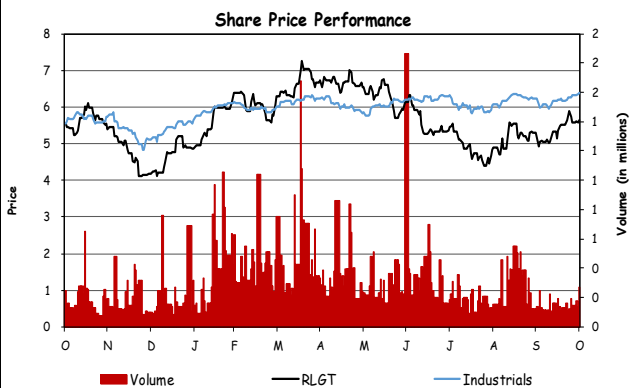


Radiant Logistics, Inc.	Symbol: RLGT
Analyst	Phillip Harabarovici
Buy below	\$5.24
Sell above	\$6.69
Probability of Price Increase	85%
Last Price	\$5.64
Intrinsic Value	\$5.58
Target Dividends	\$0.00
Target Price	\$6.29



Description
Radiant Logistics, Inc. provides third-party logistics and multi-modal transportation services company primarily in the United States and Canada.

Sector Industrials
Industry Air Freight and Logistics
Last Guidance December 11, 2018
Next earnings date November 8, 2019

People
Crain, Bohn, Founder, CEO & Chairman
Macomber, Todd, Senior VP & Chief Financial Officer
Boyce, Tim, Senior VP & COO of US Brokerage Operations
Bento, E., Senior VP & COO of Forwarding Operations
Goldstein, Arnold, Senior VP & Chief Commercial Officer
Argen, David, Vice President of Operations

Top Competitors
-- Hub Group, Inc.
XPO Logistics, Inc. --
ArcBest Corporation --
Knight-Swift Transportation Holdings Inc. --
Echo Global Logistics, Inc. ZTO Express (Cayman) Inc.

Market Statistics	
Market Capitalization (mil)	\$280.91
Last Price per share	\$5.64
52 week high	\$7.33
52-week low	\$4.06
Volatility	46.24%
Daily volume (mil)	0.27
Short interest	3.97%
Days to cover short interest	9.13
Beta	1.64

Financials			
Profitability	RLGT (LTM)	RLGT Historical	Peers' Median (LTM)
Return on Capital	7.9%	6.32%	9.29%
Adjusted EBITDA Margin	3.7%	1.88%	9.38%
Return on Equity	14.3%	6.3%	10.5%
Adjusted Net margin	1.9%	1.3%	2.6%
Invested Funds	RLGT (LTM)	RLGT Historical	Peers' Median (LTM)
Cash/Capital	2.7%	3.0%	2.8%
NWC/Capital	13.3%	6.5%	3.7%
Operating Assets/Capital	51.4%	54.7%	52.9%
Goodwill/Capital	32.6%	32.6%	36.9%
Capital Structure	RLGT (LTM)	RLGT Historical	Peers' Median (LTM)
Total Debt/(Market Cap.+ Other Claims on Capital)	0.19	0.24	0.24
Minority Interest/(Market Cap.+ Other Claims on Capital)	0.0%	0.1%	0.0%
Preferred Equity/(Market Cap.+ Other Claims on Capital)	0.0%	0.0%	0.0%
CGFS Credit Rating	CC		B
Credit Rating Model	bbb to bbb+		0%
Probability of Default Model	b- to b		0.00%
Likely Current Cost of Debt	7.72%		#DIV/0!
Likely Current Cost of Equity (Cost of Debt + MRP)	13.22%		#DIV/0!
Likely Current WACC	12.03%		#DIV/0!

Investment Thesis

SMALL FISH – BIG POND ALLOWS FOR FLEXIBILITY IN CHOOSING BEST MARGIN BUSINESS

Key Points:

I am initiating coverage of Radiant Logistics with a LIMIT-BUY at \$5.24 and \$6.29 price target. The target price is comprised of three models: Discounted Cashflow Valuation of \$7.01 weighted at 50%, Enterprise Value over EBITDA of \$6.57 weighted at 40%, and Asset Based Valuation of \$2.60 weighted at 10% I view Radiant Logistics as a company with increasing efficiency in their practices increasing their margins throughout a vertically integrated business. With a market cap of \$277M this company is smaller than typical holdings in the fund, which brings a different type of opportunity. As seen to the left, the probability of upside is 85%.

Business Description:

Started in 2006 by Bohn Crain with revenues of \$25 Million, the company has scaled their low- asset based logistics system ever since. Using tactical acquisitions and organic growth model, revenues have grown to just under \$900 Million in 2019. By adding value to the logistic chain, the company allows a multi – modal transportation to leverage the assets of their over 10,000 transportation partners.

Strategy:

After finally integrating their Canadian acquisition of *Wheels* and others, Radiant continues to seek more profitability by lowering cost using a new supply-chain technology platform called SAP-TR. These enhancements to back-office infrastructure, transportation management, and accounting system have brought increased EBITDA margins. **Key catalysts:** New SAP-TR system continues until full implementation. Removal and ability to remove low-margin pieces of business.

Risks:

Amortization of intangible assets play a key role in earnings. Statements show intangibles diminishing in value, even if acquired customer relations are increasing in value. Customers do not lose value, but under GAAP are reported likewise.

Summary:

Taking into account current cash flows and the increase in margins this small company is poised to take advantage of a market segment with a lot of fragmentation by offering value add to both their customers and shipping partners. The interest from institutional investors is evident with over 60% of float showing smart people – investors see value.

Ownership	Change in Ownership (over the past 6 months)
Shares outstanding (mil)	49.81
Weighted Diluted shares outstanding (mil)	51.08
Options and Warrants (Shares equivalent)	1.29
% shares held by institutions	77%
% shares held by investments Managers	68%
% shares held by hedge funds	6.16%
% shares held by VC/PE firms	0.028%
% shares held by insiders	9.93%
Poison Pill and Type	NONE

1% Increase
Non - Significant
12% Increase
N/A

Quarterly Earning Surprises (Actual/Median Estimates)	
Revenue	Last 5 quarters
6/30/2018	\$935.22 (6.2%)
9/30/2018	\$875.532 (-3%)
12/31/2018	\$1043.752 (13.4%)
3/31/2019	\$824.192 (-12.3%)
6/30/2019	\$818.596 (-15.1%)
History:	Last 10 years
Mean Surprise	-0.84%
99th percentile "surprise" range	-22% to 20%
EBITDA	Last 5 quarters
6/30/2018	\$36.98 (29.5%)
9/30/2018	\$33.484 (-7%)
12/31/2018	\$48.712 (16%)
3/31/2019	\$32.012 (0%)
6/30/2019	\$40.632 (2.6%)
History:	Last 10 years
Mean Surprise	-0.68%
99th percentile "surprise" range	-38% to 37%

CENTER FOR GLOBAL FINANCIAL STUDIES			RLGT	Thursday, October 31, 2019			Page 2	
Radiant Logistics, Inc.	Symbol: RLGT			Cost of Capital Estimates				
Analyst	Phillip Harabarovici			CGFS Credit Rating	Credit Rating Model	Probability of Default Model	Model	
Buy below	\$5.24			Implied Cost of Borrowing (RLGT)	5.7%	4.5%	6.4%	
Sell above	\$6.69			Implied Cost of Borrowing (Peers)	4.8%	4.7%	5.2%	
Probability of Price Increase	85%			Base Year	Explicit Period (15 years)	Continuing Period		
Last Price	\$5.64			Cost of New Debt Estimate	7.24%	6.00%	6.00%	
Intrinsic Value	\$5.58			Country Risk Premium Estimate	6.00%	6.00%	6.00%	
Target Dividends	\$0.00			Cost of Equity Estimate	13.24%	12.00%	12.00%	
Target Price	\$6.29			WACC Estimate	12.34%	11.14%	11.14%	
Forecast Assumptions								
Fiscal Year	Revenue Growth	EBITDA Margin	CAPEX/Revenue	DPR/CAPEX	Other			
Base Year (Actual)	11.85%	3.5%	0.7%	2.37	SBC/Revenue		0.20%	
year 1	0.78%	4.9%	0.9%	0.90	Constant/same as LTM			
year 2	3.90%	5.1%	0.9%	0.90	Lease term		10	
year 3	3.80%	5.1%	0.8%	0.90	Rent Expense/Revenue		0.66%	
year 4	3.70%	5.0%	0.8%	0.90	Tappers off to historical average			
year 5	3.60%	5.0%	0.8%	0.91	R&D life		10	
year 6	3.50%	4.9%	0.8%	0.92	R&D Expense/Revenue		0.00%	
year 7	3.40%	4.8%	0.8%	0.93	Constant/same as LTM			
year 8	3.31%	4.8%	0.8%	0.93	LIFO Reserve		Tappers off to zero	
year 9	3.21%	4.7%	0.8%	0.94	Non-operating pension costs		Tappers off to zero	
year 10	3.11%	4.6%	0.8%	0.95	Net financing pensions costs		Tappers off to zero	
year 11	3.01%	4.6%	0.8%	0.96	Overfunded pension plans		Tappers off to zero	
year 12	2.91%	4.5%	0.8%	0.97	Capitalized interests		Constant/same as LTM	
year 13	2.81%	4.4%	0.7%	0.98	Dividends/Revenue		0.15%	
year 14	2.72%	4.4%	0.7%	0.98	Tax Rate		25.00%	
year 15	2.62%	4.2%	0.7%	0.99				
Continuing Period	2.52%	4.2%	1%	1.00				
Simulation Assumptions								
Random Variables	Distribution Assumption	MAX	Likely	MIN	Sensitivity: Price Variance Attribution Analysis			
Deviations in annual Revenue Growth--Expl. Per.	Triangular	0.15%	0%	-0.15%	0.78%	Revenue growth		
Deviations in annual Revenue Growth --Cont. Per.	Normal	1.52%	0%	-1.52%				
Deviations from EBITDA Margin base annual estimates	Triangular	0.05%	0%	-0.06%	50.85%	EBITDA Margin		
Deviations from CAPEX/Revenue base annual estimates	Triangular	0.05%	0%	-0.06%	47.02%	CAPEX/Rev		
Deviations from Kd base annual estimates	Triangular	2.26%	0%	-2.70%	1.05%	Discount Rate		
Deviations from CRP base annual estimates	Triangular	1.32%	0%	-2.42%	0.00%	TEV/Rev		
Deviations from TEV/Revenue base estimate	Triangular	3.55	0%	-0.39	0.01%	TEV/EBITDA		
Deviations from TEV/Revenue base estimate	Triangular	6.38	0%	-3.84				
Change in P/BV (TTM)	Triangular	1.94	0%	-0.47	0.00%	P/BV		
Change in P/E (FW)	Triangular	5.21	0%	-5.10	0.00%	P/E		
Recovery Rate	Triangular	10.00%	0%	-10%	0.27%	Asset Recovery Rate		
Valuation								
DCF Valuation								
	Base	Explicit Period (Average)	Continuing Period					
Revenues	\$890.52	\$1,134.18	\$1,440.96					
EBITDA Margin	4%	5%	4%					
UFCF	\$30.79	\$41.71	\$43.13					
WACC	12.34%	11.14%	11.14%					
ROIC	7.93%	18.61%	20.81%					
Relative Valuation								
	Median Justified Multiple	Basis	Implied Equity Value					
EV/Rev (FW)	0.7x	\$911.71	\$543.77					
EV/EBITDA (FW)	8.0x	\$45.47	\$306.40					
P/BV (TTM)	1.5x	\$137.67	\$204.22					
P/E (FW)	16.6x	\$31.79	\$526.69					
Asset Based Valuation								
					Valuation Summary	Intrinsic Value	Target Price	Model Weight
Recovery Rate	80%				DCF Valuation	\$ 6.21	\$ 7.01	50%
Capital	\$389.85				EV/Rev (FW)	\$ 10.38	\$ 11.66	0%
Intangibles	\$121.13				EV/EBITDA (FW)	\$ 5.85	\$ 6.57	40%
Claims	\$93.67				P/BV (TTM)	\$ 3.90	\$ 4.38	0%
Implied Equity Value	\$121.30				P/E (FW)	\$ 10.06	\$ 11.30	0%
					Asset Based Valuation	\$ 2.32	\$ 2.60	10%
					Price per Share	\$ 5.67	\$ 6.39	100%