

7 Mile Advisors



Sectorwatch: Trucking Services

August 2020



Trucking Services

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

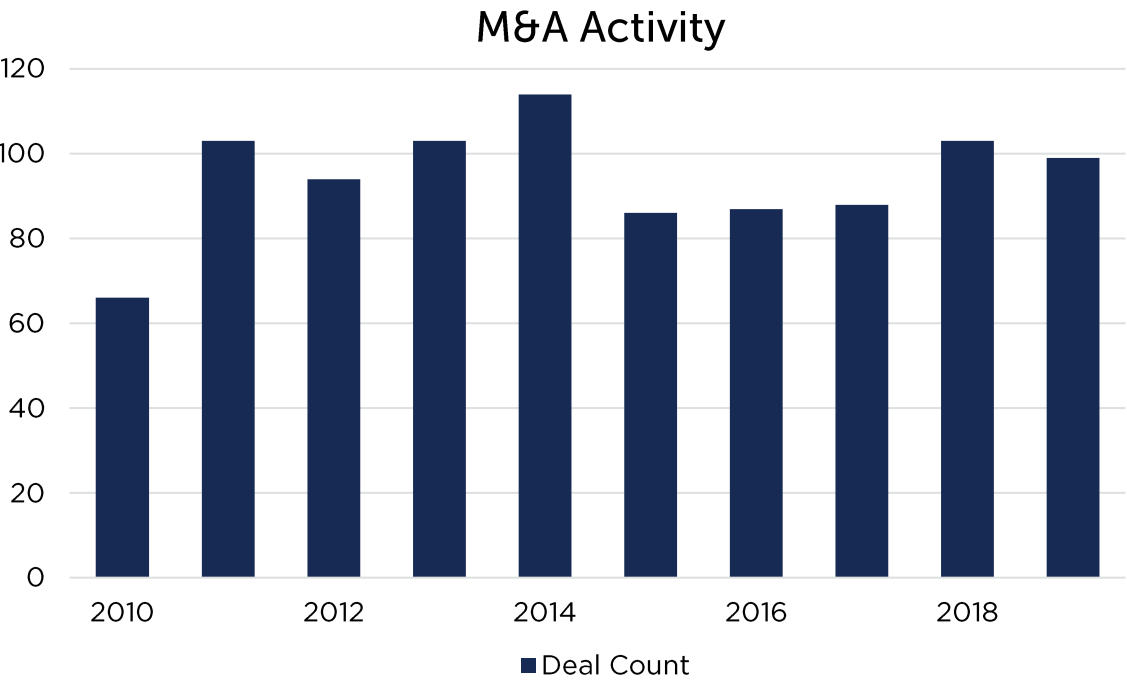
RECENT DEALS

- The most recently announced deals in the sector

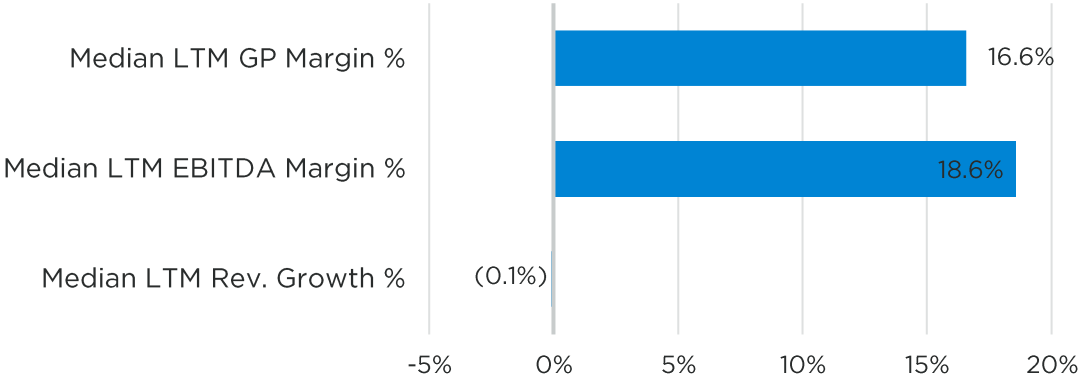
Dashboard

REVENUE GROWTH MOMENTUM ↓ -8.2%

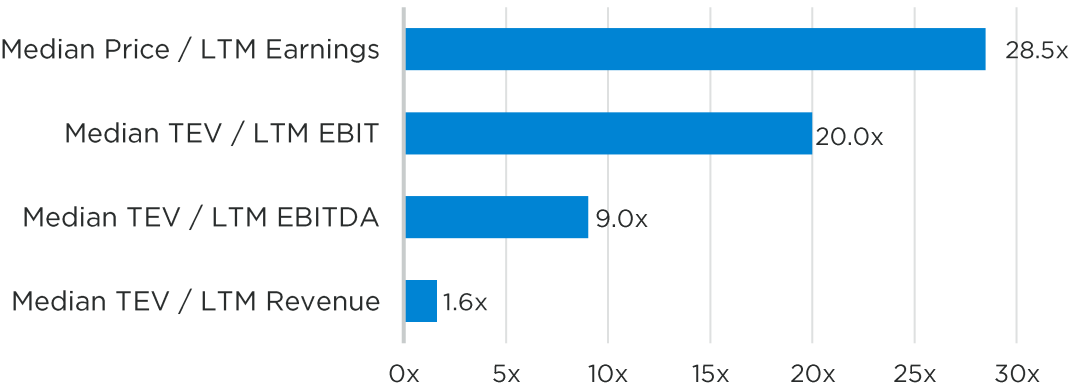
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation

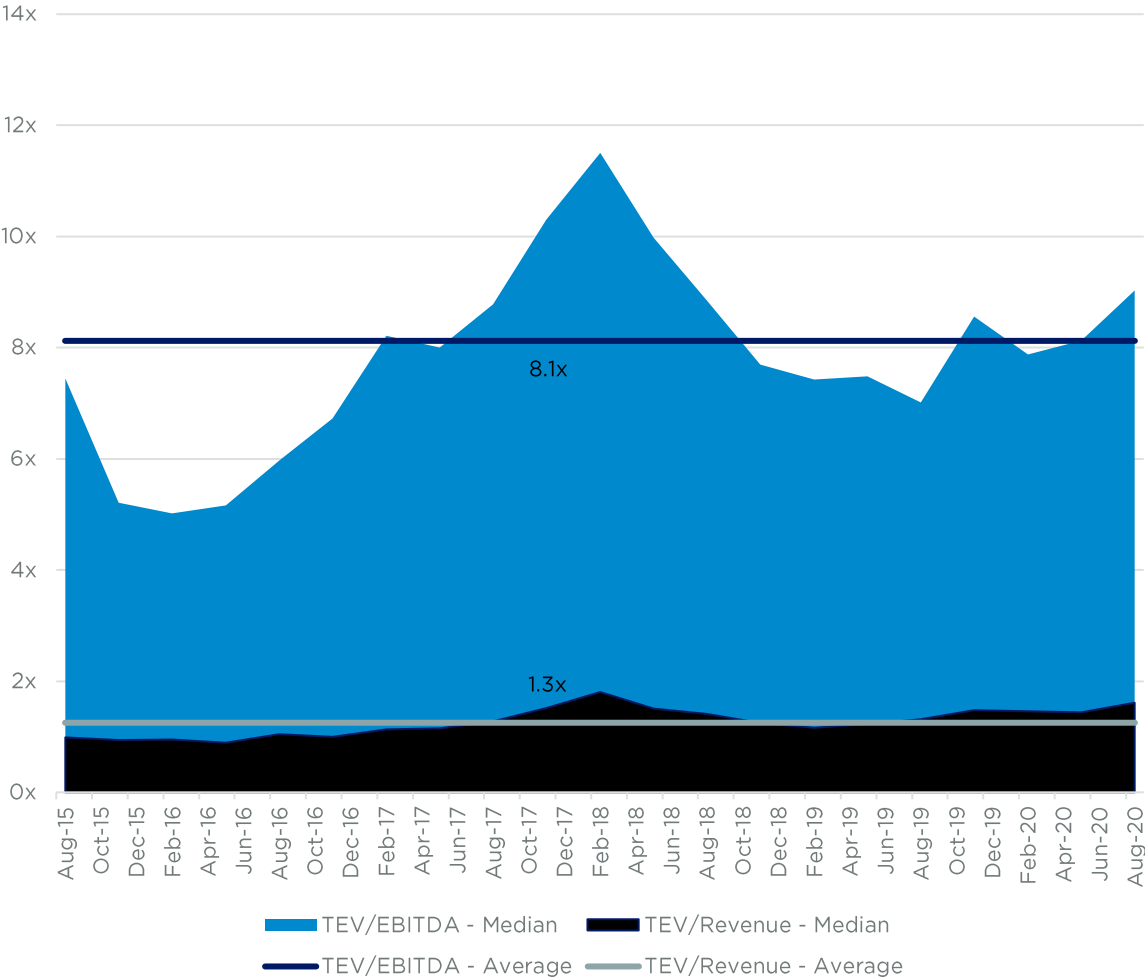


Public Basket

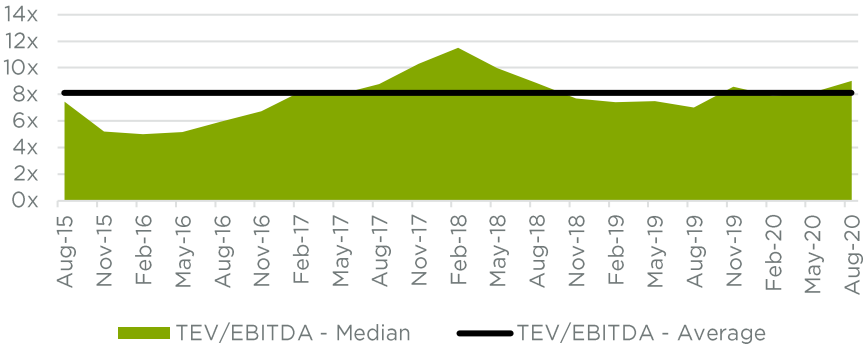
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
ArcBest	816	167	2,978	-4.1%	7.2%	5.6%	0.3x	5.2x	13,000	229
Marten Transport	1,392	176	863	7.9%	17.4%	20.4%	1.6x	7.6x	4,087	211
Heartland Express	1,568	196	624	5.0%	17.8%	31.4%	2.4x	8.0x	4,050	154
Saia	3,379	277	1,776	4.1%	14.1%	15.6%	1.9x	12.2x	10,400	171
Werner Enterprises	3,149	466	2,460	-1.2%	17.3%	18.9%	1.3x	6.7x	12,736	193
Landstar System	4,526	268	3,758	-15.8%	13.6%	7.1%	1.2x	16.9x	2,780	1,352
Knight-Swift Transportation	8,099	886	4,764	-9.7%	15.9%	18.6%	1.8x	9.0x	23,800	200
J.B. Hunt Transport Services	14,685	963	9,240	4.1%	16.6%	10.4%	1.6x	15.2x	29,056	318
Old Dominion Freight Line	21,190	1,074	4,106	-0.1%	28.6%	26.2%	5.4x	20.3x	20,105	204
Average	6,534	497	3,397	-1.1%	16.5%	17.1%	1.9x	11.2x	13,335	337
Median	3,379	277	2,978	-0.1%	16.6%	18.6%	1.6x	9.0x	12,736	204

share price as of 04Aug20

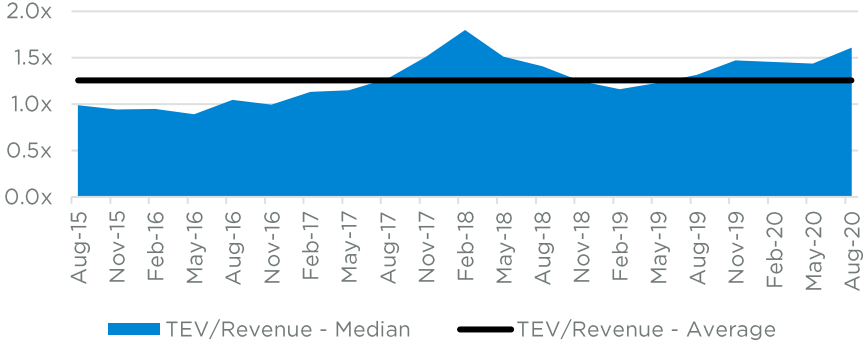
Public Basket



Public EBITDA Multiples over Time

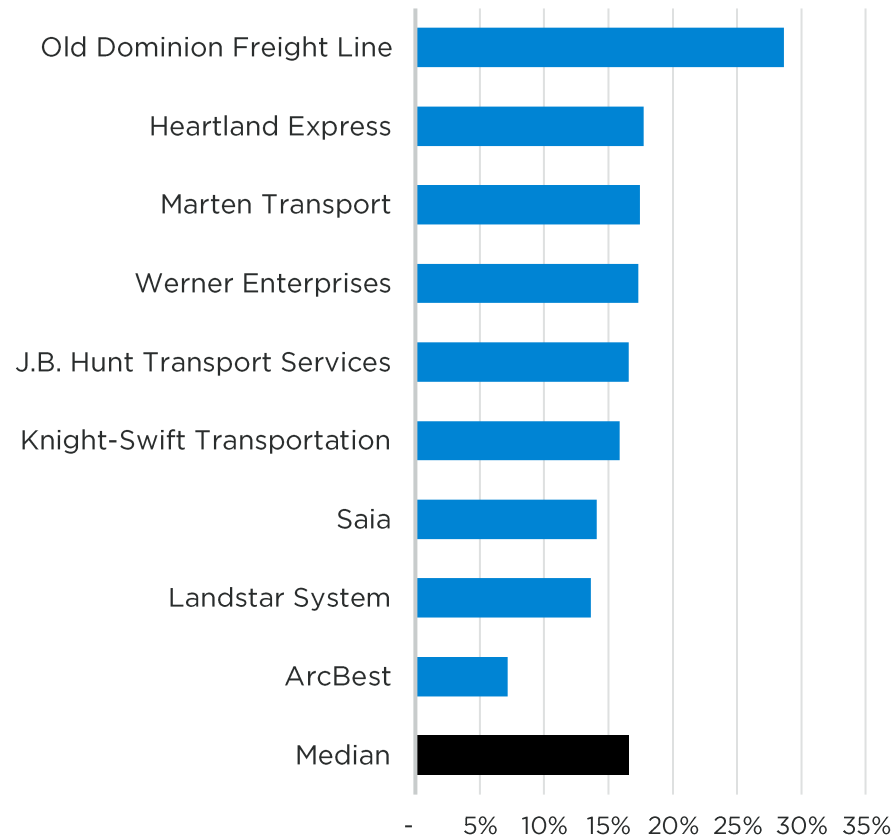


Public Revenue Multiples over Time

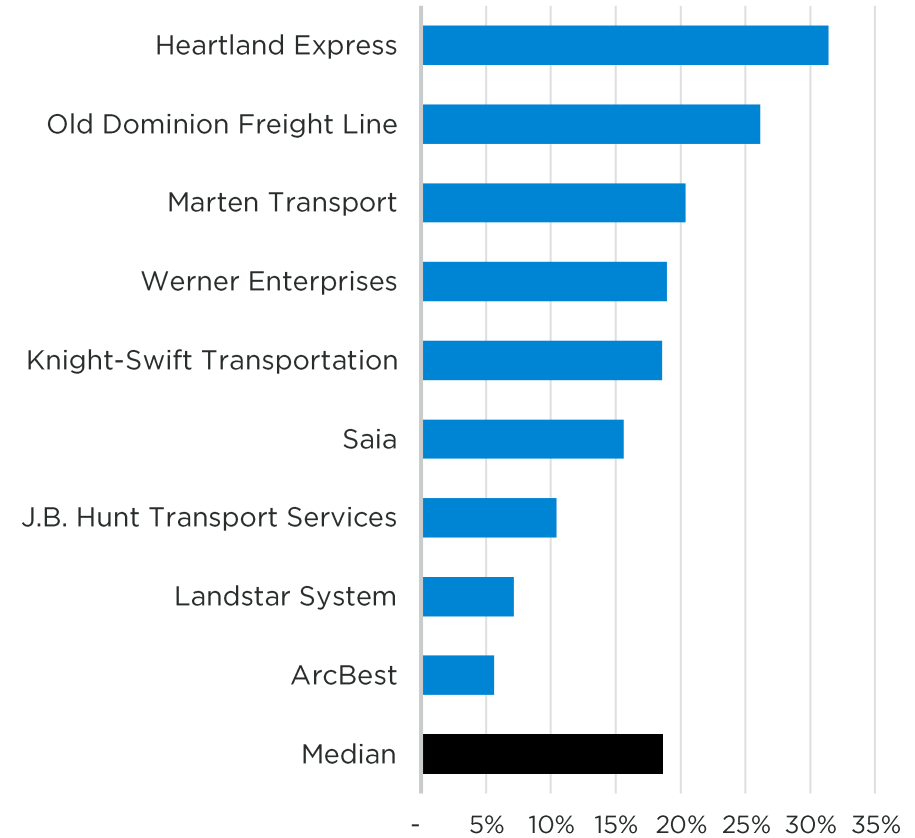


Operational Metrics

LTM Gross Profit Margin %

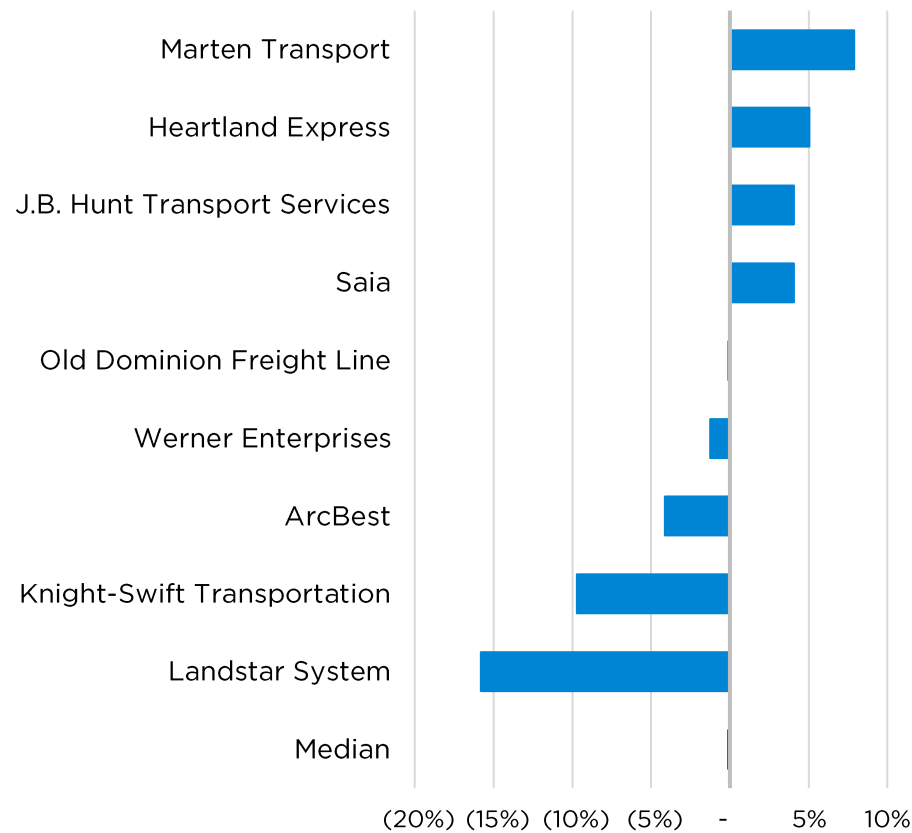


LTM EBITDA %

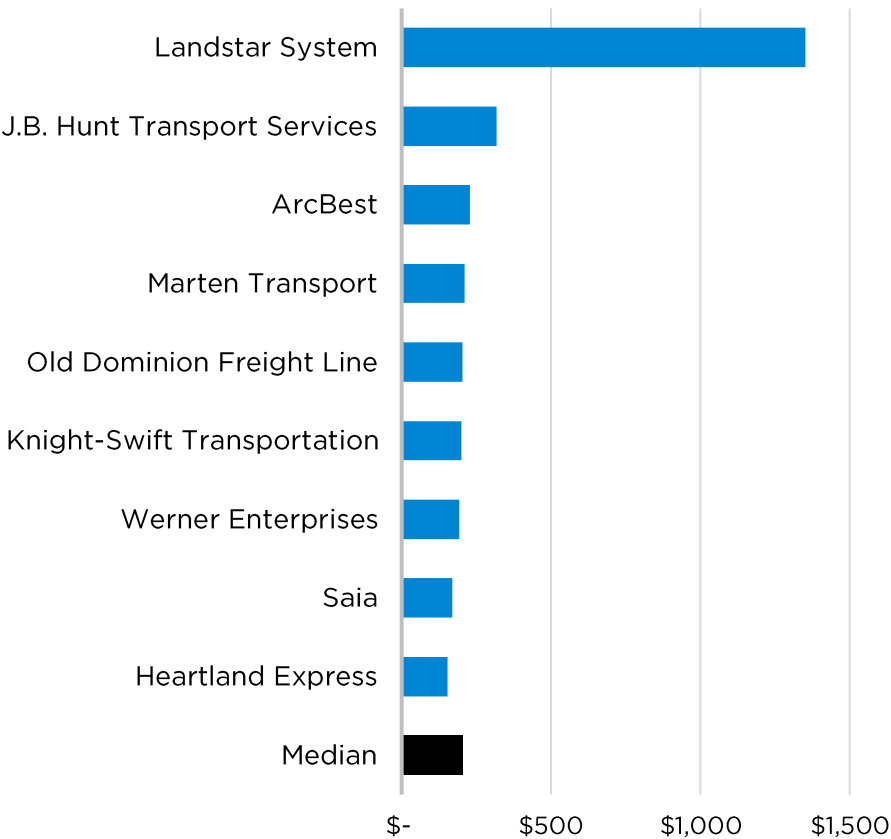


Operational Metrics

LTM Revenue Growth %

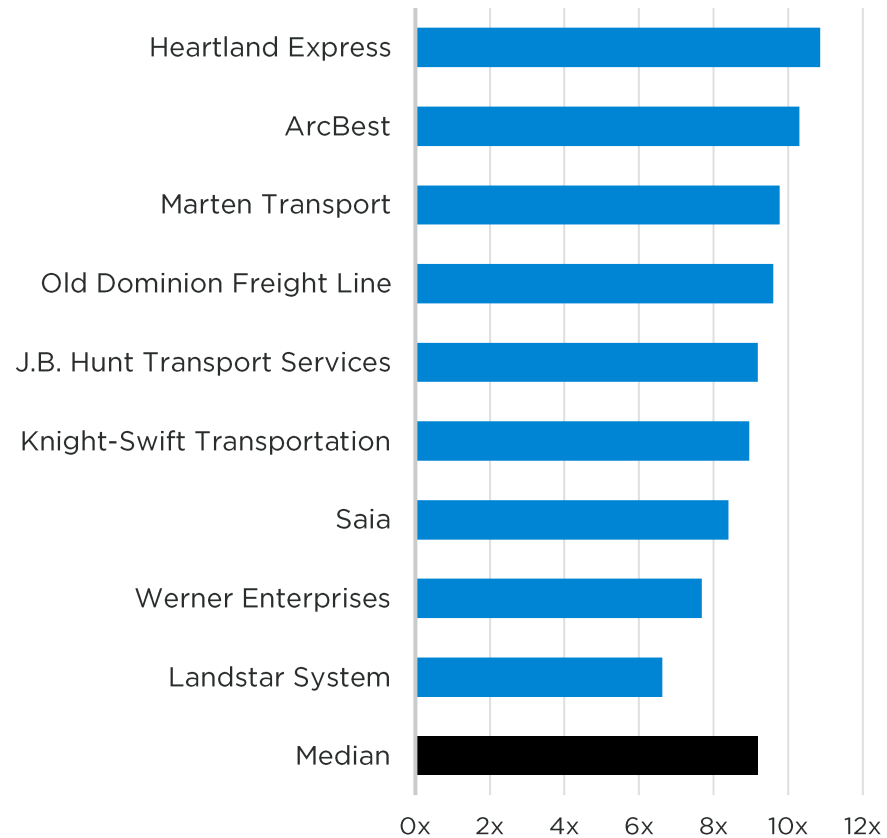


LTM Revenue per Full Time Employee x 000's

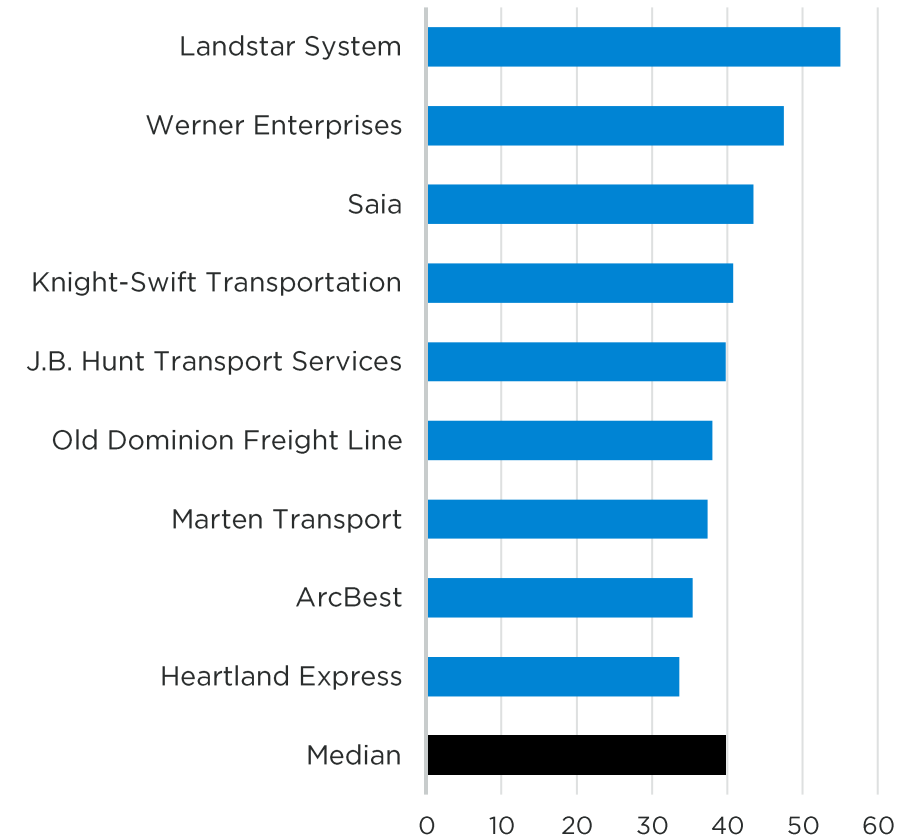


Operational Metrics

Accounts Receivable Turnover

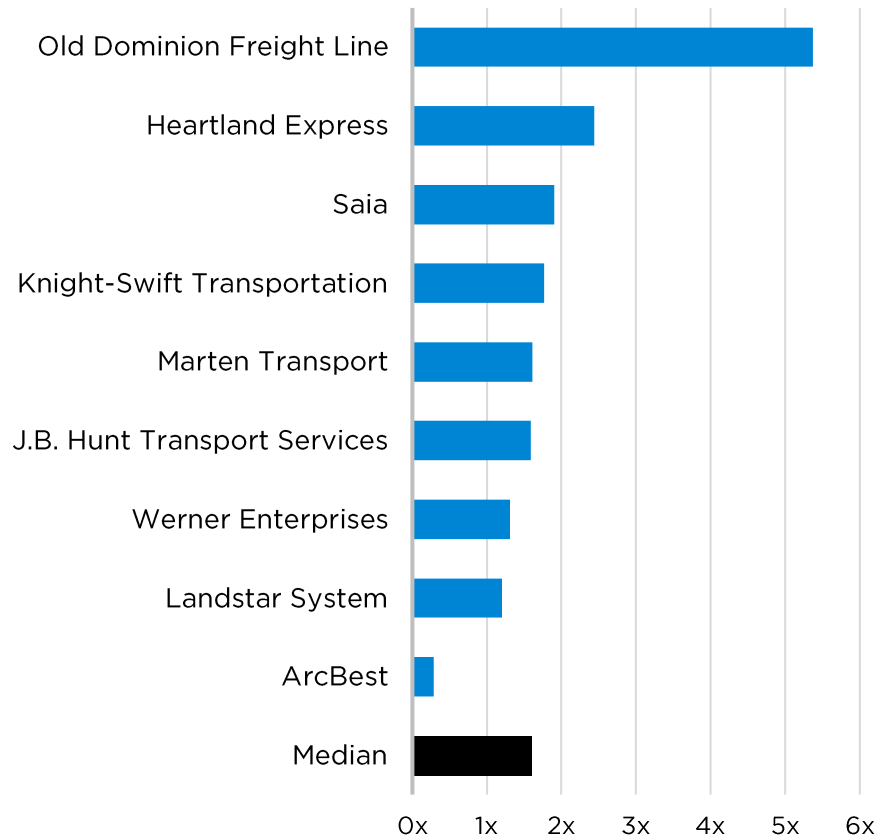


Average Days Sales Outstanding

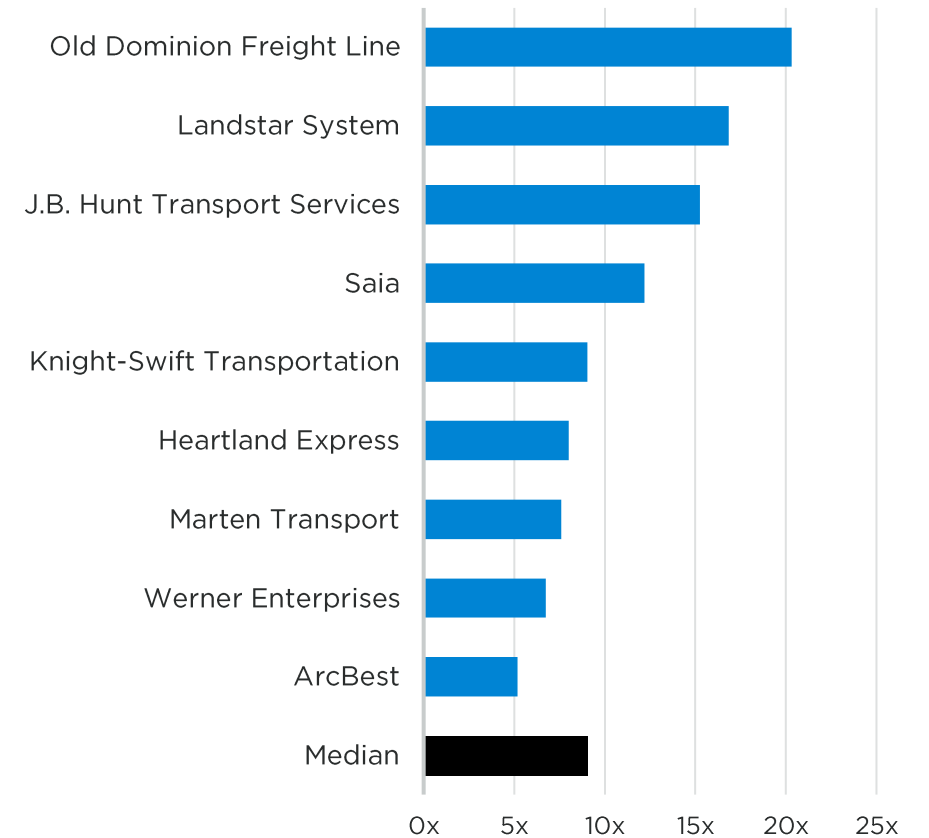


Valuation

TEV / LTM Revenue

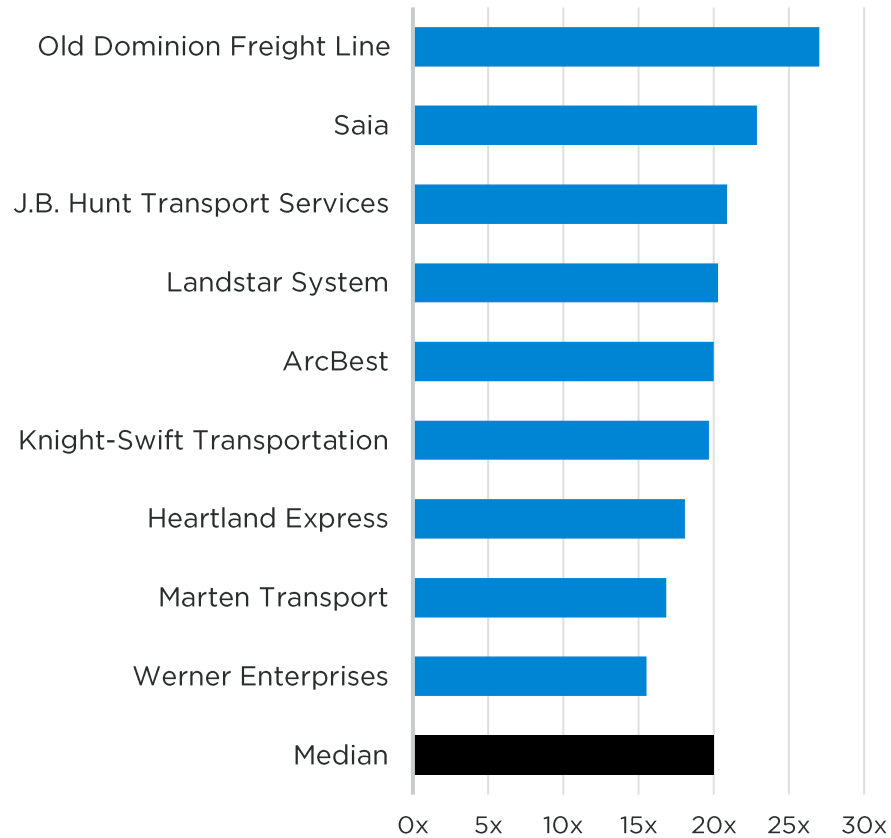


TEV / LTM EBITDA

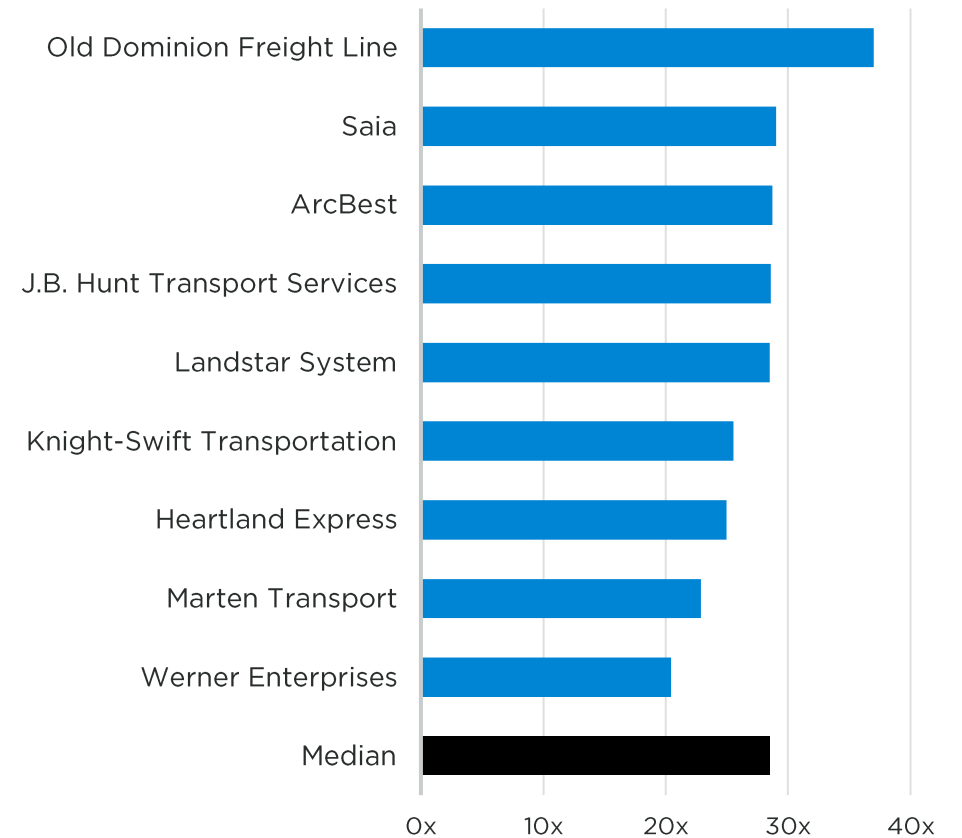


Valuation

TEV / LTM EBIT

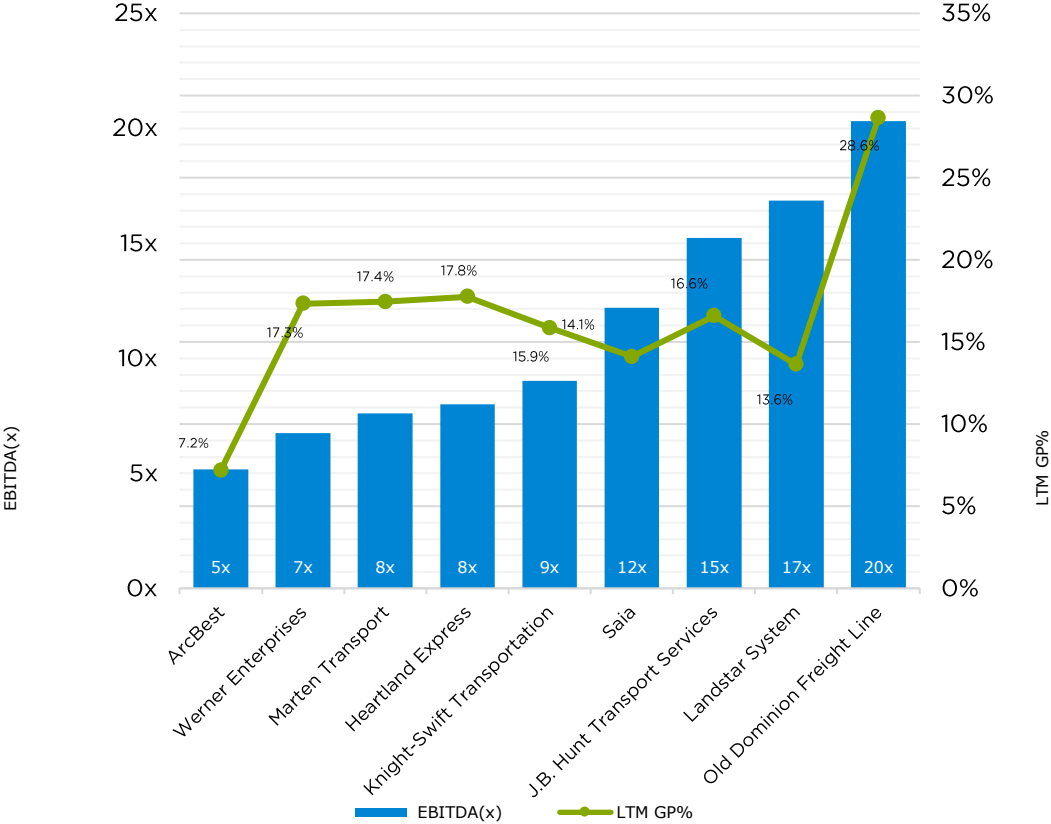


Price / LTM Earnings

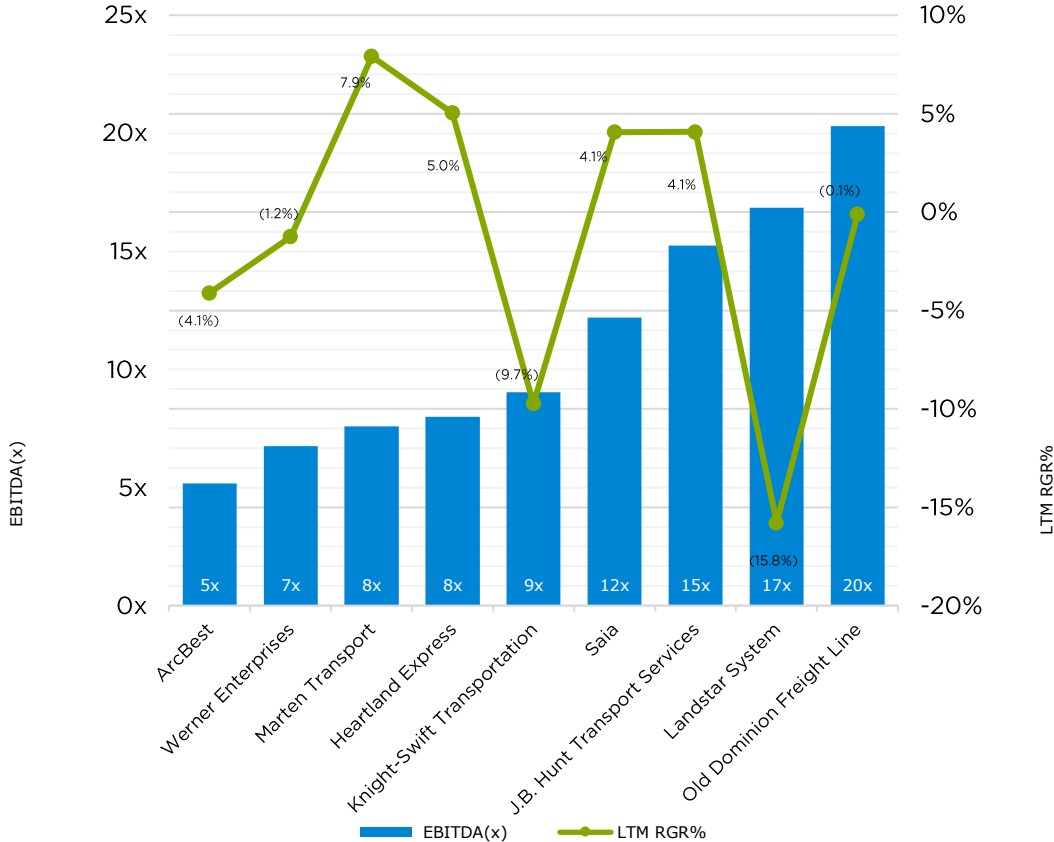


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
20-Jul-20	Diamond State Trucking	One Equity Partners	-	-	-	-
01-Jul-20	Sweeping South	Soundcore Capital Partners	-	-	-	-
30-Jun-20	Sava Transportation	Mark-it Express	-	-	-	-
29-Jun-20	CT Transportation	Transport America	15.00	-	0.30	-
29-Jun-20	CTL Transportation	Service Transport	-	-	-	-
18-Jun-20	McCoy Nationalease	Nationalease Purchasing	-	-	-	-
12-Jun-20	Cove Logistics	STORD	-	-	-	-
01-Jun-20	Fast Lane Freight Services	Aevitas Inc.	-	-	-	-
29-May-20	Chieusse Levage	Mediaco	-	-	-	-
31-Mar-20	GRC Trucking	Transportation And Logistics Systems	-	-	-	-
27-Mar-20	TRAC Intermodal	Stonepeak Infrastructure Partners	-	-	-	-
18-Mar-20	Republic Services (Western New York operations)	Modern Disposal Services	-	-	-	-
09-Mar-20	Anthym Logistics	BlueGrace	80.00	-	-	-
02-Mar-20	PRI Logistics	Polaris Transportation Group	-	-	-	-
01-Mar-20	Birch Mountain Enterprises	Fort McKay First Nation	-	-	-	-
26-Feb-20	IXT Logistics	Team Drive-Away	-	-	-	-
26-Feb-20	Southeast Logistics	One Equity Partners	-	-	-	-
21-Feb-20	KCE	Crown Capital Investments	-	-	-	-
12-Feb-20	Willis Larsson Transport	Van Den Bosch Transporten	-	-	-	-
03-Feb-20	Penner International	C.A.T. Transports	-	-	-	-
03-Feb-20	Volume Freight	Jones Logistics, LLC	-	-	-	-
28-Jan-20	Premium Transportation Logistics	Bolt Express	-	-	-	-
27-Jan-20	Ibertrans	NCS Finland Oy	-	-	-	-
24-Jan-20	Taylor Express	Luminus Management	14.50	-	-	-
20-Jan-20	Spirit Trucking	Mark-it Express	-	-	-	-
17-Jan-20	Eagle Transportation	Nolan Transportation Group	-	-	-	-
15-Jan-20	Cerasis	GlobalTranz	-	-	-	-
15-Jan-20	Crown Transportation	Nonantum Capital Partners	-	-	-	-
09-Jan-20	Midwest Motor Express	Brightwood Capital Advisors	-	-	-	-

Appendix

*Public Basket
Contact Information*



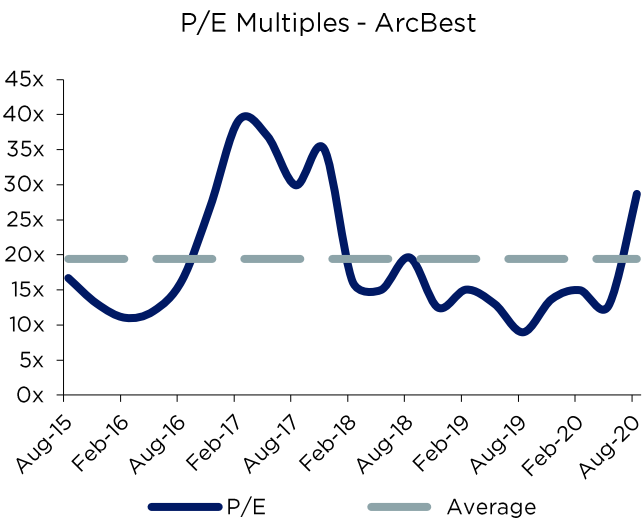
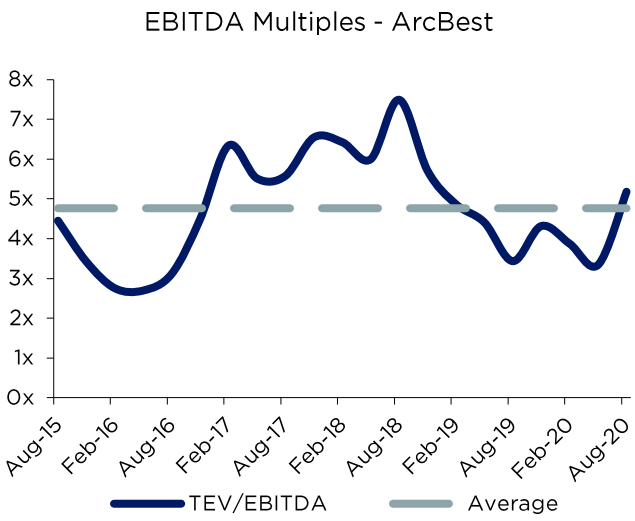
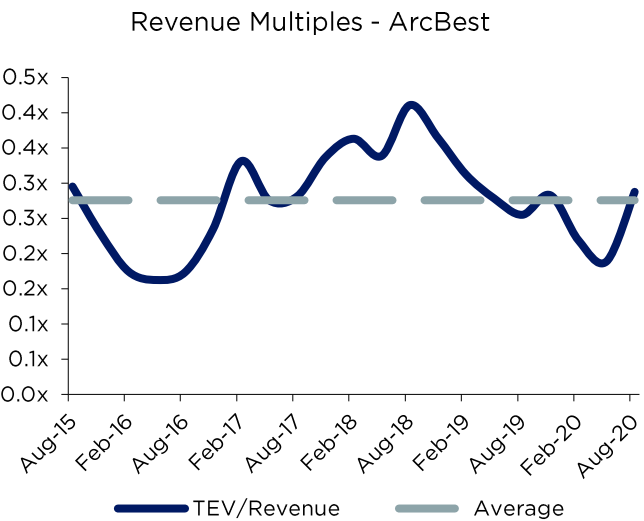
ArcBest

ArcBest Corp is engaged in logistics operations.

The company operates in three business segments namely Asset-Based, ArcBest and FleetNet. The company generates maximum revenue from its asset-based operations.

Public Basket

ArcBest



Company Name	Date	Deal Synopsis
Panther Expedited Services	15-Jun-12	The company was acquired by Arkansas Best Corporation (Nasdaq: ABFS) for \$180 million on June 15, 2012. The deal consisted of \$80 million in cash and a five-year \$100 million senior secured term loan.

Marten Transport

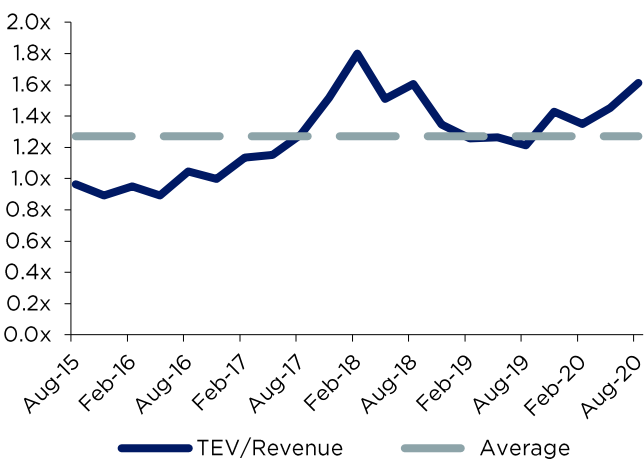
Marten Transport Ltd is a temperature-sensitive truckload carrier in the United States.

It is engaged in transporting and distributing food and other consumer packaged goods which requires a temperature-controlled or insulated environment. The company operates through four segments including Truckload, Dedicated, Intermodal, and Brokerage.

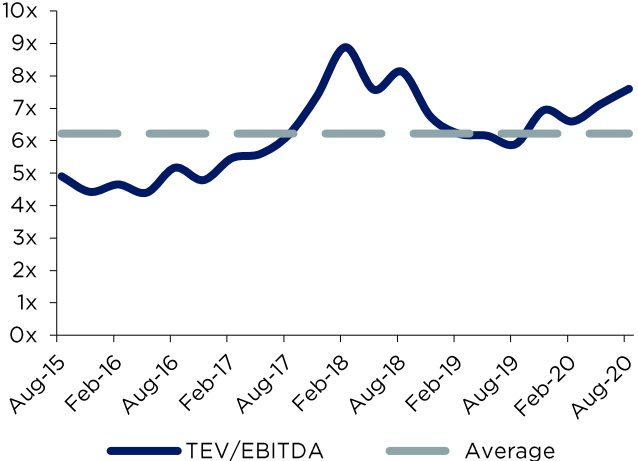
Public Basket

Marten Transport

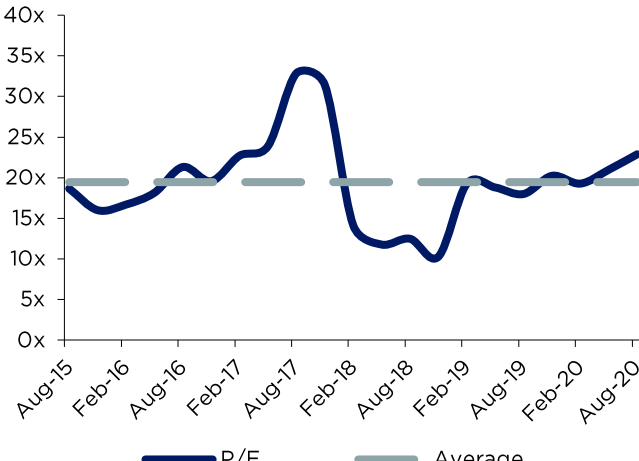
Revenue Multiples - Marten Transport



EBITDA Multiples - Marten Transport



P/E Multiples - Marten Transport



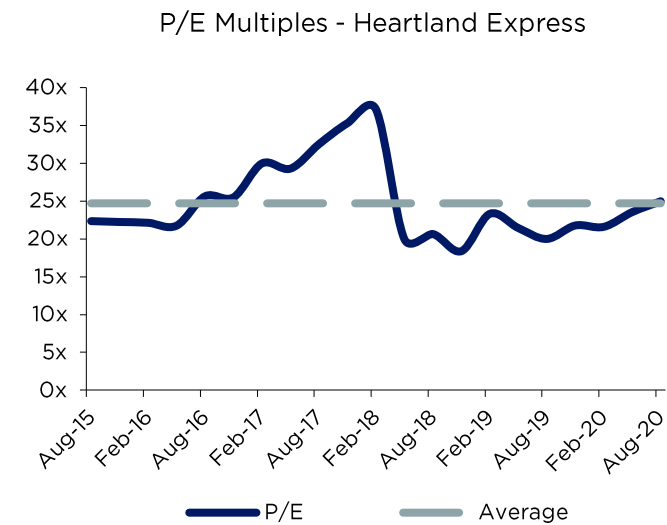
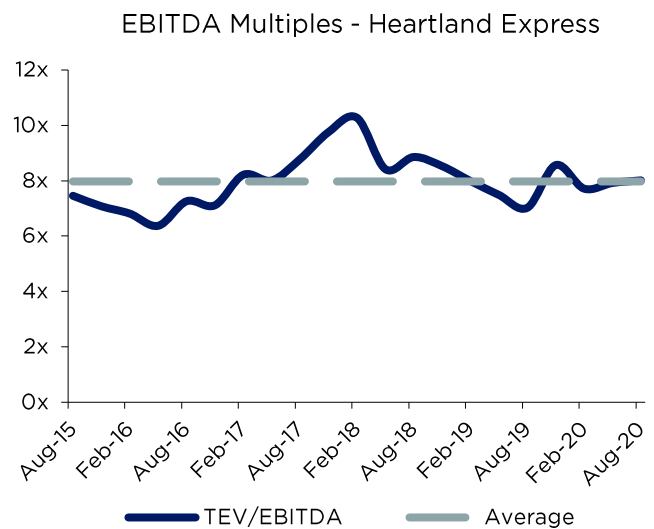
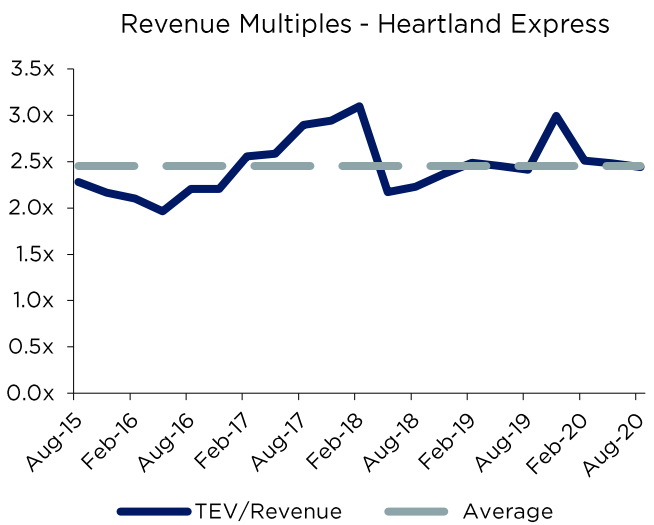
Heartland Express

Heartland Express Inc is engaged in providing truckload services across the United States and Canada.

It offers nationwide asset-based transportation services in the dry van truckload market. Also, the company offers truckload temperature-controlled transportation services and non-asset based brokerage services. The company's major customers represent primarily the consumer goods, appliances, food products, and automotive industries.

Public Basket

Heartland Express



Company Name	Date	Deal Synopsis
Millis Transfer	26-Aug-19	The company was acquired by Heartland Express (NAS: HTLD) for \$156 million on August 26, 2019.
Interstate Distributor Company	06-Jul-17	The company was acquired by Heartland Express (NASDAQ: HTLD) for \$90 million on July 6, 2017. With the acquisition Heartland will gain significant additional traffic density in the West.

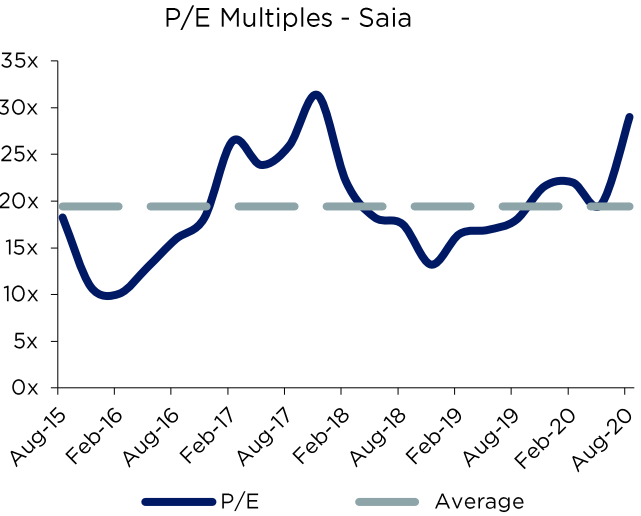
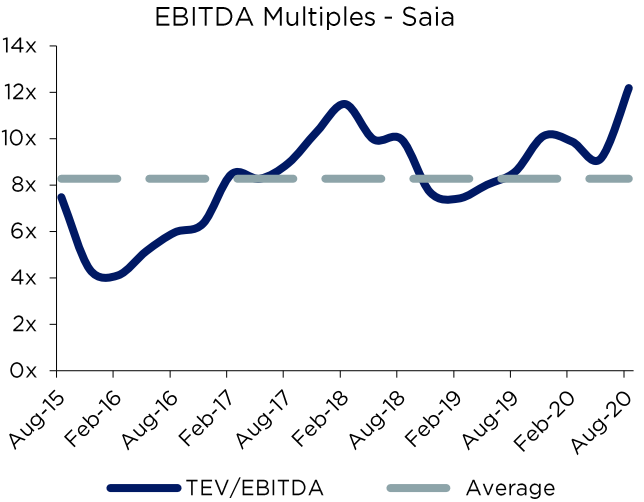
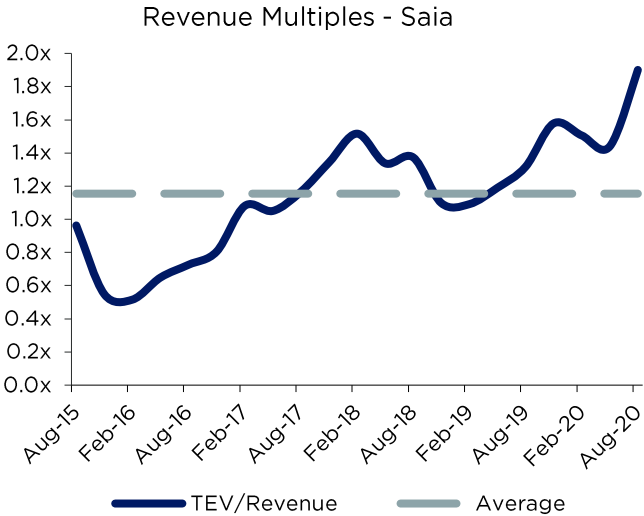
Saia

Saia Inc is a transportation company.

The company through its wholly-owned subsidiaries provides less-than-truckload, non-asset truckload, expedited and logistics services across the United States. It generates revenues from the transportation of freight.

Public Basket

Saia



Company Name	Date	Deal Synopsis
LinkEx	02-Feb-15	The company was acquired by Saia (NASDAQ: SAIA) for \$25 million on February 2, 2015.
Robart Transportation	02-Jul-12	The company was acquired by Saia (NASDAQ: SAIA) for \$7.8 million on July 2, 2012.

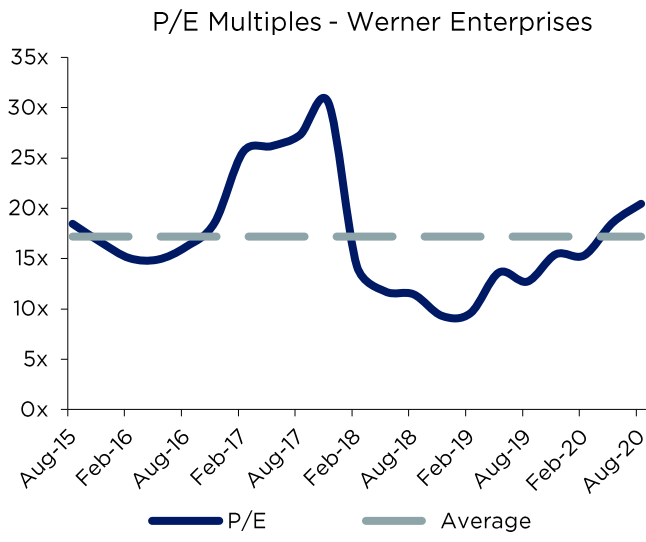
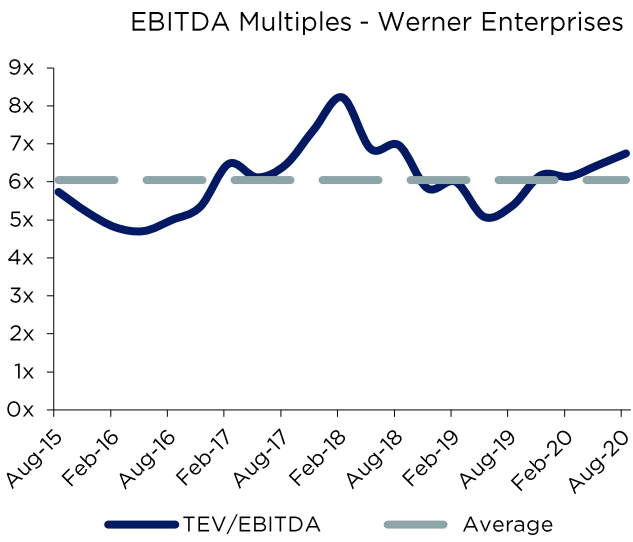
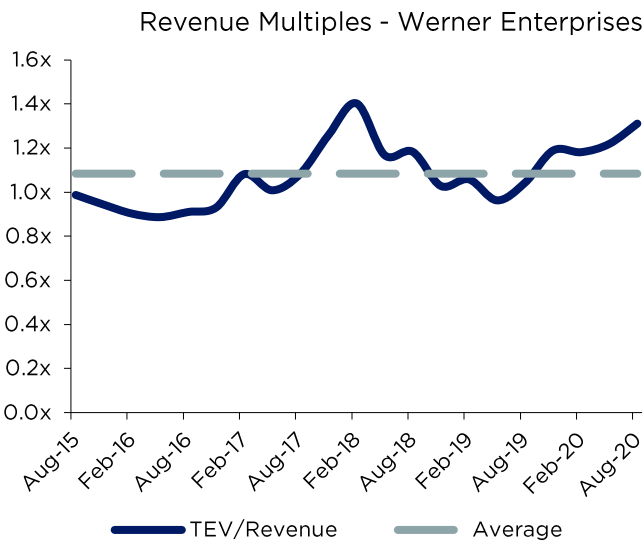
Werner Enterprises

Werner Enterprises ranks among the top five full-truckload carriers by revenue, with a fleet of more than 7,800 tractors, including owner operators.

It derives about 80% of its top line from a wide array of full-truckload shipping services (including dedicated contract carriage); roughly 20% comes from non-asset-based logistics operations, including truck brokerage.

Public Basket

Werner Enterprises



Company Name	Date	Deal Synopsis
Roadmaster Drivers School	01-May-14	The company was acquired by Werner Enterprises (NASDAQ: WERN) for an undisclosed amount in May 2014.
American Institute of Trucking	01-Aug-13	The company was acquired by Werner Enterprises (NASDAQ:WERN) for an undisclosed amount in August 2013.

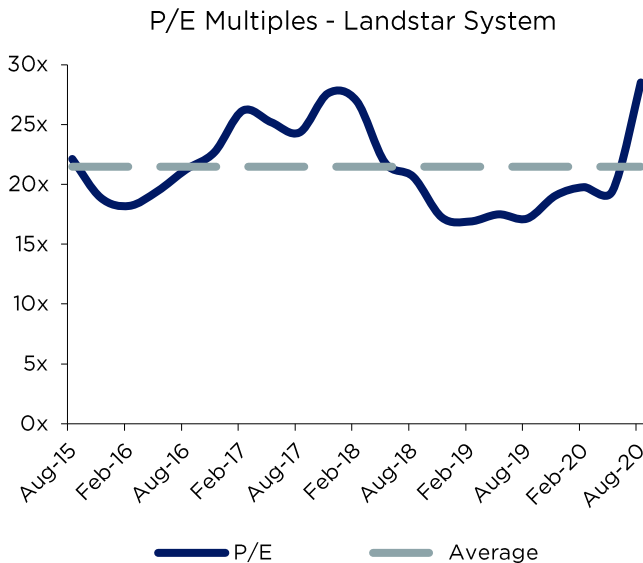
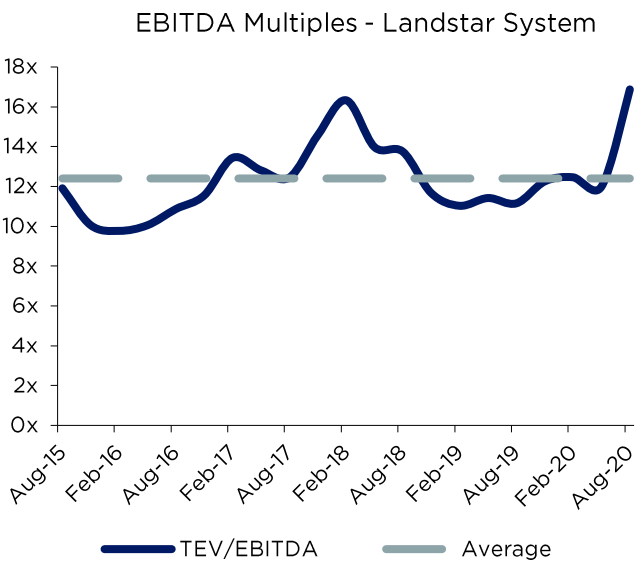
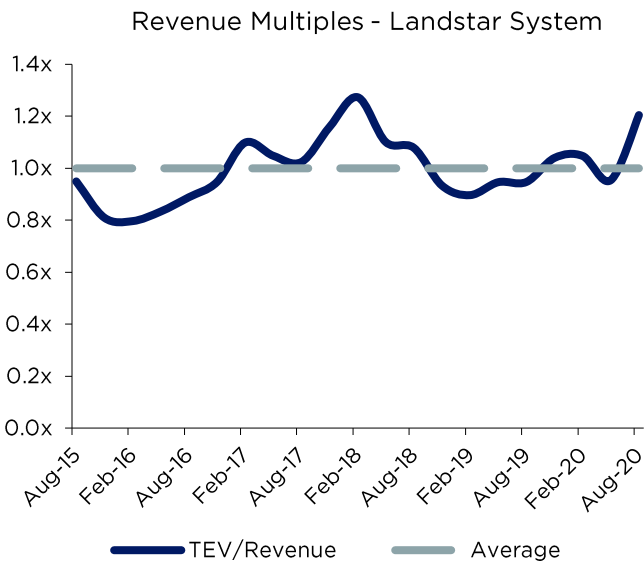
Landstar System

Landstar System is an asset-light third-party logistics provider focused on over-the-road truck transportation (93% of revenue).

It also offers intermodal (3%) and global air and ocean forwarding (3%). The remainder of its revenue stems from warehousing services and premiums from insurance programs offered to captive owner-operators.

Public Basket

Landstar System



Company Name	Date	Deal Synopsis
Fletes Avella	20-Sep-17	The company was acquired by Landstar System (NAS: LSTR) for \$10.36 million on September 20, 2017. The acquisition will enable the acquirer to expand its logistics services across North America.
A3 Integration	02-Jul-09	The company was acquired by Landstar System (NAS: LSTR) for an undisclosed amount on July 2, 2009.

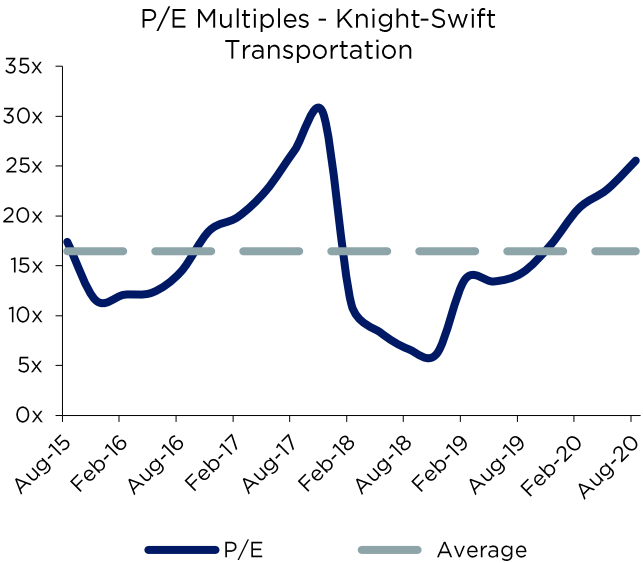
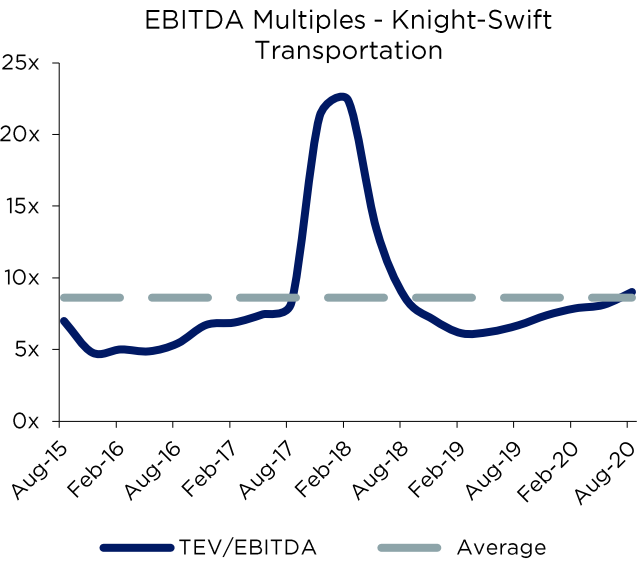
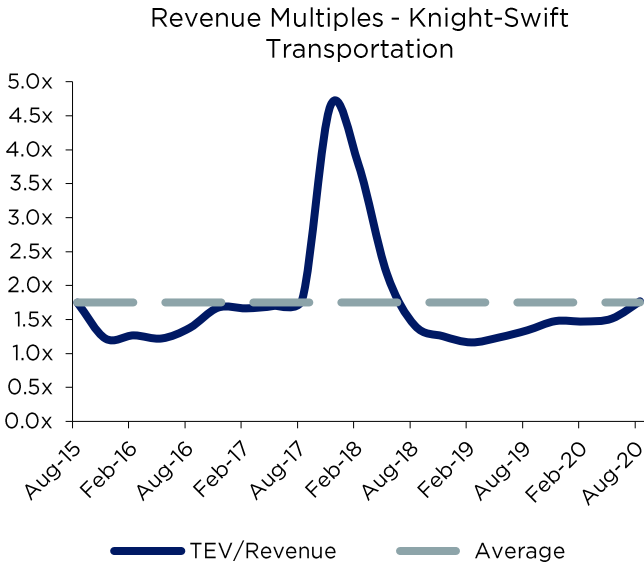
Knight-Swift Transportation

Knight-Swift Transportation is by far the largest asset-based full-truckload carrier in the United States.

About 80% of revenue derives from asset-based truckload shipping operations (including for-hire dry van, refrigerated, dedicated contract). The remainder stems from highway brokerage and other asset-light logistics services (11%), as well as rail intermodal (9%), which uses the Class-I railroads for the underlying movement of the firm's shipping containers.

Public Basket

Knight-Swift Transportation



Company Name	Date	Deal Synopsis
Swift Transportation	10-Sep-17	The company was acquired by Knight Transportation (NYSE: KNX) for \$6.4 billion on September 10, 2017. The all-stock deal will give shareholders who owned shares in Swift Transportation, 0.72 shares of the new company for each Swift share they owned; Knight stockholders will get a 1-1 share. Upon closing of the transaction, Swift stockholders will own approximately 54 percent and Knight stockholders will own approximately 46 percent of the combined company.
Barr-Nunn Transportation	01-Oct-14	The company was acquired by Knight Transportation (NYSE: KNX) for an undisclosed amount on October 1, 2014.

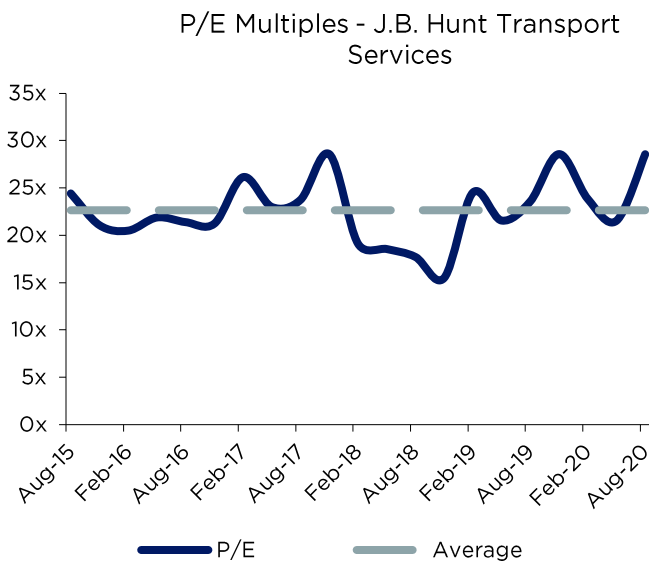
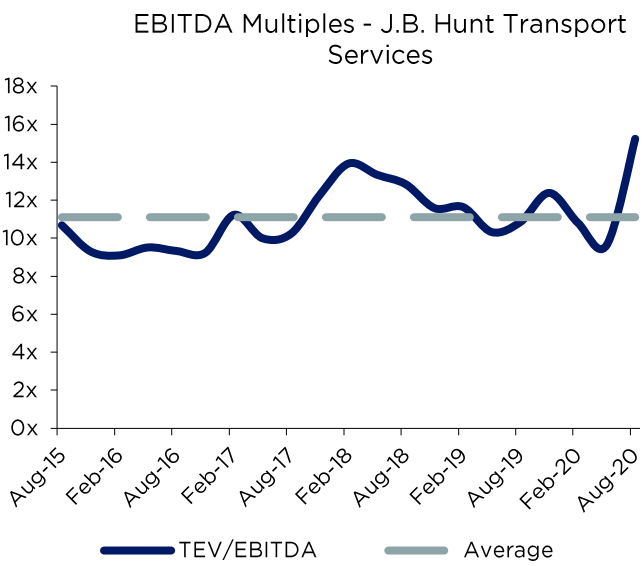
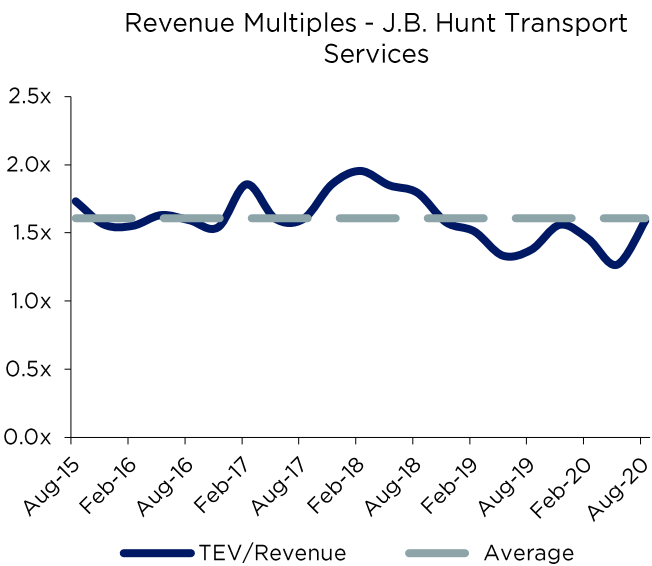
J.B. Hunt Transport Services

J.B. Hunt Transport Services ranks among the top surface transportation companies in North America by revenue.

Its primary operating segments are intermodal delivery, which uses the Class I rail carriers for the underlying line-haul movement (52% of sales in 2019); dedicated trucking services that provide customer-specific fleet needs (29%); for-hire truckload (4%); and asset-light highway brokerage (15%).

Public Basket

J.B. Hunt Transport Services



Company Name	Date	Deal Synopsis
Rdi Logistics	31-Dec-19	The company was acquired by J.B. Hunt Transport, Inc. a subsidiary of J.B. Hunt Transport Services (NAS: JBHT) for \$17.5 million on December 31, 2019. The acquisition will grow final mile delivery capabilities.
Cory 1st Choice Home Delivery	15-Feb-19	The company was acquired by J.B. Hunt Transport Services (NAS: JBHT) for \$100 million on February 15, 2019. This acquisition will further advance J.B. Hunt's final mile delivery capabilities of products to consumers and expand its expertise in furniture delivery.

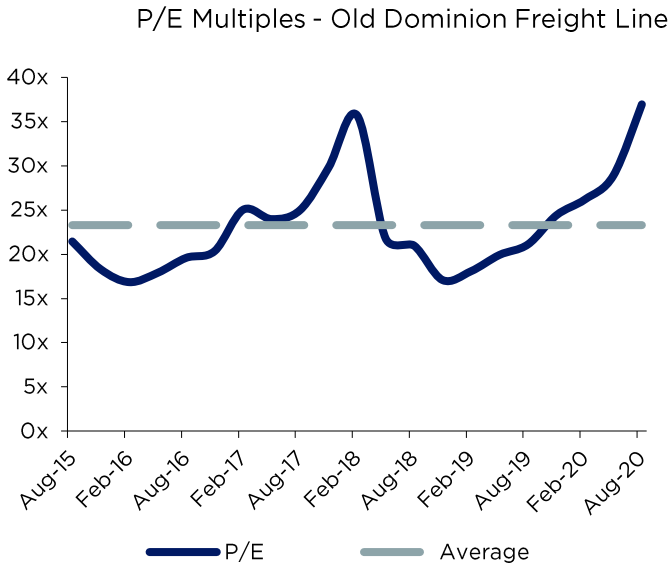
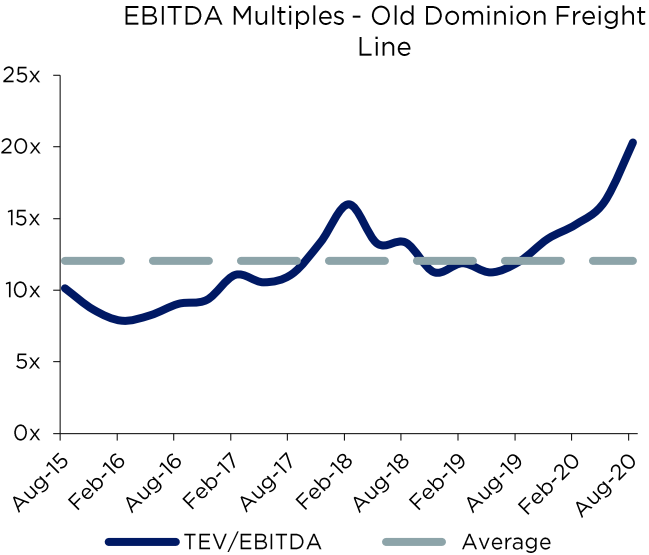
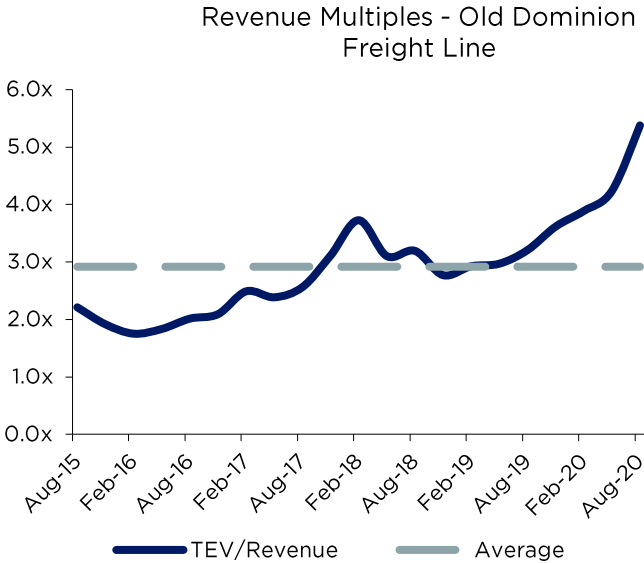
Old Dominion Freight Line

Old Dominion Freight Line is the third-largest less-than-truckload carrier in the United States, with more than 235 service centers and 9,200-plus tractors.

OD is by far one of the most disciplined and efficient providers in the trucking industry, and its profitability and capital returns stand head and shoulders above its peers. Strategic initiatives revolve around increasing network density through market share gains and maintaining industry-leading levels of service through consistent infrastructure investment.

Public Basket

Old Dominion Freight Line



Company Name	Date	Deal Synopsis
Bob's Pickup & Delivery	15-Feb-08	The company was acquired by Old Dominion Freight Line (NASDAQ: ODFL) for an undisclosed amount on February 15, 2008.
Priority Freight Lines	17-Apr-07	The company was acquired by Old Dominion Freight Line (NASDAQ: ODFL) for an undisclosed amount on April 17, 2007. With this acquisition, Old Dominion Freight will launch full-state coverage in Washington and enhance their direct coverage in Oregon.

Contact Info

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As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.



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