

TRANSPORT · LOGISTICS · SUPPLY CHAIN

SECOND QUARTER

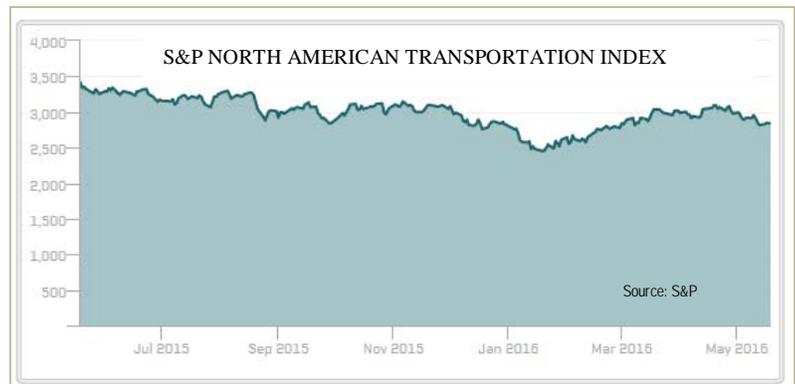
2016

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 Q1 2016 included 36 closed deals, according to data published by industry data tracker FactSet. The average transaction value was \$93 million.

The big news of the quarter was the sale of Long Beach Calif.-based non asset-based third-party logistics (3PL) services provider UTi Worldwide to Denmark-based global 3PL DSV for \$1.35 billion and \$7.10 per share. UTI has 310 offices and 230 logistics centers in 50 countries.



Following the macro market trends, the transportation sector started out 2016 with a decline on the public markets but gained steam as the quarter closed.

Transactional Overview

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

January 2016 - Atlas Air Worldwide Holdings, Inc. acquired Southern Air Holdings Inc., a portfolio company of Oak Hill Capital Management LLC, for US\$110 million in cash, subject to customary working capital and other adjustments. Atlas Air Worldwide Holdings, Inc. is a holding company, which is a global provider of outsourced aircraft and aviation operating services. Southern Air Holdings, Inc. provides air cargo charter and aviation solutions.

January 2016 - Momentum Transportation USA Inc., subsidiary of Landstar Global Logistics Inc. acquired Get Fr8 Inc. for an undisclosed amount. The transaction enhances Momentum Transportation USA Inc's portfolio of freight service offerings in overseas markets and expands its global presence. Momentum Transportation USA, Inc. provides transportation and logistics services. Get Fr8, Inc. operates as a logistics firm specializes in intermodal freight.



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March 2016 - Kerry Logistics acquired KLN Investment for US\$87.9 million. Kerry Logistics Network is a listed company engaged in third party logistics, freight services, warehouse operations, and supply chain solutions. KLN Investment (US) LLC through its subsidiaries offers ocean freight, air freight, trucking, customs broker, logistics, and warehousing services.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
M&S Shipping Ltd.	CV International, Inc.
Get Fr8, Inc.	Momentum Transportation USA, Inc.
Logistadvise, Inc.	Transervice Logistics, Inc.
Ryan Snyder Associates LLC	The Transpo Group, Inc.
Southern Air Holdings, Inc.	Atlas Air Worldwide Holdings, Inc.
Alliance Supply Management Ltd.	H.I.G. Capital LLC ; Ship Supply
Advanced Distribution Services LLC	Wind Point Advisors LLC; Dicom Tran
CRSA Logistics Ltd.	Overseas Express Consolidators Inc.

Industry Update

A growing number of technology companies in the US are setting their sights on streamlining the local trucking industry. Similar to the popular ride-sharing app Uber, new on-demand trucking services connect shippers and local truckers through smartphone apps. By eliminating broker fees and reducing carriers' reliance on phone conversations, faxes, and emails, such services promise to reduce administrative costs for carriers and make it easier for shippers to quickly find trucks and track shipments on their smartphones. Two companies offering on-demand local trucking apps, Cargomatic and Convoy, have already raised significant funding that should help them expand operations. Cargomatic, which operates in California and New York, raised \$8 million in Series A funding in 2015; Convoy, which currently operates in Oregon and Washington, raised \$16 million in Series A funding in March 2016.

Demand for logistics facilities is expected to remain strong during 2016, possibly driving up warehouse rental rates. Global demand is up, according to a recent survey from JLL Americas, which features the opinions of 650 JLL logistics real estate experts across three regions: the Americas, Asia/Pacific, and EMEA. Global demand will continue to exceed supply of industrial real estate during the first six months of 2016. The Americas are predicted to remain slightly undersupplied while EMEA is expected to approach market equilibrium. Supply is expected to increase in the Asia/Pacific region as new projects come online. Rents are expected to grow the most in Asia/Pacific and EMEA during the first half of 2016.

Industry Indicators

- The average US retail price for diesel and regular gas, a major operating cost for less-than-truckload carrier fleets, fell 20.9% and 18.3%, respectively, in the week ending May 16, 2016, compared to the same week in 2015.
- Total US revenue for general freight trucking, which includes less-than-truckload carriers, fell 1.9% in the fourth quarter of 2015 compared to the previous year.
- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, fell 2.2% year-to-date in March 2016 compared to the same period in 2015.

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.

