



TRANSPORT · LOGISTICS · SUPPLY CHAIN

FOURTH QUARTER

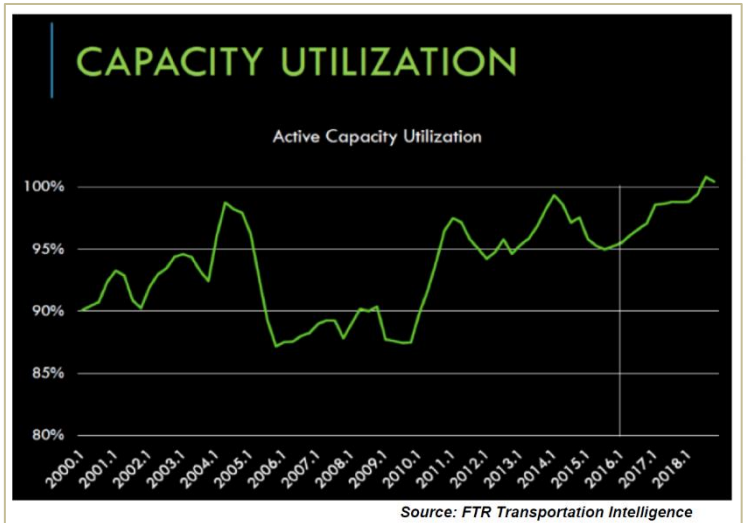
2018

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 Q3 2018 included 59 closed deals, according to data published by industry data tracker FactSet.

One of the notable middle market transactions was announced in September when General Logistics Systems BV, a subsidiary of Royal Mail Group Ltd, ultimately owned by Royal Mail Plc, acquired Dicom Transportation Group Canada, Inc., a portfolio company of Wind Point Advisors, LLC, for CAD360 million (US\$276.1 million) in cash, on a cash-free debt-free basis. The acquisition allows Royal Mail to further expand and diversify its existing business operations. Dicom Transportation Group Canada is located in Montréal, Québec and provides business to business transportation services. It generated revenue of approximately CAD233 million (US\$178.7 million) for the year ended June 30, 2018.



Trucking capacity and utilization has increased significantly as the economy has strengthened.

Transactional Overview

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

August 2018 - Universal Logistics Holdings, Inc. acquired Southern Counties Express, Inc. for US\$65.7 million in cash subject to customary post-closing adjustments. Universal Logistics Holdings engages in the provision of customized transportation and logistics solutions. Southern Counties Express provides transportation and warehousing services. It offers trucking and intermodal; port and rail drayage; transload, warehouse, and distribution; storage and fulfillment; and cargo services. The company was founded in 1990 and is headquartered in Rancho Domingo, CA.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

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.

info@cfaw.com
www.cfaw.com

August 2018 - Daseke, Inc. acquired Builders Transportation Co., Inc. for US\$53.4 million. Daseke engages in the provision of transportation and logistics solutions. Builders Transportation Co. provides transportation services. The firm offers services to producers and consumers of coil steel, wire products, structural and sheet steel, aluminum products, building materials, cast iron and steel pipe. The company was founded in 1961 and is headquartered in Memphis, TN.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
DesertXpress Enterprises LLC	Brightline Trains LLC
Ecology Recycling Services LLC	LKQ Corp.; American Iron & Metal LP;
Mark VII Transportation	York Capital Management (Private Equity)
D. Mosley Trucking, Inc.	OEP Capital Advisors LP; PS Logistics LLC
Maurepas Pipeline LLC	Alinda Capital Partners Ltd.
West Texas LPG Pipeline LP	ONEOK, Inc.
CPI Operations LLC	PBF Logistics LP
Motivate International, Inc.	Lyft, Inc.

August 2018 - Covenant

Transportation Group Inc acquired Landair Holdings Inc for US\$83 million in cash and US\$15.5 million in assumed liabilities. Covenant Transportation Group, Inc. is a holding company, which engages in the provision of freight and logistics services. Landair Holdings, Inc. engages in the provision of for-hire truckload carrier, as well as a supplier of third-party logistics transportation, warehousing, and logistics inventory management services. The company was founded by Scott Niswonger and Ed Sayler in 1981 and is headquartered in Greenville, TN.

Industry Update

A recent rulemaking process undertaken by the US Federal Motor Carrier Safety Administration could result in changes to hours-of-service regulations for the trucking industry. HOS limits the operating hours of commercial truck drivers. The FMSCA sought feedback in October 2018 on a number of issues, including revising the current mandatory 30-minute break for truck drivers after eight hours of continuous driving and reinstating the option to split a required 10-hour off-duty rest break for drivers who have trucks with sleeper-berth compartments. Additionally, the FMSCA is considering expanding the 100 air-mile short-haul exemption from 12 hours on-duty to 14 hours, as well as extending the 14-hour on-duty limit by up to two hours for drivers who encounter adverse driving conditions. Nearly 99% of truck drivers have been complying with electronic logging device (ELD) requirements, which has caused the number of HOS violations to fall, according to FleetOwner.

Industry Update

- The average US retail price for diesel and regular gas, a major operating cost for trucking fleets, rose 19% and 13%, respectively, in the week ending October 29, 2018, compared to the same week in 2017.
- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, rose 7.6% year-to-date in August 2018 compared to the same period in 2017.
- Total US revenue for general freight trucking rose 7.7% in the second 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.

