

TRANSPORTATION & LOGISTICS SUMMARY REPORT

1st Quarter 2021 Outlook

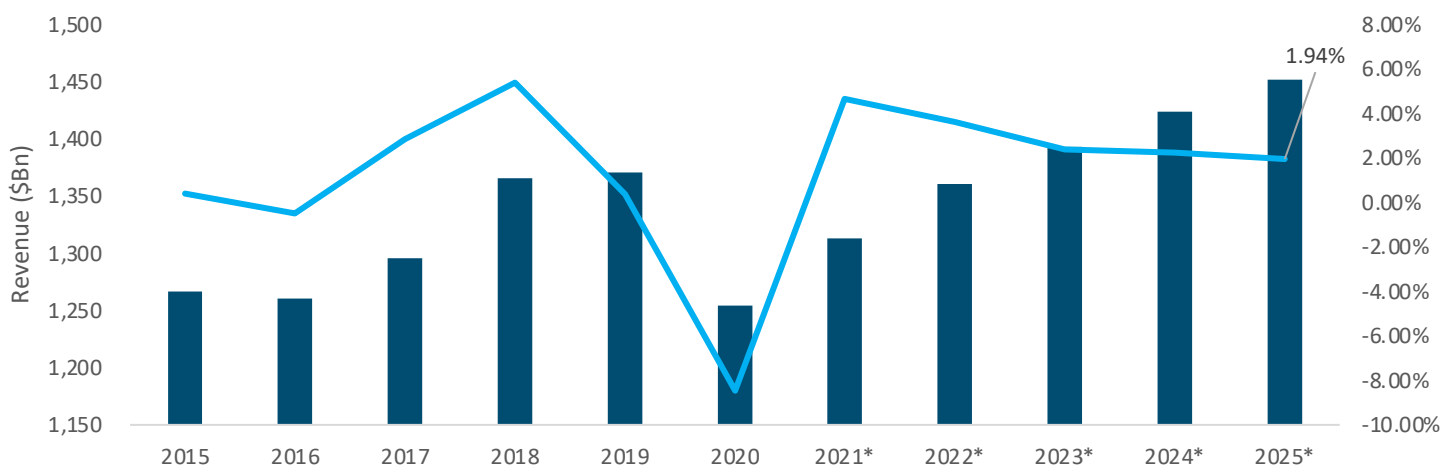


TRANSPORTATION & LOGISTICS OVERVIEW

- Transporting the bulk of goods and passengers in the United States, the transportation and logistics industry's success mirrors that of the overall economy. Over the next five years, sector revenue is forecasted to increase by 3.0% annually to approximately \$1.5 trillion. The expected increase in consumer spending, manufacturing production and trade are expected to be the main drivers of sector growth. Increased online sales and supply chain volatilities are expected to advance high demand for logistics and courier services. Additionally, commodity price volatility, changing US economic results, and legislative or green energy policies will all likely influence this sector over the next few years.
- Revenue in the sector decreased by an annualized 0.2% to below \$1.3 trillion over the last five years, with a decline of 8.5% in 2020 alone. The COVID pandemic largely affected industry operations, with halted consumer and business travel plans, and major supply chain disruptions, demand for services from both customers and downstream industries was dramatically reduced. Furthermore, many industry operators experienced lowered fuel surcharges or have been forced to cut their own fees as a result of plummeting crude oil prices.
- Consumer spending, expected to rise at an annual rate of 3.4% through 2025, will see a rebound from major declines in 2020. Increased investment would almost certainly result in increased demand for industry services, with more goods being transported by industry operators. Customers are also expected to spend more money on holidays and travel, further boosting demand for passenger transportation services.
- Over the next five years, the air transportation subsector alone is expected to account for up to one-fifth of the sector's revenue growth. Manufacturing production and trade in the United States are projected to increase in response to improving domestic and global economic conditions. The industrial output index and total trade value are expected to rise by 1.6 percent and 4.9 percent, respectively.
- Despite its history of volatility, the world price of crude oil is expected to increase over the next five years, boosting fuel prices and sector fuel surcharge revenue. Fuel prices have a significant impact on this sector, with steep drops decreasing fuel-surcharge revenue and sharp rises accelerating industry growth. However, due to the long-term consequences of the coronavirus epidemic, industry profit is expected to decrease over the next five years.

IBISWorld, Freight Waves, RCO Research.

INDUSTRY REVENUE



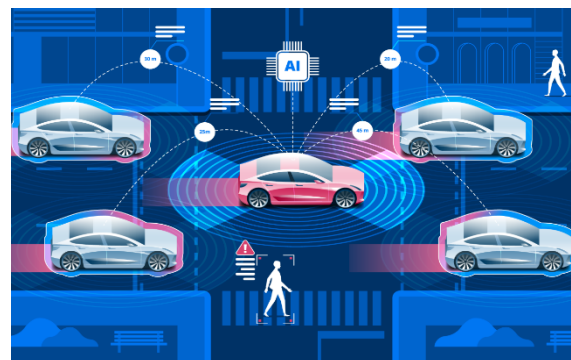
IBISWorld 2020.

TECHNOLOGY IN TRANSPORTATION & LOGISTICS

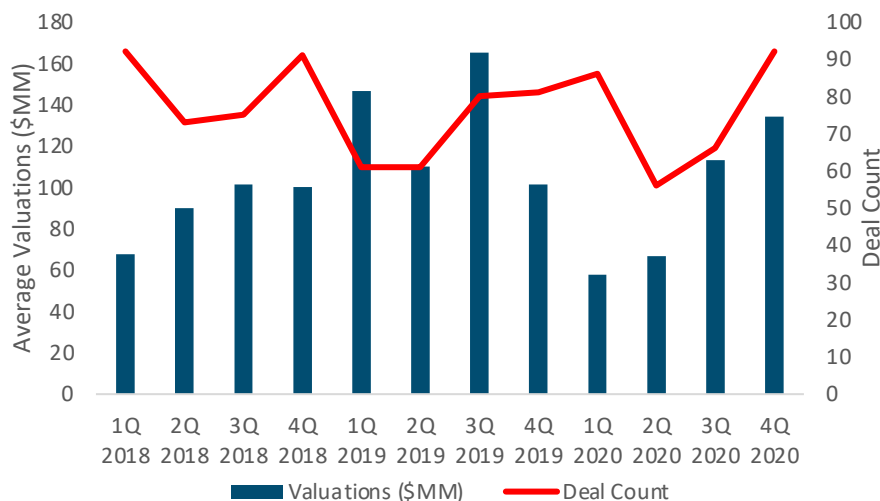


- Technologies such as communications, telematics, robotics, and green energy have all made their way into the field, transforming industry processes and business models through these developments. The internet of things is increasingly becoming a reality thanks to the widespread availability of sensors, GPS, network equipment, cloud computing, and related applications. These technologies can be used to monitor vehicles, decide optimal routes, determine maintenance requirements, provide real-time delivery status, and easily integrate operations with suppliers and customers.
- Robotics are also being used more frequently in the industry to increase productivity, lower labor costs, and improve protection. To increase loading speeds and reduce costs, operators are increasingly using automated cranes, stackers, and trucks to move containers around their facilities. Automated driven vehicles, such as portable robots that obey markers, are becoming more common in warehouses.
- The industry will be one of the primary beneficiaries of autonomous vehicle production. Eliminating the need for drivers, autonomous cars and trucks would also allow vehicles to be used for longer periods of time with no break requirements. While cars may not become completely autonomous in the near term, the technology will help reduce the amount of stress placed on drivers, resulting in a reduction in accidents.
- A major emitter of greenhouse gases, the industry is under growing pressure to invest in more fuel-efficient vehicles. Truck, car, ship, and aircraft manufacturers have begun to swift to electronic and software technology, as well as improved materials, to create vehicles that use much less fuel than previous models. As the cost of electric vehicles and batteries continues to decline, their use in the sector is increasing. Aside from environmental concerns, costs are also driving this trend. Companies are looking to find ways to reduce the cost of fuel, which is one of the sector's largest expenses.
- The majority of technical advancements in the sector have focused on increasing productivity, delivery time, and cost. However, some innovations, especially in the Taxi and Limousine Services industry, have completely revolutionized the way business is done. These technology firms have significantly lowered barriers to entry for car service providers and replaced conventional companies such as taxi services by directly linking drivers with customers.

IBISWorld, Smart Cities World, RCO Research.



NORTH AMERICAN DEAL COUNT & AVERAGE VALUATIONS – UP TO \$250MM



PitchBook data through December 31, 2020.

AVERAGE INDUSTRY PERFORMANCE AND MULTIPLES

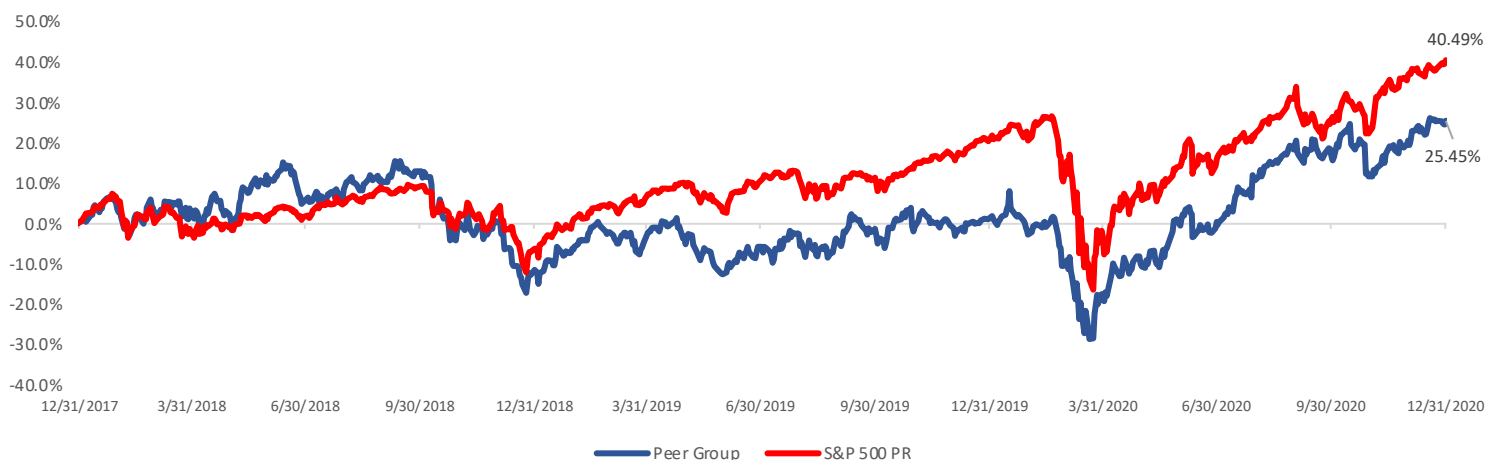
TEV Range (\$MM)	Revenues (\$MM)	EBITDA Margin %	TEV / EBITDA
10–25	\$26.3	20.1%	5.6x
25-50	\$46.4	17.8%	5.0x
50-100	\$67.2	20.0%	5.5x
100-250	\$216.5	12.6%	6.8x

GF Data® 2003 through December 31, 2020.

R&C TRANSPORTATION INDICES



TRANSPORTATION & LOGISTICS



Peer Group	As of 12/31/2020			TTM 12/31/2020		EV Multiples	
	\$ / share	Market Cap	Enterprise Value	Sales	EBITDA	TTM Sales	TTM EBITDA
Expeditors International of Washington, Inc.	\$ 95.11	\$ 16,098.86	\$ 15,063.92	\$ 8,992.23	\$ 899.72	1.7x	16.7x
J.B. Hunt Transport Services, Inc.	136.65	14,441.03	15,425.83	9,349.25	1,231.71	1.6x	12.5x
C.H. Robinson Worldwide Inc	93.87	12,761.26	14,007.66	15,450.98	705.67	0.9x	19.9x
XPO Logistics, Inc.	119.20	10,896.75	17,947.75	15,723.00	1,171.00	1.1x	15.3x
PBF Logistics L.P.	9.15	570.60	1,276.16	363.41	241.10	3.5x	5.3x

AIR FREIGHT & LOGISTICS



Peer Group	As of 12/31/2020			TTM 12/31/2020		EV Multiples	
	\$ / share	Market Cap	Enterprise Value	Sales	EBITDA	TTM Sales	TTM EBITDA
United Parcel Service, Inc.	\$ 168.40	\$ 145,564.62	\$ 165,088.62	\$ 80,300.00	\$ 9,242.00	2.1x	17.9x
FedEx Corp.	259.62	68,817.63	98,928.63	74,729.00	7,507.00	1.3x	13.2x
Hub Group, Inc.	57.00	1,946.92	2,036.27	3,443.60	234.36	0.6x	8.7x
Radiant Logistics Inc	5.80	288.14	311.00	830.53	35.11	0.4x	8.9x
Air T Inc.	24.90	71.76	170.67	211.48	2.71	0.8x	63.0x

PitchBook data through December 31, 2020.

FEATURED TRANSPORTATION TRANSACTIONS



Acquired by



On December 15, 2020, Cathcart Rail, a portfolio company of Star America Infrastructure Partners, LLC, announced the acquisition of Appalachian Railcar Services.

Appalachian Railcare is a Provider of multi-disciplinary rail services in the United States. The company offers an assortment of services that include railcar maintenance and repair, short line railroad operations, coal loading and unloading, track maintenance, fleet management and brokerage services enabling multiple industries, including agriculture, chemicals, manufacturing, energy, food processing and logistics with the best in the industry.

Total terms of the transaction were undisclosed³.

On December 2, 2020, Michigan-based logistics solutions provider, Lineage Logistics, announced the acquisition of Kloosterboer Norway Facility.

The Kloosterboer Group is a family-owned company with 95 years of experience in the handling of temperature-controlled food products, such as fish, meat, fruit, fruit juices /-concentrates, dairy and potato products. Kloosterboer develops and provides innovative and sustainable solutions in the supply chain for conditioned food products. The acquisition will allow Lineage to further penetrate international markets.

Financial terms of the transaction were undisclosed.²



Acquired by



Acquired by



On September 30, 2020, Frontline Road Safety, a portfolio company of The Sterling Group, announced the acquisition of pavement marking services company Griffin Pavement Striping.

Griffin is based in Columbus, Ohio and the company provides pavement marking services for roads, highways and airports. The acquisition will support the company's investment thesis in road safety and infrastructure maintenance.

Financial terms of the transaction were undisclosed.¹

PitchBook.

1. Transaction Press Release, dated Dec 15, 2020. <https://starinfrapartners.com/2020/12/15/cathcart-rail-acquires-appalachian-railcar-services/>
2. Transaction Press Release, dated Dec 02, 2020. <https://www.lineagelogistics.com/news-stories/lineage-logistics-closes-acquisition-kloosterboer-norway-facility>
3. Transaction Press Release, dated Sep 29, 2020. <https://www.prnewswire.com/news-releases/frontline-road-safety-a-portfolio-company-of-the-sterling-group-completes-the-acquisition-of-griffin-pavement-striping-301140307.html>

ROMANCHUK & CO. FIRM CAPABILITIES



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

opportunities, and help them execute upon those strategies. Our team of licensed investment bankers specializes in providing sell-side M&A advisory services to lower middle-market companies with enterprise values ranging from \$15 million to \$250 million. For more information, please visit our website at www.romanchukco.com.

RECENT EXPERIENCE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the diversified industrials sectors, while maximizing value for our clients in the lower middle-market. Drawing on our collective industry 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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