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INDUSTRY OVERVIEW

Q1 media coverage of the freight and logistics industry majors was less than favorable for much of the quarter. Perceived holiday season fumbles by United Parcel Service (NYSE: UPS) and FedEx (NYSE: FDX) were frequent targets for pundits, but the vast majority of the industry performed well over the past six months. Given the consistent (albeit slower than hoped for) pace of growth in US GDP, it's no wonder that the transportation and logistics industry appears healthy. However, that is not to say that the industry is without imminent challenges. Recent industry polls show that more than three-quarters of F&L executives are worried about high and/or volatile energy costs, and over two-thirds are concerned about both over-regulation in carbon emission and road use restrictions. Also concerning is the growing product diversification in the railroad segment (see "Industry Segments" section) which threatens to steal market share from other overland freight segments.

However, despite the macro challenges facing the industry, strong financial performance was apparent in Q1 and is expected to continue for the balance of 2014. Improved working capital on middle-market balance sheets are expected to lead to continued growth in M&A activity and capital formation as companies seek scale to combat these challenges.

If you have any questions please contact us.

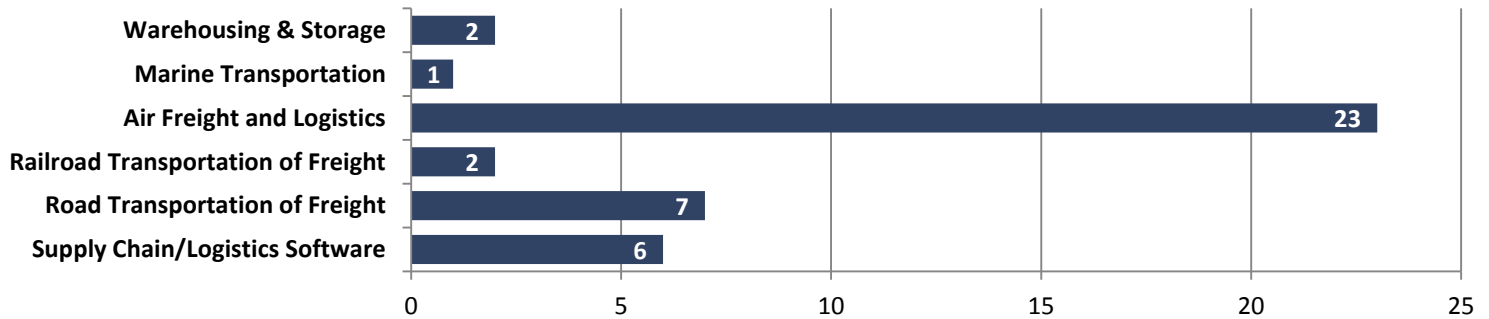
- Travis Conway, Director

- Ben Rudman, Vice President

TRANSACTION HIGHLIGHTS

TRANSACTIONS

BY SEGMENT (Q1)

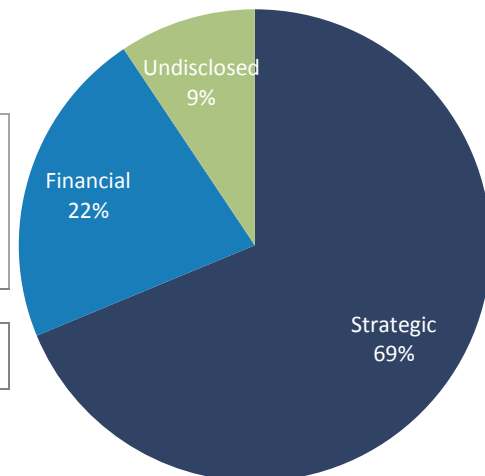


Source: CapIQ

STRATEGIC VS. FINANCIAL TRANSACTIONS HIGHLIGHTS

STRATEGIC ACQUISITIONS	1.11.14	Amerigo Energy agreed to acquire Quest Solution, Inc. for \$16 million which is expected to be accretive to Amerigo in 2014.
	3.14.14	Roadrunner Transportation Systems acquired Unitrans International Corporation for \$55.5 million.
	1.6.14	XPO Logistics acquired Pacer International for \$320 million in cash and stock, and plans to make future acquisitions in 2014.
FINANCIAL ACQUISITIONS	2.20.14	Salus Property Investments acquired the refrigerated warehouse at 1701 Brightseat Road in Landover for \$31.7 million.

Source: CapIQ



The information contained herein is based on sources with we believe reliable but is not guaranteed by us and is not to be considered all inclusive. It is not to be construed as an offer or consultation of an off to sell or buy securities herein mentioned.

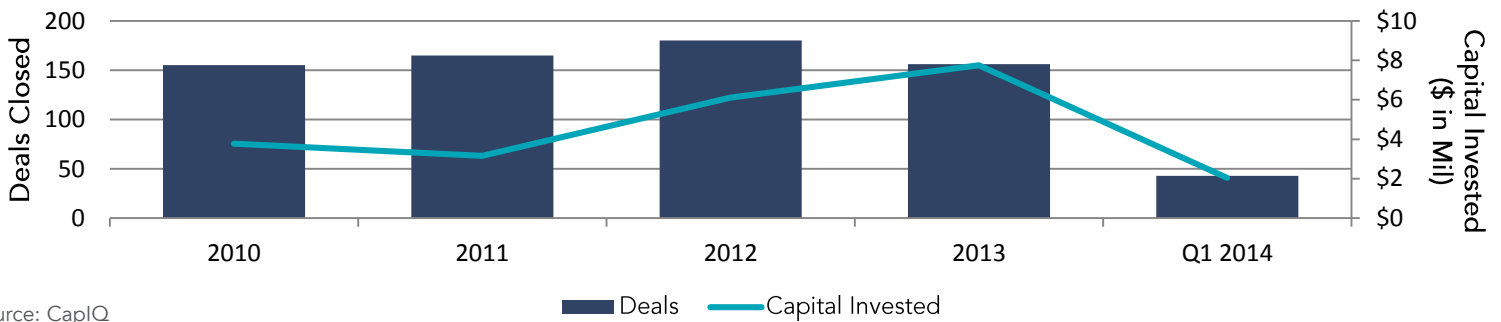


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TRANSACTION ACTIVITY

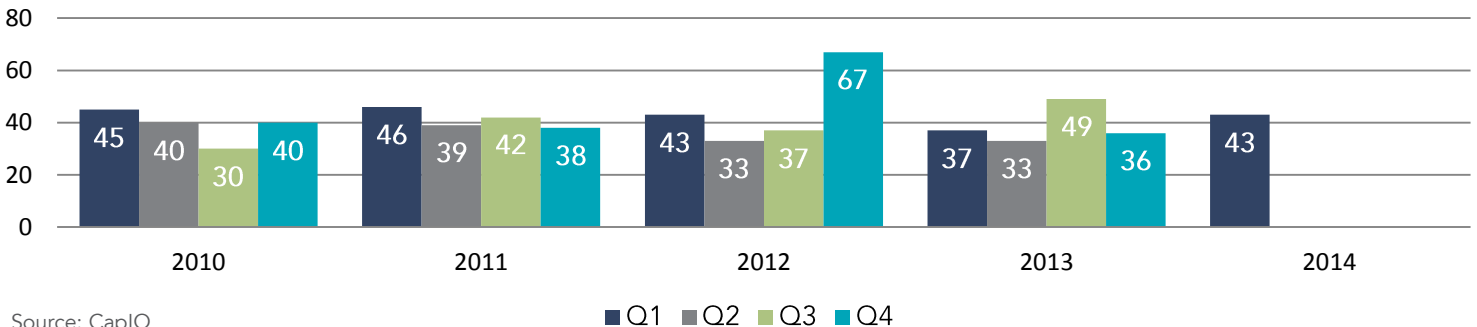
Date	Target	Buyer	Transaction Comments
01/11/2014	Quest Solution Inc.	Amerigo Energy, Inc. (OTCPK:AGOE)	Amerigo Energy entered into a definitive agreement to acquire Quest Solution for \$16 million. For calendar year 2013, Quest achieved unaudited revenue of approx. \$34 million with approximately \$8 million in assets.
02/20/2014	Refrigerated Warehouse at 1701 Brightseat Road in Landover	Salus Property Investments, LLC	Salus Property Investments acquired the building at 1701 Brightseat Road in Landover for \$31.7 million on February 20, 2014. Finmarc plans to use the sale proceeds to acquire other properties in the D.C. area.
03/14/2014	Unitrans International Corporation	Roadrunner Transportation Systems, Inc. (NYSE:RRTS)	Roadrunner Transportation Systems acquired Unitrans International from a syndicate of investors for \$55.5 million in cash. Unitrans International Corporation generated revenues of \$84 million in 2013.
01/02/2014	Dakota, Minnesota & Eastern Railroad Corporation, West End Operations	Genesee & Wyoming Inc. (NYSE:GWR)	Genesee & Wyoming agreed to acquire west end operations from DM&E Railroad for approx. \$210 million. The purchase price is subject to certain adjustments including the purchase of inventory, equipment & vehicles.
01/02/2014	Canadian Pacific Railway Limited, West End of Dakota, Minnesota	Genesee & Wyoming Inc. (NYSE:GWR)	G&W also agreed to acquire West End of Dakota, Minnesota from Canadian Pacific Railway for \$210 million. The transaction should generate annual revenues of approx. \$65 million and be immediately accretive.
01/06/2014	Pacer International, Inc. (NasdaqGS:PACR)	XPO Logistics, Inc. (NYSE:XPO)	XPO Logistics agreed to acquire Pacer International for \$320 million in cash & stock. XPO obtained senior secured credit facilities to fund the transaction & general corporate purposes, including potential future acquisitions.
01/30/2014	Haas Group International Inc.	Wesco Aircraft Holdings, Inc. (NYSE:WAIR)	Wesco Aircraft Holdings agreed to acquire Haas Group International for \$550 million in cash. The acquisition will be financed by a new \$525 million term loan B facility. Haas Group reported revenues of \$573.5 million in 2012.

US LOGISTICS M&A ACTIVITY



Source: CapIQ

LOGISTICS TRANSACTIONS # OF TRANSACTIONS BY QUARTER



Source: CapIQ

*Note: This data represents the recorded transactions and is not all inclusive of completed transactions, and is meant to be representative of the industry.



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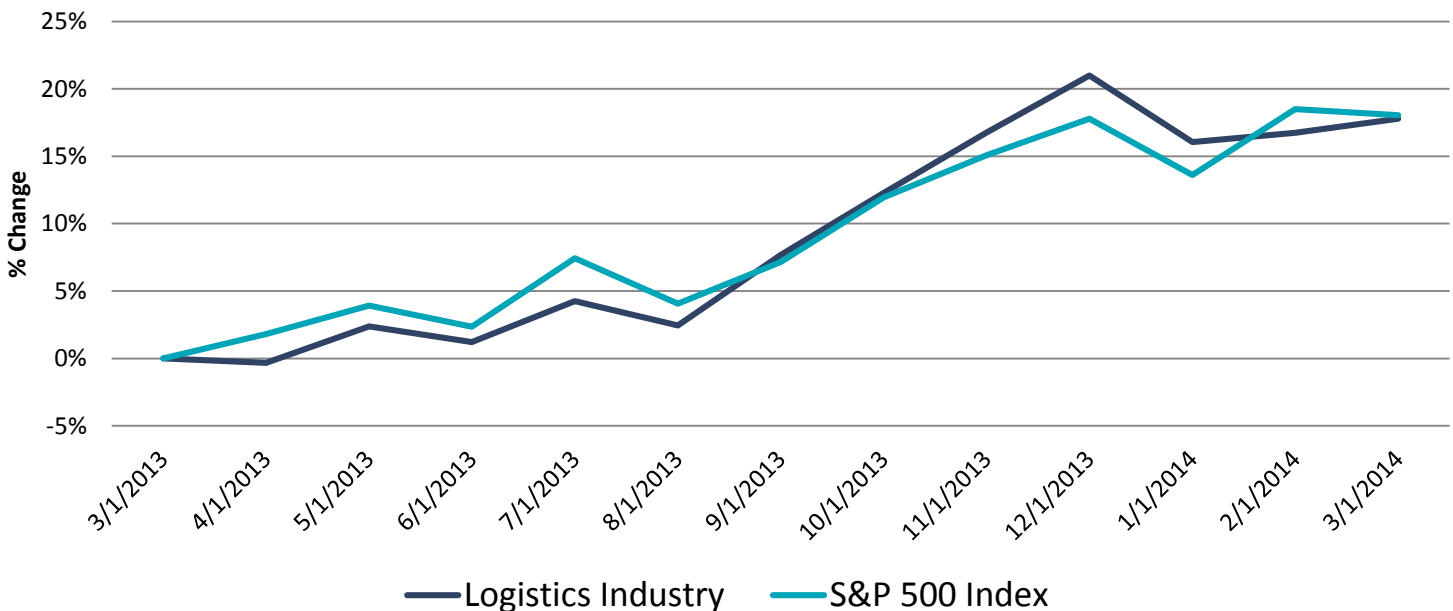
PUBLIC BASKET

Valuations of public players in the industry trended largely in line with the broader market in Q1: sharp declines in late-January, rebounding in February. Reports of a miss in Q4 consumer spending, the largest driver of GDP, sent reverberations throughout the logistics industry, but some players in the public basket fared well from holiday shopping trends that continue to trend toward online purchases. Additionally, the industry's focus on yield management, freight selection, and mobile software has kept margins strong and contributed to the industry's overall performance since early February. Looking ahead, industry CEOs will face challenges from investors regarding projected increases in equipment-operator pay, and maintaining a focus on building scale to offset rising operational expenses. Acquisitions are still among the best ways to accomplish this goal, and lower-middle market companies are the best targets available.

Company	Symbol	State	Market Cap		Stock Price			Price/ LTM EPS	Price/ Book	Price/ Rev	Price/ EBITDA
			(\$ in Mil)	3/31/2014	Month Change	YTD Change					
CH Robinson Worldwide Inc.	NasdaqGS:CHRW	MN	\$ 7,519	\$ 50.65	(2.33%)	(13.20%)	18.9x	8.1x	0.6x	11.3x	
Astea International Inc.	NasdaqCM:ATEA	PA	\$ 10	\$ 2.80	(14.31%)	9.80%	NM	3.4x	0.5x	NM	
Baltic Trading Limited	NYSE:BALT	NY	\$ 336	\$ 5.98	(12.70%)	(7.14%)	NM	0.9x	12.4x	51.5x	
CSX Corp.	NYSE:CSX	FL	\$ 28,868	\$ 28.65	3.39%	(0.42%)	16.0x	2.8x	3.1x	8.2x	
FedEx Corporation	NYSE:FDX	TN	\$ 39,044	\$ 132.12	(0.91%)	(8.10%)	20.3x	2.6x	0.9x	6.9x	
FreeSeas Inc.	NasdaqCM:FREE	NA	\$ 41	\$ 1.59	(15.87%)	(33.19%)	NM	2.8x	15.4x	NM	
Globus Maritime Limited	NasdaqGM:GLBS	NY	\$ 40	\$ 3.87	6.32%	(2.28%)	42.6x	0.7x	4.3x	6.7x	
Providence and Worcester Railroad	NasdaqGM:PWX	MA	\$ 87	\$ 17.93	(0.61%)	(8.29%)	140.1x	1.2x	2.7x	19.5x	
Union Pacific Corporation	NYSE:UNP	NE	\$ 83,694	\$ 184.31	2.18%	9.71%	19.6x	4.0x	4.2x	10.0x	
United Parcel Service, Inc.	NYSE:UPS	GA	\$ 88,946	\$ 96.75	1.02%	(7.93%)	21.9x	13.8x	1.7x	10.7x	
Average			\$ 24,858	\$ 52.47	(3.38%)	(6.10%)	39.9x	4.0x	4.6x	15.6x	

Source: CapIQ

LOGISTICS INDUSTRY VS. S&P 500 RUNNING 12 MONTHS



Source: CapIQ



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INDUSTRY SEGMENTS

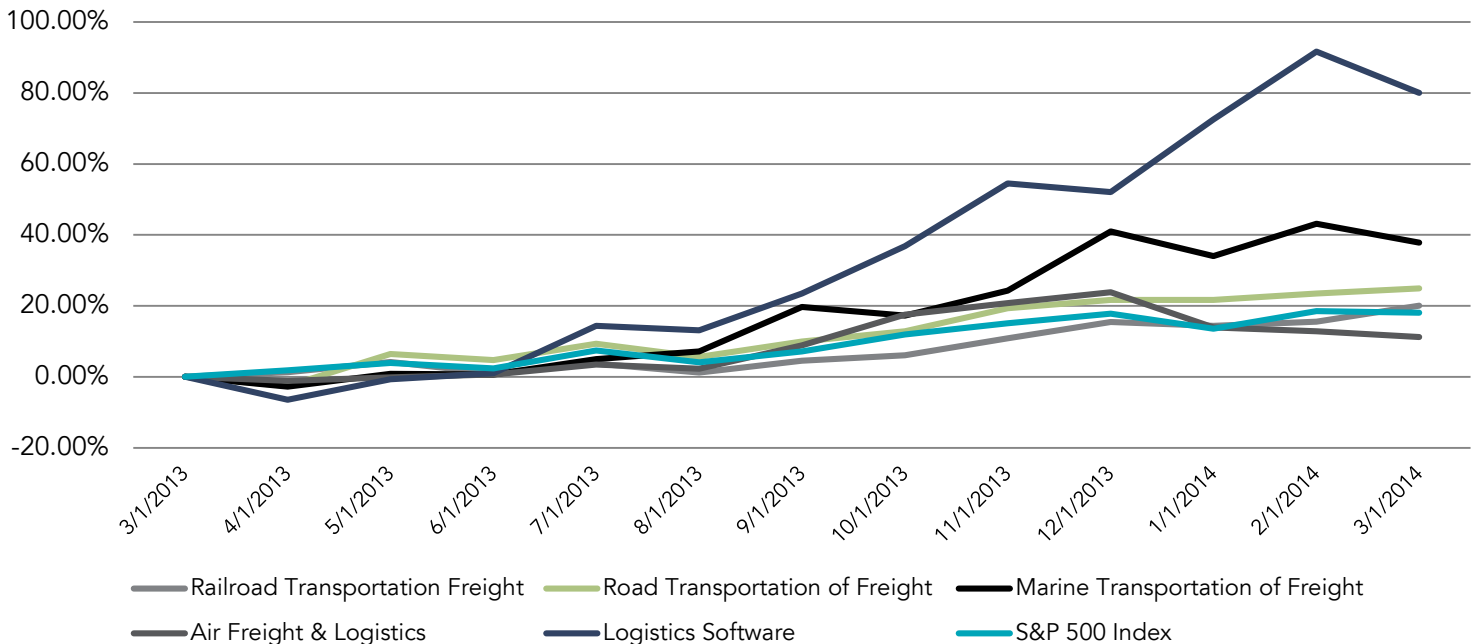
Notably, all industry segments are up from twelve months ago, though not all are up from the New Year. Road transportation companies, such as Covenant Transportation Group, Inc. (NASDAQ: CVTI), that have focused on building flexible business models, deleveraging balance sheets and investing heavily in both internal and customer facing technologies returned the strongest financial gains within their segment. The railroad segment had a strong performance in Q1, largely on the wings of Union Pacific Corporation (NYSE: UNP) despite a diminishing demand for coal transportation. In fact, stronger product mixes, including automotive, agricultural, and industrial drove up UNP shipment volume and revenue, which should help to increase in M&A activity in the rail segment. Forward-thinking road transportation operators should consider the effect of possible market share erosion from the rail segment and, subsequently, increased competition within the road transportation vertical.

Market Segment	Market Cap	Stock Price			Price/ LTM EPS	Price/ Book	Price/ Sales	Price/ EBITDA
		Month	YTD	LTM				
Railroad Transportation of Freight	\$ 26,703	3.9%	4.0%	20.0%	15.99x	2.76x	3.11x	8.17x
Road Transportation of Freight	\$ 1,786	1.1%	2.6%	24.9%	27.24x	3.65x	1.18x	8.78x
Marine Transportation of Freight	\$ 728	(3.7%)	(2.2%)	37.8%	34.56x	1.17x	6.41x	22.62x
Air Freight and Logistics	\$ 10,104	(1.4%)	(10.2%)	11.2%	21.85x	3.49x	0.94x	9.76x
Logistics Software	\$ 1,002	(6.0%)	18.4%	80.1%	47.48x	7.84x	2.53x	24.38x
Industry Average	\$ 5,229	0.9%	(2.6%)	17.8%	29.78x	1.88x	3.12x	12.35x
S&P 500 Average	\$ 34,462	(0.4%)	0.2%	18.1%	27.72x	4.24x	3.06x	12.01x

Note: Refrigerated & Farm Product Warehousing & Storage do not have any public companies

Source: CapIQ

LOGISTICS SEGMENTS VS. S&P 500 RUNNING 12 MONTHS



Source: CapIQ

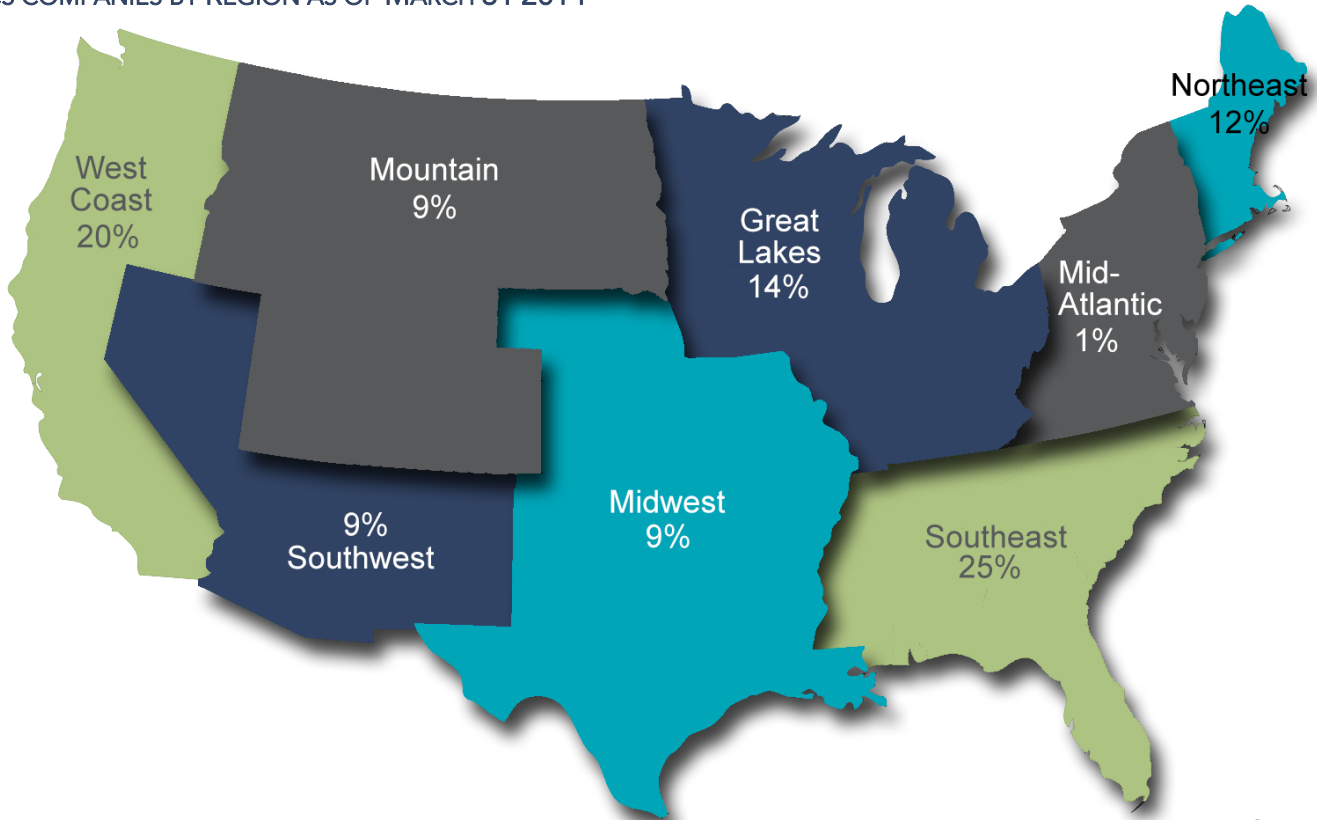


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INDUSTRY GEOGRAPHY

COMPANIES BY REGION

LOGISTICS COMPANIES BY REGION AS OF MARCH 31 2014



Source: CapIQ

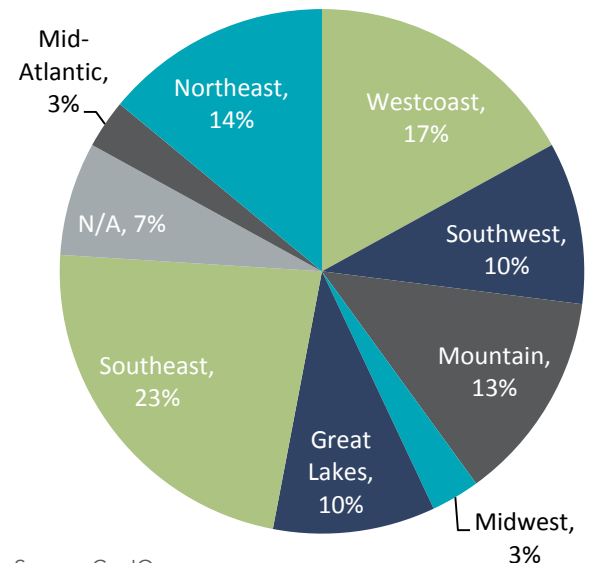
COMPANIES BY SIZE

State	Undisclosed	\$ 0 - 5 Revenue	\$ 5 - 10 Revenue	\$ 10 - 25 Revenue	\$ 25 - 50 Revenue	\$ 50 - 100 Revenue	\$ 100+ Revenue
AZ	39	6	27	16	9	1	2
CO	39	9	18	20	4	1	0
KS	22	4	27	13	1	2	3
ND	19	1	10	6	2	0	0
NE	24	6	18	13	3	0	3
NM	5	4	6	2	0	0	0
OK	28	7	31	8	3	2	1
SD	10	1	8	3	0	1	1
TX	32	9	9	10	3	0	1
UT	28	8	21	14	0	0	0
WY	4	1	4	4	1	0	0

*Revenue in millions

Source: CapIQ

TRANSACTIONS BY REGION



Source: CapIQ

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Securities offered through Colorado Financial Service Corporation. Member: FINRA-SIPC. SDR Ventures and Colorado Financial Service Corporation are separate entities

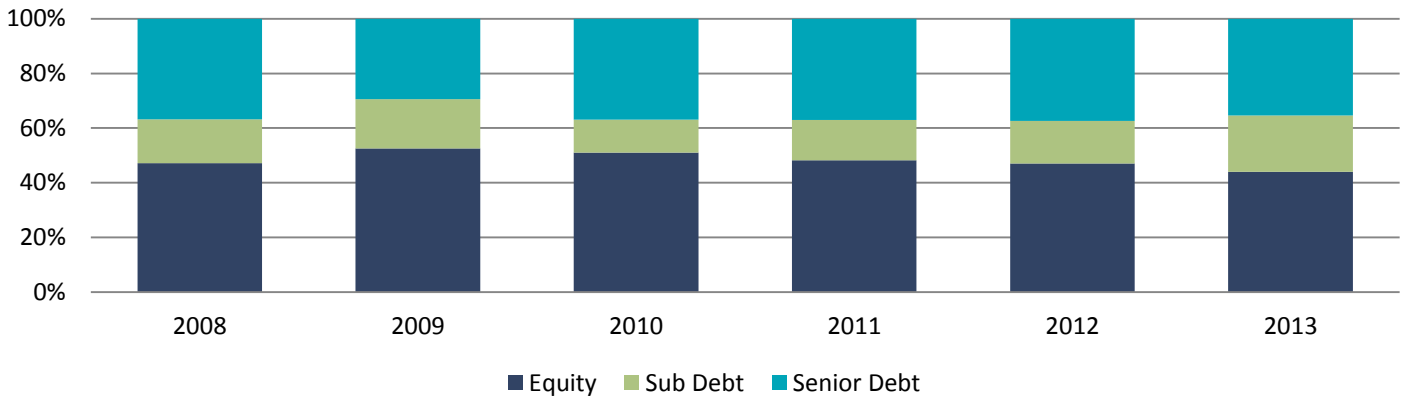




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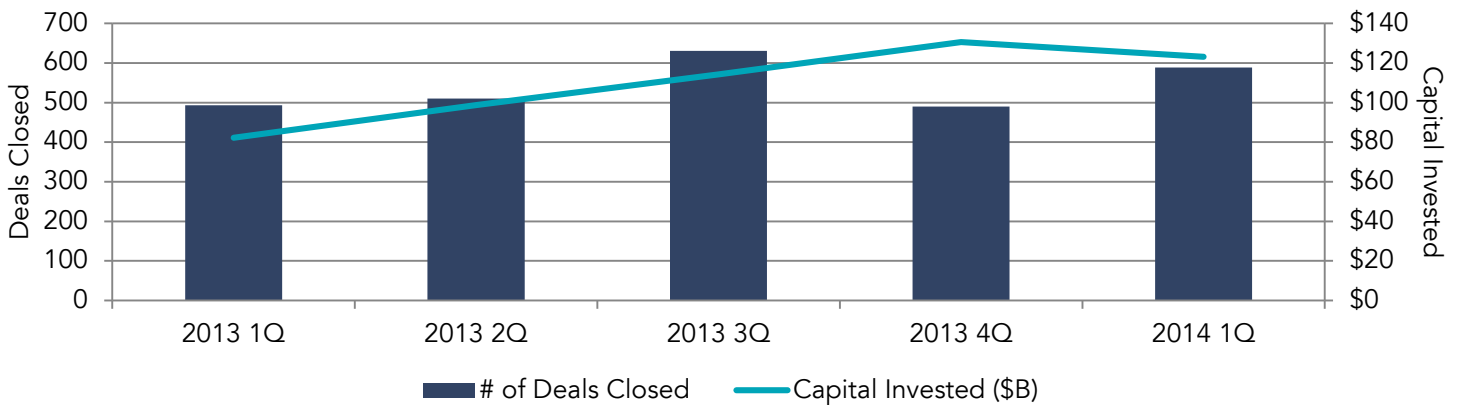
M&A MARKET ACTIVITY – OVERALL LOWER MIDDLE MARKET

CAPITAL STACK



Source: CapIQ

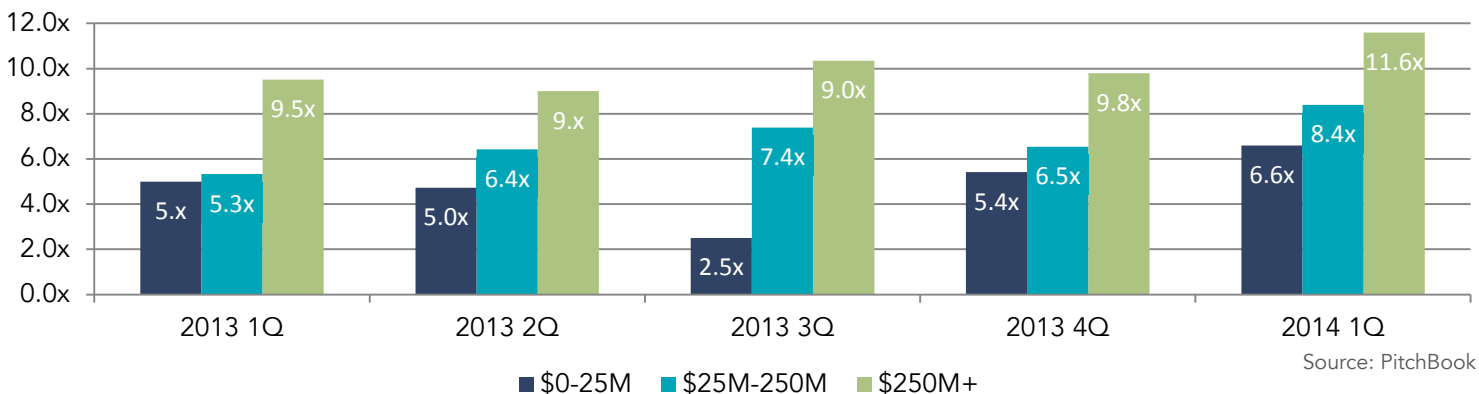
US MIDDLE MARKET M&A ACTIVITY



Source: PitchBook

TRANSACTION MULTIPLES

EBITDA MULTIPLES BY TRANSACTION SIZE



Source: PitchBook

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ABOUT SDR VENTURES

SDR Ventures, based in Denver Colorado, is a boutique investment bank serving the lower middle market, including companies with values up to \$300 million. Operating beyond the confines of a traditional investment bank, SDR is reinventing the way business owners approach the market, offering transaction advisory for clients looking to buy, sell, or raise capital.



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SERVICES

TRANSACTION ADVISORY

Buy Side

Running a proven process effective at generating responses, identifying "off-the-radar" opportunities, negotiating and closing accretive acquisitions.

Sell Side

Our process is designed to identify the "right" buyer and maximize shareholder value for our clients.

CAPITAL FORMATION

Private Capital Placement

An effective and efficient process negotiating favorable debt and equity with the right capital partner for our clients

RECENT TRANSACTIONS

<p>MARCH 2014</p> <p>PAN Capital Holdings LLC</p> <p>Commercial real estate loan provided by</p> <p>Hexagon</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>NOVEMBER 2013</p> <p>Qualmark</p> <p>Has acquired</p> <p>A Business Unit of a Public Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>OCTOBER 2013</p> <p>HALKER CONSULTING LLC</p> <p>Debt Financing provided by</p> <p>CoBiz Structured Finance CoBiz Financial</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>SEPTEMBER 2013</p> <p>condit EXHIBITS</p> <p>Has acquired</p> <p>Zeus & Company</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>SEPTEMBER 2013</p> <p>PET FOOD EXPERTS</p> <p>Has acquired</p> <p>Zeus & Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>MAY 2013</p> <p>storage SECUREPLACE</p> <p>Has been acquired by</p> <p>Private Investors</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>
<p>NOVEMBER 2012</p> <p>Western Paper Distributors</p> <p>Has acquired</p> <p>WPA GROUP</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>AUGUST 2012</p> <p>Twice Homes</p> <p>Financing provided by</p> <p>newoistics SHIPPING HAS A NEW HOME</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>JUNE 2012</p> <p>ATLast Fulfillment</p> <p>Has been acquired by</p> <p>newoistics SHIPPING HAS A NEW HOME</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>MAY 2012</p> <p>Cohio Ventures LLC</p> <p>Has acquired</p> <p>Mountain Tech Manufacturing Co.</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>MARCH 2012</p> <p>BENNEY Density Managers, LTD</p> <p>Capital provided by</p> <p>Mutual of Omaha Bank</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>FEBRUARY 2012</p> <p>Sticky Paws</p> <p>Has been acquired by</p> <p>pioneer pet</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>

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