

Trucking Industry Update

Industry Valuation Multiples Rebounding After Sharp Decline

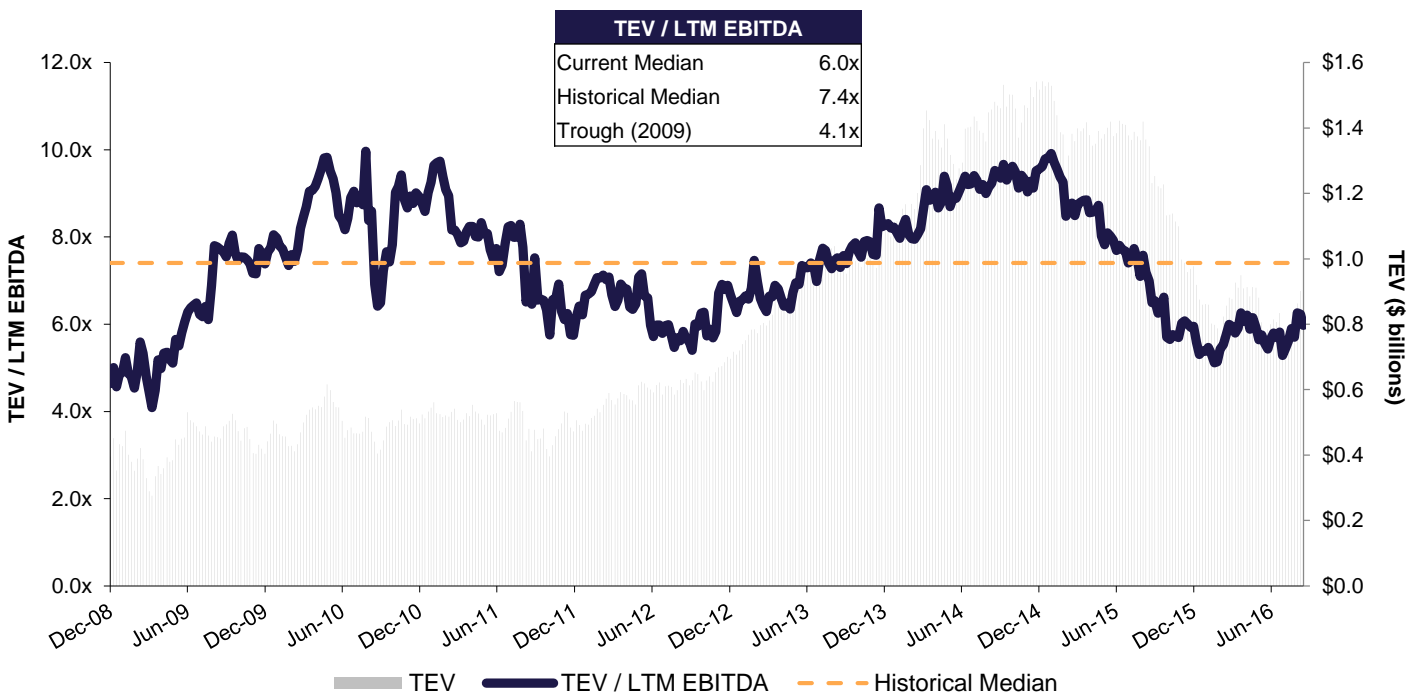
Executive Summary

- Trucking company valuation multiples are currently 6.0x, having slowly improved since the most recent cycle trough of 5.1x reached in January; current multiples remain 19.3% below historical median
- Industry valuations are at record lows relative to the S&P 500, trading at 51.0% of the broad market, well below the historical median of 82.8%
- The ATA tonnage index decreased 1.5% in June 2016 to 137.2; still near the all-time high of 144.0 reached in February
- WTI crude reached \$43.06 on August 8, 2016, an increase of 64.4% from the most recent low of \$26.19 reached in February

Key Takeaways

- Trucking M&A activity has been scant in 2016; trucking company valuations and earnings are highly cyclical due to the nature of the industry; cycle timing is critical to maximize value in a transaction
- Despite recent gains, industry valuations continue to be depressed relative to historical levels; the near-term cycle window for sellers remains challenging
- Meanwhile, the industry is hauling near-record levels of freight; fuel costs, the largest variable operating cost, are still well below levels seen from 2009 to 2014
- Heightened profitability still provides attractive monetization opportunities for trucking company owners

Trucking Valuation Cycle

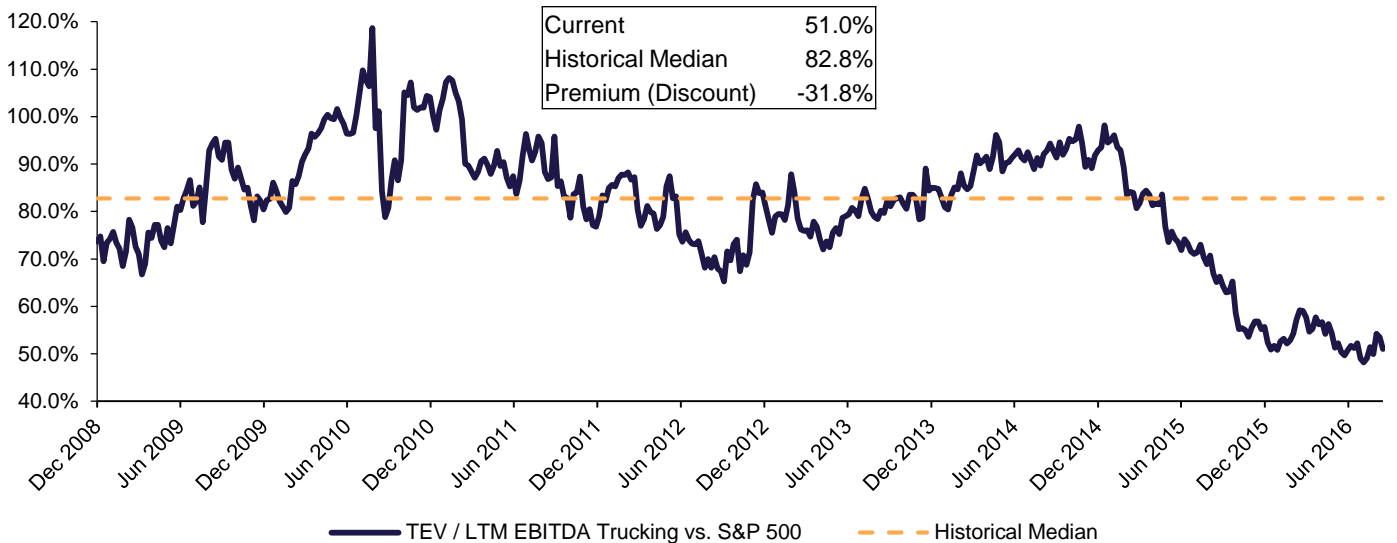


Note: Composite composed of selected public comparables as listed on page 2.

Sources: Bridgepoint Merchant Banking, Capital IQ, PitchBook

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TEV / LTM EBITDA – Trucking Sector vs. S&P 500



Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	8/15/2016 Share Price	Equity Value	Enterprise Value	P / E 2017E	TEV / Revenue			TEV / EBITDA			TEV / EBIT
						LTM	2017E	2018E	LTM	2017E	2018E	2017E
ArcBest Corporation	United States	\$17.43	\$448.8	\$460.0	19.1x	0.2x	0.2x	0.2x	3.2x	3.4x	2.9x	11.1x
Celadon Group Inc.	United States	7.02	193.8	724.1	6.9x	0.7x	0.7x	0.7x	6.0x	5.4x	5.4x	12.4x
Covenant Transportation Group, Inc.	United States	20.22	367.8	565.6	16.5x	0.8x	0.8x	0.8x	4.6x	5.1x	4.7x	13.5x
Heartland Express, Inc.	United States	19.00	1,582.4	1,504.8	27.1x	2.2x	2.3x	2.2x	8.1x	7.8x	7.4x	16.7x
JB Hunt Transport Services Inc.	United States	82.31	9,274.7	10,221.0	21.0x	1.6x	1.6x	1.4x	9.4x	9.3x	8.5x	13.8x
Knight Transportation Inc.	United States	27.85	2,228.5	2,280.7	23.5x	2.0x	2.1x	1.9x	8.5x	8.4x	7.7x	14.7x
Landstar System Inc.	United States	68.71	2,893.2	2,827.6	22.3x	0.9x	0.9x	0.9x	11.0x	11.5x	10.6x	13.3x
Marten Transport Ltd.	United States	21.63	702.5	706.7	21.7x	1.1x	1.1x	1.0x	5.4x	5.2x	4.9x	12.6x
Old Dominion Freight Line Inc.	United States	69.76	5,779.6	5,987.3	19.6x	2.0x	2.0x	1.9x	9.1x	8.9x	8.1x	12.3x
P.A.M. Transportation Services, Inc.	United States	18.56	119.8	261.4	8.6x	0.6x	0.6x	0.6x	4.5x	4.1x	3.8x	9.8x
Patriot Transportation Holding, Inc.	United States	22.00	72.3	69.7	-	0.6x	-	-	4.4x	-	-	-
Roadrunner Transportation Systems, Inc.	United States	7.70	295.1	693.7	10.9x	0.4x	0.4x	0.3x	7.2x	6.8x	5.6x	10.7x
Saia, Inc.	United States	29.53	739.4	878.4	16.0x	0.7x	0.7x	0.7x	6.0x	5.6x	5.1x	11.2x
Swift Transportation Company	United States	18.57	2,478.4	3,593.1	13.8x	0.9x	0.9x	0.8x	6.2x	6.1x	5.6x	12.0x
Universal Logistics Holdings, Inc.	United States	13.55	388.4	599.1	-	0.5x	-	-	5.9x	-	-	-
USA Truck Inc.	United States	12.31	103.3	234.7	29.0x	0.5x	0.5x	0.5x	5.3x	5.9x	5.0x	35.3x
Werner Enterprises Inc.	United States	23.05	1,661.0	1,790.7	20.4x	0.9x	0.9x	0.9x	5.0x	5.4x	5.0x	13.6x
XPO Logistics, Inc.	United States	36.37	4,006.2	9,502.3	37.6x	0.7x	0.6x	0.6x	10.3x	7.5x	6.5x	16.1x
YRC Worldwide Inc.	United States	11.48	382.1	1,183.0	14.2x	0.3x	0.3x	0.2x	4.6x	3.8x	3.5x	8.2x
High					37.6x	2.2x	2.3x	2.2x	11.0x	11.5x	10.6x	35.3x
Mean					19.3x	0.9x	1.0x	0.9x	6.6x	6.5x	5.9x	14.0x
Median					19.6x	0.7x	0.8x	0.8x	6.0x	5.9x	5.4x	12.6x
Low					6.9x	0.2x	0.2x	0.2x	3.2x	3.4x	2.9x	8.2x

Selected Recent Industry Transactions

(\$ in millions)

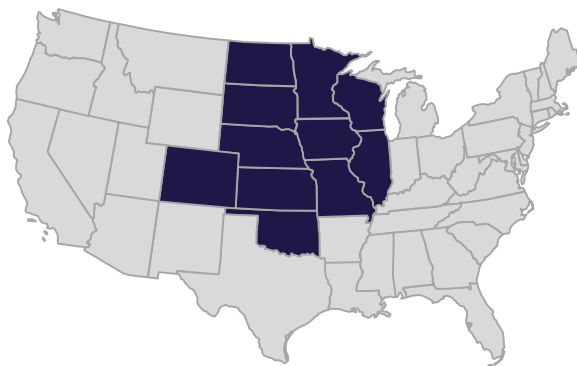
Date Announced	Target	Country	Acquirer	Country	TEV (\$mm)	Sales	TEV / LTM EBITDA	EBIT
07/18/2016	Span-Alaska Transportation, Inc.	United States	Matson Logistics, Inc.	United States	\$197.6	-	9.4x	-
05/02/2016	Trimac Transportation Ltd. (TSX:TMA)	Canada	Trimac Corporation	Canada	214.0	0.7x	5.9x	12.0x
09/09/2015	Con-way Inc.	United States	XPO Logistics, Inc. (NYSE:XPO)	United States	3,057.0	0.5x	6.2x	11.6x
07/28/2015	Stagecoach Cartage and Distribution, LLC	United States	Roadrunner Transportation Systems, Inc. (NYSE:RRTS)	United States	40.0	1.2x	5.7x	-
05/06/2015	Quality Distribution Inc.	United States	Apax Partners LLP	United Kingdom	801.4	0.8x	11.7x	16.9x
05/04/2015	Bridge Terminal Transport Inc.	United States	XPO Logistics, Inc. (NYSE:XPO)	United States	100.0	0.4x	8.1x	-
01/26/2015	Taylor Express, Inc.	United States	Celadon Group Inc. (NYSE:CGI)	United States	43.0	1.1x	-	-

Sources: Bridgepoint Merchant Banking, Capital IQ, PitchBook










About Us

- **\$41 billion in vehicular transaction experience**
- \$110+ billion of M&A and capital raising experience
- 43 completed M&A assignments spanning more than \$36 billion
- 75 completed corporate finance transactions, raising more than \$74 billion in capital
- 94+ years cumulative investment banking & private equity experience
- Principals currently sit on 11 Boards

Geographic Focus Area



Selected Vehicular Transaction Experience

<p>Trucking Company</p> <p>Not Disclosed Sell-side advisory on sale of Midwest trucking company (Current)</p> <p>Financial Advisor</p>	 <p>USD811 million Acquisition advisory and financing</p> <p>Financial Advisor</p>	 <p>USD5.7 billion Buy-side Advisors to private equity consortium on its potential acquisition of Allison Transmission & related financing</p> <p>Financial Advisor</p>	 <p>USD99 million Initial public offering</p> <p>Joint Bookrunner</p>	 <p>Not Disclosed Buy-side advisory on acquisition of diesel remanufacturing business</p> <p>Financial Advisor</p>
 <p>USD375 million Buy-side advisory on acquisition of European automotive supplier</p> <p>Financial Advisor</p>	 <p>USD1.2 billion Buy-side Advisor to Asahi Tec (Chinese automotive supplier) on its acquisition of N.A. automotive supplier</p> <p>Financial Advisor</p>	 <p>Not Disclosed Sell-side Advisor to private equity group on the sale of Motor Coach Industries</p> <p>Sole Financial Advisor</p>	 <p>USD375 million Senior secured credit facilities/senior notes</p> <p>Joint Bookrunner</p>	 <p>USD1.17 billion Buy-side Advisor to private equity consortium on its acquisition of Cooper-Standard Automotive</p> <p>Sole Financial Advisor</p>

Contact Us



Matt Plooster
Managing Principal
402.817.7900
mplooster@bridgepointmb.com



Adam Claypool
Managing Principal
515.325.7615
aclaypool@bridgepointmb.com



Wm. Lee Merritt
Managing Principal
402.817.7900
wmerritt@bridgepointmb.com



Gary Grote
Managing Principal
402.817.7900
ggrote@bridgepointmb.com



James Mackay
Managing Principal
515.325.7615
jmackay@bridgepointmb.com



Joe Liss
Transaction Principal
515.325.7615
jliss@bridgepointmb.com

Omaha Office
10250 Regency Circle
Suite 110
Omaha, NE 68114

Lincoln Office
816 P Street
Suite 200
Lincoln, NE 68508

Des Moines Office
700 Locust Street
Suite 203
Des Moines, IA 50309

Denver Office
1010 Depot Hill Road
Suite 206
Broomfield, CO 80020