



***Universal*** ***2019 STIFEL TRANSPORTATION  
AND LOGISTICS CONFERENCE***



***PEOPLE DRIVEN SOLUTIONS***

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***TRUCKLOAD***

***VALUE-ADDED***

***INTERMODAL***

***BROKERAGE***

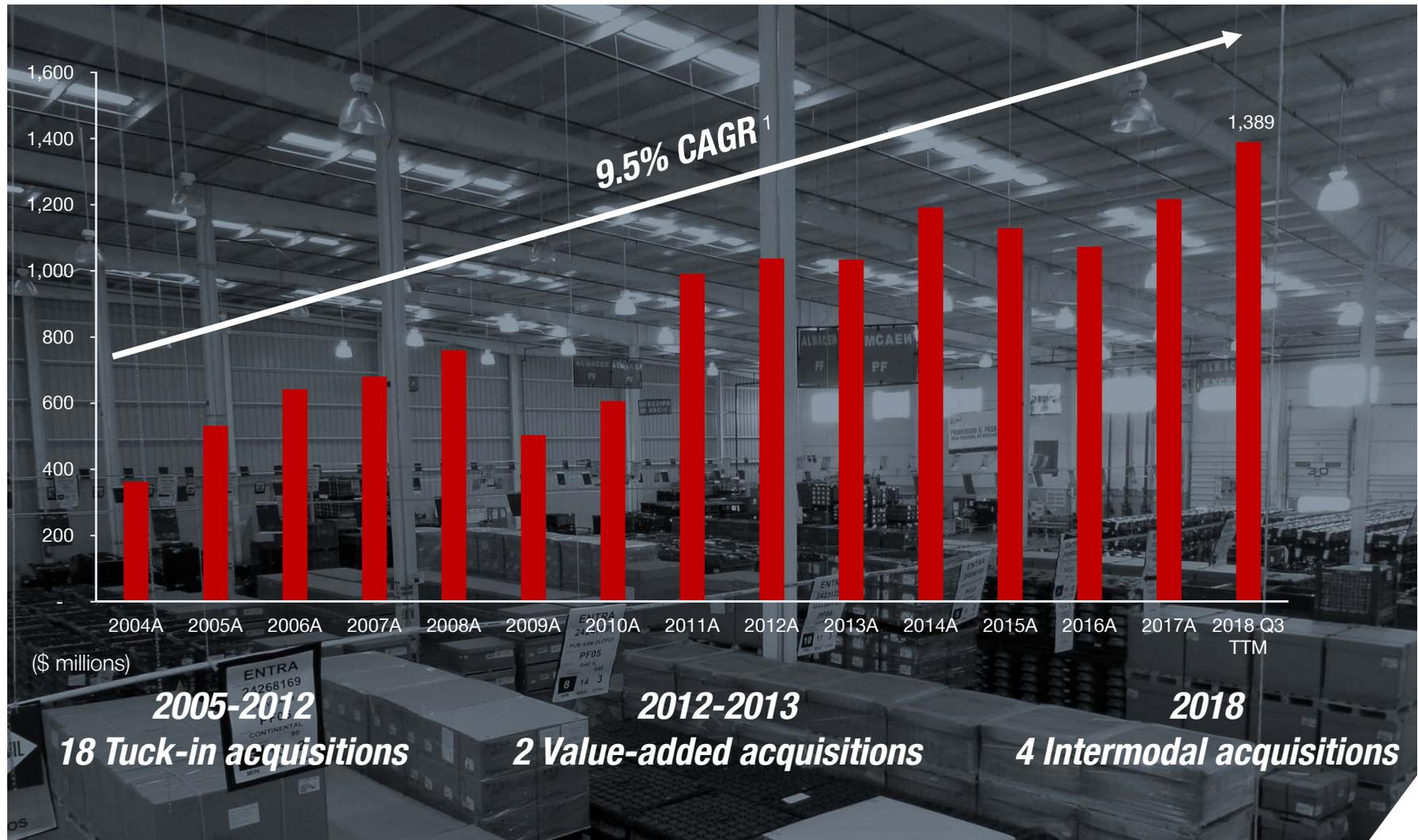
***DEDICATED***



# » OUR HISTORY



# » REVENUE GROWTH



(1) Compounded Annual Growth Rate (CAGR) calculated from 2004 - 2017

# **» VALUE TO CUSTOMERS**

***CUSTOMIZED TRANSPORTATION & LOGISTICS SOLUTIONS***

***INCREASE END CUSTOMER SATISFACTION***

***LONG-TERM STRATEGIC PARTNER***

***REDUCE COSTS***

***PROVIDE SAFE EXPERT SERVICE***

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# » SERVICE OFFERINGS

## TRUCKLOAD

### **Truckload transportation**

Uses a mix of owner-operated and company owned equipment to haul commodities in various end markets. Services include dry van, flatbed, heavy haul, refrigerated, and specialized equipment.

### **Specialized truckload**

Provides transportation services of customer goods which is over-weight, over-size, and a variety of other specialty characteristics

## BROKERAGE

### **Truckload brokerage**

Uses a nationwide network of broker carriers to fulfill the transportation capacity requirements of customers

### **Forwarding**

Arranges and manages shipments of goods via ground, air and sea

### **Customs house brokerage**

Provides expertise in customs & tariffs and offers the preparation of import/export documents

## VALUE-ADDED

### **Sequencing and sub-assembly**

Provides storage, pre-assembly and rapid delivery of parts

### **Material handling and consolidation**

Coordinates receipt, unloading, sorting and out-bound delivery to specified destinations

### **Central materials area operations**

Operates facilities that store customers' bulk orders until transported to assembly plants

### **Kitting and repacking**

Provides multiple parts in one "kit" for a single assembly operation and repackaging of vendor supplied parts

### **Returnable container management**

Manages the collection and return of customers' containers following delivery

## DEDICATED

### **Dedicated transportation**

Uses a mix of owner-operated and company owned equipment for committed capacity and close-loop transportation

### **Expedited transportation**

Provides expedited direct shipment services using owner-operators

### **Yard management**

Provides switching and inventory management of customer trailers and containers

## INTERMODAL

### **Drayage**

Transports containerized cargo over short distances

### **Storage**

Provides container, chassis and trailer storage near port or railhead locations

### **Maintenance & repair**

Performs repair and preventative maintenance on all types of intermodal equipment

# **» TRUCKLOAD SERVICES**

**ASSET-LIGHT VARIABLE COST MODEL**

**A NATIONAL NETWORK OF AGENTS AND COMPANY TERMINALS IN THE U.S. AND CANADA**

**MIX OF SPOT AND CONTRACTUAL RATES**

**EXPERTISE AND SPECIALIZATION IN END MARKETS SERVED**

**- STEEL & METALS - OIL & GAS - INDUSTRIALS - GOVERNMENT - RETAIL & CONSUMER GOODS**

**REVENUE ~ \$250 MILLION**

**TARGET MARGIN 6% - 8%**

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# **» BROKERAGE SERVICES**

**ASSET-LIGHT VARIABLE COST MODEL**

**NATIONWIDE NETWORK BROKER CARRIERS**

**MIX OF SPOT AND CONTRACTUAL RATES**

**EXPERT 3PL OFFERINGS**

**- STEEL & METALS - OIL & GAS - INDUSTRIALS - GOVERNMENT - RETAIL & CONSUMER GOODS**

**REVENUE ~ \$425 MILLION**

**TARGET MARGIN 4% - 6%**

# **» INTERMODAL SERVICES**

**ASSET-RIGHT VARIABLE COST MODEL**

**LOCAL AND REGIONAL DRAYAGE**

**13 FULL SERVICE CONTAINER YARDS**

**SEAMLESS MULTIMODAL CUSTOMER SOLUTIONS**

**- CUSTOMER DIRECT - STEAMSHIP LINES - RAILROADS**

**REVENUE ~ \$400 MILLION**

**TARGET MARGIN 10% - 12%**

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# **» DEDICATED SERVICES**

**ASSET-BASED MODEL**

**CUSTOM TAILORED SERVICE OFFERINGS  
IN THE U.S. AND CANADA**

**SHORT-TERM CONTRACTUAL RATES**

**SERVING INDUSTRIAL MARKETS**

**REVENUE ~ \$150 MILLION**

**TARGET MARGIN 8% - 10%**

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## **» VALUE-ADDED SERVICES**

**FLEXIBLE COST MODEL WITH PROPRIETARY INFORMATION TECHNOLOGY**

**CUSTOMIZED CUSTOMER SOLUTIONS  
IN-PLANT OR OFFSITE**

**5 – 7 YEAR CONTRACTS WITH HIGH RENEWAL RATE**

**LONG-TENURED CUSTOMER BASE**

**- RETAIL & CONSUMER GOODS - AUTOMOTIVE - CLASS 8 - AEROSPACE**

**REVENUE ~ \$375 MILLION**

**TARGET MARGIN 12% - 14%**

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# » INDUSTRIES SERVED



# *FINANCIAL OVERVIEW*



## **» FULL YEAR 2019 OUTLOOK**

**REVENUE: \$1.6 BILLION - \$1.7 BILLION**

**OPERATING MARGINS: 7% - 9%**

**INTEREST EXPENSE: \$15 MILLION - \$17 MILLION**

**CAPEX: \$65 MILLION - \$75 MILLION**

## » **SUM OF THE PARTS**

<i>SERVICES</i>	<i>REVENUE ESTIMATE (MILLIONS)</i>	<i>TARGET MARGIN LOW-END (%)</i>	<i>TARGET MARGIN LOW-END (\$ MILLIONS)</i>	<i>TARGET MARGIN HIGH-END (%)</i>	<i>TARGET MARGIN HIGH-END (\$ MILLIONS)</i>
<i>TRUCKLOAD</i>	<i>\$250</i>	<i>6%</i>	<i>\$15</i>	<i>8%</i>	<i>\$20</i>
<i>BROKERAGE</i>	<i>\$425</i>	<i>4%</i>	<i>\$17</i>	<i>6%</i>	<i>\$25</i>
<i>INTERMODAL</i>	<i>\$400</i>	<i>10%</i>	<i>\$40</i>	<i>12%</i>	<i>\$48</i>
<i>DEDICATED</i>	<i>\$150</i>	<i>8%</i>	<i>\$12</i>	<i>10%</i>	<i>\$15</i>
<i>VALUE-ADDED</i>	<i>\$375</i>	<i>12%</i>	<i>\$45</i>	<i>14%</i>	<i>\$53</i>
<i>TOTAL</i>	<i>\$1,600</i>	<i>8%</i>	<i>\$129</i>	<i>10%</i>	<i>\$161</i>

# » MERGERS AND ACQUISITIONS

## **FORE TRANSPORTATION, INC.**

- CHICAGO BASED INTERMODAL LOGISTICS SOLUTIONS

- ACQUIRED FEBRUARY 1, 2018

## **SOUTHERN COUNTIES EXPRESS, INC.**

- PORTS OF LA AND LONG BEACH INTERMODAL SERVICES

- ACQUIRED AUGUST 10, 2018

## **SPECIALIZED RAIL SERVICES, INC.**

- REGIONAL INTERMODAL SERVICES BASED IN LAS VEGAS, NV AND CLEARFIELD, UT

- ACQUIRED OCTOBER 12, 2018

## **CONTAINER CONNECTION**

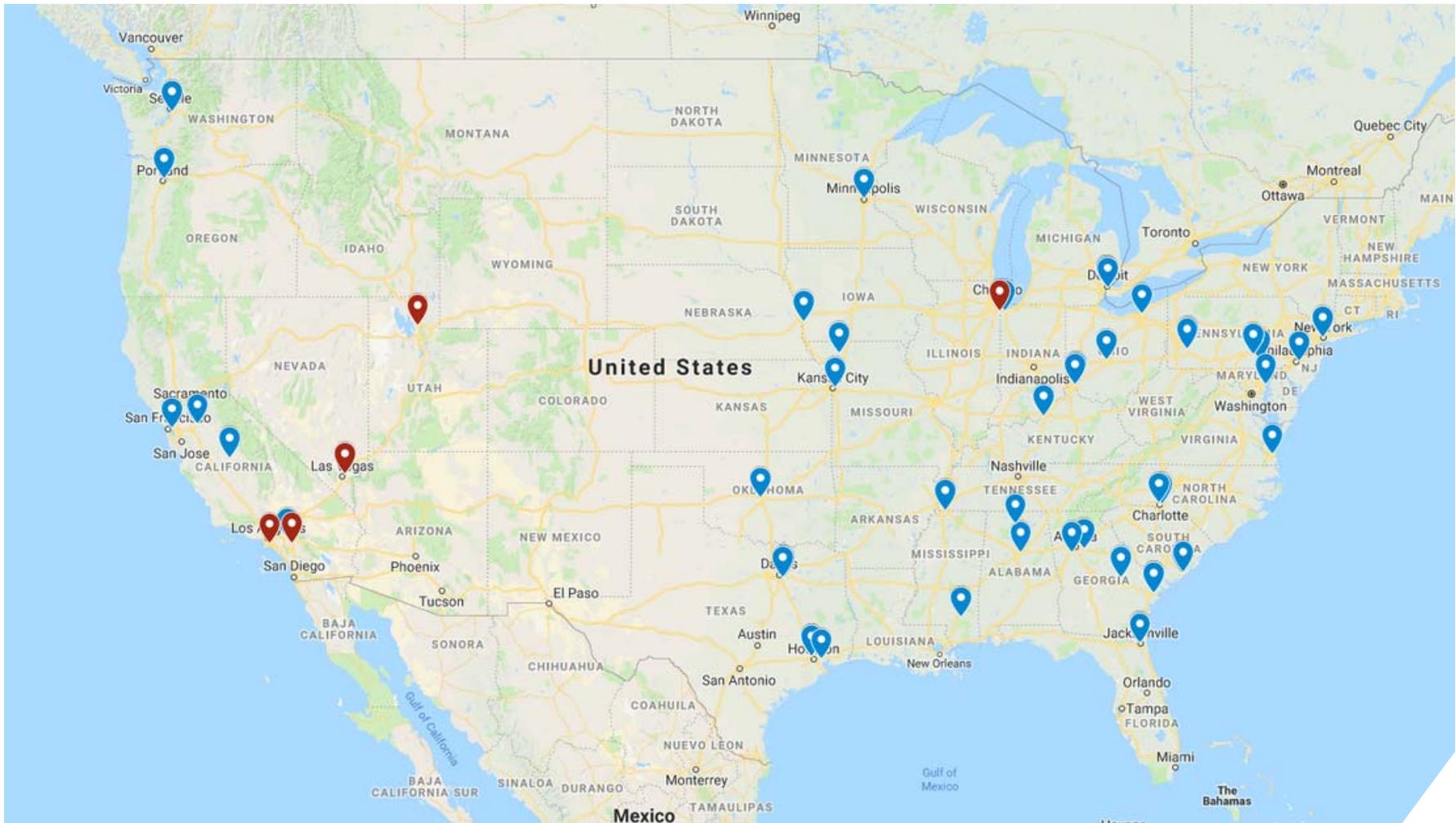
- PORTS OF LA AND LONG BEACH INTERMODAL SERVICES

- ACQUIRED DECEMBER 7, 2018

## **2018 ACQUISITIONS**

- ADDED OVER \$170 MILLION IN ANNUAL REVENUE - 750 ADDITIONAL TRUCKS

# » MERGERS AND ACQUISITIONS CONTINUED



## **» CAPITAL EXPENDITURES**

**SCHEDULED REPLACEMENTS: \$30.5 MILLION - \$40.5 MILLION**

**\$12.5 MILLION – CONTINUE CONVERSION TO OWNED CHASSIS MODEL**

**\$12.0 MILLION – REAL ESTATE AND FACILITY IMPROVEMENTS**

**\$10.0 MILLION – TRACTORS AND TRAILERS FOR DEDICATED WINS**

**2019 TOTAL: \$65 MILLION - \$75 MILLION**

## **» CREDIT FACILITY**

**AGGREGATE BORROWING FACILITIES OF UP TO \$350 MILLION**

**\$150 MILLION TERM LOAN AND \$200 MILLION REVOLVING LOAN**

**PROVIDES LIQUIDITY TO CONTINUE STRATEGIC ACQUISITION STRATEGY**

**- UNTAPPED \$100 MILLION ACCORDION FEATURE - \$130 MILLION UNDRAWN ON REVOLVER**

**STREAMLINE DEBT STRUCTURE AND REDUCE BORROWING COSTS**

# APPENDIX



# APPENDIX

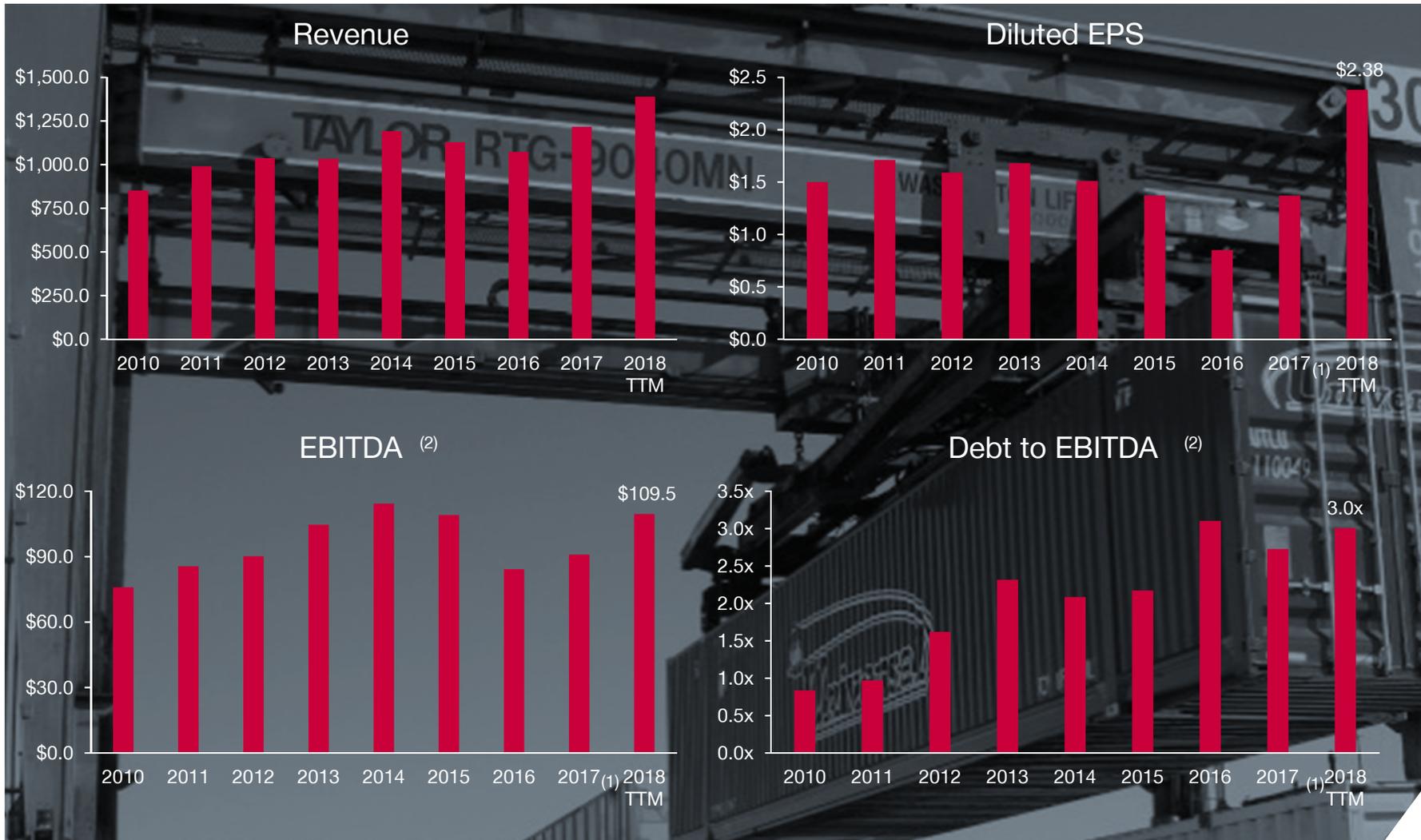
	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Twelve Months Ended September 29, 2018
	(in thousands)								
<b>Revenue</b>	\$ 851,868	\$ 990,672	\$ 1,037,006	\$ 1,033,492	\$ 1,191,521	\$ 1,128,773	\$ 1,072,751	\$ 1,216,665	\$ 1,389,353
<b>Adjusted Income from Operations</b>									
Income from operations	\$ 52,452	\$ 66,068	\$ 69,157	\$ 84,493	\$ 80,835	\$ 73,395	\$ 46,580	\$ 25,214	\$ 78,998
Litigation charges	-	-	-	-	-	-	-	17,356	-
Adjusted income from operations	\$ 52,452	\$ 66,068	\$ 69,157	\$ 84,493	\$ 80,835	\$ 73,395	\$ 46,580	\$ 7,858	\$ 78,998
Adjusted operating margin	6.2%	6.7%	6.7%	8.2%	6.8%	6.5%	4.3%	0.6%	5.7%
<b>Adjusted EBITDA</b>									
Net Income	\$ 45,709	\$ 51,446	\$ 47,688	\$ 50,572	\$ 45,370	\$ 40,001	\$ 24,244	\$ 28,153	\$ 67,559
Provision for income taxes	11,286	14,207	20,264	30,344	27,729	25,004	15,161	(11,012)	1,216
Interest expense, net	1,394	2,158	3,983	4,036	8,183	9,180	8,109	9,446	(12,031)
Depreciation and amortization	17,539	17,731	18,237	19,686	33,053	34,873	36,702	46,995	52,780
EBITDA	\$ 75,928	\$ 85,542	\$ 90,172	\$ 104,638	\$ 114,335	\$ 109,058	\$ 84,216	\$ 73,582	\$ 109,524
Litigation Charges	-	-	-	-	-	-	-	17,356	-
Adjusted EBITDA	\$ 75,928	\$ 85,542	\$ 90,172	\$ 104,638	\$ 114,335	\$ 109,058	\$ 84,216	\$ 90,938	\$ 109,524
<b>Debt to Adjusted EBITDA</b>									
Total debt, net of debt issuance costs	\$ 63,544	\$ 83,061	\$ 146,000	\$ 242,143	\$ 238,329	\$ 236,894	\$ 261,267	\$ 247,978	\$ 329,261
Adjusted EBITDA	75,928	85,542	90,172	104,638	114,335	109,058	84,216	90,938	109,524
Debt to adjusted EBITDA	0.84	0.97	1.62	2.31	2.08	2.17	3.10	2.73	3.01
<b>Adjusted EPS</b>									
EPS diluted	\$ 1.50	\$ 1.71	\$ 1.59	\$ 1.68	\$ 1.51	\$ 1.37	\$ 0.85	\$ 0.99	\$ 2.38
Litigation charges, net of tax	-	-	-	-	-	-	-	0.38	-
Adjusted EPS	\$ 1.50	\$ 1.71	\$ 1.59	\$ 1.68	\$ 1.51	\$ 1.37	\$ 0.85	\$ 1.37	\$ 2.38
<b>Free Cash Flow</b>									
Net cash provided by operating activities	\$ 46,885	\$ 78,700	\$ 70,403	\$ 57,590	\$ 79,392	\$ 78,304	\$ 68,629	\$ 83,849	\$ 88,346
Capital expenditures, net of proceeds from the sale of property and equipment	(12,284)	(28,413)	(28,579)	(15,245)	(58,458)	(25,441)	(94,925)	(62,149)	(68,261)
Free cash flow	\$ 34,601	\$ 50,287	\$ 41,824	\$ 42,345	\$ 20,934	\$ 52,863	\$ (26,296)	\$ 21,700	\$ 20,085

# » APPENDIX CONTINUED

	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	12 Months Ended September 29, 2018
	(in thousands)								
<b>Adjusted NOPAT</b>									
Income from operations	52,452	66,068	69,157	84,493	80,835	73,395	46,580	25,214	78,998
Litigation charges	-	-	-	-	-	-	-	17,356	-
Effect of tax*	(20,194)	(25,436)	(26,625)	(32,530)	(31,121)	(28,257)	(17,933)	(11,494)	(21,329)
Adjusted NOPAT	\$ 32,258	\$ 40,632	\$ 42,532	\$ 51,963	\$ 49,714	\$ 45,138	\$ 28,647	\$ 31,076	\$ 57,669
<b>Total Invested Capital</b>									
Total assets	294,841	315,847	327,369	490,136	529,014	503,155	570,457	610,592	768,960
Cash & cash equivalents	(9,773)	(5,511)	(2,554)	(10,223)	(8,001)	(12,930)	(1,755)	(1,672)	(2,545)
Marketable securities	(15,041)	(16,059)	(9,962)	(11,626)	(14,309)	(13,431)	(14,359)	(15,144)	(10,433)
Total Liabilities	(133,015)	(220,976)	(269,997)	(384,571)	(391,853)	(372,074)	(422,725)	(441,827)	(564,239)
Total debt	63,544	83,061	146,000	242,143	238,329	235,395	261,459	247,978	329,261
Total invested capital	\$ 200,556	\$ 156,362	\$ 190,856	\$ 325,859	\$ 353,180	\$ 340,115	\$ 393,077	\$ 399,927	\$ 521,004
<b>Return on Invested Capital</b>									
Adjusted NOPAT	\$ 32,258	\$ 40,632	\$ 42,532	\$ 51,963	\$ 49,714	\$ 45,138	\$ 28,647	\$ 31,076	\$ 57,669
Total invested capital	200,556	156,362	190,856	325,859	353,180	340,115	393,077	399,927	521,004
Return on invested capital	16.1%	26.0%	22.3%	15.9%	14.1%	13.3%	7.3%	7.8%	11.1%

\*For years 2010-2016 38.5% effective tax rate is used; for years 2017 and beyond 27.0% effective tax rate is used

# » APPENDIX CONTINUED



(1) Q3 2017 Diluted EPS, EBITDA, and Debt to EBITDA are adjusted to exclude the impact of \$17.4 million or \$0.38 per diluted share, related to on-going litigation, See Appendix

(2) A non-US GAAP financial measure. See Appendix

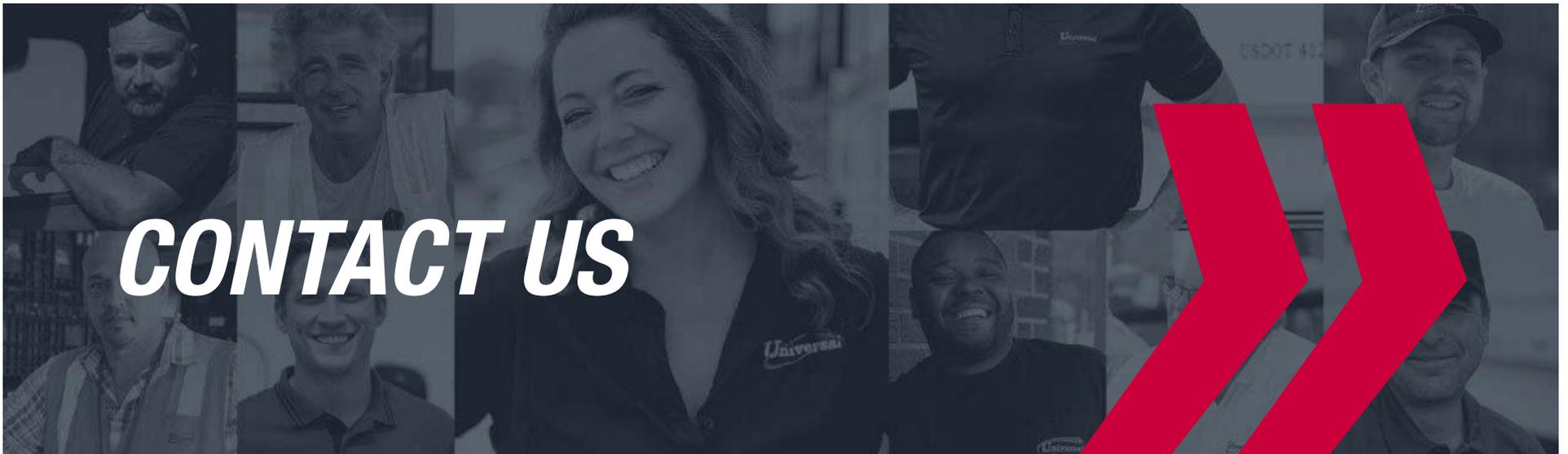
## **» RECONCILIATION OF NON-GAAP MEASURES**

This presentation includes certain non-U.S. generally accepted accounting principles (GAAP) financial measures and adjustments. Presented are EBITDA, adjusted EBITDA, debt to EBITDA, and adjusted diluted earnings per share. The Company defines EBITDA as net income plus (i) interest expense, net, (ii) provision for income taxes and (iii) depreciation and amortization. EBITDA, Debt to EBITDA, and diluted earnings per share are further adjusted in 2017 and the Trailing Twelve Month (TTM) period ended September 29, 2018 to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including the impact of a \$17.4 million pre-tax litigation charge, or \$0.38 per diluted share, recorded in the third quarter 2017. The calculation of these measures, and a reconciliation to previously reported comparable measures calculated in accordance with U.S. GAAP is shown in the accompanying Appendix. The Company believes that this information, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. The Company believes that this information should be used in conjunction with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 and previously filed public financial reports.



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