



Theodore Prince
9th Annual Intermodal Freight Conference
Memphis, Tennessee
December 10, 2015

Tiger Cool Express LLC

- Asset-based provider of temperature-controlled intermodal transportation

Intermodal transportation



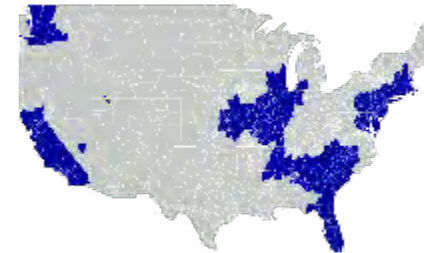
- Established in 2013
- A privately held company led by highly experienced management and private equity backing

State of the art assets



- Brand-new 53-foot refrigerated container fleet meets all CARB requirements
- Telematics enable real time track and trace and complete refrigeration control

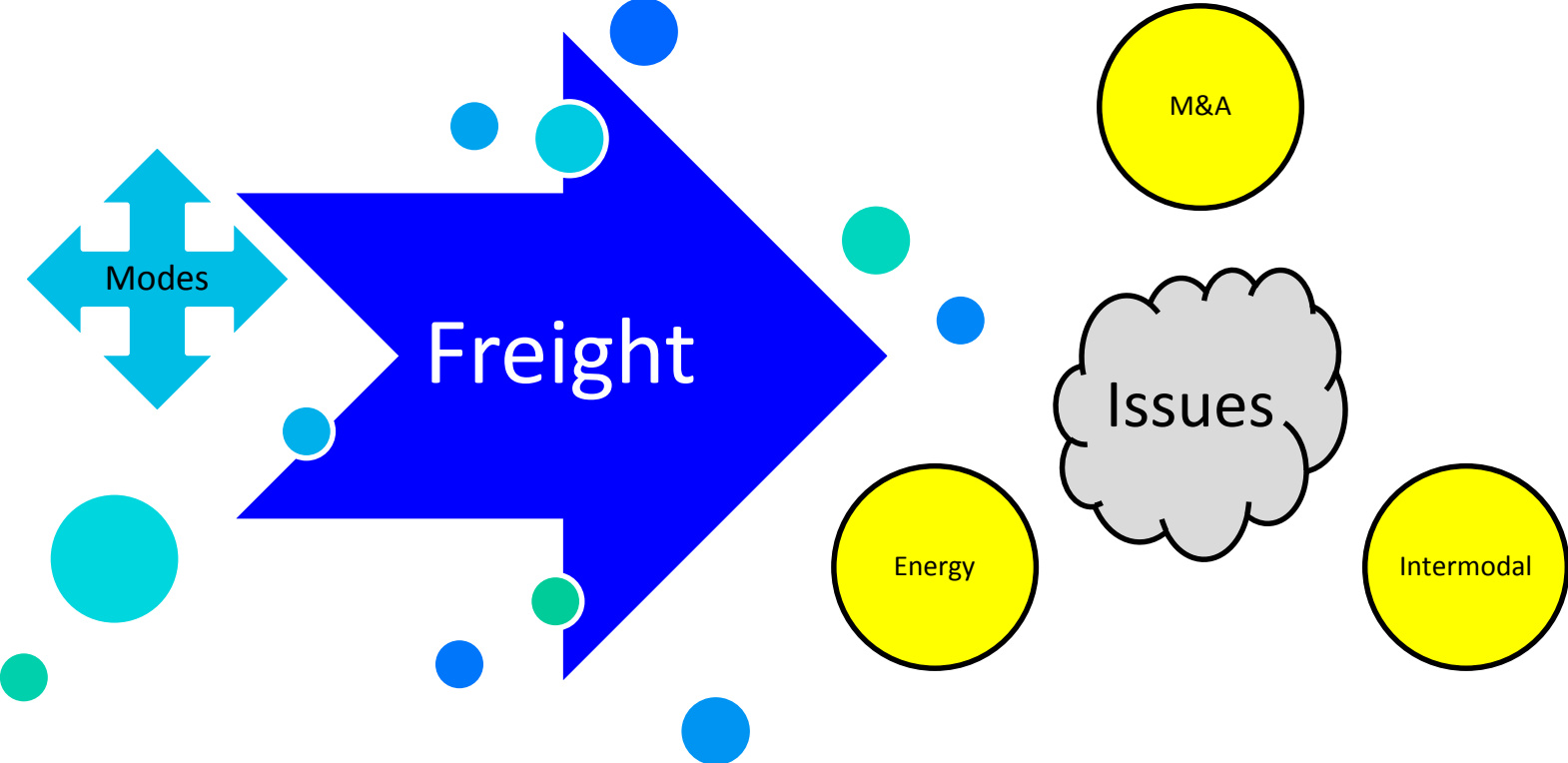
Sustainable door-to-door value



- Nationwide operating network offering intermodal benefits
- Centralized business model with single point of contact

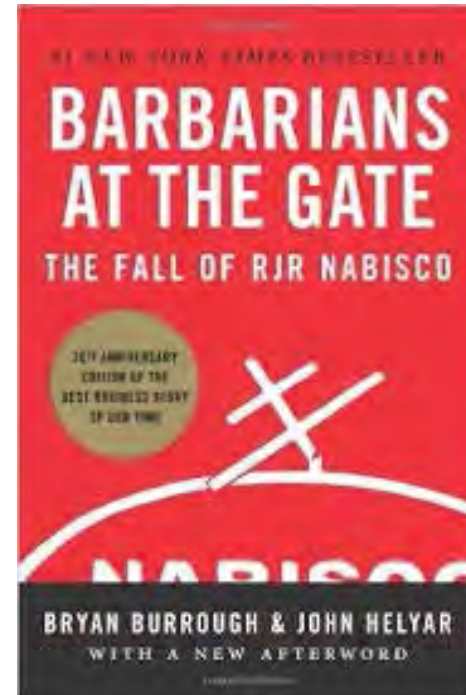
Temperature-controlled intermodal for sustainable advantage

Framing Our Discussion



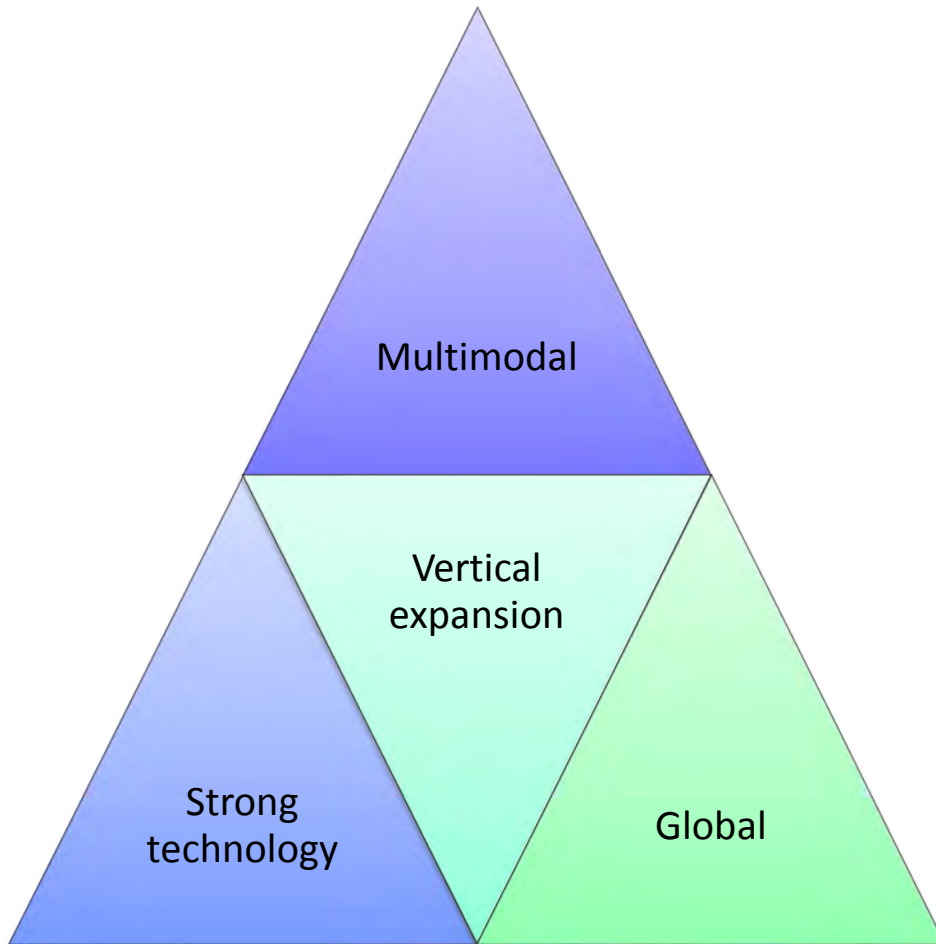
Mergers & Acquisitions

- Mergers and acquisitions are big news – again



Mergers & Acquisitions

- 3PL M&A market is currently driven by the desire to become:



Mergers & Acquisitions

- Ocean merger activity



Legacy no more
Bidders from spectrum extremes



COSCO and China
Shipping into one



Korean government solving the 2:1 issue?

Mergers & Acquisitions

- Railroads



**CANADIAN
PACIFIC
RAILWAY**



CPR - NS

- One-off?

CN-CSX

- Matching pair?

BNSF and UP

- Will they stand by?

Mergers and Acquisitions

- Questions

How big is too big?

RJR Nabisco
(1987) was \$25 billion

TXU (2007) was
\$32 billion

Regulatory issues

Competition
Conditions

Integration

Penn Central,
UP-SP, Conrail-
CSXT-NS

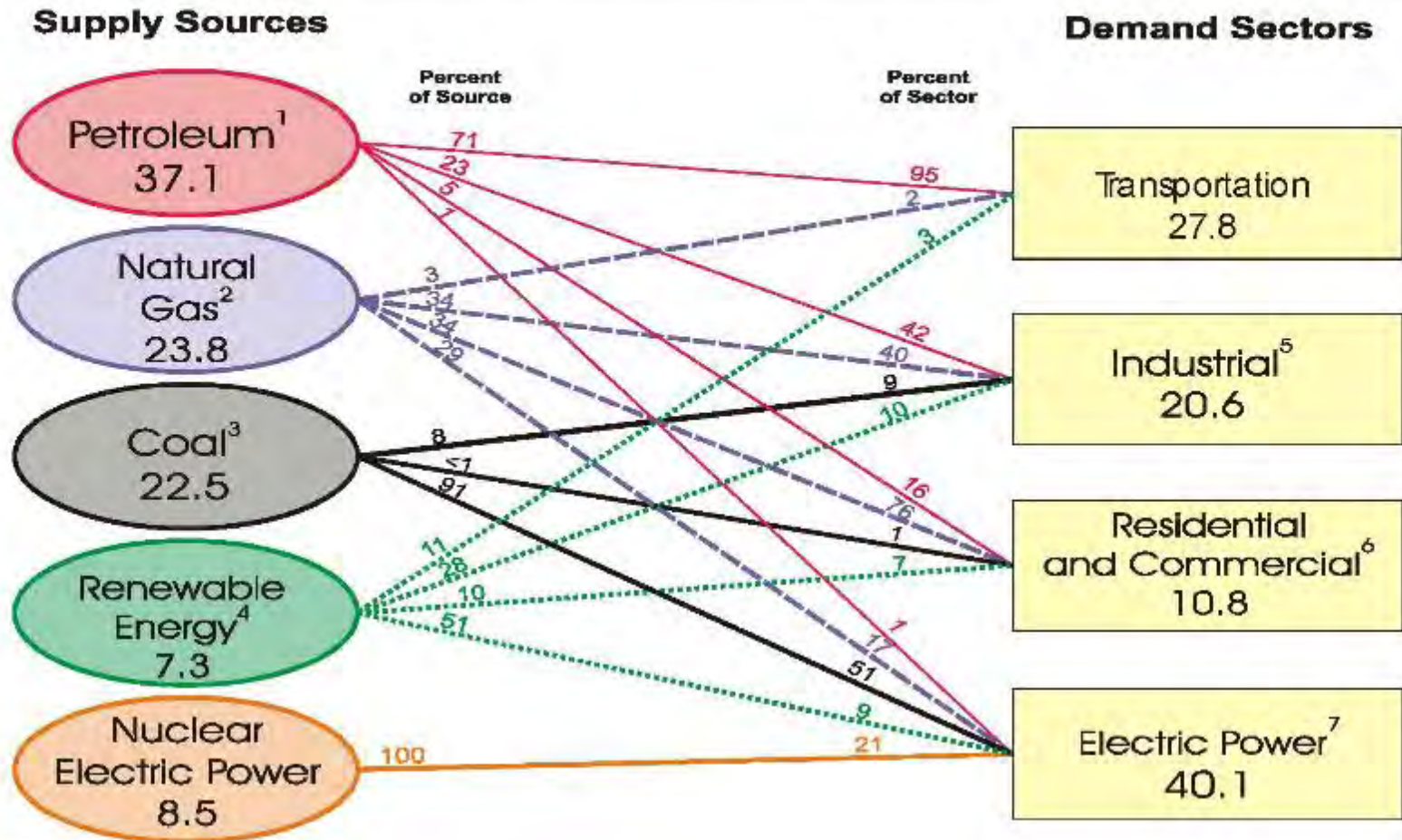
Maersk – PONL

Fritz – Intertrans

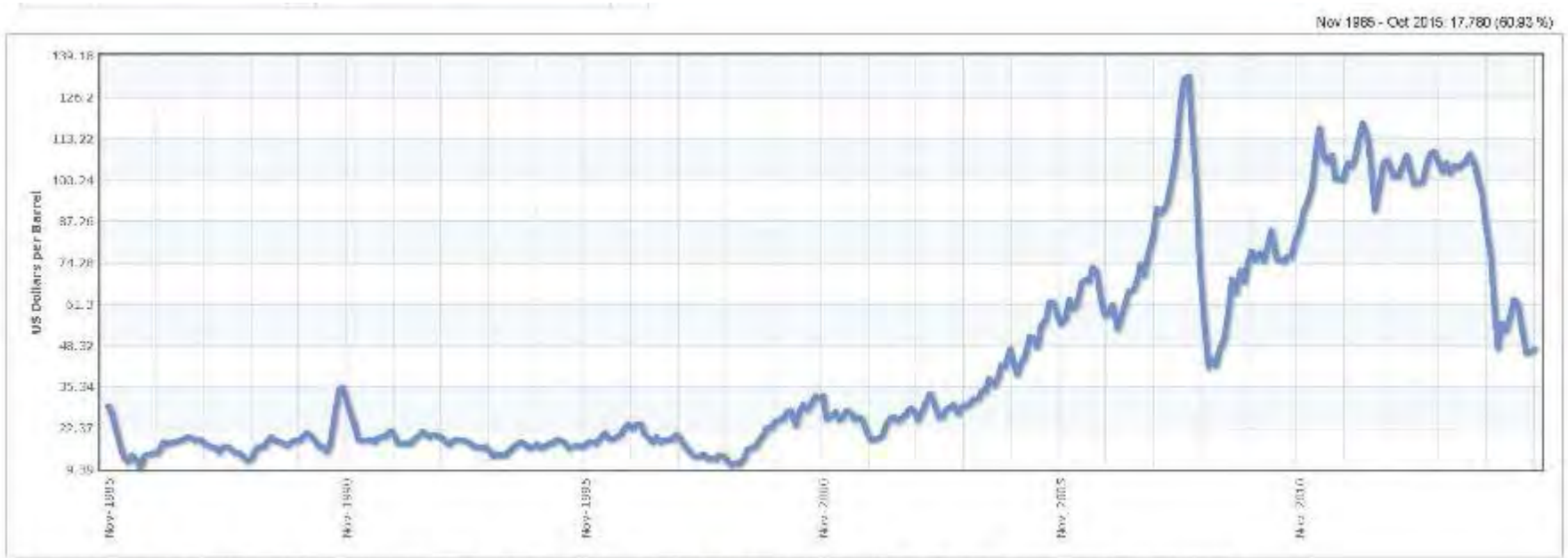
Airlines (too
many to
mention)

Energy and Transportation

Figure 2.0 Primary Energy Consumption by Source and Sector, 2008
(Quadrillion Btu)

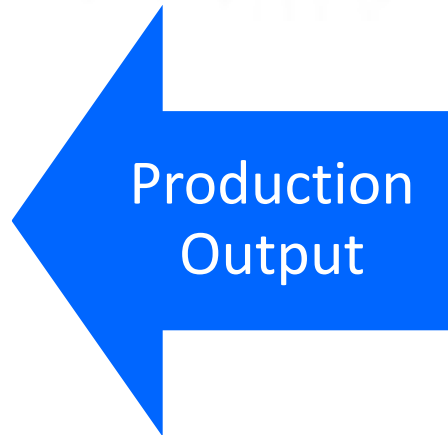


Energy



Description: Crude Oil (petroleum), simple average of three spot prices, Dated Brent, West Texas Intermediate, and the Dubai Fateh, US Dollars per Barrel

Unit: US Dollars per Barrel


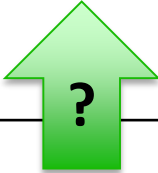


Railroads Viewed through BCG Model

- The world one year ago

Profitability	Growth	
	High	Low
High	Crude and Coal	Grain, Chemicals, Auto
Low	Intermodal	Boxcar

- The world today

Profitability	Growth	
	High	Low
High	 	Crude, Coal , Grain, Chemicals, Auto
Low	Intermodal	Boxcar

Ocean Shipping

US crude storage at 80-year high of 490 million barrels

- OPEC: “ “The build in global inventories is mainly the result of the increase in total supply outpacing growth in world oil demand,”

Reduced onshore capacity driving storage at sea

- Daily VLCC charter rates from \$20,000 to \$110,00

Sovereign wealth funds had \$7.1 trillion in assets in March 2015.

- \$4.29 trillion came from oil and gas sovereign wealth funds

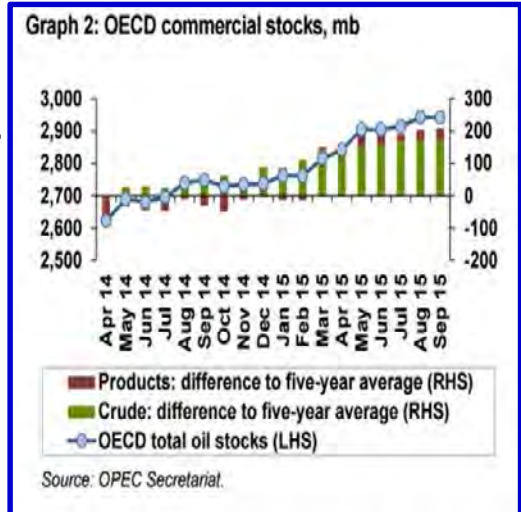


VLCCs

Focus on BAF



Historic Stockpiles



Environment

- Energy and environment



United nations conference
on climate change
COP21/CMP11



DG Environment, European Commission

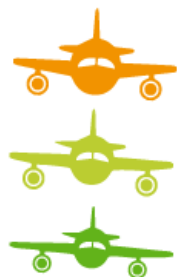
CO2 REDUCTIONS: PUTTING AIRCRAFT ON A DIET

FOR EACH 10KG WEIGHT REDUCTION, ABOUT 4 TONS OF CO2 CAN BE AVOIDED IN ONE YEAR

THE WEIGHT OF A TEABAG
1 KG
OF CO2



WINGTIP DEVICES
CAN REDUCE CO2 EMISSIONS BY UP TO
6%



REPLACING PAPER MANUALS WITH TABLETS

LIGHTWEIGHT SEATS AND TROLLEYS

LIGHTWEIGHT PAINTS

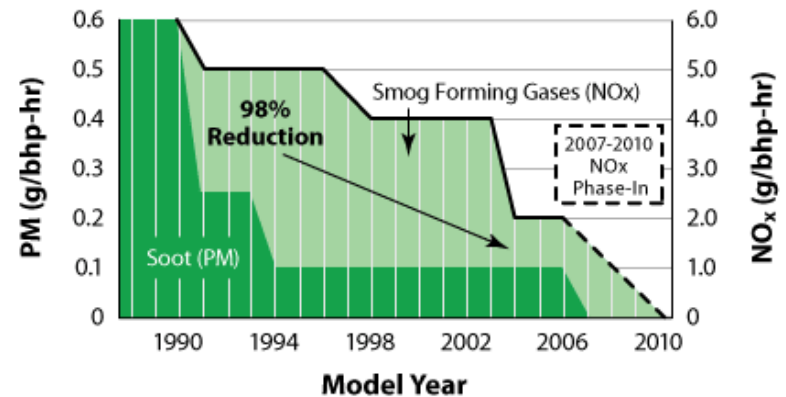
USER PREFERRED ROUTES

INITIATIVES HAVE BEEN TAKEN WHERE THE AIRLINE CAN SELECT THE MOST EFFICIENT ROUTE BASED ON AIRCRAFT AND WEATHER CONDITIONS.

USER-PREFERRED ROUTES CAN SAVE MORE THAN
30 TONS
OF CO2
ON A SINGLE TRANSPACIFIC FLIGHT

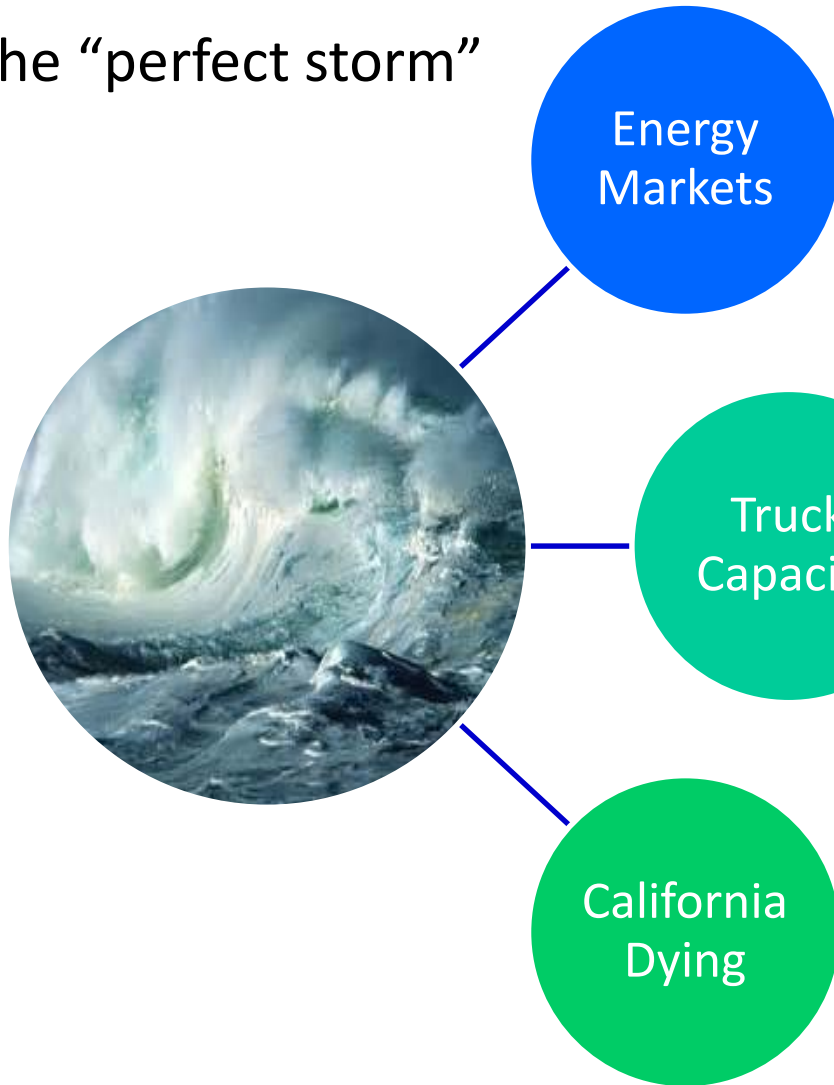


U.S. Emission Standards for Heavy-Duty Engines



Intermodal Overview

- The “perfect storm”



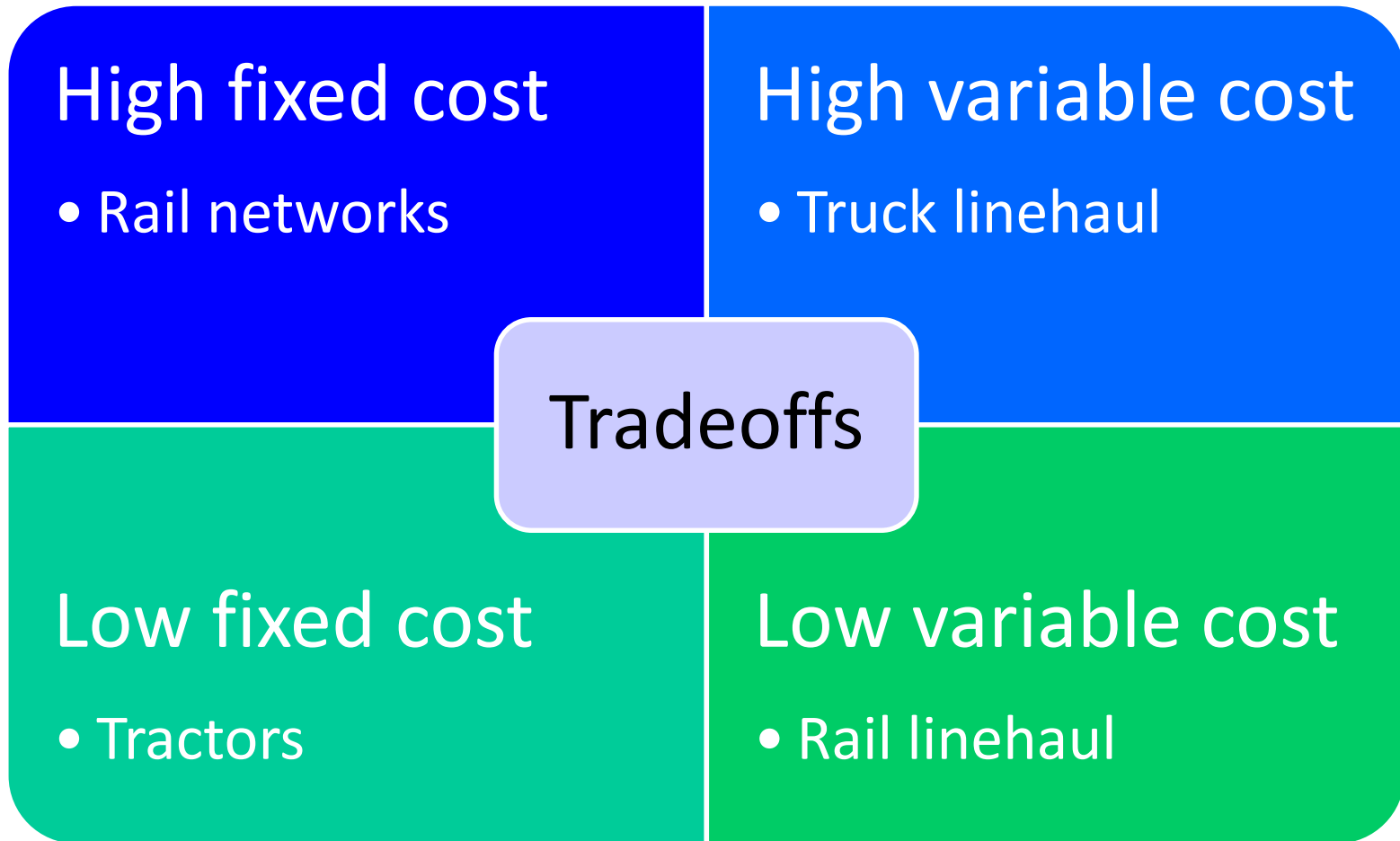
- Collapse in fuel prices

- Increased supply of trucks

- Reduced shipment demand

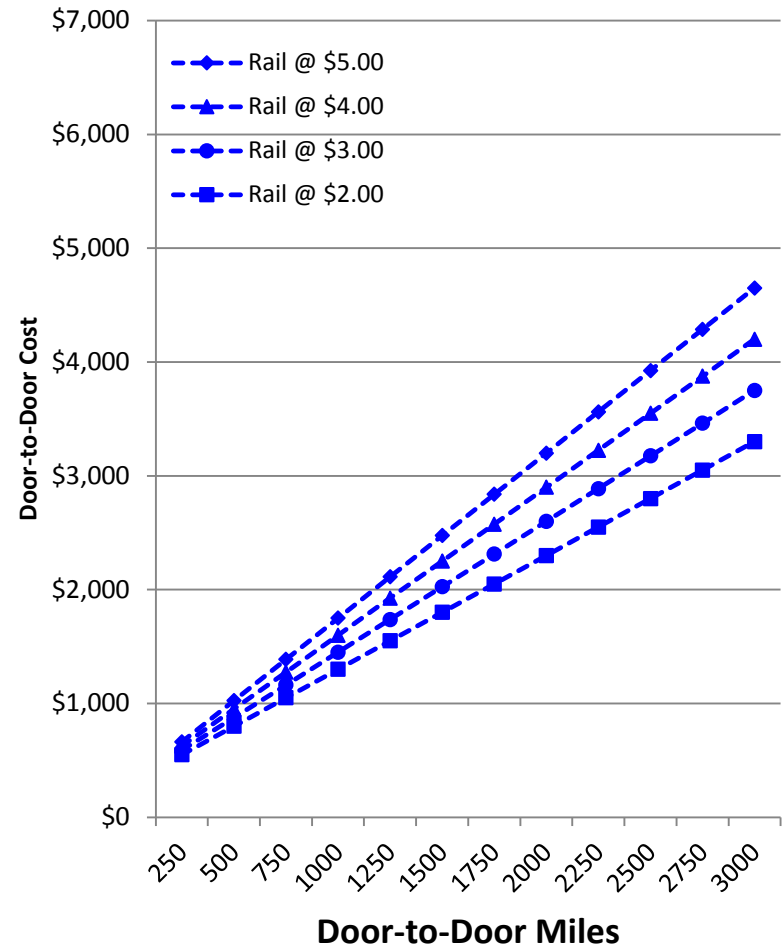
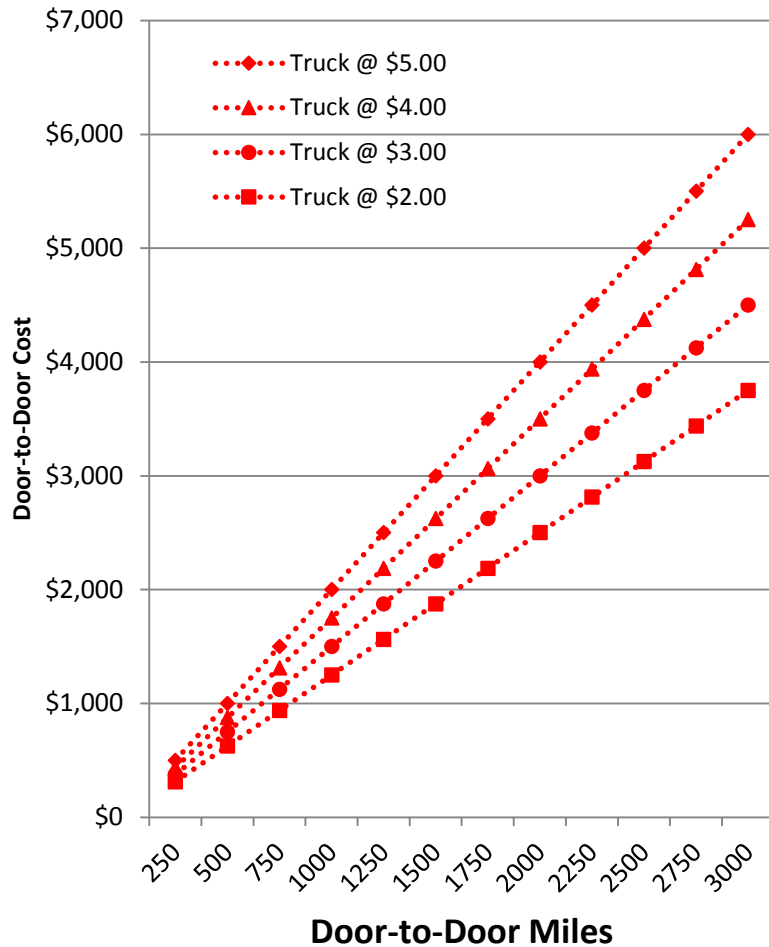
Intermodal Economics

- How does intermodal “beat” truck?

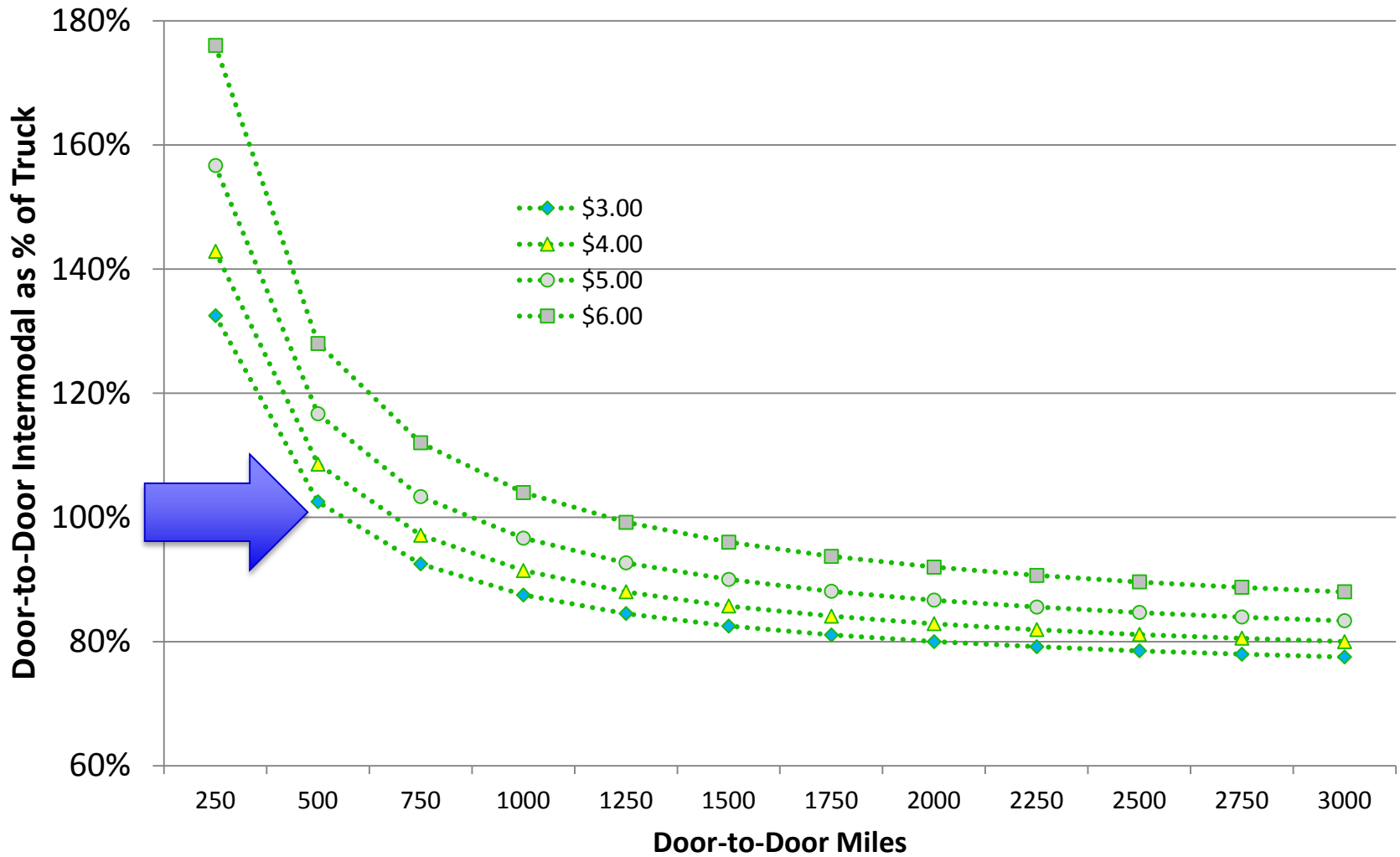


Intermodal Modal Competition

- Intermodal viability is closely correlated to fuel prices



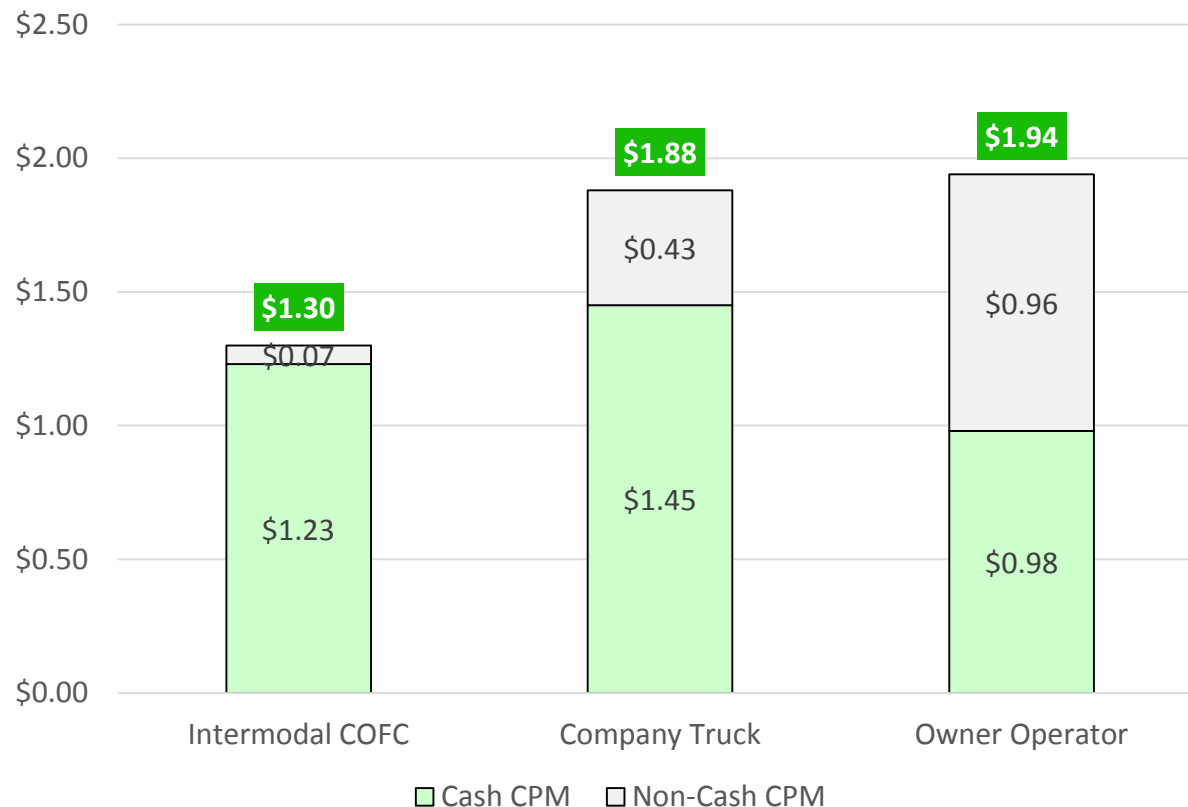
Intermodal Modal Competition



Competitive Economics

- Intermodal advantage is currently offset by truckers' ability to price at marginal (cash) expense levels short-term.

Bakersfield, CA - Newark, NJ - Riverside, CA
Pro Forma Cost-per-Mile



Intermodal cost advantage has been temporarily eliminated

Intermodal Common Wisdom



Intermodal Slam Dunks



Dumping case would kill intermodal growth



Fuel prices will always rise



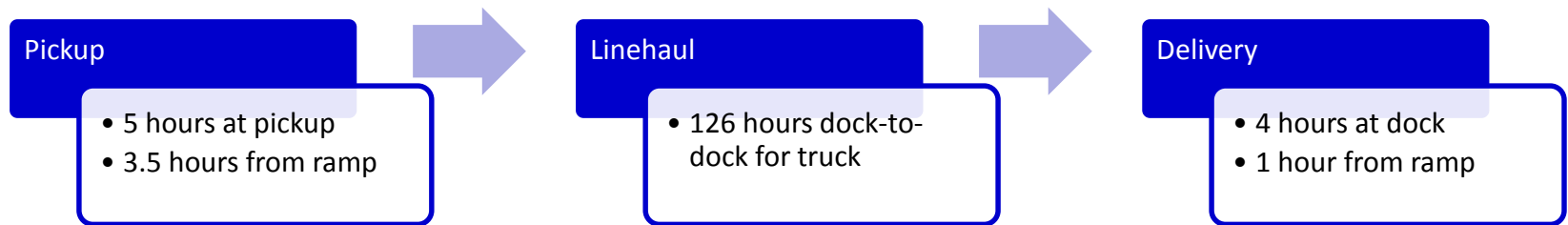
HOS would supercharge intermodal growth



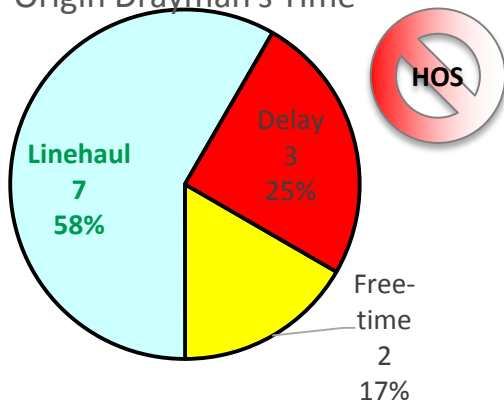
The trade tsunami will continue

Reliable Dray Capacity

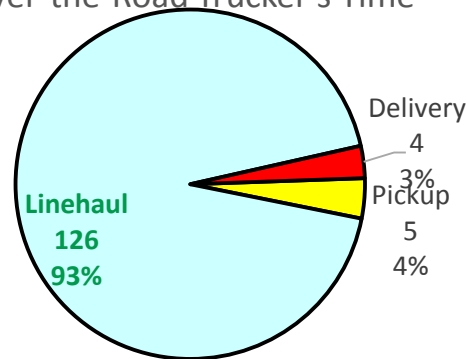
- Intermodal conversion is asymmetric impact of customer dock delay on drayage.
 - Draymen won't accept what owner operators will.



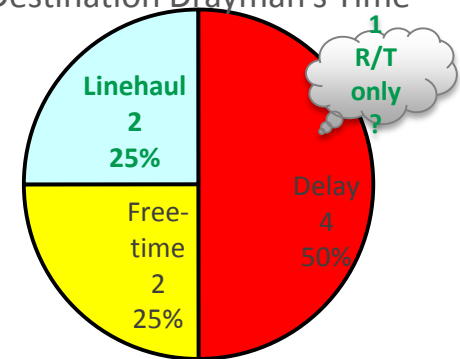
Origin Drayman's Time



Over-the-Road Trucker's Time



Destination Drayman's Time



The Ocean Inland Intermodal Dilemma

- Quantifying the North American problem

