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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Daseke, Incorporated Second Quarter 2017 Conference Call. (Operator Instructions) As a reminder, today's conference 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 Maher DeBusk - *Halliburton Investor Relations - President*

Good morning, everyone. Thank you for joining us today on Daseke's Second Quarter 2017 Earnings Conference Call.

On Slide 1, this presentation today 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 a 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, or GAAP, including adjusted EBITDA. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures are included in the appendix to the investor presentation and press release issued this morning, both of which are available in the Investors tab of the Daseke website, www.daseke.com.

In addition to being in the flatbed specialized trucking business, Daseke is in the business of acquiring other flatbed specialized carriers to join Daseke. Therefore, investors in Daseke's stock should assume Daseke is always evaluating, negotiating and performing due diligence on potential acquisitions.

Furthermore, Daseke has never executed a binding contract for any acquisition until the closing date. This practice enables Daseke to perform due diligence until the closing date without any contractual obligation to close the acquisition transaction. Once the acquisition is closed Daseke will issue a press release and make any requisite filings with the SEC.

On Slide 2, on this morning's conference call Don Daseke, President, Chief Executive Officer and Chairman of the company, will discuss the company's consolidation strategy and outlook. Scott Wheeler, Executive Vice President, Chief Financial Officer and Director, will discuss in more detail the company's second quarter financial results and recent acquisitions. Also on 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 R. Daseke *- Daseke, Inc. - Founder, Chairman, CEO and President*

Thank you, Geralyn. Good morning. I'm Don Daseke, President and CEO of Daseke. On behalf of all the people at 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 3 key areas: one, executing on our consolidation strategy; two, improvements in operating results; and, three, a reaffirmation of our expectation to reach $140 million in pro forma adjusted EBITDA by year-end.

Moving to Slide 4, Daseke is a leading consolidator of the $133 billion open-deck, specialized transportation and logistics market, and the largest equipment owner within that market. Despite our size, we represent less than 1% of this highly fragmented market. This denotes what we believe to be a massive opportunity for growth.

Our operations focus on the transportation and logistics of industrial output on behalf of major industrial manufacturers across North America. Daseke has a highly diversified customer base and many of our largest and longest-standing relationships are with Fortune 500 companies for whom we transport heavy, cumbersome, high-value and time-sensitive cargo.

Between 2009 and 2016 Daseke acquired and integrated 9 open-deck specialized companies and grew revenue from $30 million to $652 million. On February 27 of this year we entered the public market, with the stated goal of having strong access to more efficient capital to continue our consolidation strategy of this very fragmented market.

Since going public, Daseke has executed this strategy with vigor, closing on 3 acquisitions to date in 2017. I'll now go over some highlights of these 3 great companies we're proud to now call part of the Daseke family.

Turning to Slide 5, The Schilli Companies began operations in 1961 and are headquartered in Remington, Indiana, near Indianapolis. Schilli's strong presence in the Midwest adds a new dimension to Daseke's North American footprint. The company's services include open-deck and specialized transportation, with a strong, longstanding customer base in building materials.

Schilli added new revenue streams to Daseke in terms of industrial logistics, plus 800,000 square feet of industrial warehousing and distribution operations focused on freight and [moves] and open-deck and specialized equipment. These warehousing and distribution facilities are strategically located near core customer production sites in Indiana and Georgia. Schilli also provides export packaging in a free trade zone facility in Savannah, Georgia.

On Slide 6, Big Freight Systems began operations in 1948, and is headquartered in Steinbach, Manitoba, near Winnipeg. Big Freight represents Daseke's first Canadian-based company and Canadian operating authority, and is already providing greater efficiencies to Daseke in the movement of cross-border freight.

Big Freight also opened an entirely new market for Daseke in power sports vehicles, along with roughly 300,000 square feet of operating space for warehousing and distribution, plus industrial logistics.

We're also proud to say that Big Freight was recently honored by the Truck Load Carriers Association with the National Fleet Safety Award, a prestigious award recognizing Big Freight as one of the safest operators in North America. This is a testimony to their team and to the quality of the carriers that join Daseke.

Big Freight became part of the Daseke family on May 1, 2017, along with Schilli on that same date.

On Slide 7, effective July 1, The Steelman Companies were also added to the Daseke family, strategically expanding our geographical service areas, industry verticals and service offerings. Founded in 1991 and headquartered in Springfield, Missouri, 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 Carrier's Edge.

With primary operations hubs based in Western Missouri, the addition of Steelman fortified Daseke's depth of services and geographical footprint in the Midwest as well as expanding our capacity in industrial logistics, warehousing and distribution, and strengthening our presence in the power sports and heavy haul markets.

We're incredibly proud to have these 3 terrific companies as part of the Daseke family.

Turning to Slide 8, you'll get a sense of the growth to date resulting from our strategic plan. After giving pro forma effect to these 3 acquisitions we just discussed, Daseke's 2016 revenues and adjusted EBITDA would have been $818 million and $108 million, a 25% increase and 22% increase, respectively, as compared to the actual 2016 results.

We see more growth in the future with a robust pipeline of strong acquisition opportunities.

With that, we remain confident in our ability to achieve 2017 pro forma adjusted EBITDA of $140 million.

Overall, I couldn't be more pleased that our clear message of consolidating the large and very fragmented flatbed and specialized market has been reinforced by our swift and meaningful actions since becoming a public company.

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

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Thank you, Don. Turning to Slide 9, I'm pleased to be with you this morning to present Daseke's financial results for the second quarter of 2017.

Moving to Slide 10, as of the end of the quarter Daseke had over 3,500 employees and over 3,500 tractors, including 729 owner-operators and operated from more than 70 locations.

For the first 6 months of the year, the company drove roughly 132 million miles and we continued to maintain $100 million in liability insurance coverage.

For the second quarter of 2017 the company's aggregate revenue was comprised of 47% from the Flatbed segment and 53% from the Specialized segment. In terms of our operating model, revenues were 64% asset-based and 36% asset-light. The asset-based operations ensure Daseke maintains high levels in certainty of service, while the added capability of asset-light operations allows us greater operating agility.

Through our recent acquisitions the Company has added logistics revenues and further diversified revenue streams through the warehousing of large industrial goods and distribution services.

As illustrated on Slide 11, Daseke continues to maintain a well-diversified revenue profile and our recent acquisitions have served to continue Daseke's model of revenue diversification with an increased variety of end user customers and end markets served. The acquisitions completed in the second quarter of 2017 did not meaningfully change our end market revenue mix, but overall we did show minor increases in building materials and heavy equipment as a percentage of the overall Daseke revenue.

Looking to Slide 12, our earnings for the second quarter met our expectations and both Specialized and Flatbed segments showed increased revenues and adjusted EBITDA, both year- over-year from the second quarter of 2016 to the second quarter of 2017, and also sequentially from the first quarter of 2017.

Overall, Daseke's adjusted EBITDA was $24.3 million in the second quarter of 2017 compared year-over-year to $25.2 million in the second quarter of 2016. Sequentially, adjusted EBITDA increased quarter-to-quarter by $6.7 million from the first quarter of 2017 to the second quarter of 2017.

Excluding the 2017 acquisitions, adjusted EBITDA grew 31.2% from the first quarter of 2017 to the second quarter of 2017. In 2016 that same first-quarter-to-second-quarter adjusted EBITDA growth was 10.9%. Therefore, our 2017 sequential growth was greater than recent historical seasonality upticks.

Total revenue increased 15.8%, approximately $27 million year-over-year from the second quarter of 2016 to the second quarter of 2017. Of that $27 million increase, revenue from recent acquisitions was $19.4 million in the second quarter of 2017. So Daseke's revenues for the quarter were up, excluding those acquisitions.

Contrasting the increased revenue with the year-over-year decrease in the net results for the quarter, it should be noted that our bottom line in the second quarter of 2017 was impacted by a $2.2 million tax revision due to nondeductible permanent items such as driver per-diem transaction expenses and withdrawn IPO expense. It should be noted that this provision is not indicative of cash taxes.

To allow for comparability of the most recent quarter compared to prior quarters it should be recognized that there was an expected increase in expenses attributable to Daseke becoming a public company. Additionally, given the significant activity we're experiencing with companies joining the Daseke family, there have been higher costs in the prior period reported related to executing on the acquisition pipeline.

Nevertheless, the company achieved a year-over-year increase in our free cash flow of approximately $5 million, which is a 47% increase from the second quarter of 2017 versus the second quarter of 2016. This increase in free cash flow is largely driven by a reduction in actual net capital expenditures year-over-year. While capital expenditures are lower, we've continued to invest in the company's infrastructure to support the anticipated growth of Daseke.

Overall, the second quarter results are in line with our expectations and consistent with our full year targets disclosed in our proxy statement filed in February.

On Slide 13, looking at the results by segment, Daseke's Flatbed operations are having a strong year and have been improving each sequential quarter, with higher rate per mile and revenue per truck from the first quarter of 2017 to the second quarter of 2017, as well as year-over-year improvements from the second quarter of 2016 to the second quarter of 2017.

The Flatbed segment increased its rate per mile by $0.06, or 3.6% year-over-year compared to the second quarter of 2016 and 5.5% over sequential quarters from the first quarter of 2017.

Revenue per truck increased from $42,000 in the second quarter of 2016 to $42,900 in the second quarter of 2017.

Also of interest, this segment drove more miles with fewer trucks than the prior quarter, an indicator of higher utilization. Perhaps more indicative is the sequential increase in revenue per tractor from $36,700 in the fourth quarter of 2016 to $39,600 in the first quarter of 2017 to $42,900 in the second quarter of 2017.

It should be noted that Daseke's acquisitions year-to-date in 2017 were not in the Flatbed segment.

Turning to Slide 14, you can see that the Specialized segment also shows strong (inaudible) trends but has been slower to rebound than the robust Flatbed segment. The data on this slide includes the 2 acquisitions closed during the second quarter of 2017.

Within this segment, Specialized revenue per mile decreased 5% year-over-year from the second quarter of 2016, but increased 2.4% sequentially over the first quarter of 2017. Revenue per truck decreased year-over-year from $52,700 in the second quarter of 2016 to $49,100 in the second quarter of 2017. The change in revenue-related items can largely be attributed to lower revenue per unit of measured profiles at the two specialized companies acquired through the second quarter of 2017.

This segment drove roughly 6.7 million more miles in the second quarter of 2017 than the prior quarter, with 364 more trucks, with the increase primarily attributable to the second quarter's acquisitions. Of course the uniqueness of end markets within the Specialized segment will make these metrics more difficult to compare within quarters in which we have completed multiple acquisitions.

Moving to Slide 15, to help provide greater insight to comparability and trends we have shown the Specialized segment results without the inclusions of the 2 acquisitions completed in the second quarter of 2017. While the Specialized segment has lagged behind the Flatbed segment in terms of improvement, we do have strong indicators that make us feel confident about the remainder of 2017.

As you can see on Slide 15, excluding the 2 acquisitions closed in the second quarter of 2017, revenue per mile increased 0.5% year-over-year compared to the second quarter of 2016, and increased 8.4% sequentially from the first quarter of 2017.

A strong indication of the trends we are [witnessing] can be seen on the revenue per truck, about $53,500 in the second quarter of 2017, and increased both year-over-year from $52,700 in the second quarter of 2016, and sequentially from $45,900 in the fourth quarter of 2016 to $48,200 in the first quarter of '17, and then to the $53,500 in the second quarter of 2017. We believe this to be indicative that the market for freight that moves on specialized equipment has been strengthening, and we witnessed a significant pickup within the Specialized segment in June of 2017.

We have a general expectation that the demand for freight requiring specialized equipment tends to lag the demand for freight shipped on flatbed trailers, but follows generally the same trends. This dynamic thus far in 2017 seems to be proving this expectation and can be seen in our improving results, with an essentially flat number of trucks in the fleet.

Moving to Slide 16, we'll begin some discussion on Daseke's acquisitions to date in 2017.

On Slide 17, you'll see that since May 1, 2017, Daseke has acquired 3 operating companies that provide flatbed and specialized transportation and logistics services across the United States and Canada. As Don discussed earlier, these acquired companies are The Schilli Companies, Big Freight Systems, and most recently, The Steelman Companies.

The 3 acquisitions combined for a total 2016 estimated revenue of $165 million, of which an estimated 52% is asset-light or logistics-related, and $20 million of adjusted EBITDA. Please note that Steelman was not included in the second quarter 2017 results, as the transaction closed on July 1.

The average purchase multiple of the 3 2017 acquisitions was 5.4x 2016 adjusted EBITDA, with the multiple calculation taking into account the sum of cash consideration, stock consideration and the debt assumed for the acquired company.

To date, approximately 1 million shares of Daseke stock has been issued for the 3 subject acquisitions. For the most recent acquisition of The Steelman Companies, cash consideration was funded from cash on hand.

After giving effect to our 2017 acquisitions, 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.

Moving to Slide 18, Daseke's 2016 revenue and adjusted EBITDA would have been an estimated $818 million and $108 million, respectively, after giving pro forma effect to these mergers, a 25% and a 22% increase, respectively, as compared to actual 2016 results. Please note those increases do not take into account the potential synergies these companies will realize from Daseke's scale.

On Slide 19, combining the ability to realize continued organic growth opportunities from our previously acquired companies with what we view as a robust and actionable acquisition pipeline, we remain confident that we will be able to achieve the pro forma adjusted EBITDA target of $140 million for 2017.

Within that number our original guidance included an expectation or organic adjusted EBITDA of $95 million to $104 million. We reaffirm our expectations that we will be able to obtain this range with: one, the continued positive trends in the flatbed market and, two, the slower recovery of the Specialized segment through the first part of the second quarter and, three, the indicators of second-half improvement in the Specialized segment we have confidence our year-end adjusted EBITDA will meet expectations, but will most likely be within the low end of that range.

Our expectation for organic growth in the second half of 2017 is supported by leading industry metrics of the M&A activity necessary to reach the full $140 million of pro forma 2017 adjusted EBITDA, as supported by the aforementioned robust and actionable pipeline.

Turning to Slide 20, as of June 30, Daseke had $34.8 million of available cash on the balance sheet, which was reduced to $22.8 million following the July 1 acquisition of The Steelman Companies. The Company also had a $70 million undrawn revolving line of credit and $60 million of undrawn capacity on the delayed-draw term loan.

Today we will enter into preliminary discussions with our lenders seeking a temporary modification under the term loan to provide greater flexibility to access the $60 million of undrawn capital available under the delayed-draw facility.

Finally, on Slide 21 we will summarize some of the key takeaways of today's discussions.

We are executing on our consolidation strategy with 3 acquisitions to date in 2017, and we expect more in the pipeline.

We are seeking a temporary modification of our term loan to allow greater flexibility in accessing the capital we believe will allow us to continue executing on the consolidation plan presented in the proxy statement filed prior to Daseke becoming a public company.

The second quarter of 2017 yielded results consistent with our expectations. We continued to see a strength in the Flatbed segment, an improved overall industry environment in both Flatbed and Specialized and strong trend indicators for pickup in the Specialized segment that should bode well for the company's future operating performance in 2017.

Finally, we remain on track to achieve our 2017 pro forma adjusted EBITDA target of $140 million.

With that, I'll turn the call back over to Geralyn.

Geralyn Maher 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) Our first question is from Steve Dyer of Craig-Hallum.

Steven Lee Dyer - *Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst*

I just want to make sure I understand Slides 14 and 15 when you talk about the Specialized rates, with or without acquisitions. The way I'm reading this or understanding it that it would have performed a bit better had you not made the acquisitions. Is that right? Am I misconstruing what those 2 slides are meant to say?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

That is correct, Steve.

Steven Lee Dyer - *Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst*

Would you be willing to sort of dig into the dynamics of the acquisition, such that it actually made it less profitable kind of post? Is that just something that when you make a new acquisition there's some cost there? Or was there something in particular with these companies?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Well, the revenue profiles for those companies on a per-unit basis are lower than our existing specialized companies, and that would be one element thereof. They were also -- they experienced some of the same pressures in specialized that we experienced. And then oftentimes when we, in the very first portion of a company's life with Daseke, costs can go up very temporarily before they can begin to realize the synergies, as we adjust them to the life of being in a public company.

Steven Lee Dyer - *Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst*

Got it. Okay. Thank you. And then, as you continue to kind of look at the 2 segments, Flatbed and Specialized, is one seeing more strength versus the other kind of as we go into the second half? It seems like Specialized has lagged a little bit in bouncing back. How do you think about that in the second half of the year?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Yes. I apologize if that was not clear. Certainly Flatbed has been strong, and we continue to expect it to be strong. Specialized has lagged behind that, but as one of our CEOs like to say, "Flatbed hauls it into the plant and Specialized hauls it out of the plant." And we certainly hope to see that taking place. So the trends we're seeing in Specialized lead us to believe that we should see a very strong back half of the year in Specialized, as well as we all expect Flatbed to continue.

Steven Lee Dyer - *Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst*

Great. Thank you. Last one for me, just as it relates to the M&A environment. I know you're typically targeting companies that aren't necessarily for sale. But as the environment sort of improves are you seeing any change in seller expectations or valuations just as things get better?

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

This is Don. I don't think there's any significant change in seller expectations. This is a -- it's much more than price for companies to join the Daseke family. And so those discussions encompass all the different values that we offer. And, yes, we are largely focused on companies not for sale. And I think the expectations of the sellers are pretty consistent with what they've been in the past.

Operator

Our next question is from John Larkin of Stifel.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Just want to make a clarification. Scott, I believe it was you, maybe it was Don, who indicated that the adjusted EBITDA for each of the two segments, Flatbed and Specialized, was up year-over-year in the second quarter. However, adjusted EBITDA for the entire Daseke entity was down just a touch year over year. Could someone perhaps create a bridge to allow us to understand how both segments could be up, yet the overall was down? Was that all one-time related expenses? Or was there something else going on there?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Well, there's a few things going on there. You need to -- what I tried to allude to, perhaps I read it too fast, was that in 2017 we had natural expenses of being a public company that we did not have in 2016. So that would be a non-comparable piece of information. We also were very active in acquisitions in 2017, that we were not active in in the same period of 2016. So those were incremental expenses. And we had a tax provision that is somewhat unusual that took place in this quarter of about $2.2 million. And all 3 of those would combine to be non-comparable. That would help you bridge those gaps.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Do you have a total number for all 3 of those factors, Scott?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

No, but I believe we could pull that together for you.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Okay. So the tax was $2.2 million and the other 2 you can provide to us. Okay. The other thing that I noticed, and maybe the answer is the same, is that the adjusted operating ratios for both segments went up a little bit, whereas the percentage of business coming from asset-light operations went up. So I wasn't sure whether the OR went up because of these items, or the OR went up because of the increased activity in asset-light operations, which may carry a thinner margin but perhaps a higher return on invested capital.

John Michell - *Daseke, Inc. - Director of Finance*

John, yes, that's certainly some of it. You saw both brokerage and an increase in owner-operators in that second quarter of this year versus last year. So a portion of it is that and a portion of it is just incremental expenses, particularly on the Specialized side, as those companies got on-boarded.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Yes, it was just a little surprising, given the productivity per truck in terms of revenue-per-unit time was up so dramatically in both segments, and to see the OR up was just a little different than you might normally see. But I know you've got a lot of different activities taking place with the heightened level of M&A. The 5.4x average purchase price for the 3 acquisitions done in the second quarter and on the first day of the third quarter, is that about what you expected to pay? Or is that a touch more than you expected to pay? And is that because the acquired companies tended to have a higher percentage of asset-light/logistics operations?

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

Yes, John, to all of those questions. It's about what we expected. They do have a higher percentage of asset-light, and so that reflects a specific multiple. We kind of think that acquisitions will be in the 5.0 to 5.5 range going forward, as we did 6 months ago. And that really hasn't changed. But every one --

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John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

So no change there.

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

Every one will be a little different.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Got it. And then, any kind of an update on the development of the corporate team in terms of perhaps having a chief operating officer or some sort of regional structure? And then also an update on the technology program, the development of the MercuryGate-based system, how that's developing. Be great to have an update on that. The only concern, of course, that we hear back from investors is that management by a committee or a group of 12 presidents and maybe soon 15 or 20 presidents gets a little challenging from an administrative point of view, to get everybody to agree to the collaboration game plan going forward. So anything you can offer in terms of how you plan to manage the company and how the systems are being developed as you continue to add great acquisitions into the mix.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Those are really two kind of separate questions and I'll try and take them independently but then try and interrelate them. As we build the staff to manage the company, it's something that we do very much on an incremental basis as opposed to large chunks at a time. As we find a need and find the right talent to fit it, we will add it step by step as opposed to large leaps in overhead and infrastructure, something we believe we need to be very cognizant of. As it relates to managing the operations of the company, we do agree and do believe that there will need to be some level of management in between us and the individual operating company executives at some point in time. The exact moment in time and when we do that and how we will organize that is still under consideration. And we have certainly put our groups together regionally in the past and we've put them together by segment in the past. But certainly we will continue to evaluate. And regardless of what you see for the first step, I think, like most things at the management of Daseke, it would also continue to evolve. As it relates to the evolution of Daseke and its further integration and related to the freight management system that you discussed, we would expect that by the end of the third quarter that should be operational. We believe we have customers ready to deploy on the system. We are much further along than a month ago when we discussed this topic on a call. And so that's progressing very well. And we look forward to getting it into full production very soon.

Operator

Our next question is from Paul Penney of Northland Capital.

Paul Richard Penney - *Northland Capital Markets, Research Division - Senior Research Analyst*

Where are you seeing the best opportunities today in acquisitions, asset-light versus asset-heavy? And is there a noticeable difference in the expected acquisition multiples?

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

What we find, that the acquisitions, all acquisition prospects that we've been -- we have under a nondisclosure agreement are really partly asset-light and partly asset-friendly. There's not -- brokerage firms generally don't focus on just our niche of the transportation business. They're focused primarily on drive-in, which is the bulk of the transportation business. So every company would be a little different that we talk to. Schilli was not 100% (inaudible) asset-light. Steelman has a big asset-light percentage. And so some of the companies that we have nondisclosure agreements with are very heavily in asset-light and some in asset-heavy, and most of them in between. So there's not out there -- there's not just one kind of company that we look for. I think over time our percentage of asset-light will increase somewhat. We don't put a specific percentage objective out there for the public in the future, because it will depend on the timing of each acquisition we do. But we think it's really important from a customer standpoint that we have equipment. And we think it's really important from a customer standpoint and our standpoint that we have the flexibility of asset-light. We just attended -- we just had a shippers' conference where we had our major shippers from all around the country visit us, spend 3 days with us. And we consistently heard from shippers that they just loved the fact that we can assure shippers of service because of us having some assets. And that's really important to shippers, because there's some companies that they've used in the past that are asset-light that now fail to give them the capacity that they need when they need it. So I think we'll always be a blend of asset-heavy and asset-light.

Paul Richard Penney - *Northland Capital Markets, Research Division - Senior Research Analyst*

Great. Thanks, Don. One more. Going back to organic growth, there's been some very strong spot pricing dynamics of late, and especially in open-bed. Remind us how this correlates to contract pricing in the back half of '17 and '18, and the more specifics the better.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Well, I don't know how specific I can be, Paul. But I think the answer is is that we are a contract carrier, and we would lag behind spot price increases and therefore we should lag behind spot price decreases as well and stay higher. And so we have seen that trend and basically what we have seen as spot pricing we have seen pickup in rates a few months behind what we've seen as pickup in spot. And we would expect to see that trend continue. We believe and somewhat based upon some information that we heard at our shippers' conference from our shippers this week, that it should be a more favorable rate environment for flatbed shippers -- even though it has been, we believe it will continue to be into the back half of '17 and into 2018. On the heels of it, if you can think of 3 phases: phase one is spot rates increase; two, it's flatbed rate increase; and the third would be specialized rate increase is what we would typically expect. And we believe that's what we are seeing.

John Michell - *Daseke, Inc. - Director of Finance*

Yes, Paul, I think the other thing you've seen is a shift in the tone from the shippers. And the conversations have kind of shifted from, "How much money, how can we cut costs, how much money can you save me, how can we cut costs," to "Let's talk about capacity and let's talk about my needs over the next 12-to-18 months." And so we feel pretty confident that, just based on those discussions, the different tone of the conversation with the shippers, that what you're seeing in the spot market is beginning to translate into those contract conversations.

Operator

Our next question is from Jason Seidl of Cowen.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Scott, piggybacking off what John was talking about, when you break out those costs that you were talking about getting, can you make sure you break them out on an individual level? Because something like a public company cost is going to be considered sort of ongoing by the investment community, when something like the acquisition cost is going to fluctuate wildly and also be taken out of some people's models going forward. So that would be helpful to us. Also you reiterated, I think, your organic EBITDA growth range for the end of the year and said you'll be at the low end of the range. What should we expect from the EBITDA from the companies that you have acquired? If you can give us a range that might be helpful.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

I don't know that I have that number off the top of my head, Jason.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Okay. Also, talking a little bit -- obviously you're very heavy contract. Could you remind us how -- what percentage of your business is rolling over in the back half of the year and what percent rolls over in the first half of next year?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

You know, I don't know that specifically either. But kind of anecdotally only, it's roughly -- it's not exactly 1/12 per month and it's a little heavier in the first half than the back half. But it's not significant one way or the other. We have certainly had some shippers come to us and ask to renew early, for a modest price increase, as we believe they are trying to guard themselves against potential much larger price increases at the actual time of the contract.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

And so I'm assuming it's on a case-by-case basis, but as a majority you're probably not anxious to renew at modest increases if they're coming to you now.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Correct.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Well, I figured that but I had to ask it. I guess the other thing, when you're talking a lot about sort of the brokerage part of your business, and you don't do a lot of it now, talk about any opportunity for you there. And I'm assuming the bulk of the brokerage is going to be flatbed brokerage as opposed to any types, like dry van or reefer or anything like that.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Yes. It's all -- I would say it's flatbed and specialized and not dry van or reefer. We just don't really play in those markets. And we like to stick to what we know, and when we do broker we like to do that with companies we know. And the vast majority of our brokerage today goes to less than 200 carriers. So are focused on people that we can rely on and verify and trust.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

And do you think those brokerage opportunities increase the more companies that you guys get under the Daseke umbrella?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Absolutely. We certainly hope so. Yes. That's certainly part of the plan. And it's also part of the technology infrastructure that we are putting in, to be able to accentuate and accelerate that component of our revenue.

Operator

Our next question is from Steven Ralston of Zacks.

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

The two major investment tenets on Daseke's first year implementation of your consolidation strategy was your target of adjusted EBITDA of $140 million and the second one is the strengthening open-deck trucking market. The numbers reported show that the market is strengthening and we see it from other places, your improvement rate in per mile, revenue per truck, et cetera. Also your purchased freight increasing faster than the changing freight revenues as a whole. But to get into the confirmation towards the $140 million adjusted EBITDA target, I didn't see it, I don't know if you can give it to me, is that you give us an adjusted -- a pro forma adjusted EBITDA number for 2016, where we can try to project to the $140 million. Could you relay the pro forma adjusted EBITDA accounting for the 3 acquisitions for the first quarter and the second quarter of 2017?

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

The EBITDA target for the end of the year, or for 2017, we have reconfirmed would include the companies we owned in 2016, the 3 acquisitions we've made thus far in '17, and the companies yet to be acquired in 2017, all contribute to that $140 million number. So.

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

Correct. But I'm trying to see the progress towards that goal. And in looking at the first quarter and the second quarter of 2017 -- for example, for the second quarter your adjusted EBITDA is $24.3 million. But that's not a pro forma adjusted EBITDA for the second quarter.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Correct. (inaudible)

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

It doesn't account for The Steelman Companies.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

No.

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

What would that number be on a pro forma basis?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Let me jump in on a couple of things. How we go forward to achieve the $140 million -- remember this is a pro forma, as if these companies had been with us for the entirety of 2017. So if you're looking for a "GAAP EBITDA" we would not be able to provide that, because we can't be certain of the timing of when acquisitions will or will not take place. And so that portion of the program we just would not be able to supply to you on any -- now, a couple of the analysts have certainly done their best to estimate when they think those acquisitions would take place. But neither they nor we can be certain as to when they take place. And then secondly, we do not disclose the results of operations of any individual operating company. We report in 2 reportable segments only.

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

Understood. Maybe I'm not relating the question properly. In my model I'm trying to show the pro forma adjusted EBITDA in each quarter going forward in order to total $140 million for the year. The numbers that you provide for the quarters in 2017 are not the pro forma numbers. They're the actual.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

That's correct.

Steven Ralston - *Zacks Investment Research, Inc. - Senior Special Situations Analyst*

And I can't gauge how much the acquisitions have added to the pro forma EBITDA in the first and second quarter in order to get towards the $140 million.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

We have tried to give you a little bit of guidance towards that by saying what the incremental EBITDA was from these new acquisitions, as if they had been with us for the entirety of 2016. I think those numbers are out there. And that's the way we've tried to help you with some of those numbers. So those numbers that are in there for 2016 -- they're clearly differentiated between Daseke prior to the 3 acquisitions and Daseke post 3 acquisitions -- should give you a pretty good guidepost as to how far along we are on that pro forma scale. And so generally, pro forma back to 2016 through the second quarter that would put us at about $108 million.

Operator

Our next question is from Barry Haimes of Sage Asset Management.

Barry George Haimes - *Sage Asset Management, LLC - Managing Partner and Portfolio Manager*

I had one follow-up question on the contract pricing. Could you give us a flavor or a range perhaps of over the last month or two where you have renewed a contract, what's the range, percent increase, from prior that you're getting? Mid-single digit, high or low, just some flavor for on actual renewals what you're seeing in the market right now.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

John, could you quote the rate-per-mile increase in second quarter over second quarter or sequentially? I think we had it.

John Michell - *Daseke, Inc. - Director of Finance*

From the first quarter overall is (inaudible). But anywhere from -- every contract there's more than just what the rate per mile is. There's this concept of high-quality freight. Right? How much downtime there is, how much volume they give us, et cetera, et cetera. I would say that we've certainly seen in flatbed low single digits and we've seen others that have been in the mid single digits and some that -- it really depends on when that's contract is renewing and who that contract is with. It's certainly not what you saw -- you're still seeing market dynamics in which there are much more available loads than trucks out there in the flatbeds so you're seeing higher rate increases in there. In Specialized it's much more dependent on what the freight is and who it's with and where it's going.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

And I would say sequentially second quarter over first quarter Specialized was up about 2.5% per mile and Flatbed was up about 5.5% per mile, sequentially quarter-over- quarter.

Operator

(Operator Instructions) Next question is from John Larkin with Stifel.

John Griffith Larkin - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD and Head of Transportation Capital Markets Research*

Just one follow-on with respect to the rollout of the new MercuryGate-based technology system, so that all the companies can see everyone else's trucks and also everyone else's loads which has, it seems to me, great potential for reducing empty miles. Do you have a just rough sense for the overall empty-mile percentage as a percentage of total across the whole system? And do you have any operating targets that would, as a result of the implementation of this system, perhaps result in a lower empty-mile ratio, say, 6 months out, 12 months out, 18 months out? Is it possible to take 100 basis points, 200, 300 basis points off that empty-mile ratio as a result of this system that is in the process of being rolled out?

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

I think it will depend largely upon the adoption of which customers are running through this system as opposed to any other metric. And let me over-explain why. There is a clear correlation in the Flatbed side between non-revenue-producing miles, but not so much on the specialized side. The specialized side, where by nature much of our freight is one-way and 50% deadhead and therefore it's built into one overall rate. It's very difficult to use that in an overall metric. But certainly we have this and other initiatives underway that we believe should dramatically impact our utilization rates, including non-revenue-producing miles, through both MercuryGate and other technology applications that we're working on. MercuryGate would be very much a large national-scale operation, but we are also looking at it both regionally and locally as well as to how we can continue to improve that metric. So to give you a gross number would be very difficult, because I can't really predict at this point what the mix between flat and specialized will be. And specialized is just such a unique animal that it's very difficult.

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

And one additional comment is that we've historically made our freight network efficient by taking loads that fit our traffic lanes. And then loads that don't fit our traffic lanes we use our operators or broker out. So that the (inaudible) have a high efficiency in our network. So that's the primary way that we build efficiency in our network, is by focusing on traffic lanes where we have the freight going from place to place that we can use our company-owned trucks. So for a major customer, for example, we will not even bid or accept freight on other traffic lanes that don't fit us today. Now, as part of the implementation of a freight management system, we may increase that freight that we accept on our network because we will be able to broker that out efficiently. But as of today we don't accept freight that doesn't fit us, as far as our traffic lanes. So the implementation of a freight management system is not to -- the primary benefit will not to be -- will be to not reduce our deadhead, but will enable us to say yes to more freight from our customers today.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

I would agree with that. Like Don said, the more efficiency related to our non-revenue-producing miles will take place much more regionally at first than it will nationally.

Operator

Also have a follow-up from Jason Seidl of Cowen.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

One quick follow-up here. Wanted to touch a little bit on the drivers. Always admired how you treat your drivers obviously, with the business cards and now with the stock. Talk a little bit about your driver retention and how that has trended. Have you seen an impact from giving these guys stock, which I realize is not a big number for the company in general, but is more like how they fit within the Daseke family. I would love to hear some commentary from you about that.

R. Scott Wheeler - *Daseke, Inc. - CFO, EVP and Director*

Generally, I think it's too early to have any empirical evidence as to how well it's working. All we have is the feel, the emotional feedback we get from people about how positive they feel about it, how appreciated they feel, the respect they feel. And we just -- as you know, we were just at our annual conference that includes not only our personnel, but also people from our key suppliers and vendors and our customers. And we also include in that, when we talk about our personnel, we include about our drivers. And we had several drivers who participated in that conference. And the feedback from those people was incredible. So all we have for evidence to date is merely what people have said. We just don't have the empirical evidence -- as yet.

Operator

Thank you. This ends the Q&A portion of today's conference. I would like to turn the conference over to Mr. Daseke for any closing remarks.

Don R. Daseke - *Daseke, Inc. - Founder, Chairman, CEO and President*

Again, we thank you all for your interest in our company. We're very proud of our company, what we've done to date. And we're very excited about the future. So thanks again for your listening to us. And if you have any other question, please let us know and we'll be happy to be of service to you. Thank you, again.

Operator

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