



TRANSPORT · LOGISTICS · SUPPLY CHAIN

FIRST QUARTER

2015

This Industry Practice Group was established to draw on the experience of CFA dealmakers, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Transportation M&A

M&A activity for North American based target companies in the Transportation and Logistics sector for Q4 2014 included 40 closed deals according to data published by industry data tracker FactSet, with an average enterprise value of \$565.46 million.

Transactional Overview

Notable closed transactions for the period in the transportation and logistics sector include:

November 2014 - Mullen Group Ltd acquired Gardewine Group Inc., a portfolio company of TriWest Capital Management Corp, for CAD172 million (US\$153.2 million) in cash. Mullen Group Ltd. provides freight trucking, management, and oil field services through its subsidiaries. The Gardewine Group, Inc. provides a variety of transportation services. It is comprised of six distinct transportation organizations, namely: Gardewine North, Northern Cartage, Northern Bulk, Northern Deck, Northern Parcel and Northern Logistics.

October 2014 - Celadon Group Inc. acquired A&S Services Group LLC, a portfolio company of LMP Management Group Inc., for US\$55 million. A&S Services Group LLC provides trucking, warehousing and logistics services. The company's core business function traditionally revolved around offering expedited transport of raw materials and finished products for Fortune 500 manufacturers and distributors throughout the northeast and mid-Atlantic United States. Celadon Group, Inc. is a dry van truckload carrier, which transports full trailer loads of freight from origin to destination without intermediate stops or handling.

October 2014 - Knight Transportation Inc. acquired Barr-Nunn Transportation Inc. from Barr-Nunn Enterprises Ltd for US\$115.9 million in cash and contingent payment. Barr-Nunn Transportation, Inc. provides transportation, logistic, and shipping services. Knight Transportation, Inc. provides multiple truckload transportation services, which involves the movement of full trailer or container loads of freight from origin to destination for a single customer.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

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For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

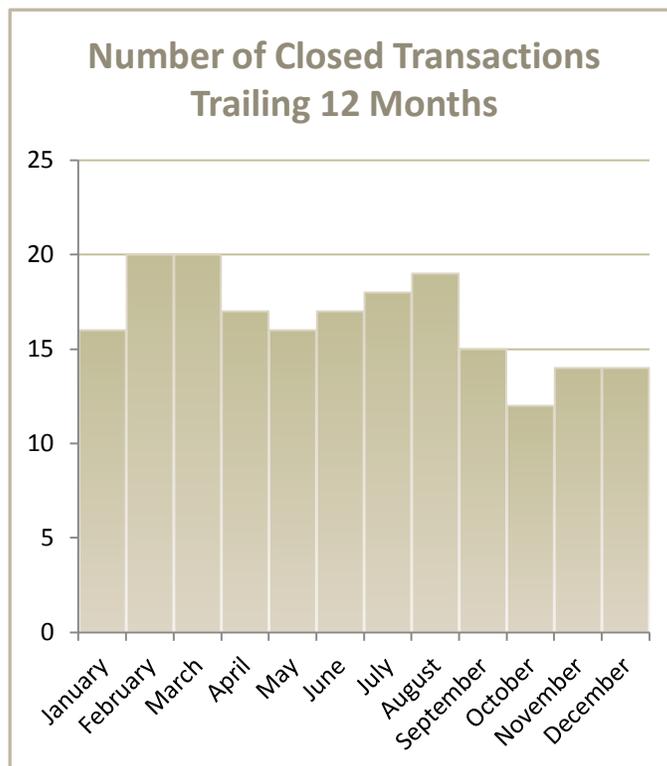
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Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
Don Cameron & Associates, Inc.	Radiant Logistics, Inc.
GENCO Distribution System, Inc.	FedEx Corp.
Vanguard Global Services, Inc.	Canada Cartage
Charter Brokerage LLC	Berkshire Hathaway, Inc.
Gardewine Group, Inc.	Mullen Group Ltd.
Logistics Management Solutions LLC	Transplace, Inc.
A&S Services Group LLC	Celadon Group, Inc.
Barr-Nunn Transportation, Inc.	Knight Transportation, Inc.

Industry Dynamics

M&A activity in the transportation and logistics sector was driven by an increase in trucking deals as larger companies looked to increase market share. Consolidation is being driven by overcapacity in shipping as larger players attempt to reduce competition and create more efficient economies of scale. Looking ahead to 2015, a decline in fuel costs could result in improved profitability and spark increased M&A activity.

According to First Research, an industry research organization, with plummeting crude oil prices driving diesel prices lower, operating costs at trucking companies are falling dramatically. Retail diesel prices in the US, which averaged \$3.82 in 2014, hit a four-year low at the end of the year. Prices are expected to average only \$3.07 per gallon in 2015, which could result in diesel surcharge savings of as much as \$24 billion, according to Bloomberg. Reducing surcharges should free up trucking companies to raise shipping rates, which would help them cover rising salary and health care costs.



High levels of warehouse absorption in the US indicate an increased demand for warehouse space, driven by growing e-commerce activities. More than 160 of the 210 largest US warehouse markets showed positive net absorption - an increase in the amount of warehouse space occupied - in 2013 versus 2012. Overall in those markets, 162.6 million square feet of warehouse space was occupied in 2013, an increase of nearly 40 percent from 2012, according to CoStar. Much of the demand for warehouse space is directly related to e-commerce, a sector that's growing globally by about 20 percent annually.

- The average US retail price for diesel and regular gas, a major operating cost for trucking fleets, fell 27.8 percent and 32.3 percent, respectively, in the week ending February 23, 2015, compared to the same week in 2014.
- Total US manufacturers' shipments, an indicator of demand for warehousing and storage facilities and services, rose 2.3 percent year-to-date in December 2014 compared to the same period in 2013.
- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, rose 2.3 percent year-to-date in December 2014 compared to the same period in 2013.
- The output of US truck transportation is forecast to grow at an annual compounded rate of 5 percent between 2014 and 2018.
- The output of US warehousing and storage services is forecast to grow at an annual compounded rate of 4 percent between 2014 and 2018.

Transport, Logistics and Supply Chain Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Transport, Logistics and Supply Chain Practice Group provides M&A advice to public and private companies in all sectors of the transportation, logistics and supply chain industries, including international freight forwarders, warehouse management technology and both domestic and international 3PL operations. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

