THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

DSKE - Daseke Inc Call to Discuss the Completed Merger of The Steelman Companies

EVENT DATE/TIME: JULY 06, 2017 / 3:00PM GMT

CORPORATE PARTICIPANTS

Geralyn DeBusk *Halliburton Investor Relations - President*

Don Daseke *Daseke Inc - President, CEO, Chairman*

Scott Wheeler *Daseke Inc - EVP, CFO, Director*

John Michell *Daseke Inc - VP Finance*

CONFERENCE CALL PARTICIPANTS

Matt Elkott *Cowen & Co. - Analyst*

Tony Kamin *Eastwood Partners - Analyst*

Steven Ralston *Zacks SCR - Analyst*

Graham Tanaka *Tanaka Capital Management - Analyst*

John Larkin *Stifel - Analyst*

Paul Penney *Northland Capital - Analyst*

Barry Haimes *Sage Asset Management - Analyst*

Steve Dyer *Craig-Hallum - Analyst*

PRESENTATION

Operator

Welcome to the Daseke July 6, 2017 acquisition conference call.

(Operator Instructions)

As a reminder, today's conference call is being recorded and will be made available for replay.

I would now like to introduce your first speaker for today, Geralyn DeBusk of Halliburton Investor Relations. Please go ahead.

Geralyn DeBusk - *Halliburton Investor Relations - President*

Thank you for joining today on Daseke's July 6, 2017 acquisition conference call.

On slide 1, today's presentation includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include projected financial information.

Forward-looking statements including those with respect to revenues, earnings, performance, strategies, prospects and other aspects of Daseke's business are based on current expectations that are subject to risks and uncertainties that could cause actual results to differ materially from our expectations and projections.

I encourage you to read our filings with the SEC for discussion of the risks that can affect our business. We undertake no obligation to revise our forward-looking statements to reflect events or circumstances occurring after today.

During the call, there will also be a discussion of some items that do not conform to U.S. generally accepted accounting principles and GAAP, including adjusted EBITDA. Reconciliation for these non-GAAP measures to their most directly comparable GAAP measures are included in the appendix to the investor presentation and press release issued yesterday. Both of which are available in the investors tab of the Daseke Web Site, daseke.com.

On slide 2, on this morning's conference call, Don Daseke, President, Chief Executive Officer and Chairman of the Company, will discuss the execution of the Company's consolidation strategy.

Scott Wheeler, Executive Vice President, Chief Financial Officer, and Director, will discuss in more detail the recent acquisition and the cumulative results of Daseke's three year to date executed acquisitions.

Also attending the call this morning are Angie Moss, Senior Vice President and Chief Accounting Officer, and John Michell, Vice President of Finance.

After our prepared remarks, the management team will take your questions.

With that, I will now turn the call over to Daseke Inc.'s President, CEO and Chairman, Don Daseke.

Don Daseke - *Daseke Inc - President, CEO, Chairman*

Thank you, Geralyn. Good morning, I'm Don Daseke, President and CEO of Daseke. On behalf of all the people of Daseke, I welcome you to today's call. We appreciate your interest in our growth story.

Turning to slide 3, today's call will be centered on three key areas. One, the Daseke opportunity, two, executing our consolidation strategies and three, information regarding our acquisition of the Steelman Companies.

Moving to slide 4, Daseke's proven ability to execute our strategy and consolidation represents a significant opportunity for growth. Daseke is the largest equipment owner and a leading consolidator within the highly fragmented $133 billion flatbed and specialized transportation and logistics market. Yet we interestingly represent less than a 1% market share.

As of July 1, 2017, we have acquired 12 flatbed and specialized companies throughout North America, creating a 50% adjusted EBITDA CAGR from 2009 to 2016 on a pro forma basis after giving effect of our recent three acquisitions, which we've completed since becoming public in February.

In terms of ownership, Daseke management owns roughly 60% of Daseke shares. And I am so personally dedicated to building this Company that I have signed a three year lock up on my shares. As such, we are proud to say that Daseke's management priorities are very much aligned with our fellow stockholders.

Turning to slide 5, on July 1, we consolidated another top tier specialized Company into the Daseke family. We are proud to welcome the Steelman Companies of Missouri. The Steelman Companies include Steelman Transportation and Group One.

After giving pro forma effect to the Steelman merger and the two mergers completed in May, Daseke's 2016 revenues and adjusted EBITDA would have been an estimated $818 million and $108 million, a 25% increase and a 22% increase, respectively as compared to actual 2016 results. We remain confident in our ability to achieve 2017 pro forma adjusted EBITDA of $140 million.

After our closing our third acquisition in two months, I'm quite proud that our clear message of consolidating the large and very fragmented flatbed and specialized market has been reinforced by consistent actions.

I now turn you over to our EVP and CFO, Scott Wheeler.

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Thank you, Don. And thank you to everyone joining us on this call. I'm pleased to be with you this morning as we have some very exciting things to talk about.

As many of you know, our strategy is to attract top tier flatbed and specialized carriers to join us as we build Daseke for the long term.

If you'll turn to slide 7, you'll see some details regarding another successful step in this process. Effective July 1, the Steelman Companies have been added to the Daseke family, strategically adding to our geographic service areas, industry verticals and service offerings.

The Steelman Companies are award-winning operators in the flatbed and specialized market, previously achieving the prestigious designation as one of the best fleets to drive for by CarriersEdge. With primary operation hubs based in Western Missouri, Steelman will fortify Daseke's depth of services and geographic footprint in the Midwest.

Their contributions will add to Daseke's scale of operations, including asset light revenue, industrial warehousing operations, and a stronger presence in the powersports and heavy haul markets.

The Steelman Companies are led by CEO, Jim Towery, a prominent name in the transportation market given his past leadership roles in many respected organization within the industry. We are very pleased to include Jim and his entire team on what we believe to be one of the deepest, highest quality management teams in the industry.

Turning to slide 8. Since May 1, 2017, Daseke has acquired three operating companies who provide flatbed and specialized transportation and logistic services across the United States and Canada.

Those acquired companies are the Schilli Companies, Big Freight Systems and now, the Steelman Companies. The three acquisitions combine for total 2016 estimated revenue of $165 million and $20 million of adjusted EBITDA, of which an estimate 52% of revenue is asset light or logistics related.

The average purchase multiple for the three 2017 acquisitions is 5.4 times 2016 adjusted EBITDA, with a multiple calculation taking into account the sum of cash consideration, stock consideration and the debt assumed for the acquired companies.

To date, a total of approximately 1 million shares of Daseke's stock have been issued for the three subject acquisitions. For the most recent acquisition of the Steelman Company's cash consideration was funded from cash on hand.

Daseke now operates over 3,600 trucks, 7,500 flatbed and specialized trailers and more than 1.2 million square feet of warehouse space in which to facilitate industrial logistics and distribution services.

Turning to slide 9. Large flatbed and specialized carriers of scale are rare and therefore can have a competitive advantage. As of 2016, this sector included fewer than 30 North American companies that operated over 1,000 tractors. As of July 1, 2017, Daseke now operates over 3,600 tractors, and we believe this makes Daseke the largest pure play flatbed specialized carrier in the market.

We believe will continue to see significant synergies due to our integration strategies that allow us to reduce costs on a per unit basis, pursue incremental revenue opportunities and achieve increased operational improvements.

As to growth, we have a demonstrated proven track record of acquisition that has taken Daseke from $6 million of adjusted EBITDA in 2009, our first year of operations, to a pro forma adjusted EBITDA of $108 million in 2016, after giving effect to our three recent additions. This is a compound annual growth rate of approximately 50%.

THOMSON REUTERS

On slide 10, you'll find an executive summary of today's key points. We are executing on our consolidation strategy, closing three acquisitions in the last two months. After giving pro forma effect to these mergers, Daseke's 2016 revenues and adjusted EBITDA would've been an estimated $818 million and $108 million, a 25% increase and a 22% increase respectively as compared to the actual 2016 results.

I will now turn the call back over to Geralyn.

Geralyn DeBusk - *Halliburton Investor Relations - President*

Thank you for your time today. We will now open the floor to questions from our guests.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Matt Elkott of Cowen.

Matt Elkott - *Cowen & Co. - Analyst*

I was wondering if you can give us maybe some historical context. I know that you have known Steelman for a while and have a good relationship with them. How long have they been under the acquisition consideration for you guys and what made the acquisition make sense today? What made you pull the trigger now?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

We've been talking to Jim Towery at Steelman for over three years. As with our other acquisitions, Steelman represented what we call "a not for sale" company. And our interest in them was to create a merger between Steelman and the Daseke family.

Several of our existing CEOs have known Steelman for years and have worked with them, so they're well known within our family. Jim has been very active in TCA, the national trucking association. Brad has been very active in the Missouri Association.

They're well known in the trucking business as being really good leaders and Steelman is known for a great management team. As with all of our acquisitions, this is a long-term process which just develops over time, and Steelman was no different.

We were just very proud to have them in the family. I personally was in both cities with Steelman and Group One yesterday, and the people there in Springfield, Missouri and Kansas City, Missouri are very excited to be part of the Daseke family.

Matt Elkott - *Cowen & Co. - Analyst*

And speaking of companies being excited about being part of the Daseke family, I wanted to kind of put that in the context of the recent IPO that you guys did. Based on your conversations before the IPO and your conversations after the IPO with multiple acquisition potentials, what's the reception been from the management team?

Have you noticed any new concerns that people may have, or is there a level of excitement from people that you normally talk to for potential acquisitions? I just wanted to kind of gauge whether the IPO is a factor in the conversations.

Don Daseke - *Daseke Inc - President, CEO, Chairman*

Well, I think it's absolutely a factor because we announced about three weeks ago a stock plan for drivers, which we think is an industry-first; a stock plan for Company-owned drivers. And so, we can certainly talk about that now; we couldn't before the IPO.

I think that we've always as a matter of practice included Daseke stock as part of the consideration for acquisitions. A consistent question in the past has been, well, what is Daseke's stock worth? And now there's a public market for Daseke stock, so that questions goes away.

I think that we're proud that we're a public Company and I think companies like Steelman are proud that we're a public Company and they can be part of a publicly recognized Company that's what we think is a premiere flatbed specialized Company in this country.

Operator

John Larkin from Stifel.

John Larkin - *Stifel - Analyst*

Just wanted to ask maybe Scott or John how much availability you now have on your bank line? And whether you'd expect to put at least some of that to work in the second half of the year as you drive towards maybe a pro forma EBITDA level of something in the order of $120 million? I think that was originally, the target for 2017 which you didn't mention on your formal remarks. Any comments around those questions would be helpful.

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

We still hold firm to our expectation of being able to achieve the $140 million EBITDA target for this year. As it relates to available capital and the deployment of such capital, on the cash side, if you take pro forma effect of these three recent acquisitions back to the last balance sheet on March 31st, that would give us about $25 million cash on a pro forma basis.

We still have $70 million of a revolving line of credit that's undrawn and we have $60 million of available capital under our delayed draw term loan B, but it remains available. As we believe we have demonstrated, we are consistently negotiating with companies to potentially join us.

And we would very much like to deploy some of that capital later in this year, but as you know, there's no assurance that somebody would actually enter into a transaction with us.

John Larkin - *Stifel - Analyst*

Could you also give us an update on some of the broader corporate integration plans? I know you're really attempting what I would call a soft integration here, but there are some elements of a more complete integration that are underway.

Most notably the MercuryGate-based system that will provide visibility to all 12 companies. With respect to loads and empty trucks across the entire network, is that pretty much completed at this point and up and operational or is that in testing phase? Can you give us an update there?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

I would say it is in light production today, so it's past beta but it's not in full production. And we would expect by the end of this quarter to be completely and fully operational.

We anticipate that the results will begin slowly and build over time in much of a crawl, walk, run deployment as we learn to how use the system as efficiently as possible. But it is something that we very much believe can achieve greater efficiency in sales and organic growth. We're very encouraged by it. In the initial phases it seems to be working extremely well for us.

We also, as you would know, John, one of the first things we like to do with new family members is to get them integrated on the administrative side of things. We're working on that actively as we speak. And also, one of our initial focuses would be on the cost side, and getting a Company like Steelman integrated on the usage of our purchasing platforms and consolidated purchasing power.

John Larkin - *Stifel - Analyst*

Historically a lot of the sales and marketing has come from the individual companies, and there's been some cross realization through communication between the Company Presidents, but there was some talk of perhaps hiring one or two or three national account marketing executives to go after those big accounts that might be looking for more of a national player in the flatbed and open deck and heavy haul spaces.

Has that proceeded or are you still working on that?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

We are working internal staff. We have a great group of people today that work together regularly and I would say that our sales efforts at Daseke go from multiple directions.

And yes, we do sell nationally top down. We have used the MercuryGate system to help facilitate some of those RFQs. We also sell locally, and also from the ground floor up. And then as a new Company like Steelman joins us, we would ask them can we leverage some of the customers that they have across our network and then we could also leverage existing Daseke customers into their networks.

We approach sales from all three ways, but a national sales leader has not been hired. But we have a national sales leader inside the Company that is also a sales leader at one of our largest operating companies.

Operator

Steve Dyer of Craig-Hallum.

Steve Dyer - *Craig-Hallum - Analyst*

You talked a little bit about synergies, I think in the past you've talked about a 20% uplift to EBIDTA. First, should we expect service (Inaudible - microphone inaccessible) [number] in this case? Secondly, can you sort of remind (Inaudible - microphone inaccessible) see that?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Well that's been our average results, which means that some have exceeded that and some have been a little underneath that, but certainly that would be a goal. And we, at Daseke don't necessarily want to achieve average, even if it is our own average.

We would like to continually improve upon that, whether it's to get those earnings improvements more rapidly or the earnings improvements be greater than that number. Either one of those, but that is clearly a focus of the Company, and we have recently added some personnel to focus on a more rapid and more facilitated integration process so that we could get to those improvements in a more expedited fashion than we have in the past.

Steve Dyer - *Craig-Hallum - Analyst*

Great. And then (Inaudible - microphone inaccessible) about increase in powersports or focus on powersports here. Is there any customer concentration (Inaudible - microphone inaccessible) large customers that may be attracted you to this particular transaction?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Well I don't know that that's the case. I would say that in most deals that Daseke does, the primary attraction is the quality of the Company and the quality of the management team, and then the quality of their customers. And then do they have the right cultural fit? Would they be really good team members?

Past that, absolutely, the powersports was an attractive category for us. If you'll notice the addition of Big Freight Systems from Manitoba a couple months ago had a very strong presence in powersports in Canada. We felt like a presence in the United States was something that we would hope to be able to leverage between these two operating companies to expand in a vertical that we think we have some real capabilities and understanding of to be able to address.

Steve Dyer - *Craig-Hallum - Analyst*

Lastly for me, just seeing spot rates start to tick higher, some of the conditions of the last couple years have abated a little bit. Is this still sort of the (Inaudible - microphone inaccessible) like you can do a number of acquisitions or do asking prices tick higher as overall businesses feel better?

In bidding situations, any thoughts on how you'd expect the multiples to change or not over time?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Maybe it's just on our end but you did break up a little bit, so I'm going to try and repeat the question to make sure that we have it correctly if you will allow that, please. Your question was, given a kind of uptick in spot rates and then the uptick in our activity, would we expect any changes in the purchase price multiples?

Is that a correct recap of your question? Well, I'm going to take it as if it was.

I would say that our multiples are -- and Don can comment on this certainly because he's extremely active in this territory -- but our purchase multiples are our purchase multiples, and they're worth what we generally think they're worth. We don't anticipate a great deal of change other than what we've told people over the last several months.

Don, what do you think?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

Yes. Steve, you mentioned bidding situations. We're really not in bidding situations. In fact, we routinely tell a Company that if they want the highest price, they should sell to a private equity fund. Not us because we will definitely pay less than a private equity fund would pay for a Company.

But if they want the right long-term home for their Company, we think Daseke is the right long-term permanent home and that we offer stock incentives to their people, we keep the management, we retain the legacy, the brand names stay on their trucks, on their Company.

Their people can get better because they can collaborate with our other companies. Those are all values which we think are important to family companies that a private equity fund can't offer. So if they're just interested in price at closing, we're not the right bidder for that Company.

But if they want the whole set of values for their people at the Company and a permanent home for their well-respected Company management, then we think Daseke is the right place. It's truly a merger with these very successful, long-established companies and Steelman is an example of that.

Operator

Paul Penney of Northland Capital.

Paul Penney - *Northland Capital - Analyst*

A couple quick follow-ups on Steelman. Are there any customer overlaps between their customer base and yours? And what's the average age of their trucking fleet?

John Michell - *Daseke Inc - VP Finance*

On the customers, in our top 10 there's not really too much overlap. Some of the smaller customers, there's some similarities there. Their fleet age is very similar to Daseke's. You'll typically find that these larger well-run companies kind of employ that same [size cycle] that we do as well. So we don't anticipate any real changes there.

Paul Penney - *Northland Capital - Analyst*

Okay great. And a question maybe on the stock compensation plan to drivers, is there a granular read on that, Don, in terms of option and maybe just give more specifics on the rollout of that and how you expect drivers to start to participate in the program?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

I think the early read is very positive from drivers because drivers need to be respected and feel important. And our objective of this program is to respect the drivers and help them feel important to Daseke. And the chatter about it internally has been very positive.

It's very easy for a driver in their challenging job to find something to complain about; that they had to wait too long for a load and they just had a tough night or a tough day with traffic and so they're at a truck stop or they're back at their terminal. They can find something to complain about.

But we've given drivers something to feel good about and to talk in a positive way about. And that's why I'm excited about the program for the Daseke family and excited for the drivers that drive for us. This is a very positive signal to them that they are truly respected and appreciated at Daseke.

Operator

Barry Haimes, Sage Asset Management.

Barry Haimes - *Sage Asset Management - Analyst*

First one, I wondered if you could give a little update. We know that spot pricing is up, but I wonder if you could give a little update on what you see on contract pricing and maybe just a range of where contract renewals are turning over.

And then some sense for the volume that you're seeing and are you able to handle it or are you seeing some spillage into the brokerage side? I'll start with that; I have one or two more quick ones.

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Yes, I would say that we'll talk about more specifics as it relates to hard numbers on our earnings call for the second quarter. But in general, our experience has been very similar to what you've read and the overall press coverage and analyst reports about anticipated pricing and volumes.

We, like most analysts and economists, believe that for a contract carrier like us, this is a back half of the year, the last two quarters, where we'll see most of the actual improvement take place.

But there are certainly demands and certain verticals. We're different than most and we participate in so many different verticals. We will see uptick in certain verticals as opposed to others and we are clearly seeing some strong demand in certain verticals, very strong.

Barry Haimes - *Sage Asset Management - Analyst*

One follow-up on the driver stock plan; I know it's early days but are you seeing any differences yet either in reduced turnover or a greater response to recruiting efforts or ads that you might run?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

It's too early to really give any statistics on turnover. That's an ongoing process of doing everything to retain drivers. Just anecdotally, the recruiting manager at Steelman had a number of calls yesterday from prospective drivers once the announcement was made that they're part of the Daseke family.

That's just anecdotally but that happened that day and because the press release went out first thing yesterday morning. I think we would hope over the long term that driving for Daseke is a priority for the best drivers, and we want the best Companies to be interested in joining us and we want the best long term customers to be interested in using our services.

We want to be the carrier of choice with drivers, with customers and families that might be interested in selling their Company to Daseke.

Operator

Tony Kamin of Eastwood Partners.

Tony Kamin - *Eastwood Partners - Analyst*

I believe around the time of your emergence as a public Company in one of your corollary materials, you had a blinded list of potential acquisitions. And I'm curious, I'm assuming that the three acquisitions you've done might have been on that list.

I'm curious now, in terms of your future pipeline, have you been able to replenish and/or continue to expand the potential acquisition pipeline?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

The answer is yes to both of those questions. We find our acquisition pipeline to continue to be very robust, actionable and attractive.

Tony Kamin - *Eastwood Partners - Analyst*

Well, the pace so far, of the acquisitions is really exciting. And so would you -- do you believe you'll be able to continue on a steady clip here in terms of pacing of acquisitions?

Don Daseke - *Daseke Inc - President, CEO, Chairman*

Well, we obviously can't commit to something like that but our objective is to find great Companies that we feel like would be a great fit with Daseke and bring them on board at the appropriate time.

But we believe that our pipeline is such that we should be able to continue to do that.

Operator

Steven Ralston of Zacks.

Steven Ralston - *Zacks SCR - Analyst*

Just to see if I have the right perspective in looking at your target for $140 million in pro forma EBITDA for 2017, it appears that the three acquisitions have basically gotten you half way to that mark. Is that correct?

Unidentified Company Representative

Approximately, yes.

Steven Ralston - *Zacks SCR - Analyst*

Approximately? In that $140 million of EBITDA, what are your expectations for the organic growth to contribute to that?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

We stated that the organic growth was going to be moderate to strong based upon whatever we could see in the anticipated rate increases and other macroeconomic factors were taking place, largely focused on the back half of the year. And we believe that organic growth will be a significant component of our achieving that amount.

Steven Ralston - *Zacks SCR - Analyst*

Can you give me a range? Low single digits, mid single digits, high single digits?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Well, we had -- in 2016's EBITDA, actual was 88 and we have had a range of--

Unidentified Company Representative

The range hasn't changed [yet].

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

--and we still believe that we will be in that range.

Steven Ralston - *Zacks SCR - Analyst*

Thank you. In the most recent acquisitions, you've acquired significant warehousing operations, another vertical. What are the challenges and opportunities there?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

We haven't encountered any challenges as yet. It is mostly a plethora of opportunities to continue to provide these services to our industrial customers. As production comes off the end of a manufacturing line, there's not always necessarily a ready home for that product.

But it's still maybe more efficient to continue to produce on that line but need a place to warehouse it for some point in time until it's ready to be distributed.

The difference for us is this is really big, heavy industrial output, and it takes a very different type of warehousing and capability to be able to handle that type of product. We are just in the infancy of beginning to understand how we can expand that to our existing customers and others as well.

And we're currently focused on the customers that we currently have and providing the best possible service to them.

Operator

(Operator Instructions)

John Larkin of Stifel.

John Larkin - *Stifel - Analyst*

Just wanted to get perhaps a little bit of background on Jim Towery. I got the impression that he might not have been the founder of Steelman but more of a professional executive that was brought on later. But maybe I misinterpreted your comments. It'd be great to get a little background on Jim.

And then also, any background on the difference between Steelman and Group One in terms of different market focus and different service offerings between the two.

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Jim Towery acquired Steelman, and I'm going to let somebody with the facts correct me, but I believe he acquired it in 1991 and it was Steelman Transportation at the time. And he and his partner, Brett Sheets, who's focused on the operations side, built that for some period of time into what you see today.

No, Jim was not the actual founder but given his length of ownership and his involvement and he's very much a professional businessman and focuses on the business side and Brett is very much a really strong hands-on operator. And so the two of them make a very, very strong team that we're very, very pleased to have with us.

And Steelman, focuses largely on heavy haul moves and they a lot of flatbed as well but a lot of heavy haul. There's a lot of brokerage operations that take place, there's a lot of asset light revenues.

And Group One is more of a more specialized division around powersports and some very specialized applications around powersports and also does some drive away business as well, which is unique to Daseke which is something we'd like to see if there's a possibility for expansion of that type of service offering for our customers as well.

And then, Group One is a group that we feel we'd like to get working with Big Freight Systems to see what opportunities are on the powersports space.

John Larkin - *Stifel - Analyst*

You did mention that you're anticipating contract rate increases in the second-half of this year. Traditionally you begin to see a little bit of a fade in demand in the second-half of the year.

Is it possible that those contract rate increases might not occur until some time around February, March, April of next year or have you been getting good signaling from the customers that perhaps those will be forthcoming here very shortly?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

I would say that we are continually renewing and revising our rate structures with our customers as they naturally roll-over the contracted rates that we have. And so, it is not as seasonal as one might expect as it relates to the base rate which we charge our customers.

And so, I think that our contract rates will reflect the freight environment at the time. There may be a little more front loading in the back-half of Q1; but, it's not 50% or something like that. It's more evenly spread throughout the year. And yes, in our business, the preponderance of our earnings are typically in Q2 and Q3 and less so in Q4 and Q1. And that's the cycle in the open deck business.

Operator

Graham Tanaka of Tanaka Capital.

Graham Tanaka - *Tanaka Capital Management - Analyst*

Just wondering what your long-term business model would be? I understand the acquisitions report and just wondering if you have a long-term growth model in terms of what percent to expect from organic versus acquisitions? And then, more importantly, sort of the return on capital or return on equity if you have operating margins or net income margin goals?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Well we certainly have a long-term plan; we haven't elucidated it publicly. But I would say that the near-term plan has been that we feel that there's a great deal of opportunity to continue doing what you have seen us do historically. At some point in the far distant future, that may or may not make sense.

But right now, for the foreseeable future and as we've been pretty clear that through 2019 --and I know that's a long time horizon for investors but not long-term vision in terms of Daseke -- but through 2019, we will believe you should see us continue to execute very similarly to what we have done in the past.

As John Larkin alluded to on this MercuryGate installation, we would hope to see some greater organic growth as a result of having better technology with which to execute and on that growth end, to service our customers.

John Michell - *Daseke Inc - VP Finance*

But I think what we have right now is the opportunity to grow through what we view as a very low-risk strategy. So you could grow organically. You could buy a bunch of trucks and trailers. And go out and try to get new customers and grow that business. Or we can use that capital as these high-quality operators have long histories in the business, long relationships with these customers.

And each time we do these acquisitions and they join the Daseke family, we don't lose the customers, we don't lose the drivers, and we don't lose the management team. And so, we view it as a very low-risk strategy to continue what's been a very impressive growth rate.

And so now, that's the opportunity that we have. It's the pipeline we've developed over the last couple years. And as a public Company, we have the capital to go out and do that.

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

As it relates to margins, yes, we believe there are certain margins that are appropriate. But you will see that fluctuate and it may be a little difficult to discern. But I believe it should be interpreted in the light of an asset-heavy versus asset-light mix. And obviously an asset-lighter Company would have lower margins and an asset-heavier Company would have higher margins prototypically.

And it would also depend upon our freight mix as it relates to what verticals we're operating in at a certain period in time. As we grow the business, you will see that fluctuate. But we absolutely, unequivocally had target rates for all of the metrics that you can imagine and probably a couple of hundred others that are purely operational that would not necessarily typically be visible to the investing public.

Graham Tanaka - *Tanaka Capital Management - Analyst*

Well I guess maybe the bottom line that I'm just wondering if you feel the Company will be valued on an EBITDA multiple basis or will you have support net income and earnings per share so it'll be valued on an earnings per share basis?

Scott Wheeler - *Daseke Inc - EVP, CFO, Director*

Our belief is and far be it for me to tell you how to value our Company, our belief is, frankly, the only metric that is really appropriate at the current time would be EBITDA because there is a certain amount of things in our net income that you would really have to drill down to understand.

For example, the tax number that's stated is not the cash taxes that we pay. We have a great deal of step-up in depreciation and amortization as relates to purchase accounting. And you would also, if we happen to bring on companies that were very heavy in operating leases that might have some impact on certain ways of looking at the business.

Other things that would affect our business is we've been very active in the capital markets. There are certainly a lot of charges that are in those capital markets and things related to that that would tend to cloud the view of the operations of the Company by merely looking at net income.

And so we think the one metric that gives you the clearest view of what's happening at the Company overall in the period of time is most likely EBITDA.

Operator

Thank you. At this time, I'd like to turn the call back to Mr. Daseke for closing remarks.

Don Daseke - *Daseke Inc - President, CEO, Chairman*

I want to thank all of you for being part of our acquisition call.

We're very excited that The Steelman Company has joined the Daseke family and we're excited to share the good news with all of you. If you have further questions, please contact us and particularly Scott, or John, or Angie, or myself, we'd be happy to answer those questions for you. And thank you for interest in what we believe is our exciting Company.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may now disconnect. Everyone, have a great day.
