

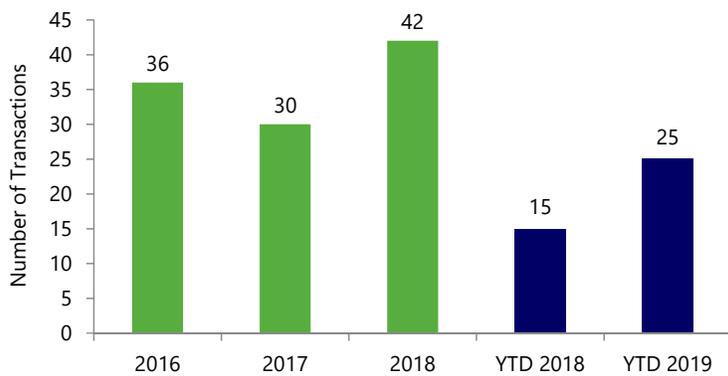


INDUSTRY OVERVIEW

- ▶ Demand for the Logistics Service Providers industry has risen as complex US regulations, the ongoing truck driver shortage, and competitive delivery times have pushed companies to utilize third-party logistics service providers (3PLs) to improve cost and efficiency. While 3PLs have collectively claimed a large share of the Transportation and Logistics (T&L) market, the industry remains highly fragmented with attractive opportunities for both strategic and financial buyers.
- ▶ Amid this industry growth, investors have begun to pour a vast amount of money into emerging technology. In 2018, venture capital (VC) funding for freight technology reached a record \$3.6 billion—more than double that of 2017, according to CB Insights.¹ Additionally, four of the five largest Q1 VC deals in the US went to T&L companies, according to Pitchbook.² This included SoftBank Vision Fund's February \$1.0 billion investment in Flexport, a San Francisco-based developer of a digital freight-forwarding platform.

TRANSACTION VOLUME

- ▶ Already in 2019, 25 mergers and acquisitions (M&A) have been announced or closed in the industry compared to 15 year-to-date (YTD) in 2018. The ongoing expansion of the US economy has prompted deal activity as owners seek to capitalize on the favorable economy amid the longest bull market run in history.



Year-to-date ended May 7
Source: Capital IQ and Capstone Headwaters Research

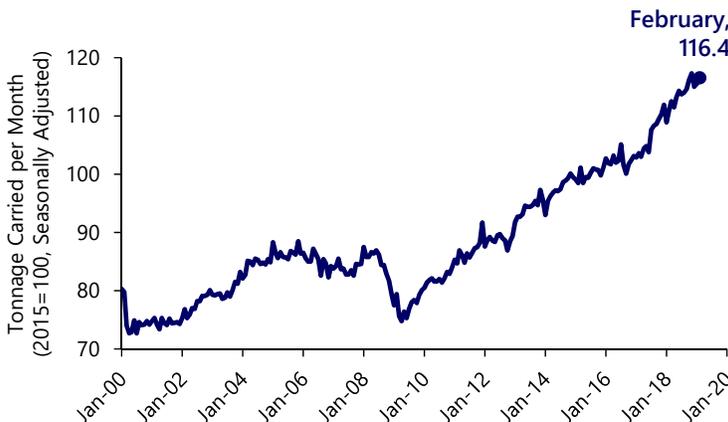
NOTABLE TRANSACTION

- ▶ **GlobalTranz Enterprises, Inc. acquires Circle 8 Logistics (April 2019, Undisclosed)** – GlobalTranz, a leading technology and 3PL solutions provider, recently completed its ninth acquisition since 2017 with the purchase of Circle 8 Logistics in April. Terms of the deal were not disclosed. Founded in 2001, Circle 8 is a service-driven provider of third-party multimodal T&L which will expand GlobalTranz's presence in the Chicago area. GlobalTranz has actively utilized roll-up transactions to adopt new technology, spur growth, and outpace competitors.

Notably, also in April, Providence Equity Partners agreed to acquire GlobalTranz for ~\$400.0 million. The deal comes less than a year after The Jordan Company bought GlobalTranz from several private equity firms (including Providence) in June 2018. "With Providence's support, we expect to build upon our unique success through ongoing technology innovation and the deployment of logistics solutions that address ever-increasing shipper sophistication," Bob Farrell, Executive Chairman of GlobalTranz, said in the press release.³

TRUCK TONNAGE INDEX

- ▶ Freight has experienced a massive growth since 2009, with brief selloffs in 2012 and 2017. While pricing has slightly softened recently, volume is steadily higher than typically seen in Q1. Additionally, while growth decelerated in late 2018 and early 2019, volume has remained strong.



Source: American Trucking Associations

SELECT CAPSTONE HEADWATERS DEALS

has been acquired by

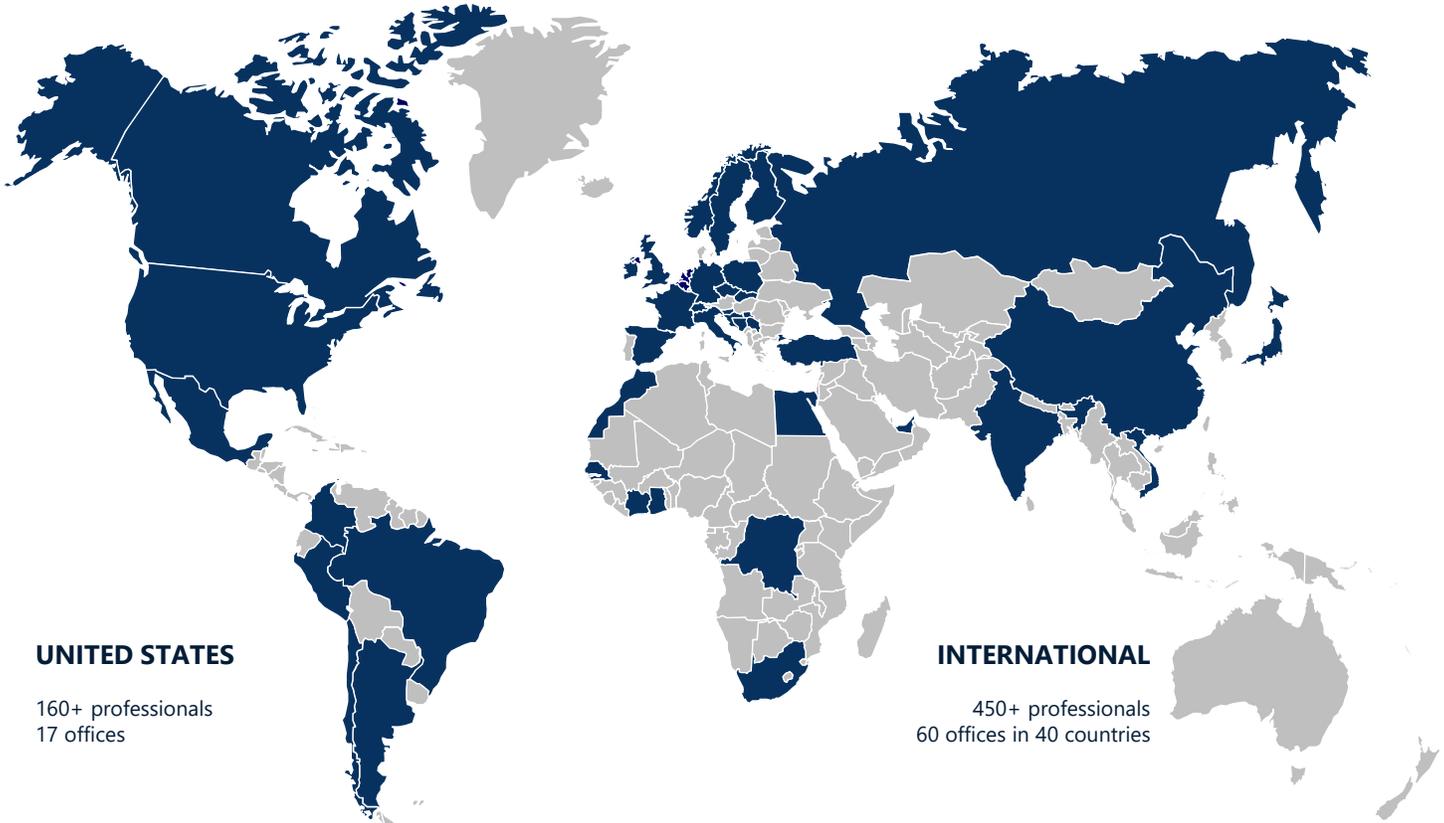
- ▶ Capstone Headwaters advised SCR Air Services, a brokerage company focused on intermodal freight, on its acquisition by supply chain solutions provider NFI Industries. With this acquisition, NFI will expand its non-asset intermodal services, as well as its refrigerated capabilities. Financial terms of the deal were confidential.

has been acquired by

- ▶ Capstone Headwaters advised Apex Logistics Group on its acquisition by GlobalTranz Enterprises, Inc. Terms of the deal were confidential. Apex's strong freight brokerage operation and deep industry experience in concert with GlobalTranz's innovative technology and logistics solutions will further enhance the value proposition for shippers.



BUILT FOR THE MIDDLE MARKET



CITATIONS

1. CB Insights, "Where Smart Money VCs Are Placing Bets In Trucking Tech," <https://app.cbinsights.com>, accessed May 7, 2019.
2. Pitchbook, "1Q in Review: VCs are Fixated on the Future of Moving People and Things," <https://pitchbook.com/news/articles/1q-in-review-vcs-are-fixated-on-the-future-of-moving-people-and-things>, accessed May 9, 2019.
3. GlobalTranz, "GlobalTranz Selects New Equity Partner," <https://www.globaltranz.com/blog/globaltranz-chooses-new-equity-partner/>, accessed May 6, 2019.

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