

TRANSPORTATION & LOGISTICS

SUMMARY REPORT

2019 - 2nd QUARTER

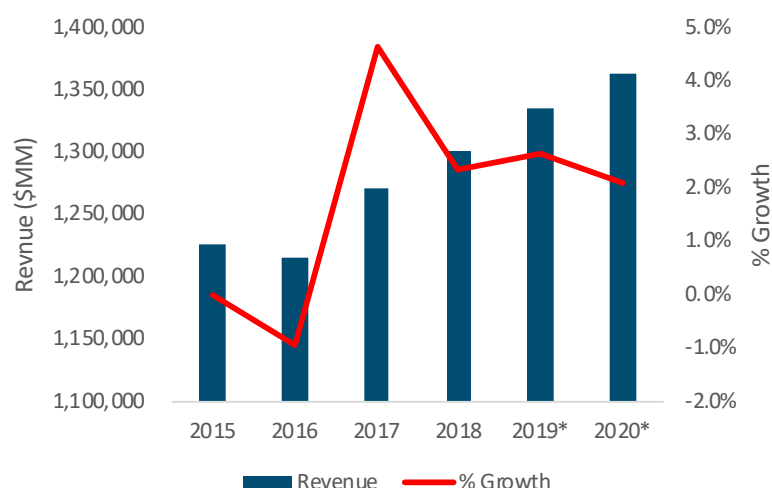


TRANSPORTATION AND LOGISTICS MARKET OVERVIEW

- A key component of the U.S. economy and a sector closely following that of the overall economy, the transportation and logistics segment consists of transport and facilities operators engaged in the movement of freight and passengers through modes such as vehicles, trains, pipelines and air as well as offering logistics services, including porting and warehousing.
- While consumer confidence has heightened demand for consumer products, spending has also been allocated toward increased travel, thereby bolstering the demand for transit services such as air, rail, car and public transport. As consumer spending grows by an expected 2.9% over the next five years, the transportation industry's services will be essential as distributors and retailers seek to move cargo through an influx in purchases.
- Further, freight volumes have experienced a spike as the economy has expanded through trade volumes and manufacturing and industrial output. Despite decreases in fuel prices, which have adversely affected the industry's revenue projections, fuel remains one of the primary costs to operators, therefore the curb in commodity prices has reduced operating costs and lifted profit margins for the industry.
- Experiencing growth trends in line with trade and economic growth in the U.S. over the past five years, the sector is projected to reach further gains, growing at 2.2% through 2023 to reach \$1.4 trillion in revenue, with a 2.3% rise contributed in 2018 alone.
- Transaction values in the sector has also been on the rise, with overall deal values increasing 34% from Q1 2019, largely driven by the logistics segment. M&A volume activity has remained steady as financial buyers work with high capital availability and with strategic buyers looking to drive inorganic growth and expand geographic presence, fleet size and service efficiencies through acquisitions.

RCO Research, IBISWorld, PwC.

Industry Revenue



*Indicates forecasted industry revenue. IBISWorld.

Avg. Industry Financial Performance

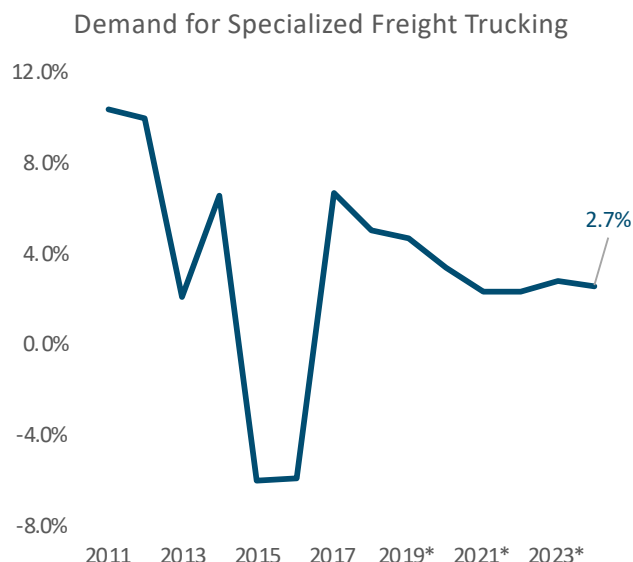
TEV (\$MM)	Rev. (\$MM)	EBITDA %
Truck Transportation		
10-25	29.5	15.1%
25-50	46.4	17.8%
50-100	54.2	21.8%
100-250	216.5	12.6%
Freight Trucking		
10-25	33.6	14.0%
25-50	43.3	17.6%
50-250	202.2	15.4%
Support Activities for Transportation		
10-25	18.8	20.5%
25-50	56.0	15.5%
50-250	126.4	15.0%

GF Data® 2012 through May 2019.

FEATURED SEGMENT: SPECIALIZED FREIGHT TRUCKING

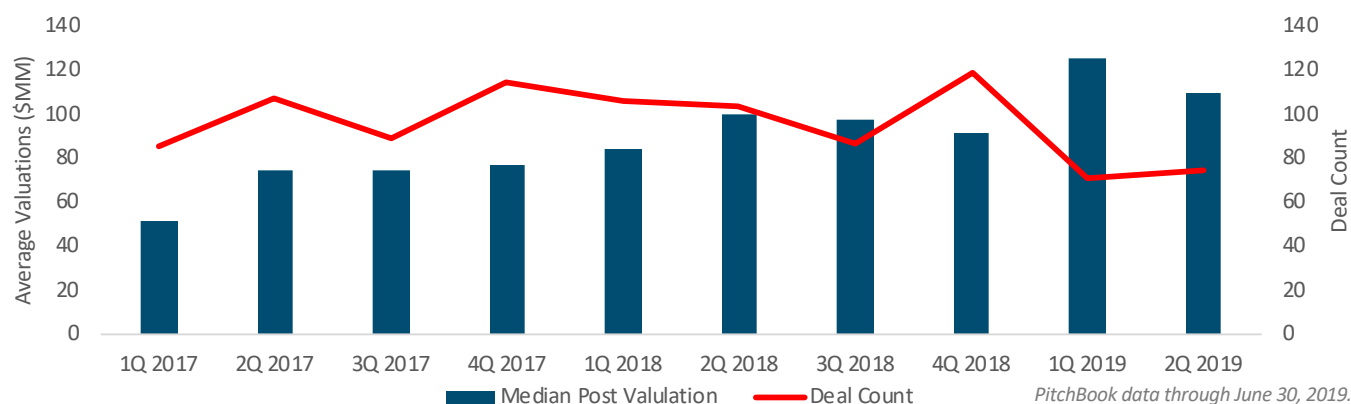


- Through escalations in disposable incomes and consumer product spend, the specialized freight trucking segment, involved in the transport of oils, gases, foods, grains and other relevant freight, has experienced accelerated demand for industry services.
- Likewise, demand has been influenced by activity in the industrial sector as contractors are dependent on specialized trucks for the transport of construction materials, and as seen by operators involved in oil and gas production, the need for specialized equipment such as tanker trucks.
- Downstream markets have begun to implement just-in-time (JIT) inventory management, requiring the use of specialized carriers at a higher frequency, benefiting trucking operators with increased freight rates.
- Over the next five years, the segment will experience gains from the above factors, with revenue expected to reach \$55.0 billion in 2024, an annualized growth rate of 2.7%.



*Indicates forecasted industry revenue. IBISWorld.

North America Deal Count & Average Valuations –Middle Market (up to \$250MM)



- Companies in the North American middle market transportation and logistics industry have experienced a total capital investment of \$9.39 billion through YTD June 2019, with the majority of deals occurring in California and Texas.
- Through YTD 2Q 2019, the industry has announced 145 transactions, a decreased when compared over the same period in 2018, however, deal values have increased considerably over the comparison period, leading valuations to reach record levels.
- While some economic uncertainty has arisen in the current marketplace, buyers have continued to express interest and invest in the industry, with financial buyers leading the way in M&A activity in 2019. As consumer spending keeps pace and industrial activity advances, we expect to see increased consolidations through supply chain evolutions, logistic efficiencies and heightened regulation around environmental standards and transportation.

TEV/EBITDA Multiples

TEV (\$MM)	10-25	25-50	50-250
Truck Transportation	5.4x	5.0x	6.0x
Freight Trucking	5.1x	5.2x	6.4x
Support Activities for Transportation	5.6x	6.4x	7.1x

PitchBook data through June 30, 2019.

GF Data® 2012 through May 2019.

FEATURED MANUFACTURING TRANSACTIONS



and



Acquired by



On June 20, 2019, Hudson Hill Capital, a New York-based private investment firm announced the acquisition Global Transport Logistics and Am Trans Expedite, Inc. to create a logistics holding company, Fusion Transport, LLC.

Global is a provider of land, ocean, air and freight logistics services, with a focus on the chemical industry. The company will join Am Trans Expedite, a commercial transportation company offering end-to-end solutions in the logistics supply chain, under the Fusion Transport holding company to expand networks and move into retail, grocery and volume freight.

Financial terms of the agreement were not disclosed.¹

On June 10, 2019, H.I.G. Capital, a global private equity firm, announced the acquisition of Cardinal Logistics, a leading North American transportation and logistics service company.

Headquartered in Concord, NC, Cardinal, a third-party logistics operator, offers asset-backed logistics services, providing contract carriage, final mile delivery and transportation management services to multiple industries. Its partnership with H.I.G. will allow the company to pursue growth strategies through supply chain improvements and the expansion of its customer base.

Financial terms of the agreement were not disclosed.²



Acquired by



Acquired by



On March 18, 2019, Forward Air Corporation, a public freight and logistics company, announced the acquisition of FSA Logistix, a last mile logistics company based in Fort Lauderdale, FL.

FSA Logistix designs world-class mile solutions from simple deliveries to complex installations of high-end applications. The Company manages last-mile delivery contracts for retailers, manufacturers, third-party logistics and others with operations in the East, Midwest, Southwest and Western regions.

Forward Air Corporation agreed to a cash consideration of \$27 million plus addition considerations upon future performance.³

PitchBook.

1. Transaction Press Release, dated June 20, 2019. <https://www.prnewswire.com/news-releases/hudson-hill-capital-creates-fusion-transport-a-new-logistics-platform-300871740.html>
2. Transaction Press Release, dated June 10, 2019. <https://www.businesswire.com/news/home/20190610005090/en/H.I.G.-Capital-Completes-Acquisition-Cardinal-Logistics>
3. Transaction Press Release, dated March 18, 2019. <https://www.businesswire.com/news/home/20190318005760/en/Air-Corporation-Announces-Acquisition-FSA-Logistix-Expand>

ROMANCHUK & CO.

FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing mergers and acquisitions (M&A) advisory and financial consulting services to lower middle-market leaders within the diversified industrials sectors. We advise owners and investors of privately-held businesses on the preparation and sale of their company, assist them in identifying strategic

opportunities, and help them execute upon those strategies. We specialize in providing sell-side M&A advisory services to lower middle-market companies with revenues or enterprise values ranging from \$15 million to \$250 million. For more information, please visit www.romanchukco.com.

Recent Experience

Our most recently closed deals showcase our firm's unique ability to execute transactions across diversified sectors, while maximizing value for our clients in the middle market. Drawing on our collective experience and strengths, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.



Industry Recognition



Romanchuk & Co. was selected as the Boutique Investment Banking Firm of the Year for 2018. Over 230 nominees, representing over 600 companies, became finalists for the awards. An independent judging committee of 29 top M&A industry experts determined the ultimate recipients of the awards.

In addition, Romanchuk & Co. was named a finalist in the following categories: Energy Deal of the Year, Industrials Deal of the Year (\$10MM-\$50MM), M&A Deal of the Year (\$10MM-\$25MM), and M&A Deal of the Year (\$50MM-\$75MM).

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