

Surface Transportation Market Hot

Supply/Demand Tight, Pricing Improving, and 2018 Shaping Up to be a Good Year; Consolidation to Continue

David Ross, CFA

(786) 257-2413

dross@stifel.com

J. Bruce Chan

(786) 257-2411

chanj@stifel.com

Austin Remey

(786) 257-2409

remeya@stifel.com

John Larkin, CFA

(214) 706-9455

jlarkin@stifel.com

John Engstrom

(214) 706-9456

engstromj@stifel.com

Roxanna Islam

(214) 706-9485

islamr@stifel.com

Michael Baudendistel, CFA

(443) 224-1357

mbauden@stifel.com

Brady Cox, CFA

(443) 224-1319

coxbr@stifel.com

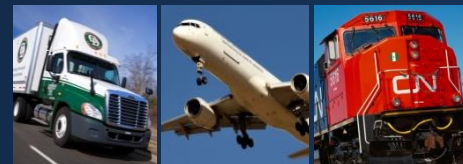
Images courtesy of ODFL, FDX, KEX, CSX, CNI, and SWFT

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications can be found on pages 88-92 of this report.



- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures



Stifel Overview

■ History

- Founded in 1890, publicly listed since 1986
- Acquired Legg Mason's Capital Markets Division (2005), Ryan Beck (2007), UBS's Private Client Group¹ (2009), Thomas Weisel Partners (2010), Keefe, Bruyette & Woods (2013), Knight Capital's Bond Sales, Trading, and Research Operations (2013); Oriel Securities (2014); Stern Agee (2015); Barclays U.S. Wealth Management Unit (2015)

■ Platform

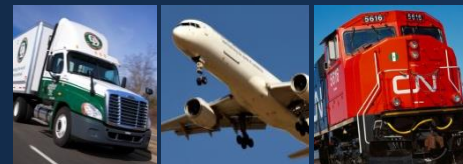
- \$4.1 billion market capitalization²
- The largest U.S. equity research platform
- National presence with over 2,200 retail brokers and \$237 billion (as of 8/3/17) in combined client assets

■ Competitive Positioning

- Middle-market focus
 - Research driven, industry specialist approach
 - Commitment to small/mid-cap companies
- Independent advisor
 - No proprietary trading or prime brokerage
 - No captive private equity investing conflicts
- Broad product portfolio
 - Equities, Fixed Income, M&A Advisory
 - Commitment to private equity and venture investors

(1) 54 branches of UBS Private Client Group

(2) As of 12/12/17



Stifel Transportation & Logistics Group



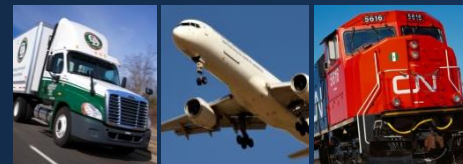
John G. Larkin, CFA
Managing Director
(214) 706-9455
jglarkin@stifel.com

John Larkin joined Legg Mason¹ in October 2001 to form and lead the firm's entry into the transportation markets. Mr. Larkin was recognized as an all-star analyst by Institutional Investor magazine in 2006 and as a Wall Street Journal all-star analyst for the years 2003, 2004, 2005, 2006, and 2010. In addition, he was rated as #1 by Forbes Starmine in EPS estimate accuracy in the Road & Rail Category in 2008 and as #1 stock picker in 2003 by Forbes Starmine in both the Road & Rail and the Airfreight & Logistics categories. He received additional recognition in 2004 by placing 3rd in the 2004 Forbes Starmine stock picking survey in the Road & Rail category.

From 1998 to 2001, Mr. Larkin was Chairman and Chief Executive Officer of RailWorks Corporation, a publicly traded transportation services company with revenues of \$800 million. From 1987 to 1998, Mr. Larkin was a key member of Alex. Brown and Sons' transportation team, serving as a Managing Director for the last five years. During that period, Mr. Larkin was recognized twice by The Wall Street Journal and twice by Institutional Investor magazine as an all-star analyst. From 1984 to 1987, Mr. Larkin held various positions in planning and economic analysis at CSX Transportation, Inc.

Mr. Larkin began his career in the transportation industry in 1977, serving as a Research Assistant at the Center for Transportation at the University of Texas at Austin. He joined Day & Zimmermann, Inc., as a Transportation Systems Consultant in 1979, serving until 1982. Mr. Larkin earned his Master's of Business Administration from Harvard University in 1984 and a Bachelor's degree and a Master's of Science degree in Civil Engineering from the University of Vermont and the University of Texas, respectively. Mr. Larkin is a CFA charter holder. In addition, he is a member of The Boards of Advisors for CRST International and Comcar Industries and is a member of the Baltimore CFA Society.

(1) Legg Mason's capital markets group was sold in its entirety to Stifel on December 1, 2005



Stifel Transportation & Logistics Group



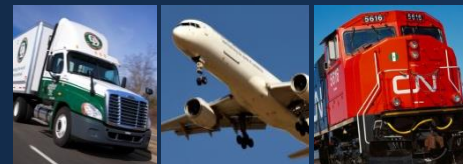
David G. Ross, CFA
Managing Director
(786) 257-2413
dross@stifel.com

Dave Ross joined Stifel in 2005. Based out of the Miami, FL office, Mr. Ross is a Managing Director in the Transportation & Logistics sector with a focus on the International Logistics, Parcel, Leasing (Air Cargo , Truck), and LTL (less-than-truckload) industries.

His past awards include ranking #1 in stock picking multiple times in the Wall Street Journal's *Best on the Street* Analysts Survey and in Financial Times/*StarMine America's Top Analysts* report.

Before joining Stifel, Mr. Ross was an analyst with Legg Mason Capital Markets, worked briefly in the industry at RailWorks Corp., and began his career as an analyst in the global investment banking division of Deutsche Banc Alex. Brown.

Mr. Ross is a graduate of Georgetown University and a CFA charter holder. In addition, he serves on the Board of Directors for The Humane Society of Greater Miami and The Carson Scholars Fund.



Stifel Transportation & Logistics Group



Michael Baudendistel is an Analyst and Vice President at Stifel in Baltimore. He covers equipment manufacturing, leasing, and services companies primarily related to the truck and railroad transportation industries.

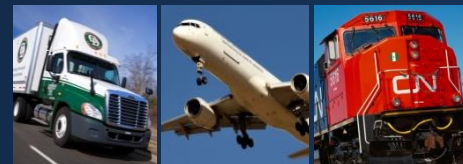
Prior to joining Stifel, Mr. Baudendistel assisted in the execution of M&A transactions as a Financial Analyst with Crowe Capital Markets, LLC, in Chicago. He has a total of 12 years of work experience in financial analyst positions and currently serves on the Kelley Transportation Executive Board. Mr. Baudendistel holds a B.S. from Indiana University in Accounting and Finance and is a CFA charterholder.

Michael Baudendistel, CFA

Vice President

(443) 224-1357

mbauden@stifel.com



Stifel Transportation & Logistics Group

J. Bruce Chan

Associate Vice President
(786) 257-2411
chanj@stifel.com

Bruce Chan is an Associate Equity Research Analyst, having joined the Stifel research team in March, 2010. He covers the freight transportation industry, with a focus on the LTL, parcel, and logistics sectors, including the international freight forwarders.

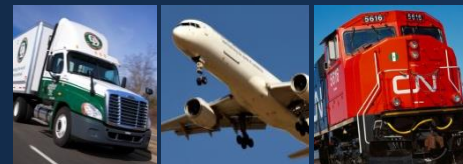
Mr. Chan holds a B.S.B.A., having graduated cum laude from Georgetown University with dual majors in finance and international business. Upon completion of his studies at Georgetown, Mr. Chan earned his Juris Doctor from the University of Maryland School of Law with concentrations in corporate and securities law. He is a licensed attorney in the State of Maryland and a member of the American Bar Association. In addition, Mr. Chan serves on the Board of Stepping Stones International, a global non-profit organization supporting educational programs for children with physical and developmental disabilities. He also serves as the Chairman of the auxiliary board for the Port Discovery Children's Museum in Baltimore, and as a member of the Alumni Board of the McDonogh School, a co-educational, K-12 preparatory school in Maryland.

Brady Cox, CFA

Associate Analyst
(443) 224-1319
coxbr@stifel.com

Brady Cox is an Associate Equity Research Analyst, having joined the Stifel research team in June, 2013. He covers equipment manufacturing, leasing, and services companies primarily related to the truck and railroad transportation industries.

Prior to joining Stifel, Mr. Cox worked in investment operations at T. Rowe Price, working on the company's equity mutual fund products. Mr. Cox holds a B.S.B.A. from the University of South Carolina in Finance and Economics and is a CFA charterholder.



Stifel Transportation & Logistics Group

John Engstrom
Associate Analyst
(214) 706-9456
engstromj@stifel.com

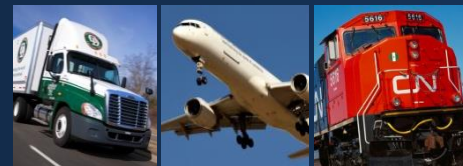
John Engstrom is an Associate Equity Research Analyst, having joined Stifel in February, 2014. He covers transportation and logistics stocks in the Truckload, Railroad, Intermodal, Non-Asset-Based Logistics, and Barge industries.

Mr. Engstrom holds a double B.S. from Rensselaer Polytechnic Institute in Operations Research and Management Engineering. Upon completion of his studies at Rensselaer, Mr. Engstrom earned his Master's in Engineering Management from Dartmouth College and completed a concentration in financial engineering from a joint program at Duke University. Prior to joining Stifel Mr. Engstrom worked in management consulting at Oliver Wyman, advising corporate and private equity clients on strategic initiatives.

Roxanna Islam
Associate Analyst
(214) 706-9485
islamr@stifel.com

Roxanna Islam is an Associate Equity Research Analyst, having joined Stifel in February 2015. She covers transportation and logistics stocks in the Truckload, Railroad, Intermodal, Non-Asset-Based Logistics, and Barge industries.

Ms. Islam holds a B.B.A. and a B.A. from The University of Texas at Austin in Investment Management Finance and an Interdisciplinary Arts & Sciences Honors program where she completed an honors thesis on the relationship between metaphysics and British imperialism. Prior to joining Stifel, Ms. Islam worked at Wells Fargo Advisors in several analyst roles within Product and Research, most recently as an Associate Research Analyst in Closed-End Funds and Exchange-Traded Funds where she was responsible for firm-wide buy/sell list recommendations. She is a 2017 Level III CFA candidate.



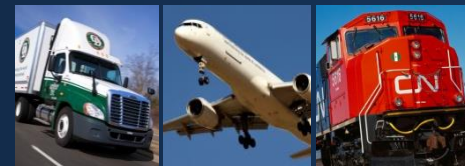
Stifel Transportation & Logistics Group

Austin Remey
Associate Analyst
(786) 257-2409
remeya@stifel.com

Austin Remey is an Associate Equity Research Analyst, having joined the Stifel Transportation research team in July, 2017. He covers the freight transportation industry, with a focus on the LTL, parcel, and logistics sectors, including the international freight forwarders.

Prior to joining the Transportation team, Mr. Remey worked in Stifel's Research Marketing department, assisting our Private Wealth Management department with research-related inquiries. Mr. Remey holds a B.S., having graduated cum laude from Stetson University, where he served as a trustee for the Roland George Investment Program.

Stifel Transportation Group Overview



Stifel Transportation & Logistics Group Coverage by Market Capitalization

TRUCKLOAD Market Cap. (\$mm)

| | |
|--|----------|
| Larkin, Engstrom, Islam | |
| J.B. Hunt Transport Svcs. (JBHT) | 12,214.4 |
| Knight-Swift Transportation (KNX) | 4,458.8 |
| Landstar System (LSTR) | 4,332.3 |
| Werner Enterprises (WERN) | 2,721.7 |
| Heartland Express (HTLD) | 1,884.4 |
| Marten Transport (MRTN) | 1,090.5 |
| Universal Logistics Holdings, Inc. (ULH) | 665.6 |
| Covenant Transport (CVTI) | 550.2 |
| Daseke, Inc. (DSKE) | 519.5 |
| P.A.M. Transportation Svcs. (PTSI) | 235.7 |
| Celadon Group (CGI) | 182.4 |
| USA Truck (USAK) | 144.9 |

LESS-THAN-TRUCKLOAD (LTL) Market Cap. (\$mm)

| | |
|--|----------|
| Ross, Chan | |
| Old Dominion Freight Line (ODFL) | 10,593.4 |
| Saia, Inc. (SAIA) | 1,771.5 |
| Forward Air Corp. (FWRD) | 1,721.5 |
| ArcBest Corporation (ARCB) | 970.0 |
| YRC Worldwide (YRCV) | 446.1 |
| Roadrunner Transportation Svcs. (RRTS) | 328.5 |

RAILROADS Market Cap. (\$mm)

| | |
|------------------------------|-----------|
| Larkin, Engstrom, Islam | |
| Union Pacific (UNP) | 103,517.8 |
| Canadian National (CNI) | 60,451.4 |
| CSX Corp. (CSX) | 50,400.8 |
| Norfolk Southern Corp. (NSC) | 40,529.8 |
| Canadian Pacific (CP) | 25,733.9 |
| Kansas City Southern (KSU) | 11,677.6 |
| Genesee & Wyoming (GWR) | 4,834.2 |

INTERMODAL Market Cap. (\$mm)

| | |
|----------------------------------|----------|
| Larkin, Engstrom, Islam | |
| J.B. Hunt Transport Svcs. (JBHT) | 12,214.4 |
| XPO Logistics, Inc. (XPO) | 11,316.5 |
| Hub Group (HUBG) | 1,560.4 |

DOMESTIC LOGISTICS Market Cap. (\$mm)

| | |
|--|----------|
| Larkin, Ross, Chan, Engstrom, Islam | |
| C.H. Robinson Worldwide (CHRW) | 12,504.1 |
| XPO Logistics, Inc. (XPO) | 11,316.5 |
| Landstar System (LSTR) | 4,332.3 |
| Forward Air Corp. (FWRD) | 1,721.5 |
| Hub Group (HUBG) | 1,560.4 |
| Echo Global Logistics (ECHO) | 740.4 |
| Universal Logistics Holdings, Inc. (ULH) | 665.6 |
| Roadrunner Transportation Svcs. (RRTS) | 328.5 |

INTERNATIONAL LOGISTICS Market Cap. (\$mm)

| | |
|---|----------|
| Ross, Chan | |
| Kuehne + Nagel International AG (KNIN-CH) | 20,808.5 |
| DSV A/S (DSV-DK) | 14,616.8 |
| Expeditors International (EXPD) | 12,045.3 |
| Panalpina Welttransport Holding (PWTN-CH) | 3,428.6 |

GLOBAL INTEGRATORS Market Cap. (\$mm)

| | |
|-----------------------------|-----------|
| Ross, Chan | |
| United Parcel Service (UPS) | 103,622.1 |
| FedEx Corp. (FDX) | 65,907.6 |
| Deutsche Post DHL (DPW-DE) | 59,567.5 |
| BEST Inc. (BSTI) | 3,558.6 |

AIRLINES Market Cap. (\$mm)

| | |
|--------------------------|----------|
| DeNardi | |
| Delta Air Lines (DAL) | 38,229.6 |
| Southwest Airlines (LUV) | 37,638.6 |
| American Airlines (AAL) | 24,149.8 |
| United Continental (UAL) | 18,770.5 |
| Alaska Air Group (ALK) | 8,588.5 |
| JetBlue Airways (JBLU) | 6,922.8 |
| Copa Holdings (CPA) | 5,651.4 |
| Spirit Airlines (SAVE) | 3,005.9 |
| Allegiant Travel (ALGT) | 2,355.4 |
| Hawaiian Holdings (HA) | 2,101.5 |

PASSENGER TRANSPORTATION Market Cap. (\$mm)

| | |
|-----------------------------------|-------|
| Larkin, Engstrom, Islam | |
| Student Transportation Inc. (STB) | 651.5 |

TRANSPORTATION LEASING Market Cap. (\$mm)

| | |
|--|---------|
| Ross, Chan (GATX Corp. covered by Baudendistel, Cox) | |
| Ryder System (R) | 4,289.6 |
| GATX Corp. (GATX) | 2,414.7 |
| Air Transport Services Group, Inc. (ATSG) | 1,448.4 |
| Atlas Air Worldwide Holdings, Inc. (AAWW) | 1,427.3 |

DOMESTIC MARINE Market Cap. (\$mm)

| | |
|-------------------------|---------|
| Larkin, Engstrom, Islam | |
| Kirby Corp. (KEX) | 3,452.6 |

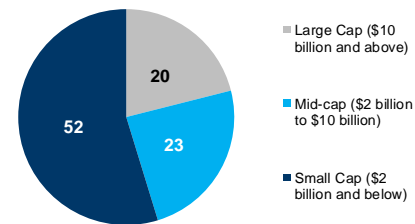
MARITIME Market Cap. (\$mm)

| | |
|--|---------|
| Nolan, Frank Galanti | |
| Golar LNG Limited (GLNG) | 2,657.3 |
| World Fuel Services Corporation (INT) | 1,859.5 |
| GasLog Ltd. (GLOG) | 1,558.9 |
| Teekay LNG Partners (TGP) | 1,477.1 |
| Golar LNG Partners LP (GMLP) | 1,475.4 |
| Euronav NV (EURN) | 1,320.5 |
| Matson, Inc. (MATX) | 1,190.7 |
| GasLog Partners LP (GLOP) | 1,088.8 |
| Scorpio Tankers Inc. (STNG) | 992.4 |
| SEACOR Holdings Inc. (CKH) | 831.3 |
| Star Bulk Carriers Corp. (SBLK) | 762.8 |
| Seaspan Corporation (SSW) | 732.7 |
| Costamare Inc. (CMRE) | 605.0 |
| Scorpio Bulkers Inc. (SALT) | 581.0 |
| Hoegh LNG Partners LP (HMLP) | 571.0 |
| Navigator Holdings Ltd. (NVGS) | 557.2 |
| DHT Holdings, Inc. (DHT) | 535.2 |
| Capital Product Partners LP (CPLP) | 482.5 |
| Diana Shipping Inc. (DSX) | 439.4 |
| Dynagas LNG Partners LP (DLNG) | 403.6 |
| Navios Maritime Partners LP (NMM) | 347.3 |
| Tsakos Energy Navigation LTD (TNP) | 338.7 |
| Safe Bulkers Inc. (SB) | 337.1 |
| Ardmore Shipping Corp (ASC) | 261.2 |
| Navios Maritime Acquisition Corp (NNA) | 177.4 |
| Aegean Marine Petroleum Network (ANW) | 172.7 |
| Navios Maritime Holdings Inc. (NM) | 152.3 |

TRANSPORTATION EQUIPMENT Market Cap. (\$mm)

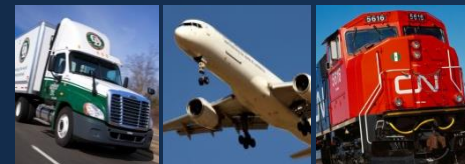
| | |
|------------------------------------|----------|
| Baudendistel, Cox | |
| Cummins (CMI) | 27,814.0 |
| PACCAR (PCAR) | 24,770.1 |
| Thor Industries (THO) | 7,825.6 |
| WABCO (WBC) | 7,551.0 |
| Wabtec (WAB) | 7,238.8 |
| Allison Transmission (ALSN) | 5,829.2 |
| Trinity Industries (TRN) | 5,405.2 |
| Navistar (NAV) | 3,967.0 |
| Meritor (MTOR) | 2,138.4 |
| Rush Enterprises (RUSHA) | 1,961.7 |
| REV Group (REVG) | 1,776.7 |
| Winnebago (WGO) | 1,677.3 |
| Greenbrier (GBX) | 1,426.6 |
| Wabash National (WNC) | 1,220.4 |
| American Railcar Industries (ARII) | 767.9 |
| Blue Bird (BLBD) | 561.9 |
| Freightcar America (RAIL) | 206.3 |

| Coverage by Sector: | | Total |
|--------------------------|--|-----------|
| Maritime | | 27 |
| Transportation Equipment | | 17 |
| Truckload | | 12 |
| Airlines | | 10 |
| Domestic Logistics | | 8 |
| Railroad | | 7 |
| Less-Than-Truckload | | 6 |
| International Logistics | | 4 |
| Transportation Leasing | | 4 |
| Global Integrators | | 3 |
| Intermodal | | 3 |
| Passenger Transportation | | 1 |
| Domestic Marine | | 1 |
| Total | | 97 |





- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures

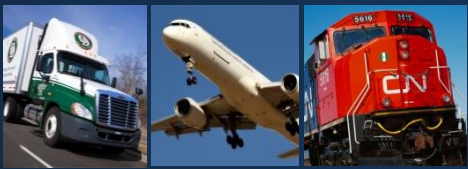


Aside from Maritime, Transports Significantly Outperformed the Market in 2016. Year to Date in 2017, Many Modes are Ahead of the Market

| Transportation Segment | As of 12/12/2017 | 2013 Return | 2014 Return | 2015 Return | 2016 Return | 2017 YTD Return | Stock Price Performance | | | |
|--|---------------------|----------------|----------------|----------------|----------------|--------------------|-------------------------|----------|--------|------------|
| | | | | | | | (1 Mo) | (6 Mths) | (1 Yr) | 10 Yr CAGR |
| Truckload Average | | 70.9% | 38.5% | (31.2%) | 22.5% | 19.7% | (0.9%) | 50.1% | 13.9% | 7.9% |
| LTL Average (ex. YRCW) | | 107.8% | 33.5% | (38.7%) | 38.8% | 40.1% | 2.1% | 37.8% | 14.3% | 0.1% |
| Railroad Average | | 39.8% | 18.0% | (31.0%) | 24.9% | 28.6% | (0.2%) | 13.2% | 22.8% | 12.3% |
| Intermodal Average | | 24.1% | 4.4% | (13.1%) | 32.5% | 12.1% | (0.6%) | 28.9% | 7.2% | 9.9% |
| Transportation Equipment Average | | 44.8% | 10.5% | (24.0%) | 21.7% | 31.2% | 0.1% | 13.6% | 20.6% | 7.4% |
| Transportation Leasing Average | | 40.7% | 38.5% | (31.2%) | 22.5% | 19.7% | (2.8%) | 7.6% | 11.3% | 7.1% |
| Global Integrators Average | | 55.4% | 5.4% | (13.8%) | 20.3% | 25.0% | (2.0%) | 19.6% | 23.1% | 5.7% |
| Non-Asset-Based Logistics Average | | 28.9% | 9.5% | (18.6%) | 21.0% | 27.3% | (0.2%) | 24.8% | 22.1% | 5.3% |
| Domestic Marine Average | | 60.4% | (18.6%) | (34.8%) | 26.4% | (4.1%) | (3.7%) | (6.9%) | (8.1%) | 2.6% |
| Airlines Average | | 80.4% | 91.2% | 5.2% | 18.3% | (6.7%) | (0.3%) | (9.4%) | (8.7%) | 15.9% |
| Maritime Average | | 62.6% | (19.1%) | (41.1%) | (6.5%) | 4.2% | 0.3% | 1.8% | (0.8%) | (23.2%) |
| Transportation Coverage Average | | 56.0% | 19.3% | (24.8%) | 22.0% | 17.9% | (0.7%) | 16.5% | 10.7% | 9.7% |
| S&P500 | 2,637.0 | 29.6% | 11.4% | (0.7%) | 9.5% | 17.8% | 2.0% | 8.4% | 16.7% | 6.0% |

Sector averages were determined using an equal weighted average for all segments except Domestic Marine, which was determined using a market capitalization weighted average
Source: FactSet Research Systems Inc.

Current and Historical Valuation



Stifel 12-Month Target Price Matrix Sorted by Upside (excludes Shipping & Airlines coverage)

Stifel 12-Month Target Price Matrix

| Company | Ticker | Rating | Closing 12/12/2017 | Earnings Per Share | | P/E Multiple (1) | 12-Mo. Target Price | | |
|------------------------------------|--------|--------|-----------------------|--------------------|----------|---------------------|---------------------|-------------------|-----------------------|
| | | | | CY 18E | CY 19E | | Estimate | Dividend Yield | Potential Upside % |
| BEST Inc. | BSTI | Buy | \$ 9.38 | \$ 0.09 | \$ 0.38 | 42.0x | \$ 16 | - | 70.6% |
| Meritor (8) | MTOR | Buy | \$ 23.59 | \$ 1.87 | \$ 2.20 | NA | \$ 31 | - | 31.4% |
| YRC Worldwide | YRCW | Buy | \$ 14.40 | \$ 1.52 | \$ 2.05 | 9.0x | \$ 18 | - | 25.0% |
| REV Group (14) | REVG | Buy | \$ 27.12 | \$ 1.32 | \$ 1.79 | NA | \$ 33 | 0.7% | 22.4% |
| Atlas Air Worldwide Holdings, Inc. | AAWW | Buy | \$ 57.00 | \$ 4.90 | \$ 5.78 | 12.0x | \$ 69 | - | 21.1% |
| Heartland Express (6) | HTLD | Buy | \$ 22.39 | \$ 0.70 | \$ 1.25 | 21.0x | \$ 27 | 0.4% | 20.9% |
| Greenbrier | GBX | Buy | \$ 50.90 | \$ 3.97 | \$ - | 15.0x | \$ 60 | 1.8% | 19.7% |
| Blue Bird Corporation (2) | BLBD | Buy | \$ 18.05 | \$ 1.10 | \$ 1.20 | NA | \$ 21 | - | 16.3% |
| Student Transportation Inc. (11) | STB | Buy | \$ 5.99 | \$ 0.11 | \$ 0.13 | NA | \$ 6.50 | 7.4% | 15.9% |
| Universal Logistics Holdings, Inc. | ULH | Buy | \$ 23.80 | \$ 1.20 | \$ 1.65 | 16.5x | \$ 27 | 1.2% | 14.6% |
| J.B. Hunt Transport Svcs. | JBHT | Buy | \$ 111.24 | \$ 4.55 | \$ 5.55 | 22.5x | \$ 125 | 0.8% | 13.2% |
| Trinity Industries (13) | TRN | Buy | \$ 36.88 | \$ 1.25 | \$ - | NA | \$ 41 | 1.5% | 12.6% |
| Canadian National Railway | CNI | Hold | \$ 80.09 | \$ 4.60 | \$ 5.35 | 16.5x | \$ 88 | 1.6% | 11.5% |
| Wabash National Corp. | WNC | Hold | \$ 20.01 | \$ 1.70 | \$ 1.70 | 13.0x | \$ 22 | 1.2% | 11.2% |
| Echo Global Logistics | ECHO | Buy | \$ 27.90 | \$ 1.05 | \$ 1.40 | 22.0x | \$ 31 | - | 11.1% |
| Landstar System | LSTR | Buy | \$ 104.00 | \$ 4.45 | \$ 5.10 | 22.5x | \$ 115 | 0.4% | 11.0% |
| Covenant Transportation Group | CVTI | Hold | \$ 28.87 | \$ 1.15 | \$ 1.75 | 18.0x | \$ 32 | - | 10.8% |
| Daseke, Inc. (3) | DSKE | Buy | \$ 13.64 | \$ 0.09 | \$ 0.19 | NA | \$ 15 | - | 10.0% |
| USA Truck, Inc. | USAK | Buy | \$ 18.21 | \$ 0.45 | \$ 1.20 | 17.0x | \$ 20 | - | 9.8% |
| Kansas City Southern | KSU | Buy | \$ 110.30 | \$ 5.90 | \$ 6.55 | 18.0x | \$ 118 | 1.3% | 8.3% |
| Navistar International (9) | NAV | Hold | \$ 41.63 | \$ 1.93 | \$ 3.13 | NA | \$ 45 | - | 8.1% |
| Canadian Pacific Railway | CP | Buy | \$ 178.28 | \$ 10.93 | \$ 13.08 | 14.5x | \$ 190 | 1.0% | 7.6% |
| Hub Group, Inc. | HUBG | Buy | \$ 46.55 | \$ 2.15 | \$ 2.65 | 19.0x | \$ 50 | - | 7.4% |
| WABCO Holdings Inc. | WBC | Buy | \$ 145.02 | \$ 7.50 | \$ 8.30 | 20.5x | \$ 154 | - | 6.2% |
| Kirby Corp. (7) | KEX | Hold | \$ 63.75 | \$ 2.60 | \$ 3.10 | NA | \$ 67 | - | 5.1% |
| XPO Logistics, Inc. (15) | XPO | Buy | \$ 76.29 | \$ 2.50 | \$ 3.25 | NA | \$ 80 | - | 4.9% |
| Cummins | CM | Hold | \$ 169.22 | \$ 11.95 | \$ 12.75 | 14.5x | \$ 173 | 2.5% | 4.8% |
| Allison Transmission | ALSN | Hold | \$ 41.40 | \$ 2.70 | \$ 2.95 | 15.5x | \$ 42 | 1.4% | 2.9% |
| PACCAR Inc. | PCAR | Hold | \$ 71.91 | \$ 4.80 | \$ 5.05 | 15.0x | \$ 72 | 1.4% | 1.5% |
| CSX Corp. | CSX | Hold | \$ 56.98 | \$ 2.75 | \$ 3.35 | 17.0x | \$ 57 | 1.4% | 1.4% |

Stifel 12-Month Target Price Matrix

| Company | Ticker | Rating | Closing 12/12/2017 | Earnings Per Share | | P/E Multiple (1) | 12-Mo. Target Price | | |
|------------------------------------|---------|--------|-----------------------|--------------------|----------|---------------------|---------------------|-------------------|-----------------------|
| | | | | CY 18E | CY 19E | | Estimate | Dividend Yield | Potential Upside % |
| Genesee & Wyoming, Inc. | GWR | Hold | \$ 77.22 | \$ 3.55 | \$ 4.20 | 18.0x | \$ 76 | - | (1.6%) |
| Wabtec Corporation | WAB | Hold | \$ 76.73 | \$ 3.95 | \$ - | 19.0x | \$ 75 | 0.6% | (1.6%) |
| United Parcel Service | UPS | Hold | \$ 118.16 | \$ 6.43 | \$ 6.80 | 16.5x | \$ 112 | 2.8% | (2.4%) |
| DSV A/S | DSV-DK | Hold | DKK 486.00 | DKK 19.58 | \$ 21.23 | 22.0x | DKK 467 | 0.4% | (3.5%) |
| Thor Industries (12) | THO | Hold | \$ 149.40 | \$ 9.80 | \$ 6.13 | 13.5x | \$ 142 | 1.0% | (4.0%) |
| Air Transport Services Group, Inc. | ATSG | Hold | \$ 22.99 | \$ 1.13 | \$ 1.30 | 17.0x | \$ 22 | - | (4.3%) |
| C.H. Robinson Worldwide | CHRW | Hold | \$ 88.00 | \$ 3.70 | \$ 4.10 | 20.0x | \$ 82 | 2.1% | (4.7%) |
| Marten Transport | MRTN | Hold | \$ 20.05 | \$ 0.72 | \$ 0.85 | 22.0x | \$ 19 | 0.5% | (4.7%) |
| Werner Enterprises | WERN | Hold | \$ 38.10 | \$ 1.55 | \$ 1.80 | 20.0x | \$ 36 | 0.7% | (4.8%) |
| Expeditors International | EXPD | Hold | \$ 64.35 | \$ 2.60 | \$ 2.77 | 21.5x | \$ 60 | 1.3% | (5.5%) |
| GATX Corporation | GATX | Hold | \$ 61.37 | \$ 4.15 | \$ - | 13.5x | \$ 56 | 2.7% | (6.0%) |
| Union Pacific Corp. | UNP | Hold | \$ 130.70 | \$ 6.60 | \$ 7.30 | 16.5x | \$ 120 | 2.1% | (6.1%) |
| Knight-Swift Transportation | KNTX | Hold | \$ 42.99 | \$ 1.40 | \$ 1.90 | 21.0x | \$ 40 | 0.6% | (6.4%) |
| FedEx Corp. (4) | FDX | Hold | \$ 239.50 | \$ 14.15 | \$ - | 15.0x | \$ 221 | 0.8% | (7.1%) |
| Kuehne+Nagel International AG | KNIN-CH | Hold | CHF 172.90 | CHF 6.72 | NE | 23.0x | CHF 155 | 3.2% | (7.2%) |
| Ryder System | R | Hold | \$ 81.76 | \$ 5.44 | \$ 5.67 | 13.5x | \$ 73 | 2.3% | (8.5%) |
| Forward Air Corp. | FWRD | Hold | \$ 57.47 | \$ 2.49 | \$ 2.67 | 19.5x | \$ 52 | 1.0% | (8.5%) |
| American Railcar Industries | ARII | Hold | \$ 40.25 | \$ 2.20 | \$ - | 16.0x | \$ 35 | 4.0% | (9.0%) |
| Norfolk Southern Corp. | NSC | Hold | \$ 141.46 | \$ 7.15 | \$ 7.85 | 16.0x | \$ 126 | 1.7% | (9.2%) |
| Saia, Inc. | SAIA | Hold | \$ 68.15 | \$ 2.71 | \$ 3.32 | 18.0x | \$ 60 | - | (12.0%) |
| FreightCar America (5) | RAIL | Hold | \$ 16.56 | \$ (0.95) | \$ - | NA | \$ 14 | 2.2% | (13.3%) |
| Old Dominion Freight Line | ODFL | Hold | \$ 129.07 | \$ 4.93 | \$ 5.54 | 20.0x | \$ 111 | 0.3% | (13.7%) |
| Deutsche Post DHL | DPW-DE | Hold | € 40.02 | \$ 2.39 | \$ 2.60 | 14.0x | € 33 | 2.6% | (14.9%) |
| Winnebago (14) | WGO | Hold | \$ 54.95 | \$ 3.20 | \$ 2.40 | 12.5x | \$ 45 | 0.7% | (17.4%) |
| Rush Enterprises | RUSA | Hold | \$ 48.80 | \$ 2.45 | \$ 2.75 | 16.5x | \$ 40 | - | (18.0%) |
| P.A.M. Transportation Services | PTSI | Hold | \$ 37.56 | \$ 1.45 | \$ 1.90 | 16.0x | \$ 30 | - | (20.1%) |
| ArcBest Corporation | ARCB | Hold | \$ 38.55 | \$ 1.83 | \$ 2.08 | 13.0x | \$ 27 | 0.9% | (29.1%) |
| Panalpina World Transport | PWTN-CH | Sell | CHF 146.80 | CHF 3.89 | \$ 4.83 | 22.0x | CHF 98 | 2.6% | (30.7%) |
| Roadrunner Transportation Svcs. | RRTS | SU | \$ 8.43 | NA | NA | NA | NA | - | NA |
| Celadon Group | CGI | SU | \$ 6.00 | NA | NA | NA | NA | 1.3% | NA |

(1) Multiples listed are applied to 2019 EPS estimates unless none is established or otherwise noted

(2) Blue Bird (BLBD) target price is \$22, or 9.0x or 2018 EBITDA estimate of \$85 million

(3) Daseke, Inc. (DSKE) target price of \$15 is calculated by applying a 6.75x multiple to our 2019 EBITDA estimate of \$207 million, subtracting projected net debt of \$408 million, divided by forecasted shares outstanding at year end 2019

(4) FedEx Inc. on May 31 fiscal year, 12-month target price of \$221 is calculated by applying a 15.0x multiple to our FY2019 EPS estimate of \$14.70

(5) Freightcar America (RAIL) target price is \$15, which reflects valuation of 0.75x tangible book

(6) Heartland Express (HTLD) target price is \$27, or 21.0x our 2019 EPS estimate of \$1.25 plus \$0.62 net cash per share (adjusted for the IDC deal)

(7) Kirby Corp. 12-month target price of \$69 is calculated by applying an 8.25x multiple to our 2019 EBITDA estimate of \$563.1 million less 2019 net debt of \$699.0 million divided by average diluted shares outstanding in 2019

(8) Meritor (MTOR) target price is \$31, or 9.0x our 2018 EBITDA estimate of \$400 million

(9) Navistar International (NAV) target price is \$45, or 11.0x our 2018 EBITDA estimate of \$780 million

(10) REV Group (REVG) target price is \$33, or 9.0x our 2019 EBITDA estimate of \$275 million

(11) Student Transportation Inc. 12-month target price is \$6.50 or 9.0x our CY2019 EBITDA of \$120, less CY2019 net debt of \$364 million for a total of \$773 million in equity value divided by 112.6 million shares

(12) Thor Industries (THO) target price is \$114, or 12.5x our FY19 EPS estimate of \$9.10

(13) Trinity (TRN) target price of \$41 is derived via our sum-of-the-parts analysis

(14) Winnebago (WGO) target price is \$45, or 12.5x our FY19 EPS estimate of \$3.60

(15) XPO Logistics 12-month target price of \$77 is calculated by applying a 7.25x multiple to our 2019 EBITDA estimate of \$1.83 billion less 2019 net debt of \$2.4 billion divided by estimated average diluted shares outstanding in 2019

Source: FactSet Research Systems, Stifel estimates; risk ratings are derived from a qualitative analysis by Stifel analysts

Current and Historical Valuation



Stifel 12-Month Target Price Matrix Grouped by Market Cap. (excludes Shipping & Airlines coverage)

| Stifel 12-Month Target Price Matrix | | | | | | | | | | | |
|--|---------|--------|-----------------------|--------------------|--------------------|-----------|---------------------|---------------------|-------------------|-----------------------|--|
| Company | Ticker | Rating | Closing 12/12/2017 | Mkt. Cap (\$mm) | Earnings Per Share | | P/E Multiple (x) | 12-Mo. Target Price | | | |
| | | | | | CY 18E | CY 19E | | Estimate | Dividend Yield | Potential Upside % | |
| Large cap (\$10 billion and above): | | | | | | | | | | | |
| Cummins | CM | Hold | \$ 169.22 | 28,342.4 | \$ 11.95 | \$ 12.75 | 14.5x | \$ 173 | 2.5% | 4.8% | |
| Canadian National Railway | CNI | Hold | \$ 80.09 | 59,605.9 | \$ 4.60 | \$ 5.35 | 16.5x | \$ 88 | 1.6% | 11.5% | |
| Kansas City Southern | KSU | Buy | \$ 110.30 | 11,455.0 | \$ 5.90 | \$ 6.55 | 18.0x | \$ 118 | 1.3% | 8.3% | |
| Canadian Pacific Railway | CP | Buy | \$ 178.28 | 26,089.0 | \$ 10.93 | \$ 13.08 | 14.5x | \$ 190 | 1.0% | 7.6% | |
| PACCAR Inc. | PCAR | Hold | \$ 71.91 | 25,224.5 | \$ 4.80 | \$ 5.05 | 15.0x | \$ 72 | 1.4% | 1.5% | |
| CSX Corp. | CSX | Hold | \$ 56.98 | 50,915.4 | \$ 2.75 | \$ 3.35 | 17.0x | \$ 57 | 1.4% | 1.4% | |
| United Parcel Service | UPS | Hold | \$ 118.16 | 101,883.9 | \$ 6.43 | \$ 6.80 | 16.5x | \$ 112 | 2.8% | (2.4%) | |
| DSV A/S | DSV-DK | Hold | DKK 486.00 | 90,230.2 | DKK 19.58 | DKK 21.23 | 22.0x | DKK 467 | 0.4% | (3.5%) | |
| Union Pacific Corp. | UNP | Hold | \$ 130.70 | 101,584.2 | \$ 6.60 | \$ 7.30 | 16.5x | \$ 120 | 2.1% | (6.1%) | |
| C.H. Robinson Worldwide | CHRW | Hold | \$ 88.00 | 12,289.9 | \$ 3.70 | \$ 4.10 | 20.0x | \$ 82 | 2.1% | (4.7%) | |
| Kuehne+Nagel International AG | KNIN-CH | Hold | CHF 172.90 | 20,642.9 | CHF 6.72 | NE | 23.0x | CHF 155 | 3.2% | (7.2%) | |
| FedEx Corp. ⁽⁴⁾ | FDX | Hold | \$ 239.50 | 63,982.8 | \$ 14.15 | \$ - | 15.0x | \$ 221 | 0.8% | (7.1%) | |
| Norfolk Southern Corp. | NSC | Hold | \$ 141.46 | 40,504.4 | \$ 7.15 | \$ 7.85 | 16.0x | \$ 126 | 1.7% | (9.2%) | |
| Deutsche Post DHL | DPW-DE | Hold | € 40.02 | 48,259.0 | \$ 2.39 | \$ 2.60 | 14.0x | € 33 | 2.6% | (14.9%) | |
| Mid-cap (\$2 billion to \$10 billion): | | | | | | | | | | | |
| BEST Inc. | BSTI | Buy | \$ 9.38 | 2,174.0 | \$ 0.09 | \$ 0.38 | 42.0x | \$ 16 | 0.0% | 70.6% | |
| WABCO Holdings Inc. | WBC | Buy | \$ 145.02 | 7,760.2 | \$ 7.50 | \$ 8.30 | 20.5x | \$ 154 | - | 6.2% | |
| Trinity Industries ⁽¹³⁾ | TRN | Buy | \$ 36.88 | 5,433.9 | \$ 1.25 | \$ - | NA | \$ 41 | 1.5% | 12.6% | |
| Navistar International ⁽⁹⁾ | NAV | Hold | \$ 41.63 | 3,934.2 | \$ 1.93 | \$ 3.13 | NA | \$ 45 | - | 8.1% | |
| J.B. Hunt Transport Svcs. | JBHT | Buy | \$ 111.24 | 12,215.4 | \$ 4.55 | \$ 5.55 | 22.5x | \$ 125 | 0.8% | 13.2% | |
| Landstar System | LSTR | Buy | \$ 104.00 | 4,353.6 | \$ 4.45 | \$ 5.10 | 22.5x | \$ 115 | 0.4% | 11.0% | |
| Allison Transmission | ALSN | Hold | \$ 41.40 | 5,939.8 | \$ 2.70 | \$ 2.95 | 15.5x | \$ 42 | 1.4% | 2.9% | |
| Kirby Corp. ⁽⁷⁾ | KEX | Hold | \$ 63.75 | 3,805.7 | \$ 2.60 | \$ 3.10 | NA | \$ 67 | - | 5.1% | |
| XPO Logistics, Inc. ⁽¹⁵⁾ | XPO | Buy | \$ 76.29 | 9,159.1 | \$ 2.50 | \$ 3.25 | NA | \$ 80 | - | 4.9% | |
| Wabtec Corporation | WAB | Hold | \$ 76.73 | 7,420.7 | \$ 3.95 | \$ - | 19.0x | \$ 75 | 0.6% | (1.6%) | |
| Genesee & Wyoming, Inc. | GWR | Hold | \$ 77.22 | 4,791.0 | \$ 3.55 | \$ 4.20 | 18.0x | \$ 76 | - | (1.6%) | |
| Thor Industries ⁽¹⁴⁾ | THO | Hold | \$ 149.40 | 7,912.0 | \$ 9.80 | \$ 6.13 | 13.5x | \$ 142 | 1.0% | (4.0%) | |
| Expeditors International | EXPD | Hold | \$ 64.35 | 11,401.4 | \$ 2.60 | \$ 2.77 | 21.5x | \$ 60 | 1.3% | (5.5%) | |
| Knight-Swift Transportation | KNX | Hold | \$ 42.99 | 7,608.5 | \$ 1.40 | \$ 1.90 | 21.0x | \$ 40 | 0.6% | (6.4%) | |
| GATX Corporation | GATX | Hold | \$ 61.37 | 2,346.3 | \$ 4.15 | \$ - | 13.5x | \$ 56 | 2.7% | (6.0%) | |
| Ryder System | R | Hold | \$ 81.76 | 4,327.4 | \$ 5.44 | \$ 5.67 | 13.5x | \$ 73 | 2.3% | (8.5%) | |
| Old Dominion Freight Line | ODFL | Hold | \$ 129.07 | 10,594.4 | \$ 4.93 | \$ 5.54 | 20.0x | \$ 111 | 0.00 | (13.7%) | |
| Panalpina World Transport | PWTN-CH | Sell | CHF 146.80 | 3,455.9 | CHF 3.89 | CHF 4.83 | 22.0x | CHF 98 | 2.6% | (30.7%) | |

| Stifel 12-Month Target Price Matrix | | | | | | | | | | | |
|---|--------|--------|-----------------------|--------------------|--------------------|---------|---------------------|----------|-------------------|-----------------------|--|
| Company | Ticker | Rating | Closing 12/12/2017 | Mkt. Cap (\$mm) | Earnings Per Share | | 12-Mo. Target Price | | | | |
| | | | | | CY 18E | CY 19E | P/E Multiple (1) | Estimate | Dividend Yield | Potential Upside % | |
| Small cap (\$2 billion and below): | | | | | | | | | | | |
| Meritor ⁽⁸⁾ | MTOR | Hold | \$ 23.59 | 2,054.8 | \$ 1.87 | \$ 2.20 | NA | \$ 31 | - | 31.4% | |
| REV Group ⁽¹⁰⁾ | REV.G | Buy | \$ 27.12 | 1,744.8 | \$ 1.32 | \$ 1.79 | NA | \$ 33 | 0.7% | 22.4% | |
| Atlas Air Worldwide Holdings, Inc. | AAWW | Buy | \$ 57.00 | 1,434.8 | \$ 4.90 | \$ 5.78 | 12.0x | \$ 69 | - | 21.1% | |
| Greenbrier ⁽⁷⁾ | GBX | Buy | \$ 50.90 | 1,437.9 | \$ 3.97 | \$ - | 15.0x | \$ 60 | 1.8% | 19.7% | |
| Heartland Express ⁽⁸⁾ | HTLD | Buy | \$ 22.39 | 1,861.8 | \$ 0.70 | \$ 1.25 | 21.0x | \$ 27 | 0.4% | 20.9% | |
| Universal Logistics Holdings, Inc. | ULH | Buy | \$ 23.80 | 680.9 | \$ 1.20 | \$ 1.65 | 16.5x | \$ 27 | 1.2% | 14.6% | |
| Blue Bird Corporation ⁽²⁾ | BLBD | Buy | \$ 18.05 | 429.7 | \$ 1.10 | \$ 1.20 | NA | \$ 21 | - | 16.3% | |
| Echo Global Logistics | ECHO | Buy | \$ 27.90 | 777.2 | \$ 1.05 | \$ 1.40 | 22.0x | \$ 31 | - | 11.1% | |
| Daseke, Inc. ⁽³⁾ | DSKE | Buy | \$ 13.64 | 602.0 | \$ 0.09 | \$ 0.19 | NA | \$ 15 | - | 10.0% | |
| Wabash National Corp. | WNC | Hold | \$ 20.01 | 1,164.2 | \$ 1.70 | \$ 1.70 | 13.0x | \$ 22 | 0.01 | 11.2% | |
| Student Transportation Inc. ⁽¹¹⁾ | STB | Buy | \$ 5.99 | 564.5 | \$ 0.11 | \$ 0.13 | NA | \$ 7 | NM | 8.5% | |
| USA Truck, Inc. | USAK | Buy | \$ 18.21 | 150.0 | \$ 0.45 | \$ 1.20 | 17.0x | \$ 20 | - | 9.8% | |
| Covenant Transportation Group | CVTI | Hold | \$ 28.87 | 528.4 | \$ 1.15 | \$ 1.75 | 18.0x | \$ 32 | - | 10.8% | |
| Hub Group, Inc. | HUBG | Buy | \$ 46.55 | 1,598.2 | \$ 2.15 | \$ 2.65 | 19.0x | \$ 50 | - | 7.4% | |
| Marten Transport ⁽⁸⁾ | MRTN | Hold | \$ 20.05 | 1,095.0 | \$ 0.72 | \$ 0.85 | 22.0x | \$ 19 | 0.5% | (4.7%) | |
| Werner Enterprises | WERN | Hold | \$ 38.10 | 2,748.8 | \$ 1.55 | \$ 1.80 | 20.0x | \$ 36 | 0.7% | (4.8%) | |
| Air Transport Services Group, Inc. | ATSG | Hold | \$ 22.99 | 1,374.0 | \$ 1.13 | \$ 1.30 | 17.0x | \$ 22 | - | (4.3%) | |
| American Railcar Industries | ARI | Hold | \$ 40.25 | 762.4 | \$ 2.20 | \$ - | 16.0x | \$ 35 | 4.0% | (9.0%) | |
| Rush Enterprises | RUSA | Hold | \$ 48.80 | 1,939.6 | \$ 2.45 | \$ 2.75 | 16.5x | \$ 40 | - | (18.0%) | |
| Forward Air Corp. | FWRD | Hold | \$ 57.47 | 1,720.8 | \$ 2.49 | \$ 2.67 | 19.5x | \$ 52 | 1.0% | (8.5%) | |
| Saia, Inc. | SAIA | Hold | \$ 68.15 | 1,732.0 | \$ 2.71 | \$ 3.32 | 18.0x | \$ 60 | - | (12.0%) | |
| FreightCar America ⁽⁵⁾ | RAIL | Hold | \$ 16.56 | 205.2 | \$ (0.95) | \$ - | NA | \$ 14 | 2.2% | (13.3%) | |
| P.A.M. Transportation Services | PTSI | Hold | \$ 37.56 | 233.5 | \$ 1.45 | \$ 1.90 | 16.0x | \$ 30 | - | (20.1%) | |
| Winnebago ⁽¹⁴⁾ | WGO | Hold | \$ 54.95 | 1,770.1 | \$ 3.20 | \$ 2.40 | 12.5x | \$ 45 | 0.01 | (17.4%) | |
| ArcBest Corporation | ARCB | Hold | \$ 38.55 | 956.3 | \$ 1.83 | \$ 2.08 | 13.0x | \$ 27 | 0.9% | (29.1%) | |
| Roadrunner Transportation Svcs. | RRTS | SU | \$ 8.43 | 328.8 | NA | NA | NA | NA | - | NA | |
| Celadon Group | CGI | SU | \$ 6.00 | 179.7 | NA | NA | NA | NA | 1.3% | NA | |

(1) Multiples listed are applied to 2019 EPS estimates unless none is established or otherwise noted

(2) Blue Bird (BLBD) target price is \$22, or 9.0x or 2018 EBITDA estimate of \$85 million

(3) Daseke, Inc. (DSKE) target price of \$15 is calculated by applying a 6.75x multiple to our 2019 EBITDA estimate of \$207 million, subtracting projected net debt of \$408 million, divided by forecasted shares outstanding at year end 2019

(4) FedEx Inc. on May 31 fiscal year, 12-month target price of \$221 is calculated by applying a 15.0x multiple to our FY2019 EPS estimate of \$14.70

(5) FreightCar America (RAIL) target price is \$15, which reflects valuation of 0.75x tangible book

(6) Heartland Express (HTLD) target price is \$27, or 21.0x our 2019 EPS estimate of \$1.25 plus \$0.62 net cash per share (adjusted for the IDC deal)

(7) Kirby Corp. 12-month target price of \$69 is calculated by applying an 8.25x multiple to our 2019 EBITDA estimate of \$563.1 million less 2019 net debt of \$699.0 million divided by average diluted shares outstanding in 2019

(8) Meritor (MTOR) target price is \$31, or 9.0x our 2018 EBITDA estimate of \$400 million

(9) Navistar International (NAV) target price is \$45, or 11.0x our 2018 EBITDA estimate of \$780 million

(10) REV Group (REV.G) target price is \$33, or 9.0x our 2019 EBITDA estimate of \$275 million

(11) Student Transportation Inc. 12-month target price is \$6.50 or 9.0x our CY2019 EBITDA of \$120, less CY2019 net debt of \$364 million for a total of \$773 million in equity value divided by 112.6 million shares

(12) Thor Industries (THO) target price is \$114, or 12.5x our FY19 EPS estimate of \$9.10

(13) Trinity (TRN) target price of \$41 is derived via our sum-of-the-parts analysis

(14) Winnebago (WGO) target price is \$45, or 12.5x our FY19 EPS estimate of \$3.60

(15) XPO Logistics 12-month target price of \$77 is calculated by applying a 7.25x multiple to our 2019 EBITDA estimate of \$1.83 billion less 2019 net debt of \$2.4 billion divided by estimated average diluted shares outstanding in 2019

Source: FactSet Research Systems, Stifel estimates; risk ratings are derived from a qualitative analysis by Stifel analysts

Current and Historical Valuation



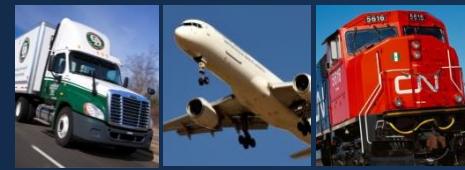
Stifel 12-Month Target Price Matrix Grouped by Risk Rating (excludes Shipping & Airlines coverage)

| Stifel 12-Month Target Price Matrix | | | | | | | | | | | |
|--------------------------------------|---------|--------|-----------------------|----------------|--------------------|---------|---------------------|----------|-------------------|--|-----------------------|
| Company | Ticker | Rating | Closing 12/12/2017 | Risk Rating | Earnings Per Share | | 12-Mo. Target Price | | | | Potential Upside % |
| | | | | | CY 18E | CY 19E | P/E Multiple (1) | Estimate | Dividend Yield | | |
| Low Risk: | | | | | | | | | | | |
| Canadian National Railway | CNI | Hold | \$ 80.09 | Low | \$ 4.60 | \$ 5.35 | 16.5x | \$ 88 | 1.6% | | 11.5% |
| Wabtec Corporation | WAB | Hold | \$ 76.73 | Low | \$ 3.95 | \$ - | 19.0x | \$ 75 | 0.6% | | (1.6%) |
| Union Pacific Corp. | UNP | Hold | \$ 130.70 | Low | \$ 6.60 | \$ 7.30 | 16.5x | \$ 120 | 2.1% | | (6.1%) |
| Werner Enterprises | WERN | Hold | \$ 38.10 | Low | \$ 1.55 | \$ 1.80 | 20.0x | \$ 36 | 0.7% | | (4.8%) |
| Norfolk Southern Corp. | NSC | Hold | \$ 141.46 | Low | \$ 7.15 | \$ 7.85 | 16.0x | \$ 126 | 1.7% | | (9.2%) |
| Old Dominion Freight Line | ODFL | Hold | \$ 129.07 | Low | \$ 4.93 | \$ 5.54 | 20.0x | \$ 111 | 0.3% | | (13.7%) |
| Low-Medium Risk: | | | | | | | | | | | |
| Heartland Express ⁽⁸⁾ | HTLD | Buy | \$ 22.39 | Low-Med | \$ 0.70 | \$ 1.25 | 21.0x | \$ 27 | 0.4% | | 20.9% |
| Blue Bird Corporation ⁽²⁾ | BLBD | Buy | \$ 18.05 | Low-Med | \$ 1.10 | \$ 1.20 | NA | \$ 21 | - | | 16.3% |
| J.B. Hunt Transport Svcs. | JBHT | Buy | \$ 111.24 | Low-Med | \$ 4.55 | \$ 5.55 | 22.5x | \$ 125 | 0.8% | | 13.2% |
| Landstar System | LSTR | Buy | \$ 104.00 | Low-Med | \$ 4.45 | \$ 5.10 | 22.5x | \$ 115 | 0.4% | | 11.0% |
| CSX Corp. | CSX | Hold | \$ 56.98 | Low-Med | \$ 2.75 | \$ 3.35 | 17.0x | \$ 57 | 1.4% | | 1.4% |
| United Parcel Service | UPS | Hold | \$ 118.16 | Low-Med | \$ 6.43 | \$ 6.80 | 16.5x | \$ 112 | 2.8% | | (2.4%) |
| Marten Transport ⁽⁸⁾ | MRTN | Hold | \$ 20.05 | Low-Med | \$ 0.72 | \$ 0.85 | 22.0x | \$ 19 | 0.5% | | (4.7%) |
| Expeditors International | EXPD | Hold | \$ 64.35 | Low-Med | \$ 2.60 | \$ 2.77 | 21.5x | \$ 60 | 1.3% | | (5.5%) |
| Knight-Swift Transportation | KNX | Hold | \$ 42.99 | Low-Med | \$ 1.40 | \$ 1.90 | 21.0x | \$ 40 | 0.6% | | (6.4%) |
| GATX Corporation | GATX | Hold | \$ 61.37 | Low-Med | \$ 4.15 | \$ - | 13.5x | \$ 56 | 2.7% | | (6.0%) |
| Kuehne+Nagel International AG | KNIN-CH | Hold | \$ 172.90 | Low-Med | \$ 6.72 | NE | 23.0x | \$ 155 | 3.2% | | (7.2%) |
| Ryder System | R | Hold | \$ 81.76 | Low-Med | \$ 5.44 | \$ 5.67 | 13.5x | \$ 73 | 2.3% | | (8.5%) |

(1) Multiples listed are applied to 2019 EPS estimates unless none is established or otherwise noted
(2) Blue Bird (BLBD) target price is \$22, or 9.0x or 2018 EBITDA estimate of \$85 million
(3) Daseke, Inc. (DSKE) target price of \$15 is calculated by applying a 6.75x multiple to our 2019 EBITDA estimate of \$207 million, subtracting projected net debt of \$408 million, divided by forecasted shares outstanding at year end 2019
(4) FedEx is on May 31 fiscal year, 12-month target price of \$221 is calculated by applying a 15.0x multiple to our FY2019 EPS estimate of \$14.70
(5) Freightcar America (RAIL) target price is \$15, which reflects valuation of 0.75x tangible book
(6) Heartland Express (HTLD) target price is \$27, or 21.0x our 2019 EPS estimate of \$1.25 plus \$0.62 net cash per share (adjusted for the IDC deal)
(7) Kirby Corp. 12-month target price of \$69 is calculated by applying an 8.25x multiple to our 2019 EBITDA estimate of \$563.1 million less 2019 net debt of \$699.0 million divided by average diluted shares outstanding in 2019
(8) Meritor (MTOR) target price is \$31, or 9.0x our 2018 EBITDA estimate of \$400 million
(9) Navistar International (NAV) target price is \$45, or 11.0x our 2018 EBITDA estimate of \$780 million
(10) REV Group (REVG) target price is \$33, or 9.0x our 2019 EBITDA estimate of \$275 million
(11) Student Transportation Inc. 12-month target price is \$6.50 or 9.0x our CY2019 EBITDA of \$120, less CY2019 net debt of \$364 million for a total of \$773 million in equity value divided by 112.6 million shares
(12) Thor Industries (THO) target price is \$114, or 12.5x our FY19 EPS estimate of \$9.10
(13) Trinity (TRN) target price of \$41 is derived via our sum-of-the-parts analysis
(14) Winnebago (WGO) target price is \$45, or 12.5x our FY19 EPS estimate of \$3.60
(15) XPO Logistics 12-month target price of \$77 is calculated by applying a 7.25x multiple to our 2019 EBITDA estimate of \$1.83 billion less 2019 net debt of \$2.4 billion divided by estimated average diluted shares outstanding in 2019

Source: FactSet Research Systems, Stifel estimates; risk ratings are derived from a qualitative analysis by Stifel analysts

| Stifel 12-Month Target Price Matrix | | | | | | | | | | | |
|-------------------------------------|---------|--------|-----------------------|----------------|--------------------|----------|---------------------|----------|-------------------|--|-----------------------|
| Company | Ticker | Rating | Closing 12/12/2017 | Risk Rating | Earnings Per Share | | 12-Mo. Target Price | | | | Potential Upside % |
| | | | | | CY 18E | CY 19E | P/E Multiple (1) | Estimate | Dividend Yield | | |
| Medium Risk: | | | | | | | | | | | |
| Universal Logistics Holdings, Inc. | ULH | Buy | \$ 23.80 | Medium | \$ 1.20 | \$ 1.65 | 16.5x | \$ 27 | 1.2% | | 14.6% |
| WABCO Holdings Inc. | WBC | Buy | \$ 145.02 | Medium | \$ 7.50 | \$ 8.30 | 20.5x | \$ 154 | - | | 6.2% |
| Cummins | CM | Hold | \$ 169.22 | Medium | \$ 11.95 | \$ 12.75 | 14.5x | \$ 173 | 2.5% | | 4.8% |
| Echo Global Logistics | ECHO | Buy | \$ 27.90 | Medium | \$ 1.05 | \$ 1.40 | 22.0x | \$ 31 | - | | 11.1% |
| Student Transportation Inc. (11) | STB | Buy | \$ 5.99 | Medium | \$ 0.11 | \$ 0.13 | NA | \$ 7 | NM | | 8.5% |
| Allison Transmission (2) | ALSN | Hold | \$ 41.40 | Medium | \$ 2.70 | \$ 2.95 | 15.5x | \$ 42 | 1.4% | | 2.9% |
| Canadian Pacific Railway | CP | Buy | \$ 178.28 | Medium | \$ 10.93 | \$ 13.08 | 14.5x | \$ 190 | 1.0% | | 7.6% |
| Hub Group, Inc. | HUBG | Buy | \$ 46.55 | Medium | \$ 2.15 | \$ 2.65 | 19.0x | \$ 50 | - | | 7.4% |
| PACCAR Inc. | PCAR | Hold | \$ 71.91 | Medium | \$ 4.80 | \$ 5.05 | 15.0x | \$ 72 | 1.4% | | 1.5% |
| Kirby Corp. (7) | KEX | Hold | \$ 63.75 | Medium | \$ 2.60 | \$ 3.10 | NA | \$ 67 | - | | 5.1% |
| XPO Logistics, Inc. (15) | XPO | Buy | \$ 76.29 | Medium | \$ 2.50 | \$ 3.25 | NA | \$ 80 | - | | 4.9% |
| Genesee & Wyoming, Inc. | GWR | Hold | \$ 77.22 | Medium | \$ 3.55 | \$ 4.20 | 18.0x | \$ 76 | 0.0% | | (1.6%) |
| DSV A/S | DSV-DK | Hold | DKK 486.00 | Medium | DKK 19.6 | DKK 21.2 | 22.0x | DKK 467 | 0.4% | | (3.5%) |
| C.H. Robinson Worldwide | CHRW | Hold | \$ 88.00 | Medium | \$ 3.70 | \$ 4.10 | 20.0x | \$ 82 | 2.1% | | (4.7%) |
| Air Transport Services Group, Inc. | ATSG | Hold | \$ 22.99 | Medium | \$ 1.13 | \$ 1.30 | 17.0x | \$ 22 | - | | (4.3%) |
| FedEx Corp. (4) | FDX | Hold | \$ 239.50 | Medium | \$ 14.15 | \$ - | 15.0x | \$ 221 | 0.8% | | (7.1%) |
| Rush Enterprises | RUSHA | Hold | \$ 48.80 | Medium | \$ 2.45 | \$ 2.75 | 16.5x | \$ 40 | - | | (18.0%) |
| Forward Air Corp. | FWRD | Hold | \$ 57.47 | Medium | \$ 2.49 | \$ 2.67 | 19.5x | \$ 52 | 1.0% | | (8.5%) |
| Saia, Inc. | SAIA | Hold | \$ 68.15 | Medium | \$ 2.71 | \$ 3.32 | 18.0x | \$ 60 | - | | (12.0%) |
| Deutsche Post DHL | DPW-DE | Hold | € 40.02 | Medium | € 2.39 | € 2.60 | 14.0x | € 33 | 2.6% | | (14.9%) |
| Medium-High Risk: | | | | | | | | | | | |
| Meritor (8) | MTOR | Buy | \$ 23.59 | Med-High | \$ 1.87 | \$ 2.20 | NA | \$ 31 | 0.0% | | 31.4% |
| REV Group (10) | REVG | Buy | \$ 27.12 | Med-High | \$ 1.32 | \$ 1.79 | NA | \$ 33 | 0.7% | | 22.4% |
| Atlas Air Worldwide Holdings, Inc. | AAWW | Buy | \$ 57.00 | Med-High | \$ 4.90 | \$ 5.78 | 12.0x | \$ 69 | - | | 21.1% |
| Greenbrier (7) | GBX | Buy | \$ 50.90 | Med-High | \$ 3.97 | \$ - | 15.0x | \$ 60 | 1.8% | | 19.7% |
| Trinity Industries (13) | TRN | Buy | \$ 36.88 | Med-High | \$ 1.25 | \$ - | NA | \$ 41 | 1.5% | | 12.6% |
| Daseke, Inc. (5) | DSKE | Buy | \$ 13.64 | Med-High | \$ 0.09 | \$ 0.19 | NA | \$ 15 | - | | 10.0% |
| Wabash National Corp. | WNC | Hold | \$ 20.01 | Med-High | \$ 1.70 | \$ 1.70 | 13.0x | \$ 22 | 1.2% | | 11.2% |
| USA Truck, Inc. | USAK | Buy | \$ 18.21 | Med-High | \$ 0.45 | \$ 1.20 | 17.0x | \$ 20 | - | | 9.8% |
| Covenant Transportation Group | CVTI | Hold | \$ 28.87 | Med-High | \$ 1.15 | \$ 1.75 | 18.0x | \$ 32 | - | | 10.8% |
| Kansas City Southern | KSU | Buy | \$ 110.30 | Med-High | \$ 5.90 | \$ 6.55 | 18.0x | \$ 118 | 1.3% | | 8.3% |
| Thor Industries (12) | THO | Hold | \$ 149.40 | Med-High | \$ 9.80 | \$ 6.13 | 13.5x | \$ 142 | 1.0% | | (4.0%) |
| American Railcar Industries | ARIL | Hold | \$ 40.25 | Med-High | \$ 2.20 | \$ - | 16.0x | \$ 35 | 4.0% | | (9.0%) |
| FreightCar America (5) | RAIL | Hold | \$ 16.56 | Med-High | \$ (0.95) | \$ - | NA | \$ 14 | 2.2% | | (13.3%) |
| P.A.M. Transportation Services | PTSI | Hold | \$ 37.56 | Med-High | \$ 1.45 | \$ 1.90 | 16.0x | \$ 30 | - | | (20.1%) |
| Winnebago (14) | WGO | Hold | \$ 54.95 | Med-High | \$ 3.20 | \$ 2.40 | 12.5x | \$ 45 | 0.7% | | (17.4%) |
| ArcBest Corporation | ARCB | Hold | \$ 38.55 | Med-High | \$ 1.83 | \$ 2.08 | 13.0x | \$ 27 | 0.9% | | (29.1%) |
| Panalpina World Transport | PWTN-CH | Sell | CHF 146.80 | Med-High | CHF 3.89 | CHF 4.83 | 22.0x | CHF 98 | 2.6% | | (30.7%) |
| High Risk: | | | | | | | | | | | |
| BEST Inc. | BSTI | Buy | \$ 9.38 | High | \$ 0.09 | \$ 0.38 | 42.0x | \$ 16 | - | | 70.6% |
| YRC Worldwide | YRCW | Buy | \$ 14.40 | High | \$ 1.52 | \$ 2.05 | 9.0x | \$ 18 | - | | 25.0% |
| Navistar International (9) | NAV | Hold | \$ 41.63 | High | \$ 1.93 | \$ 3.13 | NA | \$ 45 | - | | 8.1% |
| Roadrunner Transportation Svcs. | RRTS | SU | \$ 8.43 | High | NA | NA | NA | NA | - | | NA |
| Celadon Group | CGI | SU | \$ 6.00 | High | NA | NA | NA | NA | 1.3% | | NA |



- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures



GDP Growth Strengthening into 3Q17

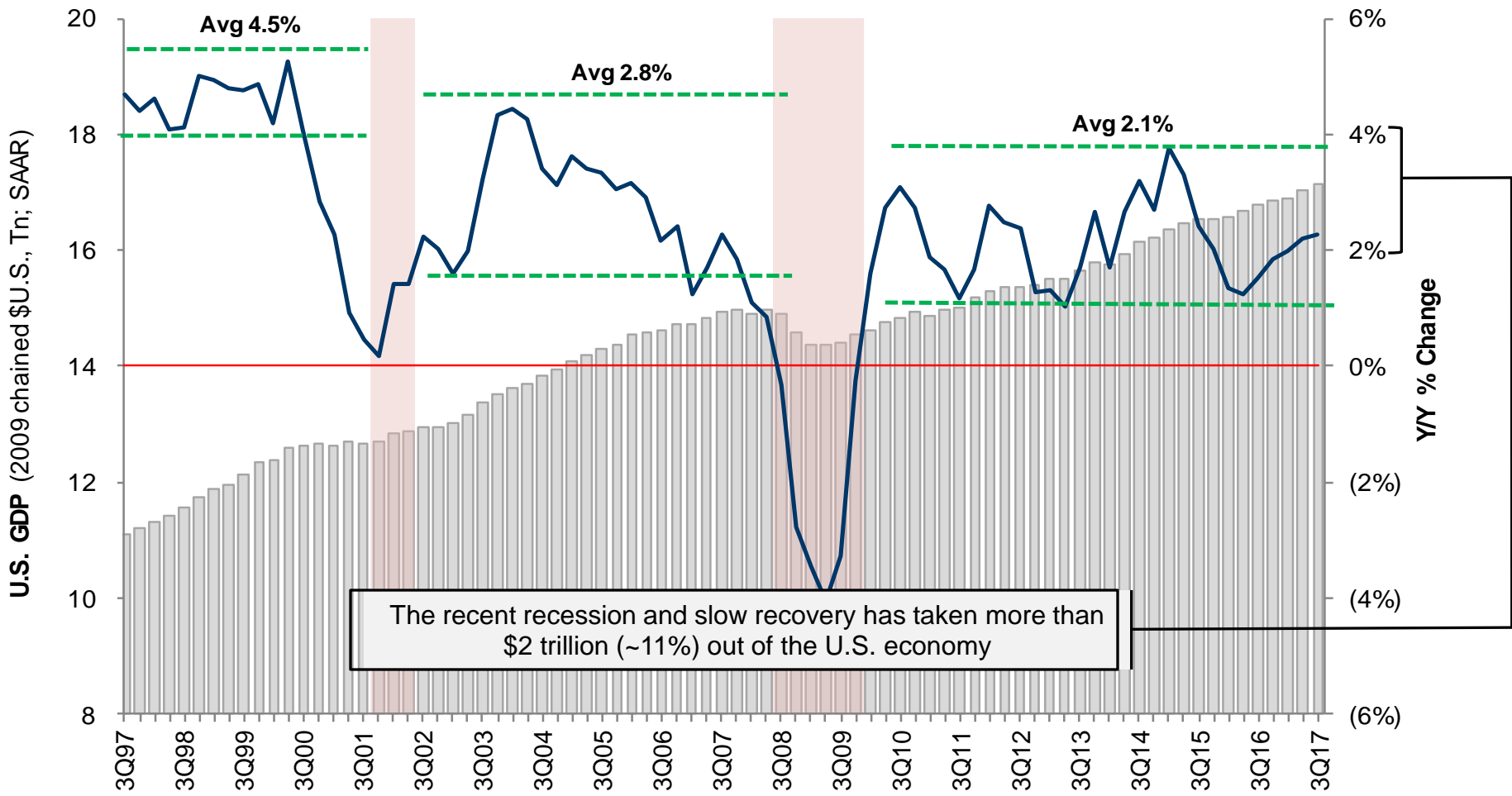
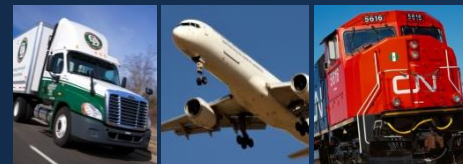


Chart displays seasonally adjusted annual data
Source: Bureau of Economic Analysis



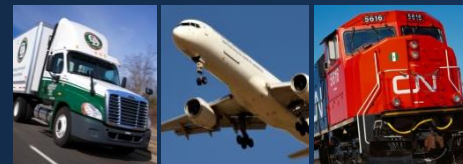
Domestic and Global Economies Should Continue to Grow Modestly, Supported By Tailwinds That Include Energy, Manufacturing, and Housing, Among Others

Domestic Tailwinds

- Lower energy costs for consumers is leaving Americans with more disposable income (but they aren't spending the savings)
- Manufacturing Automation
- Housing Activity Recovering
- Rising Asset Prices
- Improving Trade Balance

International Tailwinds

- Proliferation of Technology
- Digitalization of Commerce
- Persistently Low Ocean Freight Rates
- Epidemics Increasingly Contained
- Declining Global Poverty Levels
- Adoption of western lifestyle and diet by many in developing countries



...But Multitudinous Headwinds, Both Domestic and International, Will Continue to Tamper Economic Growth

Domestic Headwinds

- Low Labor Participation Rate Continues
- Growing Federal Deficit
- Unwinding of Quantitative Easing
- Expanding Regulatory Burden
- Complex Tax Code and Rising Taxes
- Affordable Care Act
- Aging Infrastructure
- Demographics: Aging Population, Delayed Household Formation
- Slowdown in energy investment

International Headwinds

- Decelerating growth levels in the Eurozone, China, and Japan
- Low oil prices mean underfunded petro states
- Rising Levels of Protectionism/Nationalism
- Middle East—A veritable tinderbox?
- China—exports slowing; transition to consumption-based economy still a work in process
- Instability in certain emerging markets
- Declining birthrates among developed nations
- Rise of the Islamic State: Jihad
- Increased debt levels globally



Retail Sales Ex. Gas and Adj. for Population Growth and Inflation Has Increased 2.1% Y/Y

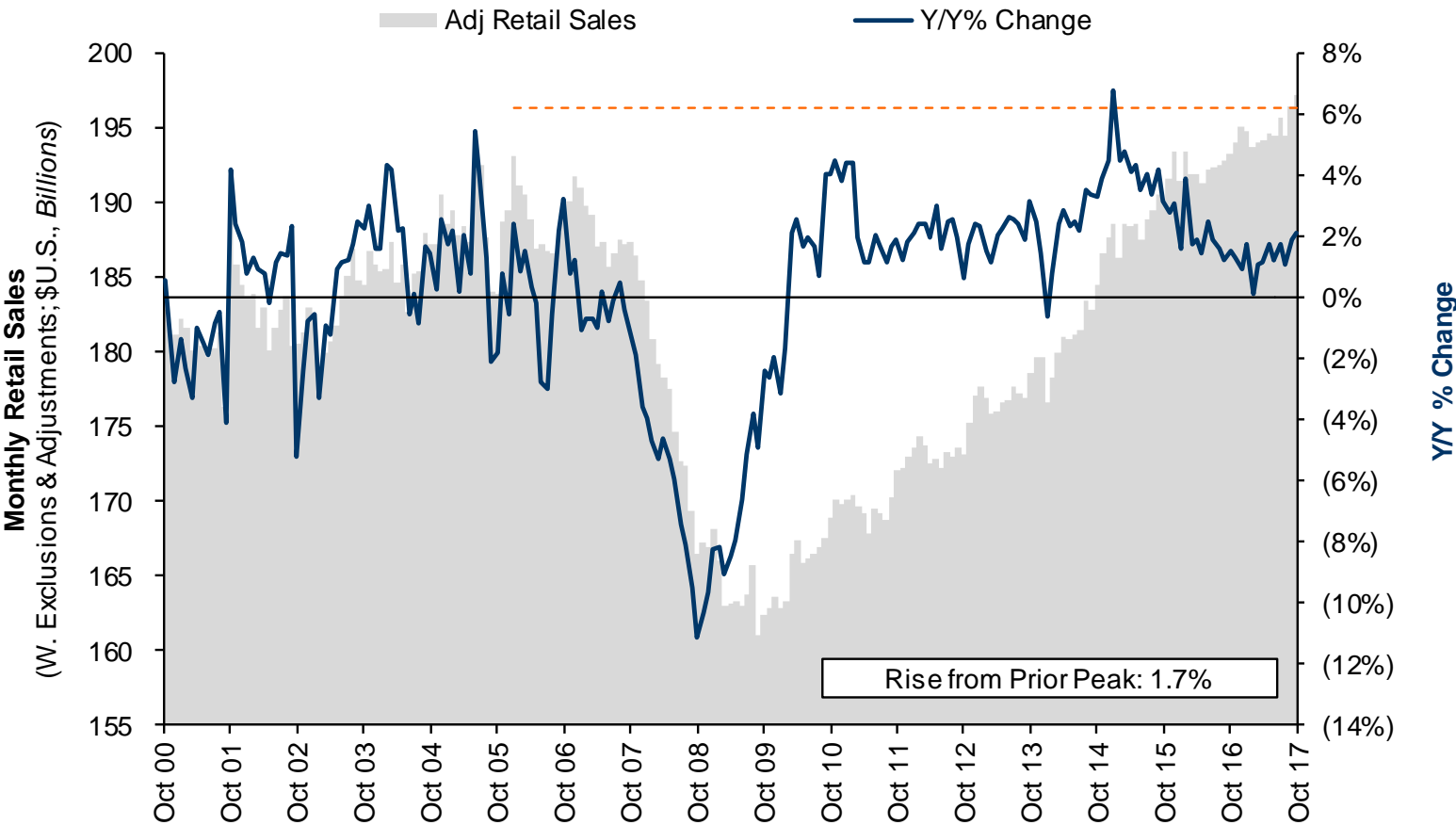
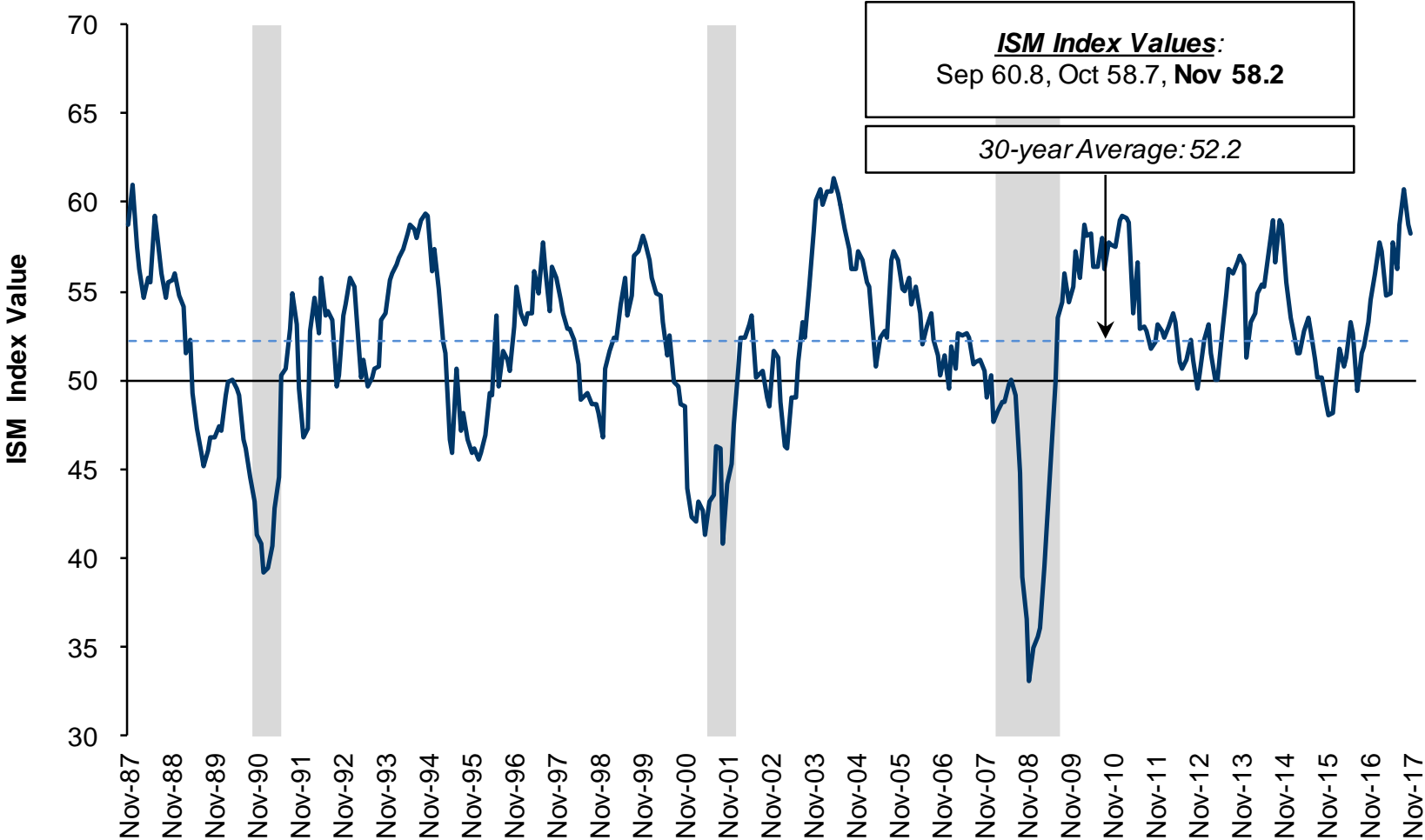


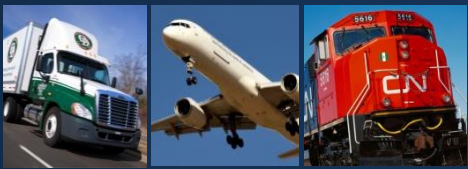
Chart displays seasonally adjusted retail sales, less gas, adjusted for inflation and population growth (1992 = 100)
Oct-17 CPI Figure Reflects Stifel Estimates
Source: U.S. Census Bureau; U.S. Department Of Labor - Bureau of Labor Statistics; Stifel indexing



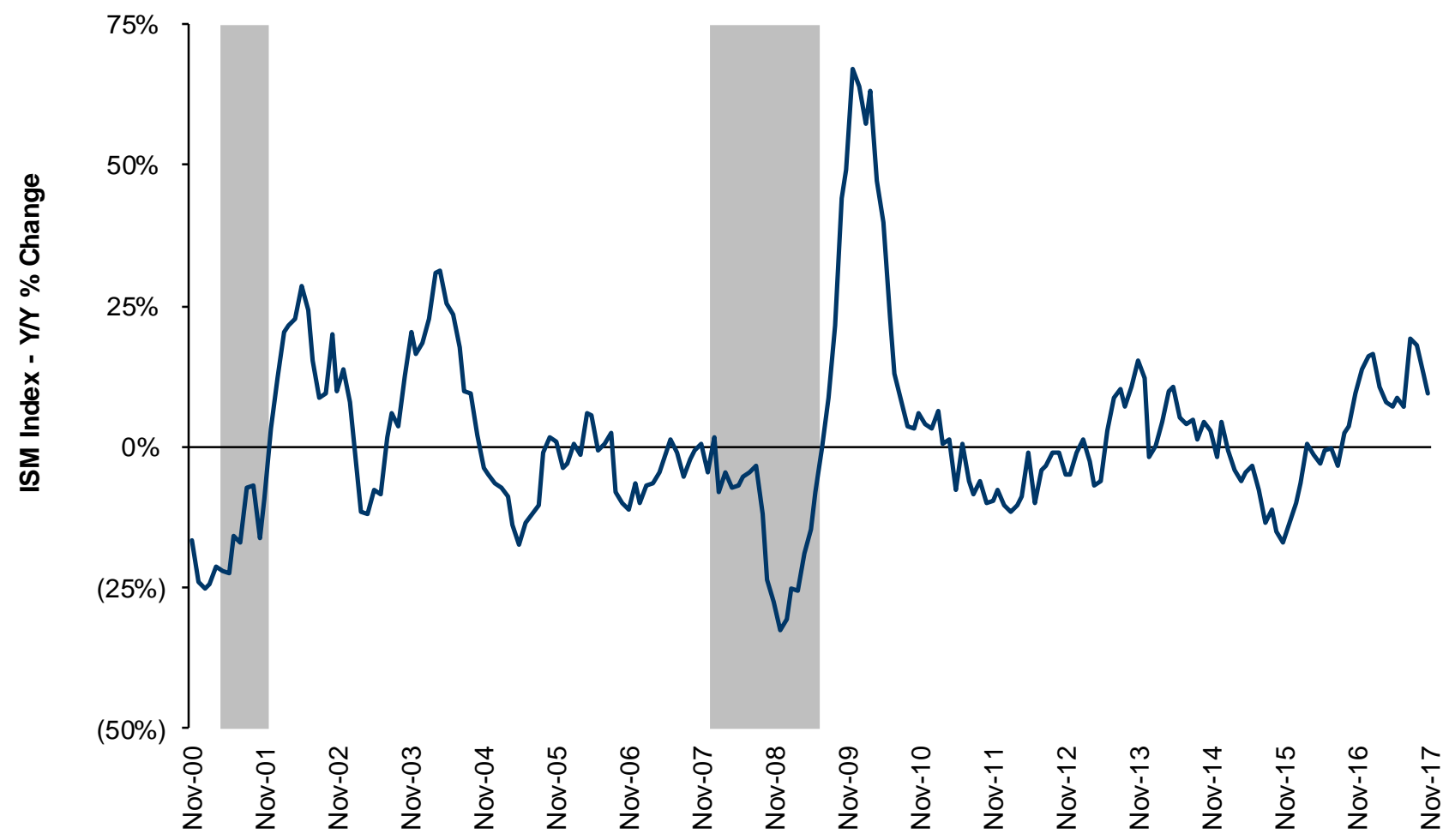
ISM Has Been Climbing Since October '16 – Closing in on a Peak?



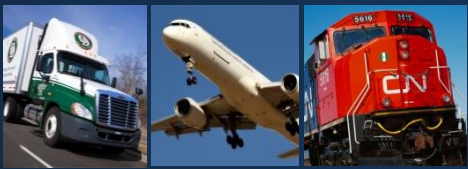
ISM Index values over 50 indicate industrial growth while ISM Index values below 50 indicate industrial contraction.
Source: Institute for Supply Management



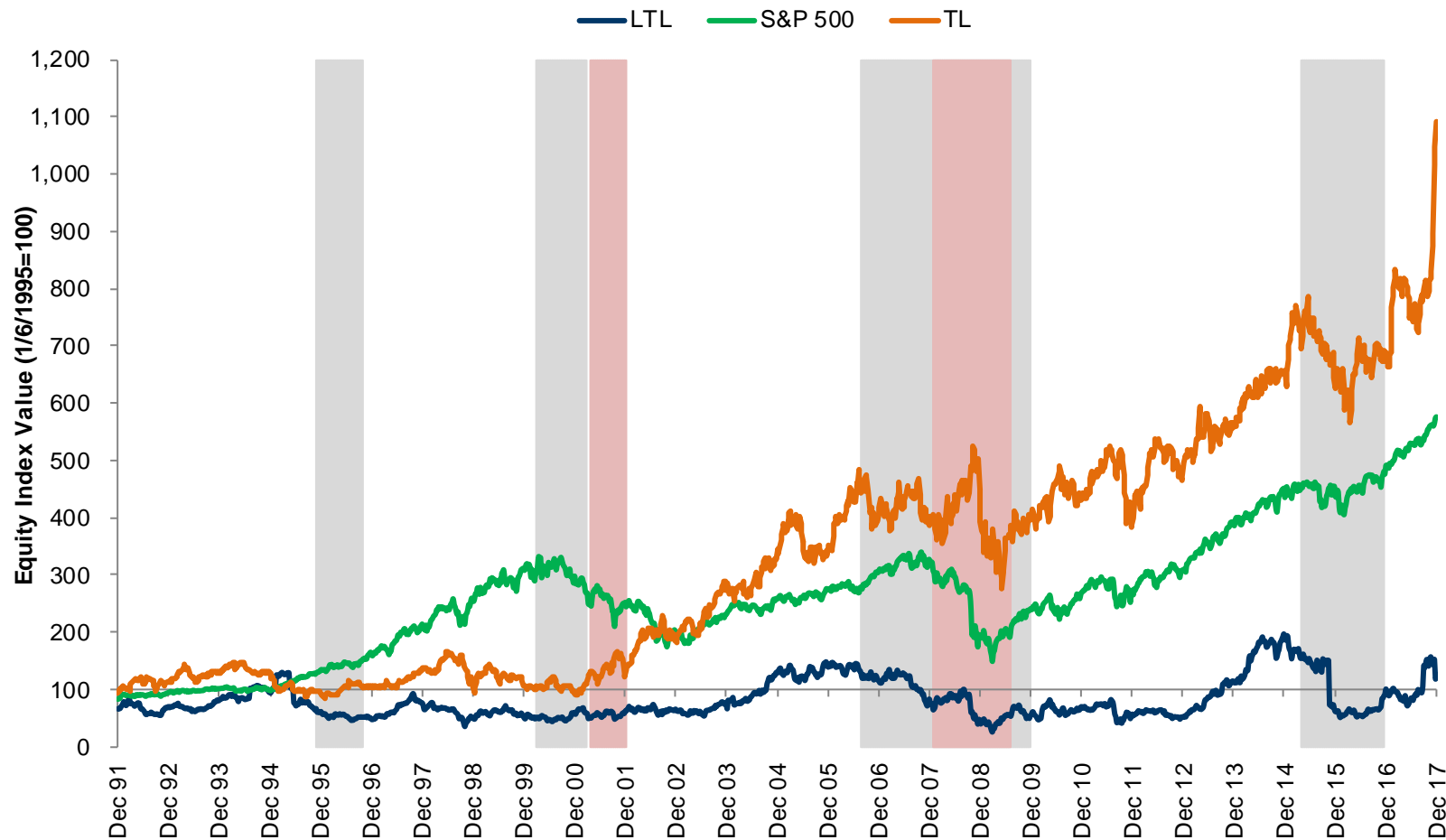
Manufacturing Activity Looks Good When Viewing ISM on y/y Basis



ISM Index values over 50 indicate industrial growth while ISM Index values below 50 indicate industrial contraction.
Source: Institute for Supply Management



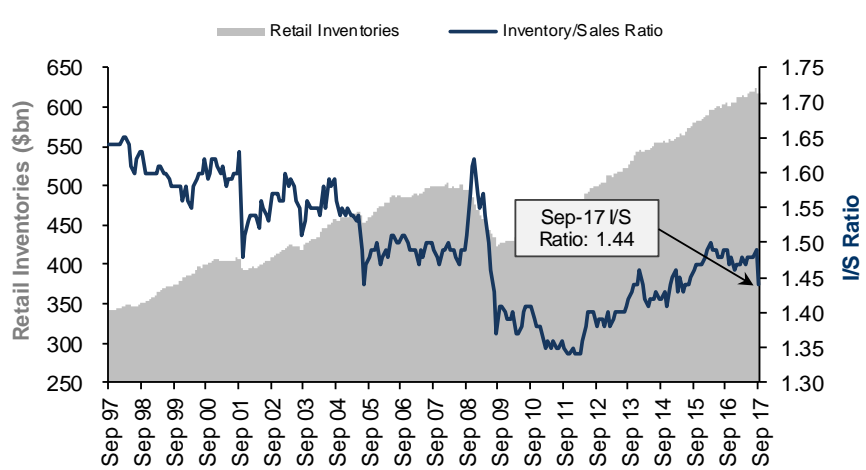
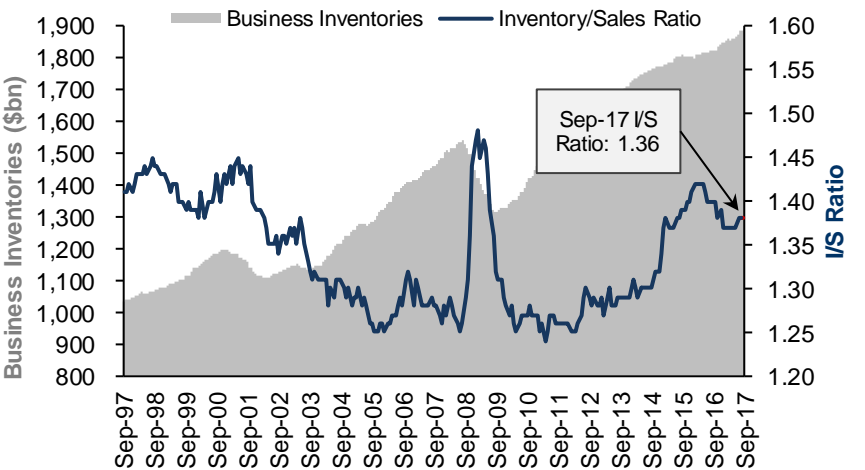
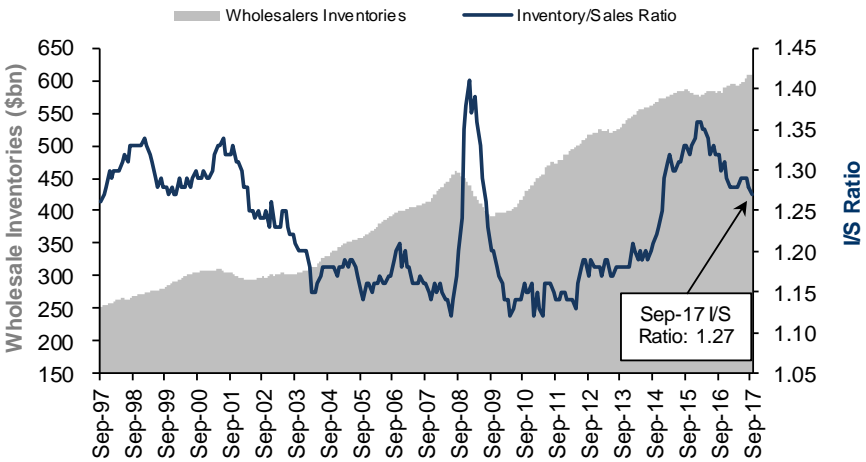
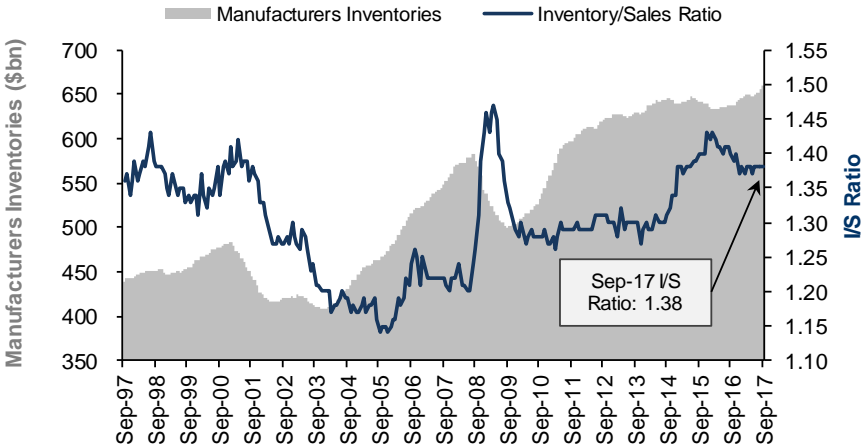
Many Economic Recessions Have Been Preceded By A Freight Recession, But
Not All Freight Recessions Have Been Followed By An Economic Recession



Red-shaded regions indicate economic recession, gray-shaded regions indicate freight recession; priced as of market close 12/08/17
LTL Group includes ARCB, ODFL, RRTS, SAIA, YRCW, AIND, AFWY, CFYW, CNW, CRGO, JEVN, OVNT, ROAD, USFC, VIKG, VTNC, YELL
Source: FactSet Research Systems; American Trucking Associations; National Bureau of Economic Research; Stifel Estimates



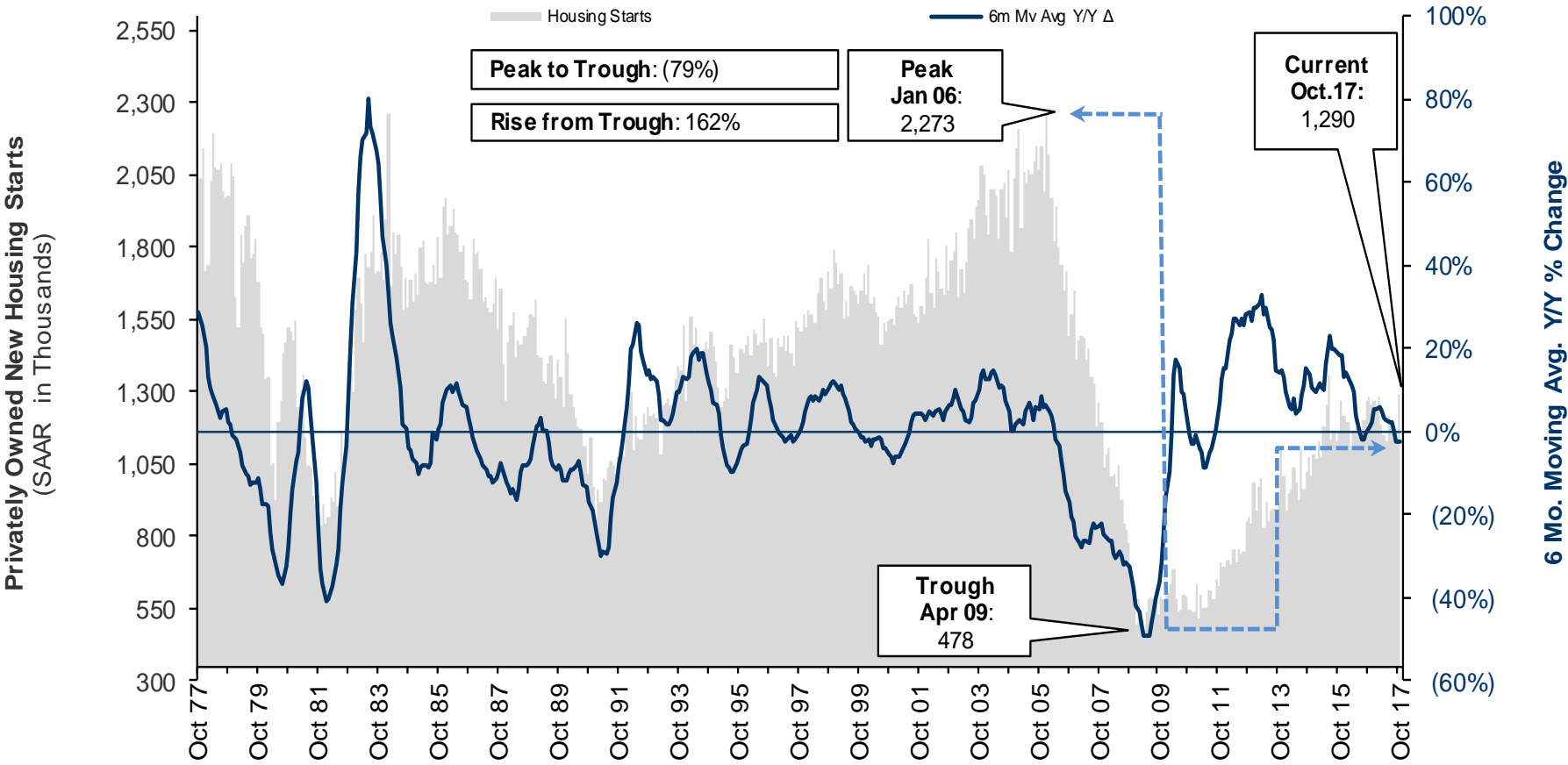
YTD Inventory/Sales Have Stayed Steady Through September



Source: U.S. Census Bureau



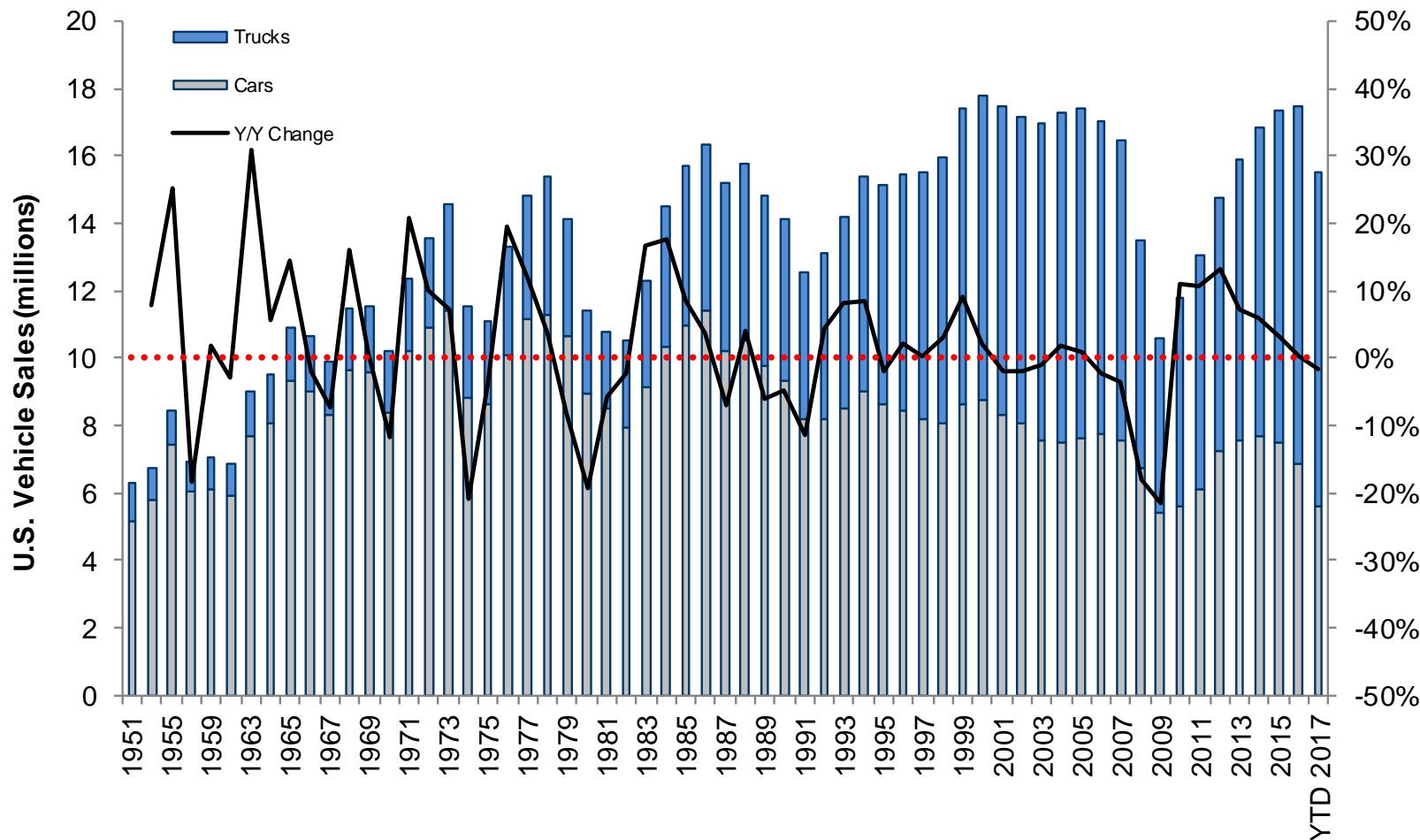
Housing Market Activity has Faded as of Late



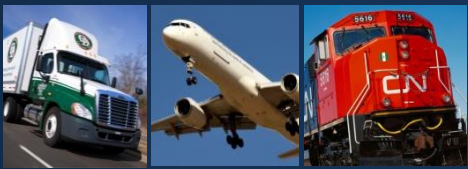
Source: U.S. Census Bureau



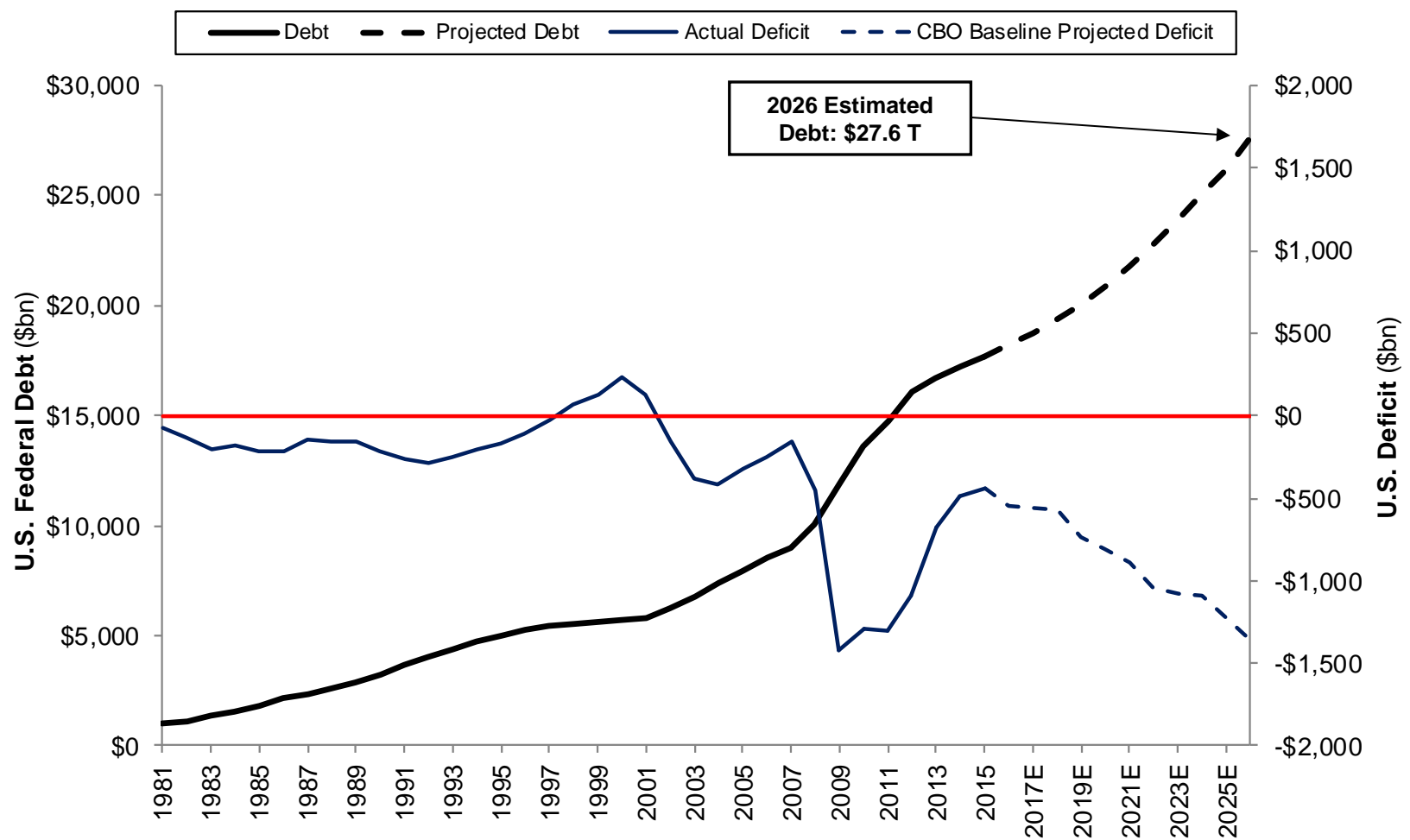
Auto Sector Growth Tapering Since 2012, Even As Fleet Age Above Average (~11.5 Years vs. 8-9 Year Historical Avg.)



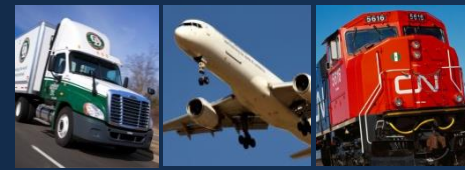
YTD Sales figures are through November 2017
Source: Ward's Automotive Group



Federal Debt Approaching a Critical Level; No Credible Deficit Plan Imminent



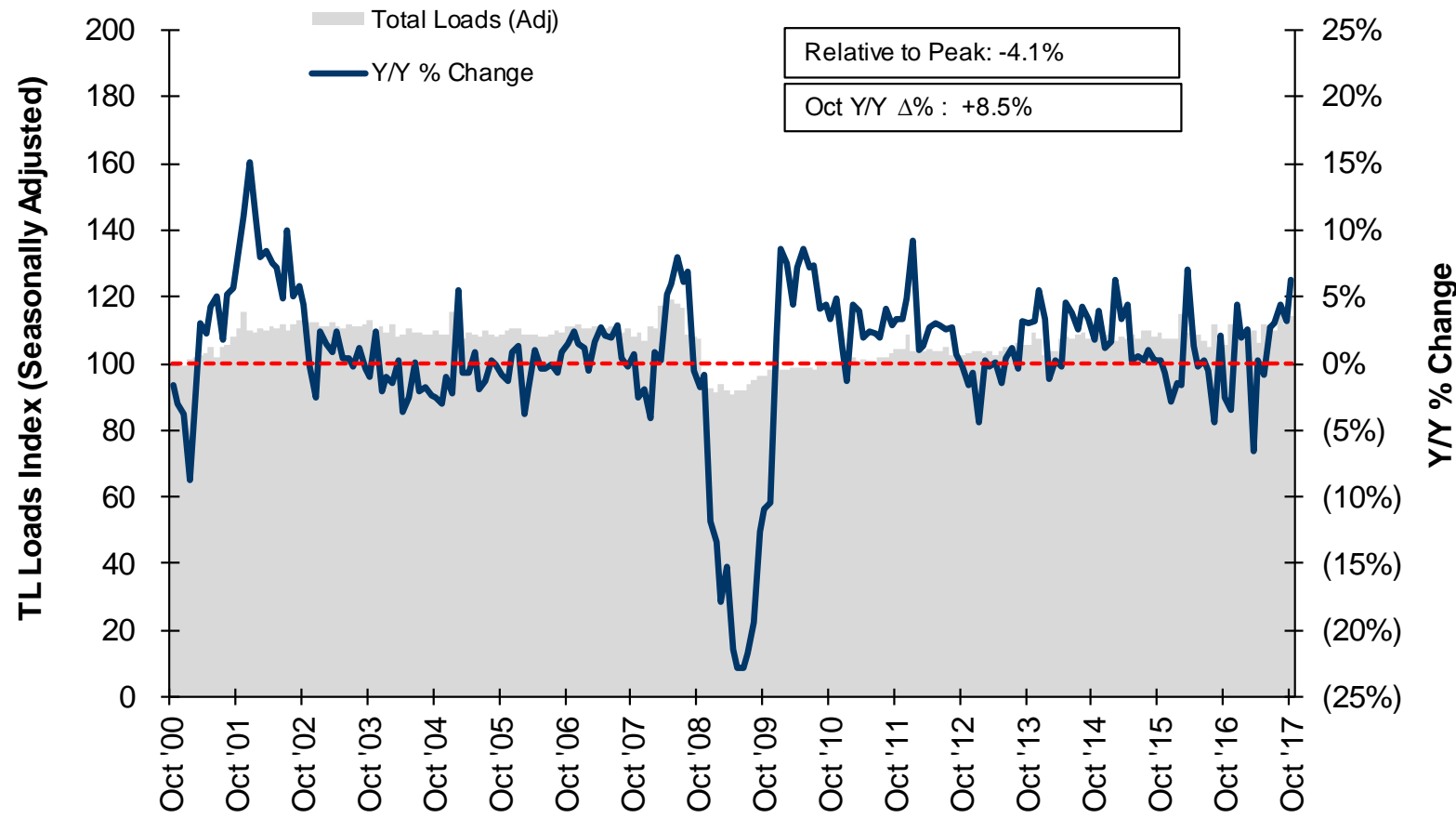
Federal Fiscal Year ends September 30 of each year, 2016 – 2026 projections are issued by the Congressional Budget Office
Source: White House Office of Management and Budget, Treasury Direct, Bureau of Economic Analysis; Stifel estimates



- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures



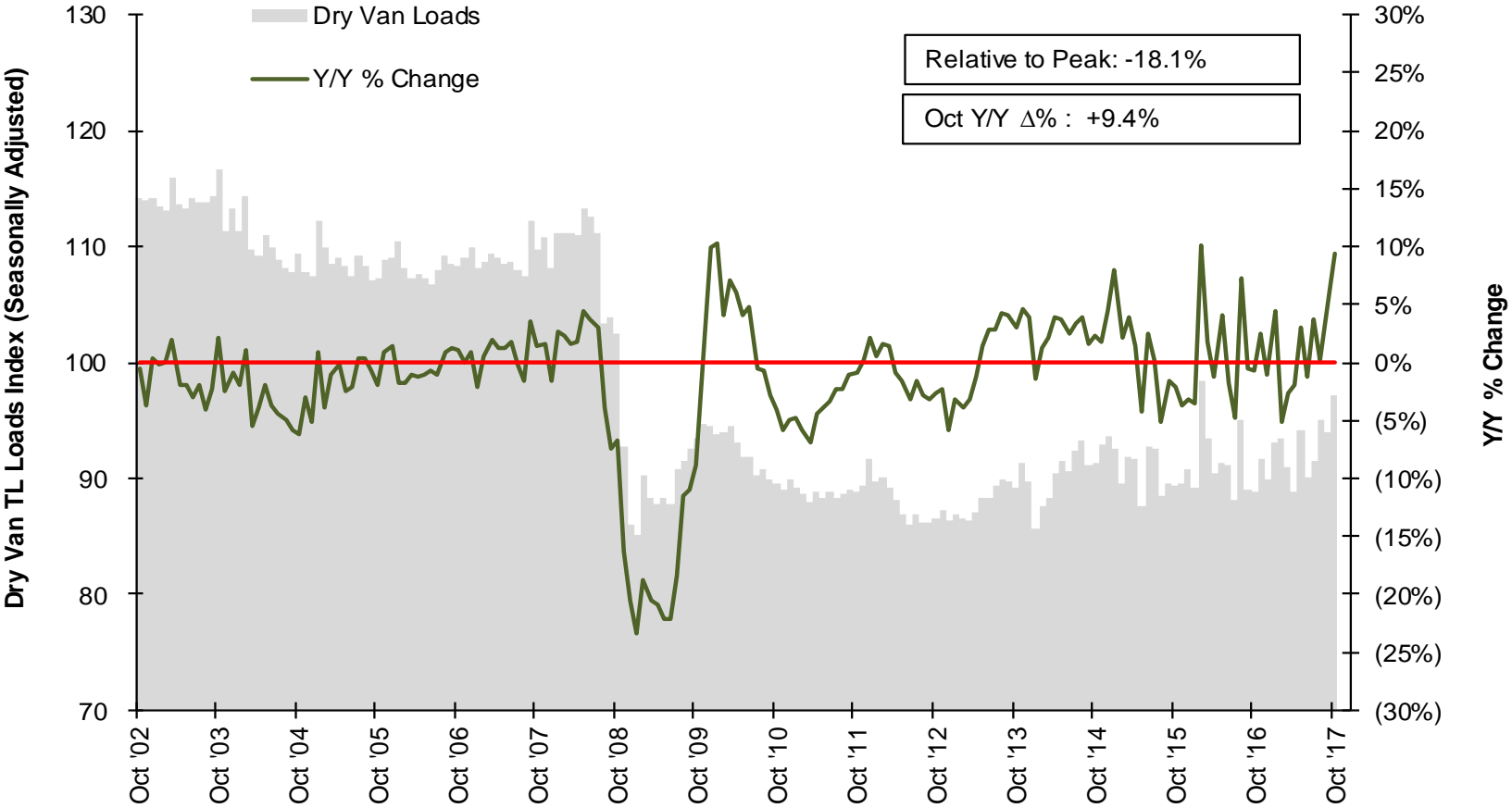
Total Truckload Loads Coming Out of Negative Territory



Source: American Trucking Associations



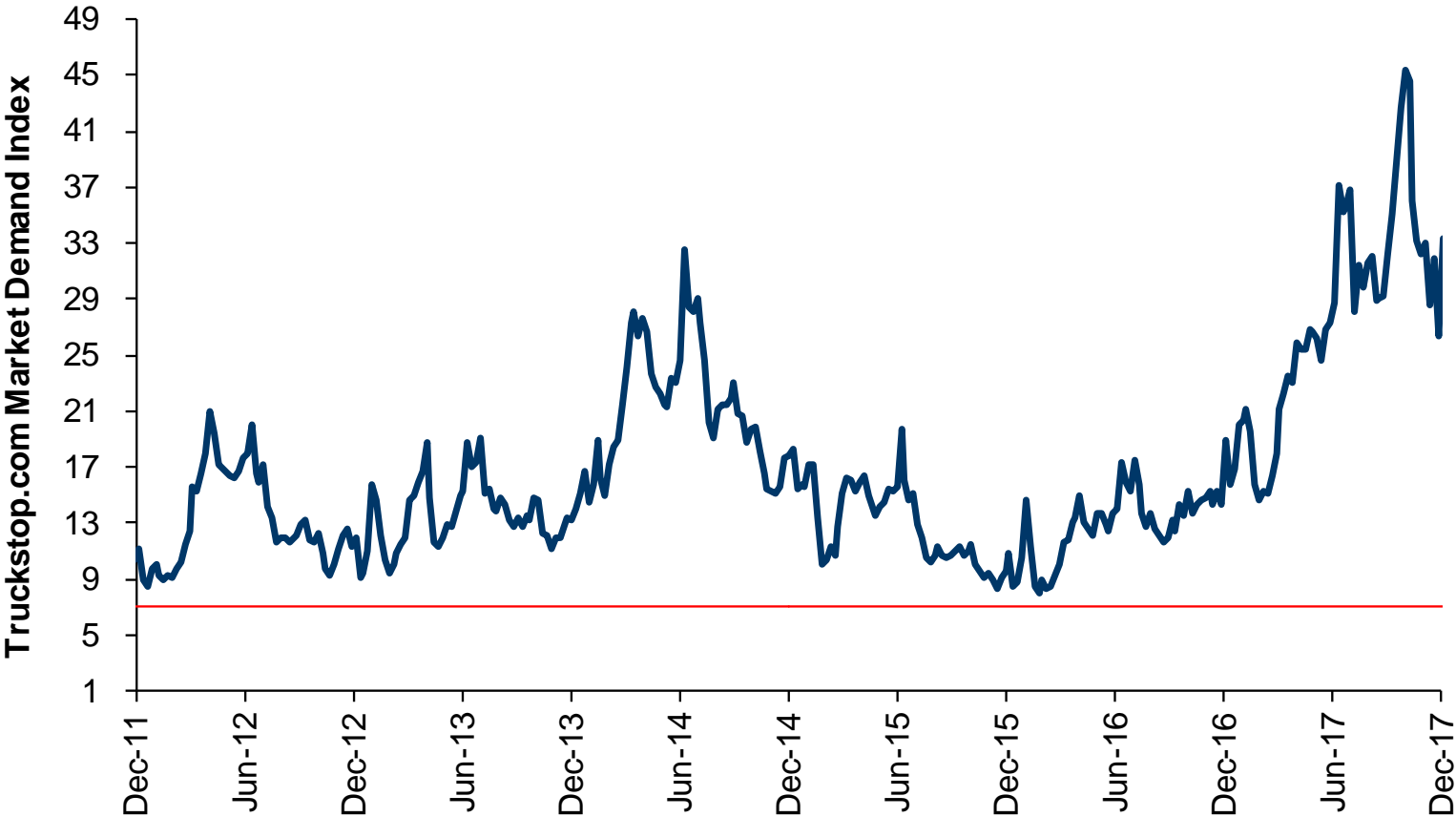
Dry Van Loads up 9.4% in October But Still Volatile



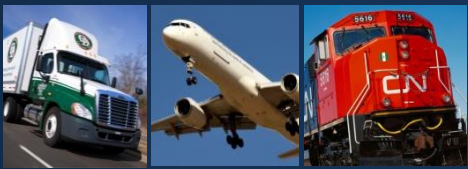
Source: American Trucking Associations



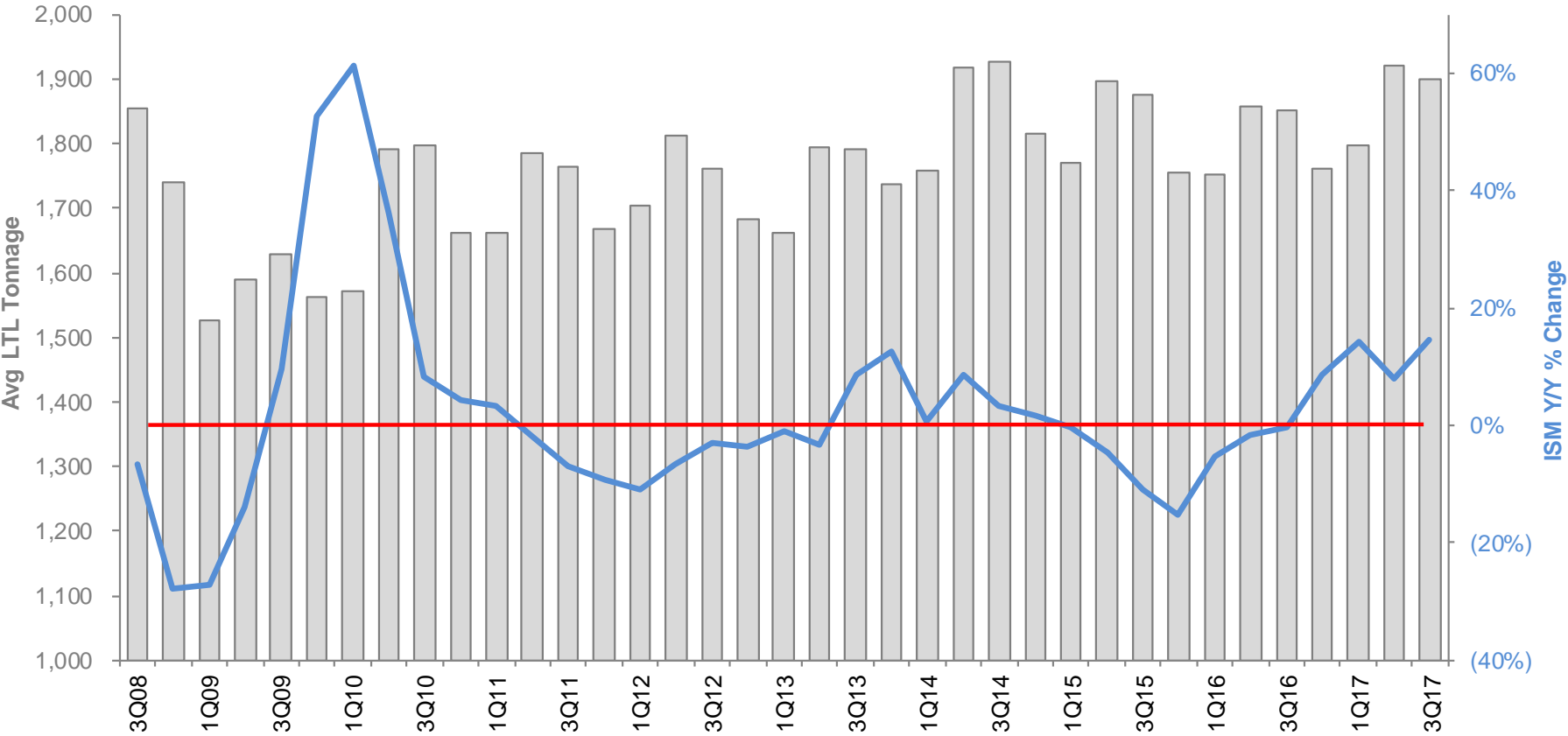
Strong Market Demand into 2H17



MDI index values below 7 indicates that the market favors brokers/shippers from a rate negotiation standpoint. MDI index values above 7 indicate that the market favors the trucker.
Source: Truckstop.com Trans4Cast



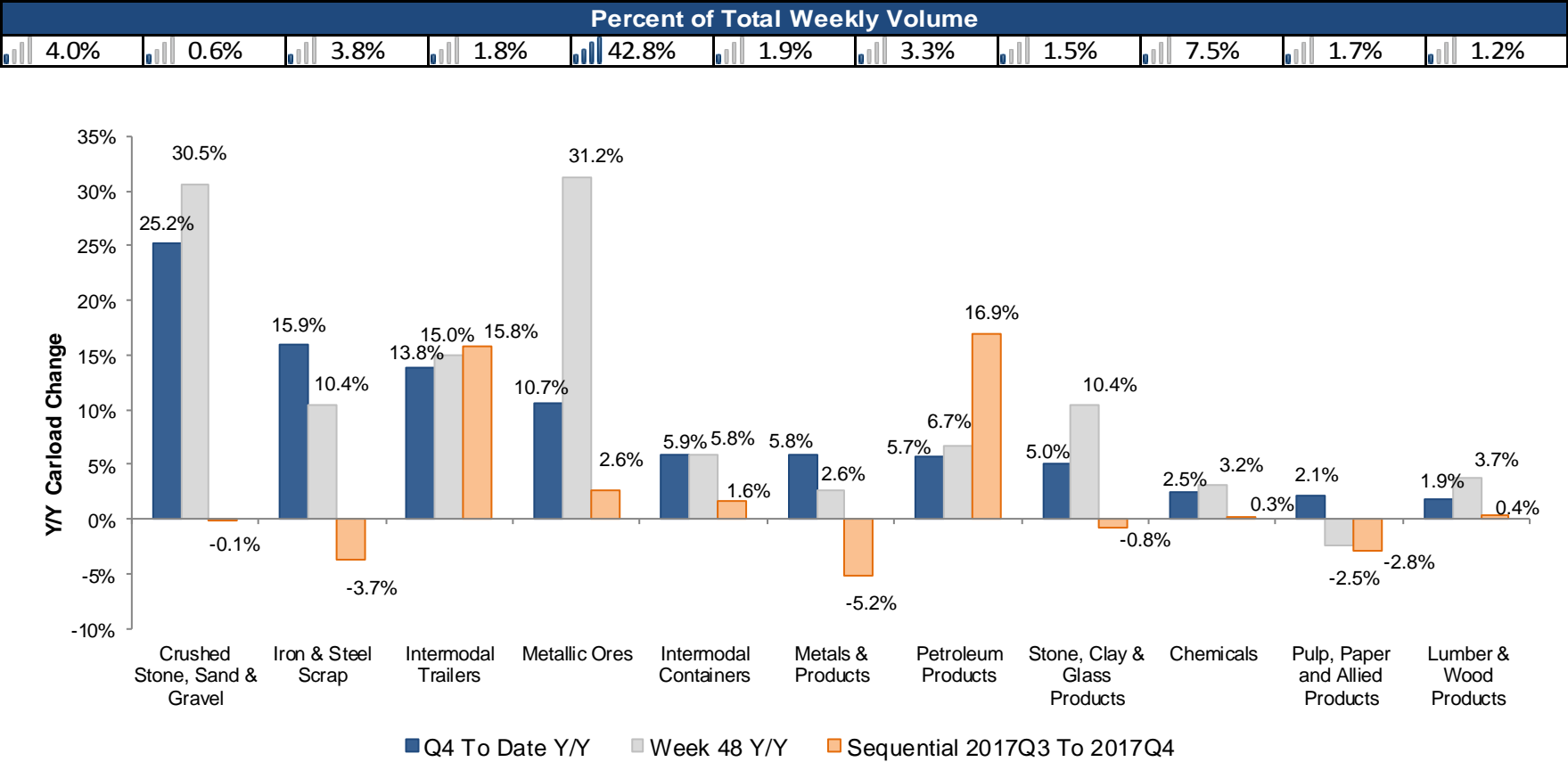
Public Carrier Tonnage & ISM Remain Strong into the Second Half of 2017



4Q16-3Q17 average tonnage growth (y/y) excludes RRTS
Public carrier data represented reflects tonnage figures from ARCB, XPO, FDX, ODFL, RRTS, SAIA, UPS, & YRCW
Source: Stifel LTL Op Stats



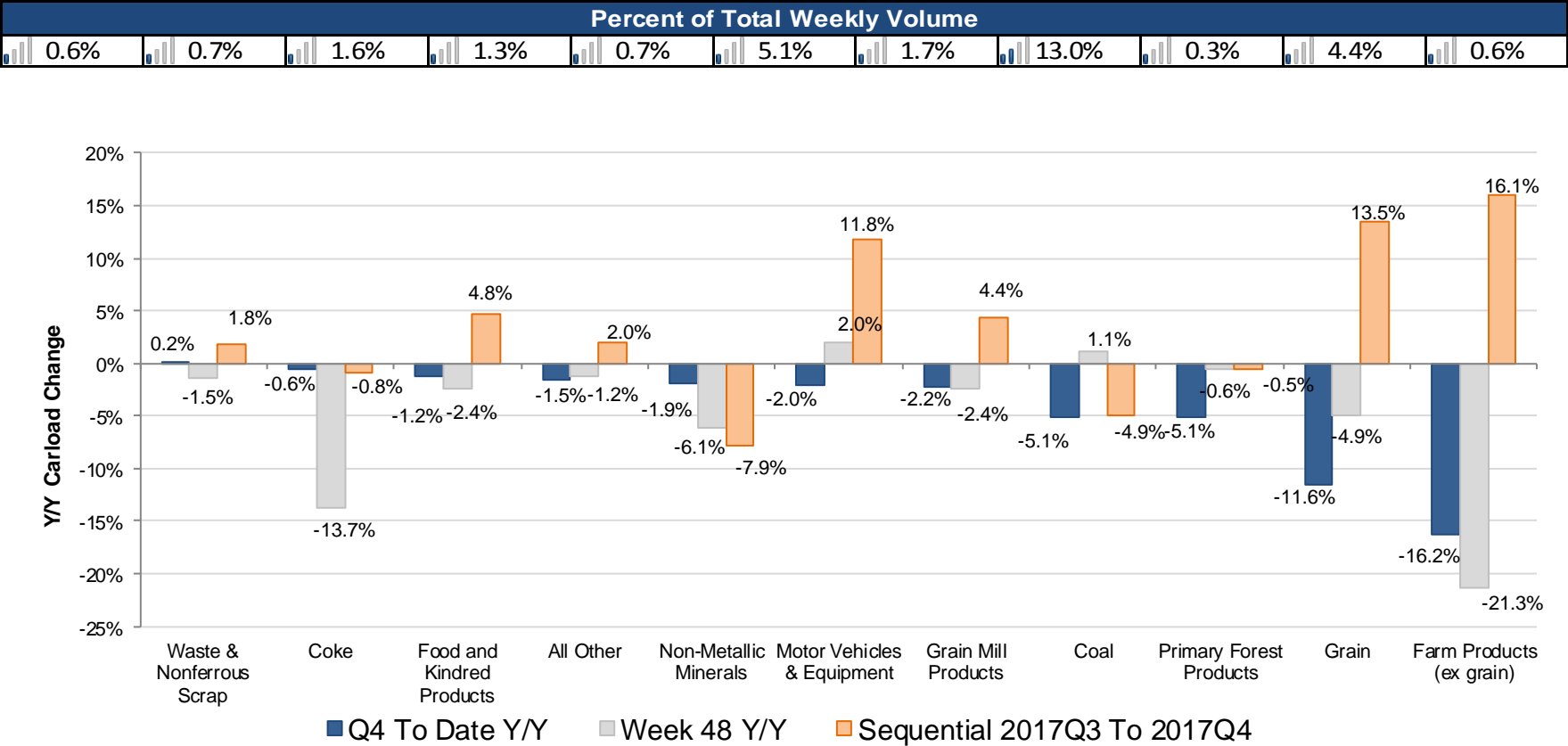
4Q Y/Y of 2017 Showed Relatively Strong Volumes from Crushed Stone, Sand & Gravel, Iron & Steel Scrap, and Intermodal Trailers



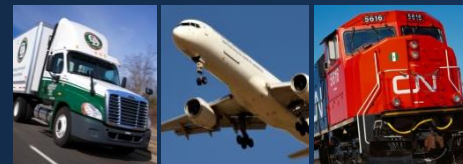
Carloads are originations for 4Q17 through December 2, 2017
Source: Association of American Railroads



4Q Y/Y Showed Weak Volumes from Farm Products, Grain, and Primary Forest Products



Carloads are originations for 4Q17 through December 2, 2017
Source: Association of American Railroads



2017 YTD Carloads Have Been Positive

| 2017 YTD Rail Units Y/Y % Change | | | | | | | | | | |
|---|----------------|------------------|-----------------|----------------|------------------|------------------|----------------|----------------|----------------|------------------------|
| | BNSF | CNI ³ | CP ³ | CSX | GWR ⁴ | KSU ⁵ | NSC | UNP | U.S. Cl. I | All Cl. I ⁶ |
| Coal Carloads | 7.5% | (16.9%) | 0.6% | 5.1% | 142.7% | 13.3% | 17.9% | 6.6% | 9.0% | 7.1% |
| Grain Carloads | (2.8%) | 2.2% | 4.4% | (11.3%) | 4.1% | (0.9%) | 0.0% | (2.9%) | (3.2%) | (1.6%) |
| Non-Coal/Grain Carload Traffic | 4.6% | 9.6% | 7.6% | (3.0%) | (26.0%) | 7.3% | 0.8% | 1.6% | 1.4% | 3.2% |
| Rail Carloads¹ | 4.8% | 6.6% | 5.7% | (1.6%) | 0.7% | 7.1% | 5.0% | 2.4% | 3.0% | 3.7% |
| Intermodal Units² | 6.1% | 15.8% | 1.7% | 2.3% | (0.0%) | 2.1% | 5.8% | 0.9% | 4.0% | 5.2% |
| Total Unit Volume | 5.5% | 10.5% | 4.2% | 0.1% | 14.7% | 4.9% | 5.4% | 1.8% | 3.5% | 4.4% |
| Estimated Ton-miles | | 11.1% | 4.6% | | | | | | | |
| Avg. Rail Employment (U.S. Only)⁸ | (1.3%) | | | (8.6%) | | | (3.7%) | (3.2%) | (3.7%) | |
| Avg. Velocity YTD (MPH)⁷ | 25.2 | 25.5 | 22.7 | 15.0 | N/A | 27.4 | 21.8 | 25.5 | 23.0 | 23.3 |
| <i>Avg. Velocity Y/Y % Chg.</i> | <i>(6.3%)</i> | <i>(6.9%)</i> | <i>(4.4%)</i> | <i>(0.2%)</i> | <i>N/A</i> | <i>(2.6%)</i> | <i>(7.0%)</i> | <i>(4.3%)</i> | <i>(4.1%)</i> | <i>(4.5%)</i> |
| Avg. Terminal Dwell YTD (hours)⁷ | 26.9 | 15.8 | 6.5 | 11.3 | N/A | 22.6 | 25.0 | 30.0 | 23.2 | 19.7 |
| <i>Avg. Term Dwell Y/Y % Chg.</i> | <i>7.6%</i> | <i>14.7%</i> | <i>(1.8%)</i> | <i>1.3%</i> | <i>N/A</i> | <i>(0.4%)</i> | <i>6.1%</i> | <i>7.4%</i> | <i>4.4%</i> | <i>5.0%</i> |
| Avg. Cars on Line YTD | 239,494 | 145,989 | 76,940 | 141,543 | N/A | 53,496 | 183,849 | 297,215 | 183,119 | 162,647 |
| <i>Avg. Cars on Line Y/Y % Chg.</i> | <i>5.1%</i> | <i>2.9%</i> | <i>(1.2%)</i> | <i>N/A</i> | <i>N/A</i> | <i>4.3%</i> | <i>(0.8%)</i> | <i>2.6%</i> | <i>2.8%</i> | <i>2.2%</i> |

Data is year-to-date through the week ending December 2, 2017, except for GWR, which is through October 31, 2017.

¹ Total carloads carried (originated and received), excludes intermodal units

² Total intermodal units carried (originated and received)

³ CNI and CP are the only North American Class I railroads to report ton-miles on a weekly basis

⁴ GWR YTD total unit volumes represent same-railroad volumes (i.e., excl. acquisitions)

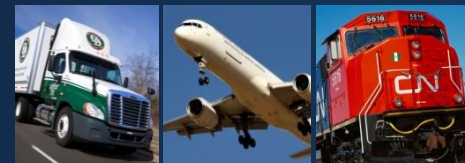
⁵ KSU data includes Mexican operations, KSC de Mexico

⁶ Total Class I volumes are weighted averages that include BNSF, CNI, CP, CSX, KSU, NSC, and UNP

⁷ CP re-defined terminal dwell and train speed, and are no longer directly comparable to metrics reported by other Class Is to the AAR.

⁸ STB U.S. employment data through October 31, 2017. U.S. Class I data only includes BNSF, CSX, NSC, and UNP

Source: AAR, STB, and company data



4Q17 Rail Carloads Weak on Grain

| 4Q17 QTD Rail Units Y/Y % Change | | | | | | | | | |
|---|----------------|------------------|-----------------|----------------|------------------|------------------|----------------|----------------|------------------------|
| | BNSF | CNI ³ | CP ³ | CSX | GWR ⁴ | KSU ⁵ | NSC | UNP | All Cl. I ⁶ |
| Coal Carloads | (10.1%) | (20.8%) | (9.4%) | 1.4% | 91.7% | (6.0%) | 5.9% | (3.6%) | (5.1%) |
| Grain Carloads | (7.4%) | (16.0%) | 0.5% | (11.2%) | (10.2%) | (8.3%) | (18.2%) | (20.6%) | (11.6%) |
| Non-Coal/Grain Carload Traffic | 10.3% | 0.4% | 8.5% | (3.3%) | (21.7%) | 8.1% | 3.5% | 5.6% | 3.9% |
| Rail Carloads¹ | (0.4%) | (2.9%) | 3.7% | (2.6%) | (2.8%) | 4.1% | 2.7% | 1.0% | 0.1% |
| Intermodal Units² | 6.6% | 19.8% | 6.5% | 2.7% | 2.4% | 8.0% | 6.7% | 0.4% | 6.4% |
| Total Unit Volume | 3.0% | 6.0% | 4.8% | (0.3%) | 12.3% | 5.8% | 4.8% | 0.7% | 3.0% |
| Estimated Ton-miles | | 0.4% | 3.6% | | | | | | |
| Avg. Rail Employment (U.S. Only)⁸ | (2.4%) | | | (10.9%) | | | (4.2%) | (2.2%) | (4.2%) |
| Avg. Velocity QTD (MPH)⁷ | 25.5 | 24.2 | 22.0 | 15.8 | N/A | 27.4 | 20.8 | 25.2 | 23.0 |
| <i>Avg. Velocity Y/Y % Chg.</i> | <i>(1.6%)</i> | <i>(10.3%)</i> | <i>(5.5%)</i> | <i>11.0%</i> | <i>N/A</i> | <i>(2.1%)</i> | <i>(11.2%)</i> | <i>(4.8%)</i> | <i>(3.5%)</i> |
| Avg. Terminal Dwell QTD (hours)⁷ | 25.8 | 17.7 | 6.7 | 10.6 | N/A | 23.7 | 26.1 | 31.5 | 20.3 |
| <i>Avg. Term Dwell Y/Y % Chg.</i> | <i>3.0%</i> | <i>29.3%</i> | <i>10.1%</i> | <i>(4.8%)</i> | <i>N/A</i> | <i>(2.1%)</i> | <i>14.1%</i> | <i>13.0%</i> | <i>8.9%</i> |
| Avg. Cars on Line QTD | 237,863 | 150,659 | 77,680 | 137,968 | N/A | 55,059 | 187,133 | 301,435 | 183,892 |
| <i>Avg. Cars on Line Y/Y % Chg.</i> | <i>2.1%</i> | <i>5.3%</i> | <i>3.0%</i> | <i>N/A</i> | <i>N/A</i> | <i>4.4%</i> | <i>3.7%</i> | <i>3.5%</i> | <i>3.7%</i> |

Data is quarter-to-date through the week ending December 2, 2017, except for GWR, which is through October 31, 2017.

¹ Total carloads carried (originated and received), excludes intermodal units

² Total intermodal units carried (originated and received)

³ CNI and CP are the only North American Class I railroads to report ton-miles on a weekly basis

⁴ GWR QTD total unit volumes represent same-railroad volumes (i.e., excl. acquisitions)

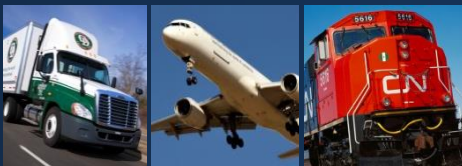
⁵ KSU data includes Mexican operations, KSC de Mexico

⁶ Total Class I volumes are weighted averages that include BNSF, CNI, CP, CSX, KSU, NSC, and UNP

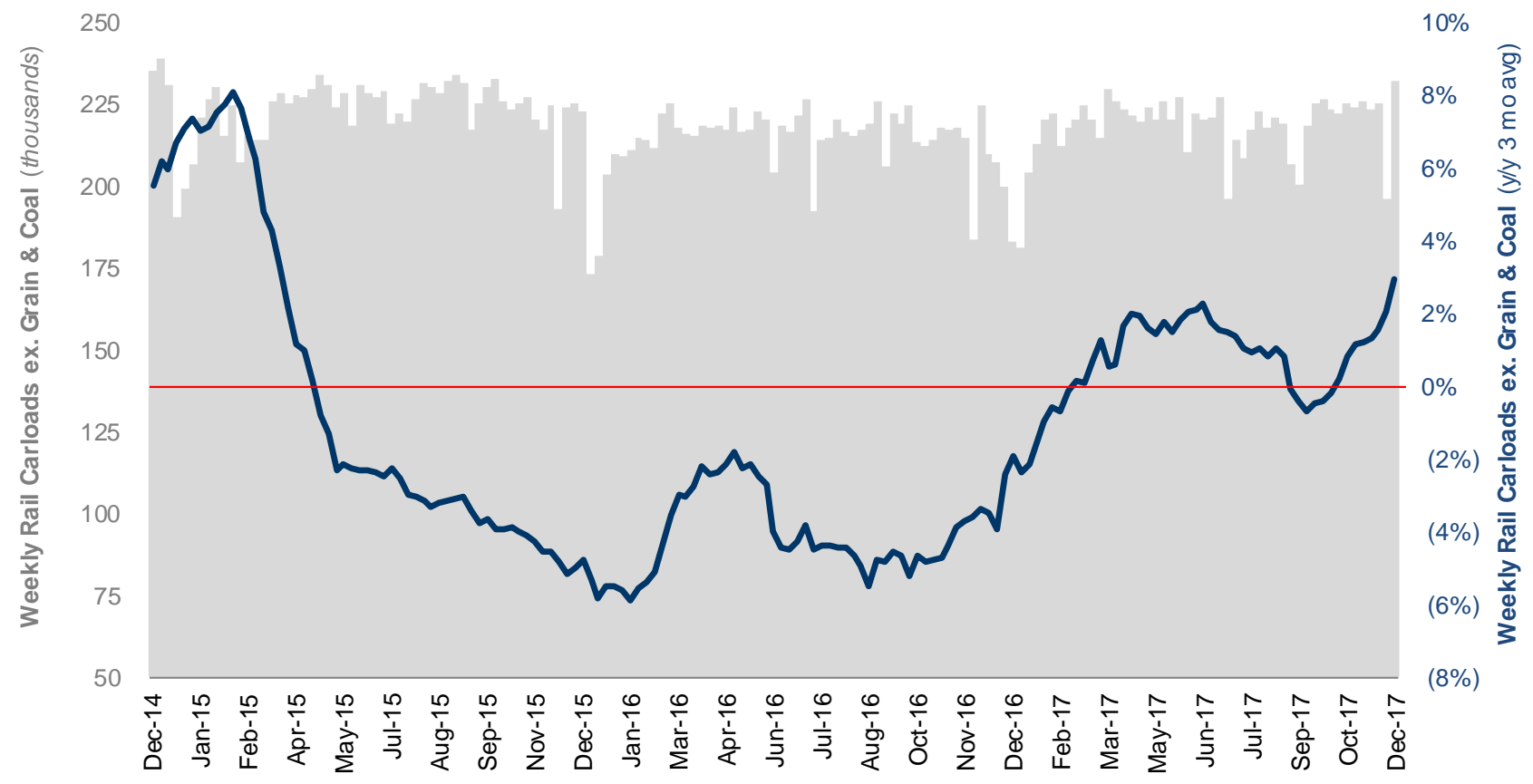
⁷ CP re-defined terminal dwell and train speed, and are no longer directly comparable to metrics reported by other Class Is to the AAR.

⁸ STB U.S. employment data through October 31, 2017. U.S. Class I data only includes BNSF, CSX, NSC, and UNP

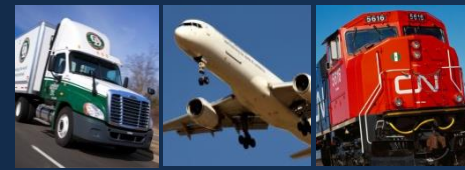
Source: AAR, STB, and company data



U.S. Rail Carloads (ex. Coal & Grain) Back in Positive Territory



Carloads are originations for 4Q17 through December 02, 2017
Source: Association of American Railroads



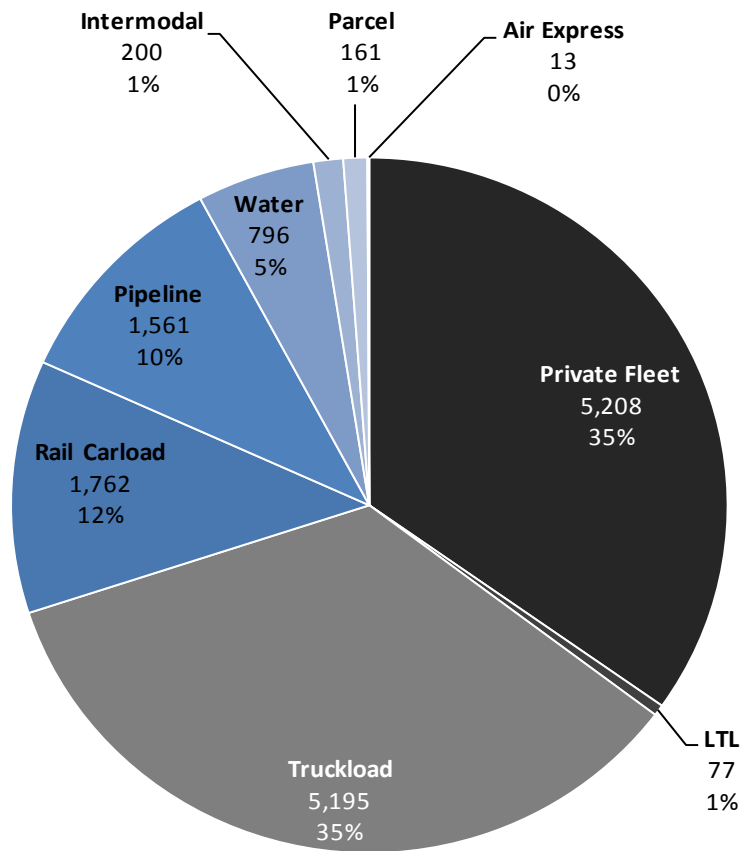
- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures



The Trucking Sector Dominates the Domestic Freight Market

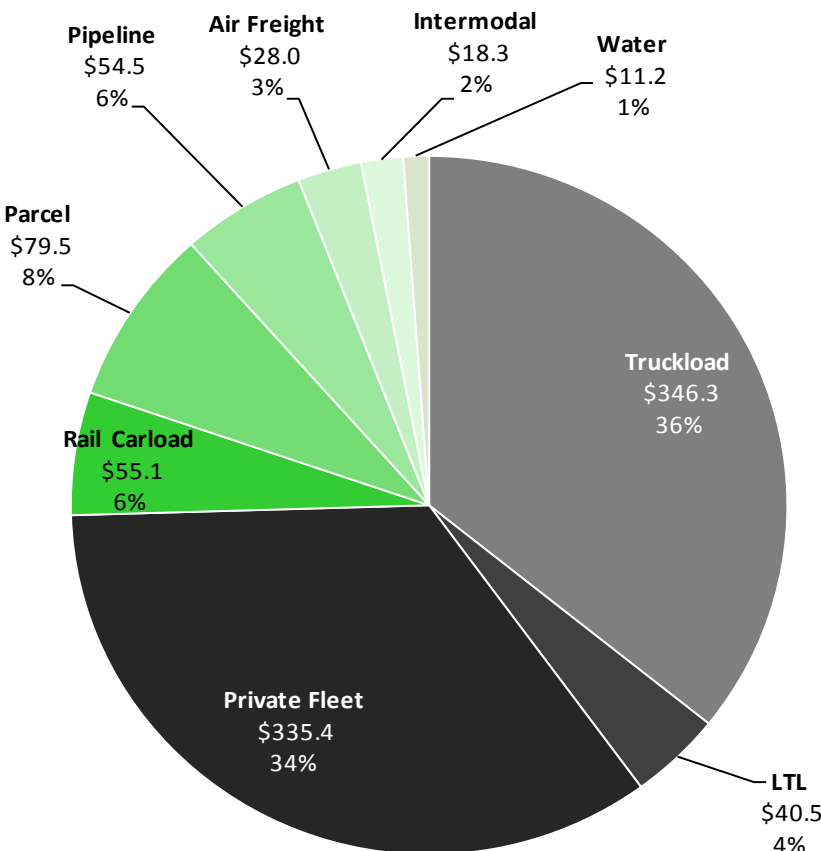
U.S. Freight Transportation Market

(15.0 Billion Tons)

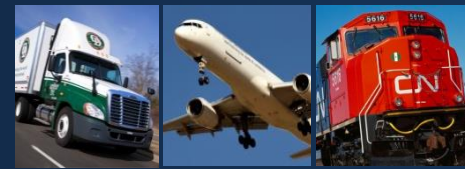


U.S. Freight Transportation Market

(\$970 Billion)



Estimates are based on 2015 market data; pie charts show volume in millions of tons, and revenue in \$US, billions
Source: American Trucking Associations, Company data, Stifel estimates

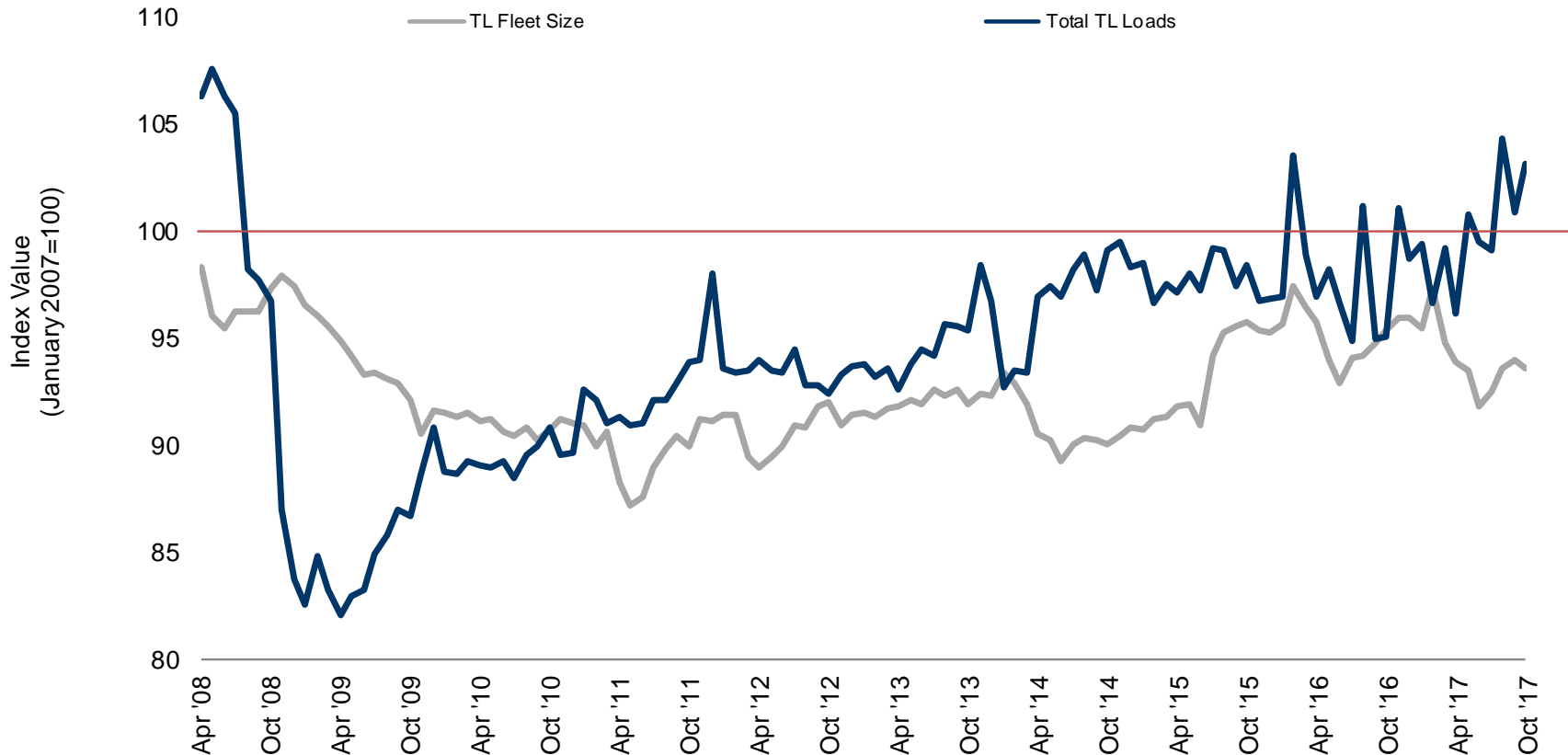


Spot market pricing improved; contract pricing environment picking up; lower fuel surcharges still positive for shippers and negative for carriers

- Pricing is not revenue per mile
- Previous capacity reductions per weak demand likely to abate with market picking up.
- Now losing more capacity due to FMCSA regulations and deteriorating driver demographics
- Shipper/carrier collaboration that had fallen to the wayside given loose supply/demand dynamics likely to reverse
- Equipment life-cycle costs rising, secondary market is still down significantly
- Rate increases likely/already occurring during negotiations in 2H17



Large Fleets Have Decreased Y/Y, And Are Still Soft, Largely Due to a Lack of Drivers; Could a Recent Decrease in the Loads Index Continue?



Source: American Trucking Associations; Large fleets assumed to be 10% of capacity



Capacity “T-Chart” Shows We’ll Likely Need More Trucks and Drivers Just to Haul the Same Amount of Freight → Rates Moving Higher Absent Demand Drop

Reducing Capacity



Increasing Capacity

- CSA
- Hours-of-Service changes
- ELD mandate
- Drug testing procedure changes
- Increased enforcement of regulations
- Speed Limiter Mandate
- Health regulations (e.g., sleep apnea testing)
- Independent contractor/employee status
- Drug/alcohol database
- Increased driver training requirements
- Higher equipment costs
- Increased minimum insurance standards

- Immigration reform
- Longer Combination vehicles (LCVs)
- Mexican trucks
- Heavier allowable gross vehicle weights
- Smaller, denser, more efficiently packaged products
- Widespread application of network optimization technology

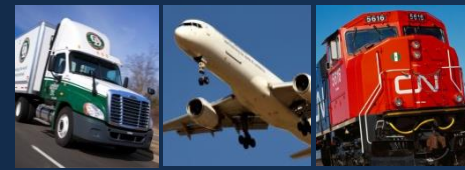


Strong ISM Index into 4Q17 Implies Continued LTL Volume Growth Ahead

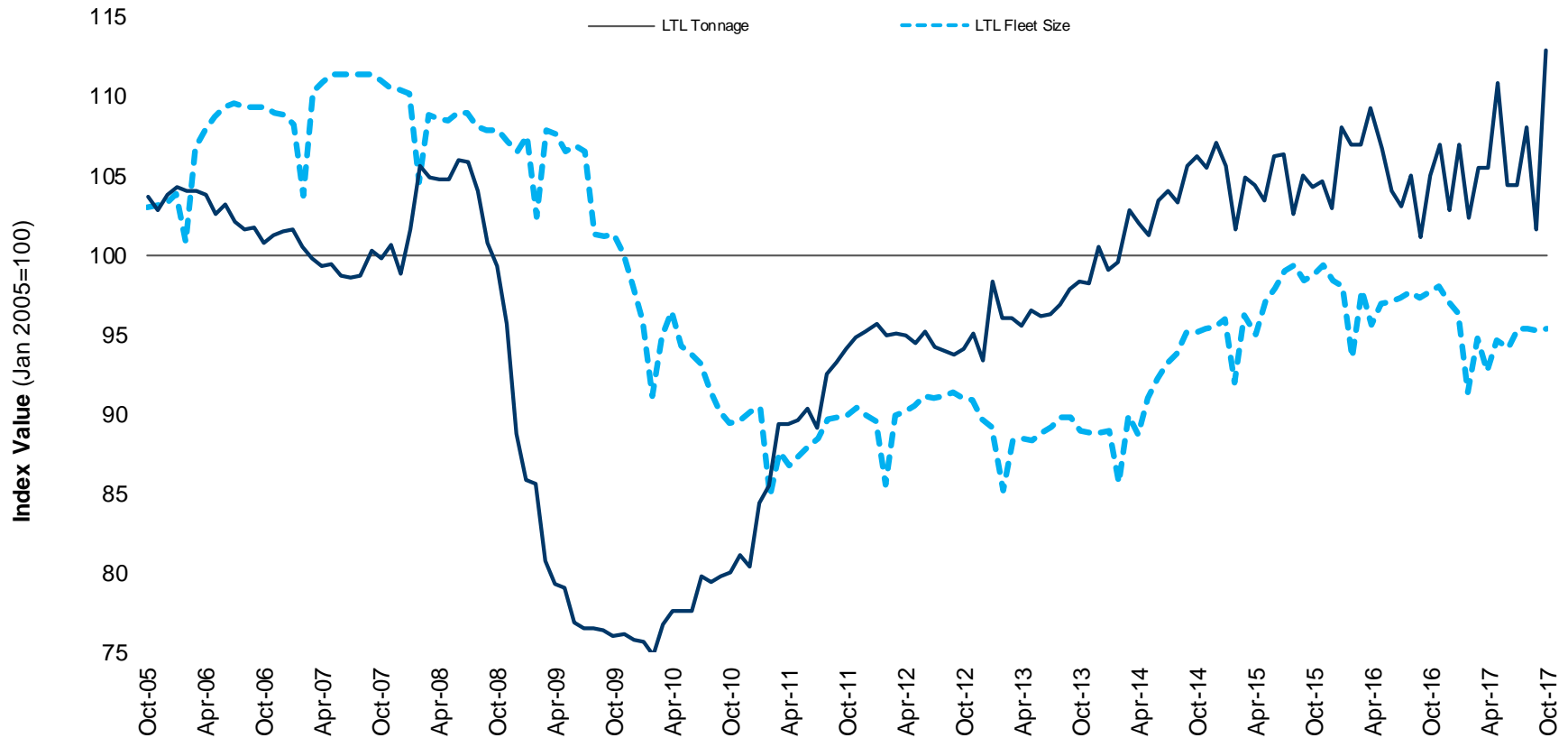
- LTL freight volumes are improving, Shipments generally continue to outpace tonnage; mix changes and e-commerce continue to alter the business.
- Pricing remains disciplined, and we expect ~3%+ through the remainder of the year on the average contract renewal
- Drivers challenging in certain markets. Pay pressure likely seen later this year.
- Teamsters contracts to come into focus – ABF's deal expires 3/31/18, UPS Freight expires 7/31/18, and YRC's expires 3/31/19. ABF up first.
- The presence of dimensioners on LTL docks continues to grow – dimensional pricing, "here we come!" ABF recently implemented CMC (cubic minimum charge) – others waiting to determine whether they follow suit or implement different dimensional pricing.
- LTLs should regain modal share, in our view, after years of share loss due to upcoming TL capacity constraints and e-commerce shifts in supply chains.

Industry Dynamics

Less-Than-Truckload (LTL) Sector Themes



LTL Fleet Size Following Tonnage Growth



Source: American Trucking Associations

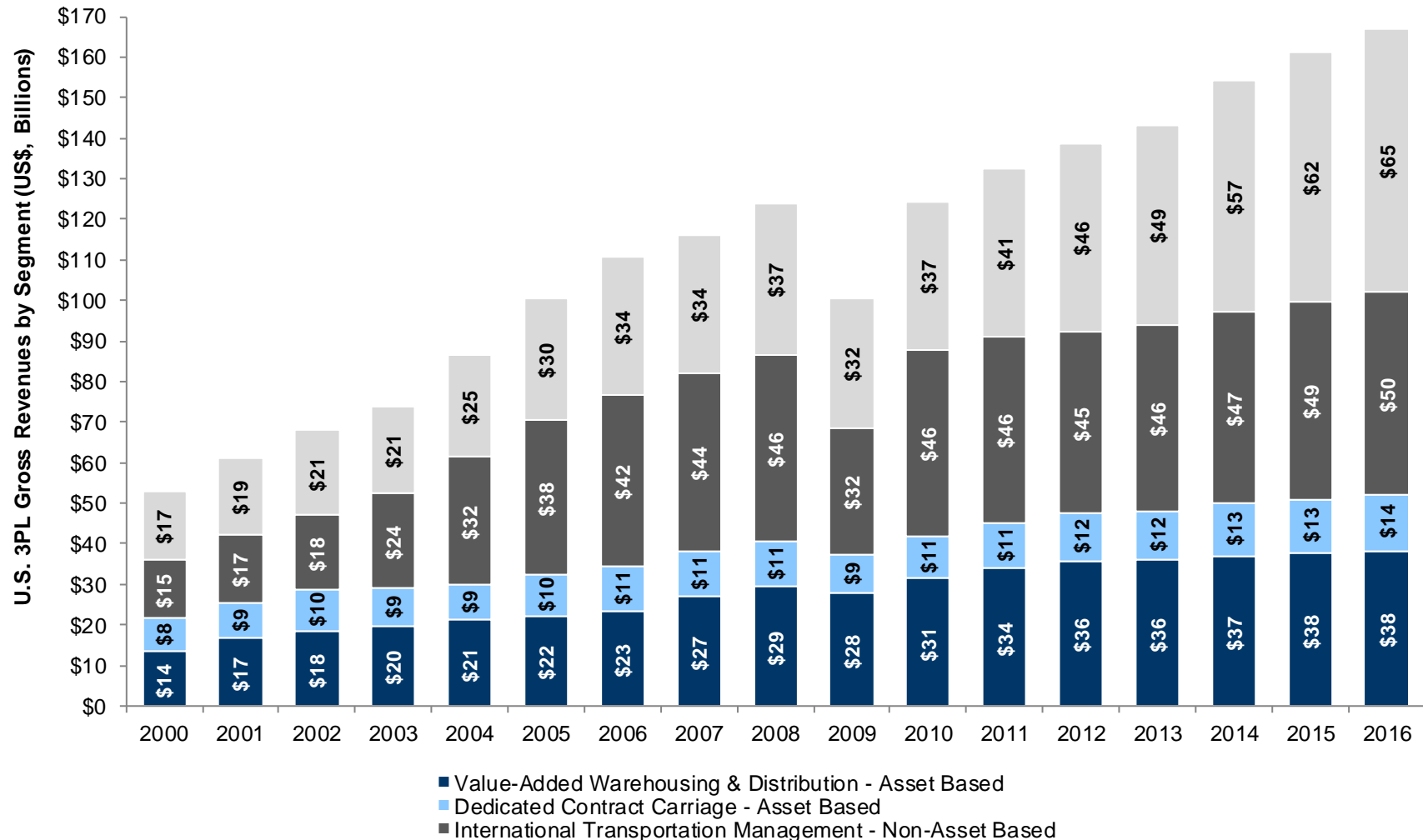


Logistics Continues to Benefit From Secular Trend Toward Outsourcing; International Volumes Growing Again

- Is truck brokerage nearing saturation/over-brokerage?
- Domestic intermodal appears to be a secular grower with barriers-to-entry that have become significant
- Global trade improving, led by airfreight
- Value-added third-party logistics system design and management constantly evolving
- M&A remains hot in the logistics space
- Global parcel carriers see growth, even as Amazon controls more B2C deliveries themselves.
- Liquid bulk barge sector; repurposed oil barges have entered the chemical segment prior to new petro-chemical capacity coming on-line

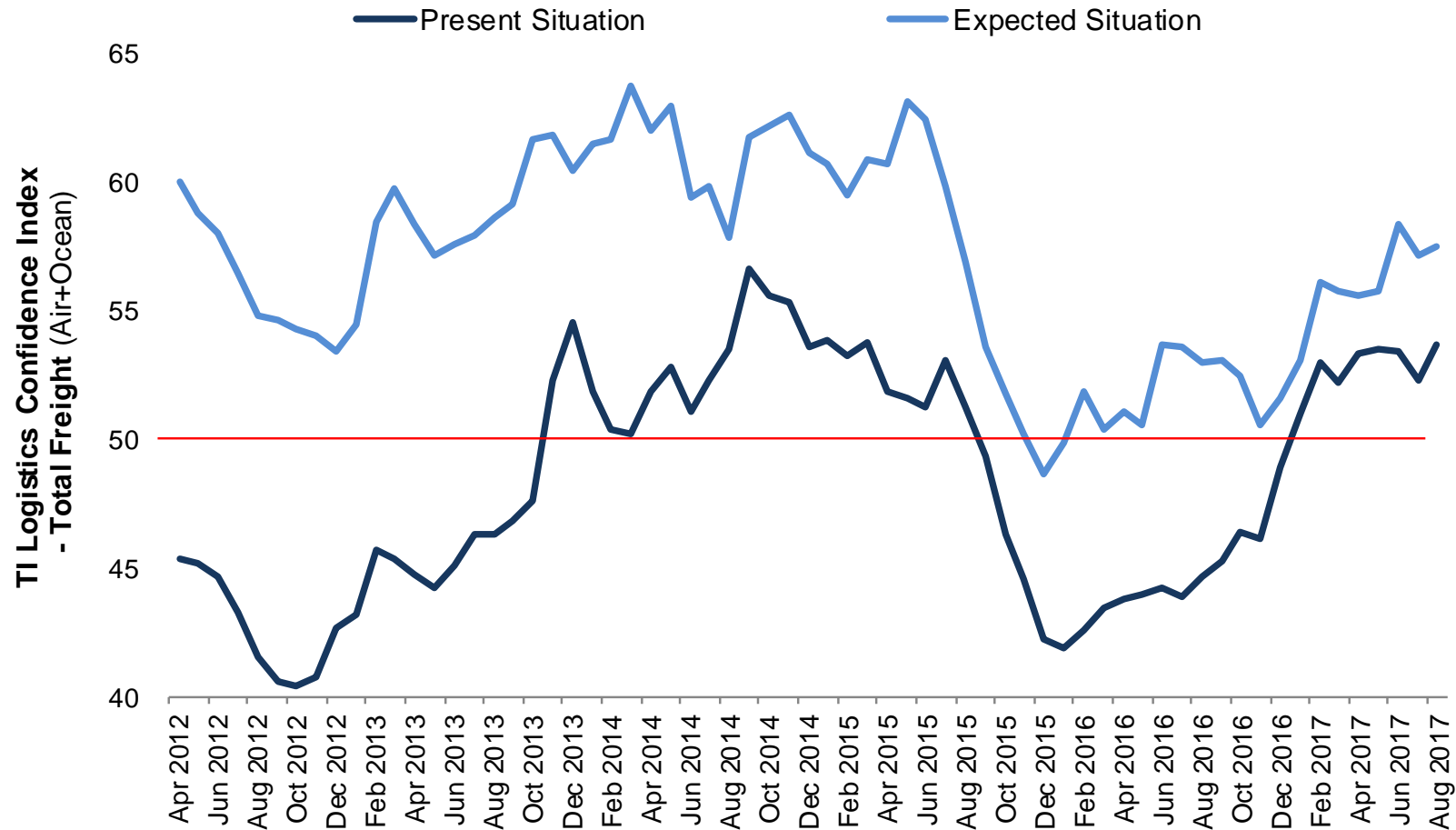


U.S. 3PL Gross Revenues Grew at a 4.2% CAGR From 2006 to 2016





Air & Sea Drive Strength Since December



The Transport Intelligence Logistics Confidence Index (LCI) is a survey-based indicator of air and ocean freight volumes in European-based trade lanes. Readings over 50 indicate freight levels that exceed normal seasonal expectations, while readings below 50 indicate volumes below normal seasonal expectations
Source: Transport Intelligence Logistics Confidence Index

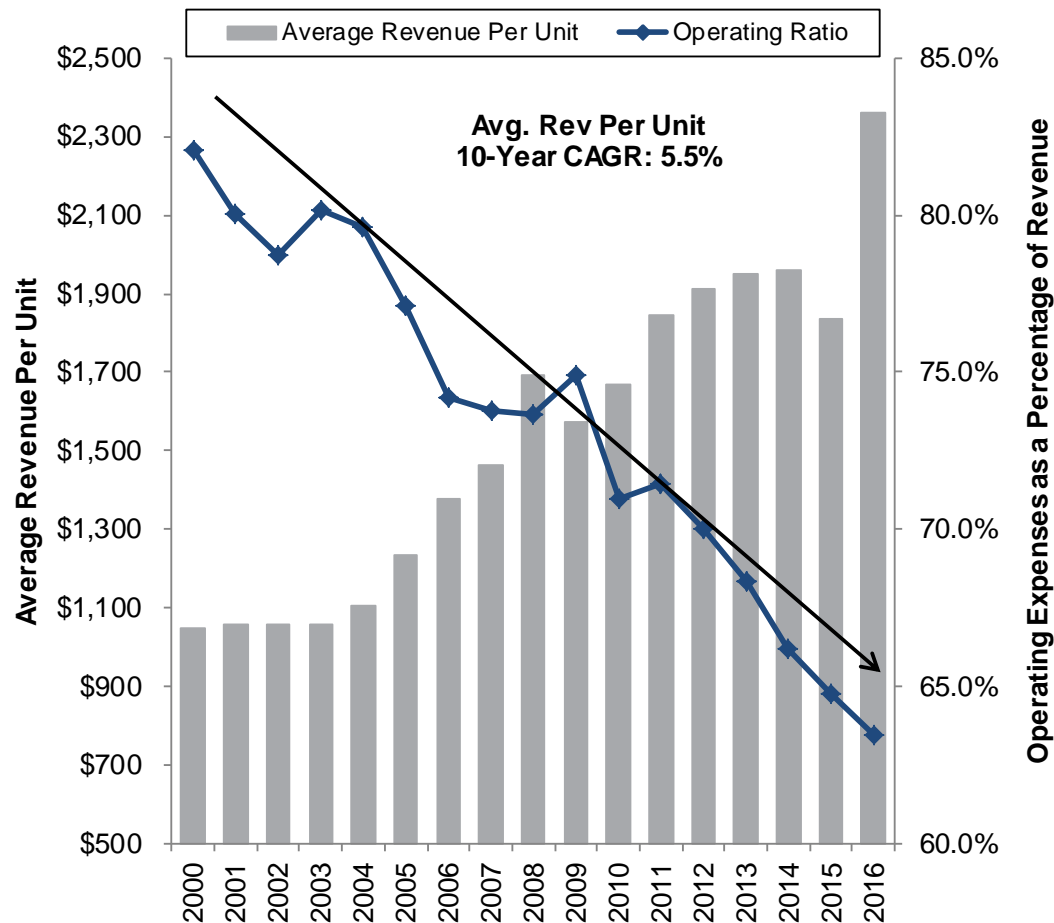


Railroads Continue to Drive Efficiency Gains; Intermodal Is Largest Driver of Continued Top-Line Growth

- Inflation plus pricing comes into question on the back of declining volumes and mediocre service; however, many customers are essentially captive shippers and thereby act as price takers
- Rails are struggling to right size their networks to reflect reduced traffic demand in order to ensure cost inflation is offset by efficiency and productivity
- Additional economic regulations still possible, but perhaps less so under a Trump administration
- Spare capacity = 10%+/- in some places; still lacking in others
- Intermodal remains in vogue despite low fuel costs and poor service
- Commodity carload business continues to change



Railroad Operating Ratios Have Seen a Continuing Decline Since 2000, Assisted by an Improved but Decelerating Pricing Beginning in 2004

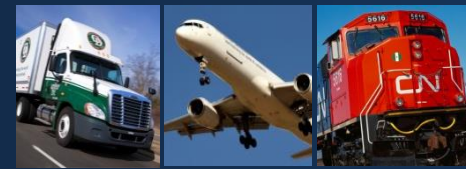


Note: Revenue Per Unit includes fuel surcharge revenue
 Operating Ratio is an equal-weighted average of CNI, CP, CSX, NSC, and UNP operating ratios.
 Average Revenue Per Unit is the summation of CNI, CP, CSX, NSC, and UNP freight revenue in USD divided by the summation of their units
 Source: Association of American Railroads, Company Data

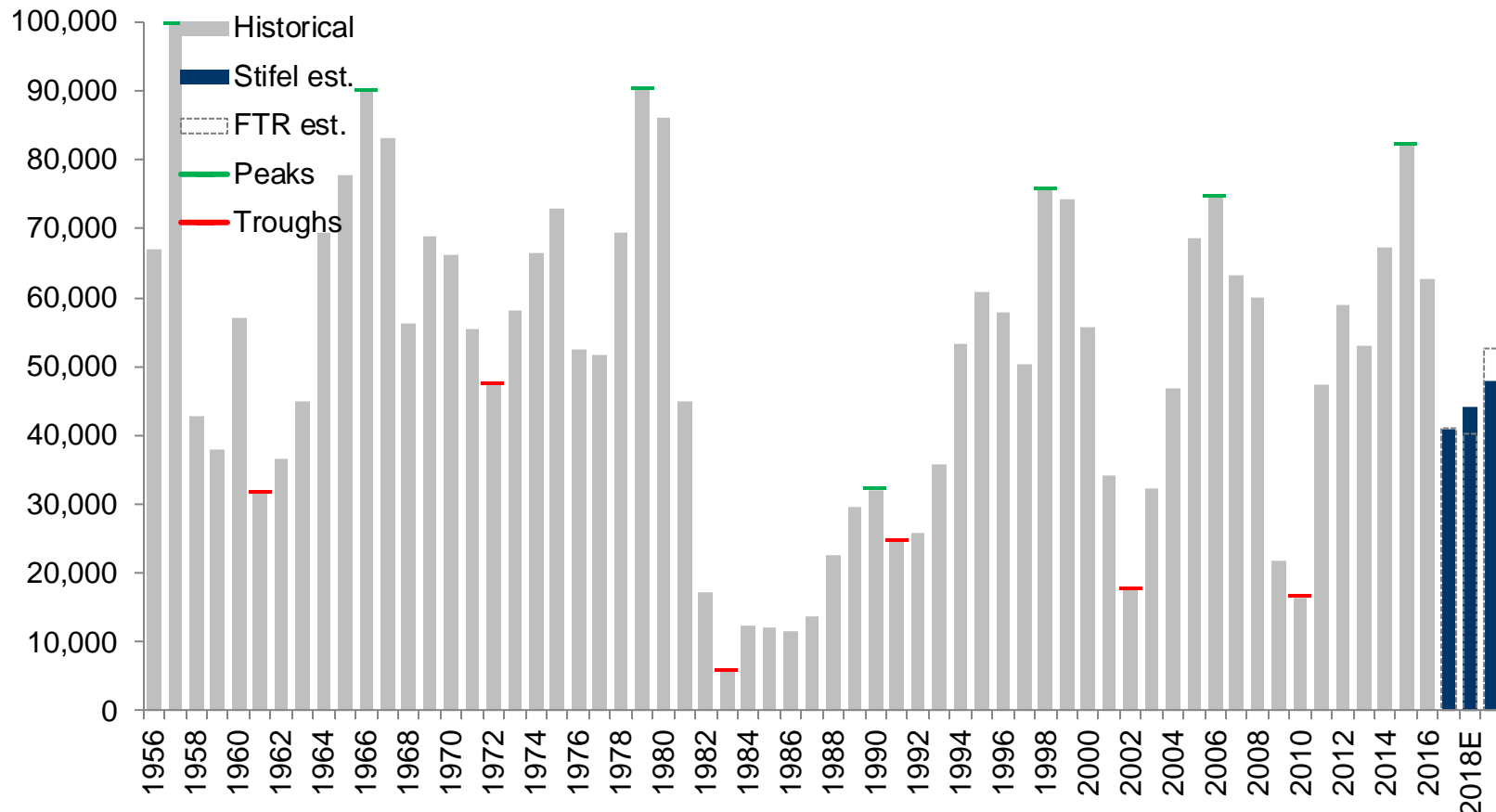


Demand Rebounding from Low Levels, Though Equipment Excesses Remain

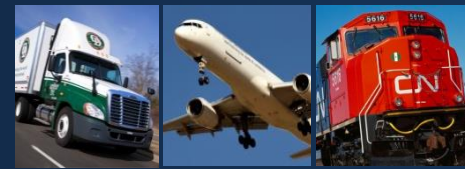
- Quarterly railcar orders surged in 2Q17 to 17,665 units, breaking out of the 4,000-6,000 range of the last one-two years
- OEMs report that the strong 2Q demand has continued into 3Q17
- Industry backlogs remain healthy by historical standards but backlog unusually concentrated with Trinity and Greenbrier
- Excess railcars have declined from the high-20% range to the low-20% range, an improvement, but an excess equipment overhang remains in most car types
- Railcar OEMs continue to build at a fairly high volume of about 10,000 units per quarter; equipment excesses getting worked through slowly as additional newly manufactured railcars come into the market
- Increased drilling activity has caused a sudden pickup in demand for frac sand cars, which has been the primary area of demand improvement this year
- Deteriorating mix continues to hurt OEMs, as a tank-heavy delivery mix, strong pricing, and volume efficiencies all contributed to strong margins in 2015 and 2016, setting up difficult comps in 2017
- Major railcar demand turnarounds are usually driven by one or two car types; aside from the frac sand niche, what car type(s) will that be this cycle?



North American Railcar Production

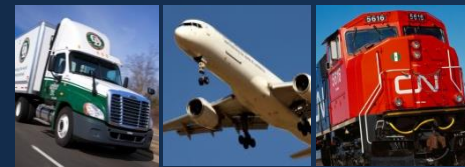


Our 2017 estimate of 41,000 units is in line with FTR's outlook, though we anticipate an increase to 44,000 units in 2018 which is above FTR's 40,000 unit assumption

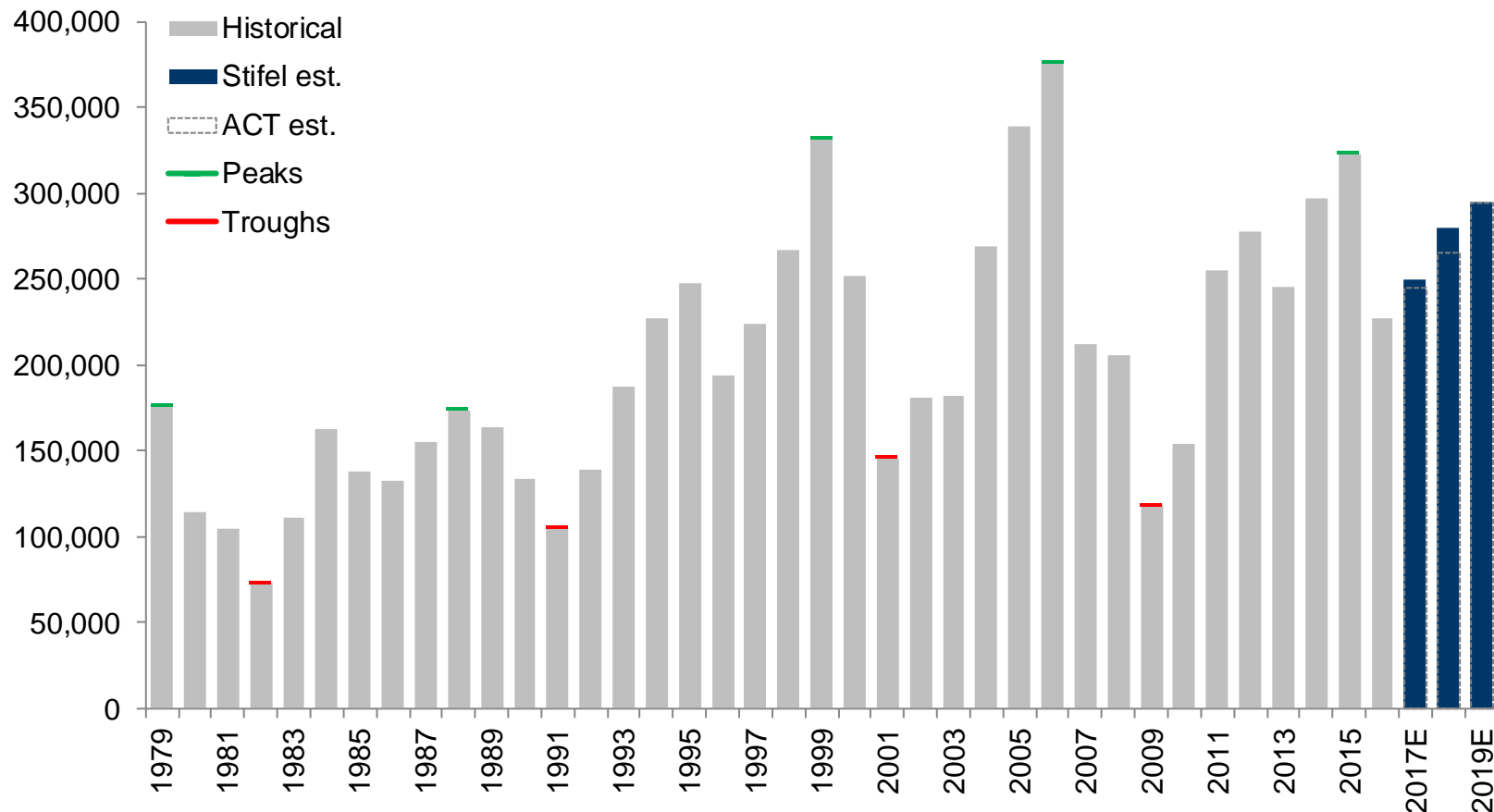


Recent North American Class 8 Orders Ahead of Trucking Fundamentals

- 2017 North American tractor production estimates have risen steadily the past several months, and now production is expected to be up 7% y/y per ACT
- While the administration has removed many regulations, ELDs are all systems go for 2017 and the drug and alcohol clearinghouse is likely in the next two years
- Contrary to historical patterns, tractor orders have picked up before an improvement in carriers' contract rates; flatbed trucking is a notable exception and has seen contract rate increases
- Class 8 inventories right-sized
- Freightliner and PACCAR drivetrains becoming more vertically integrated, while Cummins is working closer with Eaton in an attempt to stave off that threat; Navistar is again marketing an internally manufactured engine (the A26)
- Used truck prices have stabilized at a low level, to the benefit of small fleets enjoying a buyer's market
- Fracking activity has created a surge in demand for parts and service of off-highway equipment
- Global markets generally stable to up; Europe stable at a high level, China surge in 1H likely not sustainable, growth expected in India and Brazil (off a depressed level)



North American Class 8 Production

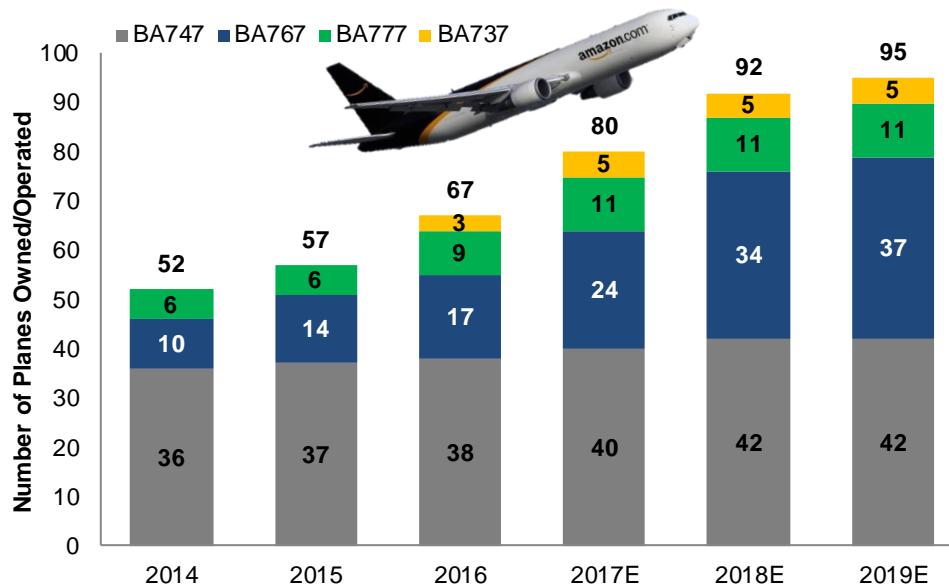


Production likely to fall slightly below replacement demand (~220,000-250,000 units) in 2017, but could again exceed it in 2019-2020

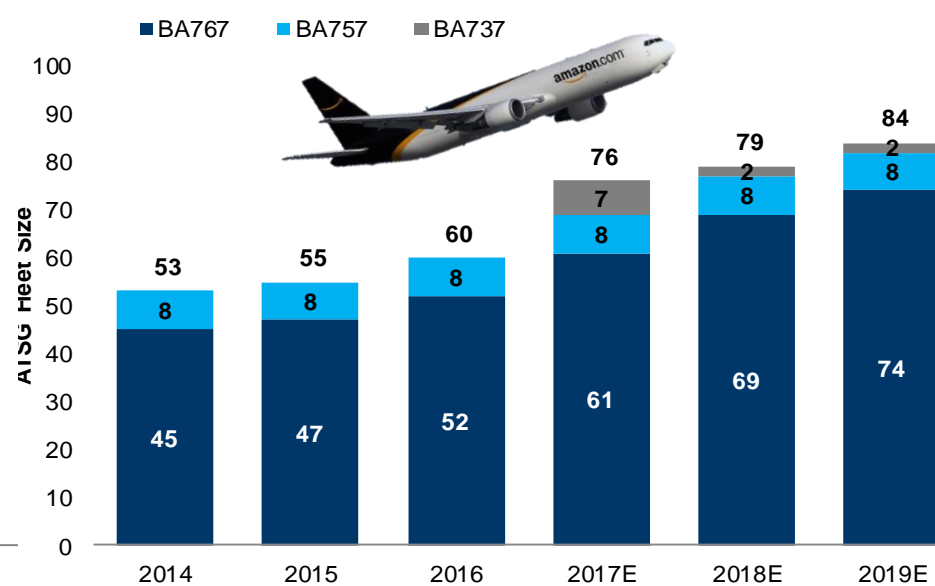


Amazon Driving Fleet Growth For ATSG & AAWW

AAWW

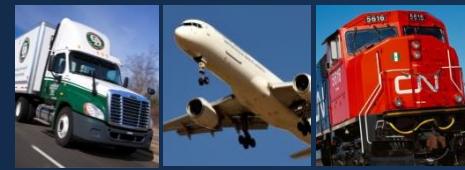


ATSG

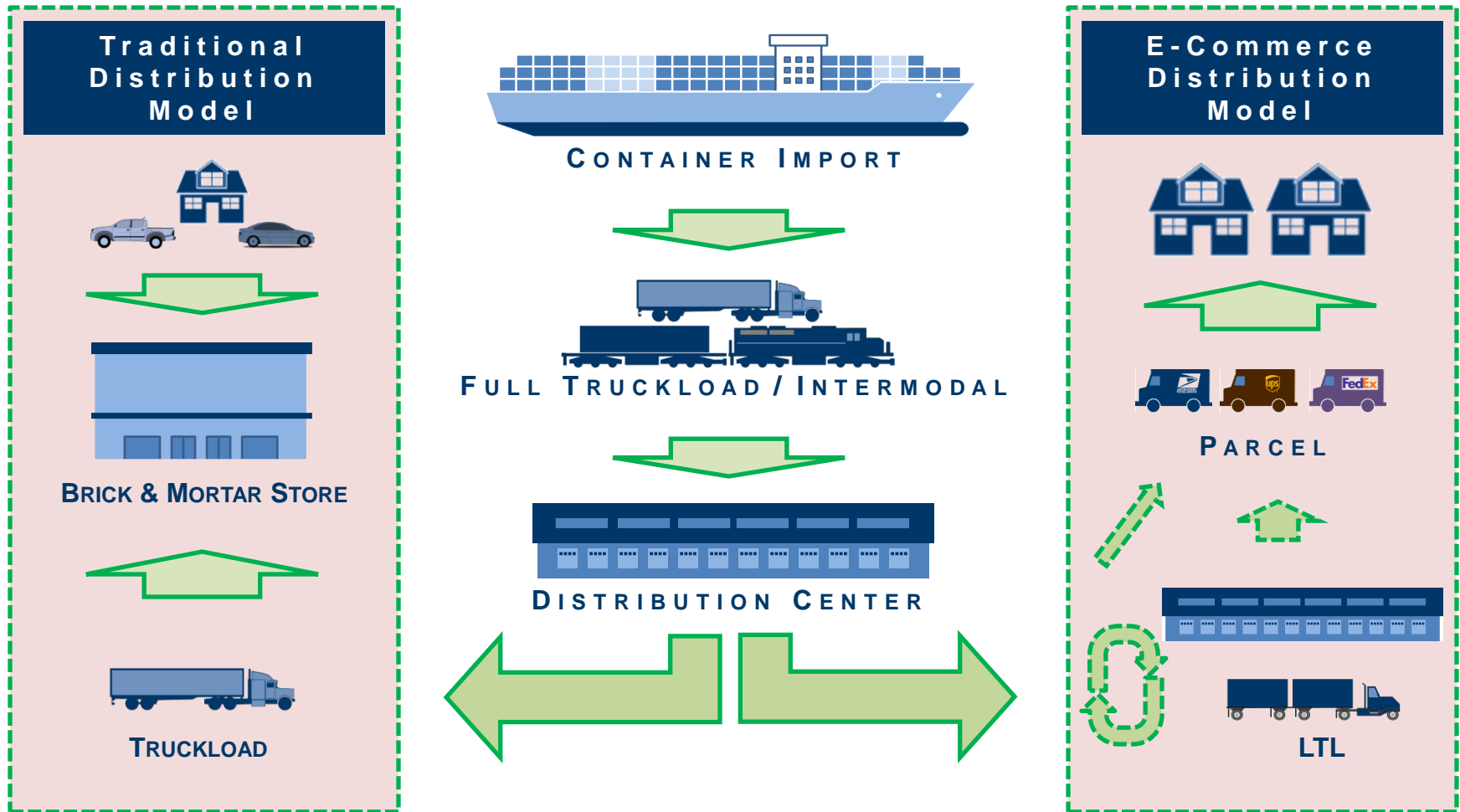


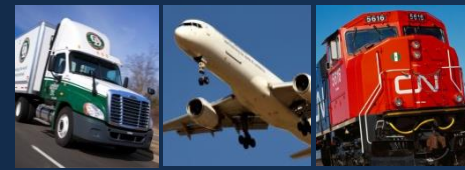
- ATSG recently delivered their final 20th BA767 to Amazon, completing their commitment to them
- AAWW has delivered 10 of 20 BA767 aircrafts to Amazon, with plans of final delivery by the end of 2018⁽¹⁾

Data sets reflect number of company-owned & operated planes.
Source: Stifel estimates, ⁽¹⁾As of 3Q17



E-commerce is changing distribution patterns and shifting modal share





- I. **Stifel Transportation Group Overview**
- II. **Current and Historical Valuation** – valuations still elevated but number of Buy-rated names growing as fundamentals improve
- III. **Economic Indicators** – continued moderate growth expected for the economy, as freight traffic improving
- IV. **Volume Trends** – domestic and international volumes moving up
- V. **Industry Dynamics** – current trends vary significantly by sector
- VI. **Appendix** – operating statistics, comparative valuation matrix, disclosures

Appendix

Transportation Coverage Operating Leverage



Most Buy-Rated Stocks We Cover Contain Operating Leverage

Current Stifel Projections (CY 2019 EPS) - Buy-Rated Names

| Company | Ticker | Price 12/12/17 | Modeled 2019 OR | Modeled 2019 EPS | Target P/E Multiple | Target Price | Modeled Upside Potential |
|---------------------------------------|--------|-------------------|--------------------|---------------------|------------------------|-----------------|-----------------------------|
| Best Inc. | BSTI | \$ 9.38 | 97.5% | \$ 0.38 | 42.0x | \$ 16 | 70.6% |
| Atlas Air Worldwide Holdings, Inc.(2) | AAWW | \$ 57.00 | 87.4% | \$ 5.78 | 12.0x | \$ 69 | 21.1% |
| Heartland Express | HTLD | \$ 22.39 | 83.2% | \$ 1.25 | 21.0x | \$ 27 | 20.6% |
| Universal Logistics Holdings(1) | ULH | \$ 23.80 | 94.1% | \$ 1.65 | 16.5x | \$ 27 | 13.4% |
| J.B.Hunt Transport Services | JBHT | \$ 111.24 | 88.8% | \$ 5.55 | 22.5x | \$ 125 | 12.4% |
| Echo Global Logistics | ECHO | \$ 27.90 | 87.2% | \$ 1.40 | 22.0x | \$ 31 | 11.1% |
| Landstar System(1) | LSTR | \$ 104.00 | 92.6% | \$ 5.10 | 22.5x | \$ 115 | 10.6% |
| Daseke, Inc. | DSKE | \$ 13.64 | 95.0% | \$ 0.19 | NA | \$ 15 | 10.0% |
| USA Truck, Inc. | USAK | \$ 18.21 | 96.4% | \$ 1.20 | 17.0x | \$ 20 | 9.8% |
| Hub Group, Inc. | HUBG | \$ 46.55 | 83.4% | \$ 2.65 | 19.0x | \$ 50 | 7.4% |
| Kansas City Southern | KSU | \$ 110.30 | 61.2% | \$ 6.55 | 18.0x | \$ 118 | 7.0% |
| Canadian Pacific Railway | CP | \$ 178.28 | 55.8% | \$ 13.08 | 14.5x | \$ 190 | 6.6% |
| XPO Logistics, Inc. | XPO | \$ 76.29 | 88.1% | \$ 3.25 | NA | \$ 80 | 4.9% |

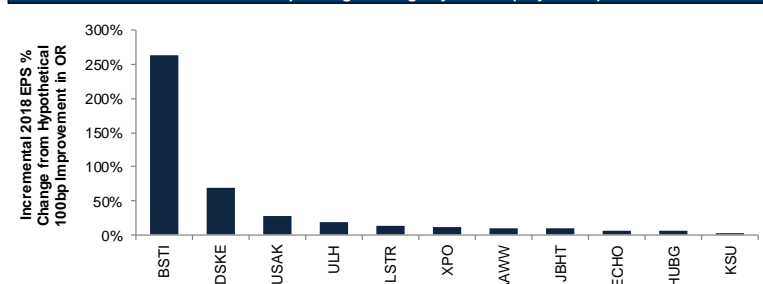
Incremental OR Sensitivity - Buy-Rated Names

| Company | Ticker | Increase in 2019 EPS per 100bp Improvement in Operating Ratio | EPS % Change |
|------------------------------------|--------|--|-----------------|
| Best Inc. | BSTI | \$ 1.01 | 264.1% |
| Daseke, Inc. | DSKE | \$ 0.13 | 69.3% |
| USA Truck, Inc. | USAK | \$ 0.33 | 27.7% |
| Universal Logistics Holdings(1) | ULH | \$ 0.30 | 18.0% |
| Landstar System(1) | LSTR | \$ 0.64 | 12.6% |
| XPO Logistics, Inc. | XPO | \$ 0.40 | 12.4% |
| Atlas Air Worldwide Holdings, Inc. | AAWW | \$ 0.54 | 9.4% |
| J.B.Hunt Transport Services | JBHT | \$ 0.50 | 9.1% |
| Echo Global Logistics | ECHO | \$ 0.09 | 6.2% |
| Hub Group, Inc. | HUBG | \$ 0.16 | 6.0% |
| Kansas City Southern | KSU | \$ 0.18 | 2.8% |
| Canadian Pacific Railway | CP | \$ 0.34 | 2.6% |
| Heartland Express | HTLD | \$ 0.01 | 1.0% |

Modified for 100bp Potential Upside to Forecasted 2019 OR - Buy-Rated Names

| Company | Ticker | Price 12/12/17 | Hypothetical 2019 OR | Hypothetical 2019 EPS | Target P/E Multiple | Hypothetical Target Price | Hypothetical Upside Potential |
|---------------------------------------|--------|-------------------|-------------------------|--------------------------|------------------------|------------------------------|----------------------------------|
| Best Inc. | BSTI | \$ 9.38 | 96.5% | \$ 1.39 | 42.0x | \$ 58 | 518.3% |
| USA Truck, Inc. | USAK | \$ 18.21 | 95.4% | \$ 1.53 | 17.0x | \$ 26 | 42.8% |
| Universal Logistics Holdings(1) | ULH | \$ 23.80 | 93.1% | \$ 1.95 | 16.5x | \$ 32 | 34.5% |
| Atlas Air Worldwide Holdings, Inc.(2) | AAWW | \$ 57.00 | 86.4% | \$ 6.32 | 12.0x | \$ 76 | 33.3% |
| Landstar System(1) | LSTR | \$ 104.00 | 91.6% | \$ 5.74 | 22.5x | \$ 129 | 24.0% |
| J.B.Hunt Transport Services | JBHT | \$ 111.24 | 87.8% | \$ 6.05 | 22.5x | \$ 136 | 22.3% |
| Heartland Express | HTLD | \$ 22.39 | 82.2% | \$ 1.26 | 21.0x | \$ 27 | 20.6% |
| Echo Global Logistics | ECHO | \$ 27.90 | 86.2% | \$ 1.49 | 22.0x | \$ 33 | 18.3% |
| Hub Group, Inc. | HUBG | \$ 46.55 | 82.4% | \$ 2.81 | 19.0x | \$ 53 | 13.9% |
| Daseke, Inc. | DSKE | \$ 13.64 | 94.0% | \$ 0.28 | NA | \$ 15 | 10.0% |
| Kansas City Southern | KSU | \$ 110.30 | 60.2% | \$ 6.73 | 18.0x | \$ 121 | 9.7% |
| Canadian Pacific Railway | CP | \$ 178.28 | 54.8% | \$ 13.42 | 14.5x | \$ 195 | 9.4% |
| XPO Logistics, Inc. | XPO | \$ 76.29 | 87.1% | \$ 3.65 | NA | \$ 80 | 4.9% |

Incremental Operating Leverage by Carrier (Buy-Rated)



(1) Companies with variable cost models (including LSTR and ULH) would inherently have less operating leverage than asset-backed carriers

Source: Stifel estimates

Appendix

Transportation Coverage Operating Leverage

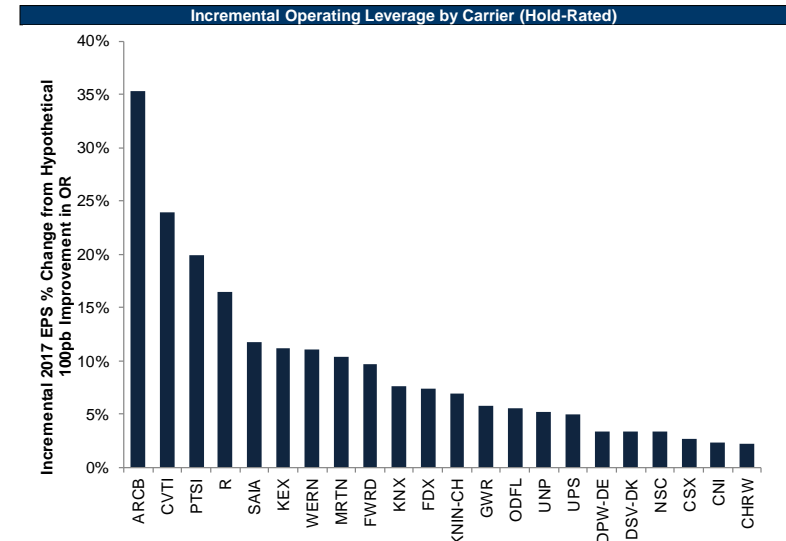


Most of Our Hold-Rated Stocks Also Contain Operating Leverage

| Current Stifel Projections (CY 2019 EPS) - Hold-Rated Names | | | | | | | |
|---|--------|----------------|-----------------|------------------|---------------------|------------|--------------------------|
| Company | Ticker | Price 12/12/17 | Modeled 2019 OR | Modeled 2019 EPS | Target P/E Multiple | Fair Value | Modeled Upside Potential |
| Covenant Transportation Group | CVTI | \$ 28.87 | 94.7% | \$ 1.75 | 18.0x | \$ 32 | 10.8% |
| Canadian National Railway | CNI | \$ 80.13 | 54.5% | \$ 5.35 | 16.5x | \$ 88 | 9.8% |
| Kirby Corp. | KEX | \$ 63.75 | 90.9% | \$ 3.10 | NA | \$ 67 | 5.1% |
| CSX Corp. | CSX | \$ 56.98 | 57.0% | \$ 3.35 | 17.0x | \$ 57 | 0.0% |
| Genesee & Wyoming, Inc. | GWR | \$ 77.22 | 78.8% | \$ 4.20 | 18.0x | \$ 76 | (1.6%) |
| DSV A/S | DSV-DK | DKK 486.00 | 93.5% | DKK 21.23 | 22.0x | DKK 467 | (3.9%) |
| United Parcel Service | UPS | \$ 118.16 | 86.7% | \$ 6.80 | 16.5x | \$ 112 | (5.2%) |
| Marten Transport | MRTN | \$ 20.05 | 90.1% | \$ 0.85 | 22.0x | \$ 19 | (5.2%) |
| Werner Enterprises, Inc. | WERN | \$ 38.10 | 91.0% | \$ 1.80 | 20.0x | \$ 36 | (5.5%) |
| Expeditors International | EXPD | \$ 64.35 | 89.6% | \$ 2.77 | 21.5x | \$ 60 | (6.8%) |
| C.H. Robinson Worldwide | CHRW | \$ 88.00 | 61.5% | \$ 4.10 | 20.0x | \$ 82 | (6.8%) |
| Knight-Swift Transportation | KNX | \$ 42.99 | 87.0% | \$ 1.90 | 21.0x | \$ 40 | (7.0%) |
| FedEx Corp.(1)(2) | FDX | \$ 239.50 | 88.9% | \$ 14.15 | 15.0x | \$ 221 | (7.9%) |
| Union Pacific | UNP | \$ 130.70 | 58.8% | \$ 7.30 | 16.5x | \$ 120 | (8.2%) |
| Forward Air Corp. | FWRD | \$ 57.47 | 89.8% | \$ 2.67 | 19.5x | \$ 52 | (9.5%) |
| Kuehne+Nagel International AG(2 KNIN-CH | CHF | 172.90 | 85.6% | CHF 6.72 | 23.0x | CHF 155.00 | (10.4%) |
| Ryder System | R | \$ 81.75 | 91.9% | \$ 5.67 | 13.5x | \$ 73 | (10.7%) |
| Norfolk Southern Corp. | NSC | \$ 141.46 | 66.0% | \$ 7.85 | 16.0x | \$ 126 | (10.9%) |
| Saia, Inc. | SAIA | \$ 68.15 | 92.3% | \$ 3.32 | 18.0x | \$ 60 | (12.0%) |
| Old Dominion Freight Line | ODFL | \$ 129.07 | 83.2% | \$ 5.54 | 20.0x | \$ 111 | (14.0%) |
| Deutsche Post DHL | DPW-DE | € 40.02 | 93.7% | \$ 2.60 | 14.0x | € 33 | (17.5%) |
| P.A.M. Transportation Services | PTSI | \$ 37.56 | 96.0% | \$ 1.90 | 16.0x | \$ 30 | (20.1%) |
| ArcBest Corporation | ARCB | \$ 38.55 | 97.2% | \$ 2.08 | 13.0x | \$ 27 | (30.0%) |

| Incremental OR Sensitivity - Hold-Rated Names | | | | |
|---|--------|---|----------|----------|
| Company | Ticker | Increase in 2019 EPS per 100bp Improvement in | | EPS |
| | | Operating Ratio | | % Change |
| ArcBest Corporation | ARCB | | \$0.73 | 35.3% |
| Covenant Transportation Group | CVTI | | \$0.42 | 23.9% |
| P.A.M. Transportation Services | PTSI | | \$0.38 | 19.8% |
| Ryder System | R | | \$0.93 | 16.4% |
| Saia, Inc. | SAIA | | \$0.39 | 11.8% |
| Kirby Corp. | KEX | | \$0.35 | 11.1% |
| Werner Enterprises, Inc. | WERN | | \$0.20 | 11.0% |
| Marten Transport | MRTN | | \$0.09 | 10.4% |
| Forward Air Corp. | FWRD | | \$0.26 | 9.7% |
| Knight-Swift Transportation | KNX | | \$0.14 | 7.6% |
| FedEx Corp.(1)(2) | FDX | | \$1.05 | 7.4% |
| Kuehne+Nagel International AG(2 KNIN-CH | | CHF | 0.47 | 7.0% |
| Genesee & Wyoming, Inc. | GWR | | \$0.24 | 5.8% |
| Old Dominion Freight Line | ODFL | | \$0.30 | 5.5% |
| Union Pacific | UNP | | \$0.38 | 5.2% |
| United Parcel Service | UPS | | \$0.34 | 5.0% |
| Deutsche Post DHL | DPW-DE | € | 0.09 | 3.4% |
| DSV A/S | DSV-DK | DKK | 0.71 | 3.4% |
| Norfolk Southern Corp. | NSC | | \$0.26 | 3.4% |
| CSX Corp. | CSX | | \$0.09 | 2.6% |
| Canadian National Railway | CNI | | \$0.13 | 2.4% |
| C.H. Robinson Worldwide | CHRW | | \$0.09 | 2.2% |
| Expeditors International | EXPD | | (\$0.15) | (5.4%) |

| Modified for 100bp Potential Upside to Forecasted 2019 OR - Hold-Rated Names | | | | | | |
|--|--------|----------------|----------------------|-----------------------|---------------------|-------------------------|
| Company | Ticker | Price 12/12/17 | Hypothetical 2019 OR | Hypothetical 2019 EPS | Target P/E Multiple | Hypothetical Fair Value |
| Kirby Corp. | KEX | \$ 63.75 | 89.9% | \$ 3.45 | NA | NA |
| Covenant Transportation Group | CVTI | \$ 28.87 | 93.7% | \$ 2.17 | 18.0x | \$ 39 |
| Canadian National Railway | CNI | \$ 80.13 | 53.5% | \$ 5.48 | 16.5x | \$ 90 |
| Ryder System | R | \$ 81.75 | 90.9% | \$ 6.60 | 13.5x | \$ 89 |
| Werner Enterprises, Inc. | WERN | \$ 38.10 | 90.0% | \$ 2.00 | 20.0x | \$ 40 |
| Marten Transport | MRTN | \$ 20.05 | 89.1% | \$ 0.94 | 22.0x | \$ 21 |
| Genesee & Wyoming, Inc. | GWR | \$ 77.22 | 77.8% | \$ 4.44 | 18.0x | \$ 80 |
| CSX Corp. | CSX | \$ 56.98 | 56.0% | \$ 3.44 | 17.0x | \$ 58 |
| Knight-Swift Transportation | KNX | \$ 42.99 | 86.0% | \$ 2.04 | 21.0x | \$ 43 |
| United Parcel Service | UPS | \$ 118.16 | 85.7% | \$ 7.14 | 16.5x | \$ 118 |
| DSV A/S | DSV-DK | DKK 486.00 | 92.5% | DKK 21.94 | 22.0x | DKK 483 |
| Forward Air Corp. | FWRD | \$ 57.47 | 88.8% | \$ 2.93 | 19.5x | \$ 57 |
| Saia, Inc. | SAIA | \$ 68.15 | 91.3% | \$ 3.71 | 18.0x | \$ 67 |
| Union Pacific | UNP | \$ 130.70 | 57.8% | \$ 7.68 | 16.5x | \$ 127 |
| ArcBest Corporation | ARCB | \$ 38.55 | 96.2% | \$ 2.81 | 13.0x | \$ 37 |
| P.A.M. Transportation Services | PTSI | \$ 37.56 | 95.0% | \$ 2.28 | 16.0x | \$ 36 |
| C.H. Robinson Worldwide | CHRW | \$ 88.00 | 60.5% | \$ 4.19 | 20.0x | \$ 84 |
| Kuehne+Nagel International AG(2 KNIN-CH | CHF | 172.90 | 84.6% | CHF 7.19 | 23.0x | CHF 165 |
| FedEx Corp.(1)(2) | FDX | \$ 239.50 | 87.9% | \$ 15.20 | 15.0x | \$ 228 |
| Deutsche Post DHL | DPW-DE | € 40.02 | 92.7% | € 2.69 | 14.0x | € 38 |
| Norfolk Southern Corp. | NSC | \$ 141.46 | 65.0% | \$ 8.11 | 16.0x | \$ 130 |
| Old Dominion Freight Line | ODFL | \$ 129.07 | 82.2% | \$ 5.84 | 20.0x | \$ 117 |
| Expeditors International | EXPD | \$ 64.35 | 88.6% | \$ 2.62 | 21.5x | \$ 56 |



(1) FDX reports on a May 31 fiscal year basis; depicted figures are adjusted to show CY 2018 results

(2) No 2019 estimates available yet; we use 2018 estimates for these stocks

Source: Stifel estimates



Truckload Sector – 3Q17

| | 3Q17 | | | | | | | | |
|---|------|---------|---------|-----------|---------|---------|---------|---------|---------|
| | CGI | CVTI | HTLD | JBHT | KNX | MRTN | PTSI | USAK | WERN |
| Freight Revenue (millions) ⁽¹⁾ | NA | \$159.5 | \$161.0 | \$1,657.4 | \$469.7 | \$155.0 | \$93.5 | \$102.4 | \$472.2 |
| Operating ratio ⁽²⁾ | NA | 94.3% | 96.6% | 90.0% | 98.8% | 91.6% | 96.0% | 98.4% | 92.4% |
| EPS (diluted) ⁽³⁾ | NA | \$0.25 | \$0.09 | \$0.91 | \$0.25 | \$0.14 | \$0.27 | \$0.05 | \$0.31 |
| Revenue/Loaded Mile ⁽⁴⁾ | NA | \$1.87 | NA | NA | NA | \$2.04 | \$1.77 | \$1.86 | NA |
| Empty Mile % | NA | 9.8% | NA | 16.4% | 13.1% | 5.8% | 6.6% | 12.3% | 12.5% |
| Miles/Tractor/Week | NA | 2,347 | NA | 1,783 | NA | 1,831 | 2,400 | 1,920 | NA |
| Revenue/Tractor/Week | NA | \$3,922 | NA | \$3,524 | \$3,338 | \$3,470 | \$3,500 | \$3,127 | \$3,693 |
| # of Tractors | NA | 2,550 | NA | 2,040 | 4,511 | 2,649 | 1,808 | 1,628 | 7,375 |
| # of Trailers | NA | 7,114 | NA | 7,538 | 12,390 | 4,915 | NA | NA | 22,435 |
| Trailer:Tractor Ratio | NA | 2.8x | NA | 3.7x | 2.7x | 1.9x | NA | NA | 3.0x |
| Average age of tractor fleet | NA | 2.2 | 2.1 | NA | 2.7 | 1.4 | 1.5 | NA | NA |
| Avg. length of haul (miles) | NA | NA | NA | 437 | 480 | 592 | 667 | 546 | 469 |

| | YY Comps | | | | | | | | | |
|---|----------|--------|--------|-------|--------|-------|--------|---------|--------|---------|
| | CGI | CVTI | HTLD | JBHT | KNX | MRTN | PTSI | USAK | WERN | Average |
| Freight Revenue (millions) ⁽¹⁾ | NA | 7.6% | 20.1% | 7.7% | 83.3% | -0.5% | -2.6% | 8.1% | 2.4% | 15.8% |
| Operating ratio ⁽²⁾ | NA | -203bp | 1032bp | 194bp | 1318bp | 115bp | 147bp | -185bp | -129bp | 254bp |
| EPS (diluted) ⁽³⁾ | NA | 59.3% | -36.8% | -6.0% | -13.8% | -4.6% | -48.3% | -155.4% | 18.7% | -23.3% |
| Revenue/Loaded Mile ⁽⁴⁾ | NA | 4.2% | NA | NA | NA | 1.5% | 4.6% | 7.6% | NA | 4.5% |
| Empty Mile % | NA | -13bp | NA | 29bp | 70bp | -94bp | -35bp | -90bp | -7bp | -18bp |
| Miles/Tractor/Week | NA | -0.3% | NA | -3.3% | NA | 0.3% | -3.4% | -4.1% | NA | -2.2% |
| Revenue/Tractor/Week | NA | 4.1% | NA | 1.6% | -0.2% | 0.6% | -1.1% | 4.3% | 2.9% | 1.7% |
| # of Tractors | NA | -1.2% | NA | -6.6% | -3.9% | -4.4% | -3.9% | -1.2% | 2.8% | -2.6% |
| # of Trailers | NA | 0.3% | NA | -0.4% | 0.5% | 0.7% | NA | NA | -7.5% | -1.3% |
| Trailer:Tractor Ratio | NA | 1.6% | NA | 6.5% | 4.7% | 5.3% | NA | NA | -10.0% | 1.6% |
| Average age of tractor fleet | NA | 29.4% | 31.3% | NA | 35.0% | -6.7% | NA | NA | NA | 22.2% |
| Avg. length of haul (miles) | NA | NA | NA | -3.5% | -4.0% | -4.1% | -11.2% | -7.5% | 0.2% | -5.0% |

(1) TL revenue only; (2) Basis point movement in operating ratio, year-over-year. Positive numbers represent margin deterioration, while negative numbers represent margin expansion; (3) Parent Company results; (4) Excludes fuel surcharge

Source: Company data and Stifel estimates



Less-Than-Truckload (LTL) Sector – 3Q17

| | 3Q17 | | | | | | | | |
|-------------------------------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | ARCB | FDX | ODFL | SAIA | UPS | XPO | YRC-F | YRC-R | Average |
| Freight revenue (millions) | \$ 517.4 | \$ 1,752.0 | \$ 873.0 | \$ 350.1 | \$ 673.0 | \$ 928.5 | \$ 787.8 | \$ 463.5 | \$ 793.2 |
| Y/Y % change | 1.6% | 5.7% | 11.5% | 10.6% | 9.3% | 5.1% | 1.3% | 4.5% | 6.2% |
| Operating income (millions) | \$ 21.8 | \$ 176.0 | \$ 163.9 | \$ 24.6 | NA | \$ 113.8 | \$ 20.3 | \$ 21.5 | \$ 77.4 |
| Y/Y % change | 16.8% | 30.4% | 19.3% | 8.6% | NA | 3.2% | (20.1%) | (5.7%) | 7.5% |
| Operating ratio | 95.8% | 90.0% | 81.2% | 93.0% | NA | 87.7% | 97.4% | 95.4% | 91.5% |
| Y/Y bp change* | (55 bp) | (190 bp) | (121 bp) | 13 bp | NA | 23 bp | 69 bp | 50 bp | (30 bp) |
| Yield metrics | | | | | | | | | |
| Revenue/cwt (incl. fuel) | \$ 32.53 | \$ 20.58 | \$ 19.47 | \$ 17.36 | \$ 24.47 | \$ 20.13 | \$ 24.38 | \$ 11.73 | \$ 21.33 |
| Y/Y % change | 6.6% | 3.5% | 3.6% | 8.0% | 3.6% | 3.1% | 3.4% | 1.3% | 4.1% |
| Revenue/cwt (ex. fuel) | NA | NA | \$ 17.31 | NA | NA | \$ 17.72 | \$ 21.81 | \$ 10.52 | \$ 16.84 |
| Y/Y % change | | NA | 2.4% | NA | NA | 1.8% | 2.3% | 0.4% | 1.7% |
| Revenue/shipment | \$ 389.79 | \$ 241.34 | \$ 307.45 | \$ 194.36 | \$ 259.95 | \$ 275.93 | \$ 296.00 | \$ 176.00 | \$ 267.60 |
| Y/Y % change | 4.9% | 5.3% | 5.5% | 8.5% | 7.6% | 6.9% | 3.9% | 4.1% | 5.8% |
| Volume & density metrics | | | | | | | | | |
| Tonnage (thousands) | 788.2 | 3,919.6 | 2,190.0 | 931.0 | 1,375.0 | 2,428.9 | 1,592.0 | 1,975.0 | 1,900.0 |
| Y/Y % change | (5.2%) | 1.4% | 6.9% | 2.0% | 5.5% | 4.8% | (1.7%) | 3.2% | 2.1% |
| Shipments (thousands) | 1,315.5 | 6,683.0 | 2,774.0 | 1,662.0 | 2,589.0 | 3,543.2 | 2,623.0 | 2,631.0 | 2,977.6 |
| Y/Y % change | (3.7%) | (0.4%) | 5.0% | 1.5% | 1.5% | 1.0% | (2.1%) | 0.3% | 0.4% |
| Avg. Weight/shipment (lbs) | 1,198.4 | 1,173.0 | 1,578.9 | 1,120.0 | 1,062.2 | 1,371.0 | 1,213.9 | 1,501.3 | 1,277.3 |
| Y/Y % change | (1.6%) | 1.8% | 1.8% | 0.5% | 3.9% | 3.7% | 0.3% | 2.8% | 1.7% |
| Other | | | | | | | | | |
| Average length of haul (miles) | 1,027.0 | NA | 919.0 | 913.0 | NA | 818.2 | 1,255.0 | NA | 986.4 |
| Y/Y % change | (1.3%) | NA | (0.6%) | 15.7% | NA | (0.1%) | (1.8%) | NA | 2.4% |
| Number of working days | 62.5 | 65.0 | 63.0 | 63.0 | 63.0 | 62.5 | 62.5 | 62.5 | 63.0 |
| Y/Y % change | (2.3%) | 0.0% | (1.6%) | (1.6%) | (1.6%) | (2.3%) | (2.3%) | (0.8%) | (1.6%) |
| Per day statistics | | | | | | | | | |
| Revenue (millions) | \$ 8.3 | \$ 27.0 | \$ 13.9 | \$ 5.6 | \$ 10.7 | \$ 14.9 | \$ 12.6 | \$ 7.4 | \$ 12.5 |
| Y/Y % change | 4.0% | 5.7% | 13.3% | 12.4% | 11.0% | 7.6% | 3.7% | 5.3% | 7.9% |
| Tonnage (thousands) | 12.6 | 60.3 | 34.8 | 14.8 | 21.8 | 38.9 | 25.5 | 31.6 | 30.0 |
| Y/Y % change | (3.0%) | 1.4% | 8.6% | 3.6% | 7.2% | 7.3% | 0.6% | 4.0% | 3.7% |
| Shipments (thousands) | 21.0 | 102.8 | 44.0 | 26.4 | 41.1 | 56.7 | 42.0 | 42.1 | 47.0 |
| Y/Y % change | (1.4%) | (0.4%) | 6.7% | 3.1% | 3.1% | 3.4% | 0.3% | 1.1% | 2.0% |

* For operating ratio (OR), year-over-year change is represented as a basis point movement; positive change indicates margin deterioration, while negative change represent margin expansion.
Source: Company data and Stifel estimates



Railroad Sector – 3Q17

| | 3Q17 | | | | | | |
|--|--|---------|---------|--------------------|-------------------|---------|---------|
| | UNP | CSX | NSC | CNI ⁽³⁾ | CP ⁽³⁾ | KSU | |
| | Freight Revenue (millions) | \$5,050 | \$2,743 | \$2,670 | \$2,577 | \$1,238 | \$634 |
| | Operating income (millions) ⁽¹⁾ | \$2,012 | \$877 | \$911 | \$1,167 | \$552 | \$234 |
| | EPS (diluted) ⁽¹⁾ | \$1.50 | \$0.51 | \$1.75 | \$1.05 | \$2.32 | \$1.35 |
| | Operating ratio ⁽¹⁾⁽²⁾ | 62.8% | 68.0% | 65.9% | 54.7% | 56.7% | 64.4% |
| | Total Units (thousands) | 2,188 | 1,587 | 1,929 | 1,484 | 666 | 576 |
| | Freight revenue/unit | \$2,308 | \$1,728 | \$1,384 | \$1,736 | \$1,857 | \$1,099 |
| | Revenue Ton-Miles (millions) | 118,970 | 51,500 | 51,100 | 59,056 | 35,170 | 13,657 |
| | RTM per Unit | 54,374 | 32,451 | 26,490 | 39,795 | 52,776 | 23,694 |
| Average Employees | 42,056 | 24,608 | 26,761 | 23,183 | 12,149 | 6,977 | |
| RTM/employee | 2,829 | 2,093 | 1,909 | 2,547 | 2,895 | 1,957 | |
| Y/Y Comps | | | | | | | |
| | UNP | CSX | NSC | CNI ⁽³⁾ | CP ⁽³⁾ | KSU | Grp Avg |
| Freight Revenue (millions) | 4.4% | 1.2% | 5.8% | 12.0% | 6.5% | 9.1% | 6.5% |
| Operating income (millions) ⁽¹⁾ | 1.1% | 4.3% | 11.1% | 8.7% | 5.0% | 13.6% | 7.3% |
| EPS (diluted) ⁽¹⁾ | 8.7% | 6.3% | 12.9% | 9.4% | 10.5% | 15.4% | 10.5% |
| Operating ratio ⁽¹⁾⁽²⁾ | 126bp | -94bp | -163bp | 139bp | -102bp | -156bp | -42bp |
| Total Units (thousands) | -0.7% | 0.8% | 3.6% | 11.4% | 2.7% | 2.6% | 3.4% |
| Freight revenue/unit | 5.2% | 0.4% | 2.1% | 0.5% | 3.8% | 6.3% | 3.0% |
| Revenue Ton-Miles (millions) | 1.3% | 2.0% | 4.9% | 10.5% | 3.7% | 5.9% | 4.7% |
| RTM per Unit | 2.0% | 1.1% | 1.3% | -0.8% | 1.0% | 3.2% | 1.3% |
| Average Employees | -1.6% | -9.8% | -3.8% | -4.6% | 3.4% | 6.4% | -1.7% |
| RTM/employee | 3.0% | 13.0% | 9.1% | 15.8% | 0.3% | -0.5% | 6.8% |

(1) O.R., EPS, and Operating Income include fuel surcharge revenue, and exclude extraordinary items.

(2) Year-over-year change in operating ratios displayed in basis point movements. Positive numbers represent margin deterioration, while negative numbers represent margin expansion.

(3) CNI and CP Revenue and operating income converted into \$U.S.

Source: Company data and Stifel estimates



Freight Forwarding Sector – 3Q17

| | 3Q17 | | | | | | | Average | Adj. Avg. |
|---|----------|-------------------|------------------|------------|-------------------|------------|-------------------|-----------|-----------|
| | CEVA | CHRW ¹ | DHL ² | DSV | EXPD ¹ | KNIN | PWTN ¹ | | |
| Airfreight | | | | | | | | | |
| Gross revenue | NA | NA | \$ 1,151.9 | \$ 702.9 | \$ 735.2 | \$ 1,258.9 | \$ 767.5 | \$ 923.3 | \$ 923.3 |
| % growth ³ | NA | NA | 3.3% | 12.2% | 18.3% | 25.9% | 16.5% | 15.2% | 15.2% |
| Gross profit | \$ 80.7 | \$ 25.5 | \$ 250.2 | \$ 169.5 | \$ 187.6 | \$ 264.9 | \$ 167.6 | \$ 163.7 | \$ 186.8 |
| % growth ³ | 6.6% | 28.3% | (3.2%) | 7.4% | 5.8% | 6.7% | 8.4% | 8.6% | 5.3% |
| Gross profit margin (GP/GR) | NA | NA | 19.2% | 24.1% | 25.5% | 21.0% | 21.8% | 22.3% | 22.3% |
| y/y change (bp) | NA | NA | (128bp) | (108bp) | (300bp) | (378bp) | (163bp) | (215bp) | (215bp) |
| Tonnage | 122.9 | NA | 982.0 | 165.1 | NA | 391.0 | 249.0 | 382.0 | 382.0 |
| Tonnage growth (y/y % Δ) | 11.8% | 28.0% | 8.0% | 11.7% | 12.0% | 20.7% | 9.3% | 14.5% | 12.3% |
| Implied GP/ton y/y % Δ | (4.6%) | 0.2% | (10.4%) | (3.9%) | (5.5%) | (11.6%) | (0.8%) | (5.2%) | (6.1%) |
| Ocean Freight | | | | | | | | | |
| Gross revenue | NA | NA | \$ 934.8 | \$ 725.6 | \$ 563.4 | \$ 2,372.4 | \$ 576.6 | \$1,034.6 | \$1,034.6 |
| % growth ³ | NA | NA | 8.0% | 6.4% | 13.7% | 11.8% | 12.0% | 10.4% | 10.4% |
| Gross profit | \$ 54.3 | \$ 81.2 | \$ 196.2 | \$ 177.8 | \$ 152.3 | \$ 380.2 | \$ 113.0 | \$ 165.0 | \$ 179.0 |
| % growth ³ | (1.0%) | 43.7% | (7.7%) | 0.2% | 12.4% | 1.1% | (2.9%) | 6.5% | 0.3% |
| Gross profit margin (GP/GR) | NA | NA | 18.6% | 24.5% | 27.0% | 16.0% | 19.6% | 21.1% | 21.1% |
| y/y change (bp) | NA | NA | (317bp) | (153bp) | (30bp) | (169bp) | (303bp) | (194bp) | (194bp) |
| TEUs | 192.4 | NA | 847.0 | 355.3 | NA | 1,118.0 | 386.0 | 579.7 | 579.7 |
| TEU growth (y/y % Δ) | 2.8% | 22.0% | 8.5% | 2.8% | 4.0% | 7.6% | 1.9% | 7.1% | 4.6% |
| Implied GP/TEU y/y % Δ | (3.8%) | 17.8% | (14.9%) | (2.6%) | 8.1% | (6.0%) | (4.8%) | (0.9%) | (4.0%) |
| Freight Forwarding | | | | | | | | | |
| Gross revenue | \$ 840.0 | \$ 552.1 | \$ 2,958.3 | \$ 1,428.5 | \$ 1,802.2 | \$ 3,631.3 | \$ 1,344.1 | \$1,793.8 | \$2,000.7 |
| % growth ³ | 8.7% | 41.3% | 6.0% | 9.2% | 15.3% | 16.3% | 14.6% | 15.9% | 11.7% |
| Gross profit | \$ 224.0 | \$ 129.8 | \$ 694.3 | \$ 347.3 | \$ 599.1 | \$ 645.0 | \$ 280.7 | \$ 417.2 | \$ 465.1 |
| % growth ³ | (0.9%) | 39.1% | (2.5%) | 3.6% | 9.9% | 3.3% | 3.5% | 8.0% | 2.8% |
| EBIT ⁴ | NA | \$ 31.1 | \$ 78.7 | \$ 142.6 | \$ 186.9 | \$ 193.2 | \$ 31.5 | \$ 110.7 | \$ 126.6 |
| % growth | NA | 82.6% | 6.3% | 44.2% | 11.7% | (3.1%) | (5.3%) | 22.7% | 10.8% |
| Conversion ratio (EBIT/GP) ⁴ | NA | 24.0% | 11.3% | 41.1% | 31.2% | 30.0% | 11.2% | 24.8% | 25.0% |
| y/y change (bp) | NA | 571bp | 94bp | 1158bp | 52bp | (200bp) | (105bp) | 262bp | 200bp |

¹ Consolidated company results include business besides air & ocean freight forwarding; ² DHL Global Forwarding; excludes Freight results; ³ Year-over-year growth figures exclude the impact of F/X currency changes

Source: Company data and Stifel estimates



Parcel Sector – 3Q17

| | FDX | | | UPS | | | DHL | | |
|--|-----------|----------|---------------|-----------|-----------|---------------|------------|------------|---------------|
| | 3Q17 | 3Q16 | % change | 3Q17 | 3Q16 | % change | 3Q17 | 3Q16 | % change |
| <i>Revenue (millions)</i> | | | | | | | | | |
| Next day air ^(2,3) | \$ 2,200 | \$ 2,165 | 1.6% | \$ 1,767 | \$ 1,706 | 3.6% | € 258.72 | € 234.08 | 10.5% |
| Deferred ⁽³⁾ | \$ 878 | \$ 810 | 8.4% | \$ 1,002 | \$ 967 | 3.6% | NA | NA | NA |
| International | \$ 2,511 | \$ 2,408 | 4.3% | \$ 3,364 | \$ 3,024 | 11.2% | € 2,815.12 | € 2,476.32 | 13.7% |
| Ground ⁽⁶⁾ | \$ 4,639 | \$ 4,290 | 8.1% | \$ 6,880 | \$ 6,616 | 4.0% | NA | NA | NA |
| Total consolidated revenue | \$ 10,228 | \$ 9,673 | 5.7% | \$ 13,013 | \$ 12,313 | 5.7% | € 3,073.84 | € 2,710.40 | 13.4% |
| <i>Average daily package volume (000s)</i> | | | | | | | | | |
| Next day air ^(2,3) | 1,745 | 1,825 | (4.4%) | 1,470 | 1,361 | 8.0% | 449 | 411 | (8.5%) |
| Deferred ⁽³⁾ | 876 | 824 | 6.3% | 1,240 | 1,260 | (1.6%) | NA | NA | NA |
| International | 754 | 738 | 2.2% | 3,103 | 2,788 | 11.3% | 863 | 771 | 11.9% |
| Ground ⁽⁶⁾ | 7,688 | 7,389 | 4.0% | 13,175 | 12,743 | 3.4% | NA | NA | NA |
| <i>Average yield (revenue per piece)</i> | | | | | | | | | |
| Next day air ^(2,3) | \$ 19.40 | \$ 18.25 | 6.3% | \$ 19.08 | \$ 19.59 | (2.6%) | € 9.02 | € 9.41 | 4.3% |
| Deferred ⁽³⁾ | \$ 15.42 | \$ 15.12 | 2.0% | \$ 12.83 | \$ 11.99 | 7.0% | NA | NA | NA |
| International ⁽⁴⁾ | \$ 51.16 | \$ 50.20 | 1.9% | \$ 16.52 | \$ 16.21 | 1.9% | € 52.95 | € 52.14 | (1.5%) |
| Ground ⁽⁶⁾ | \$ 8.47 | \$ 8.09 | 4.7% | \$ 8.29 | \$ 8.11 | 2.2% | NA | NA | NA |
| <i>Consolidated operating ratio ⁽⁴⁾</i> | 92.7% | 90.9% | 178bp | 87.3% | 86.4% | 89bp | 89.8% | 90.2% | (42bp) |
| <i>Diluted EPS (continuing operations)</i> | \$ 2.51 | \$ 2.82 | 12.3% | \$ 1.45 | \$ 1.44 | (0.8%) | € 0.51 | € 0.49 | (4.8%) |

(1) FedEx is on a May 31 fiscal year-end, results reflect December to February quarters vs. January to March quarters for UPS

(2) Domestic U.S.

(3) Yields for FDX are for priority international packages, as reported by the company

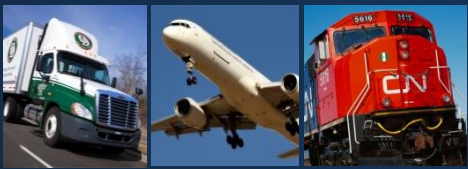
(4) Adjusted operating ratio; year-over-year change in operating ratios displayed in basis point movements. Positive values indicate margin deterioration, while negative values indicate margin expansion.

(5) FDX Ground results include FedEx SmartPost; UPS Ground results include UPS Sure Post, as reported

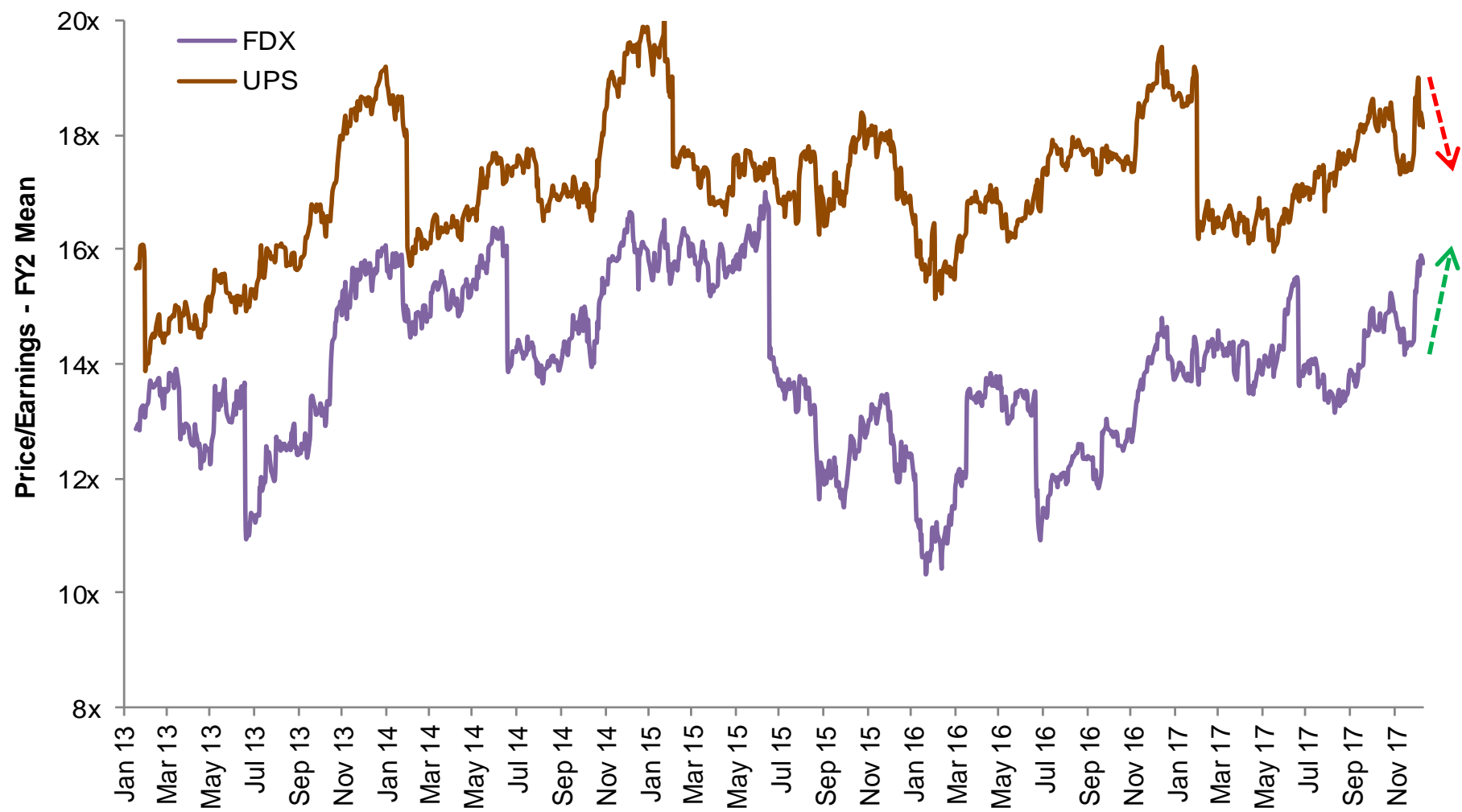
Source: Company data and Stifel estimates

Appendix

Parcel Sector Relative Valuation



Parcel Sector – FDX/UPS Valuation Gap Starting to Close



Source: FactSet Research Systems; Pricing as of 12/11/17 close

Appendix

Truckload & LTL Comparative Valuation Matrix



Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | Closing | | | | | | | Equity value as a multiple of | | | Enterprise value as a multiple of | | | | | | | | | | |
|--|--------|------------|---------|----------|---------|--------|--------------------|----------------------|-------------------------------|----------------------|-------|-----------------------------------|--------|--------|------------------------|-------|--------|--------|--------|----------------------|-------|---------|
| | | Price | Diluted | Market | Total | Cash & | | Earnings per Share | | | Book | TTM | 2018E | TTM | TTM | TTM | TTM | TTM | TTM | PEG | Div. | 2018E |
| Company name (Ticker) | Rating | 12/12/2017 | S/O | cap. | Debt | equiv. | TEV ^(a) | 2016A ^(b) | 2017E ^(b) | 2018E ^(b) | value | Revenue | EBITDA | EBITDA | EBITDAR ^(c) | EBIT | ROA | ROE | ROIC | ratio ^(d) | Yield | FCF Yld |
| Truckload | | | | | | | | | | | | | | | | | | | | | | |
| Celadon Group (CGI) | SU | 6.00 | 27.6 | 165.8 | 380.5 | 6.1 | 540.2 | NM | NA | NA | 0.5x | 0.5x | NA | 5.8x | 5.3x | 29.2x | 0.5% | 1.4% | 1.9% | NA | 1.3% | (4.6%) |
| Covenant Transport (CVTI) | Hold | 28.87 | 18.4 | 531.9 | 221.3 | 8.3 | 750.2 | 31.4x | NM | 25.1x | 2.2x | 1.2x | 5.8x | 7.2x | 6.8x | 29.3x | 2.0% | 3.0% | 2.7% | NM | 0.0% | 3.6% |
| Daseke, Inc. (DSKE) | Buy | 13.64 | 39.4 | 536.9 | 422.4 | 112.5 | 846.7 | NM | NM | NM | 2.1x | 1.2x | 5.2x | 9.5x | 6.7x | NM | (2.6%) | (8.6%) | 2.0% | NM | 0.0% | 15.6% |
| Heartland Express (HTLD) | Buy | 22.39 | 83.4 | 1,866.9 | 0.0 | 51.3 | 1,815.6 | 32.9x | NM | 32.0x | 3.5x | 3.5x | 9.0x | 10.3x | 10.2x | 24.3x | 6.5% | 9.6% | 9.5% | NM | 0.4% | 2.8% |
| J.B. Hunt Transport Svcs. (JBHT) | Buy | 111.24 | 110.6 | 12,306.3 | 1,084.8 | 7.7 | 13,383.4 | 29.8x | 30.4x | 24.4x | 8.4x | 2.1x | 11.5x | 13.2x | 12.9x | 20.8x | 10.2% | 27.7% | 17.0% | 2.0 | 0.8% | 2.4% |
| Knight-Swift Transportation (KNX) | Hold | 42.99 | 104.6 | 4,494.7 | 484.7 | 136.4 | 5,787.1 | 36.7x | 39.1x | 30.7x | 0.9x | 4.7x | 4.9x | 25.1x | 22.7x | NM | 2.0% | 3.1% | 2.9% | 2.9 | 0.6% | 17.7% |
| Landstar System (LSTR) | Buy | 104.00 | 42.2 | 4,391.7 | 151.3 | 249.7 | 4,293.2 | 32.0x | 28.3x | 23.4x | 6.7x | 1.2x | 12.5x | 15.5x | 15.4x | 18.1x | 13.3% | 26.2% | 22.5% | 2.4 | 0.4% | 4.0% |
| Marten Transport (MRTN) | Hold | 20.05 | 54.9 | 1,101.5 | 0.0 | 1.2 | 1,100.4 | 33.4x | 32.3x | 27.8x | 2.4x | 1.6x | 7.0x | 7.7x | 7.7x | 19.3x | 5.0% | 7.5% | 7.6% | 2.3 | 0.5% | 3.9% |
| P.A.M. Transportation Svcs. (PTSI) | Hold | 37.56 | 6.4 | 241.1 | 148.2 | 0.2 | 389.1 | 22.2x | NM | 25.9x | 2.5x | 1.0x | 4.7x | 7.4x | 6.6x | NM | 1.4% | 5.5% | 3.1% | NM | 0.0% | 9.6% |
| Schneider (SNDR) | NC | 26.67 | 177.0 | 4,720.6 | 545.6 | 202.2 | 5,064.0 | 26.4x | NM | NM | 2.9x | 1.3x | NE | 9.2x | 7.9x | 18.6x | 4.8% | 10.9% | 7.9% | NM | 0.0% | NE |
| Universal Logistics Holdings, Inc. (ULH) | Buy | 23.80 | 28.4 | 677.0 | 243.5 | 2.9 | 917.6 | 28.0x | 30.5x | 19.8x | 4.6x | 0.8x | 8.4x | 12.7x | 10.6x | NM | 3.0% | 11.8% | 6.3% | 1.5 | 1.2% | 3.4% |
| USA Truck (USAK) | Buy | 18.21 | 8.0 | 145.6 | 113.5 | 0.2 | 259.0 | NM | NM | NM | 2.8x | 0.7x | 6.1x | 9.6x | 8.3x | NM | (1.6%) | (8.1%) | (0.9%) | NM | 0.0% | (2.3%) |
| Werner Enterprises (WERN) | Hold | 38.10 | 72.6 | 2,765.3 | 75.0 | 10.7 | 2,829.5 | 35.0x | 30.7x | 24.6x | 2.6x | 1.5x | 6.7x | 8.0x | 8.0x | 21.2x | 4.8% | 8.2% | 7.6% | 2.7 | 0.6% | 2.3% |
| Min | | | | 145.6 | 0.0 | 0.2 | 259.0 | 22.2x | 28.3x | 19.8x | 0.5x | 0.5x | 4.7x | 5.8x | 5.3x | 18.1x | (2.6%) | (8.6%) | (0.9%) | 1.5 | 0.0% | (4.6%) |
| Mean | | | | 2,611.2 | 297.8 | 60.7 | 2,921.2 | 30.8x | 31.9x | 26.0x | 3.2x | 1.7x | 7.4x | 10.9x | 9.9x | 22.6x | 3.8% | 7.6% | 6.9% | 2.3 | 0.4% | 4.9% |
| Mean (Asset-based TL only) | | | | 2,625.1 | 316.0 | 48.8 | 2,978.6 | 31.0x | 33.1x | 27.2x | 2.8x | 1.8x | 6.8x | 10.3x | 9.4x | 23.2x | 3.0% | 5.5% | 5.6% | 2.5 | 0.4% | 5.1% |
| Median | | | | 1,101.5 | 221.3 | 8.3 | 1,100.4 | 31.7x | 30.6x | 25.1x | 2.6x | 1.2x | 6.7x | 9.5x | 8.0x | 21.0x | 3.0% | 7.5% | 6.3% | 2.3 | 0.4% | 3.5% |
| Max | | | | 12,306.3 | 1,084.8 | 249.7 | 13,383.4 | 36.7x | 39.1x | 32.0x | 8.4x | 4.7x | 12.5x | 25.1x | 22.7x | 29.3x | 13.3% | 27.7% | 22.5% | 2.9 | 1.3% | 17.7% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |
| Less-Than-Truckload | | | | | | | | | | | | | | | | | | | | | | |
| ArcBest Corporation (ARCB) | Hold | 38.55 | 26.4 | 1,017.5 | 263.0 | 109.0 | 1,171.4 | NM | 33.6x | 21.1x | 1.7x | 0.4x | 6.8x | 7.3x | 6.9x | 22.4x | 2.3% | 5.0% | 3.9% | 3.7 | 0.8% | 5.3% |
| Forward Air Corp. (FWRD) | Hold | 57.47 | 29.9 | 1,720.6 | 40.7 | 12.4 | 1,748.9 | 27.6x | 25.0x | 23.1x | 3.4x | 1.7x | 10.6x | 9.2x | 8.2x | 11.6x | 15.3% | 20.1% | 18.6% | 2.3 | 1.0% | 4.2% |
| Old Dominion Freight Line (ODFL) | Hold | 129.07 | 82.4 | 10,632.9 | 95.0 | 78.1 | 10,649.8 | 36.3x | 30.1x | 26.2x | 5.1x | 3.3x | 12.1x | 14.2x | 14.1x | 19.5x | 11.9% | 17.3% | 16.1% | 1.7 | 0.3% | 2.7% |
| Roadrunner Transportation Svcs. (RRTS) | SU | 8.43 | 38.3 | 323.1 | 404.2 | 4.9 | 722.4 | NE | NE | NE | 0.5x | 1.1x | NE | 7.5x | 6.3x | NM | 1.6% | NM | 3.4% | NE | 0.0% | NE |
| Saia, Inc. (SAIA) | Hold | 68.15 | 26.2 | 1,786.1 | 127.2 | 0.1 | 1,913.2 | 36.1x | 31.7x | 25.1x | 3.4x | 1.4x | 8.8x | 11.1x | 10.7x | 21.5x | 6.1% | 10.7% | 9.3% | 2.1 | 0.0% | (4.0%) |
| YRC Worldwide (YRCW) | Buy | 14.40 | 33.5 | 482.7 | 941.5 | 160.8 | 1,263.4 | 22.2x | NM | 9.5x | NM | 0.3x | 3.3x | 4.8x | 4.5x | 11.3x | (0.6%) | 2.9% | 16.3% | NM | 0.0% | 13.0% |
| Min | | | | 323.1 | 40.7 | 0.1 | 722.4 | 22.2x | 25.0x | 9.5x | 0.5x | 0.3x | 3.3x | 4.8x | 4.5x | 11.3x | (0.6%) | 2.9% | 3.4% | 1.7 | 0.0% | (4.0%) |
| Mean | | | | 2,660.5 | 311.9 | 60.9 | 2,911.5 | 30.5x | 30.1x | 21.0x | 2.8x | 1.4x | 8.3x | 9.0x | 8.4x | 17.3x | 6.1% | 11.2% | 11.3% | 2.5 | 0.4% | 4.2% |
| Mean (Asset-based LTL only) | | | | 3,479.8 | 356.7 | 87.0 | 3,749.5 | 31.5x | 31.8x | 20.5x | 3.4x | 1.4x | 7.8x | 9.3x | 9.0x | 18.7x | 4.9% | 9.0% | 11.4% | 2.5 | 0.3% | 4.3% |
| Median | | | | 1,369.0 | 195.1 | 45.3 | 1,506.1 | 31.8x | 30.9x | 23.1x | 3.4x | 1.3x | 8.8x | 8.4x | 7.5x | 19.5x | 4.2% | 10.7% | 12.7% | 2.2 | 0.2% | 4.2% |
| Max | | | | 10,632.9 | 941.5 | 160.8 | 10,649.8 | 36.3x | 33.6x | 26.2x | 5.1x | 3.3x | 12.1x | 14.2x | 14.1x | 22.4x | 15.3% | 20.1% | 18.6% | 3.7 | 1.0% | 13.0% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |

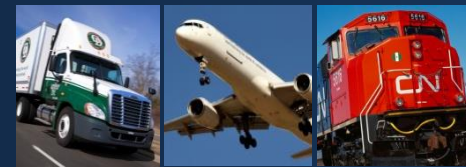
(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest; (b) Stifel estimates for those rated and First Call mean estimates for unrated securities; (c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation ; (d) 2017E P/E divided by First Call mean or Stifel estimated long-term growth rate

Excludes non-recurring items; Calculations may vary due to rounding

Source: Company data , First Call, and Stifel estimates

Appendix

Truckload & LTL Comparative Valuation Matrix



Equity Comps - Transportation

Financial Statistics Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | TTM | EBITDA | | EBIT | | PBT | | Effective | CYEPS | | | Growth | Total | Tangible | Total | TTM | TTM | Total | |
|-------------------------------|--|--------|---------|---------|----------|-------|----------|--------|-----------|----------|--------------------------|--------------------------|--------------------------|---------------------|----------|---------|---------|----------------------|--------------------|---------|
| Company name (Ticker) | | Rating | Revenue | TTM | % margin | TTM | % margin | TTM | % margin | tax rate | 2016A ^{(a),(f)} | 2017E ^{(a),(f)} | 2018E ^{(a),(f)} | Rate ^(b) | Equity | Equity | Debt | CapEx ^(c) | FCF ^(d) | Assets |
| Truckload | | | | | | | | | | | | | | | | | | | | |
| | Celadon Group (CGI) | SU | 1,065.4 | 93.6 | 8.8% | 18.5 | 1.7% | 7.4 | 0.7% | 28.5% | 0.09 | NE | NE | NE | 368.2 | 305.8 | 380.5 | (47.8) | 78.2 | 981.7 |
| | Covenant Transport (CVTI) | Hold | 618.7 | 103.5 | 16.7% | 25.6 | 4.1% | 20.5 | 3.3% | 38.1% | 0.92 | 0.68 | 1.15 | 12.0% | 244.4 | 244.4 | 221.3 | 53.3 | 29.8 | 650.3 |
| | Daseke, Inc. (DSKE) | Buy | 679.2 | 89.1 | 13.1% | 8.6 | 1.3% | (14.2) | (2.1%) | (33.9%) | (0.40) | (0.26) | 0.09 | 20.0% | 257.9 | 40.5 | 422.4 | 100.9 | (55.3) | 857.4 |
| | Heartland Express (HTLD) | Buy | 516.3 | 175.6 | 34.0% | 74.6 | 14.4% | 75.5 | 14.6% | 34.2% | 0.68 | 0.55 | 0.70 | 7.0% | 537.5 | 390.3 | 0.0 | 23.0 | 89.8 | 797.7 |
| | J.B. Hunt Transport Svcs. (JBHT) | Buy | 6,242.5 | 1,017.7 | 16.3% | 644.7 | 10.3% | 616.4 | 9.9% | 35.7% | 3.73 | 3.66 | 4.55 | 15.0% | 1,472.0 | 1,357.5 | 1,084.8 | 456.3 | 342.5 | 4,053.9 |
| | Knight-Swift Transportation (KNX) | Hold | 1,226.1 | 230.7 | 18.8% | 95.8 | 7.8% | 97.0 | 7.9% | 11.5% | 1.17 | 1.10 | 1.40 | 13.6% | 4,798.3 | 523.4 | 484.7 | 75.4 | 111.1 | 7,547.8 |
| | Landstar System (LSTR) | Buy | 3,488.2 | 277.3 | 8.0% | 237.7 | 6.8% | 234.1 | 6.7% | 35.1% | 3.25 | 3.68 | 4.45 | 12.0% | 654.0 | 614.1 | 151.3 | 16.6 | 134.6 | 1,263.3 |
| | Marten Transport (MRTN) | Hold | 688.0 | 142.2 | 20.7% | 57.1 | 8.3% | 56.3 | 8.2% | 40.5% | 0.60 | 0.62 | 0.72 | 14.0% | 461.3 | 461.3 | 0.0 | 112.4 | 11.7 | 676.3 |
| | P.A.M. Transportation Svcs. (PTSI) | Hold | 374.4 | 52.5 | 14.0% | 11.0 | 2.9% | 8.4 | 2.2% | 37.4% | 1.69 | 0.90 | 1.45 | 12.0% | 98.3 | 98.3 | 148.2 | 44.5 | 9.9 | 379.4 |
| | Schneider (SNDR) | NC | 3,901.3 | 547.7 | 14.0% | 272.4 | 7.0% | 251.6 | 6.4% | 39.5% | 1.01 | NE | NE | NE | 1,616.8 | 1,452.3 | 545.6 | 307.1 | 146.5 | 3,302.8 |
| | Universal Logistics Holdings, Inc. (ULH) | Buy | 1,166.7 | 72.3 | 6.2% | 28.7 | 2.5% | 21.3 | 1.8% | 19.1% | 0.85 | 0.78 | 1.20 | 20.0% | 146.3 | 39.3 | 243.5 | 65.4 | 12.7 | 603.9 |
| | USA Truck (USAK) | Buy | 380.1 | 26.9 | 7.1% | (2.1) | (0.5%) | (6.4) | (1.7%) | 28.0% | (0.24) | (0.26) | 0.45 | 12.0% | 51.5 | 51.5 | 113.5 | (7.6) | 24.9 | 263.0 |
| | Werner Enterprises (WERN) | Hold | 1,851.2 | 353.2 | 19.1% | 133.7 | 7.2% | 134.3 | 7.3% | 37.8% | 1.09 | 1.24 | 1.55 | 11.5% | 1,050.9 | 1,050.9 | 75.0 | 256.7 | 71.5 | 1,762.9 |
| | Min | | 374.4 | 26.9 | 6.2% | (2.1) | (0.5%) | (14.2) | (2.1%) | (33.9%) | (0.40) | (0.26) | 0.09 | 7.0% | 51.5 | 39.3 | 0.0 | (47.8) | (55.3) | 263.0 |
| | Mean | | 1,707.5 | 244.8 | 15.1% | 123.6 | 5.7% | 115.6 | 5.0% | 27.0% | 1.11 | 1.15 | 1.61 | 13.6% | 904.4 | 510.0 | 297.8 | 112.0 | 77.5 | 1,780.0 |
| | Mean (Asset-based TL only) | | 1,594.8 | 257.5 | 16.6% | 121.8 | 5.9% | 113.3 | 5.2% | 27.0% | 0.94 | 0.91 | 1.34 | 13.0% | 996.1 | 543.3 | 316.0 | 124.9 | 78.2 | 1,933.9 |
| | Median | | 1,065.4 | 142.2 | 14.0% | 57.1 | 6.8% | 56.3 | 6.4% | 35.1% | 0.92 | 0.78 | 1.20 | 12.0% | 461.3 | 390.3 | 221.3 | 65.4 | 71.5 | 857.4 |
| | Max | | 6,242.5 | 1,017.7 | 34.0% | 644.7 | 14.4% | 616.4 | 14.6% | 40.5% | 3.73 | 3.68 | 4.55 | 20.0% | 4,798.3 | 1,452.3 | 1,084.8 | 456.3 | 342.5 | 7,547.8 |
| Stifel Transportation Average | | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |
| Less-Than-Truckload | | | | | | | | | | | | | | | | | | | | |
| | ArcBest Corporation (ARCB) | Hold | 2,804.0 | 161.3 | 5.8% | 52.2 | 1.9% | 50.8 | 1.8% | 40.0% | 0.93 | 1.15 | 1.83 | 9.0% | 613.6 | 427.5 | 263.0 | 72.3 | 47.0 | 1,344.4 |
| | Forward Air Corp. (FWRD) | Hold | 1,059.5 | 190.9 | 18.0% | 150.6 | 14.2% | 149.5 | 14.1% | 32.9% | 2.08 | 2.30 | 2.49 | 10.8% | 505.6 | 197.8 | 40.7 | 36.1 | 77.3 | 669.2 |
| | Old Dominion Freight Line (ODFL) | Hold | 3,212.7 | 748.1 | 23.3% | 545.9 | 17.0% | 543.3 | 16.9% | 38.3% | 3.56 | 4.29 | 4.93 | 17.6% | 2,087.0 | 2,067.6 | 95.0 | 349.6 | 193.8 | 2,956.2 |
| | Roadrunner Transportation Svcs. (RRTS) | SU | 671.1 | 95.8 | 14.3% | 57.5 | 8.6% | 34.7 | 5.2% | NM | NE | NE | NE | NE | 627.0 | (137.5) | 404.2 | 26.8 | 51.6 | 1,351.3 |
| | Saia, Inc. (SAIA) | Hold | 1,325.5 | 173.0 | 13.0% | 89.0 | 6.7% | 84.3 | 6.4% | 36.2% | 1.89 | 2.15 | 2.71 | 15.0% | 531.8 | 507.0 | 127.2 | 159.1 | (3.9) | 952.7 |
| | YRC Worldwide (YRCW) | Buy | 4,830.7 | 263.4 | 5.5% | 112.1 | 2.3% | (10.7) | (0.2%) | (0.9%) | 0.65 | (0.11) | 1.52 | 15.0% | (403.7) | (431.5) | 941.5 | 79.2 | 2.1 | 1,701.6 |
| | Min | | 671.1 | 95.8 | 5.5% | 52.2 | 1.9% | (10.7) | (0.2%) | (0.9%) | 0.65 | (0.11) | 1.52 | 9.0% | (403.7) | (431.5) | 40.7 | 26.8 | (3.9) | 669.2 |
| | Mean | | 2,317.2 | 272.1 | 13.3% | 167.9 | 8.4% | 142.0 | 7.4% | 29.3% | 1.82 | 2.20 | 2.70 | 13.5% | 660.2 | 438.5 | 311.9 | 120.5 | 61.3 | 1,495.9 |
| | Mean (Asset-based LTL only) | | 3,043.2 | 336.4 | 11.9% | 199.8 | 7.0% | 166.9 | 6.2% | 28.4% | 1.76 | 2.19 | 2.75 | 14.1% | 707.2 | 642.6 | 356.7 | 165.0 | 59.8 | 1,738.7 |
| | Median | | 2,064.7 | 182.0 | 13.7% | 100.6 | 7.6% | 67.5 | 5.8% | 36.2% | 1.89 | 2.23 | 2.49 | 15.0% | 572.7 | 312.7 | 195.1 | 75.7 | 49.3 | 1,347.9 |
| | Max | | 4,830.7 | 748.1 | 23.3% | 545.9 | 17.0% | 543.3 | 16.9% | 40.0% | 3.56 | 4.29 | 4.93 | 17.6% | 2,087.0 | 2,067.6 | 941.5 | 349.6 | 193.8 | 2,956.2 |
| Stifel Transportation Average | | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |

TTM = "Trailing Twelve Months"; Excludes non-recurring items

(a) Stifel estimates for those rated and First Call mean estimates for unrated securities; (b) First Call mean 3-5 year growth estimates; (c) Capital Expenditures, net of sales; (d) Free Cash Flow=Cash Flow from Operating Activities - Capital Expenditures, net of sales

Source: Company data, First Call, and Stifel estimates

Appendix

Truckload & LTL Comparative Valuation Matrix



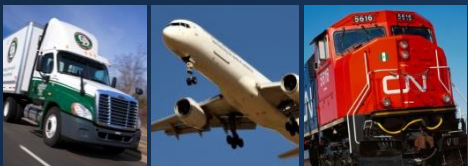
Equity Comps - Transportation

| Debt Ratios | | | | | | | | | | | | | | | | |
|--|--------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| (figures in \$US millions, except per share amounts and where otherwise noted) | | | | | | | | | | | | | | | | |
| Company name (Ticker) | Rating | Debt Rating S&P | Balance sheet debt | | | | | | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | | |
| | | | | | | | | | | | | | | | | |
| Truckload | | | | | | | | | | | | | | | | |
| Celadon Group (CGI) | SU | NA | 4.1x | 4.0x | 2.7x | 20.6x | 50.8% | 69.6% | 3.9x | 3.9x | 3.2x | 24.1x | 54.8% | 72.9% | 7.1x | 1.4x |
| Covenant Transport (CVTI) | Hold | NA | 2.1x | 2.1x | 4.4x | 8.7x | 47.5% | 29.4% | 2.0x | 2.0x | 4.5x | 8.9x | 48.1% | 29.9% | 12.6x | 3.1x |
| Daseke, Inc. (DSKE) | Buy | NA | 4.7x | 3.5x | NM | 49.2x | 62.1% | 44.0% | 2.3x | 1.2x | -19.2x | NM | 46.8% | 29.7% | 3.9x | 0.4x |
| Heartland Express (HTLD) | Buy | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | 0.0x | NM | 0.0x | 0.0x | 0.6% | 0.2% | NM | NM |
| J.B. Hunt Transport Svcs. (JBHT) | Buy | BBB+ | 1.1x | 1.1x | 1.9x | 1.7x | 42.4% | 8.1% | 0.9x | 0.9x | 1.7x | 1.5x | 39.9% | 7.3% | 35.9x | 22.7x |
| Knight-Swift Transportation (KNX) | Hold | NA | 2.1x | 1.5x | 3.1x | 5.1x | 9.2% | 9.7% | 0.0x | NM | 0.0x | 0.1x | 0.2% | 0.2% | NM | NM |
| Landstar System (LSTR) | Buy | NA | 0.5x | NM | 0.6x | 0.6x | 18.8% | 3.3% | 0.6x | NM | 0.6x | 0.7x | 19.1% | 3.4% | NM | NM |
| Marten Transport (MRTN) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | 0.0x | NM | 0.0x | 0.0x | 0.1% | 0.0% | NM | NM |
| P.A.M. Transportation Svcs. (PTSI) | Hold | NA | 2.8x | 2.8x | 18.7x | 13.4x | 60.1% | 38.1% | 2.6x | 2.6x | 19.9x | 14.3x | 61.6% | 39.5% | 13.8x | 2.9x |
| Schneider (SNDR) | NC | NA | 1.0x | 0.6x | 2.3x | 2.0x | 25.2% | 10.4% | 1.9x | 1.6x | 5.9x | 5.3x | 46.9% | 23.3% | 28.2x | 14.0x |
| Universal Logistics Holdings, Inc. (ULH) | Buy | NA | 3.4x | 3.3x | NM | 8.5x | 62.5% | 26.5% | 3.4x | 3.3x | NM | 10.9x | 68.1% | 31.6% | 7.9x | 3.1x |
| USA Truck (USAK) | Buy | NA | 4.2x | 4.2x | 3.3x | -54.6x | 68.8% | 43.8% | 4.2x | 4.2x | 4.3x | NM | 74.2% | 50.4% | 6.9x | -0.5x |
| Werner Enterprises (WERN) | Hold | NA | 0.2x | 0.2x | 0.8x | 0.6x | 6.7% | 2.6% | 0.2x | 0.2x | 0.8x | 0.6x | 6.7% | 2.6% | NM | NM |
| Min | | | 0.0x | 0.2x | 0.0x | -54.6x | 0.0% | 0.0% | 0.0x | 0.2x | -19.2x | 0.0x | 0.1% | 0.0% | | -0.5x |
| Mean | | | 2.0x | 2.3x | 3.4x | 4.3x | 34.9% | 22.0% | 1.7x | 2.2x | 1.8x | 6.0x | 35.9% | 22.4% | 14.5x | 5.9x |
| Mean (Asset-based TL only) | | | 2.0x | 2.2x | 3.7x | 4.2x | 33.9% | 23.3% | 1.7x | 2.1x | 1.9x | 6.1x | 34.5% | 23.3% | 15.5x | 6.3x |
| Median | | | 2.1x | 2.4x | 2.3x | 2.0x | 42.4% | 10.4% | 1.9x | 2.0x | 1.3x | 1.5x | 46.8% | 23.3% | 10.2x | 3.0x |
| Max | | | 4.7x | 4.2x | 18.7x | 49.2x | 68.8% | 69.6% | 4.2x | 4.2x | 19.9x | 24.1x | 74.2% | 72.9% | 35.9x | 22.7x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |
| Less-Than-Truckload | | | | | | | | | | | | | | | | |
| ArcBest Corporation (ARCB) | Hold | NR | 1.6x | 1.0x | 3.0x | 5.0x | 30.0% | 20.54% | 1.8x | 1.2x | 3.5x | 6.0x | 33.9% | 23.6% | 35.6x | 11.5x |
| Forward Air Corp. (FWRD) | Hold | NA | 0.2x | 0.1x | 0.3x | 0.3x | 7.4% | 2.3% | 0.5x | 0.4x | 0.7x | 0.7x | 17.0% | 5.7% | NM | NM |
| Old Dominion Freight Line (ODFL) | Hold | NA | 0.1x | 0.0x | 0.2x | 0.2x | 4.4% | 0.9% | 0.2x | 0.1x | 0.4x | 0.3x | 6.4% | 1.3% | NM | NM |
| Roadrunner Transportation Svcs. (RRTS) | SU | NA | 4.2x | 4.2x | 5.9x | 7.0x | 39.2% | 55.6% | 4.0x | 3.9x | 8.0x | 9.6x | 46.8% | 63.1% | 4.2x | 2.5x |
| Saia, Inc. (SAIA) | Hold | NA | 0.7x | 0.7x | 9.2x | 1.4x | 19.3% | 6.6% | 1.2x | 1.2x | 15.9x | 2.5x | 29.3% | 11.0% | 36.4x | 18.8x |
| YRC Worldwide (YRCW) | Buy | CCC | 3.6x | 3.0x | 5.1x | 8.4x | 175.1% | 66.1% | 3.6x | 3.1x | 7.0x | 11.5x | 145.8% | 72.7% | 2.6x | 1.1x |
| Min | | | 0.1x | 0.0x | 0.2x | 0.2x | 4.4% | 0.9% | 0.2x | 0.1x | 0.4x | 0.3x | 6.4% | 1.3% | 2.6x | 1.1x |
| Mean | | | 1.8x | 1.5x | 3.9x | 3.7x | 45.9% | 25.3% | 1.9x | 1.7x | 5.9x | 5.1x | 46.6% | 29.6% | 19.7x | 8.5x |
| Mean (Asset-based LTL only) | | | 1.5x | 1.2x | 4.4x | 3.8x | 57.2% | 23.5% | 1.7x | 1.4x | 6.7x | 5.1x | 53.9% | 27.2% | 24.9x | 10.5x |
| Median | | | 1.2x | 0.8x | 4.0x | 3.2x | 24.7% | 13.6% | 1.5x | 1.2x | 5.3x | 4.3x | 17.3% | 19.9x | 19.9x | 7.0x |
| Max | | | 4.2x | 4.2x | 9.2x | 8.4x | 175.1% | 66.1% | 4.0x | 3.9x | 15.9x | 11.5x | 145.8% | 72.7% | 36.4x | 18.8x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |

Capitalization of off-balance sheet leases utilizes S&P methodology
Source: Company data , Bloomberg, and Stifel estimates

Appendix

Rail & Intermodal Comparative Valuation Matrix



STIFEL

Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| Closing | | | | | | | | Equity value as a multiple of | | | | Enterprise value as a multiple of | | | | | | | | | | | |
|----------------------------------|--------|---------------------|----------------|----------------|---------------|------------------|--------------------|-------------------------------|----------------------|----------------------|---------------|-----------------------------------|-----------------|---------------|-------------------------------|-------------|------------|------------|-------------|-----------------------------|---------------|------------------|--|
| Company name (Ticker) | Rating | Price 12/12/2017 | Diluted S/O | Market cap. | Total Debt | Cash & equiv. | TEV ^(a) | Earnings per Share | | | Book value | TTM Revenue | 2018E EBITDA | TTM EBITDA | TTM EBITDAR ^(c) | TTM EBIT | TTM ROA | TTM ROE | TTM ROIC | PEG ratio ^(d) | Div. Yield | 2018E FCF Yld | |
| | | | | | | | | 2016A ^(b) | 2017E ^(b) | 2018E ^(b) | | | | | | | | | | | | | |
| Railroads | | | | | | | | | | | | | | | | | | | | | | | |
| Canadian National (CNI) | Hold | 80.09 | 757.3 | 60,649.1 | 7,949.6 | 83.2 | 68,515.5 | 23.2x | 20.3x | 17.4x | 5.3x | 7.0x | 11.1x | 13.0x | 12.8x | 16.0x | 10.3% | 25.4% | 16.4% | 1.9 | 1.6% | 26.3% | |
| Canadian Pacific (CP) | Buy | 178.28 | 147.0 | 26,205.4 | 6,208.4 | 108.4 | 32,305.4 | 23.0x | 20.0x | 16.3x | 6.2x | 6.6x | 10.7x | 12.7x | 12.5x | 15.8x | 8.4% | 32.0% | 14.6% | 1.1 | 1.0% | 4.5% | |
| CSX Corp. (CSX) | Hold | 56.98 | 906.0 | 51,623.9 | 11,807.0 | 591.0 | 62,839.9 | 32.0x | 25.4x | 20.7x | 4.7x | 5.5x | 10.9x | 12.7x | 12.7x | 17.4x | 5.6% | 17.3% | 10.1% | 2.3 | 1.4% | 2.5% | |
| Genesee & Wyoming (GWR) | Hold | 77.22 | 62.5 | 4,824.6 | 2,384.7 | 80.3 | 7,272.2 | 21.2x | 26.7x | 21.8x | 1.4x | 3.4x | 8.3x | 11.0x | 10.2x | 17.4x | 2.9% | 7.0% | 5.3% | 1.8 | 0.0% | 7.8% | |
| Kansas City Southern (KSU) | Buy | 110.30 | 104.8 | 11,559.9 | 2,634.8 | 88.4 | 14,106.3 | 24.6x | 21.2x | 18.7x | 2.6x | 5.6x | 10.7x | 11.7x | 11.2x | 15.9x | 5.8% | 11.9% | 8.4% | 1.3 | 1.3% | 3.1% | |
| Norfolk Southern Corp. (NSC) | Hold | 141.46 | 292.2 | 41,335.3 | 9,880.0 | 724.0 | 50,491.3 | 25.2x | 21.8x | 19.8x | 3.2x | 4.9x | 10.7x | 11.5x | 11.4x | 15.1x | 5.3% | 14.7% | 9.8% | 2.2 | 1.7% | 1.6% | |
| Union Pacific (UNP) | Hold | 130.70 | 809.1 | 105,747.6 | 16,833.0 | 1,847.0 | 120,733.6 | 25.7x | 22.5x | 19.8x | 5.5x | 5.8x | 11.0x | 12.2x | 11.8x | 15.5x | 8.1% | 23.2% | 13.4% | 1.6 | 2.0% | 3.8% | |
| Min | | | | 4,824.6 | 2,384.7 | 80.3 | 7,272.2 | 21.2x | 20.0x | 16.3x | 1.4x | 3.4x | 8.3x | 11.0x | 10.2x | 15.1x | 2.9% | 7.0% | 5.3% | 1.1 | 0.0% | 1.6% | |
| Mean | | | | 43,135.1 | 8,242.5 | 503.2 | 50,894.9 | 25.0x | 22.6x | 19.2x | 4.1x | 5.5x | 10.5x | 12.1x | 11.8x | 16.2x | 6.6% | 18.8% | 11.1% | 1.7 | 1.3% | 7.1% | |
| Mean (Class I Rails only) | | | | 49,520.2 | 9,218.8 | 573.7 | 58,165.3 | 25.6x | 21.9x | 18.8x | 4.6x | 5.9x | 10.8x | 12.3x | 12.1x | 16.0x | 7.2% | 20.7% | 12.1% | 1.7 | 1.5% | 7.0% | |
| Median | | | | 41,335.3 | 7,949.6 | 108.4 | 50,491.3 | 24.6x | 21.8x | 19.8x | 4.7x | 5.6x | 10.7x | 12.2x | 11.8x | 15.9x | 5.8% | 17.3% | 10.1% | 1.8 | 1.4% | 3.8% | |
| Max | | | | 105,747.6 | 16,833.0 | 1,847.0 | 120,733.6 | 32.0x | 26.7x | 21.8x | 6.2x | 7.0x | 11.1x | 13.0x | 12.8x | 17.4x | 10.3% | 32.0% | 16.4% | 2.3 | 2.0% | 26.3% | |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% | |
| Intermodal | | | | | | | | | | | | | | | | | | | | | | | |
| Hub Group (HUBG) | Buy | 46.55 | 33.4 | 1,557.0 | 287.1 | 18.6 | 1,825.5 | 20.4x | 29.1x | 21.7x | 2.3x | 2.5x | 10.0x | 17.7x | 15.4x | 19.9x | 3.9% | 8.9% | 7.1% | 2.2 | 0.0% | (5.0%) | |
| J.B. Hunt Transport Svcs. (JBHT) | Buy | 111.24 | 110.6 | 12,306.3 | 1,084.8 | 7.7 | 13,383.4 | 29.8x | 30.4x | 24.4x | 8.4x | 2.1x | 11.5x | 13.2x | 12.9x | 20.8x | 10.2% | 27.7% | 17.0% | 2.0 | 0.8% | 2.4% | |
| Min | | | | 1,557.0 | 287.1 | 7.7 | 1,825.5 | 20.4x | 29.1x | 21.7x | 2.3x | 2.1x | 10.0x | 13.2x | 12.9x | 19.9x | 3.9% | 8.9% | 7.1% | 2.0 | 0.0% | (5.0%) | |
| Mean | | | | 13.0 | 685.9 | 13.1 | 7,604.4 | 25.1x | 29.7x | 23.0x | 5.3x | 2.3x | 10.7x | 15.4x | 14.1x | 20.3x | 7.0% | 18.3% | 12.0% | 2.1 | 0.4% | (1.3%) | |
| Max | | | | 12,306.3 | 1,084.8 | 18.6 | 13,383.4 | 29.8x | 30.4x | 24.4x | 8.4x | 2.5x | 11.5x | 17.7x | 15.4x | 20.8x | 10.2% | 27.7% | 17.0% | 2.2 | 0.8% | 2.4% | |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% | |

(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest; (b) Stifel estimates for those rated and First Call mean estimates for unrated securities; (c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation ; (d) 2017E P/E divided by First Call mean or Stifel estimated long-term growth rate
Excludes non-recurring items; Calculations may vary due to rounding
Source: Company data , First Call, and Stifel estimates

Appendix

Rail & Intermodal Comparative Valuation Matrix



Equity Comps - Transportation

Financial Statistics Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | PBT | | Effective tax rate | CYEPS | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|----------------------------------|--------|----------|---------|----------|---------|----------|---------|----------|-----------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-----------------|--------------------|---------------|-----------------------------|---------------------------|-----------------|
| | | Revenue | TTM | % margin | TTM | % margin | TTM | % margin | | 2016A ^{(a),(f)} | 2017E ^{(a),(f)} | 2018E ^{(a),(f)} | | | | | | | |
| Railroads | | | | | | | | | | | | | | | | | | | |
| Canadian National (CNI) | Hold | 9,851.1 | 5,260.0 | 53.4% | 4,291.8 | 43.6% | 3,939.5 | 40.0% | 26.1% | 3.45 | 3.94 | 4.60 | 10.7% | 11,515.3 | 11,316.0 | 7,949.6 | 1,773.9 | 2,436.6 | 28,323.7 |
| Canadian Pacific (CP) | Buy | 4,900.1 | 2,539.9 | 51.8% | 2,044.5 | 41.7% | 1,686.9 | 34.4% | 26.2% | 7.74 | 8.93 | 10.93 | 17.9% | 4,248.1 | 4,105.3 | 6,208.4 | 328.5 | 830.9 | 14,869.5 |
| CSX Corp. (CSX) | Hold | 11,404.0 | 4,929.6 | 43.2% | 3,603.6 | 31.6% | 3,089.6 | 27.1% | 36.9% | 1.78 | 2.24 | 2.75 | 11.0% | 10,902.0 | 10,902.0 | 11,807.0 | 2,270.0 | 1,144.0 | 35,573.0 |
| Genesee & Wyoming (GWR) | Hold | 2,146.2 | 658.8 | 30.7% | 418.2 | 19.5% | 317.9 | 14.8% | 33.0% | 3.65 | 2.89 | 3.55 | 15.0% | 3,433.7 | 670.6 | 2,384.7 | 209.1 | 244.8 | 8,029.2 |
| Kansas City Southern (KSU) | Buy | 2,521.0 | 1,208.4 | 47.9% | 888.7 | 35.3% | 802.0 | 31.8% | 35.0% | 4.48 | 5.20 | 5.90 | 16.4% | 4,406.4 | 4,406.4 | 2,634.8 | 599.1 | 314.2 | 9,100.3 |
| Norfolk Southern Corp. (NSC) | Hold | 10,372.0 | 4,380.0 | 42.2% | 3,333.0 | 32.1% | 2,876.0 | 27.7% | 35.6% | 5.62 | 6.50 | 7.15 | 10.0% | 12,727.0 | 12,727.0 | 9,880.0 | 1,898.0 | 1,289.0 | 35,153.0 |
| Union Pacific (UNP) | Hold | 20,958.0 | 9,868.0 | 47.1% | 7,775.0 | 37.1% | 7,371.0 | 35.2% | 37.9% | 5.09 | 5.82 | 6.60 | 14.0% | 19,151.0 | 19,151.0 | 16,833.0 | 3,280.0 | 4,176.0 | 57,397.0 |
| Mean (Class I Rails only) | Min | 2,146.2 | 658.8 | 30.7% | 418.2 | 19.5% | 317.9 | 14.8% | 26.1% | 1.78 | 2.24 | 2.75 | 10.0% | 3,433.7 | 670.6 | 2,384.7 | 209.1 | 244.8 | 8,029.2 |
| | Mean | 8,878.9 | 4,120.7 | 45.2% | 3,193.6 | 34.4% | 2,869.0 | 30.1% | 33.0% | 4.54 | 5.07 | 5.93 | 13.6% | 9,483.3 | 9,039.8 | 8,242.5 | 1,479.8 | 1,490.8 | 26,920.8 |
| | Median | 10,001.0 | 4,697.7 | 47.6% | 3,656.1 | 36.9% | 3,294.2 | 32.7% | 33.0% | 4.69 | 5.44 | 6.32 | 13.3% | 10,491.6 | 10,434.6 | 9,218.8 | 1,691.6 | 1,698.4 | 30,069.4 |
| | Max | 9,851.1 | 4,380.0 | 47.1% | 3,333.0 | 35.3% | 2,876.0 | 31.8% | 35.0% | 4.48 | 5.20 | 5.90 | 14.0% | 10,902.0 | 10,902.0 | 7,949.6 | 1,773.9 | 1,144.0 | 28,323.7 |
| | Max | 20,958.0 | 9,868.0 | 53.4% | 7,775.0 | 43.6% | 7,371.0 | 40.0% | 37.9% | 7.74 | 8.93 | 10.93 | 17.9% | 19,151.0 | 19,151.0 | 16,833.0 | 3,280.0 | 4,176.0 | 57,397.0 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |
| Intermodal | | | | | | | | | | | | | | | | | | | |
| Hub Group (HUBG) | Buy | 736.0 | 103.4 | 14.0% | 91.8 | 12.5% | 87.1 | 11.8% | 34.7% | 2.28 | 1.60 | 2.15 | 13.5% | 667.5 | 243.2 | 287.1 | 83.9 | 26.7 | 1,599.9 |
| J.B. Hunt Transport Svcs. (JBHT) | Buy | 6,242.5 | 1,017.7 | 16.3% | 644.7 | 10.3% | 616.4 | 9.9% | 35.7% | 3.73 | 3.66 | 4.55 | 15.0% | 1,472.0 | 1,357.5 | 1,084.8 | 456.3 | 342.5 | 4,053.9 |
| Mean (Class I Intermodal only) | Min | 736.0 | 103.4 | 14.0% | 91.8 | 10.3% | 87.1 | 9.9% | 34.7% | 2.28 | 1.60 | 2.15 | 13.5% | 667.5 | 243.2 | 287.1 | 83.9 | 26.7 | 1,599.9 |
| | Mean | 3,489.3 | 560.6 | 15.2% | 368.3 | 11.4% | 351.7 | 10.9% | 35.2% | 3.01 | 2.63 | 3.35 | 14.3% | 1,069.7 | 800.4 | 685.9 | 270.1 | 184.6 | 2,826.9 |
| | Max | 6,242.5 | 1,017.7 | 16.3% | 644.7 | 12.5% | 616.4 | 11.8% | 35.7% | 3.73 | 3.66 | 4.55 | 15.0% | 1,472.0 | 1,357.5 | 1,084.8 | 456.3 | 342.5 | 4,053.9 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |

TTM = "Trailing Twelve Months"; Excludes non-recurring items

(a) Stifel estimates for those rated and First Call mean estimates for unrated securities; (b) First Call mean 3-5 year growth estimates; (c) Capital Expenditures, net of sales; (d) Free Cash Flow=Cash Flow from Operating Activities - Capital Expenditures, net of sales

Source: Company data, First Call, and Stifel estimates

Appendix

Rail & Intermodal Comparative Valuation Matrix



STIFEL

Equity Comps - Transportation

Debt Ratios

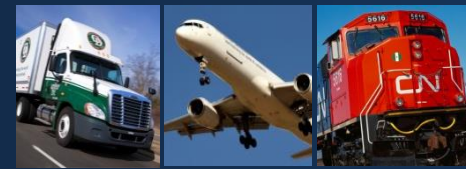
(figures in \$US millions, except per share amounts and where otherwise noted)

| Company name (Ticker) | Rating | Debt Rating S&P | Balance sheet debt | | | | | | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
|----------------------------------|--------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | Total debt/ TTM EBITDAR | Net debt/ TTM EBITDAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | | |
| | | | | | | | | | | | | | | | | |
| Railroads | | | | | | | | | | | | | | | | |
| Canadian National (CNI) | Hold | A | 1.5x | 1.5x | 2.3x | 1.9x | 40.8% | 11.6% | 1.5x | 1.5x | 2.4x | 1.9x | 41.7% | 12.0% | 14.2x | 11.6x |
| Canadian Pacific (CP) | Buy | BBB+ | 2.4x | 2.4x | 2.8x | 3.0x | 59.4% | 19.2% | 2.5x | 2.5x | 3.0x | 3.2x | 60.9% | 20.1% | 7.1x | 5.7x |
| CSX Corp. (CSX) | Hold | BBB+ | 2.4x | 2.3x | 4.4x | 3.3x | 52.0% | 18.6% | 2.4x | 2.3x | 4.6x | 3.4x | 52.8% | 19.1% | 9.6x | 7.0x |
| Genesee & Wyoming (GWR) | Hold | BB | 3.6x | 3.5x | 5.3x | 5.7x | 41.0% | 33.1% | 3.7x | 3.6x | 6.3x | 6.8x | 45.3% | 37.0% | 6.5x | 4.1x |
| Kansas City Southern (KSU) | Buy | BBB- | 2.2x | 2.1x | 4.3x | 3.0x | 37.4% | 18.6% | 2.2x | 2.2x | 4.7x | 3.2x | 39.2% | 19.7% | 12.2x | 8.9x |
| Norfolk Southern Corp. (NSC) | Hold | BBB+ | 2.3x | 2.1x | 4.0x | 3.0x | 43.7% | 19.3% | 2.3x | 2.2x | 4.2x | 3.1x | 44.8% | 20.0% | 7.8x | 6.0x |
| Union Pacific (UNP) | Hold | A | 1.7x | 1.5x | 2.6x | 2.2x | 46.8% | 13.7% | 1.8x | 1.6x | 2.8x | 2.3x | 48.7% | 14.7% | 24.4x | 19.2x |
| Min | | | 1.5x | 1.5x | 2.3x | 1.9x | 37.4% | 11.6% | 1.5x | 1.5x | 2.4x | 1.9x | 39.2% | 12.0% | 6.5x | 4.1x |
| Mean | | | 2.3x | 2.2x | 3.7x | 3.1x | 45.9% | 19.1% | 2.4x | 2.3x | 4.0x | 3.4x | 47.6% | 20.4% | 11.7x | 8.9x |
| Mean (Class I Rails only) | | | 2.1x | 2.0x | 3.4x | 2.7x | 46.7% | 16.8% | 2.1x | 2.0x | 3.6x | 2.9x | 48.0% | 17.6% | 12.6x | 9.7x |
| Median | | | 2.3x | 2.1x | 4.0x | 3.0x | 43.7% | 18.6% | 2.3x | 2.2x | 4.2x | 3.2x | 45.3% | 19.7% | 9.6x | 7.0x |
| Max | | | 3.6x | 3.5x | 5.3x | 5.7x | 59.4% | 33.1% | 3.7x | 3.6x | 6.3x | 6.8x | 60.9% | 37.0% | 24.4x | 19.2x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |
| Intermodal | | | | | | | | | | | | | | | | |
| Hub Group (HUBG) | Buy | NA | 2.8x | 2.6x | 14.8x | 3.1x | 30.1% | 15.6% | 1.7x | 1.5x | 9.6x | 2.0x | 21.9% | 10.8% | 19.0x | 16.9x |
| J.B. Hunt Transport Svcs. (JBHT) | Buy | BBB+ | 1.1x | 1.1x | 1.9x | 1.7x | 42.4% | 8.1% | 0.9x | 0.9x | 1.7x | 1.5x | 39.9% | 7.3% | 35.9x | 22.7x |
| Min | | | 1.1x | 1.1x | 1.9x | 1.7x | 30.1% | 8.1% | 0.9x | 0.9x | 1.7x | 1.5x | 21.9% | 7.3% | NM | NM |
| Mean | | | 1.9x | 1.8x | 8.3x | 2.4x | 36.3% | 11.8% | 1.3x | 1.2x | 5.7x | 1.8x | 30.9% | 9.1% | NM | NM |
| Max | | | 2.8x | 2.6x | 14.8x | 3.1x | 42.4% | 15.6% | 1.7x | 1.5x | 9.6x | 2.0x | 39.9% | 10.8% | NM | NM |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |

Capitalization of off-balance sheet leases utilizes S&P methodology
Source: Company data , Bloomberg, and Stifel estimates

Appendix

Equipment Suppliers Comparative Valuation Matrix



Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| Company name (Ticker) | Rating | Closing | | Market cap. | Total Debt | Cash & equiv. | TEV ^(a) | Equity value as a multiple of | | | | Enterprise value as a multiple of | | | | | TTM ROA | TTM ROE | TTM ROIC | PEG ratio ^(d) | Div. Yield | 2018E FCF Yld |
|---|--------|------------------|-------------|-------------|------------|---------------|--------------------|-------------------------------|----------------------|----------------------|------------|-----------------------------------|--------------|------------|----------------------------|----------|---------|---------|----------|--------------------------|------------|---------------|
| | | Price 12/12/2017 | Diluted S/O | | | | | Earnings per Share | | | Book value | TTM Revenue | 2018E EBITDA | TTM EBITDA | TTM EBITDAR ^(c) | TTM EBIT | | | | | | |
| | | | | | | | | 2016A ^(b) | 2017E ^(b) | 2018E ^(b) | | | | | | | | | | | | |
| Transportation Equipment Suppliers | | | | | | | | | | | | | | | | | | | | | | |
| Allison Transmission (ALSN) | Hold | 41.40 | 141.8 | 5,868.9 | 2,548.0 | 210.0 | 8,206.9 | 31.1x | 16.5x | 15.3x | 10.6x | 3.8x | 9.6x | 10.2x | 7.7x | 13.0x | 7.9% | 41.9% | 12.9% | 2.1 | 1.4% | 9.3% |
| American Railcar Industries (ARII) | Hold | 40.25 | 19.1 | 768.1 | 552.0 | 122.7 | 1,197.5 | 9.8x | 19.2x | 18.3x | 1.4x | 2.3x | 8.5x | 7.8x | 7.9x | 12.4x | 3.4% | 8.9% | 5.5% | 2.4 | 4.0% | (1.7%) |
| Blue Bird (BLBD) | Buy | 18.05 | 29.6 | 533.6 | 151.2 | 62.6 | 622.2 | 18.0x | 15.3x | 16.4x | NM | 0.6x | 7.6x | 8.9x | 43.4x | 11.3x | 11.0% | NM | NM | 1.9 | 0.0% | 7.4% |
| Cummins (CMI) | Hold | 169.22 | 168.2 | 28,463.9 | 2,255.0 | 1,444.0 | 31,746.7 | 19.9x | 16.6x | 14.2x | 3.3x | 1.7x | 9.4x | 10.9x | 11.2x | 13.5x | 10.0% | 20.9% | 17.0% | 1.5 | 2.6% | 3.1% |
| Greenbrier (GBX) | Buy | 50.90 | 28.5 | 1,450.8 | 562.6 | 620.4 | 2,104.4 | 10.0x | 13.3x | 12.8x | 1.2x | 1.0x | 6.8x | 6.5x | 6.3x | 8.1x | 5.8% | 11.2% | 8.8% | 1.7 | 1.8% | 3.5% |
| Freightcar America (RAIL) | Hold | 16.56 | 12.4 | 205.3 | 0.0 | 127.3 | 78.0 | 44.8x | NM | NM | 0.8x | 0.2x | NM | -14.8x | -57.8x | -5.3x | (2.1%) | (2.9%) | (2.8%) | NM | 0.0% | 3.5% |
| Meritor (MTOR) | Buy | 23.59 | 88.6 | 2,089.7 | 1,038.0 | 88.0 | 3,090.3 | 14.6x | 11.7x | 12.6x | 7.0x | 0.9x | 7.7x | 10.7x | 17.5x | 14.4x | 6.4% | NM | NM | 1.2 | 0.0% | 4.7% |
| Navistar (NAV) | Hold | 41.63 | 98.4 | 4,095.3 | 5,220.0 | 973.0 | 8,342.3 | NM | NM | 21.6x | NM | 1.0x | 10.7x | 17.6x | NM | NM | (2.4%) | 2.8% | NM | NM | 0.0% | (3.1%) |
| PACCAR (PCAR) | Hold | 71.91 | 353.3 | 25,408.2 | 8,544.1 | 3,421.3 | 30,531.0 | 18.7x | 17.1x | 15.0x | 3.2x | 1.7x | 9.0x | 13.5x | 11.1x | 15.6x | 6.2% | 18.4% | 8.5% | 1.7 | 1.4% | 2.3% |
| REV Group (REVG) | Buy | 27.12 | 66.3 | 1,798.1 | 300.1 | 14.1 | 2,084.1 | 37.7x | 24.0x | 20.6x | 3.3x | 1.0x | 9.3x | 14.4x | 31.5x | 18.9x | 5.1% | 14.0% | 10.0% | 2.4 | 0.2% | 7.7% |
| Rush Enterprises (RUSHA) | Hold | 48.80 | 39.8 | 1,941.4 | 1,380.1 | 127.9 | 3,193.6 | 43.2x | 22.7x | 19.9x | 2.1x | 0.7x | 15.8x | 11.0x | 16.7x | 23.8x | 2.9% | 8.8% | 3.8% | 2.3 | 0.0% | (0.1%) |
| Thor Industries (THO) | Hold | 149.40 | 52.7 | 7,872.5 | 90.0 | 151.5 | 7,811.1 | 25.7x | 18.6x | 15.2x | 4.7x | 1.0x | 9.3x | 10.8x | 14.9x | 12.4x | 16.7% | 28.2% | 24.9% | 1.9 | 1.0% | 4.9% |
| Trinity Industries (TRN) | Buy | 36.88 | 151.8 | 5,599.5 | 3,276.4 | 1,024.7 | 8,241.4 | 16.4x | 25.6x | 29.5x | 1.3x | 2.1x | 10.4x | 9.6x | 16.6x | 14.5x | 2.5% | 5.4% | 4.5% | 3.2 | 1.4% | 3.5% |
| Wabash National (WNC) | Hold | 20.01 | 60.1 | 1,202.7 | 552.2 | 153.7 | 1,601.2 | 10.8x | 14.9x | 11.8x | 2.5x | 0.9x | 6.8x | 8.9x | 11.0x | 11.1x | 7.4% | 17.9% | 10.6% | 1.5 | 1.2% | 7.9% |
| WABCO (WBC) | Buy | 145.02 | 53.8 | 7,801.5 | 1,153.8 | 1,030.2 | 8,442.4 | 25.0x | 22.1x | 19.3x | 7.6x | 2.7x | 13.8x | 15.4x | 18.7x | 18.9x | 10.4% | 36.8% | 18.8% | 1.8 | 0.0% | 4.8% |
| Wabtec (WAB) | Hold | 76.73 | 96.7 | 7,420.4 | 1,985.3 | 228.1 | 9,205.6 | 19.9x | 22.0x | 19.4x | 2.7x | 2.6x | 13.9x | 16.2x | 23.8x | 19.2x | 6.4% | 14.2% | 10.5% | 1.5 | 0.6% | 4.5% |
| Winnebago (WGO) | Hold | 54.95 | 31.6 | 1,735.7 | 274.6 | 35.9 | 1,974.4 | 29.0x | 21.6x | 17.2x | 3.9x | 1.3x | 10.6x | 12.6x | 13.1x | 15.8x | 11.0% | 20.1% | 17.2% | 2.7 | 0.7% | 5.2% |
| Min | | | | 205.3 | 0.0 | 14.1 | 78.0 | 9.8x | 11.7x | 11.4x | 0.8x | 0.2x | 6.8x | -14.8x | -57.8x | -5.3x | (2.4%) | (2.9%) | (2.8%) | 1.2 | 0.0% | (3.1%) |
| Mean | | | | 6,081.0 | 1,750.5 | 604.7 | 7,472.6 | 23.0x | 18.4x | 17.1x | 3.8x | 1.5x | 9.9x | 10.0x | 12.1x | 13.7x | 6.4% | 17.1% | 11.1% | 2.0 | 0.9% | 4.0% |
| Mean (Railcar OEMs only) | | | | 2,005.9 | 1,097.7 | 473.8 | 2,905.3 | 20.2x | 19.3x | 20.2x | 1.2x | 1.4x | 8.6x | 2.3x | -6.8x | 7.4x | 2.4% | 5.7% | 4.0% | 2.4 | 1.8% | 2.2% |
| Mean (Truck OEMs & suppliers only) | | | | 10,016.6 | 2,867.0 | 1,046.3 | 12,249.3 | 19.5x | 16.0x | 15.2x | 5.6x | 1.7x | 9.6x | 12.1x | 12.8x | 14.5x | 6.6% | 23.8% | 14.1% | 1.6 | 0.9% | 4.1% |
| Median | | | | 3,092.5 | 1,095.9 | 181.9 | 4,613.5 | 19.9x | 17.9x | 16.4x | 3.2x | 1.0x | 9.3x | 10.7x | 13.1x | 14.4x | 6.4% | 16.0% | 10.5% | 1.9 | 0.7% | 4.5% |
| Max | | | | 28,463.9 | 8,544.1 | 3,421.3 | 31,746.7 | 44.8x | 25.6x | 29.5x | 10.6x | 3.8x | 15.8x | 17.6x | 43.4x | 23.8x | 16.7% | 41.9% | 24.9% | 3.2 | 4.0% | 9.3% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |
| Transportation Leasing | | | | | | | | | | | | | | | | | | | | | | |
| Air Transport Services Group, Inc. (ATSG) | Hold | 22.99 | 60.8 | 1,397.6 | 493.2 | 53.9 | 1,836.9 | 39.6x | 25.3x | 20.3x | 4.8x | 1.9x | 5.7x | 8.1x | 8.1x | 23.6x | (4.2%) | (18.4%) | (5.3%) | 2.5 | 0.0% | 8.9% |
| Atlas Air Worldwide Holdings, Inc. (AAWW) | Buy | 57.00 | 25.3 | 1,439.9 | 2,105.3 | 165.3 | 3,380.0 | 12.7x | 12.4x | 11.6x | 0.6x | 1.6x | 6.3x | 7.3x | 7.0x | 11.2x | 2.6% | 5.8% | 4.5% | 0.8 | 0.0% | 14.8% |
| GATX Corp. (GATX) | Hold | 61.37 | 39.4 | 2,419.1 | 4,295.2 | 202.9 | 6,511.4 | 10.8x | 12.7x | 14.8x | 1.6x | 4.7x | 10.8x | 9.6x | 9.1x | 17.8x | 2.9% | 14.5% | 6.1% | 1.3 | 2.7% | (3.7%) |
| Ryder System (R) | Hold | 81.76 | 53.3 | 4,357.8 | 5,349.2 | 65.3 | 9,641.7 | 15.1x | 18.2x | 15.0x | 2.0x | 1.1x | 4.9x | 5.6x | 5.5x | 20.2x | 1.9% | 10.0% | 4.0% | 1.6 | 2.3% | (2.7%) |
| Min | | | | 1,397.6 | 493.2 | 53.9 | 1,836.9 | 10.8x | 12.4x | 11.6x | 0.6x | 1.1x | 4.9x | 5.6x | 5.5x | 11.2x | -4.2% | -18.4% | -5.3% | 0.8 | 0.0% | (3.7%) |
| Mean | | | | 2,403.6 | 3,060.7 | 121.8 | 5,342.5 | 19.6x | 17.1x | 15.4x | 2.3x | 2.3x | 6.9x | 7.7x | 7.4x | 18.2x | 0.8% | 3.0% | 2.3% | 1.6 | 1.2% | 4.3% |
| Median | | | | 1,929.5 | 3,200.3 | 115.3 | 4,945.7 | 13.9x | 15.4x | 14.9x | 1.8x | 1.8x | 6.0x | 7.7x | 7.5x | 19.0x | 2.2% | 7.9% | 4.2% | 1.4 | 1.1% | 3.1% |
| Max | | | | 4,357.8 | 5,349.2 | 202.9 | 9,641.7 | 39.6x | 25.3x | 20.3x | 4.8x | 4.7x | 10.8x | 9.6x | 9.1x | 23.6x | 2.9% | 14.5% | 6.1% | 2.5 | 2.7% | 14.8% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |

(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest; (b) Stifel estimates for those rated and First Call mean estimates for unrated securities; (c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation; (d) 2016E P/E divided by First Call mean or Stifel estimated long-term growth rate
Excludes non-recurring items; Calculations may vary due to rounding; Source: Company data, First Call, and Stifel estimates

Appendix

Equipment Suppliers Comparative Valuation Matrix



Equity Comps - Transportation

Financial Statistics Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | TTM | EBITDA | | EBIT | | PBT | | Effective | CYEPS | | | Growth | Total | Tangible | Total | TTM | TTM | Total |
|---|--------|----------|---------|----------|---------|----------|---------|----------|-----------|--------------------------|--------------------------|--------------------------|---------------------|-----------|-----------|---------|----------------------|--------------------|----------|
| Company name (Ticker) | Rating | Revenue | TTM | % margin | TTM | % margin | TTM | % margin | tax rate | 2016A ^{(a),(f)} | 2017E ^{(a),(f)} | 2018E ^{(a),(f)} | Rate ^(b) | Equity | Equity | Debt | CapEx ^(c) | FCF ^(d) | Assets |
| Transportation Equipment Suppliers | | | | | | | | | | | | | | | | | | | |
| Allison Transmission (ALSN) | Hold | 2,142.9 | 804.4 | 37.5% | 633.7 | 29.6% | 537.7 | 25.1% | 34.9% | 1.33 | 2.51 | 2.70 | 8.0% | 555.0 | (2,561.0) | 2,548.0 | 77.1 | 590.1 | 4,647.7 |
| American Railcar Industries (ARII) | Hold | 511.9 | 152.9 | 29.9% | 96.2 | 18.8% | 80.2 | 15.7% | 38.4% | 4.12 | 2.10 | 2.20 | 8.0% | 558.9 | 551.7 | 552.0 | 103.5 | 19.4 | 1,467.8 |
| Blue Bird (BLBD) | Buy | 990.6 | 69.5 | 7.0% | 55.1 | 5.6% | 48.0 | 4.8% | 34.3% | 1.01 | 1.18 | 1.10 | 8.0% | (58.5) | (134.8) | 151.2 | 9.3 | 38.4 | 295.8 |
| Cummins (CMI) | Hold | 18,455.0 | 2,924.0 | 15.8% | 2,352.0 | 12.7% | 2,277.0 | 12.3% | 27.5% | 8.52 | 10.21 | 11.95 | 11.0% | 8,561.0 | 6,561.0 | 2,255.0 | 414.0 | 1,682.0 | 17,992.0 |
| Greenbrier (GBX) | Buy | 2,169.2 | 325.6 | 15.0% | 260.4 | 12.0% | 239.2 | 11.0% | 48.8% | 5.07 | 3.84 | 3.97 | 8.0% | 1,178.9 | 916.9 | 562.6 | 61.9 | 218.5 | 2,397.7 |
| Freightcar America (RAIL) | Hold | 465.7 | (5.3) | (1.1%) | (14.6) | (3.1%) | (14.8) | (3.2%) | 51.6% | 0.37 | (0.91) | (0.95) | 6.0% | 242.8 | 221.2 | 0.0 | 1.2 | 84.5 | 318.5 |
| Meritor (MTOR) | Buy | 3,347.0 | 290.0 | 8.7% | 215.0 | 6.4% | 183.0 | 5.5% | 7.1% | 1.61 | 2.02 | 1.87 | 10.0% | 297.0 | (117.0) | 1,038.0 | 93.0 | 83.0 | 2,782.0 |
| Navistar (NAV) | Hold | 8,035.0 | 474.0 | 5.9% | 238.0 | 3.0% | (96.0) | (1.2%) | NM | (1.04) | 0.14 | 1.93 | 9.0% | (4,923.0) | (5,005.0) | 5,220.0 | 126.0 | (13.0) | 6,080.0 |
| PACCAR (PCAR) | Hold | 18,072.5 | 2,257.5 | 12.5% | 1,955.1 | 10.8% | 1,987.9 | 11.0% | 30.8% | 3.85 | 4.20 | 4.80 | 10.0% | 7,935.6 | 7,935.6 | 8,544.1 | 375.2 | 1,925.6 | 23,103.9 |
| REV Group (REVG) | Buy | 2,128.7 | 144.4 | 6.8% | 110.1 | 5.2% | 86.2 | 4.1% | 35.2% | 0.72 | 1.13 | 1.32 | 10.0% | 547.7 | 247.5 | 300.1 | 75.3 | (48.5) | 1,246.1 |
| Rush Enterprises (RUSHA) | Hold | 4,527.1 | 290.6 | 6.4% | 134.1 | 3.0% | 122.4 | 2.7% | 35.6% | 1.13 | 2.15 | 2.45 | 10.0% | 934.1 | 643.9 | 1,380.1 | 146.0 | 282.9 | 2,759.0 |
| Thor Industries (THO) | Hold | 7,770.1 | 723.3 | 9.3% | 628.9 | 8.1% | 627.7 | 8.1% | 32.5% | 5.82 | 8.01 | 9.80 | 10.0% | 1,684.1 | 1,254.2 | 90.0 | 119.3 | 312.2 | 2,710.0 |
| Trinity Industries (TRN) | Buy | 3,860.2 | 861.5 | 22.3% | 568.4 | 14.7% | 387.0 | 10.0% | 40.2% | 2.25 | 1.44 | 1.25 | 8.0% | 4,350.1 | 3,579.9 | 3,276.4 | 95.1 | 691.2 | 9,564.9 |
| Wabash National (WNC) | Hold | 1,685.7 | 179.1 | 10.6% | 144.1 | 8.5% | 134.4 | 8.0% | 34.4% | 1.85 | 1.34 | 1.70 | 10.0% | 487.7 | (65.8) | 552.2 | 8.1 | 125.7 | 1,379.1 |
| WABCO (WBC) | Buy | 3,099.9 | 549.2 | 17.7% | 447.1 | 14.4% | 422.8 | 13.6% | 18.5% | 5.80 | 6.55 | 7.50 | 12.0% | 1,026.2 | 419.9 | 1,153.8 | 93.6 | 249.8 | 3,618.4 |
| Wabtec (WAB) | Hold | 3,566.2 | 567.7 | 15.9% | 478.9 | 13.4% | 393.9 | 11.0% | 19.7% | 3.85 | 3.49 | 3.95 | 15.0% | 2,736.4 | (788.8) | 1,985.3 | 69.0 | 159.9 | 6,449.7 |
| Winnebago (WGO) | Hold | 1,547.1 | 157.1 | 10.2% | 125.1 | NM | 108.6 | 7.0% | 34.3% | 1.89 | 2.55 | 3.20 | 8.0% | 441.7 | (29.5) | 274.6 | 13.8 | 83.4 | 902.5 |
| Min | | 465.7 | (5.3) | (1.1%) | (14.6) | (3.1%) | (96.0) | (3.2%) | (17.4%) | (1.04) | (0.91) | (0.95) | 6.0% | (4,923.0) | (5,005.0) | 0.0 | (239.0) | (48.5) | 295.8 |
| Mean | | 4,939.5 | 632.4 | 13.3% | 490.9 | 10.0% | 434.3 | 8.3% | 29.8% | 2.78 | 3.02 | 3.53 | 9.4% | 1,536.3 | 805.3 | 1,750.5 | 91.2 | 399.1 | 5,136.3 |
| Mean (Railcar OEMs only) | | 2,159.5 | 496.6 | 18.4% | 362.0 | 13.3% | 287.3 | 10.7% | 43.9% | 2.26 | 1.72 | 1.74 | 7.5% | 1,581.7 | 539.3 | 1,596.7 | 58.8 | 396.1 | 4,232.2 |
| Mean (Truck OEMs & suppliers only) | | 7,671.9 | 1,011.9 | 14.8% | 799.2 | 11.5% | 717.5 | 9.8% | 19.4% | 2.98 | 3.68 | 4.41 | 9.8% | 1,879.6 | 1,004.2 | 2,867.0 | 118.5 | 667.7 | 8,042.6 |
| Median | | 3,223.5 | 399.8 | 10.4% | 249.2 | 8.5% | 211.1 | 8.0% | 34.3% | 1.92 | 2.31 | 2.58 | 9.5% | 746.5 | 333.7 | 1,095.9 | 85.1 | 189.2 | 2,770.5 |
| Max | | 18,455.0 | 2,924.0 | 37.5% | 2,352.0 | 29.6% | 2,277.0 | 25.1% | 51.6% | 8.52 | 10.21 | 11.95 | 15.0% | 8,561.0 | 7,935.6 | 8,544.1 | 414.0 | 1,925.6 | 23,103.9 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |
| Transportation Leasing | | | | | | | | | | | | | | | | | | | |
| Air Transport Services Group, Inc. (ATSG) | Hold | 966.9 | 225.5 | 23.3% | 77.8 | 8.0% | (52.7) | (5.4%) | (7.5%) | 0.58 | 0.91 | 1.13 | 10.0% | 292.3 | 247.0 | 493.2 | 107.6 | 13.2 | 1,486.9 |
| Atlas Air Worldwide Holdings, Inc. (AAWW) | Buy | 2,058.2 | 461.8 | 22.4% | 301.8 | 14.7% | 164.1 | 8.0% | 30.3% | 4.50 | 4.61 | 4.90 | 15.0% | 2,431.4 | 2,322.7 | 2,105.3 | 494.7 | (168.2) | 4,687.3 |
| GATX Corp. (GATX) | Hold | 1,386.2 | 679.8 | 49.0% | 365.8 | 26.4% | 234.0 | 16.9% | 12.0% | 5.67 | 4.85 | 4.15 | 10.0% | 1,470.2 | 1,385.6 | 4,295.2 | 408.7 | 195.6 | 7,261.9 |
| Ryder System (R) | Hold | 8,843.4 | 1,716.9 | 19.4% | 477.6 | 5.4% | 337.8 | 3.8% | 36.7% | 5.42 | 4.50 | 5.44 | 11.4% | 2,175.1 | 1,788.0 | 5,349.2 | 1,349.9 | 232.3 | 11,259.0 |
| Min | | 966.9 | 225.5 | 19.4% | 77.8 | 5.4% | (52.7) | (5.4%) | (7.5%) | 0.58 | 0.91 | 1.13 | 10.0% | 292.3 | 247.0 | 493.2 | 107.6 | (168.2) | 1,486.9 |
| Mean | | 3,313.7 | 771.0 | 28.6% | 305.7 | 13.6% | 170.8 | 5.8% | 17.9% | 4.04 | 3.72 | 3.91 | 11.6% | 1,592.2 | 1,435.8 | 3,060.7 | 590.2 | 68.2 | 6,173.8 |
| Median | | 1,722.2 | 570.8 | 22.9% | 333.8 | 11.4% | 199.1 | 5.9% | 21.1% | 4.96 | 4.56 | 4.53 | 10.7% | 1,822.7 | 1,586.8 | 3,200.3 | 451.7 | 104.4 | 5,974.6 |
| Max | | 8,843.4 | 1,716.9 | 49.0% | 477.6 | 26.4% | 337.8 | 16.9% | 36.7% | 5.67 | 4.85 | 5.44 | 15.0% | 2,431.4 | 2,322.7 | 5,349.2 | 1,349.9 | 232.3 | 11,259.0 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |

TTM = "Trailing Twelve Months"; Excludes non-recurring items

(a) Stifel estimates for those rated and First Call mean estimates for unrated securities; (b) First Call mean 3-5 year growth estimates; (c) Capital Expenditures, net of sales; (d) Free Cash Flow=Cash Flow from Operating Activities - Capital Expenditures, net of sales

Source: Company data, First Call, and Stifel estimates

Appendix

Equipment Suppliers Comparative Valuation Matrix



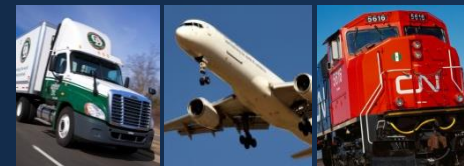
Equity Comps - Transportation

| Debt Ratios | | | | | | | | | | | | | | | | |
|--|--------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| (figures in \$US millions, except per share amounts and where otherwise noted) | | | | | | | | | | | | | | | | |
| Company name (Ticker) | Rating | Debt Rating S&P | Balance sheet debt | | | | | | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | | |
| | | | | | | | | | | | | | | | | |
| Transportation Equipment Suppliers | | | | | | | | | | | | | | | | |
| Allison Transmission (ALSN) | Hold | NA | 3.2x | 2.9x | 3.5x | 4.0x | 82.1% | 30.3% | 0.7x | 0.4x | 0.8x | 0.9x | 50.6% | 8.8% | 8.5x | 6.7x |
| American Railcar Industries (ARII) | Hold | BB- | 3.6x | 2.8x | 11.2x | 5.7x | 49.7% | 41.8% | 3.7x | 2.9x | 11.5x | 5.9x | 50.4% | 42.5% | 7.5x | 4.7x |
| Blue Bird (BLBD) | Buy | NA | 2.2x | 1.3x | 2.5x | 2.7x | 163.1% | 22.1% | NM | 37.3x | NM | NM | 101.8% | 86.2% | 9.8x | 7.8x |
| Cummins (CM) | Hold | A+ | 0.8x | 0.3x | 0.9x | 1.0x | 20.8% | 7.3% | 1.1x | 0.6x | 1.3x | 1.4x | 28.1% | 10.5% | 39.0x | 31.4x |
| Greenbrier (GBX) | Buy | BB | 1.7x | NM | 2.1x | 2.2x | 32.3% | 27.9% | 1.6x | NM | 2.1x | 2.1x | 31.8% | 27.4% | 13.5x | 10.8x |
| Freightcar America (RAIL) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | NM | NM | -5.0x | -2.2x | 11.9% | 13.7% | NM | NM |
| Meritor (MTOR) | Buy | B+ | 3.6x | 3.3x | 5.3x | 4.8x | 77.8% | 33.2% | 10.8x | 10.6x | 17.0x | 15.5x | 91.8% | 61.5% | 3.5x | 2.6x |
| Navistar (NAV) | Hold | CCC+ | NM | NM | NM | NM | NM | 56.0% | 6.8x | 4.8x | 9.6x | 14.0x | (211.5%) | 44.9% | 1.4x | 0.7x |
| PACCAR (PCAR) | Hold | A+ | 3.8x | 2.3x | 4.5x | 4.4x | 51.8% | 25.2% | 1.5x | NM | 1.8x | 1.7x | 29.6% | 11.6% | NM | NM |
| REV Group (REVG) | Buy | NA | 2.1x | 2.0x | 4.3x | 2.7x | 35.4% | 14.3% | NM | 20.4x | NM | NM | 85.9% | 65.0% | 6.1x | 4.6x |
| Rush Enterprises (RUSHA) | Hold | NA | 4.7x | 4.3x | 9.5x | 10.3x | 59.6% | 41.5% | 10.8x | 10.4x | 23.1x | 24.9x | 78.2% | 63.3% | 24.8x | 11.5x |
| Thor Industries (THO) | Hold | NA | 0.1x | NM | 0.1x | 0.1x | 5.1% | 1.1% | 4.5x | 4.3x | 5.5x | 5.3x | 66.5% | 29.8% | NM | NM |
| Trinity Industries (TRN) | Buy | BBB- | 3.8x | 2.6x | 4.3x | 5.8x | 43.0% | 36.9% | 10.9x | 9.8x | 12.5x | 16.8x | 68.7% | 63.0% | 4.9x | 3.2x |
| Wabash National (WNC) | Hold | BB | 3.1x | 2.2x | 3.2x | 3.8x | 53.1% | 31.5% | 5.2x | 4.3x | 5.5x | 6.5x | 65.9% | 43.9% | 14.1x | 11.4x |
| WABCO (WBC) | Buy | NA | 2.1x | 0.2x | 2.5x | 2.6x | 52.9% | 12.9% | 5.9x | 4.1x | 7.3x | 7.5x | 76.5% | 30.0% | 35.9x | 29.2x |
| Wabtec (WAB) | Hold | BBB | 3.5x | 3.1x | 4.0x | 4.1x | 42.0% | 21.1% | 11.4x | 11.0x | 13.3x | 13.9x | 70.8% | 47.3% | 7.1x | 6.0x |
| Winnebago (WGO) | Hold | BB- | 1.7x | 1.5x | 1.9x | 2.2x | 38.3% | 13.7% | 2.3x | 2.1x | 2.5x | 2.9x | 44.8% | 17.1% | 9.3x | 7.4x |
| Min | | | 0.0x | 0.2x | 0.0x | 0.0x | 0.0% | 0.0% | 0.7x | 0.4x | -5.0x | -2.2x | (211.5%) | 8.8% | 1.4x | 0.7x |
| Mean | | | 2.5x | 2.1x | 3.6x | 3.6x | 51.0% | 24.5% | 5.5x | 4.4x | 7.0x | 7.8x | 45.4% | 39.2% | 12.7x | 9.4x |
| Mean (Railcar OEMs only) | | | 2.2x | 2.8x | 2.5x | 3.0x | 39.3% | 23.8% | 4.4x | 5.1x | 2.6x | 4.4x | 40.7% | 28.3% | 8.9x | 6.9x |
| Mean (Truck OEMs & suppliers only) | | | 2.7x | 1.7x | 3.1x | 3.5x | 56.9% | 27.5% | 4.7x | 4.1x | 5.9x | 7.0x | 25.8% | 31.3% | 15.4x | 12.2x |
| Median | | | 2.6x | 2.2x | 3.2x | 3.8x | 49.7% | 24.5% | 5.2x | 4.3x | 5.5x | 6.2x | 66.2% | 40.8% | 8.5x | 6.7x |
| Max | | | 4.7x | 4.3x | 11.2x | 10.3x | 163.1% | 56.0% | 11.4x | 37.3x | 23.1x | 24.9x | 101.8% | 86.2% | 39.0x | 31.4x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |
| Transportation Leasing | | | | | | | | | | | | | | | | |
| Air Transport Services Group, Inc. (ATSG) | Hold | NA | 2.2x | 1.9x | 4.2x | 6.3x | 62.8% | 26.1% | 2.4x | 2.2x | 4.7x | 7.2x | 65.7% | 28.6% | 15.4x | 5.3x |
| Atlas Air Worldwide Holdings, Inc. (AAWW) | Buy | NA | 4.6x | 4.2x | NM | 7.0x | 46.4% | 59.4% | 4.8x | 4.5x | NM | 9.6x | 54.3% | 66.7% | 5.2x | 3.4x |
| GATX Corp. (GATX) | Hold | BBB | 6.3x | 6.0x | 15.8x | 11.7x | 74.5% | 64.0% | 6.4x | 6.1x | 18.6x | 13.8x | 77.4% | 67.6% | 4.3x | 2.3x |
| Ryder System (R) | Hold | BBB | 3.1x | 3.1x | 14.6x | 11.2x | 71.1% | 55.1% | 3.1x | 3.1x | 15.2x | 11.7x | 72.0% | 56.2% | 12.3x | 3.4x |
| Min | | | 2.2x | 1.9x | 4.2x | 6.3x | 46.4% | 26.1% | 2.4x | 2.2x | 4.7x | 7.2x | 54.3% | 28.6% | 4.3x | 2.3x |
| Mean | | | 4.0x | 3.8x | 11.5x | 9.1x | 63.7% | 51.1% | 4.2x | 4.0x | 12.8x | 10.6x | 67.3% | 54.8% | 9.3x | 3.6x |
| Median | | | 3.8x | 3.6x | 14.6x | 9.1x | 66.9% | 57.2% | 4.0x | 3.8x | 15.2x | 10.6x | 68.8% | 61.4% | 8.8x | 3.4x |
| Max | | | 6.3x | 6.0x | 15.8x | 11.7x | 74.5% | 64.0% | 6.4x | 6.1x | 18.6x | 13.8x | 77.4% | 67.6% | 15.4x | 5.3x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |

Capitalization of off-balance sheet leases utilizes S&P methodology
Source: Company data , Bloomberg, and Stifel estimates

Appendix

Global Integrators & Forwarding/Logistics Comparative Valuation Matrix



Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | Closing | | | | | | | Equity value as a multiple of | | | | Enterprise value as a multiple of | | | | | | | | | | | |
|---|--------|------------|---------|-----------|----------|---------|--------------------|----------------------|-------------------------------|----------------------|-------|---------|-----------------------------------|--------|------------------------|-------|---------|--------|--------|----------------------|-------|---------|--|--|
| | | Price | Diluted | Market | Total | Cash & | | Earnings per Share | | | Book | TTM | 2018E | TTM | TTM | TTM | TTM | TTM | TTM | PEG | Div. | 2018E | | |
| Company name (Ticker) | Rating | 12/12/2017 | S/O | cap. | Debt | equiv. | TEV ^(a) | 2016A ^(b) | 2017E ^(b) | 2018E ^(b) | value | Revenue | EBITDA | EBITDA | EBITDAR ^(c) | EBIT | ROA | ROE | ROIC | ratio ^(d) | Yield | FCF Yld | | |
| <u>Global Integrators</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| Deutsche Post DHL (DPW-DE) | Hold | € 40.02 | 1,289.8 | 60,200.6 | 5,911.9 | 1,618.0 | 67,049.6 | 19.4x | 17.9x | 16.7x | 5.0x | 0.8x | 11.6x | 10.3x | 8.9x | 14.5x | 9.0% | 32.9% | 22.7% | 1.2 | 2.6% | 4.0% | | |
| FedEx Corp. (FDX) | Hold | 239.50 | 278.9 | 66,797.2 | 15,156.0 | 3,503.0 | 78,450.2 | 21.1x | 20.0x | 16.9x | 4.0x | 1.3x | 8.0x | 9.5x | 8.8x | 14.9x | 6.6% | 20.5% | 11.6% | 1.6 | 0.8% | 4.3% | | |
| United Parcel Service (UPS) | Hold | 118.16 | 876.0 | 103,508.2 | 18,074.0 | 4,461.0 | 117,121.2 | 20.5x | 19.6x | 18.4x | NM | 1.8x | 10.3x | 11.1x | 10.8x | 14.2x | 13.1% | 243.4% | 29.2% | 1.8 | 2.8% | 5.8% | | |
| | Min | | | 60,200.6 | 5,911.9 | 1,618.0 | 67,049.6 | 19.4x | 17.9x | 16.7x | 4.0x | 0.8x | 8.0x | 9.5x | 8.8x | 14.2x | 6.6% | 20.5% | 11.6% | 1.2 | 0.8% | 4.0% | | |
| | Mean | | | 76,835.3 | 13,047.3 | 3,194.0 | 87,540.3 | 20.4x | 19.2x | 17.3x | 4.5x | 1.3x | 9.9x | 10.3x | 9.5x | 14.5x | 9.6% | 98.9% | 21.2% | 1.5 | 2.1% | 4.7% | | |
| | Median | | | 66,797.2 | 15,156.0 | 3,503.0 | 78,450.2 | 20.5x | 19.6x | 16.9x | 4.5x | 1.3x | 10.3x | 10.3x | 8.9x | 14.5x | 9.0% | 32.9% | 22.7% | 1.6 | 2.6% | 4.3% | | |
| | Max | | | 103,508.2 | 18,074.0 | 4,461.0 | 117,121.2 | 21.1x | 20.0x | 18.4x | 5.0x | 1.8x | 11.6x | 11.1x | 10.8x | 14.9x | 13.1% | 243.4% | 29.2% | 1.8 | 2.8% | 5.8% | | |
| <u>Stifel Transportation Average</u> | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% | | |
| <u>Non-Asset-Based Forwarding / Logistics</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| BEST Inc. (BSTI) | Buy | 9.38 | 391.5 | 3,672.6 | 132.2 | 146.9 | 3,657.9 | NM | NM | NM | 5.9x | 1.5x | 12.2x | NM | NM | NM | (70.7%) | NM | 151.9% | NM | 0.0% | 45.9% | | |
| C.H. Robinson Worldwide (CHRW) | Hold | 88.00 | 143.5 | 12,630.7 | 1,469.0 | 297.3 | 13,802.4 | 24.5x | 26.1x | 23.8x | 9.3x | 6.0x | 14.7x | 16.4x | 15.6x | 18.2x | 12.1% | 36.2% | 18.6% | 2.7 | 2.1% | 1.9% | | |
| DSV A/S (DSV-DK) | Hold | DKK 486.00 | 190.4 | 14,663.5 | 1,120.8 | 193.8 | 16,188.6 | 36.3x | 26.7x | 24.8x | 6.9x | 5.8x | 17.5x | 18.4x | 12.1x | 21.5x | 9.3% | 27.1% | 17.5% | 1.8 | 0.4% | 4.5% | | |
| Echo Global Logistics (ECHO) | Buy | 27.90 | 28.0 | 779.8 | 209.0 | 21.2 | 967.6 | 33.6x | 39.3x | 26.6x | 2.3x | 0.5x | 12.8x | 21.8x | 20.0x | NM | 2.3% | 5.2% | 4.4% | 2.2 | 0.0% | 2.6% | | |
| Expeditors International (EXPD) | Hold | 64.35 | 187.2 | 12,047.3 | 0.0 | 1,033.4 | 11,042.4 | 27.3x | 26.6x | 24.8x | 6.1x | 4.9x | 14.1x | 15.3x | 14.5x | 16.4x | 14.7% | 22.6% | 22.2% | 2.7 | 1.3% | 3.6% | | |
| Forward Air Corp. (FWRD) | Hold | 57.47 | 29.9 | 1,720.6 | 40.7 | 12.4 | 1,748.9 | 27.6x | 25.0x | 23.1x | 3.4x | 1.7x | 10.6x | 9.2x | 8.2x | 11.6x | 15.3% | 20.1% | 18.6% | 2.3 | 1.0% | 4.2% | | |
| Hub Group (HUBG) | Buy | 46.55 | 33.4 | 1,557.0 | 287.1 | 18.6 | 1,825.5 | 20.4x | 29.1x | 21.7x | 2.3x | 2.5x | 10.0x | 17.7x | 15.4x | 19.9x | 3.9% | 8.9% | 7.1% | 2.2 | 0.0% | (5.0%) | | |
| Kuehne + Nagel International AG (KNIN-CH) | Hold | CHF 172.90 | 120.0 | 20,748.5 | 33.2 | 603.9 | 20,234.9 | 28.9x | 28.1x | 25.7x | 10.0x | 3.0x | 16.4x | 18.1x | 18.0x | 21.9x | 11.0% | 35.3% | 34.5% | 2.8 | 3.2% | 3.9% | | |
| Landstar System (LSTR) | Buy | 104.00 | 42.2 | 4,391.7 | 151.3 | 249.7 | 4,293.2 | 32.0x | 28.3x | 23.4x | 6.7x | 1.2x | 12.5x | 15.5x | 15.4x | 18.1x | 13.3% | 26.2% | 20.9% | 2.4 | 0.4% | 4.0% | | |
| Panalpina Welttransport Holding (PWTN-CH) | Sell | CHF 146.80 | 23.7 | 3,483.2 | 2.0 | 296.5 | 3,260.1 | NM | NM | 37.7x | 5.8x | 2.4x | 19.2x | 20.7x | 20.6x | 28.6x | 4.6% | 12.8% | 12.8% | NM | 2.6% | 2.5% | | |
| Universal Logistics Holdings, Inc. (ULH) | Buy | 23.80 | 28.4 | 677.0 | 243.5 | 2.9 | 917.6 | 28.0x | 30.5x | 19.8x | 4.6x | 0.8x | 8.4x | 12.7x | 10.6x | NM | 3.0% | 11.8% | 6.3% | 1.5 | 1.2% | 3.4% | | |
| XPO Logistics, Inc. (XPO) | Buy | 76.29 | 148.8 | 11,355.5 | 4,871.3 | 291.4 | 16,764.5 | NM | NM | 30.5x | 3.5x | 1.1x | 10.3x | 20.8x | NM | NM | 1.6% | 6.1% | NM | NM | 0.0% | 4.6% | | |
| ZTO Express Inc. (ZTO-US) | NC | 14.91 | 727.6 | 10,849.2 | 101.6 | 1,725.6 | 9,225.2 | 33.9x | NE | NE | 3.7x | 5.9x | NE | 19.6x | 16.7x | 21.6x | 11.8% | 14.5% | 13.9% | NE | 0.0% | NE | | |
| | Min | | | 677.0 | 0.0 | 2.9 | 917.6 | 20.4x | 25.0x | 19.8x | 2.3x | 0.5x | 8.4x | 9.2x | 8.2x | 11.6x | (70.7%) | 5.2% | 4.4% | 1.5 | 0.0% | (5.0%) | | |
| | Mean | | | 7,582.8 | 666.3 | 376.4 | 7,994.5 | 29.3x | 28.8x | 25.6x | 5.4x | 2.9x | 13.2x | 17.2x | 15.2x | 19.8x | 2.5% | 18.9% | 27.4% | 2.3 | 0.9% | 6.3% | | |
| | Median | | | 4,391.7 | 151.3 | 249.7 | 4,293.2 | 28.5x | 28.1x | 24.8x | 5.8x | 2.4x | 12.7x | 17.9x | 15.4x | 19.9x | 9.3% | 17.3% | 18.1% | 2.3 | 0.4% | 3.8% | | |
| | Max | | | 20,748.5 | 4,871.3 | 1,725.6 | 20,234.9 | 36.3x | 39.3x | 37.7x | 10.0x | 6.0x | 19.2x | 21.8x | 20.6x | 28.6x | 15.3% | 36.2% | 151.9% | 2.8 | 3.2% | 45.9% | | |
| <u>Stifel Transportation Average</u> | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% | | |

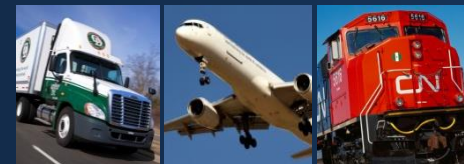
(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest; (b) Stifel estimates for those rated and First Call mean estimates for unrated securities; (c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation ; (d) 2017E P/E divided by First Call mean or Stifel estimated long-term growth rate

Excludes non-recurring items; Calculations may vary due to rounding

Source: Company data , First Call, and Stifel estimates

Appendix

Global Integrators & Forwarding/Logistics Comparative Valuation Matrix



Equity Comps - Transportation

Financial Statistics Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | TTM | EBITDA | | EBIT | | PBT | | Effective | CYEPS | | | Growth | Total | Tangible | Total | TTM | TTM | Total | |
|---|--|--------|----------|----------|----------|---------|----------|---------|-----------|----------|--------------------------|--------------------------|--------------------------|---------------------|----------|-----------|----------|----------------------|--------------------|----------|
| Company name (Ticker) | | Rating | Revenue | TTM | % margin | TTM | % margin | TTM | % margin | tax rate | 2016A ^{(a),(f)} | 2017E ^{(a),(f)} | 2018E ^{(a),(f)} | Rate ^(b) | Equity | Equity | Debt | CapEx ^(c) | FCF ^(d) | Assets |
| Global Integrators | | | | | | | | | | | | | | | | | | | | |
| Deutsche Post DHL (DPW-DE) | | Hold | 79,836.3 | 6,525.1 | 8.2% | 4,639.6 | 5.8% | 4,127.2 | 5.2% | 16.6% | € 2.06 | € 2.23 | € 2.39 | 15.0% | 12,007.3 | (507.3) | 5,911.9 | 1,954.8 | 2,576.9 | 38,517.4 |
| FedEx Corp. (FDX) | | Hold | 60,953.0 | 8,260.3 | 13.6% | 5,253.3 | 8.6% | 4,782.3 | 7.8% | 34.1% | 11.34 | 11.98 | 14.15 | 12.5% | 16,618.0 | 9,236.0 | 15,156.0 | 4,810.0 | (261.0) | 49,350.0 |
| United Parcel Service (UPS) | | Hold | 63,974.0 | 10,509.0 | 16.4% | 8,258.0 | 12.9% | 7,895.0 | 12.3% | 33.6% | 5.75 | 6.02 | 6.43 | 11.0% | 1,539.0 | (4,135.0) | 18,074.0 | 4,748.0 | 780.0 | 41,356.0 |
| Min | | | 10,918.6 | 480.9 | 4.4% | 197.7 | 1.8% | 279.5 | 2.6% | 16.6% | 0.29 | 0.38 | 2.39 | 11.0% | 1,539.0 | (4,135.0) | 175.1 | 275.8 | (261.0) | 4,511.2 |
| Mean | | | 53,920.5 | 6,443.8 | 10.6% | 4,587.2 | 7.3% | 4,271.0 | 7.0% | 32.3% | 4.86 | 5.15 | 7.66 | 13.4% | 8,119.1 | 1,431.9 | 9,829.2 | 2,947.2 | 738.0 | 33,433.6 |
| Median | | | 62,463.5 | 7,392.7 | 10.9% | 4,946.4 | 7.2% | 4,454.8 | 6.5% | 33.9% | 3.91 | 4.13 | 6.43 | 13.8% | 7,159.6 | 313.3 | 10,533.9 | 3,351.4 | 318.0 | 39,936.7 |
| Max | | | 79,836.3 | 10,509.0 | 16.4% | 8,258.0 | 12.9% | 7,895.0 | 12.3% | 44.8% | 11.34 | 11.98 | 14.15 | 15.0% | 16,618.0 | 9,236.0 | 18,074.0 | 4,810.0 | 2,576.9 | 49,350.0 |
| Stifel Transportation Average | | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |
| Non-Asset-Based Forwarding / Logistics | | | | | | | | | | | | | | | | | | | | |
| BEST Inc. (BSTI) | | Buy | 2,407.9 | (172.8) | (7.2%) | (222.3) | (9.2%) | (216.7) | (9.0%) | (295.4%) | (¥ 17.31) | (¥ 4.01) | ¥0.61 | 30.0% | 620.9 | 538.1 | 132.2 | 38.2 | (31.4) | 1,508.7 |
| C.H. Robinson Worldwide (CHRW) | | Hold | 2,297.7 | 849.1 | 37.0% | 757.8 | 33.0% | 725.5 | 31.6% | 34.6% | 3.59 | 3.37 | 3.70 | 9.5% | 1,354.9 | (81.3) | 1,469.0 | 66.7 | 304.2 | 4,175.6 |
| DSV A/S (DSV-DK) | | Hold | 2,785.5 | 882.0 | 31.7% | 754.2 | 27.1% | 584.9 | 21.0% | 8.8% | 13.39 | 18.20 | 19.58 | 15.0% | 2,111.6 | (299.8) | 1,120.8 | (7.3) | 573.2 | 5,713.4 |
| Echo Global Logistics (ECHO) | | Buy | 1,802.2 | 44.3 | 2.5% | 26.4 | 1.5% | 19.7 | 1.1% | 5.4% | 0.83 | 0.71 | 1.05 | 18.0% | 342.8 | (85.5) | 209.0 | 24.4 | 21.5 | 836.2 |
| Expeditors International (EXPD) | | Hold | 2,239.0 | 721.6 | 32.2% | 673.5 | 30.1% | 690.3 | 30.8% | 37.3% | 2.36 | 2.42 | 2.60 | 10.0% | 1,981.1 | 1,973.2 | 0.0 | 86.9 | 347.5 | 3,068.9 |
| Forward Air Corp. (FWRD) | | Hold | 1,059.5 | 190.9 | 18.0% | 150.6 | 14.2% | 149.5 | 14.1% | 32.9% | 2.08 | 2.30 | 2.49 | 10.8% | 505.6 | 197.8 | 40.7 | 36.1 | 77.3 | 669.2 |
| Hub Group (HUBG) | | Buy | 736.0 | 103.4 | 14.0% | 91.8 | 12.5% | 87.1 | 11.8% | 34.7% | 2.28 | 1.60 | 2.15 | 13.5% | 667.5 | 243.2 | 287.1 | 83.9 | 26.7 | 1,599.9 |
| Kuehne + Nagel International AG (KNIN-CH) | | Hold | 6,768.3 | 1,122.3 | 16.6% | 922.5 | 13.6% | 941.4 | 13.9% | 23.2% | CHF 5.98 | CHF 6.16 | CHF 6.72 | 10.0% | 2,082.3 | 1,263.1 | 33.2 | 210.7 | 523.5 | 7,004.8 |
| Landstar System (LSTR) | | Buy | 3,488.2 | 277.3 | 8.0% | 237.7 | 6.8% | 234.1 | 6.7% | 35.1% | 3.25 | 3.68 | 4.45 | 12.0% | 654.0 | 614.1 | 151.3 | 16.6 | 134.6 | 1,263.3 |
| Panalpina Welttransport Holding (PWTN-CH) | | Sell | 1,352.8 | 158.2 | 11.7% | 113.9 | 8.4% | 114.4 | 8.5% | 32.6% | CHF 3.17 | CHF 2.78 | CHF 3.89 | 15.0% | 600.1 | 507.9 | 2.0 | 24.2 | (27.1) | 1,696.7 |
| Universal Logistics Holdings, Inc. (ULH) | | Buy | 1,166.7 | 72.3 | 6.2% | 28.7 | 2.5% | 21.3 | 1.8% | 19.1% | 0.85 | 0.78 | 1.20 | 20.0% | 146.3 | 39.3 | 243.5 | 65.4 | 12.7 | 603.9 |
| XPO Logistics, Inc. (XPO) | | NC | 14,690.2 | 807.5 | 5.5% | 554.0 | 3.8% | 298.7 | 2.0% | 35.6% | 1.01 | 1.88 | 2.50 | 30.6% | 3,249.8 | (2,707.6) | 4,871.3 | 521.4 | 67.4 | 11,931.9 |
| ZTO Express Inc. (ZTO-US) | | NC | 1,550.7 | 471.9 | 30.4% | 426.6 | 27.5% | 450.2 | 29.0% | 31.3% | 0.44 | NE | NE | NE | 2,925.9 | 2,925.9 | 101.6 | 404.0 | 30.6 | 3,459.4 |
| Min | | | 736.0 | (172.8) | (7.2%) | (222.3) | (9.2%) | (216.7) | (9.0%) | (295.4%) | (17.31) | (4.01) | 0.61 | 9.5% | 146.3 | (2,707.6) | 0.0 | (7.3) | (31.4) | 603.9 |
| Mean | | | 3,257.3 | 425.2 | 15.9% | 347.3 | 13.2% | 315.4 | 12.6% | 2.7% | 1.69 | 3.32 | 4.25 | 16.2% | 1,326.4 | 394.5 | 666.3 | 120.9 | 158.5 | 3,348.6 |
| Median | | | 2,239.0 | 277.3 | 14.0% | 237.7 | 12.5% | 234.1 | 11.8% | 32.6% | 2.28 | 2.36 | 2.55 | 14.3% | 667.5 | 243.2 | 151.3 | 65.4 | 67.4 | 1,696.7 |
| Max | | | 14,690.2 | 1,122.3 | 37.0% | 922.5 | 33.0% | 941.4 | 31.6% | 37.3% | 13.39 | 18.20 | 19.58 | 30.6% | 3,249.8 | 2,925.9 | 4,871.3 | 521.4 | 573.2 | 11,931.9 |
| Stifel Transportation Average | | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |

TTM = "Trailing Twelve Months"; Excludes non-recurring items

(a) Stifel estimates for those rated and First Call mean estimates for unrated securities; (b) First Call mean 3-5 year growth estimates; (c) Capital Expenditures, net of sales; (d) Free Cash Flow=Cash Flow from Operating Activities - Capital Expenditures, net of sales

Source: Company data, First Call, and Stifel estimates

Appendix

Global Integrators & Forwarding/Logistics Comparative Valuation Matrix



Equity Comps - Transportation

Debt Ratios

(figures in \$US millions, except per share amounts and where otherwise noted)

| | | | Balance sheet debt | | | | | | Total debt (including leases) | | | | | | | |
|---|--------|-------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| Company name (Ticker) | Rating | Debt Rating | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | Total debt/ TTM EBITAR | Net debt/ TTM EBITAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| | | S&P | | | | | | | | | | | | | | |
| Global Integrators | | | | | | | | | | | | | | | | |
| Deutsche Post DHL (DPW-DE) | Hold | BBB+ | 0.9x | 0.7x | 1.3x | 1.3x | 33.0% | 8.9% | 1.5x | 1.3x | 2.8x | 2.7x | 51.3% | 17.4% | 12.3x | 8.7x |
| FedEx Corp. (FDX) | Hold | BBB | 1.8x | 1.4x | 4.4x | 2.9x | 47.7% | 18.5% | 2.8x | 2.4x | 8.5x | 5.6x | 63.8% | 30.5% | 17.2x | 10.9x |
| United Parcel Service (UPS) | Hold | A+ | 1.7x | 1.3x | 3.1x | 2.2x | 92.2% | 14.9% | 1.7x | 1.3x | 3.2x | 2.2x | 92.3% | 15.2% | 25.4x | 20.0x |
| | Min | | 0.4x | 0.7x | 0.9x | 0.9x | 7.0% | 3.7% | 1.5x | 0.6x | 2.8x | 2.2x | 32.5% | 15.2% | -6.1x | -2.5x |
| | Mean | | 1.2x | 1.1x | 2.4x | 1.8x | 45.0% | 11.5% | 1.9x | 1.4x | 5.0x | 4.0x | 60.0% | 20.6% | 12.2x | 9.3x |
| | Median | | 1.3x | 1.3x | 2.2x | 1.7x | 40.3% | 11.9% | 1.6x | 1.3x | 4.3x | 4.2x | 57.6% | 18.5% | 14.7x | 9.8x |
| | Max | | 1.8x | 1.4x | 4.4x | 2.9x | 92.2% | 18.5% | 2.8x | 2.4x | 8.5x | 5.6x | 92.3% | 30.5% | 25.4x | 20.0x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |
| Non-Asset-Based Forwarding / Logistics | | | | | | | | | | | | | | | | |
| BEST Inc. (BSTI) | Buy | NA | -0.8x | NM | -0.6x | -0.6x | 17.6% | 3.5% | -5.7x | -3.9x | -2.2x | -2.1x | 43.2% | 11.4% | NM | NM |
| C.H. Robinson Worldwide (CHRW) | Hold | NA | 1.7x | 1.4x | 1.9x | 1.9x | 52.0% | 10.4% | 1.8x | 1.4x | 2.0x | 2.1x | 53.8% | 11.1% | 26.3x | 23.5x |
| DSV A/S (DSV-DK) | Hold | NA | 1.3x | 1.1x | 1.3x | 1.5x | 34.7% | 7.1% | 0.7x | 0.7x | 10.3x | 12.1x | 81.3% | 38.4% | 18.6x | 15.9x |
| Echo Global Logistics (ECHO) | Buy | NA | 4.7x | 4.2x | 10.5x | 7.9x | 37.9% | 21.1% | 5.1x | 4.7x | 13.1x | 9.9x | 43.2% | 25.0% | 6.6x | 3.9x |
| Expeditors International (EXPD) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | 0.2x | NM | 0.3x | 0.3x | 8.6% | 1.5% | NM | NM |
| Forward Air Corp. (FWRD) | Hold | NA | 0.2x | 0.1x | 0.3x | 0.3x | 7.4% | 2.3% | 0.5x | 0.4x | 0.7x | 0.7x | 17.0% | 5.7% | NM | NM |
| Hub Group (HUBG) | Buy | NA | 2.8x | 2.6x | 14.8x | 3.1x | 30.1% | 15.6% | 1.7x | 1.5x | 9.6x | 2.0x | 21.9% | 10.8% | 19.0x | 16.9x |
| Kuehne + Nagel International AG (KNIN-CH) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 1.6% | 0.2% | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | NM | NM |
| Landstar System (LSTR) | Buy | NA | 0.5x | NM | 0.6x | 0.6x | 18.8% | 3.3% | 0.6x | NM | 0.6x | 0.7x | 19.1% | 3.4% | NM | NM |
| Panalpina Welttransport Holding (PWTN-CH) | Sell | NA | 0.0x | NM | 0.0x | 0.0x | 0.3% | 0.1% | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | NM | NM |
| Universal Logistics Holdings, Inc. (ULH) | Buy | NA | 3.4x | 3.3x | NM | 8.5x | 62.5% | 26.5% | 3.4x | 3.3x | NM | 10.9x | 68.1% | 31.6% | 7.9x | 3.1x |
| XPO Logistics, Inc. (XPO) | NC | B | 6.0x | 5.7x | 17.0x | 8.8x | 60.0% | 30.0% | 5.0x | 4.8x | 23.5x | 12.1x | 67.4% | 37.1% | 2.5x | 1.7x |
| ZTO Express Inc. (ZTO-US) | NC | NA | 0.2x | NM | 1.5x | 0.2x | 3.4% | 0.9% | 1.8x | NM | 16.1x | 2.6x | 27.2% | 9.1% | NM | NM |
| | Min | | -0.8x | 0.1x | -0.6x | -0.6x | 0.0% | 0.0% | -5.7x | -3.9x | -2.2x | -2.1x | 0.0% | 0.0% | 2.5x | 1.7x |
| | Mean | | 1.5x | 2.6x | 3.9x | 2.5x | 25.1% | 9.3% | 1.2x | 1.6x | 6.2x | 3.9x | 34.7% | 14.2% | 13.5x | 10.8x |
| | Median | | 0.5x | 2.6x | 0.9x | 0.6x | 18.8% | 3.5% | 0.7x | 1.5x | 1.3x | 2.0x | 27.2% | 10.8% | 13.2x | 9.9x |
| | Max | | 6.0x | 5.7x | 17.0x | 8.8x | 62.5% | 30.0% | 5.1x | 4.8x | 23.5x | 12.1x | 81.3% | 38.4% | 26.3x | 23.5x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |

Capitalization of off-balance sheet leases utilizes S&P methodology
Source: Company data , Bloomberg, and Stifel estimates

Appendix

Domestic Marine & Passenger Transport Comparative Valuation Matrix



Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| Company name (Ticker) | Rating | Closing | | Diluted S/O | Market cap. | Total Debt | Cash & equiv. | TEV ^(a) | Equity value as a multiple of | | | | Enterprise value as a multiple of | | | | | | | | Div. Yield | 2018E FCF Yld |
|-----------------------------------|--------|------------------|----------------------|-------------|-------------|------------|---------------|--------------------|-------------------------------|-------------|--------------|------------|-----------------------------------|----------|---------|---------|----------|--------------------------|----------------------|----------------------|------------|---------------|
| | | Price 12/12/2017 | Earnings per Share | | | | | | Book value | TTM Revenue | 2018E EBITDA | TTM EBITDA | TTM EBITDAR ^(c) | TTM EBIT | TTM ROA | TTM ROE | TTM ROIC | PEG ratio ^(d) | | | | |
| | | | 2016A ^(b) | | | | | | | | | | | | | | | | 2017E ^(b) | 2018E ^(b) | | |
| <u>Domestic Marine</u> | | | | | | | | | | | | | | | | | | | | | | |
| Kirby Corp. (KEX) | Hold | 63.75 | 54.8 | 3,493.7 | 1,033.4 | 4.8 | 4,553.7 | 24.3x | 31.6x | 24.5x | 1.2x | 2.3x | 9.2x | 11.1x | 8.3x | 21.8x | 2.4% | 4.4% | 3.6% | 3.2 | 0.0% | 0.5% |
| Rand Logistics Inc. (RLOG) | NC | 0.22 | 18.6 | 4.0 | 236.1 | 2.0 | 238.1 | NE | NE | NE | 0.3x | 2.2x | NE | 8.6x | 8.2x | NM | (8.9%) | NM | (3.6%) | NE | 0.0% | NE |
| | Min | | | 4.0 | 236.1 | 2.0 | 238.1 | 24.3x | 31.6x | 24.5x | 0.3x | 2.2x | 9.2x | 8.6x | 8.2x | 21.8x | (8.9%) | 4.4% | (3.6%) | 3.2 | 0.0% | 0.5% |
| | Mean | | | 1,748.9 | 634.8 | 3.4 | 2,395.9 | 24.3x | 31.6x | 24.5x | 0.7x | 2.3x | 9.2x | 9.9x | 8.3x | 21.8x | (3.2%) | 4.4% | 0.0% | 3.2 | 0.0% | 0.5% |
| | Max | | | 3,493.7 | 1,033.4 | 4.8 | 4,553.7 | 24.3x | 31.6x | 24.5x | 1.2x | 2.3x | 9.2x | 11.1x | 8.3x | 21.8x | 2.4% | 4.4% | 3.6% | 3.2 | 0.0% | 0.5% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |
| <u>Passenger Transportation</u> | | | | | | | | | | | | | | | | | | | | | | |
| Student Transportation Inc. (STB) | Buy | 5.99 | 112.1 | 671.6 | 367.2 | 5.0 | 1,033.8 | NM | NM | NM | 6.3x | 1.6x | NM | 12.7x | 7.2x | NM | 1.7% | 8.8% | 4.3% | NM | 7.3% | 4.1% |
| Stifel Transportation Average | | | | 12,272.8 | 2,384.2 | 459.7 | 14,344.2 | 25.8x | 23.5x | 20.8x | 3.8x | 2.3x | 9.9x | 11.5x | 11.2x | 17.4x | 4.4% | 18.0% | 12.8% | 2.0 | 1.0% | 5.0% |

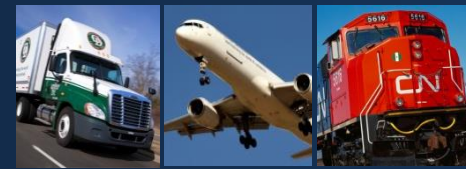
(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest; (b) Stifel estimates for those rated and First Call mean estimates for unrated securities; (c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation ; (d) 2017E P/E divided by First Call mean or Stifel estimated long-term growth rate

Excludes non-recurring items; Calculations may vary due to rounding

Source: Company data , First Call, and Stifel estimates

Appendix

Domestic Marine & Passenger Transport Comparative Valuation Matrix



Equity Comps - Transportation

Financial Statistics Matrix

(figures in \$US millions, except per share amounts and where otherwise noted)

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | PBT | | Effective tax rate | CYEPS | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|-----------------------------------|--------|---------|---------|----------|-------|----------|--------|----------|-----------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-----------------|--------------------|---------------|-----------------------------|---------------------------|-----------------|
| | | Revenue | TTM | % margin | TTM | % margin | TTM | % margin | | 2016A ^{(a),(f)} | 2017E ^{(a),(f)} | 2018E ^{(a),(f)} | | | | | | | |
| Domestic Marine | | | | | | | | | | | | | | | | | | | |
| Kirby Corp. (KEX) | Hold | 1,942.0 | 408.9 | 21.1% | 208.8 | 10.8% | 183.2 | 9.4% | 37.6% | 2.62 | 2.02 | 2.60 | 10.0% | 2,872.7 | 1,953.4 | 1,033.4 | 195.2 | 141.8 | 5,200.4 |
| Rand Logistics Inc. (RLOG) | NC | 107.2 | 27.8 | 25.9% | 1.7 | 1.6% | (23.6) | (22.0%) | NM | NE | NE | NE | 10.0% | 15.3 | 0.6 | 236.1 | 21.5 | (29.7) | 275.7 |
| | Min | 107.2 | 27.8 | 21.1% | 1.7 | 1.6% | (23.6) | (22.0%) | 37.6% | 2.62 | 2.02 | 2.60 | 10.0% | 15.3 | 0.6 | 236.1 | 21.5 | (29.7) | 275.7 |
| | Mean | 1,024.6 | 218.4 | 23.5% | 105.3 | 6.2% | 79.8 | (6.3%) | 37.6% | 2.62 | 2.02 | 2.60 | 10.0% | 1,444.0 | 977.0 | 634.8 | 108.4 | 56.1 | 2,738.1 |
| | Max | 1,942.0 | 408.9 | 25.9% | 208.8 | 10.8% | 183.2 | 9.4% | 37.6% | 2.62 | 2.02 | 2.60 | 10.0% | 2,872.7 | 1,953.4 | 1,033.4 | 195.2 | 141.8 | 5,200.4 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |
| Passenger Transportation | | | | | | | | | | | | | | | | | | | |
| Student Transportation Inc. (STB) | Buy | 642.6 | 81.6 | 12.7% | 31.7 | 4.9% | 17.7 | 2.8% | 42.6% | 0.04 | 0.10 | 0.11 | 5.0% | 106.2 | (97.8) | 367.2 | 46.5 | 15.5 | 597.0 |
| Stifel Transportation Average | | 6,893.1 | 1,199.2 | 17.8% | 869.7 | 12.2% | 782.0 | 8.9% | 23.4% | 2.49 | 3.01 | 3.68 | 12.5% | 2,524.3 | 1,583.5 | 2,351.3 | 455.2 | 364.8 | 7,804.9 |

TTM = "Trailing Twelve Months"; Excludes non-recurring items

(a) Stifel estimates for those rated and First Call mean estimates for unrated securities; (b) First Call mean 3-5 year growth estimates; (c) Capital Expenditures, net of sales; (d) Free Cash Flow=Cash Flow from Operating Activities - Capital Expenditures, net of sales

Source: Company data , First Call, and Stifel estimates

Appendix

Domestic Marine & Passenger Transport Comparative Valuation Matrix

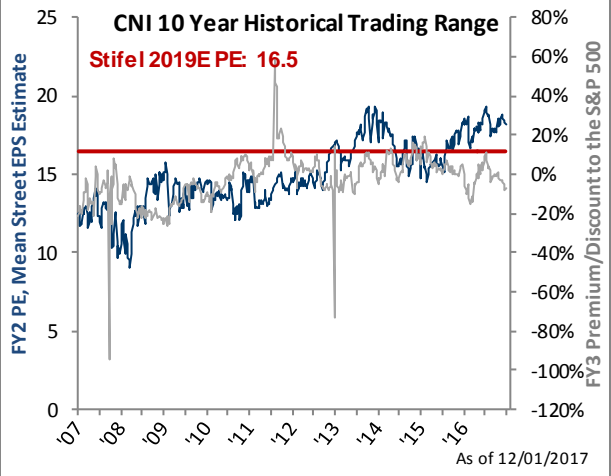
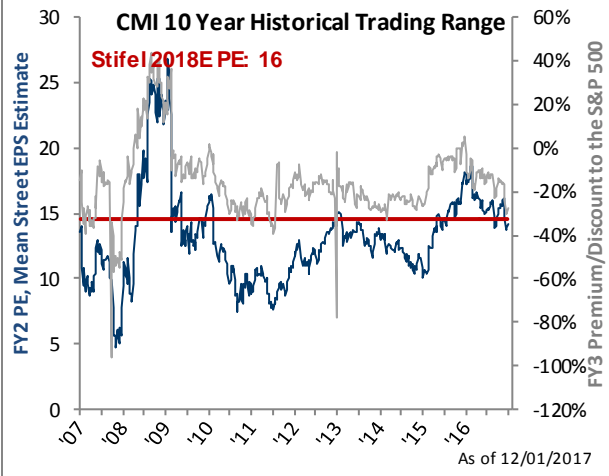
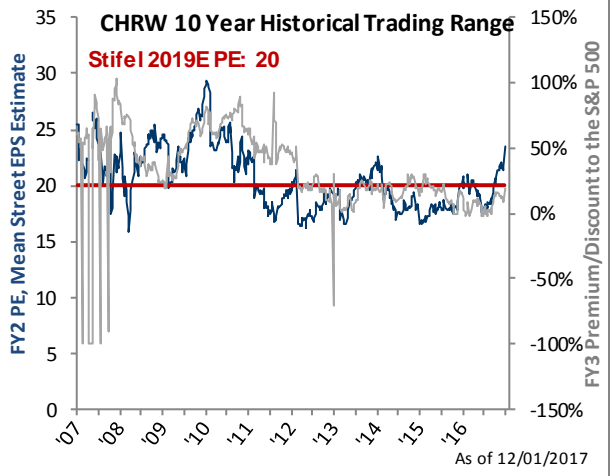
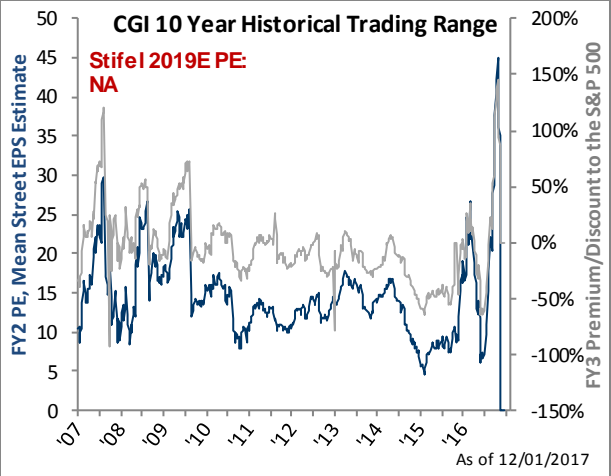
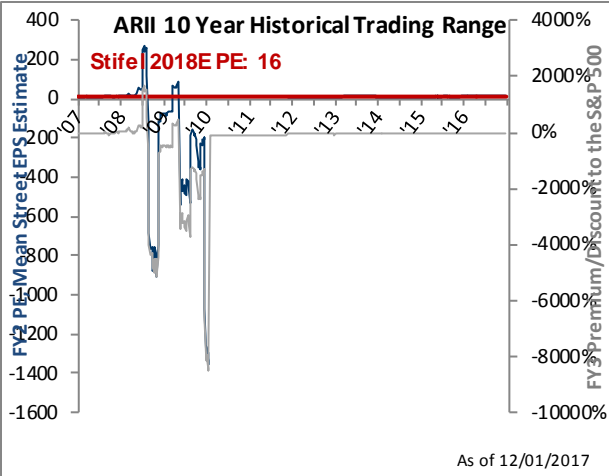


| STIFEL | | | | | | | | | | | | | | | | |
|--|--------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| Equity Comps - Transportation | | | | | | | | | | | | | | | | |
| Debt Ratios | | | | | | | | | | | | | | | | |
| (figures in \$US millions, except per share amounts and where otherwise noted) | | | | | | | | | | | | | | | | |
| Company name (Ticker) | Rating | Debt Rating S&P | Balance sheet debt | | | | | | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total mkt cap. | | |
| Domestic Marine | | | | | | | | | | | | | | | | |
| Kirby Corp. (KEX) | Hold | A- | 2.5x | 2.5x | 4.8x | 4.9x | 26.5% | 22.8% | 1.6x | 1.5x | 3.8x | 3.9x | 22.0% | 18.9% | 21.8x | 11.1x |
| Rand Logistics Inc. (RLOG) | NC | NR | 8.5x | 8.4x | NM | 139.3x | 93.9% | 98.3% | 8.2x | 8.1x | NM | NM | 93.8% | 98.3% | 1.1x | 0.1x |
| | Min | | 2.5x | 2.5x | 4.8x | 4.9x | 26.5% | 22.8% | 1.6x | 1.5x | 3.8x | 3.9x | 22.0% | 18.9% | 1.1x | 0.1x |
| | Mean | | 5.5x | 5.5x | 4.8x | 72.1x | 60.2% | 60.6% | 4.9x | 4.8x | 3.8x | 3.9x | 57.9% | 58.6% | 11.4x | 5.6x |
| | Max | | 8.5x | 8.4x | 4.8x | 139.3x | 93.9% | 98.3% | 8.2x | 8.1x | 3.8x | 3.9x | 93.8% | 98.3% | 21.8x | 11.1x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |
| Passenger Transportation | | | | | | | | | | | | | | | | |
| Student Transportation Inc. (STB) | Buy | NA | 4.5x | 4.4x | 10.4x | 11.6x | 77.6% | 100.0% | 3.5x | 3.4x | 12.6x | 14.0x | 80.7% | 100.0% | 4.9x | 1.9x |
| Stifel Transportation Average | | | 2.2x | 2.4x | 4.1x | 5.8x | 43.5% | 23.9% | 2.8x | 3.8x | 5.5x | 5.8x | 45.7% | 30.5% | 13.1x | 8.1x |

Capitalization of off-balance sheet leases utilizes S&P methodology
Source: Company data , Bloomberg, and Stifel estimates

Appendix

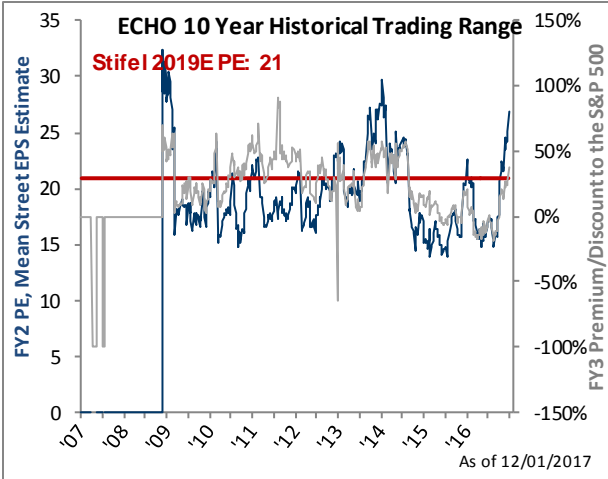
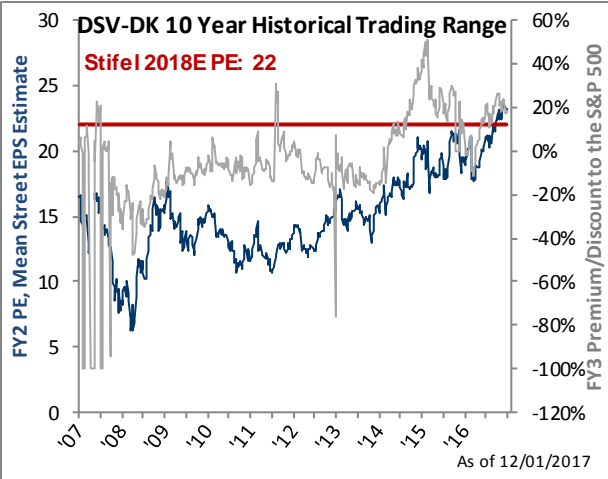
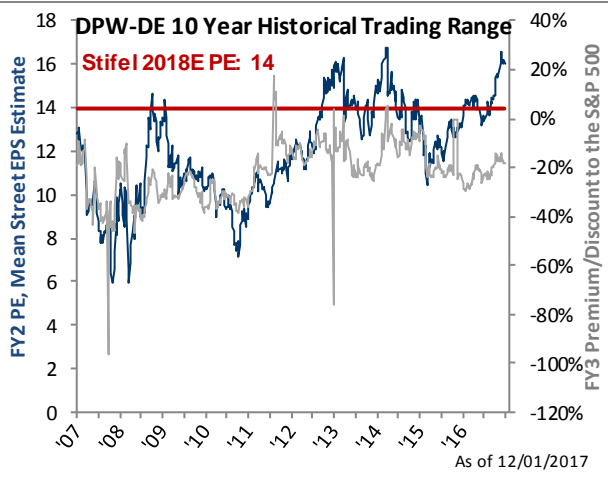
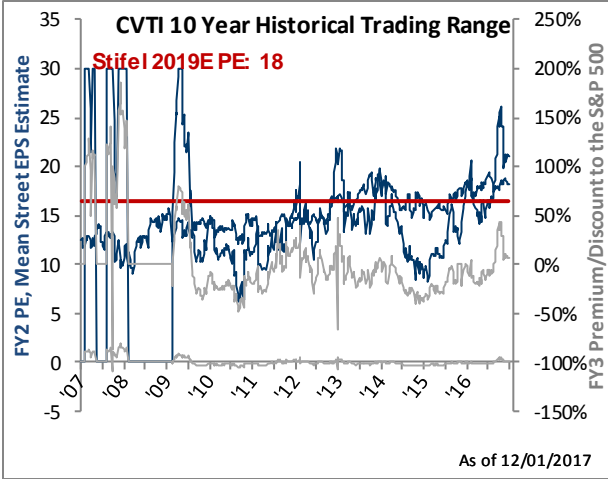
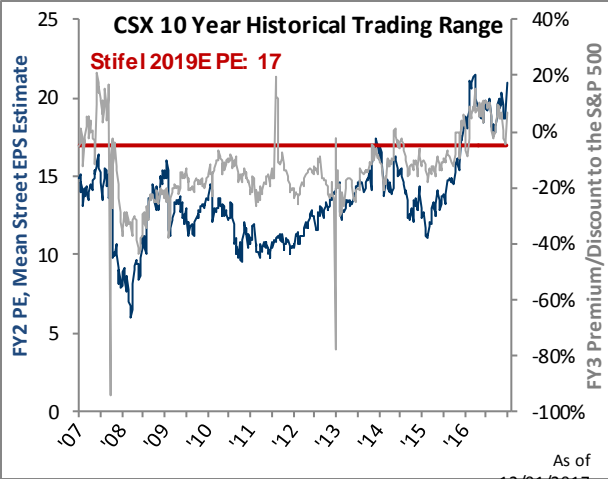
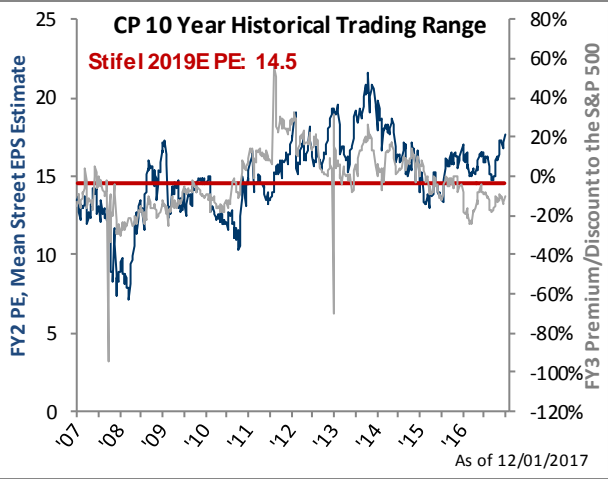
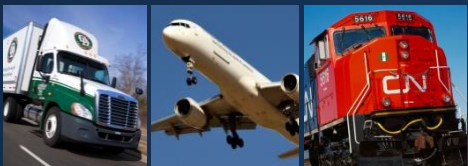
Historical FY2 Price/Earnings



All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers
Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

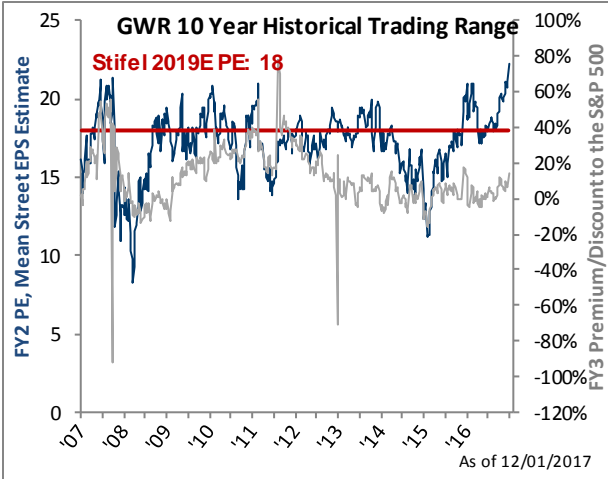
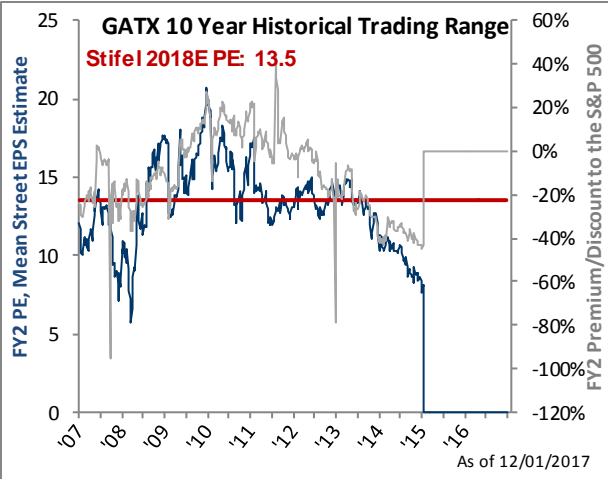
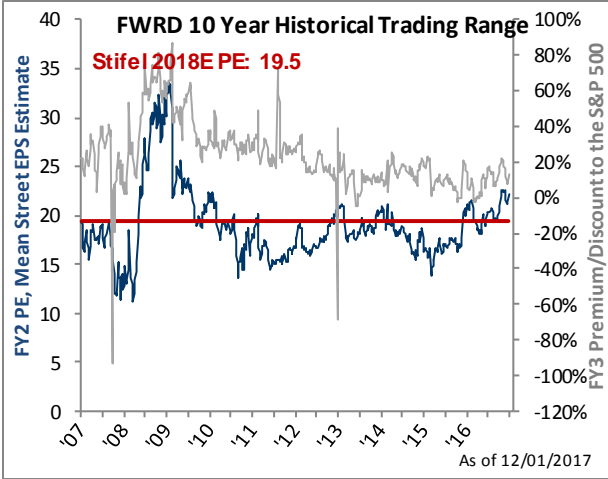
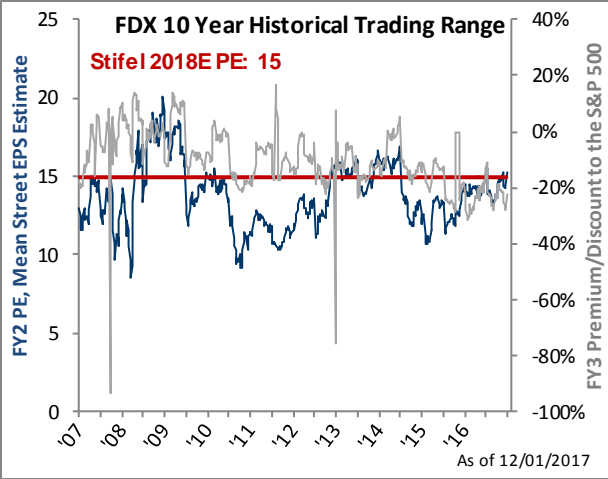


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

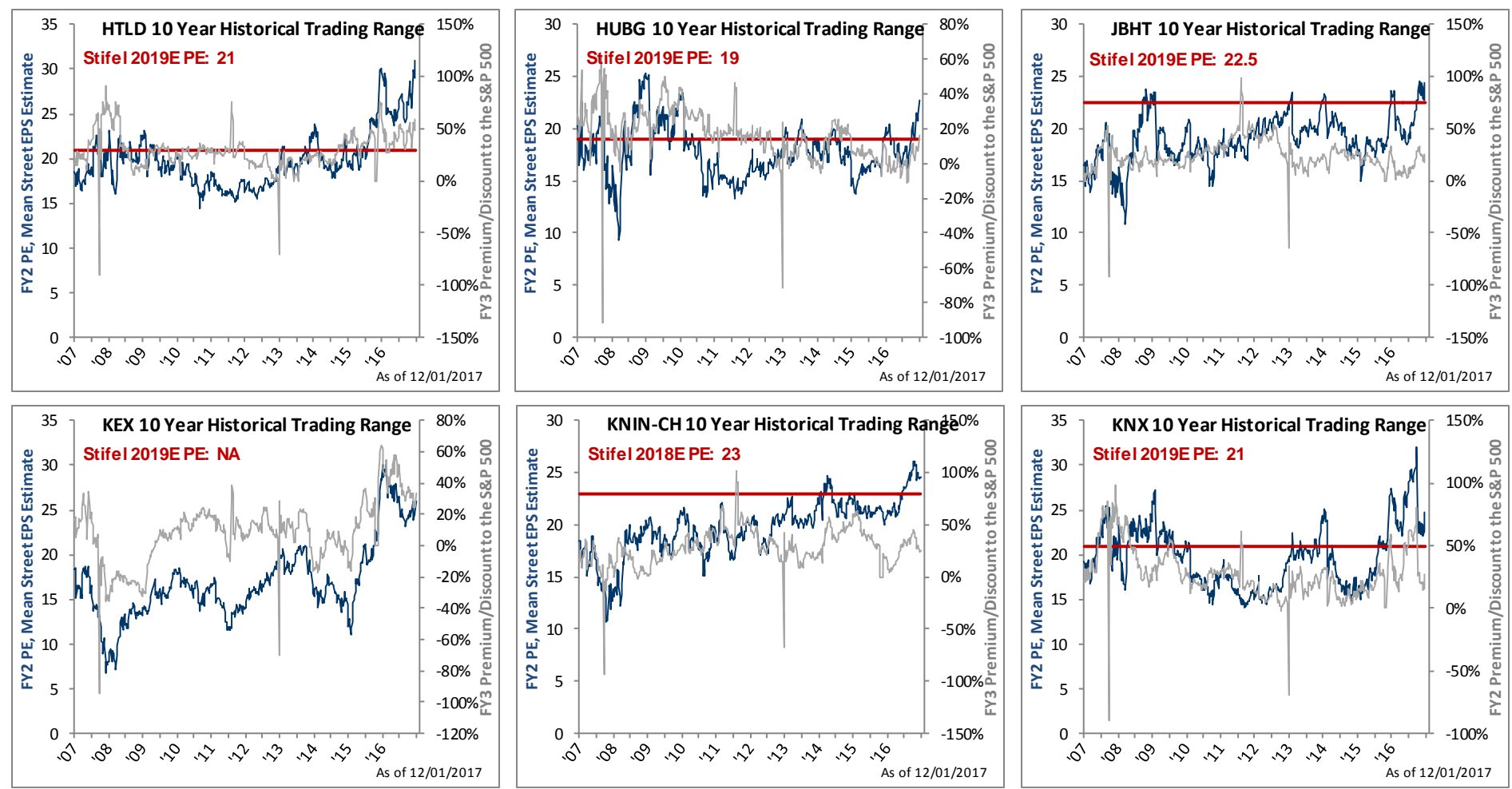
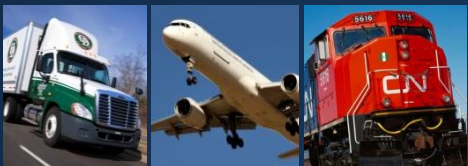


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

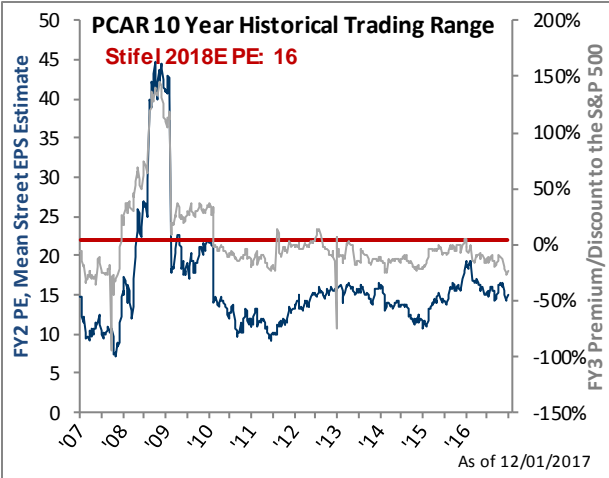
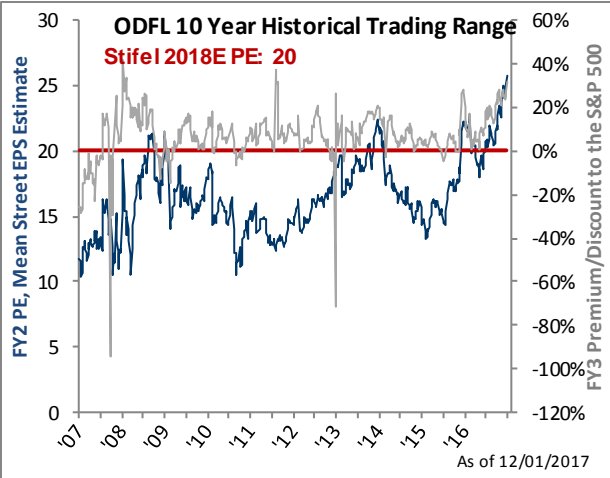
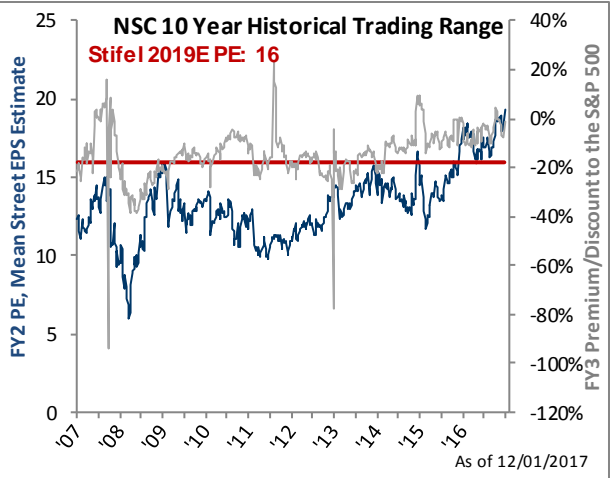
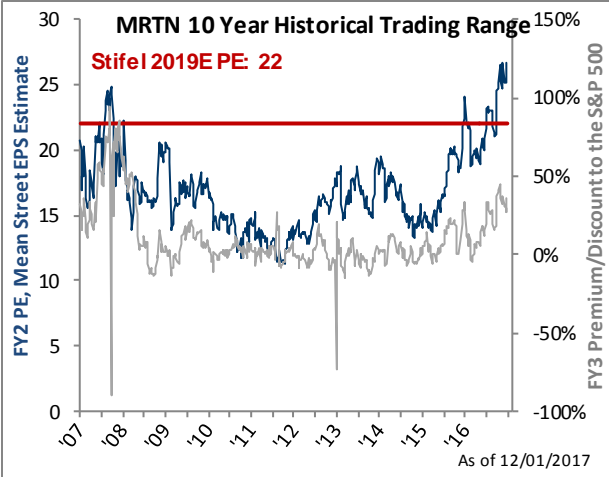
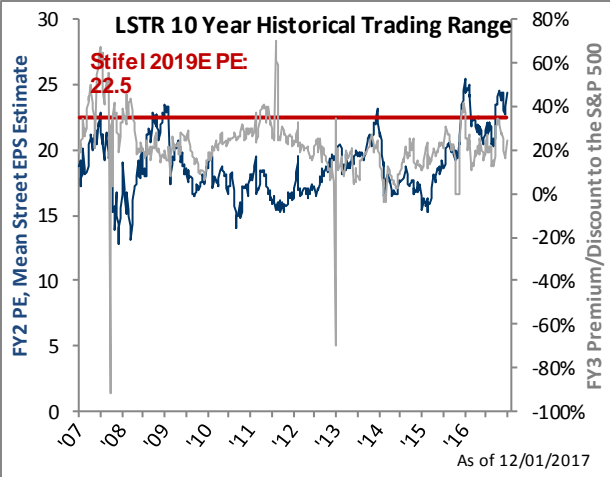
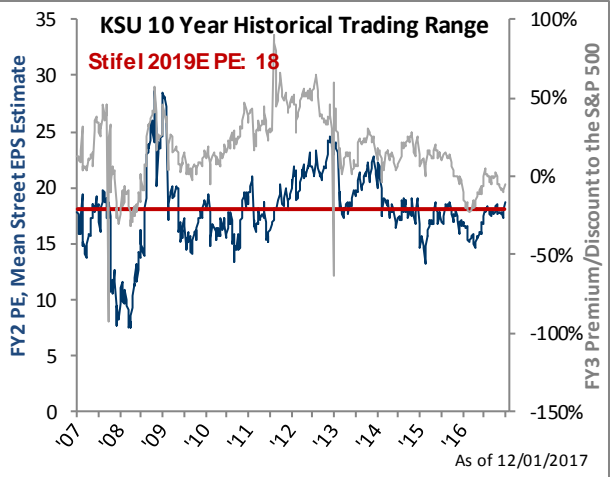


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

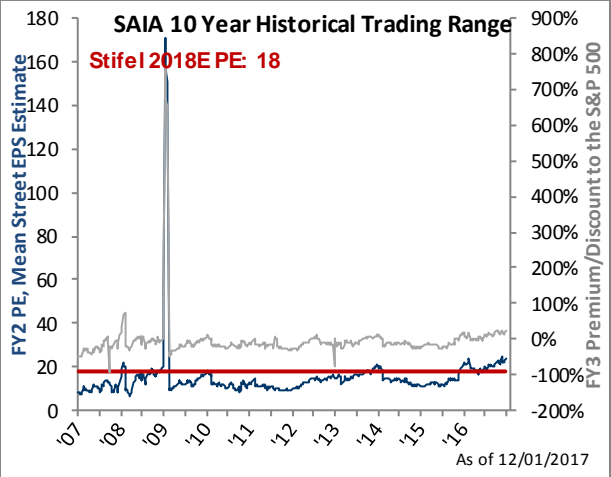
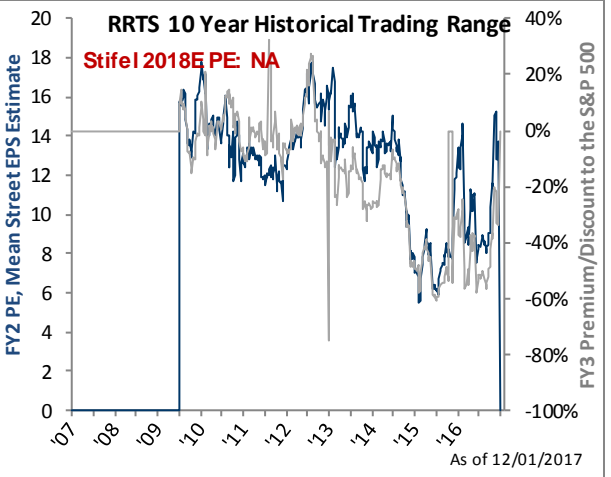
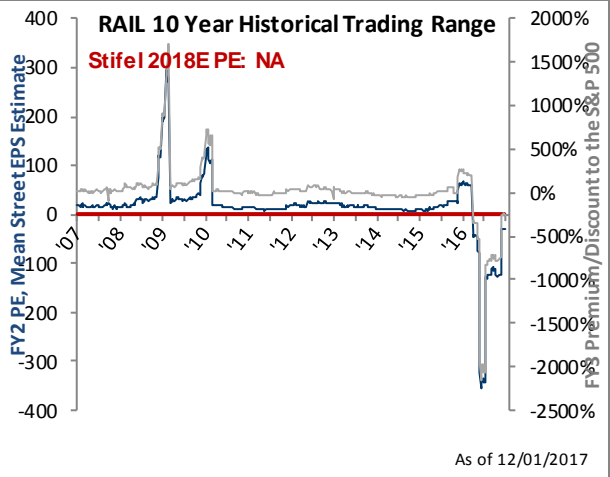
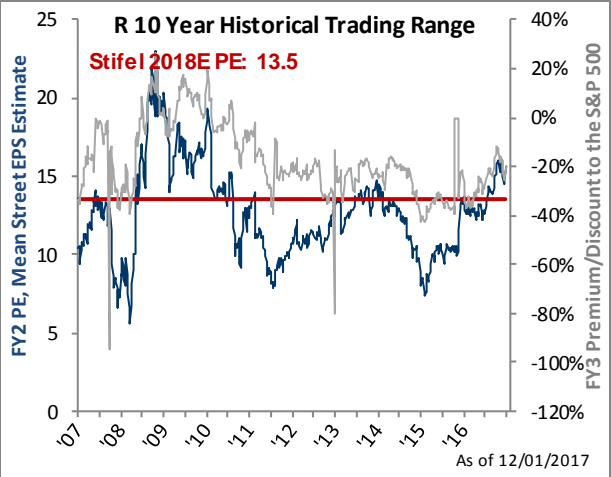
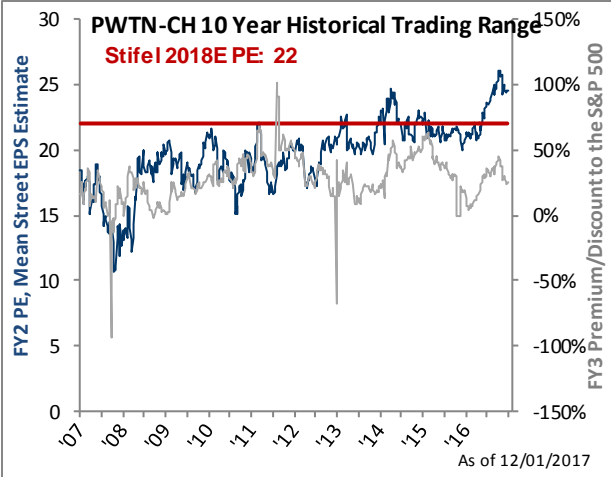
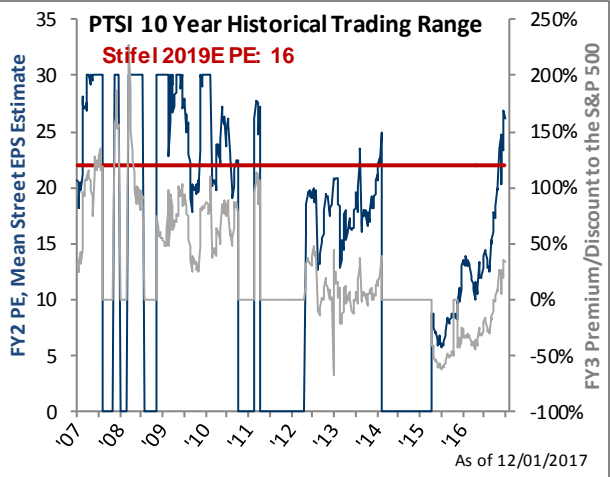
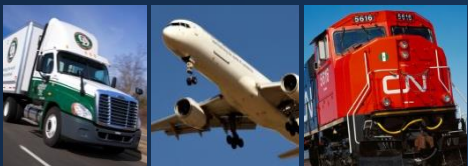


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

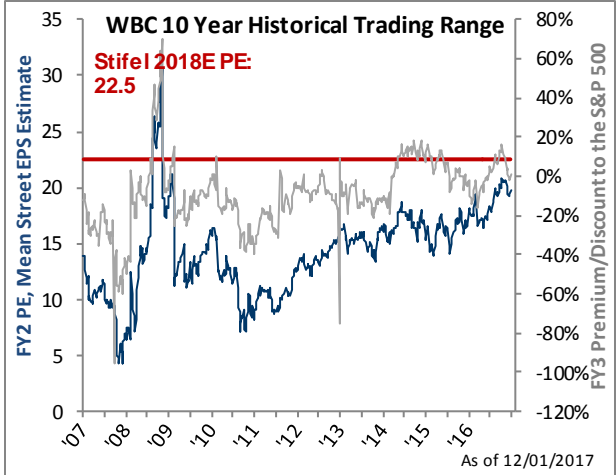
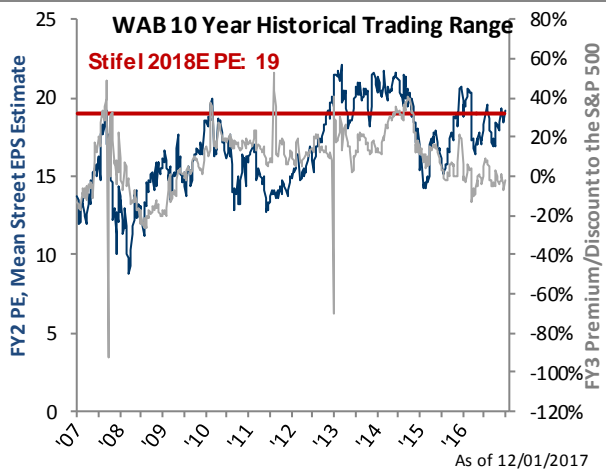
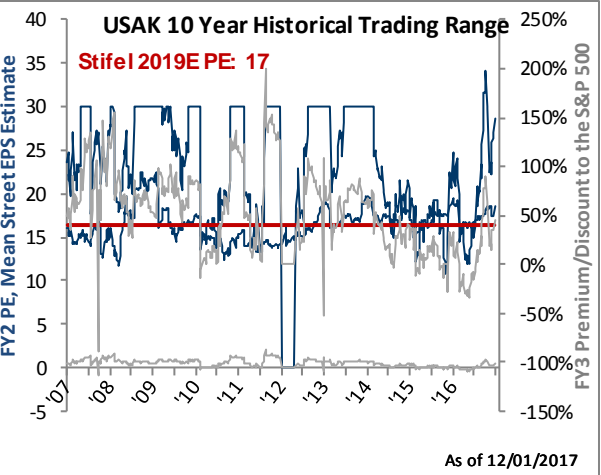
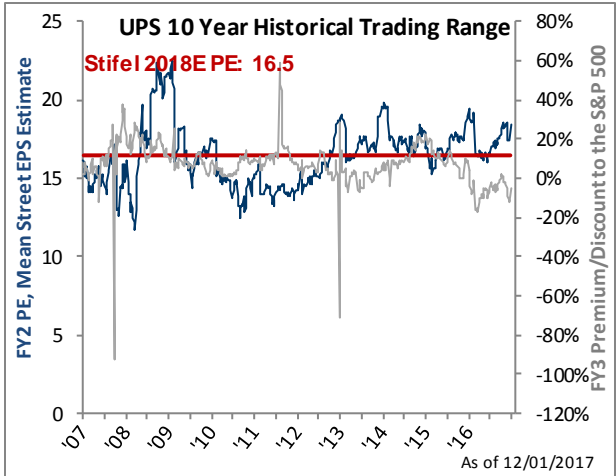
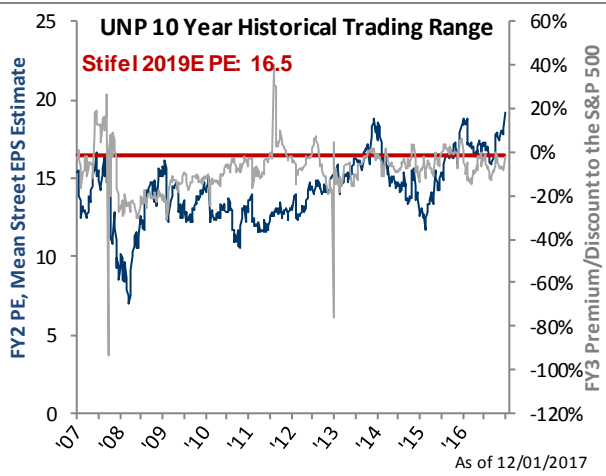
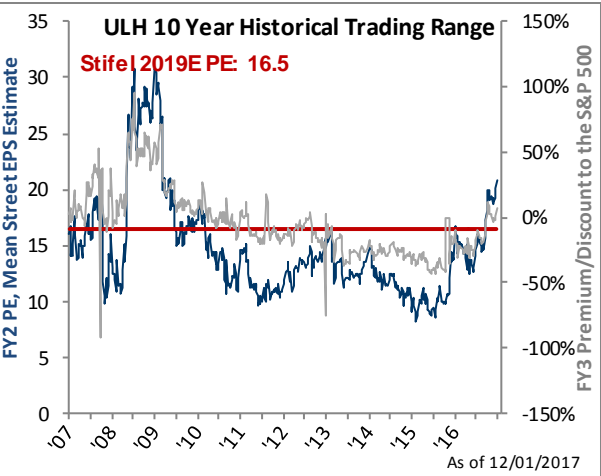


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings

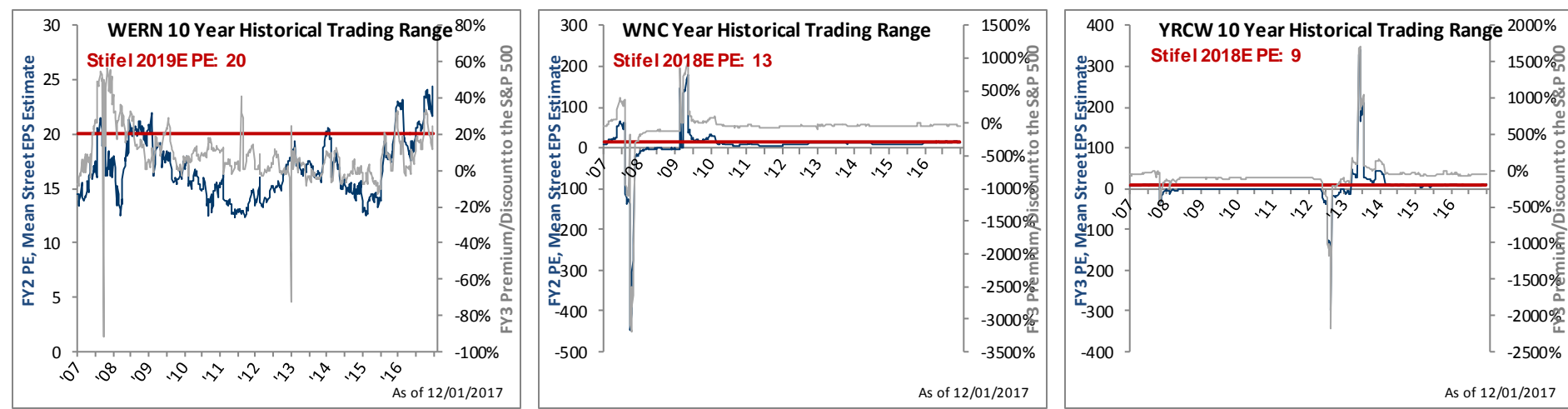


All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Historical FY2 Price/Earnings



All FactSet Historical Data Current Through December 2017, All Target P/E Multiples Current to Date; outliers excluded for multiple tickers

Source: FactSet Research Systems Inc.

Appendix

Important Disclosures & Certifications



STIFEL
Transportation & Logistics
Equity Research

We, John Larkin, David Ross, and Mike Baudendistel certify that our respective views expressed in this research report accurately reflect our respective personal views about the subject securities or issuers; and we, John Larkin, David Ross, and Mike Baudendistel, certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. Our European Policy for Managing Research Conflicts of Interest is available at www.stifel.com.

For applicable current disclosures for all covered companies please visit the research page at www.stifel.com or write to the Stifel Research Department at the following address.

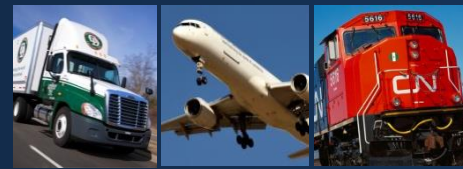
US Research

Stifel Research Department
Stifel, Nicolaus & Company, Inc.
One South Street
16th Floor
Baltimore, Md. 21202

The equity research analyst(s) responsible for the preparation of this report receive(s) compensation based on various factors, including Stifel's overall revenue, which includes investment banking revenue.

Appendix

Important Disclosures & Certifications



Our investment rating system is three tiered, defined as follows:

BUY -We expect a total return of greater than 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

HOLD -We expect a total return between -5% and 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

SELL -We expect a total return below -5% over the next 12 months with total return equal to the percentage price change plus dividend yield.

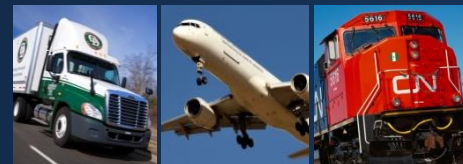
Occasionally, we use the ancillary rating of **SUSPENDED** (SU) to indicate a long-term suspension in rating and/or target price, and/or coverage due to applicable regulations or Stifel policies. **SUSPENDED** indicates the analyst is unable to determine a “reasonable basis” for rating/target price or estimates due to lack of publicly available information or the inability to quantify the publicly available information provided by the company and it is unknown when the outlook will be clarified. **SUSPENDED** may also be used when an analyst has left the firm.

Of the securities we rate, 49% are rated Buy, 41% are rated Hold, 2% are rated Sell and 8% are rated Suspended.

Within the last 12 months, Stifel or an affiliate has provided investment banking services for 20%, 7%, 0% and 14% of the companies whose shares are rated Buy, Hold, Sell and Suspended, respectively.

Appendix

Additional Disclosures



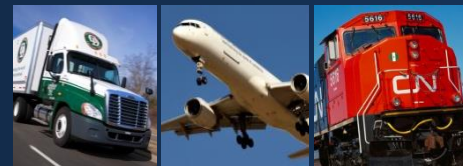
STIFEL
Transportation & Logistics
Equity Research

This report is intended for distribution to or use by institutional clients only, as the securities of the company or companies mentioned in this report may not be registered in certain states or other jurisdictions and as a result, the securities may not be eligible for sale in some states or jurisdictions. Additionally, the securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. The information contained herein is not an offer to sell or the solicitation of an offer to buy any security in any state or jurisdiction where such an offer or solicitation would be illegal.

Please visit the Research Page at www.stifel.com for the current research disclosures and respective target price methodology applicable to the companies mentioned in this publication that are within Stifel's coverage universe. For a discussion of risks to target price please see our stand-alone company reports and notes for all stocks.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.



Affiliate Disclosures

“Stifel”, includes Stifel Nicolaus & Company (“SNC”), a US broker-dealer registered with the United States Securities and Exchange Commission and the Financial Industry National Regulatory Authority and Stifel Nicolaus Europe Limited (“SNEL”), which is authorized and regulated by the Financial Conduct Authority (“FCA”), (FRN 190412) and is a member of the London Stock Exchange.

Registration of non-US Analysts: Any non-US research analyst employed by SNEL contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 or NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

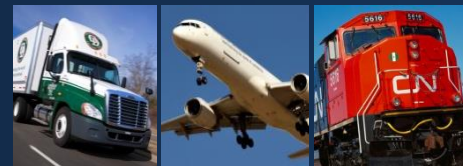
Country Specific and Jurisdictional Disclosures

United States: Research produced and distributed by SNEL is distributed by SNEL to “Major US Institutional Investors” as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. SNC may also distribute research prepared by SNEL directly to US clients, including US clients that are not Major US Institutional Investors. In these instances, SNC accepts responsibility for the content. SNEL is a non-US broker-dealer and accordingly, any transaction by a US client in the securities discussed in the document must be effected by SNC. US clients wishing to place an order should contact their SNC representative.

Canadian Distribution: Research produced by SNEL is distributed in Canada by SNC in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a “permitted client” as defined under applicable Canadian securities law.

UK and European Economic Area (EEA): This report is distributed in the EEA by SNEL, which is authorized and regulated in the United Kingdom by the FCA. In these instances, SNEL accepts responsibility for the content. Research produced by SNEL is not intended for use by and should not be made available to non-professional clients.

The complete preceding 12-month recommendations history related to recommendation(s) in this research report is available at <https://stifel2.bluematrix.com/sellside/MAR.action>



Brunei: This document has not been delivered to, registered with or approved by the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance or the Autoriti Monetari Brunei Darussalam. This document and the information contained within will not be registered with any relevant Brunei Authorities under the relevant securities laws of Brunei Darussalam. The interests in the document have not been and will not be offered, transferred, delivered or sold in or from any part of Brunei Darussalam. This document and the information contained within is strictly private and confidential and is being distributed to a limited number of accredited investors, expert investors and institutional investors under the Securities Markets Order, 2013 ("Relevant Persons") upon their request and confirmation that they fully understand that neither the document nor the information contained within have been approved or licensed by or registered with the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance, the Autoriti Monetari Brunei Darussalam or any other relevant governmental agencies within Brunei Darussalam. This document and the information contained within must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the document or information contained within is only available to, and will be engaged in only with Relevant Persons.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

Additional Information Is Available Upon Request

© 2017 Stifel. This report is produced for the use of Stifel customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel. Stifel, Nicolaus & Company, Incorporated, One South Street, Baltimore, MD 21202.