

TRANSPORT · LOGISTICS · SUPPLY CHAIN

FIRST QUARTER

2019

The Transport, Logistics & Supply Chain Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Transport, Logistics & Supply Chain category. 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 2018 included 43 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in November when SP Plus Corp acquired Baggage Airline Guest Services, Inc., trading as Bags, Inc., for US\$275 million in cash. SP Plus Corp. provides professional parking, ground transportation, facility maintenance, security, event logistics and baggage handling and related services to commercial, institutional, municipal and aviation clients. Baggage Airline Guest Services engages in the provision of airline related delivery and logistic services. It serves hotels and resorts, group travel, malls, cruises and aviation. The company is headquartered Orlando, FL.

Trucking continues to be the leading mode of transportation for goods across North America with approximately 80% of all products transported by truck.

Transactional Overview

Notable closed lower middle market transactions for the period in the Transportation and Logistics sector include:

October 2018 - USA Truck, Inc. acquired Davis Transfer Co., Inc. for US\$53 million in cash and stock, subject to working capital adjustments. USA Truck operates as an international truckload carrier. Davis Transfer Co. provides trucking services. It serves the dry and truckload market. The company was founded in 1959 and is headquartered in Carnesville, GA.



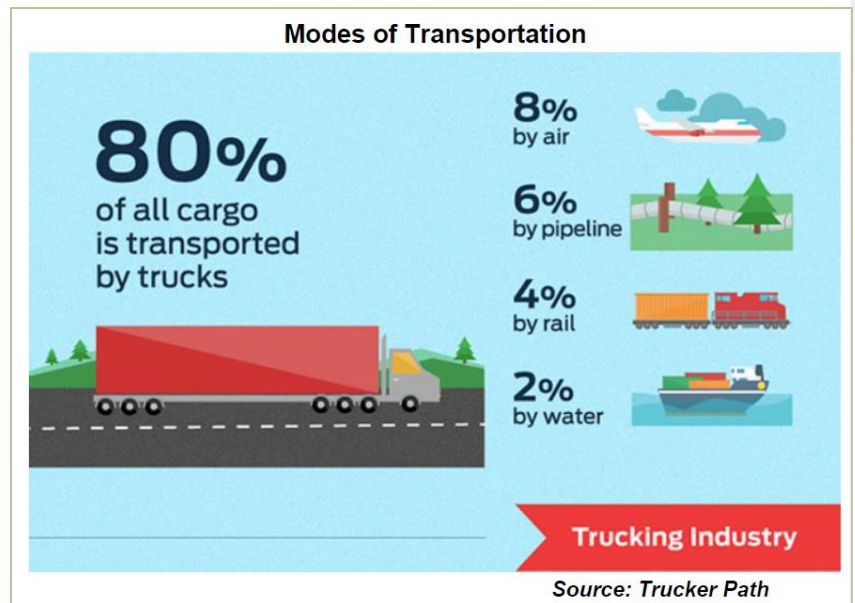
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October 2018 - AIT Worldwide Logistics, Inc. acquired WorldFresh Express, Inc. for an undisclosed amount. AIT Worldwide Logistics delivers tailored transportation solutions. It provides domestic air and ground, international air, ocean and transborder, logistics, and vertical markets services. WorldFresh Express provides freight transport services. The firm offers packing, air freight, tracking, and pickup and delivery services. The company was founded in 1997 and is headquartered in Los Angeles, CA.

December 2018 - ManaAir LLC, a joint venture between United Airlines, Inc. and KAir Enterprises, Inc., acquired ExpressJet Airlines, Inc., a subsidiary of ExpressJet

Holdings, Inc. and ultimately owned by Sky West, Inc., for US\$70 million in cash with an undisclosed amount in liabilities assumed, subject to working capital adjustment. ManaAir provides passenger airline services. The company is headquartered in Atlanta. ExpressJet Airlines engages in the provision of air transportation services. It offers route maps, customer service plan, tarmac delay contingency plan and website accessibility. The company was founded in 1996 and is headquartered in Atlanta.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Davis Transfer Co., Inc.	USA Truck, Inc.
AFF, INC. /WASHINGTON	Odyssey Logistics & Technology Corp.
BiteSquad.com LLC	Waitr Holdings, Inc.
Royal Coachman Ltd.	Leros Point to Point, Inc.
Deco Logistics, Inc.	Universal Logistics Holdings, Inc.
H.C. Bennett Co.	Logistics Plus, Inc.
Domek Logistics LLC	CIVC Partners LP; Magnate Capital Partners LLC; Magnate Worldwide LLC
Omni Air International LLC	Air Transport Services Group, Inc.

Industry Update

Transportation companies ranging from airlines to shipping lines are developing applications based on blockchain. Most commonly associated with cryptocurrencies such as bitcoin, the distributed ledger technology promises to improve the accuracy, speed, and security of recordkeeping, as well as the ability to trace assets and transactions. Applications within the transportation sector include managing bill of lading and customs documents, handling and sharing of sensitive passenger information, tracing the maintenance and possession of leased assets, and more efficiently matching shipping requirements with multi-carrier capacity. The global blockchain technology market in the transportation and logistics sector will report compound annual growth of more than 80% between 2018 and 2022, according to a recent forecast from Technavio.

Industry Update

- The average US retail price for diesel and regular gas, a major operating cost for trucking fleets, fell 3.2% and 12.7%, respectively, in the week ending February 11, 2019, compared to the same week in 2018.
- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, rose 7.3% year-to-date in November 2018 compared to the same period in 2017.
- Total US revenue for general freight trucking rose 7.8% in the third quarter of 2018 compared to the previous year.

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.

