



Q2 & Q3 2017 Overview

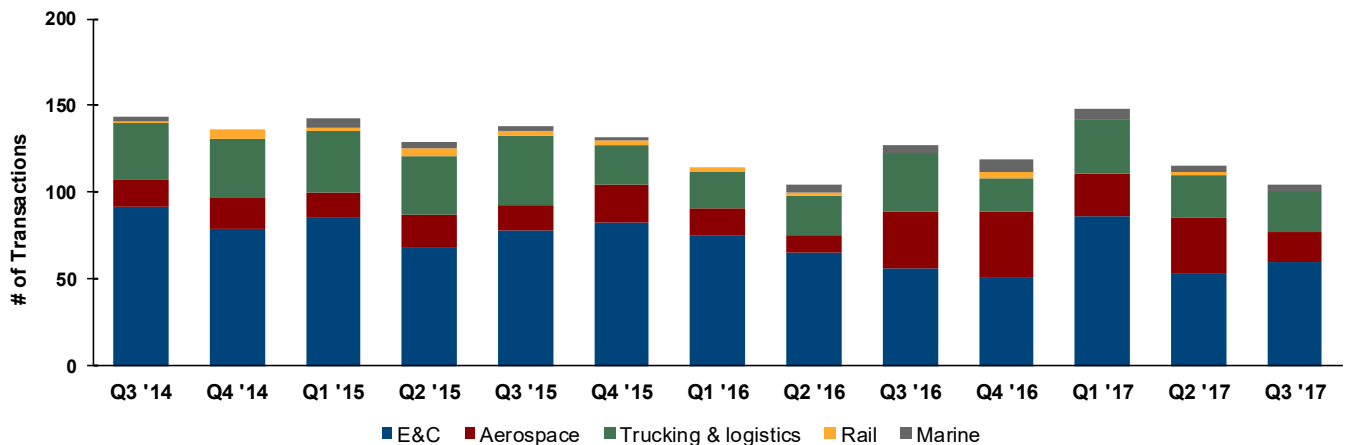
The second and third quarters of 2017 in the Transportation & Infrastructure (“T&I”) industry were marked by fewer merger and acquisition transactions than in prior quarters, historically high valuations as evidenced by the EV/EBITDA multiples of publicly traded companies in the subsectors, and by robust economic conditions. The combination of high public company valuations and progressively strong operating metrics in virtually all subsectors of the T&I industry is an interesting and perhaps contradictory dynamic relative to other industry sectors. Because strategic corporations typically use high share price valuations to pursue targets, the absence of significant deal activity in the last six months is suggestive of organic growth pursuits and a conscious decision of buyers to integrate recently acquired assets.

Despite low M&A volume, there were notable transaction trends in the T&I industry, including mega-deals in the Engineering & Construction (“E&C”) and Trucking & Logistics (“T&L”) subsectors, as well as a continued decline in volume across the other subsectors. Both the E&C and T&L sectors witnessed large announced combinations which will create organizations that will likely disrupt their industries.

As presented on the following pages, valuations for public participants in the T&I sector are reaching a three-year high, reflective of progressively positive macroeconomic metrics and a favorable growth outlook on the sectors. This presents an interesting disconnect when compared to M&A volume, as other industries have experienced greater deal activity in similar growth periods. The T&I industry exhibited positive trends in the operational metrics monitored by EdgePoint in Q2 and Q3 2017. Although public works spending on infrastructure is behind schedule, the growth in private residential and non-residential construction has prevented total construction spending from declining. Both truck tonnage and waterway tonnage improved in Q2 and Q3 2017 due to improvements in consumption, factory output, and increased inventory levels.

The chart below presents M&A activity in the T&I industry, which decreased in Q2 and Q3 2017. There were 112 and 106 deals observed in the T&I industry in the last six months, respectively, down from 152 in the first quarter. Furthermore, M&A activity in the industry is currently at a three-year low on a Last Twelve Month (“LTM”) basis, with 486 deals in the LTM ended September 30, 2017 compared with 576 at September 30, 2014.

Transportation & Infrastructure M&A Transactions by Quarter



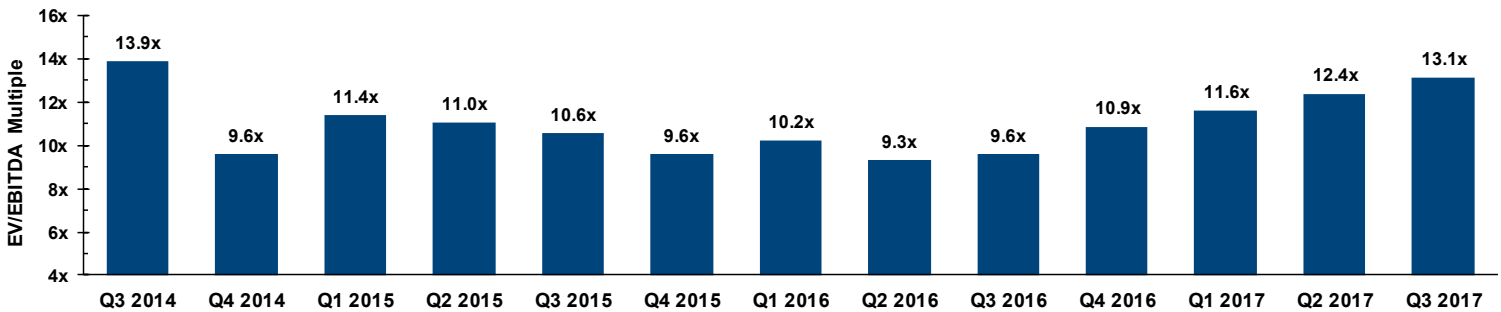
Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Q2 & Q3 2017 Overview (continued)

Valuation multiples for public registrants in all subsectors continued an upward trend for the fifth straight quarter. This is largely consistent with economic performance, outlook, and operational metrics observed by EdgePoint (refer to page 6). At September 30, 2017, the EV/EBITDA multiple for public companies in the T&I industry reached 13.1x, just below the highest valuations in the past three years.

Public Company Comparisons Trading Multiples

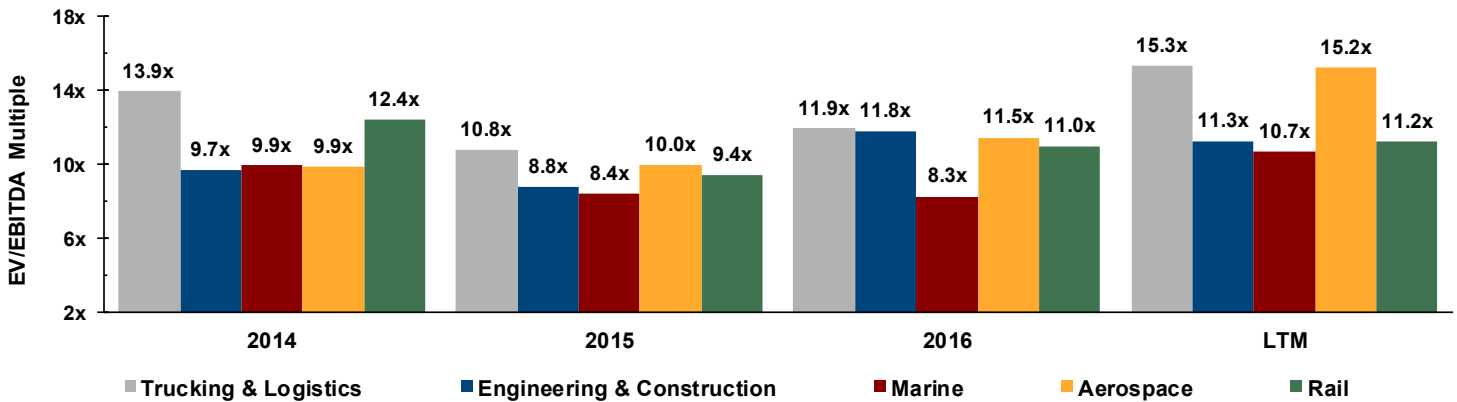
Transportation & Infrastructure Industry EV/EBITDA Multiples



Source: CapIQ, public trading data as of November 23, 2017

Valuation multiples increased uniformly across subsectors through the last six months, with all subsectors except engineering and construction enjoying valuation gains over 2016 levels. Generally, the public companies in the T&I subsectors are trading at historical highs.

Transportation & Infrastructure Sub-Sector Public EV/EBITDA Multiples



Source: CapIQ, public trading data as of November 23, 2017

These robust valuations are driven largely by a positive analyst outlook for the rest of 2017 and throughout 2018. Improved fundamentals, availability of financing, pent-up demand for construction, and higher factory and merchandise inventory levels contribute to an analyst consensus growth expectation of approximately 3.5% (source: CapIQ). While most analysts caveat their opinion with uncertainty related to an infrastructure bill and tax reform legislation, the operating metrics discussed later in this newsletter show that the increased private construction

spending compensates for a slowdown in public spending. Forecasts released in November 2017 by Dodge Data & Analytics suggest that construction starts are expected to climb 3% in 2018, similar to the growth observed in 2017. Engineering News-Record suggests similar growth rates for all forms of the transportation industry (trucking, logistics, rail, and marine), driven by improvements in manufacturing, consumer spending, and international trade. Freight volumes are expected to increase by approximately 3.5% annually through 2023.

North American Merger & Acquisition Activity

Engineering & Construction Industry

In the midst of a low volume of regional transactions, one of the largest transactions in E&C industry history was announced in August. Jacobs Engineering Group and CH2M Hill Companies entered into an agreement under which Jacobs will acquire CH2M for approximately \$3.375 billion. The purchase price will be paid 60% in cash and 40% in Jacobs Common Stock. If completed, the deal will create a \$15 billion global provider across all engineering disciplines. Specifically, Jacobs announced the company expects to benefit from the high margin, high growth infrastructure, and government services sector, which will represent 56% of pro forma revenue compared to 45% currently. Combined with the AECOM/URS merger of 2014 and Stantec’s acquisition of MWH in 2016, concentration amongst the largest firms will undoubtedly place increased pressure on other firms to consummate transformative deals in the coming years.



Considering CH2M achieved EBITDA of \$289 million for the LTM period ending September 30, 2017, EdgePoint calculates an implied valuation multiple for CH2M of 11.7x EBITDA. However, Jacobs announced the combined organization expects more than \$150 million in annual cost synergies. When adjusted for synergies, the implied valuation multiple paid for CH2M is approximately 7.7x EBITDA.

Aerospace Industry

In the Aerospace sector, M&A activity in Q2 and Q3 2017 was heavily focused on strategic acquisitions of electronic, motion control, and other aerospace component providers. Amphenol Corporation acquired the sensor manufacturer, Meggitt Inc.; Apollo Aerospace Components acquired Aero-Missile Components; and TransDigm acquired a motion control device manufacturer, Cablecraft Motion Controls. TransDigm, which offers a spectrum of engineered components and systems to the aerospace industry, announced that the acquisition of Cablecraft Motion Controls for \$100 million is expected to add \$32 million in product revenue, suggesting a very healthy valuation multiple.



In addition to strategic aerospace transactions in the second and third quarters of 2017, financial buyers with aerospace platforms were also active. For instance, P4G Capital, an established private equity based in San Francisco, acquired Aero Components and Fore Machine Company in Q2. EdgePoint expects continued M&A momentum in the Aerospace subsector as both strategic and financial acquirers compete for capabilities.

Trucking & Logistics Industry

The T&I industry experienced similar levels of M&A activity in Q2 and Q3 2017 when compared with the same period in 2016—approximately 50 transactions in each year. The headline transaction of the last six months was the announcement in September that Knight Transportation and Swift Transportation intend to merge to become the largest provider of truckload services in North America, with more than \$5 billion in revenue. Although characterized as a merger by the parties, Knight is legally acquiring Swift and the new organization will be named Knight-Swift Transportation Holdings. The consideration paid to Swift shareholders amounted to \$2.97 billion in the form of Knight Common stock, which was trading at a \$30.65 high just prior to the transaction. Taking into account that Swift Transportation generated EBITDA of \$480 million for the LTM period ending June 30, 2017, EdgePoint calculates that the EV/EBITDA multiple paid for Swift was 6.2x before synergy savings. The deal announcement notes that the combined company expects operational savings of \$100 million in FY 2018, reducing the valuation to 5.1x on a synergistic basis.



Forward Air Subsidiary Central States Trucking (“CST”) acquired four separate trucking and logistics companies in April 2017, affording CST with a much-desired footprint in the southeastern United States CST, which operated previously in the Chicagoland area, had searched for a presence in the fast-growing southeastern ports. These acquisitions provide CST with the capabilities to offer Midwest manufacturing customers with a complete solution for Southeast port import and export for its customers.

The remaining M&A activity over the past six months largely involved logistics providers. C.H. Robinson acquired Milgram & Company, a Canadian freight forwarding business, for \$62 million in Q3. It is clear from this activity that asset light investment in the T&L subsector is the preferred investment. In the last several quarters, EdgePoint has observed combinations that include 3PL and warehousing assets, as asset-light providers seek to distinguish themselves.



North American Merger & Acquisition Activity (continued)

Rail Industry

M&A activity in the rail sector continued its slow pace in Q2 and Q3 2017. The most notable activity in the two quarters was the joint venture created between Genesee & Wyoming (G&W) and SEACOR Holdings to own and operate CG Railway, a former subsidiary of SEACOR. CG Railway provides rail ferry service throughout the Gulf of Mexico region, carrying chemicals, refined sugar, steel, and paper.



After G&W shut down its Mexican operations in 2007, the railroad operator had been seeking a new opportunity to gain access to the geography, especially given the G&W presence on top of Marcellus shale deposits. This joint venture will provide both SEACOR and G&W with more cost-effective routes between the southeastern United States and southeastern Mexico.

G&W also completed the acquisition of the short-line railroad, Heart of Georgia Railroad, in Q2, originally announced in February 2017.

Marine Industry

Although modest compared to other subsectors, deal activity in the marine industry has increased over the past several quarters due to strategic consolidation. The increased activity appears to be driven by a need to support large customers abandoned by major shipping providers that recently entered bankruptcy. For instance, Hanjin, the seventh largest shipping line in the world by volume, declared bankruptcy in late 2016. Hanjin previously represented nearly 8% of the trans-Pacific trade volume for the U.S. market. This created significant opportunities for smaller shipping lines to service the many retailers trying to ship merchandise to U.S. ports.

In one such example, Euroseas, a dry bulk and container vessel provider, announced the acquisition of Euromar LLC in September 2017. The target was previously owned by a group of investors, including the hedge fund Eton Park, which recently shut down due to poor performance.

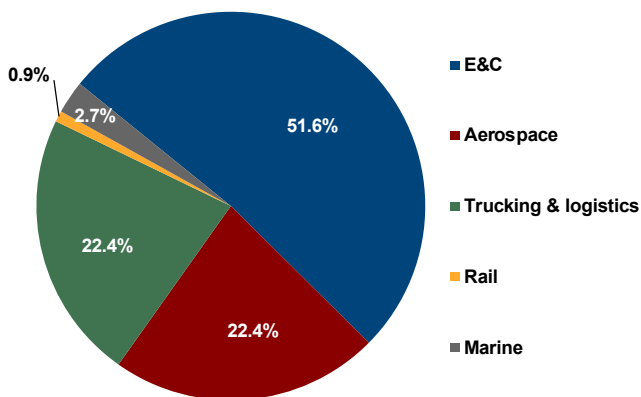


Key Metrics

The majority of transaction activity in the T&I industry during the second and third quarters of 2017 occurred in three primary subsectors. Engineering & Construction (51.6%), Aerospace (22.4%), and Trucking & Logistics (22.4%) accounted for 96% of all announced and completed transactions in the T&I industry during the period. The share of transactions by subsector is weighted towards the E&C industry due to the predominance of consolidation among regional contractors. The lack of deal activity in other subsectors is related to the fact that large acquirers are busy with a small number of large transactions rather than numerous small deals. Based on the improving EV/EBITDA multiples for the public participants in the industry, EdgePoint expects this dynamic to continue into 2018.

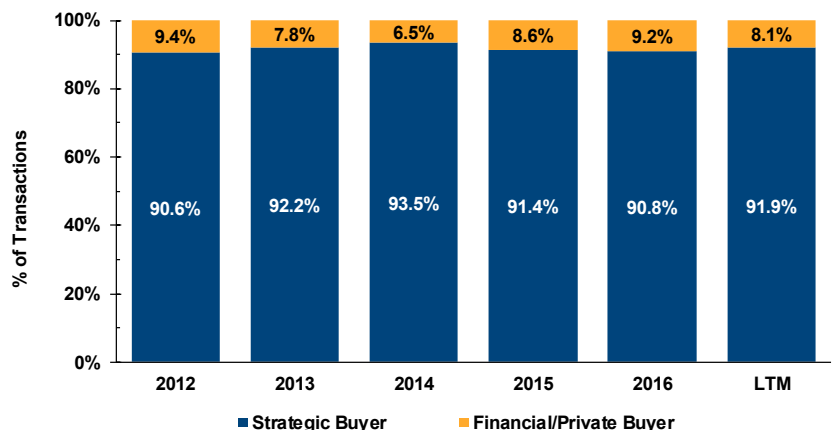
Consistent with prior periods, the overwhelming majority of transactions in the T&I industry were completed by strategic buyers over the LTM. Over the past four quarters, financial buyers accounted for 8.1% of transactions, compared to the peak of 9.4% in 2012. It should be noted that companies with private equity backing are considered strategic buyers in the analysis below, as they often have similar motivations and synergy potential as other strategic buyers. Based on observations in transaction activity, operating metrics, and buyer motivations, EdgePoint expects future M&A activity in the T&I industry to continue to be dominated by strategic buyers due to the higher valuations created by synergy opportunities.

Transactions by Sub-Sector (Q2 & Q3)



Source: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Share of Transactions by Buyer Type



Recently Announced and Closed Transactions *(select transactions, not intended to be all-inclusive)*

Announced / Closed	Date	Target	Buyers / Investors	Price (MM USD)	EBITDA Multiple	Cross-Border	Target Business Sub-Sector
Closed	Aug 14	Orion Jet Center, LLC	Atlantic Aviation Corporation	\$0.0	-	-	Aerospace
Closed	Jul 26	Meggitt Inc and Piezotech LLC	Amphenol Corporation	85.4	-	-	Aerospace
Closed	Jun 7	NewLeaf Travel Company Inc.	Flair Airlines Ltd.	-	-	-	Aerospace
Closed	Jun 6	Fore Machine Company, Inc.	P4G Capital Management, LLC	-	-	-	Aerospace
Closed	Jun 6	Aero Components LLC	P4G Capital Management, LLC	-	-	-	Aerospace
Closed	Jun 6	Halo Industries, Inc.	Elite Aerospace Group, Inc.	-	-	-	Aerospace
Closed	Jun 2	Cablecraft Motion Controls, LLC	TransDigm Inc.	100.0	-	-	Aerospace
Closed	May 30	Aerostar Airport Holdings, LLC	Grupo Aeroportuario del Sureste	430.0	-	YES	Aerospace
Closed	May 4	Dallas Aeronautical Services, LLC	West Star Aviation, Inc.	-	-	-	Aerospace
Closed	May 2	GAT Airline Ground Support, Inc.	Atlantic Street Capital Management, LLC	-	-	-	Aerospace
Closed	May 1	Aero-Missile Components Inc.	Apollo Aerospace Components Limited	10.5	-	YES	Aerospace
Closed	Apr 28	North Star Air Ltd.	The North West Company Inc.	31.0	-	-	Aerospace
Closed	Apr 5	Whitcraft LLC	Greenbriar Equity Group LLC	-	-	-	Aerospace
Closed	Mar 28	Aircraft Fasteners International, LLC	Audax Group, Inc.	-	-	YES	Aerospace
Closed	Aug 30	Keating Consulting, LLC	Gilbane Building Company, Inc.	-	-	-	E&C
Closed	Aug 22	Colorado Lining International, Inc.	Raven Industries, Inc.	16.0	-	-	E&C
Closed	Aug 15	Aramendia Plumbing, Heating & Air Ltd.	Service Experts Heating & Air Conditioning, LLC	24.0	-	-	E&C
Closed	Aug 7	NuVision Engineering, Inc.	Carr's Group plc	20.0	-	YES	E&C
Closed	Aug 4	Energy Savers, LLC	Installed Building Products, Inc.	-	-	-	E&C
Closed	Aug 1	7 Companies	Verisk Analytics, Inc.	31.1	-	-	E&C
Closed	Jul 14	Lockwood Engineers, Inc.	M.W. Cude Engineers, LLC	-	-	-	E&C
Closed	Jul 10	Ghyabi + Associates, Inc.	Alfred Benesch & Company, Inc.	-	-	-	E&C
Closed	Jul 6	Halmar International, LLC	Itinera Usa Corp.	60.0	-	-	E&C
Closed	Jul 6	FER-PAL Construction Ltd.	Logistec Corporation	49.5	-	-	E&C
Closed	Jun 22	Therma Corporation	Gemspring Capital LLC	-	-	-	E&C
Closed	Jun 8	Katerra Inc.	Foxconn Venture Pte, Ltd.	30.0	-	YES	E&C
Closed	Jun 8	Liberty Pipeline Services, LLC	Safety Management Systems, LLC	-	-	-	E&C
Closed	Apr 17	Bock & Clark Corporation	NV5 Global, Inc.	42.0	-	-	E&C
Closed	Apr 10	Tony Bagliore Concrete, Inc.	T.A.S. Commercial Concrete Construction, LLC	8.0	3.2	-	E&C
Closed	Sep 12	Euromar LLC	Euroseas Ltd.	-	-	YES	Marine
Closed	Aug 3	Astarte International Inc.	Top Ships Inc.	-	-	YES	Marine
Closed	Jul 11	CanEst Transit Inc.	AGT Food and Ingredients Inc.	-	-	-	Marine
Closed	May 31	Teekay Tankers Operations Ltd	Teekay Tankers Ltd.	39.3	-	YES	Marine
Closed	May 23	Navig8 Product Tankers Inc.	Scorpio Tankers Inc.	1,204.4	18.3	YES	Marine
Closed	Sep 5	CG Railway, Inc.	Genesee & Wyoming Inc.	-	-	-	Rail
Closed	Jul 12	Vidal Street Industrial Park Inc.	Alpenglow Rail LLC	-	-	YES	Rail
Closed	Sep 18	Celadon Group, Inc.	PS Logistics LLC	-	-	-	Trucking & logistics
Closed	Sep 7	Penske Truck Leasing Co., L.P.	Penske Automotive Group, Inc.	674.0	-	YES	Trucking & logistics
Closed	Sep 5	Sandifer-Valley Transportation and Logistics, Ltd.	Radiant Logistics, Inc.	-	-	-	Trucking & logistics
Closed	Aug 31	Milgram & Company Ltd.	C.H. Robinson Worldwide, Inc.	62.0	-	YES	Trucking & logistics
Closed	Aug 17	Unitrans, Inc.	Quick International Courier, Inc.	95.0	-	-	Trucking & logistics
Closed	Aug 2	Glasscock Company, Inc.	Summit Materials, Inc.	-	-	-	Trucking & logistics
Closed	Jul 6	Interstate Distributor Co., Inc.	Heartland Express, Inc.	117.0	-	-	Trucking & logistics
Closed	Jul 6	Grand Worldwide Logistics Corporation	American Fast Freight, Inc.	-	-	-	Trucking & logistics
Closed	May 25	Estenson Logistics, LLC	Hub Group Trucking, Inc.	285.0	-	-	Trucking & logistics
Closed	May 8	CanaDream Corporation	Apollo Tourism & Leisure Ltd.	27.8	-	YES	Trucking & logistics
Closed	Apr 12	United Road Towing, Inc.	Medley Capital Corporation	40.0	-	YES	Trucking & logistics
Closed	Apr 10	Swift Transportation Company	Knight Transportation, Inc.	2,970.6	-	-	Trucking & logistics
Closed	Apr 10	4 Companies	Central States Trucking Co.	23.5	4.6	-	Trucking & logistics
Closed	Jun 16	Worthington Logistics Solutions, Inc.	GlobalTranz Enterprises, Inc.	-	-	-	Trucking & logistics
Closed	Jun 16	Owen Logistics, LLC	AlumiFuel Power Corporation	0.1	-	-	Trucking & logistics
Closed	May 16	Logistics Planning Services, Inc.	GlobalTranz Enterprises, Inc.	-	-	-	Trucking & logistics

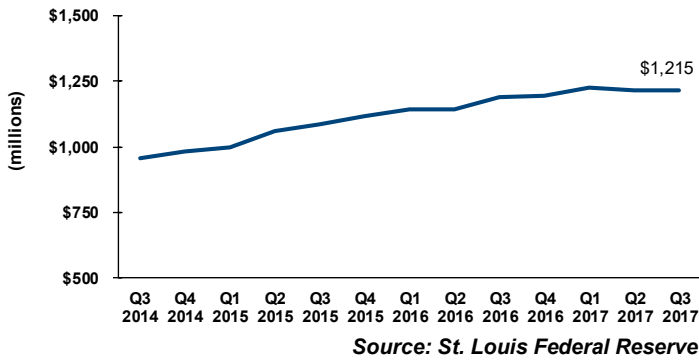
Sources: EdgePoint Proprietary Database, Company Filings, CapIQ, News Releases

Historical Industry Metrics

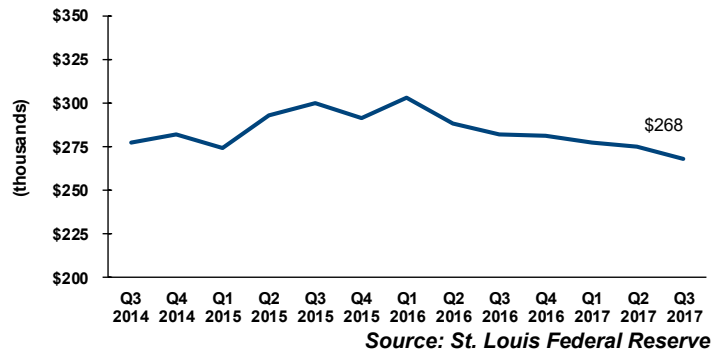
The operational metrics monitored by EdgePoint showed largely positive results in Q2 and Q3 2017, reflecting the product of progressively improving macroeconomic trends. Total construction spending remained flat in YTD 2017, marked by a decrease in public construction spending and corresponding increase in private spending. According to Engineering News-Record (ENR), government spending on transportation and other public works has declined substantially as federal funding stagnates, and state and local governments are becoming increasingly budget-conscious. Meanwhile, private construction spending on both residential and commercial structures increased in Q2 and Q3, which ENR attributes to pent-up residential demand and job

growth. After an improvement in 2H 2016, freight ton-miles began to decline in Q2 2017 with lower shipments of coal, frac sand, and chemicals. Truck tonnage and U.S. waterway tonnage improved in Q2 and Q3 2017, consistent with underlying improvements in consumption, factory output, and increased inventory levels. Transportation Topics notes that several interviewed trucking companies are expecting a record number of packages to be delivered this holiday season, which is a positive indication for Q4. The Port of Virginia, one of the largest container ports in the United States, expects 2017 to be a record year in both tonnage and container volumes.

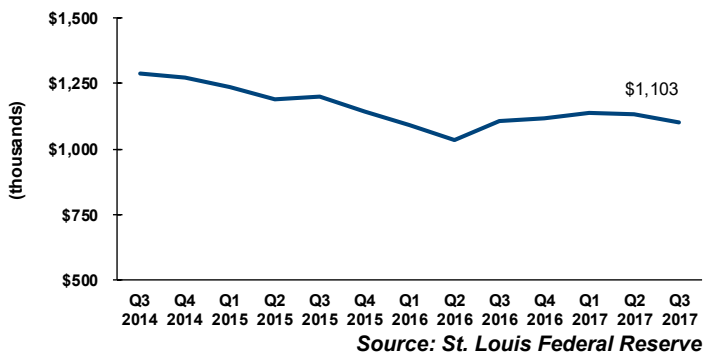
Total Construction Spending



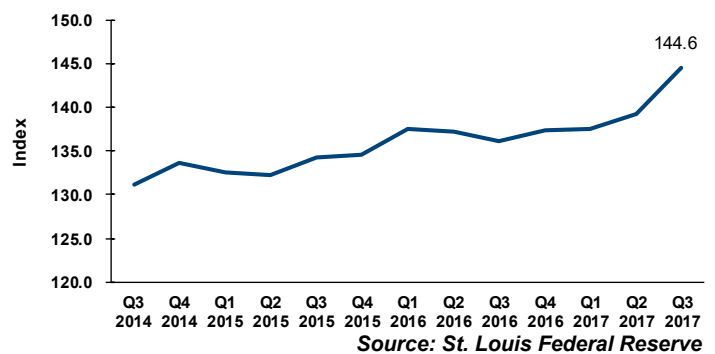
Public Construction Spending



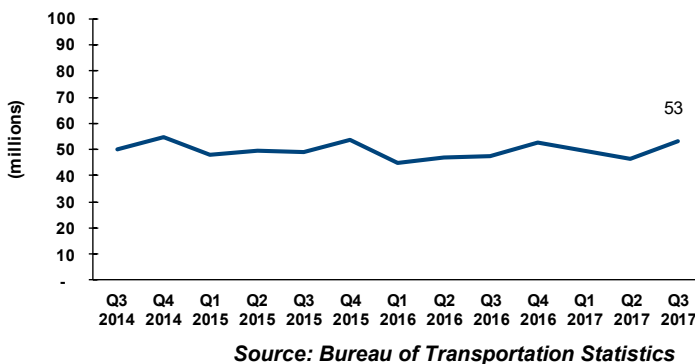
Freight Ton Miles



Truck Tonnage



US Waterway Tonnage



Aircraft Deliveries

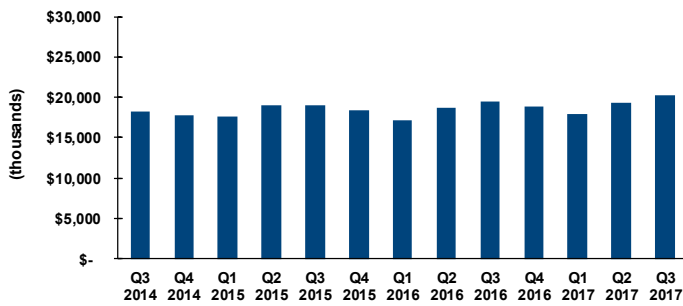


Quarterly Revenue

Revenue for the publicly traded participants in the T&I sectors in Q2 and Q3 2017 showed marked improvements over that of the prior year, driven by the macroeconomic factors noted on the previous page. The engineering and construction subsector revenue increased 3.7% over the same period prior year, driven by total private construction spending. Revenue in the T&L and marine sectors increased approximately 10.1% and 14.7%, respectively, over Q2 and Q3 2016, benefitting from consumer

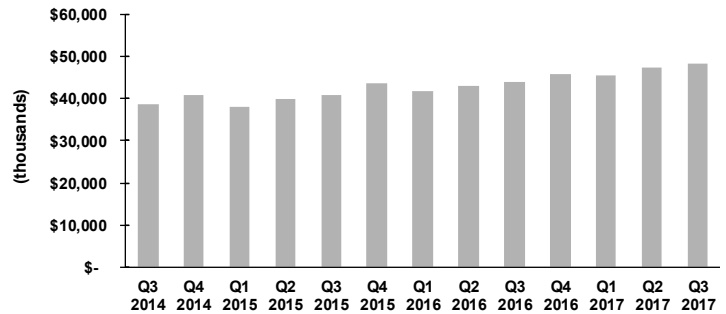
consumption and inventory levels over Q2 2015. Publicly traded participants in the aerospace subsector reported revenue 1.8% higher than the same period in 2016 as total aircraft deliveries are consistent with the prior year. Rail revenue improved 5.7% in Q2 and Q3 2017 compared to the same period last year, which is the result of slightly higher commodity shipments.

E&C Quarterly Revenue



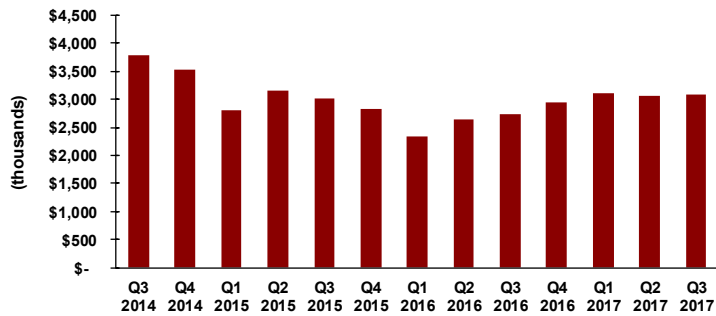
Source: CapIQ

T&L Quarterly Revenue



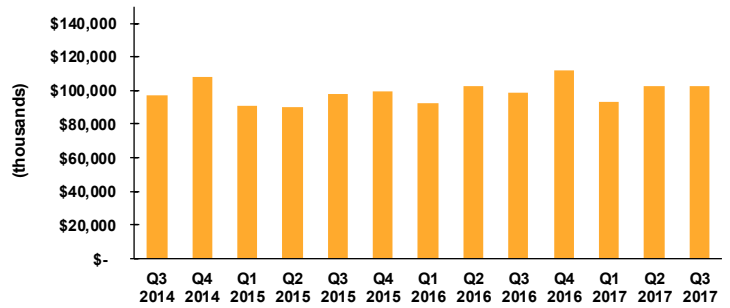
Source: CapIQ

Marine Quarterly Revenue



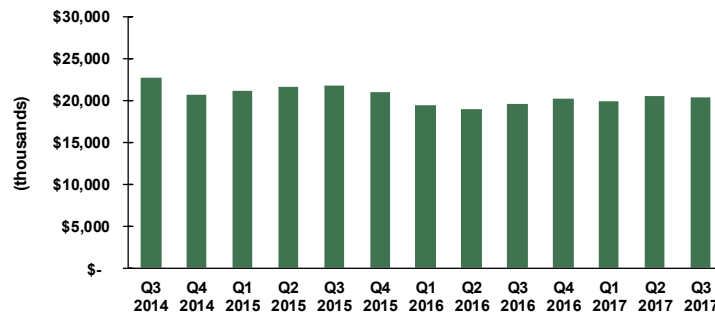
Source: CapIQ

Aerospace Quarterly Revenue



Source: CapIQ

Rail Quarterly Revenue



Source: CapIQ

About EdgePoint


EdgePoint is a leading investment bank and advisory firm specializing in middle market merger, acquisition, divestiture, and corporate financing services for private business owners and corporations. EdgePoint is a registered broker dealer and member of FINRA and SIPC. With professional backgrounds in the country’s largest investment banks, commercial banks, corporate development departments, and financial advisory firms, EdgePoint professionals offer sophisticated transactional services to the middle market.

EdgePoint is a member firm of the Alliance of International Corporate Advisors (“AICA”), an integrated global network of middle-market advisory and finance firms. With 200 professionals in 59 offices throughout the Americas, Europe, and Asia, EdgePoint offers its clients global perspective and capital market access.


To learn more about EdgePoint and our services, or to discuss the content of this newsletter, please contact **Paul Chameli** at 216-342-5854 or at pchameli@edgepoint.com.



Recent EdgePoint Transportation & Infrastructure Transactions




has been acquired by



EdgePoint served as exclusive financial advisor to RailPros

“Results with Integrity”



www.edgepoint.com

RailPros is the premier engineering, construction, and outsourced railroad worker firm in the United States. With impressive multi-year double-digit growth and increasing demands for expansion from Class I Railroad clients, the owners of RailPros sought a value-added partner. EdgePoint introduced the Company to Bow River Capital, who provided capital to recapitalize the Company, support for acquisitions, and Board-level guidance on strategic priorities. After completion of the transaction, growth accelerated through 2017.



has been recapitalized by



EdgePoint served as exclusive financial advisor to BP Express, Inc.

“Results with Integrity”



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BP Express is an intermodal freight carrier operating out of seven ports in the Southeastern United States. The Company sought a partner to help fund the growing fleet and provide seller liquidity. EdgePoint managed a comprehensive process and identified Laud Collier Capital (LCC) as the best partner to support growth initiatives. Working together, LCC and BP Express seek opportunities to grow its geographic footprint and add more drivers.



has been acquired by



a portfolio company of
STONE CANYON INDUSTRIES


EdgePoint served as exclusive financial advisor to American Turbocharger

“Results with Integrity”




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After two decades of growth as a sole proprietor, and with a number of growth opportunities available with transformative industry dynamics, American Turbocharger sought a value-added strategic partner to provide credentials and capital to support growth initiatives, including penetration into Class I railroads. EdgePoint introduced American Turbocharger to A. Strucki, a leading supplier to the rail industry, who offered the sort of strategic capabilities to support growth.



has been recapitalized by



EdgePoint served as exclusive financial advisor to ATP

“Results with Integrity”



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After years of strong growth in product and market capabilities, EdgePoint helped Aero Transportation Products (“ATP”) manage several unsolicited acquisition offers from leading rail industry participants and private equity firms. EdgePoint worked to negotiate the transaction value and provisions in a purchase agreement with Wabtec Corporation (NYSE:WAB). Upon integration into Wabtec, ATP was able to benefit from global reach and cross-selling capabilities to become a stronger and more internationally-focused organization.



EdgePoint is an **independent, advisory-focused, investment banking** firm serving the **middle market**.

