

INDUSTRY OVERVIEW

TRANSPORTATION LOGISTICS



TRANSPORTATION LOGISTICS INDUSTRY KEY TAKEAWAYS

□ Industry Demand Drivers

- **Consumer Spending:** Consumer spending dictates demand for goods that require industry services. Manufacturers, wholesalers and retailers that distribute a wide range of products are major industry customers. Freight packing and logistics service providers work with companies in these markets to help pack and ship products. Consequently, an increase in consumer spending boosts demand for industry services from manufacturers, wholesales, and retailers. Although consumer spending is expected to decline in 2020, it is anticipated to return to growth, representing a potential opportunity for the industry.
- **Total Trade Value:** International trade is an increasingly important source of demand for freight packaging and logistics services. Rising global income and consumption levels have underpinned growth in both imports and exports, boosting demand in industry services.

□ Global Transportation Logistics Market

- **Outlook:** Industry revenue is forecast to rise at an annualized rate of 2.8% to \$3.3 billion over the next five years to 2025. A resurgence in consumption levels and trade activity will likely bolster freight volumes, which will generate demand for freight packing and logistics services. The freight transportation services index is anticipated to increase 0.9% over the five years to 2025. Nevertheless, strong internal and external competition may hamper industry revenue growth.
- **Efficiency Takes Flight:** Many freight packing and logistics companies have benefited from electronic trade documentation platforms, with more systems expected to be adopted over the next five years. For instance, the international Air Travel Association (IATA) has implemented its global cargo paperless environment program. IATA's move is designed to cut costs, enabling airlines to compete more effectively with other transportation modes by increasing information transparency and streamlining processes, reducing the time needed to move cargo to its destination.
- **The Future of Flight:** While airfreight remains a very small percentage of total freight transportation of the United States, it is forecast to grow over the next five years. According to Boeing, world airfreight traffic is projected to more than double over the next 20 years, increasing at a CAGR of 4.2% between 2017 and 2037. Due to COVID-19 pandemic, many airlines have offered more cargo services to cushion falling demand for passenger flights. As these services continuously grow, they will likely outsource more airfreight packing and logistics services to specialized industry operators.

PUBLIC COMPS

| Company Name | Share Price | 52 Week Range | Market Cap | Enterprise Value | Multiples | |
|------------------------------|-------------|---------------|---------------|------------------|---------------|----------------|
| | | | | | TTM EV/ Sales | TTM EV/ EBITDA |
| Hub Group | \$ 51.55 | 36.51-60.42 | \$ 1,790,959 | \$ 1,777,084 | 0.5x | 6.8x |
| C.H. Robinson Worldwide | \$ 98.85 | 56.94-101.07 | \$ 13,348,865 | \$ 12,117,903 | 0.8x | 16.4x |
| Expeditors International | \$ 88.70 | 52.55-91.22 | \$ 15,013,882 | \$ 11,922,805 | 1.4x | 14.0x |
| J.B. Hunt Transport Services | \$ 136.10 | 75.29-144.35 | \$ 14,565,272 | \$ 13,945,435 | 1.5x | 14.3x |
| Ryder System | \$ 41.41 | 22.62-57.38 | \$ 2,657,000 | \$ 10,020,666 | 1.2x | 4.5x |
| XPO Logistics | \$ 86.14 | 38.47-100.18 | \$ 7,996,473 | \$ 14,274,512 | 0.9x | 10.4x |
| | | | | Low | \$ 1,777,084 | 0.5x 4.5x |
| | | | | Median | \$ 12,020,354 | 1.0x 12.2x |
| | | | | High | \$ 14,274,512 | 1.5x 16.4x |

**All values in thousands, except for share prices and multiples.*

**Share price and 52-week range as of 09/11/20*



C.H. ROBINSON



PUBLIC COMPS

| Company Name | TTM Data | | | | | | Full-Time Employees | Revenue/ FTE |
|------------------------------|---------------|--------------|--------------|-------------|---------------|-----------------|---------------------|-----------------|
| | Sales | EBITDA | Gross Margin | EBIT Margin | EBITDA Margin | Revenue Growth% | | |
| Hub Group | \$ 3,432,058 | \$ 260,006 | 13.8% | 4.0% | 7.6% | -9.8% | 5,000 | \$ 686.41 |
| C.H. Robinson Worldwide | \$ 15,082,312 | \$ 739,076 | 7.6% | 4.2% | 4.9% | -6.3% | 15,294 | \$ 986.16 |
| Expeditors International | \$ 8,602,292 | \$ 851,773 | 11.9% | 9.3% | 9.9% | 2.6% | 18,000 | \$ 477.91 |
| J.B. Hunt Transport Services | \$ 9,240,382 | \$ 975,554 | 16.6% | 7.7% | 10.6% | 4.1% | 29,056 | \$ 318.02 |
| Ryder System | \$ 8,557,069 | \$ 2,242,894 | 12.3% | 1.7% | 26.2% | -3.3% | 65,500 | \$ 130.64 |
| XPO Logistics | \$ 15,656,000 | \$ 1,375,000 | 15.5% | 3.9% | 8.8% | -8.4% | 96,000 | \$ 163.08 |
| Low | \$ 3,432,058 | \$ 260,006 | 7.6% | 1.7% | 4.9% | -9.8% | 5,000 | \$ 130.64 |
| Median | \$ 8,921,337 | \$ 913,664 | 13.0% | 4.1% | 9.3% | -4.8% | 23,528 | \$ 397.96 |
| High | \$ 15,656,000 | \$ 2,242,894 | 16.6% | 9.3% | 26.2% | 4.1% | 96,000 | \$ 986.16 |

**All value in thousands, except for full-time employees*

TRANSPORTATION LOGISTICS INDEX Vs. S&P 500



DCA Transportation Logistics Index: HUBG, CHRW, EXPD, JBHT, R, XPO

RECENT PRIVATE TRANSACTIONS

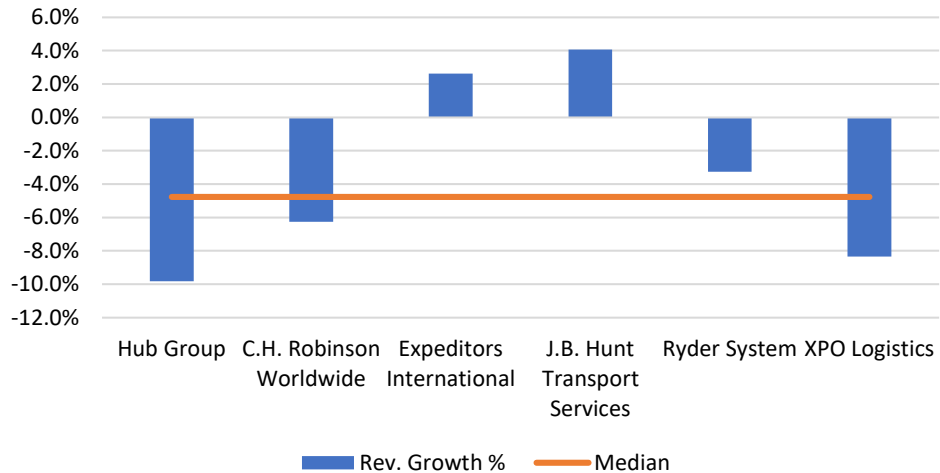
| Date | Target Description | Deal Value | EBITDA | Revenue | DV/EBITDA | DV/Revenue |
|-------------|------------------------------------------|------------|-----------|---------------|-----------|------------|
| 29-May-2020 | Packing and Shipping Business | \$200,000 | \$51,026 | \$455,705 | 3.9x | 0.4x |
| 15-Aug-2019 | Freight Forwarding Business | 550,000 | 42,012 | 1,859,488 | 13.1x | 0.3x |
| 13-Aug-2019 | Freight Transport Arranger | 685,000 | 205,979 | 2,920,071 | 3.3x | 0.2x |
| 20-Dec-2017 | Customs Broker | 700,000 | 186,850 | 1,292,501 | 3.7x | 0.5x |
| 23-Jun-2017 | Transportation Brokerage Business | 3,700,000 | 564,192 | 3,902,697 | 6.6x | 0.9x |
| 02-Dec-2016 | Freight Forwarding Company | 1,600,000 | 414,608 | 563,122 | 3.9x | 2.8x |
| 02-Sep-2016 | Freight Forwarding Services | 2,000,000 | 1,233,250 | 12,441,540 | 1.6x | 0.2x |
| 01-Jun-2016 | Provides Sea Freight Forwarding Services | 12,940,230 | 1,624,167 | 22,210,916 | 8.0x | 0.6x |
| 01-Apr-2016 | International Customs Brokerage | 1,600,000 | 157,006 | 6,504,617 | 10.2x | 0.2x |
| 15-Dec-2015 | Freight Forwarding Services | 2,950,000 | 568,425 | 3,159,123 | 5.2x | 0.9x |
| | | | Low | \$ 455,705 | 1.6x | 0.2x |
| | | | Median | \$ 3,039,597 | 4.6x | 0.5x |
| | | | High | \$ 22,210,916 | 13.1x | 2.8x |

RECENT PUBLIC TRANSACTIONS

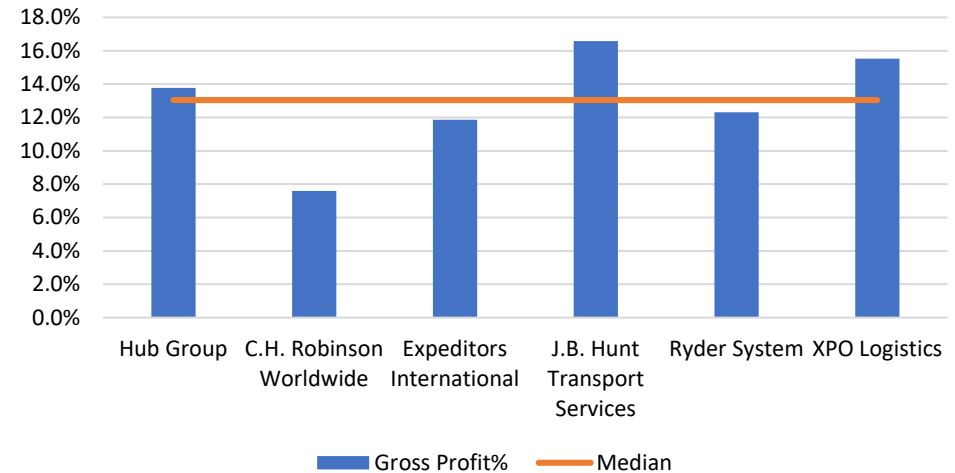
| Deal Date | Seller | HQ Location | Acquiring Firm | Deal Size (\$mm) |
|-------------|-------------------------------------------|-------------------|---------------------------------------------------------|------------------|
| 03-Dec-2018 | AFF Global Logistics | Fife, WA | Odyssey Logistics & Technology, The Jordan Company | 465.00 |
| 02-Mar-2020 | Prime Distribution Services | Plainfield, IN | C.H. Robinson Worldwide (NAS: CHRW) | 223.10 |
| 21-Jul-2017 | Specialized Logistics Dedicated | Houston, TX | J.B. Hunt Transport Services (NAS: JBHT) | 136.00 |
| 02-Feb-2017 | Fusion Logistics | Dallas, TX | Ridgemont Equity Partners, Worldwide Express Operations | 100.00 |
| 15-Apr-2019 | Celadon Logistics | Indianapolis, IN | TA Services | 60.00 |
| 05-Nov-2019 | Roadrunner (Intermodal Services Business) | Conley, GA | Universal Logistics Holdings (NAS: ULH) | 54.90 |
| 18-Oct-2018 | Davis Transfer Company | Carnesville, GA | USA Truck (NAS: USAK) | 53.00 |
| 01-Oct-2019 | Integres Global Logistics | Gold River, CA | | 27.90 |
| 03-Jan-2018 | Global Trading Resources | Portland, OR | Janel Corporation (PINX: JANL) | 0.42 |
| 11-Jul-2019 | Carlisle Carrier | Mechanicsburg, PA | Cowan Systems | |
| 26-Apr-2017 | C.H. Robinson Receivables | Eden Prairie, MN | MUFG Bank | |

OPERATING METRICS

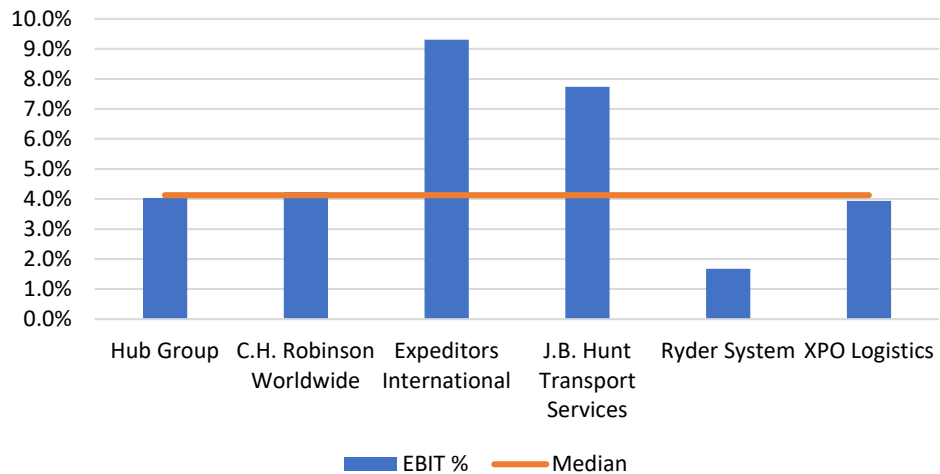
Revenue Growth



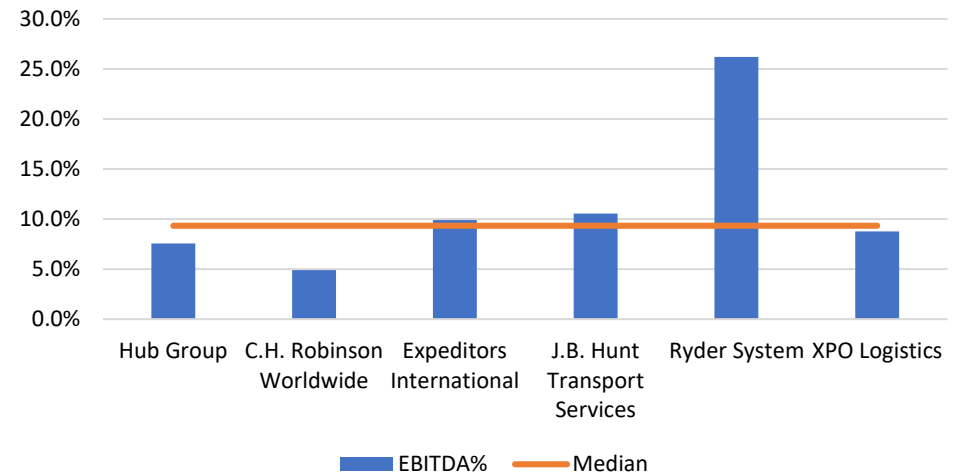
Gross Profit



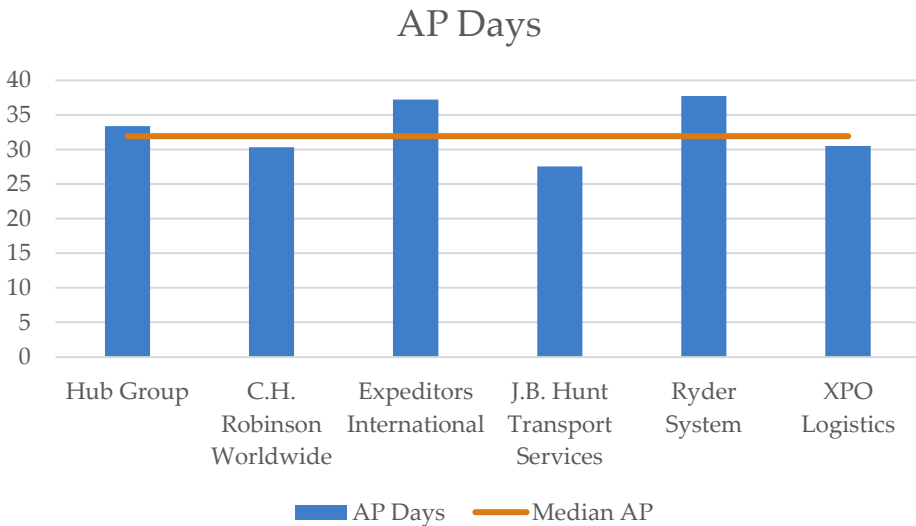
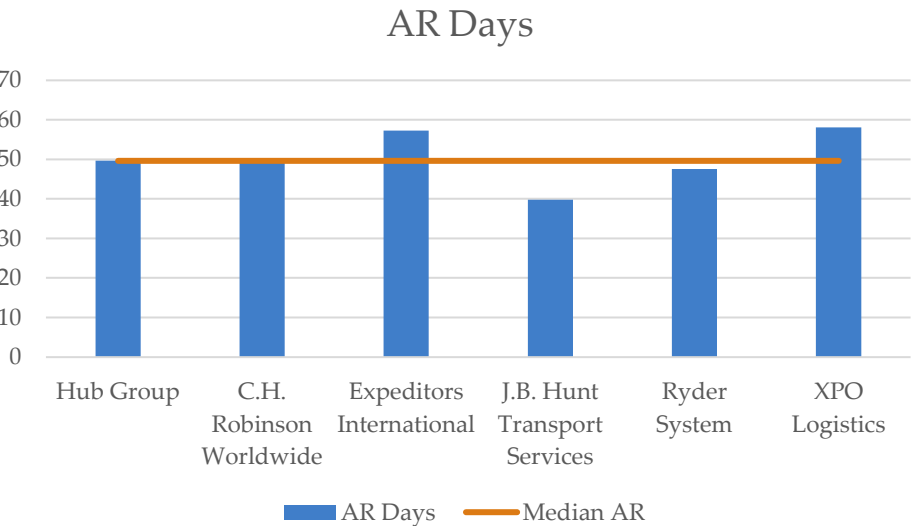
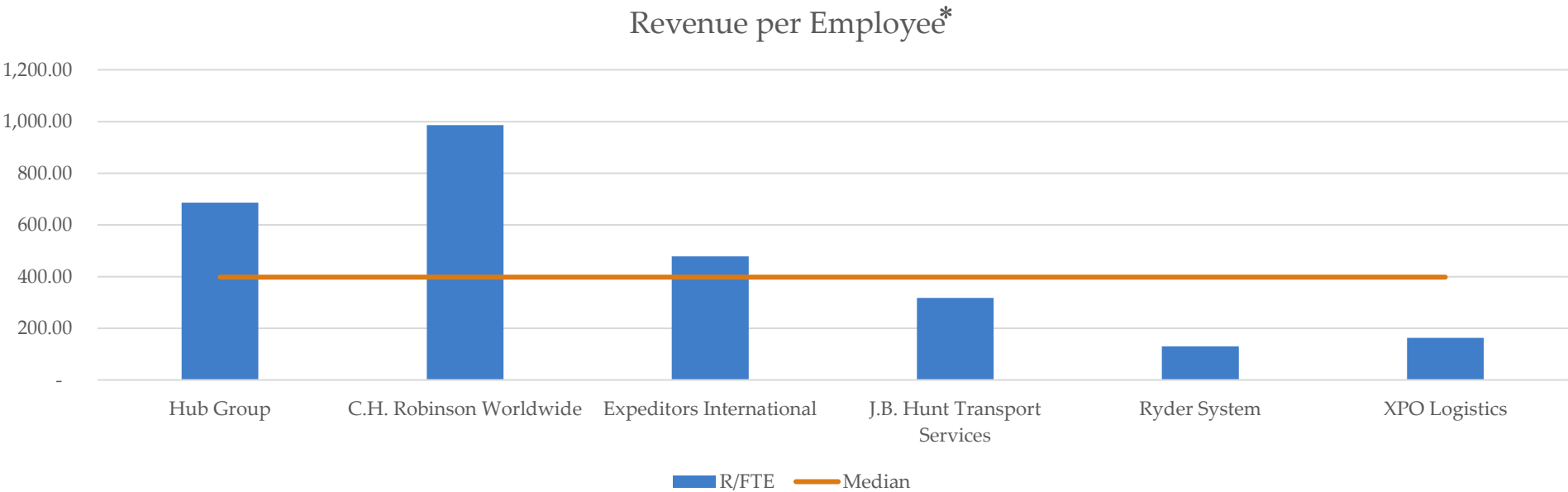
EBIT



EBITDA

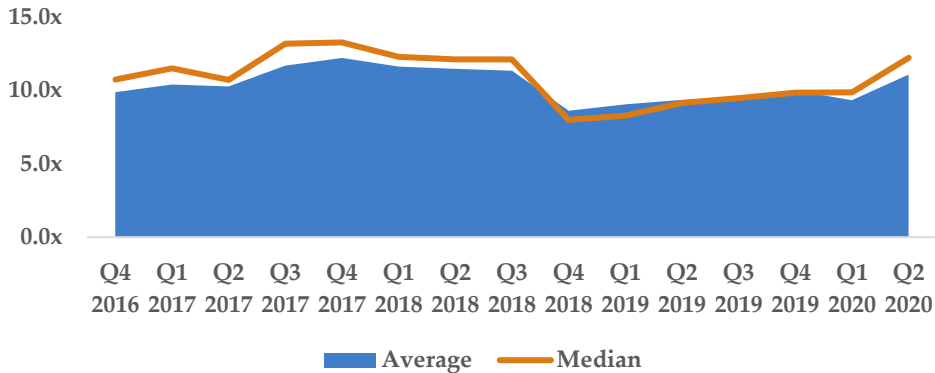


RATIO ANALYSIS

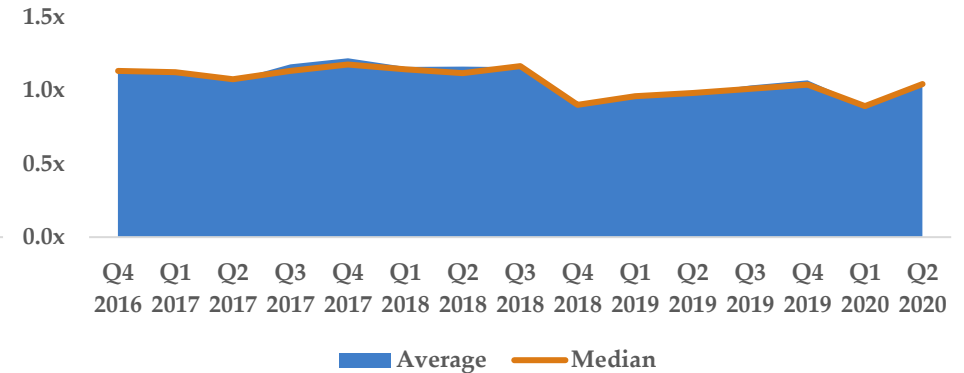


VALUATION TRENDS

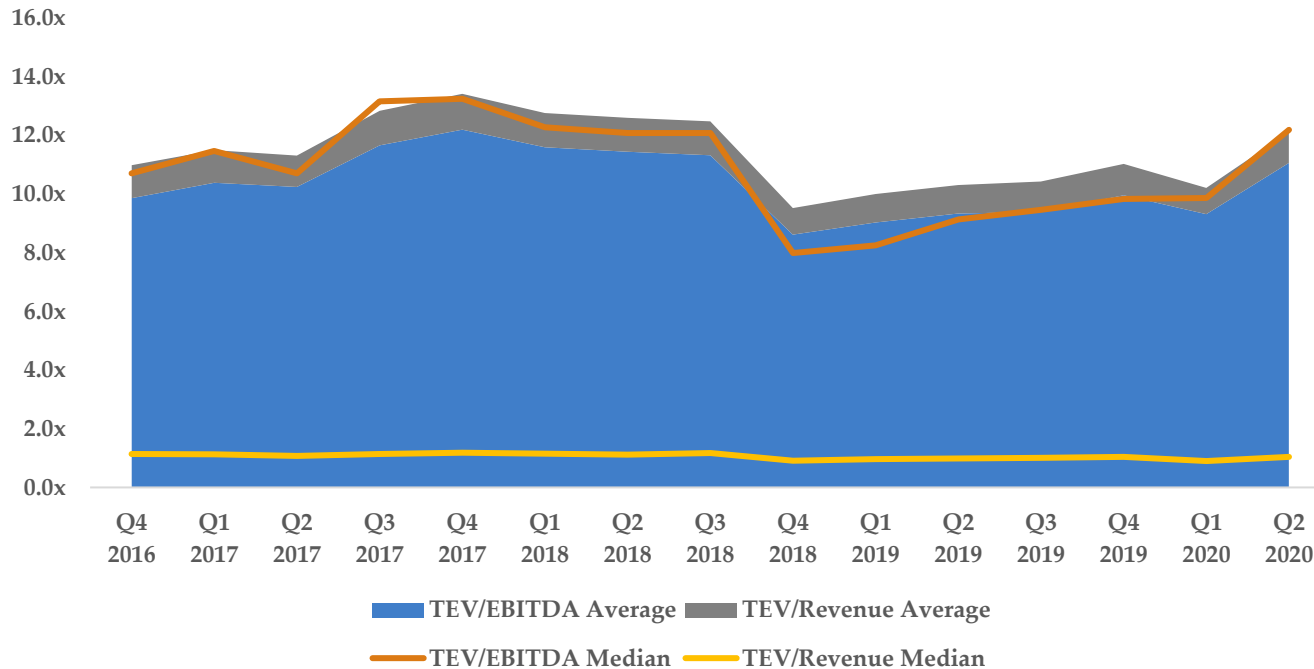
Public EBITDA Multiples Over Time



Public Revenue Multiples Over Time



Public Comps Valuation Trends

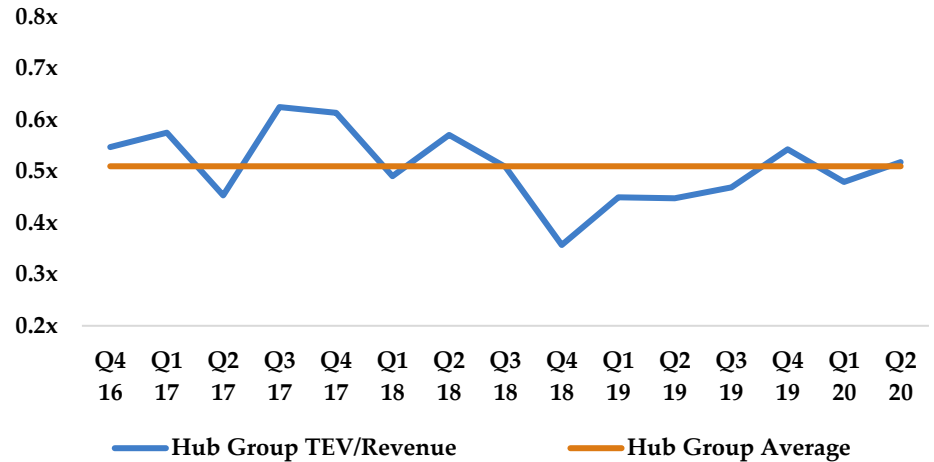


PUBLIC COMP

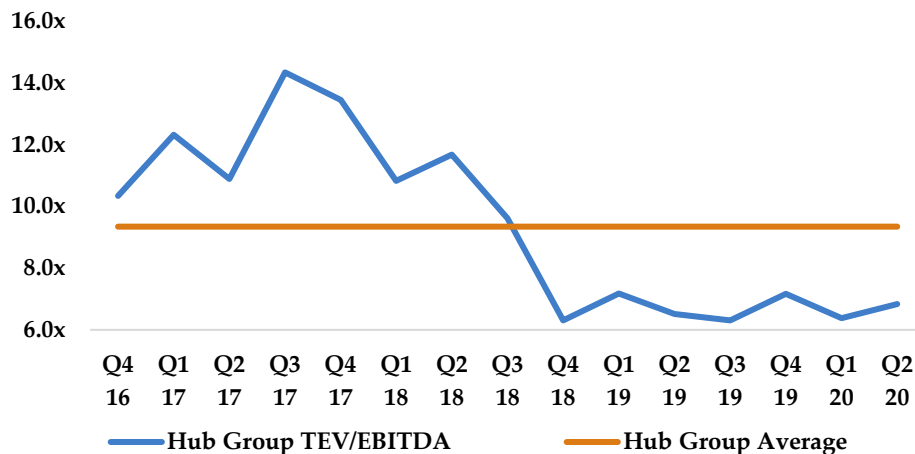
Hub Group (NASDAQ: HUBG)

Hub Group, Inc. is an asset-light freight transportation management company. The Company offers intermodal, truck brokerage and logistics services. It operates through its Hub segment. Its segment provides intermodal, truck brokerage and logistics services through a network of operating centers throughout the United States, Canada and Mexico. The Hub segment services customers in a range of industries, including consumer products, retail and durable goods. It operates through a network of operating centers and independent business owners. The Company also provides drayage services with its own drayage operations.

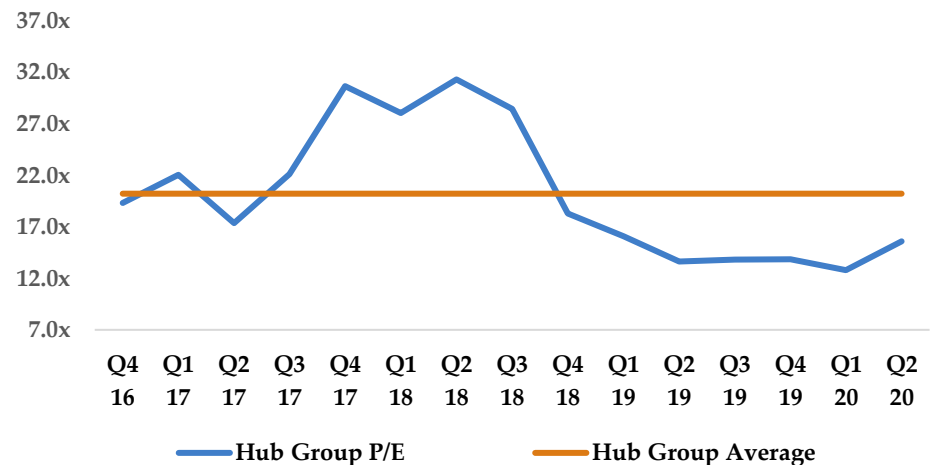
Revenue Multiples - Hub Group



EBITDA Multiples - Hub Group



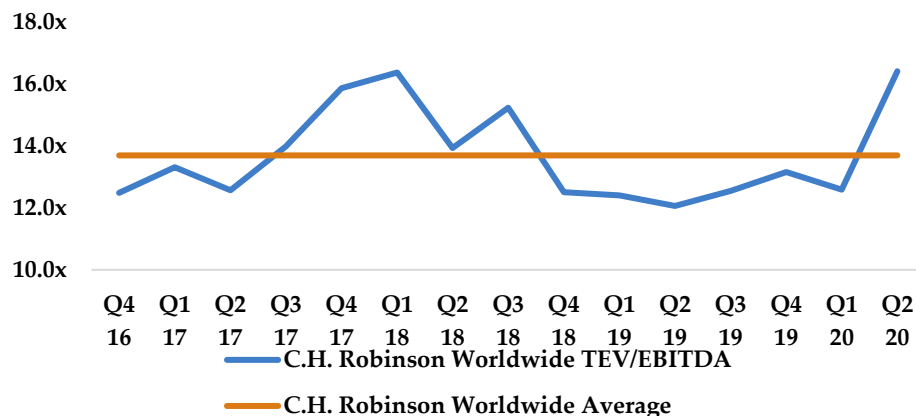
P/E Multiples - Hub Group



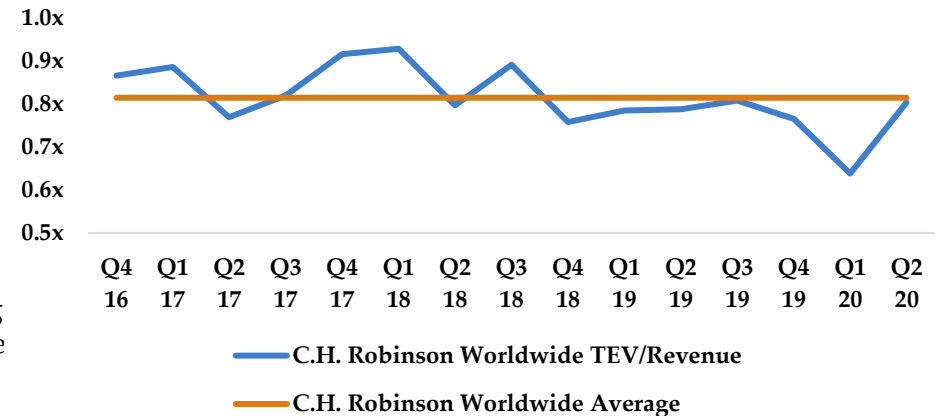
C.H. Robinson Worldwide (NASDAQ: CHRW)

C.H. Robinson Worldwide, Inc. is a provider of transportation services and logistics solutions through a network of offices operating in North America, Europe, Asia, Australia, New Zealand and South America. The Company's segments include North American Surface Transportation (NAST), Global Forwarding, Robinson Fresh, and All Other and Corporate. The NAST segment provides freight transportation services across North America through a network of offices in the United States, Canada and Mexico. The primary services provided by Global Forwarding segment include ocean freight services, air freight services, and customs brokerage. The Robinson Fresh segment provides sourcing under the trade name Robinson Fresh. The All Other and Corporate segment primarily consists of Managed Services and Other Surface Transportation outside of North America. It develops global transportation and distribution networks to provide transportation and supply chain services throughout the world.

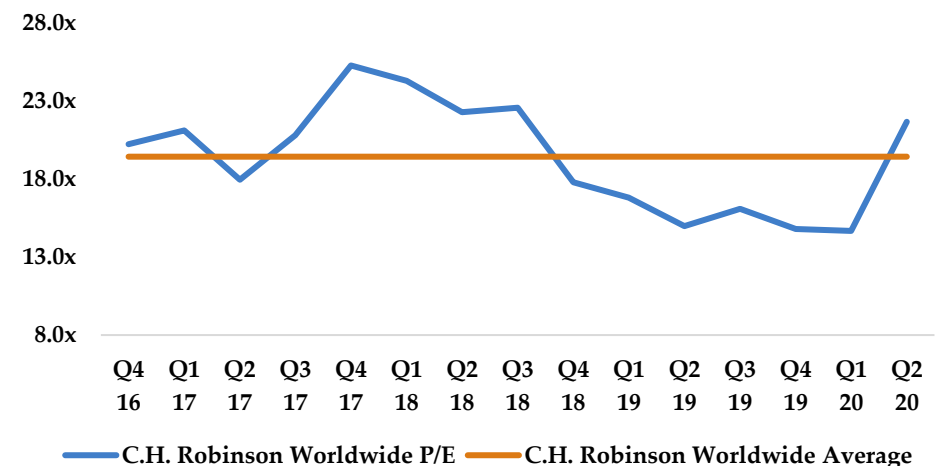
EBITDA Multiples - C.H. Robinson Worldwide



Revenue Multiples - C.H. Robinson Worldwide



P/E Multiples - C.H. Robinson Worldwide

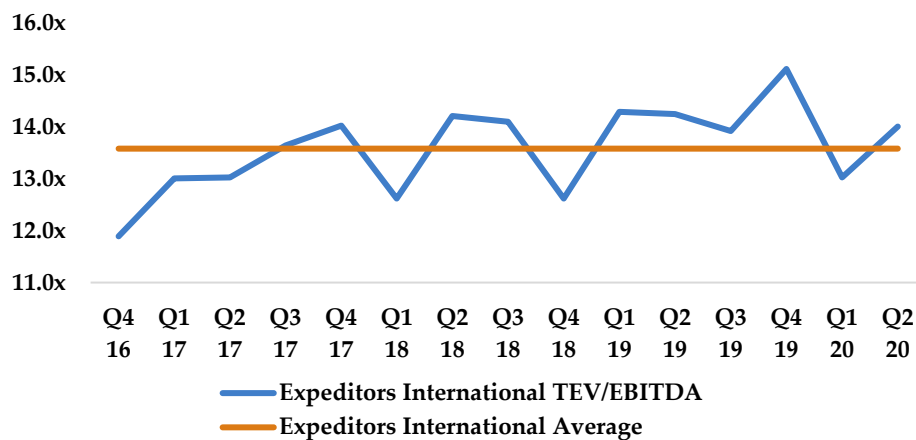


PUBLIC COMP

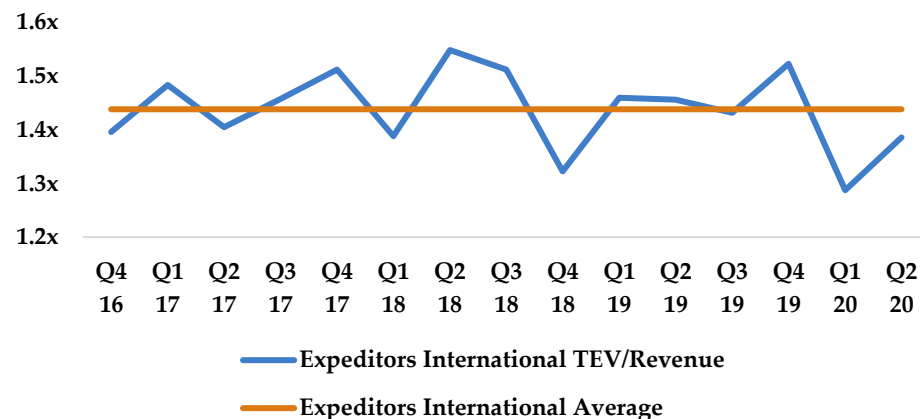
Expeditors International (NASDAQ: EXPD)

Expeditors International of Washington, Inc. is a logistics company. The Company is a third-party logistics provider, and purchases cargo space from carriers, including airlines and ocean shipping lines on a volume basis and resells that space to its customers. The Company provides a range of customer solutions, such as order management, time-definite transportation, warehousing and distribution, temperature-controlled transit, cargo insurance and customized logistics solutions. In addition, the Company's Project Cargo unit handles special project shipments that move through a single method or combination of air, ocean, and/or ground transportation. The Company's services include airfreight services, ocean freight and ocean services, and customs brokerage and other services. The Company operates along five geographic areas: the Americas; North Asia; South Asia; Europe, and the Middle East, Africa and India.

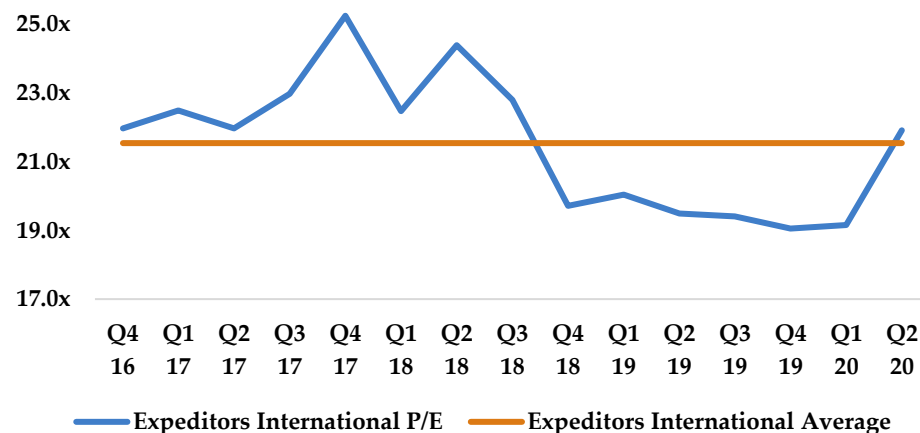
EBITDA Multiples - Expeditors International



Revenue Multiples - Expeditors International



P/E Multiples - Expeditors International

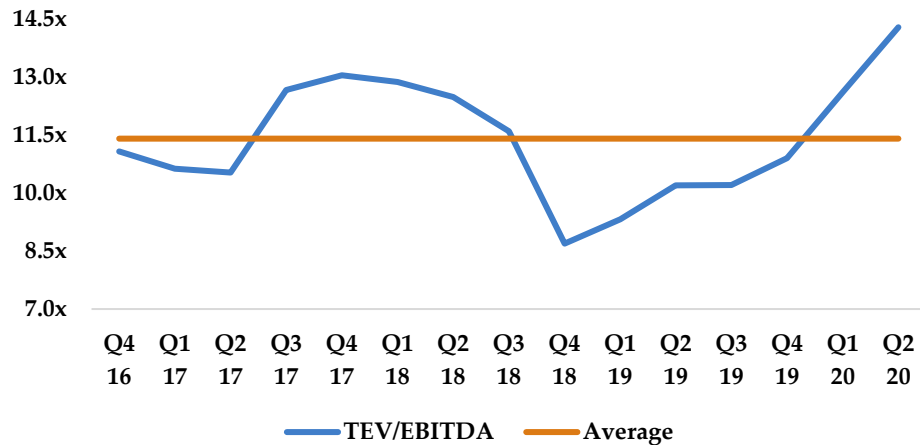


PUBLIC COMP

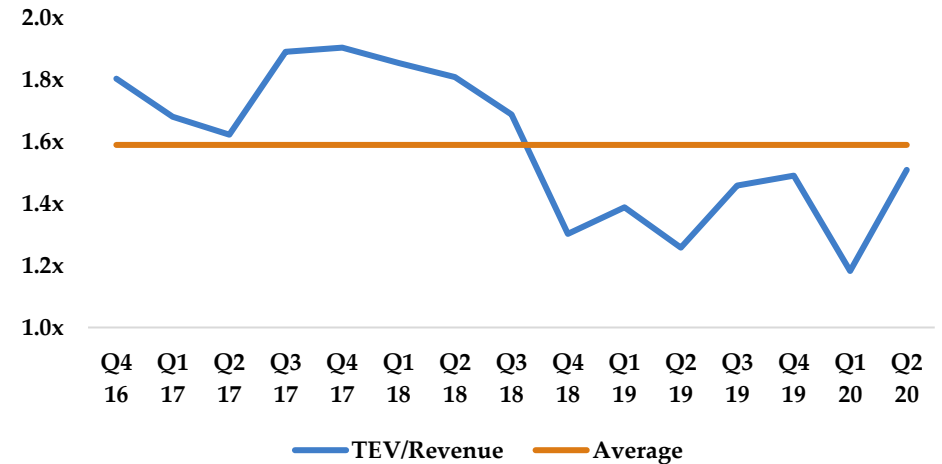
J.B. Hunt (NASDAQ: JBHT)

J.B. Hunt Transport, Inc. is a Fortune 500 company that specializes in technology-driven freight shipping for large and small businesses. A top-ranked third-party logistics (3PL) provider and one of the largest transportation logistics companies in North America, we provide safe and reliable services for a diverse group of customers throughout the continental United States, Canada and Mexico. Utilizing an integrated, multimodal approach, J.B. Hunt offers capacity-oriented solutions centered on delivering customer value and industry-leading service.

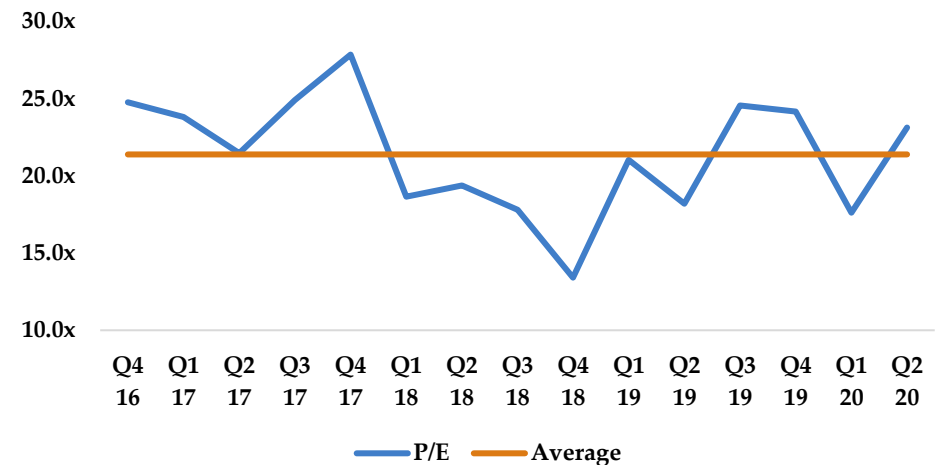
EBITDA Multiples - J.B. Hunt



Revenue Multiples - J.B. Hunt



P/E Multiples - J.B. Hunt

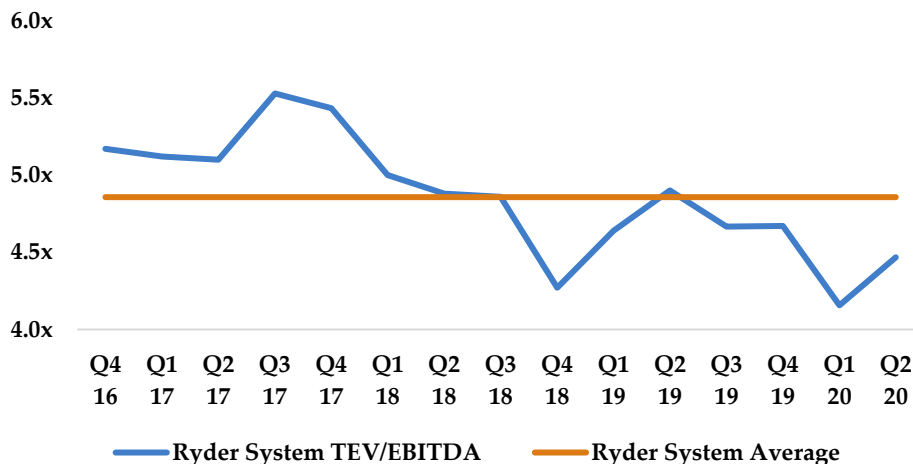


PUBLIC COMP

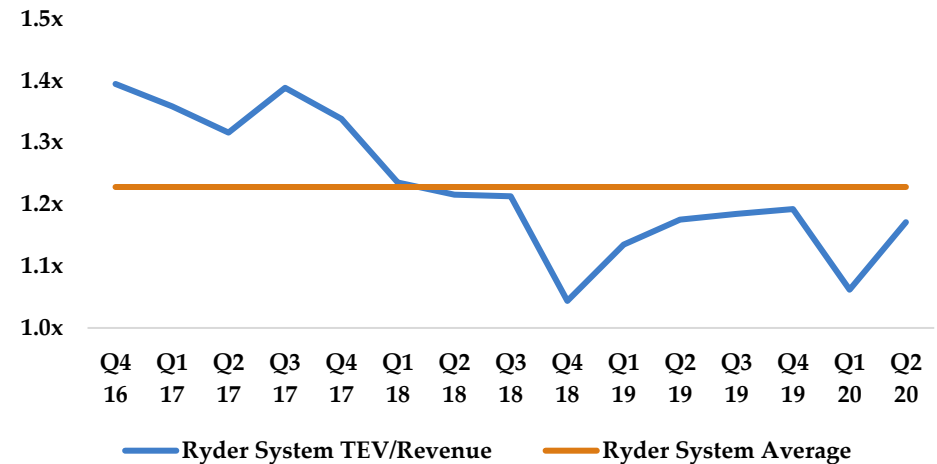
Ryder System (NYSE: R)

Ryder System, Inc. is engaged in offering transportation and supply chain management solutions. The Company operates through three segments: Fleet Management Solutions (FMS), which provides leasing, commercial rental, contract maintenance, and contract-related maintenance of trucks, tractors and trailers to customers principally in the United States, Canada and the United Kingdom; Dedicated Transportation Solutions (DTS), which provides vehicles and drivers as part of a dedicated transportation solution in the United States, and Supply Chain Solutions (SCS), which provides supply chain solutions, including distribution and transportation services in North America and Asia. Through its FMS business, the Company provides its customers with various fleet solutions. In addition, it provides its customers to purchase a selection of used trucks, tractors and trailers through its used vehicle sales program.

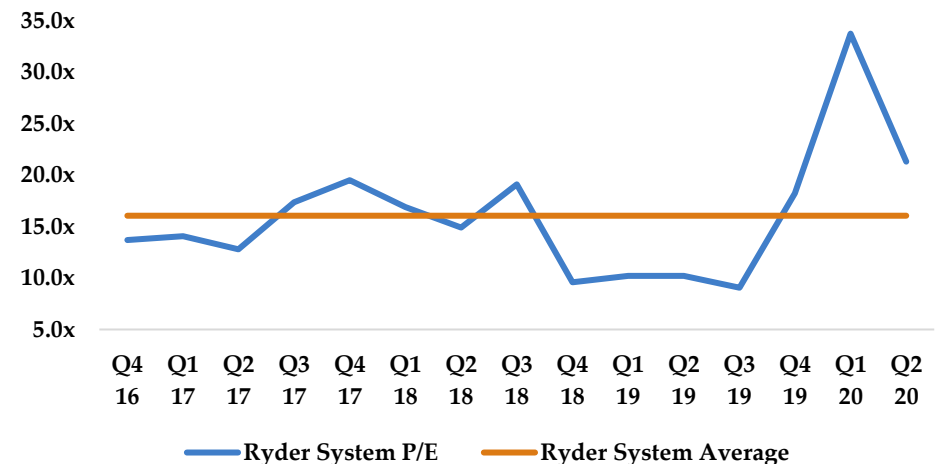
EBITDA Multiples - Ryder Systems



Revenue Multiples - Ryder Systems



P/E Multiples - Ryder Systems

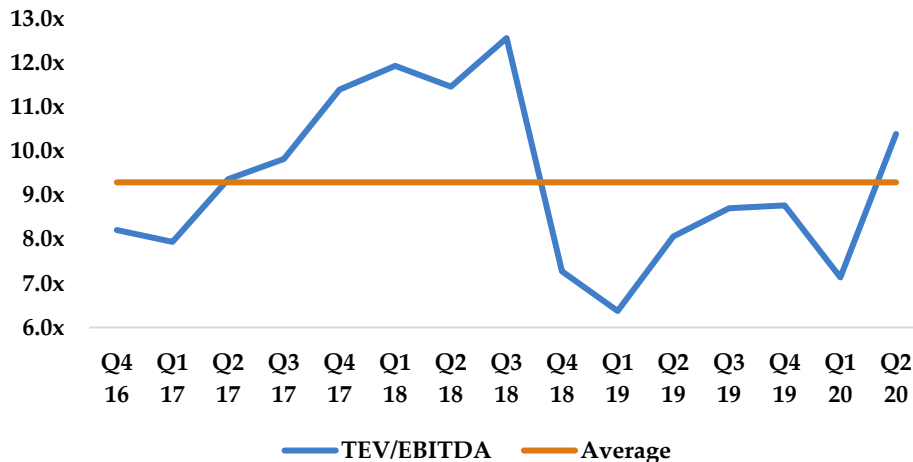


PUBLIC COMP

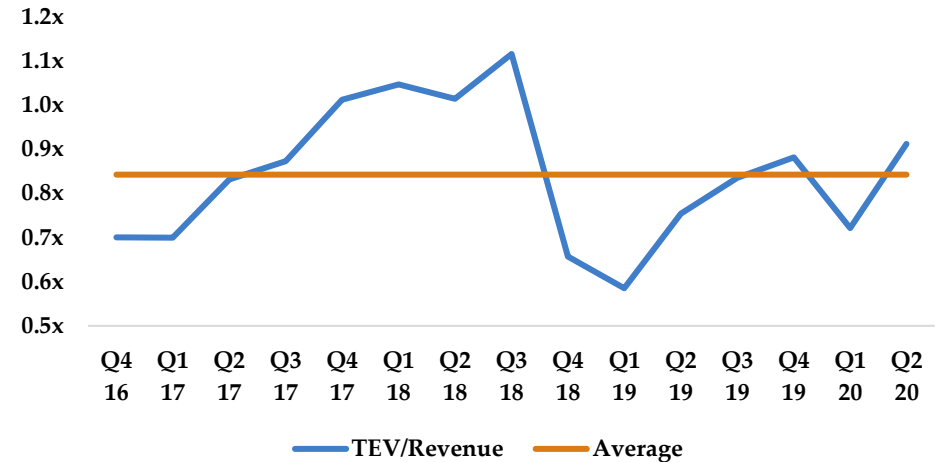
XPO Logistics (NYSE: XPO)

XPO Logistics, Inc. is a global provider of supply chain solutions. The Company operates in two segments: Transportation and Logistics. The Transportation segment provides freight brokerage, last mile, less-than-truckload (LTL), full truckload and global forwarding services. The Logistics segment provides a range of contract logistics services, including highly engineered and customized solutions, value-added warehousing and distribution, cold chain solutions and other inventory solutions. Its freight brokerage operations encompass truck brokerage globally, as well as intermodal, drayage and expedite services in North America. In Logistics segment, it provides warehousing and distribution solutions, such as factory support, aftermarket support, integrated manufacturing, packaging, labeling and transportation.

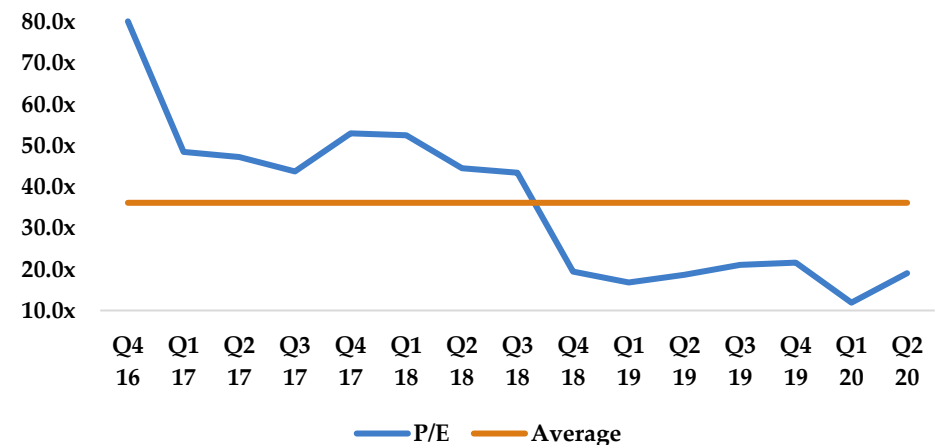
EBITDA Multiples - XPO Logistics



Revenue Multiples - XPO Logistics



P/E Multiples - XPO Logistics



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Robert S. Cashion **Managing Director, Investment Banking and Advisory Services**

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



980-237-9474 | Direct
robert.cashion@davcapadvisors.com



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Elizabeth Folger **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



980-237-9474 | Direct
beth.folger@davcapadvisors.com

DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Neil Lavietes

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors in 2020, Mr. Lavietes interned with Sherman and Company for the summer of 2019. He graduated from The University of Georgia in 2020 with a Bachelor of Business Administration with a major in Finance and Risk Management Insurance.

Jacob Dailey

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors, Mr. Dailey interned with International Electric Power in Pittsburgh, PA. He graduated from Wake Forest University in 2019 with a BA in Economics.

Matthew Torres

Analyst, Investment Banking

Prior to joining Davidson Capital in 2020, Mr. Torres worked with Sustainable Opportunities Acquisition Corp. He graduated from University of Virginia with a Masters in Commerce with a concentration in Finance.