

# TRANSPORT · LOGISTICS · SUPPLY CHAIN

FIRST QUARTER

2017

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

Data published by industry data tracker FactSet, showed that in Q4 2016 there were 50 reported M&A deals in the North American Transportation and Logistics sector with an average transaction value of \$179 million.

According to Douglas Nix, Chairman of CFA's Transportation and Logistics Industry Group, there is a very strong demand for good quality transportation and logistics companies of all sizes. Significant bid premiums are being submitted by all categories of strategic buyers in every auction run by CFA.

One of the largest transactions of the quarter was announced in October when TransForce, Inc. acquired XPO Logistics, LLC's truckload business and assets for US\$558 million in cash. The deal would be financed through TransForce's revolving credit facility and debt other Canadian lenders. The acquisition enhances TransForce's portfolio of truckload business. The acquired business is primarily focused on domestic US truckload freight. It has approximately 3,000 tractors and 7,500 trailers across the country.

On a global scale, the shipping of dry bulk containers - across all modes - continues to climb and is projected to continue on an upward trajectory. The growth is expected to be driven by freight rates, ship availability, ship utilization, oil market fundamentals, exchange rates and commodity prices and production.

## Transactional Overview

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

**December 2016** - A private group led by Hyundai Merchant Marine Co Ltd and Terminal Investment Ltd SA, majority owned by Mediterranean Shipping Co SA and portfolio company of Global Infrastructure Management, LLC, agreed to acquire additional 54% majority stake it does not own in Total Terminals International, LLC from Hanjin Shipping Co Ltd for US\$72.5 million. Hyundai Merchant Marine engages in providing logistics services. It operates through the following business divisions: Container Services and Bulk Services. Total Terminals International provides marine terminal and stevedoring related services.



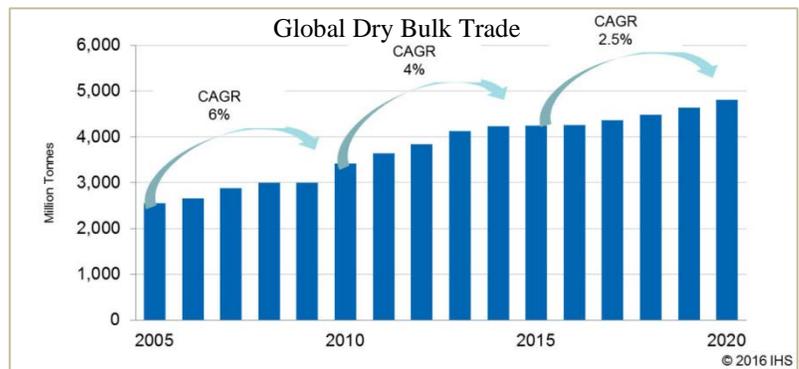
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For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

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**November 2016** - A private group led by Nippon Yusen KK, NYK Ports, LLC and Macquarie Infrastructure Partners, Inc., agreed to acquire a 20% minority stake in Maher Terminals, LLC, a portfolio company of RREEF Alternative Investments, for an undisclosed amount in cash. Nippon Yusen KK operates as a global logistics enterprise offering ocean, land, and air transport services. Maher Terminals, LLC owns and operates multi-user marine container terminals. It provides ocean carrier clients and their customers with port and terminal related transportation services, as well as cargo handling services.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
AmeriFleet Transportation, Inc.	Tailwind Management LP
National Fast Freight, Inc.	TransForce, Inc.
Lakeside Logistics, Inc.	Greenbriar Equity Group LLC
MetroGistics LLC	Tailwind Management LP
Xpo Logistics, Inc. /Truckload Bus	TransForce, Inc.
Total Transportation Services LLC	Sunteck Transport Group, Inc.
Golden State Overnight Delivery Ser	General Logistics Systems BV
IDS Transportation Services LLC	R <sup>2</sup> Freight & Logistics, Inc.

**October 2016** - General Logistics Systems BV, a subsidiary of Royal Mail Plc, acquired Golden State Overnight Delivery Service, Inc., a portfolio company of The Halifax Group LLC, for US\$90 million in cash. General Logistics Systems provides parcel, freight and, express services. Golden State Overnight Delivery Service provides ground and priority overnight delivery services.

## Industry Update

A recent industry survey reported that the top priorities of North American logistics leaders for their 2017 transportation operations were:

- Reduce overall transportation costs
- Improve route planning accuracy
- Improve the quality and timeliness of management information/reporting

While there are several reasons driving these priorities, we believe the key ones are:

- The continued shortage of qualified drivers. Many trucking companies are still reporting 100% annual turnover rates in their driver pool. The impact of the Federal Motor Carrier Safety Administration's electronic logging devices requirement is expected to worsen this shortage as it comes on stream in December 2017.
- Continued weakness in freight rates resulting from overcapacity in intermodal, water and road markets.
- The tightening of supply chains combined with the growing demand from shippers for transparency and real time, accurate freight status information.

### Industry Indicators:

- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, fell 1.5% year-to-date in December 2016 compared to the same period in 2015.
- Total US revenue for general freight trucking fell 1.4% in the second quarter of 2016 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.

