



INDUSTRY OVERVIEW

TRANSPORTATION LOGISTICS

JULY 2021



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.

INDUSTRY AT A GLANCE

Key Statistics

\$2.9bn
Revenue



24,462
Employment



\$217.7m
Profit



\$723.5m
Wages



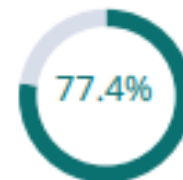
7.6%
Profit Margin



9,040
Businesses



Products & Services Segmentation



Packing and crating services



Packing services for motor carrier and storage services



Other services

INDUSTRY AT A GLANCE

S STRENGTHS

- Low Volatility
- Low Imports
- Low Capital Requirements

W WEAKNESSES

- Low & Increasing Barriers to Entry
- Low & Steady Level of Assistance
- High Competition
- Low Profit vs. Sector Average
- High Customer Class Concentration
- High Product/Service Concentration
- Low Revenue per Employee

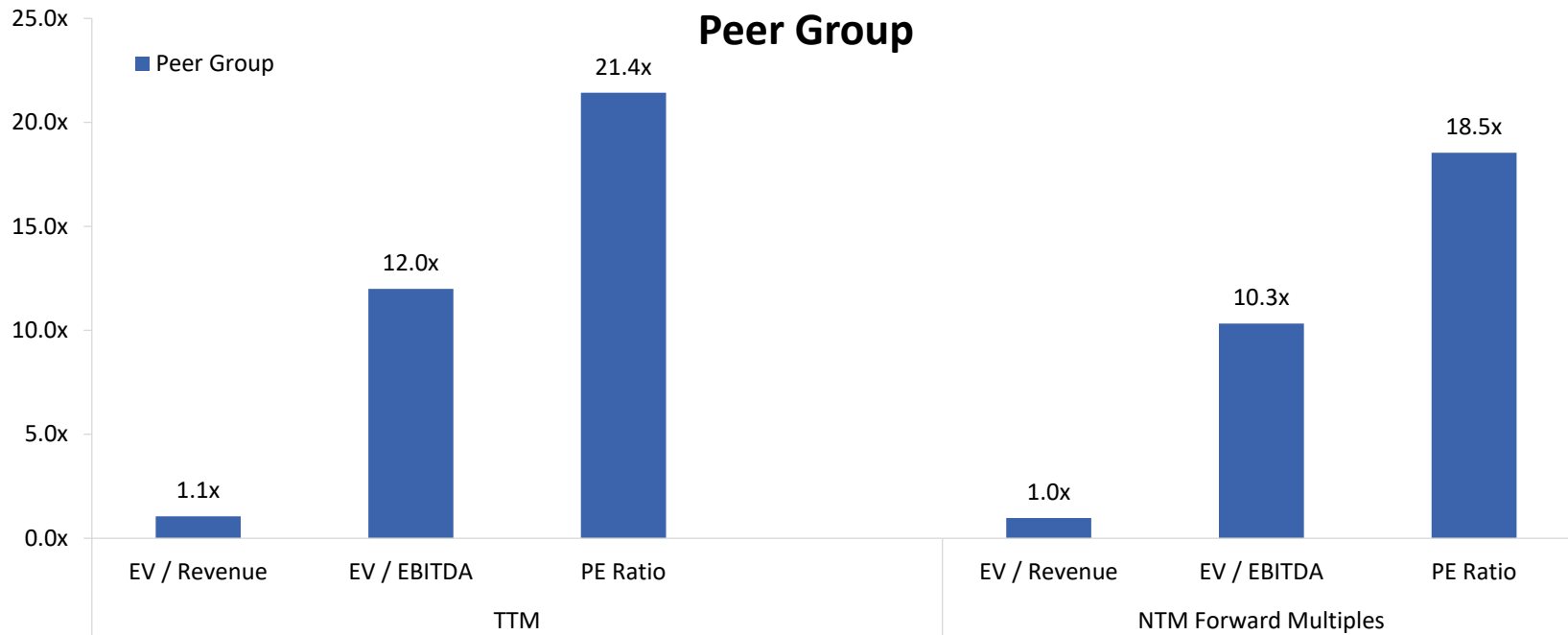
O OPPORTUNITIES

- High Revenue Growth (2020-2025)
- Total trade value

T THREATS

- Low Revenue Growth (2005-2020)
- Low Revenue Growth (2015-2020)
- Low Outlier Growth
- Low Performance Drivers
- Freight transportation services index

VALUATION TRENDS



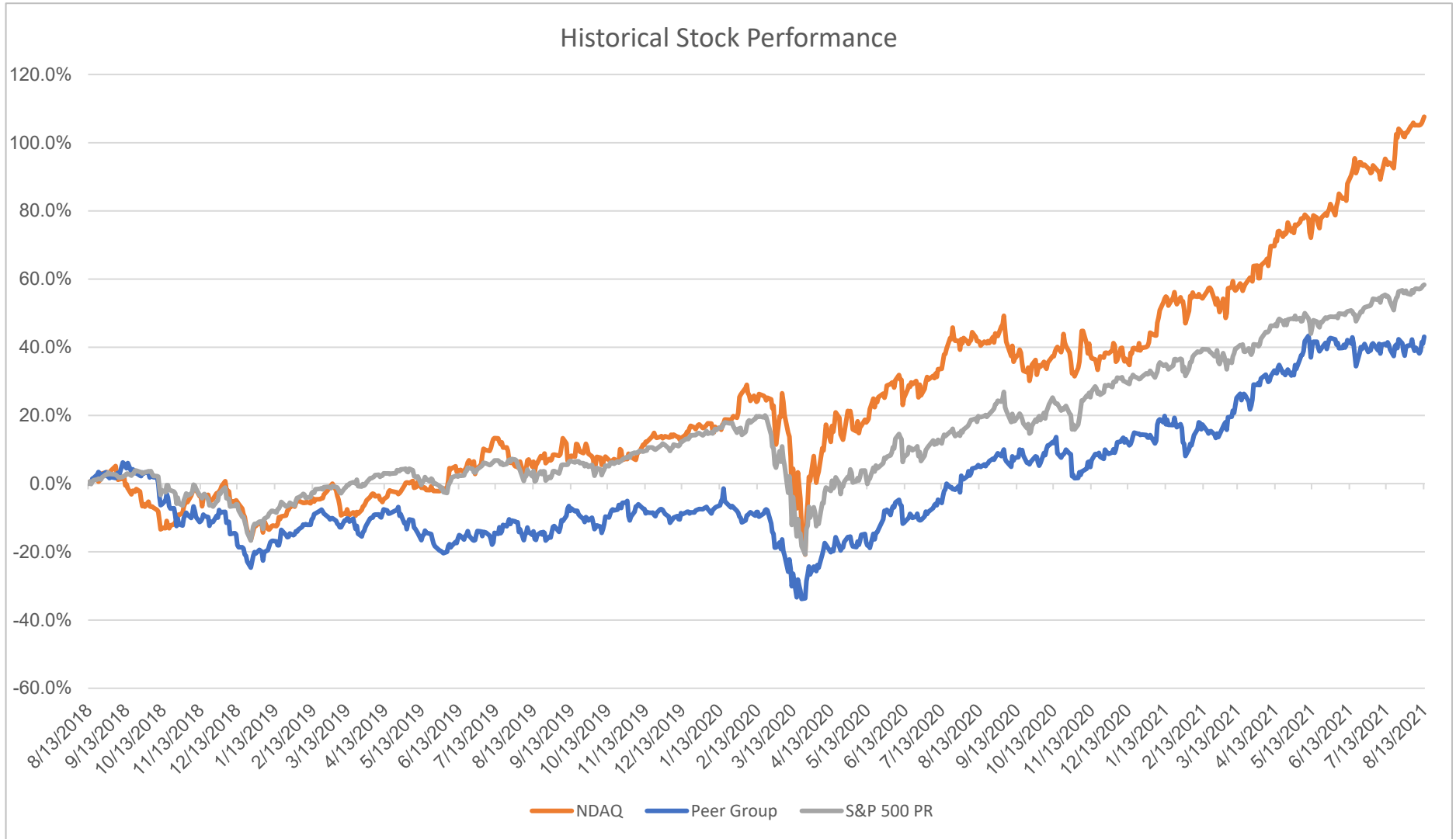
C.H. ROBINSON



PUBLIC COMPS

As of 3/31/2021		C.H. Robinson	Expeditors	J.B. Hunt Transport				
\$ in Millions	Hub Group	Worldwide	International	Services	Ryder System	XPO Logistics		
Ticker	HUBG	CHRW	EXPD	JBHT	R	XPO		
Total Revenue	\$3,778	\$19,111	\$12,442	\$10,737	\$8,967	\$18,696		
Gross Profit	443	1,346	1,558	1,593	1,608	3,096		
EBIT	125	864	1,337	832	592	978		
Net Income	\$90.99	\$651.43	\$993.52	\$598.27	\$261.39	\$489.00		
EBITDA	251	962	1,393	1,376	2,510	1,738		
Total Debt	277	1,682	451	1,303	6,489	7,899		
EV	2,312	13,254	20,315	18,533	10,316	23,032		
Employees	5,000	15,405	17,480	30,309	64,200	108,000		
Ratio Analysis							Median	
Revenue/Employee	\$755,683	\$1,240,561	\$711,779	\$354,241	\$139,679	\$173,111	\$533,010	
EV/Revenue	0.61x	0.69x	1.76x	1.73x	1.15x	1.23x	1.19x	
Debt/EBITDA	1.16x	1.61x	0.31x	0.95x	2.87x	4.95x	1.38x	
EV/EBITDA	9.21x	13.78x	16.52x	13.47x	3.99x	13.07x	13.27x	
Market Cap/EBITDA	9.09x	12.21x	17.62x	12.93x	1.58x	9.02x	10.65x	
Market Cap	2,282	11,745	21,660	17,800	4,095	15,894		
Close Price	66.28	89.17	128.25	168.45	76.15	80.69		
52 Week Low	47.18	84.67	81.51	119.22	35.39	42.01		
52 Week High	74.95	106.75	130.76	183.80	89.65	89.28		
Gross Margin	11.7%	7.0%	12.5%	14.8%	17.9%	16.6%	13.7%	
EBIT	3.3%	4.5%	10.7%	7.8%	6.6%	5.2%	5.9%	
EBITDA	6.6%	5.0%	11.2%	12.8%	28.0%	9.3%	10.2%	
Acct. Receivable Days	49	49	58	39	43	55	49	
Inventory Days	NM	NM	NM	NM	3	NM	3	
Acct. Payable Days	35	29	38	24	36	28	32	
Revenue Growth	10.1%	26.7%	48.6%	16.2%	4.8%	19.4%	17.8%	

TRANSPORTATION LOGISTICS INDEX VS. S&P 500



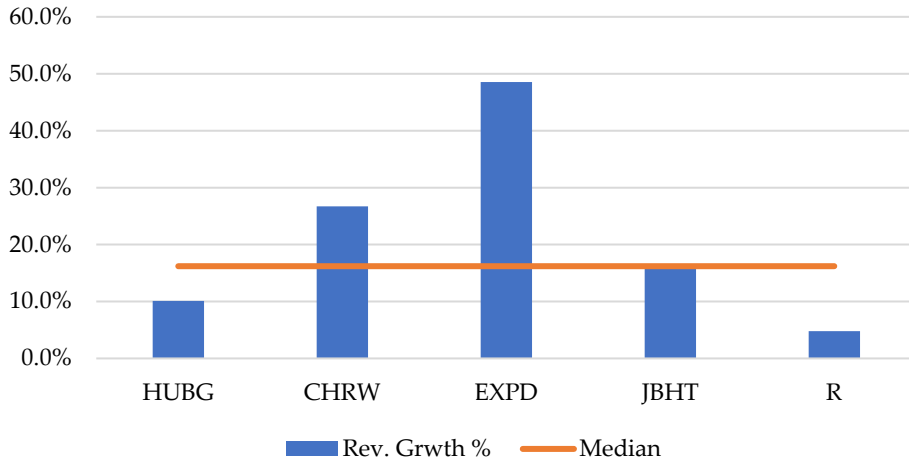
DCA Transportation Logistics Index: HUBG, CHRW, EXPD, JBHT, R, XPO

RECENT PUBLIC TRANSACTIONS

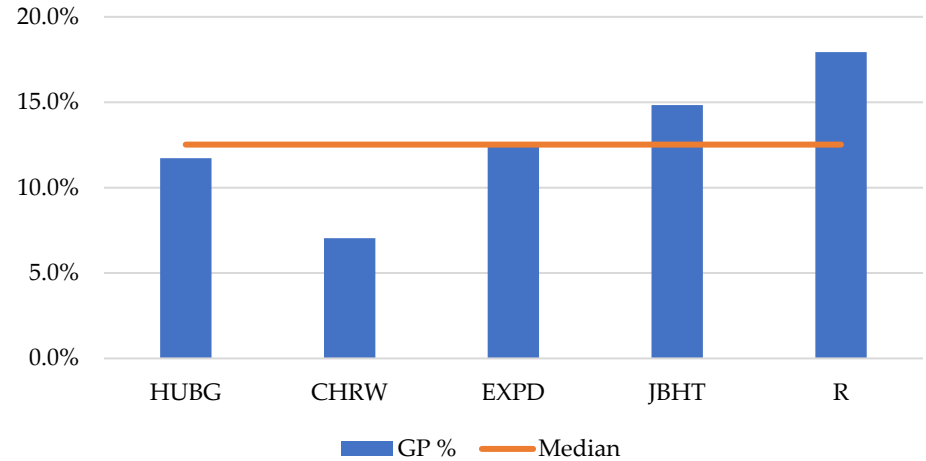
Deal Date	Seller	HQ Location	Acquiring Firm	Deal Size (\$mm)
03-Dec-2018	AFF Global Logistics	Fife, WA	Odyssey Logistics & Technology, The Jordan Company	465.00
02-Mar-2020	Prime Distribution Services	Plainfield, IN	C.H. Robinson Worldwide (NAS: CHRW)	223.10
21-Jul-2017	Specialized Logistics Dedicated	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

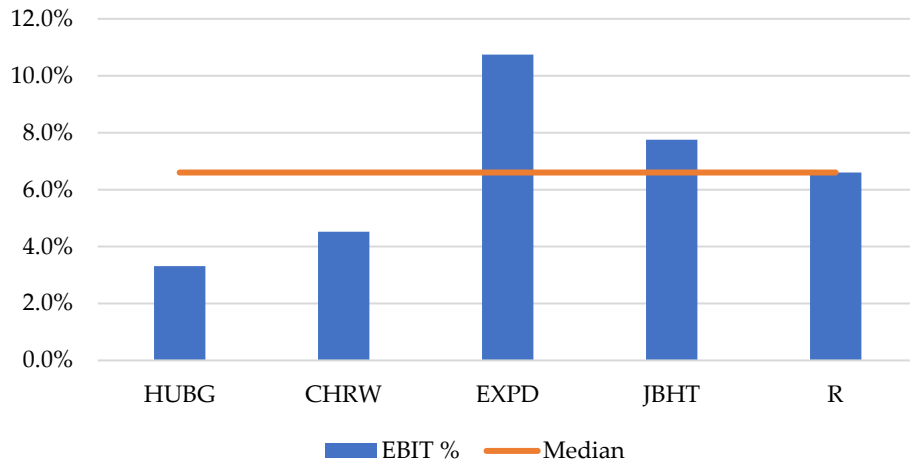
Revenue Growth



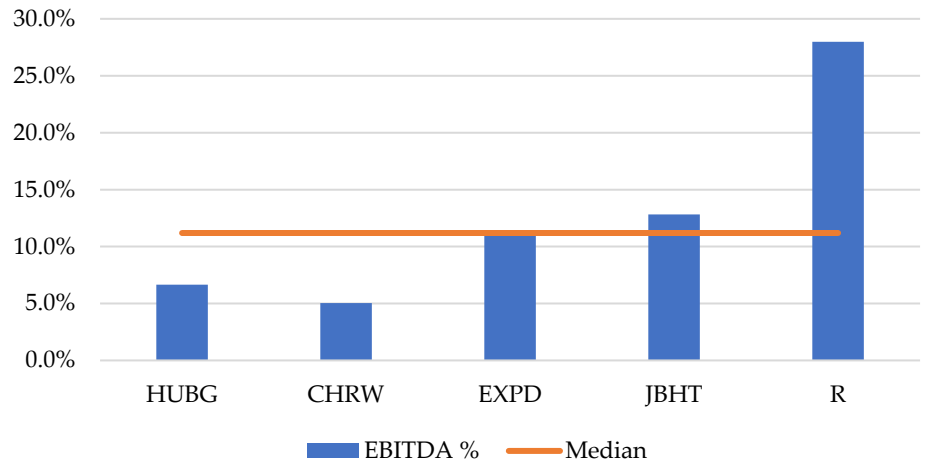
Gross Profit Margin



EBIT Margin

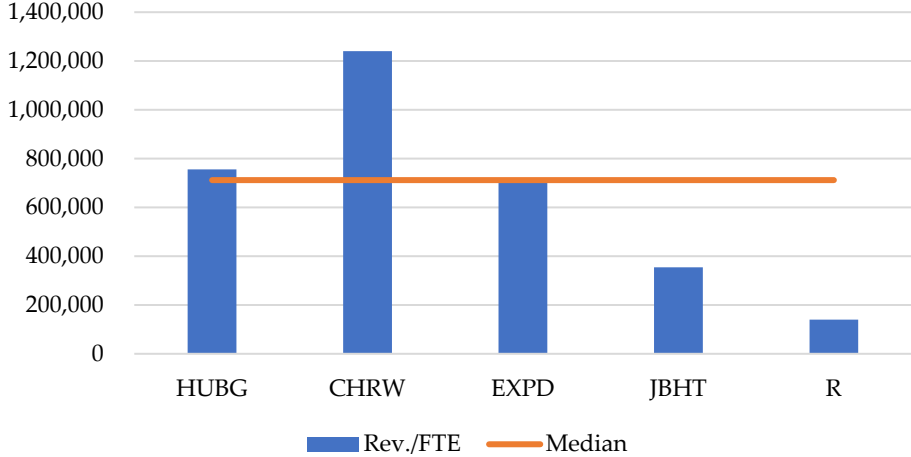


EBITDA Margin

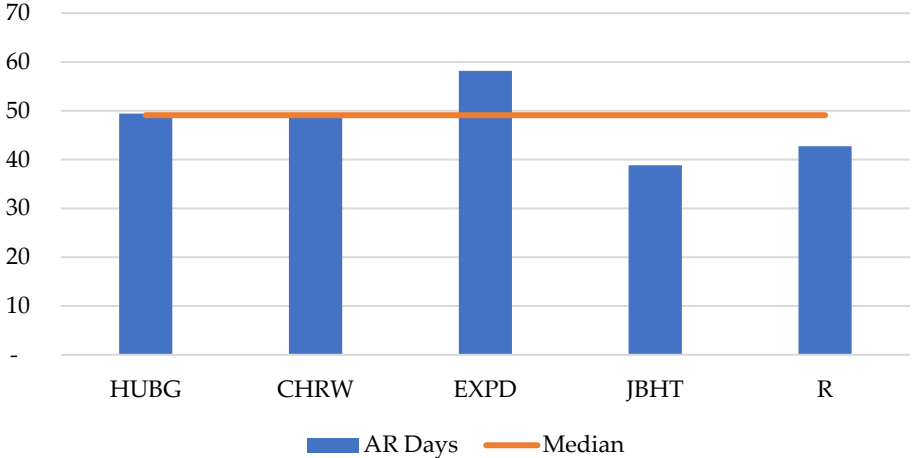


RATIO ANALYSIS

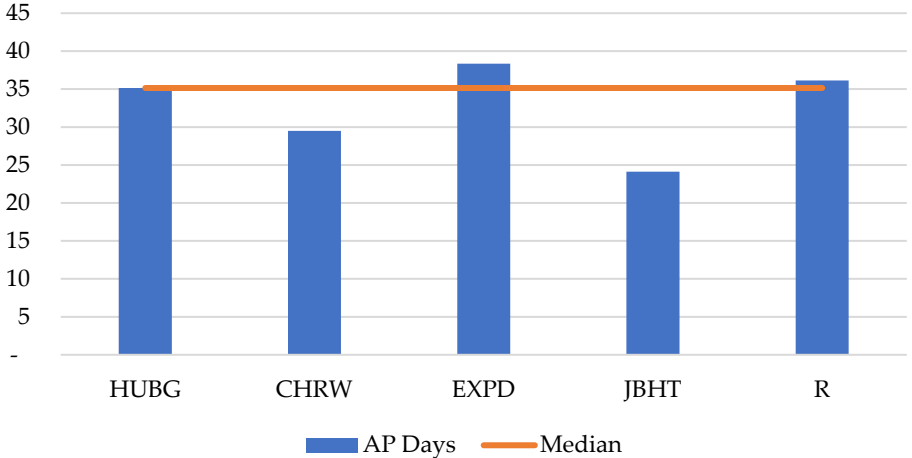
Revenue per Employee



AR Days



AP Days



VALUATION TRENDS

Ticker	Company	Fundamentals								
		Close Price	Market Cap	Enterprise Value	TTM			NTM Estimates		
					Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
HUBG	Hub Group	67.13	2,307.37	2,338.02	3,778.42	251.15	2.74	4,291.39	324.25	4.05
CHRW	C.H. Robinson Worldwide	91.90	12,104.31	13,613.45	19,110.85	961.61	4.84	20,927.64	1,011.57	5.33
EXPD	Expeditors International of Washington	123.91	21,051.21	19,831.83	12,441.90	1,392.95	5.88	13,253.69	1,358.67	6.25
JBHT	J.B. Hunt Transport Services	175.61	18,473.48	19,206.02	10,736.69	1,376.29	5.67	12,246.90	1,617.04	7.21
R	Ryder System	79.38	4,268.55	10,489.26	8,967.36	2,509.60	4.97	9,610.46	2,590.20	7.57
XPO	XPO Logistics	89.88	10,302.61	17,440.61	18,696.00	1,738.00	4.42	20,273.33	1,987.10	4.13

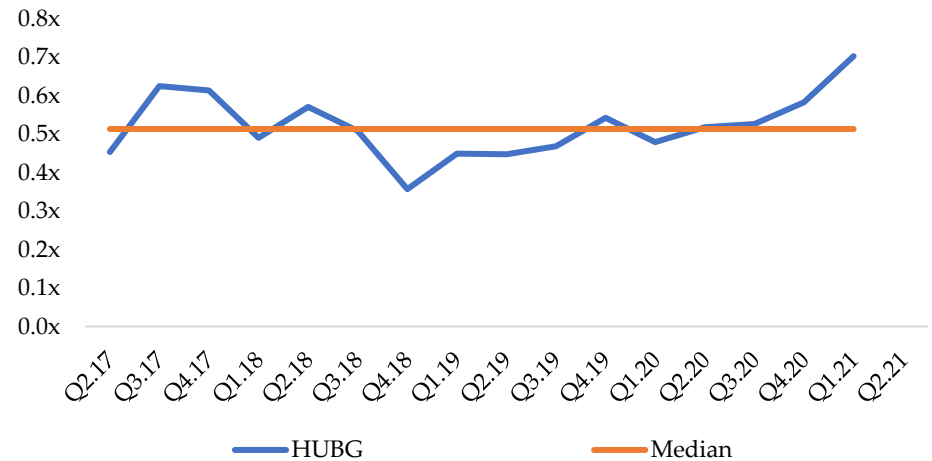
Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
Peer Group							
HUBG	Hub Group	0.7x	10.1x	29.2x	0.6x	8.4x	20.1x
CHRW	C.H. Robinson Worldwide	0.8x	15.9x	21.7x	0.7x	15.8x	19.2x
EXPD	Expeditors International of Washington	1.7x	16.0x	24.7x	1.9x	18.8x	28.9x
JBHT	J.B. Hunt Transport Services	1.8x	20.5x	32.6x	1.6x	12.2x	24.5x
R	Ryder System	1.3x	4.6x	90.6x	1.2x	4.5x	13.5x

PUBLIC COMP

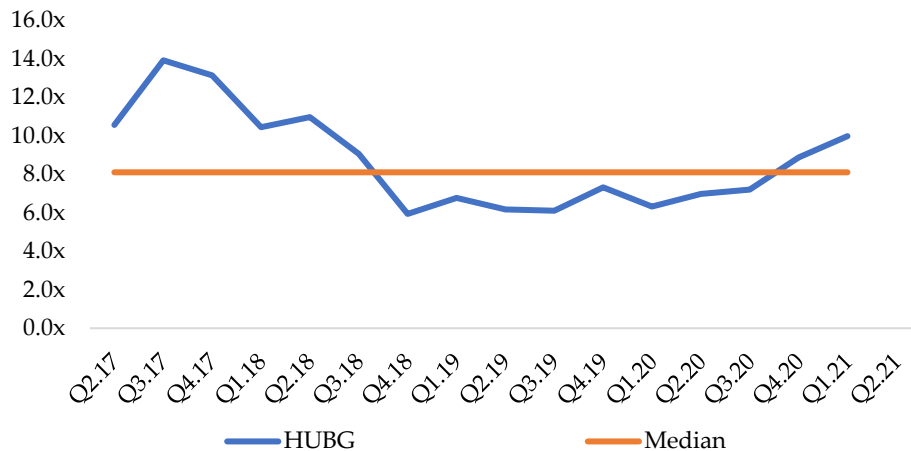
Hub Group (NASDAQ: HUBG)

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.

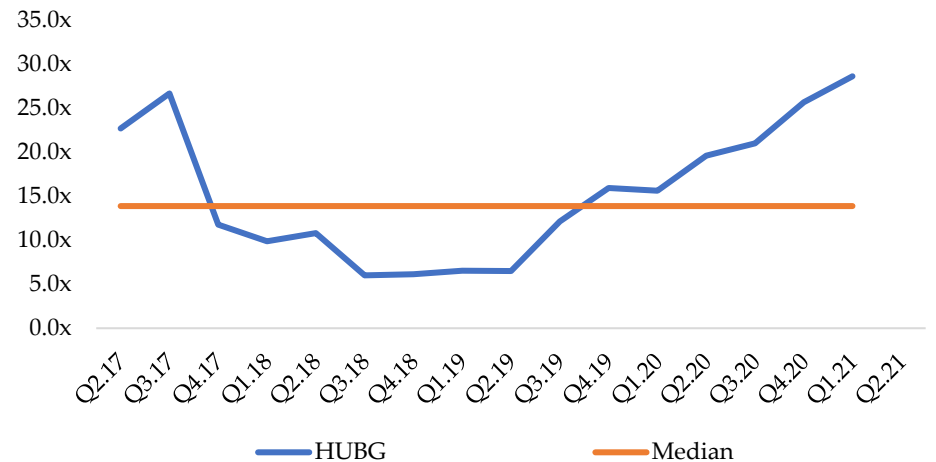
EV/Revenue Hub Group



EV/EBITDA Hub Group



P/E Hub Group

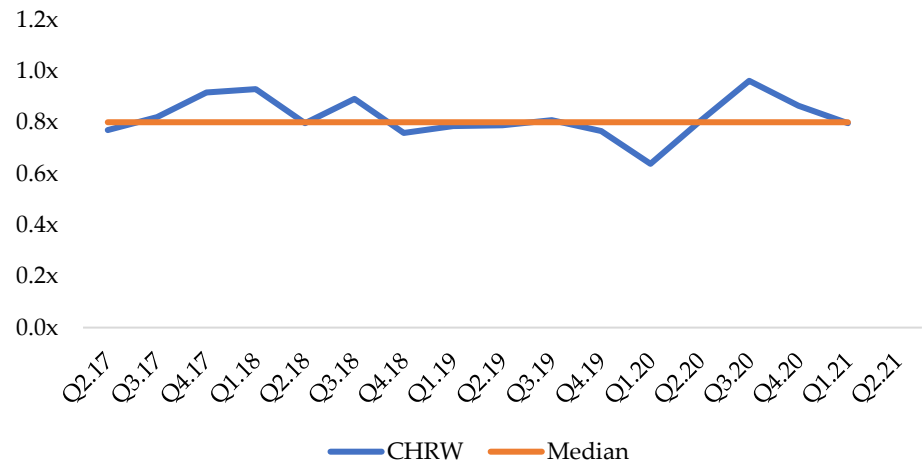


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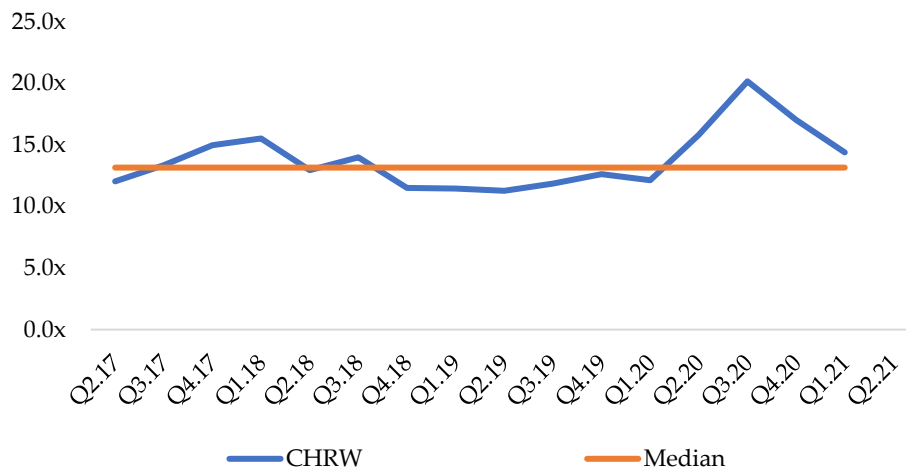
C.H. Robinson Worldwide (NASDAQ: CHRW)

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.

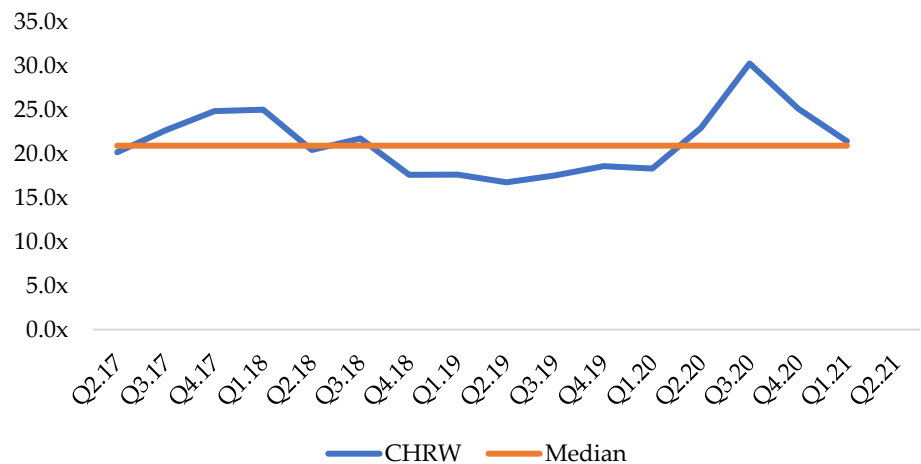
EV/Revenue C.H. Robinson Worldwide



EV/EBITDA C.H. Robinson Worldwide



P/E C.H. Robinson Worldwide

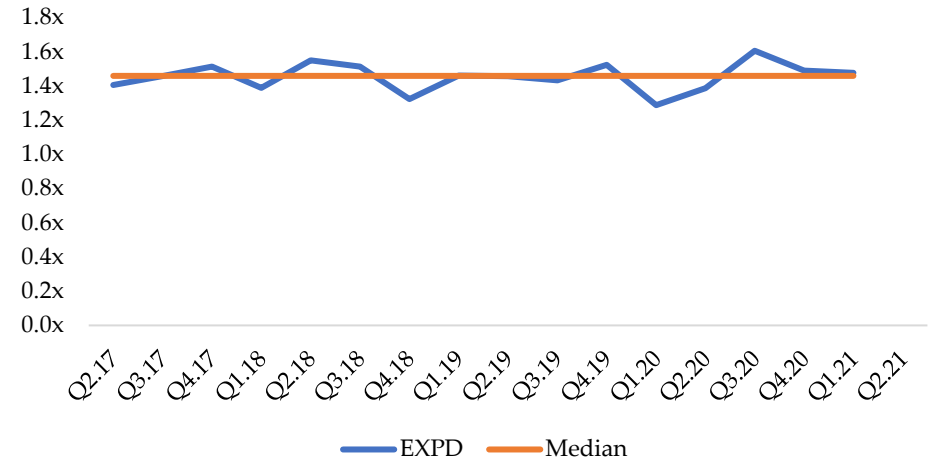


PUBLIC COMP

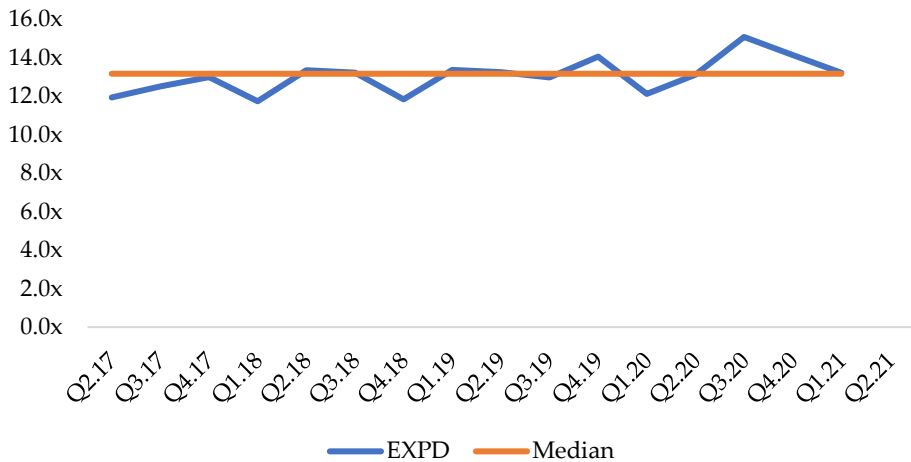
Expeditors International (NASDAQ: EXPD)

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.

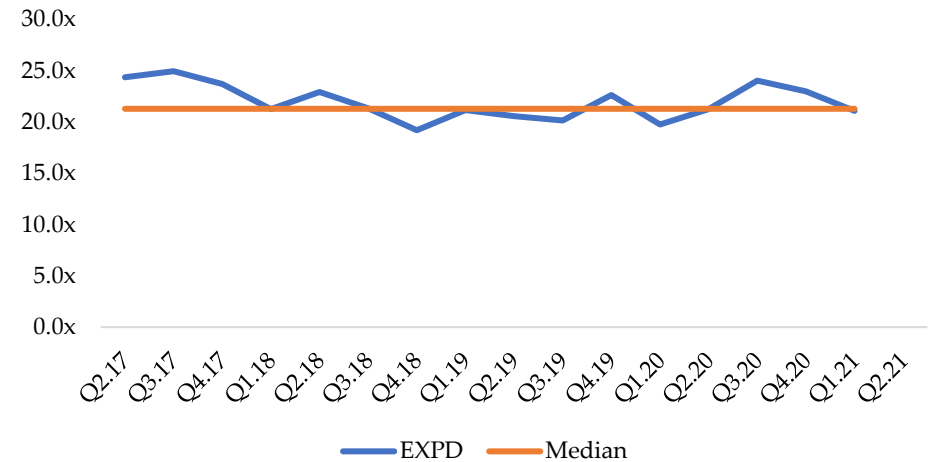
EV/Revenue Expeditors International



EV/EBITDA Expeditors International



P/E Expeditors International

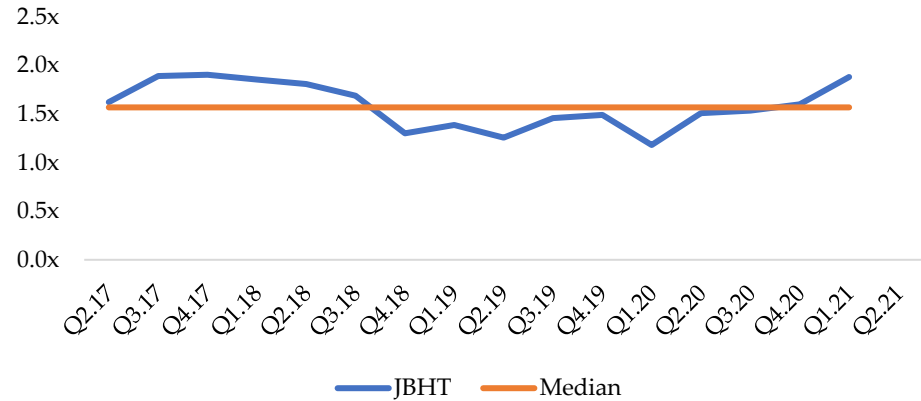


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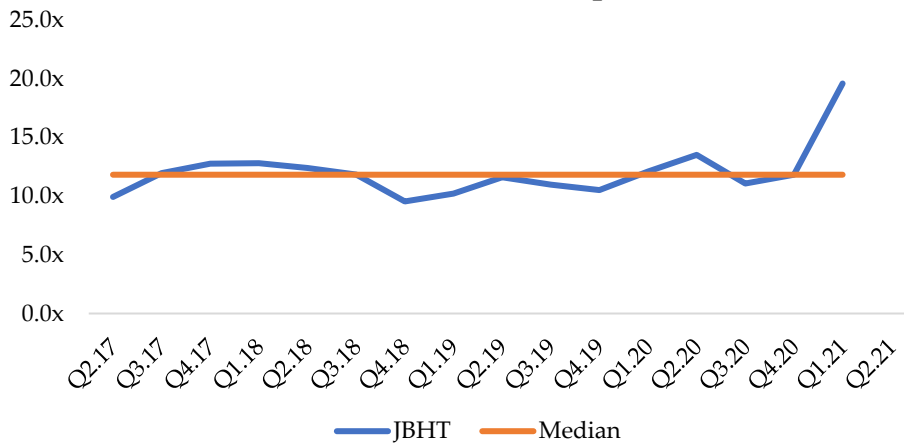
J.B. Hunt (NASDAQ: JBHT)

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.

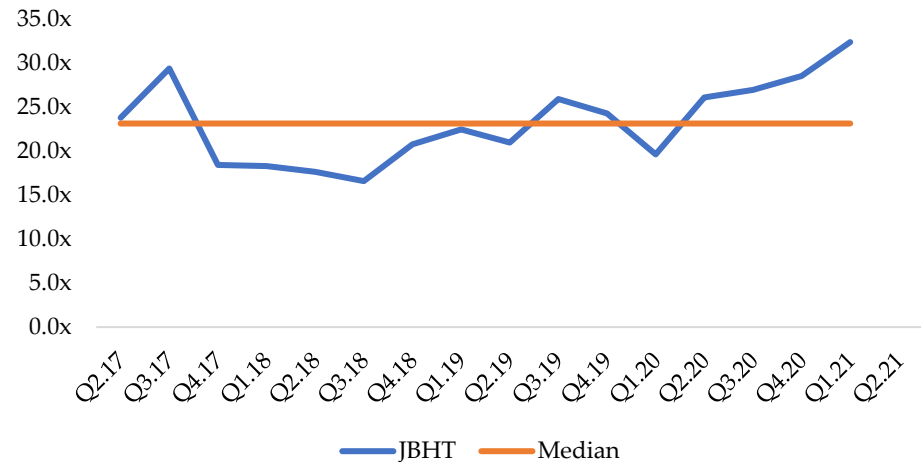
EV/Revenue J.B. Hunt Transport Services



EV/EBITDA J.B. Hunt Transport Services



P/E J.B. Hunt Transport Services

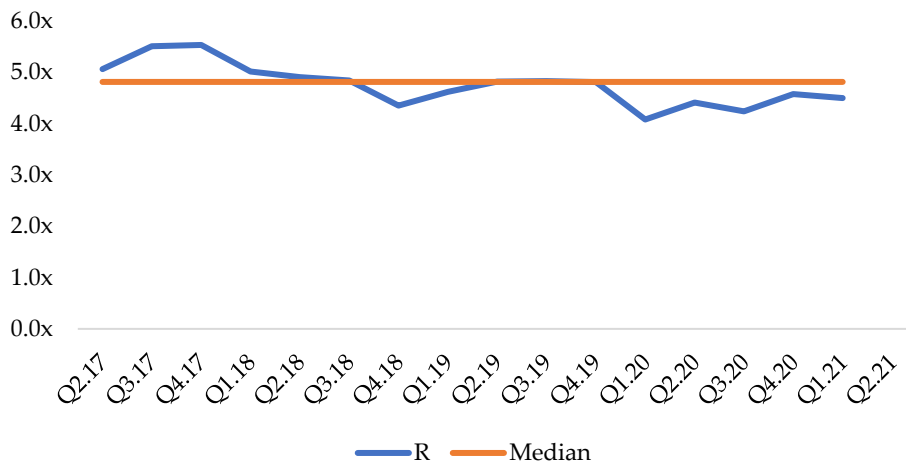


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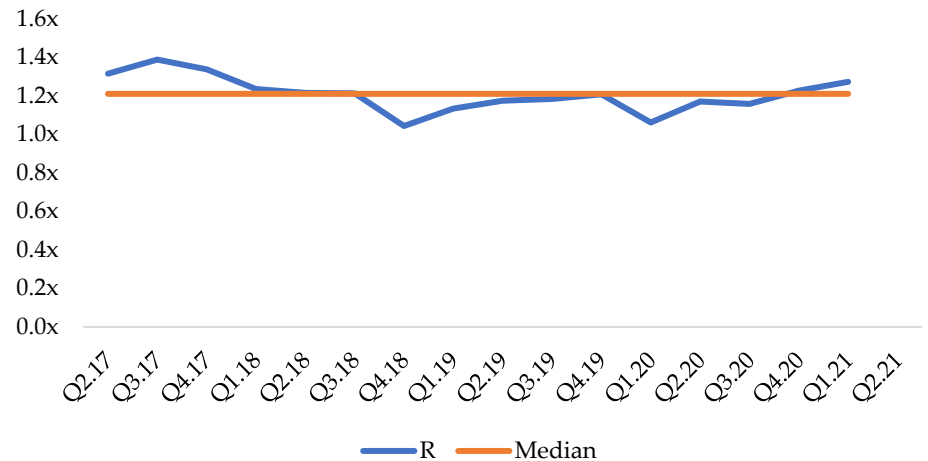
Ryder System (NYSE: R)

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.

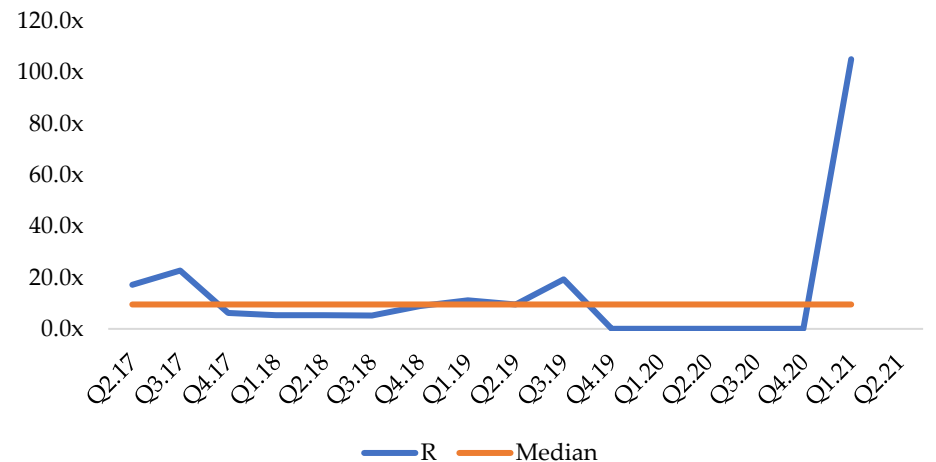
EV/EBITDA Ryder System



EV/Revenue Ryder System



P/E Ryder System

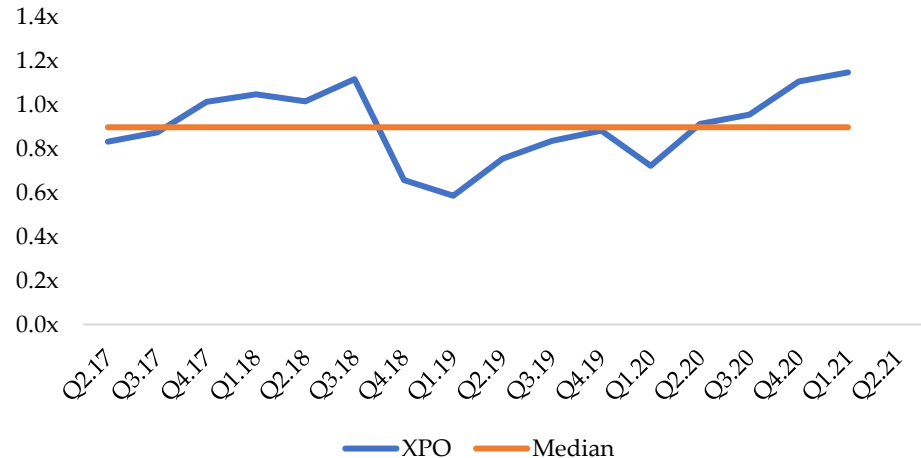


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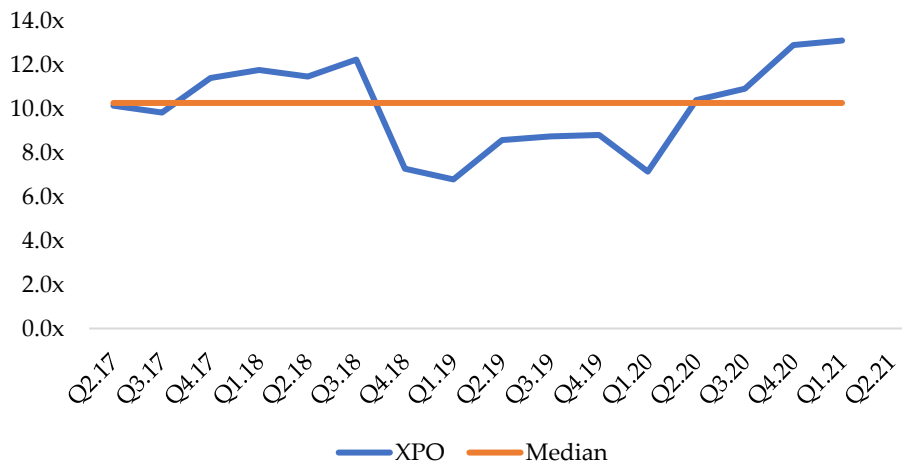
XPO Logistics (NYSE: XPO)

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.

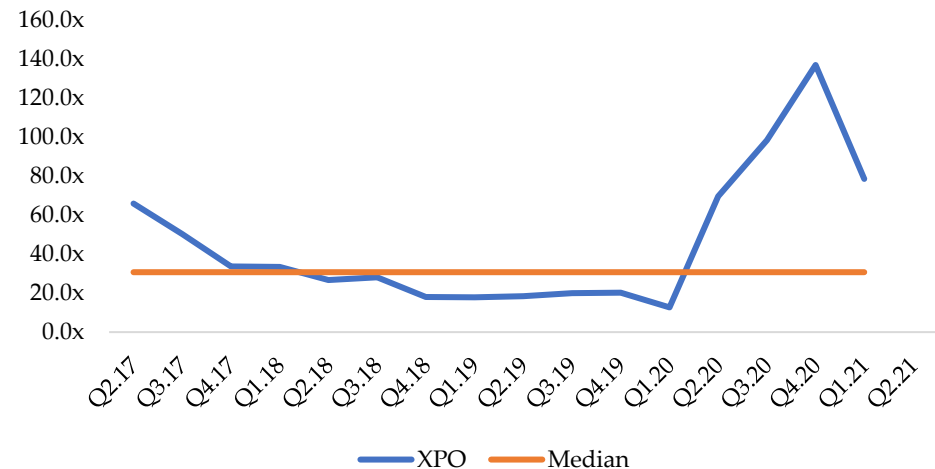
EV/Revenue XPO Logistics



EV/EBITDA XPO Logistics



P/E 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.



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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.



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DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Maxwell Purdy **Corporate Finance Coverage**

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

Jake Hall **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

Samuel Fernandez **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Fernandez served as a board member for Radio Nueva Vida, a radio network chain operating in the Southeast. He graduated with distinction from the University of North Carolina at Charlotte with a BS in Finance.

Luke Habecker **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Habecker worked in Brokerage and Business development with Odyssey Specialized Logistics, a logistics firm located in Chicago, IL. He graduated from the University of North Carolina at Charlotte with a BS in Finance.