

TRANSPORT · LOGISTICS · SUPPLY CHAIN

THIRD QUARTER

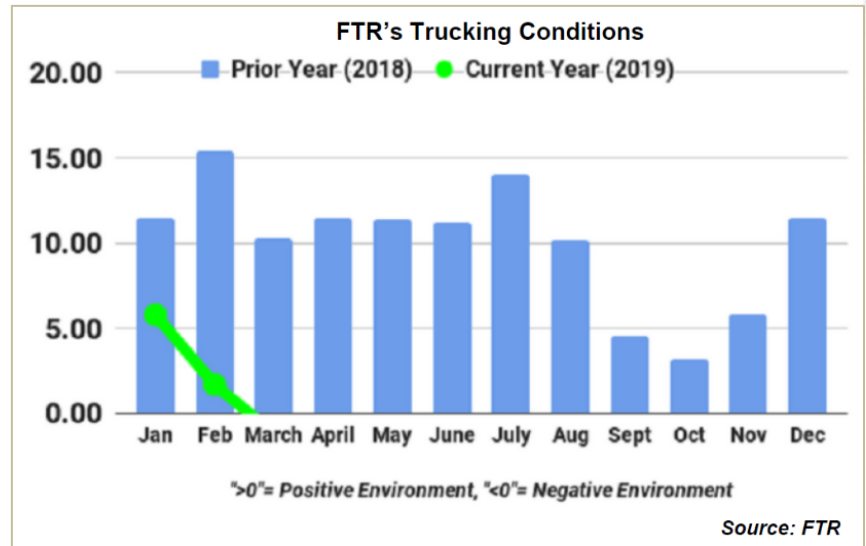
2019

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 Q2 2019 included 71 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions in the sector closed in June when Aurora Capital Group LP acquired Petroleum Service Corp from SGS SA for US\$335 million. Founded in 1991, Aurora Capital Group is a private equity firm located in Los Angeles. Petroleum Service Corp. provides loading and unloading services for the refining, chemical and marine transportation industries. It offers tinkering barges, operating docks, switching railcars, material packaging and warehousing services. The company was founded in 1952 and is headquartered in Baton Rouge, LA.



The Freight Transportation Research Associates (FTR) Trucking Conditions Index for March reflected a slightly declining environment for carriers. The Index tracks general trucking conditions. The March reading fell to -1.18 driven by easing freight rates and sluggish, though still positive, demand.

Transactional Overview

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

June 2019 - American Natural Gas LLC, a subsidiary of Ang Holdings, Inc. and ultimately owned by HC2 Holdings, Inc., acquired AMP Americas LLC, also doing business as ampCNg and a portfolio company of EIV Capital LLC, for US\$41 million in cash. AMP Americas operates as an integrated transport company. The company was founded in 2011 and is headquartered in Chicago, IL.



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FOR MORE INFORMATION CONTACT

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

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info@cfaw.com
www.cfaw.com

May 2019 - DW Healthcare Partners acquired Go-2 Fulfillment Co, Inc. for an undisclosed amount. DW Healthcare Partners is a private equity firm founded in 2002. Go-2 Fulfillment Co. provides shipping and packaging solutions. It offers kitting and fulfillment services. The company is headquartered in Draper, UT.

April 2019 - TA Services, Inc., a subsidiary of P&S Transportation, Inc., ultimately-owned by PS Logistics LLC, acquired the logistics division of Celadon Group, Inc. for an enterprise value of US\$60 million in cash. P&S Transportation, provides trucking and logistic services. Celadon Group operates as a logistics firm.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Custom Courier Systems, Inc.	Excel Courier, Inc.
Mergenthaler Transfer & Storage Co., Inc.	Mesa Moving & Storage
Michael's Cartage, Inc.	Universal Logistics Holdings, Inc.
Pronghorn Logistics LLC	Hi-Crush Partners LP
Synovia Solutions LLC	CalAmp Corp.
International Limousine Service, Inc.	Errands Plus, Inc.
WeDriveU Holdings, Inc.	National Express Group Holdings Ltd.
Regional Rail LLC	3i Group Plc

Industry Update

As more consumers turn to the convenience of online grocery shopping, grocers are likely to reduce in-store shelf space and expand their cold storage warehouse space. Meanwhile, to better position themselves in the e-commerce space, grocery chains are acquiring or partnering with logistics platforms. For example, Kroger has partnered with UK online grocer Ocado for a high-tech cold storage distribution system, according to National Real Estate Investor magazine. The partnership is identifying sites for at least 20 cold storage warehouses across the US, allowing Kroger to extend its omni-channel reach. Online grocery sales are poised to grow from \$19 billion in 2017 to \$100 billion by 2024, or 13% of overall grocery sales, according to figures from FMI/Nielsen.

Industry Update

- The average US retail price for diesel and regular gas, a major operating cost for trucking fleets, fell 6.4% and 7.7%, respectively, in the week ending August 12, 2019, compared to the same week in 2018.
- Total US manufacturers' shipments, an indicator of the volume of goods shipped by truck, rose 1.9% year-to-date in June 2019 compared to the same period in 2018.
- Total US revenue for general freight trucking rose 2.0% in the first quarter of 2019 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.

