PRIVATE EQUITY IN TRANSPORTATION & LOGISTICS

BUSINESS ADVISORY COUNCIL

Spring, 2013 meeting
April 25, 2013
Evanston, Illinois
**Today’s topic: private equity in our business**

### The Background
- Since mid-2000’s private equity played major role
- Transportation and logistics a growing interest
- Much of recent activity in middle market . . .
- . . . with the buy and build a leading strategy favored
- Several transportation and logistics focused private equity firms have emerged

### Some Issues to Discuss
- Why are transportation and logistics attractive?
- Opportunity peaked? Growing?
- Who’s up? Who’s down?
- Deal challenges — all parties?
- Strategic versus financial buyer advantages?
- Regulation — at home or abroad?
- Life in private equity portfolio?
Private equity players: variety of roles

Sell-Side Banker
- Seller preparing
- Material/data assembly
- Solicitation of bidders
- Manage sale process

Buy-Side Banker
- Fundraising
- Idea generation
- Value strategy
- Financial assessment
- Exit Strategy

Banks
- Financing
- Valuation
- Underwriting
- Syndicating
- Escrow

Law Firms
- Legal review: tax and insurance due diligence
- Deal structuring
- Agreement preparation

Consultants
- Environmental
- Candidate screening
- Due diligence
  - Commercial
  - Competitive
  - Operations

Auditors/Accountants
- Financial due diligence
- Financial modeling
- Technological due diligence

Private Equity Transactions
- Acquisition
- Buyout
- Recapitalization
- Minority Investment

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## Our panel today

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<td>John Anderson</td>
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<td>Heidi Hornung-Scherr</td>
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M&A and public market trends since 2006

- Source: Capital IQ, Armstrong & Associates, proprietary internal database, Thomson Reuters, Republic Partners
- (1) EV/LTM EBITDA for public companies is weighted by market capitalization

**Non-Asset and Asset-Light Index**
- CH Robinson
- Expeditors
- Echo
- UTC
- Panalpina
- DSV
- Forward Air
- Hub Group
- Kuehne & Nagel
- Landstar
- Pacer
- Roadrunner
- UTSI

**Asset-Based Index**
- Celadon
- Marten
- Werner
- ODFL
- Heartland Express
- Swift
- ABF
- SAIA
- JB Hunt
- USA Truck
- Conway
- YRC

Bubble Scale:
- < $100 mm
- $100 mm to $1 bn
- $1 bn - $2 bn
- $2 bn +