		0.4		2.5	23.8%	13.9%	42.0%	1.7	1.6%
CSX Corp.	40.0%	40.0%	30.3%	16.3%		0.4		2.9	17.1%	10.9%	46.5%	2.1	2.8%
Norfolk Southern Corporation	38.3%	38.3%	29.2%	15.7%		0.3		2.8	14.1%	9.1%	44.6%	2.3	2.8%
Kansas City Southern	44.1%	44.1%	32.8%	19.7%		0.4		1.5	11.6%	8.0%	37.8%	2.2	1.8%
Genesee & Wyoming Inc.	38.5%	31.3%	21.9%	12.0%		0.3		2.8	9.4%	6.0%	48.8%	3.9	0.0%
Median	42.0%	42.0%	31.5%	18.0%		0.4x		2.7x	15.6%	10.0%	43.3%	2.1x	2.3%
Mean	44.0%	41.6%	32.1%	18.9%		0.4		2.5	16.8%	10.6%	43.2%	2.2	2.0%
Median	24.1%	14.7%	8.4%	5.4%		1.4x		2.7x	13.9%	10.3%	42.0%	1.7x	1.0%
Mean	29.2%	21.1%	13.9%	8.2%		1.5		3.2	21.8%	11.9%	40.6%	2.4	1.6%

Note: XPO Logistics numbers represent Pro-Forma adjustments for Norbert Dentressangle S.A., Conway and Pacer International.
Source: Capital IQ. As of December 31, 2015.

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Glossary of Terms & Other Important Information

EBITDA – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

EBIT – Earnings before income and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

Enterprise Value (EV) – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

GDP - Gross Domestic Product – The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

LTM – Last twelve months. Time period used when referencing a financial statistic.

P/E – Price per share divided by earnings per share. The most common measure of how expensive a stock is.

The S&P 500 – An unmanaged common stock index commonly used to measure and report common stock performance.

E – Represents estimates of a company's financial performance for the next fiscal period.

P – Represents the projections of a company's financial performance preceding the next fiscal period

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