

# Logistics M+A Activity, January 2014 – June 2015

2014-2015 was a year where acquisitions played a major role in supply chain and logistics headlines. In addition to XPO's expansion into Europe, tech driven companies featured heavily in this year's activity along-side major consolidation in Asia-Pacific as APL Logistics and Toll Global became targets of major Japanese LSPs. In this report you will find some analysis from some of eft's M+A collaborators in addition to a snapshot of the major M+A deals that took place January 2014 – June 2015.

## Some 2013-2015 statistics

### 2013:

- 1143 Total Deals
- \$47.1bn Total Deal Value
- \$53m Average Deal Size

### 2014

- 1190 Total Deals
- \$63.5bn Total Deal Value
- \$63m Average Deal Size

### 2015 Q1

- 269 Total Deals (on pace for 1076)
- \$18.8bn Total Deal Value (on pace for \$75.2bn)
- \$121m Average Deal Size

Source: PWC - <http://www.pwc.com/us/en/industrial-products/publications/intersections.html>  
(Excludes Passenger Air and Passenger Ground)



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## What to look for in 2016?

### Within the mid-market community:

- The mid-market is experiencing a lot of M+A activity both through strategic and Private Equity buyers.
- This surge in activity is across the board in shipper, carrier and 3PL community.
- Non asset 3PLs show more robust activity than asset based as return on capital employed is far greater.
- The state of the debt in the M+A environment of the mid-market community is also very liquid.
- Valuations are influenced by the financing environment and capital structure is influenced by capital markets.
- A number of Private Equity firms are energized to invest in 3PL space, however the deal flow is challenging.

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### Within the leading 3PL community:

The supply chain is a powerful indicator of the state of the economy. During the recessions of 1992, 2001, and 2008, the transportation sector was among the first to plummet and the fastest to recover. So what is the supply chain sector telling us today?

At this year's annual BG Strategic Advisors Supply Chain Conference, we polled more than 200 top CEOs in the market, including leaders of companies like UPS, FedEx, XPO, C.H. Robinson, Echo Global Logistics, Panalpina, Ingram Micro, YRCW, Heartland Express, and others.

Here are a few highlights:

- Last year, 47% of attendees predicted they would grow in excess of 10% — and 63% of them achieved that target.
- Also, 63% of attendees expected their companies to grow more than 10%, compared to 54% last year.
- The most common concern revolved around finding qualified staff — including truck drivers. This year, 44% expressed this concern. Last year, 31% did.
- And, 31% of attendees said they were highly likely to engage in mergers and acquisitions, up from 24% last year.

## At the conference, five big “C” themes emerged

### 1. **Cycling:**

- For about 30 years, asset-light logistics firms achieved the highest growth and claimed the most market-value appreciation.
- In 2014, the BGSA Supply Chain Index, a basket of 80 companies across nine segments, outpaced the S&P by a margin of 17% to 6%. The index includes logistics, trucking, rail, supply chain technology, and related segments.
- The top-performing sector was less-than-truckload, up 31%. Rail was second, up 27%. The logistics basket rose just 8%. However, there were exceptions, such as XPO climbing 55%. But this was a great year for trucking, as shown by Covenant Transportation Group (up 230%) and SAIA Inc. (up 73%).
- LTL's dominance is influenced by a surge in demand, capacity constraints, and the supply-demand imbalance that favors carriers.
- Truckload prices are expected to increase 5% in 2015, versus 3% to 4% in 2014. And truck makers are expected to continue their boom, as indicated by December's Class 8 orders — up 38% year-over-year for the fourth-best month on record.
- But challenges lie ahead. The driver shortage is forecasted to reach a 240,000 drivers shortfall by 2022.

### 2. **Cheap Oil:**

- Crude oil prices have dropped more than 50% since June — good news for the economy as it slashes operating costs for trucks, ships and railroads.
- However, for railroads, it lowers the expected volume of crude-by-rail transport. And, it lowers the oil and gas rig counts, affecting domestic transportation associated with trucking.
- Nonetheless, cheaper oil will continue to boost margins for transportation companies.

### 3. **Consumer Closeness:**

- As e-commerce increases, supply chain companies get closer to the consumer. XPO acquired 3PD to add a last-mile capability. EBay bought Shutl to create a same-day network. FedEx purchased GENCO to gain e-commerce and reverse logistics solutions. And Amazon plans to give customers a one-hour delivery window for certain goods.
- With borrowing costs at all-time lows, companies are increasing inventory and decreasing transportation. Warehousing officials say customers' desire a shift from large distribution centers to a network of small facilities. And while warehousing and inventory cost increase, the transportation network gets faster.

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- Supply chain firms that deliver reliable, fast, and consumer-friendly experiences can become brand extensions for their customers — and more valuable.

#### 4. Creativity and Innovation:

- Consumers want to be able to buy a product, off-line or on-line, with a seamless experience, requiring supply chains to adapt. The 2015 CapGemini Annual Logistics Study found 50% of all respondents are testing new fulfillment strategies. Only 2% rated themselves as high-performing in the omni-channel arena. Hence, we are seeing a spike in technology investments.
- Also, the supply chain is undertaking a redesign as companies increasingly are choosing Mexico as a manufacturing hub. The reasons: it has more free-trade agreements than any other country; manufacturing costs are low; and its proximity to the United States. In fact, 40% of survey respondents have already moved some operations to Mexico — 55% from the U.S. and 36% from China. As one CEO put it, “Mexico is no longer just about cheap parting. We are seeing real integration between the Mexican and U.S. supply chains.”

#### 5. Consolidation:

- This is perhaps the strongest financial marketplace we’ve ever experienced.
- M&As are at record U.S. levels, with 2014 volume reaching \$1.6 trillion, a 43% increase over 2013. And initial public offerings have raised \$96 billion in 293 deals in 2014, the highest level since 2000.
- On the acquisition side, C.H. Robinson bought Freightquote, marking its largest brokerage acquisition. XPO has bought 13 companies, including New Breed, its largest deal, and a move that takes them into contract logistics. XPO also raised \$700 million from three sovereign wealth funds in September.

All of these plot lines will continue to develop in 2015.

*BGSA is a global investment banking firm specializing in M&A advisory services for transportation, logistics and supply chain companies. Frequent eft Collaborator Ben Gordon can be reached at [Ben@BGSA.com](mailto:Ben@BGSA.com) and (561) 932-1601.*

## Additional industry perspective

- Expect continuing strong M+A activity throughout 2016, in every Transportation and Logistics vertical, from B2B to eCommerce, IFF(International Freight Forwarder) to TMS to VAWD (Value-Added Warehousing and Distribution), Maritime to Trucking, Rail, Barge and Air Cargo, Ports and Ports Services, First Mile and Last Mile, Bulk, Open Deck, Refrigerated, and Dry Van.
- Focus to continue to be on North America and Asia, the largest regions of opportunity providing a substantial portion of global GDP growth over the next 10 years.
- Valuations will hold up and, in many instances, continue to climb.

### EMEA + SA

- Africa, Middle East, South America may grow faster, but the regions have fewer sizeable BCOs (Beneficial Cargo Owners), and offer a smaller revenue opportunity.
- Europe, on a case by case basis, will continue to have activity, but is less in demand, due to slower growth (and lower valuations, therefore, for sellers).
- TPP (Trans Pacific Partnership) and TTIP (Transatlantic Trade and Investment Partnership) should increase volumes substantially in the US, supporting valuations. (These will both get passed)

### Acquirers

- Acquirers are focused on growth and technology, scale, capacity and added service capabilities, as they have been for quite some time.
- The Holy Grail: Global, tech enabled, end to end, automated, multimodal service capabilities, providing real-time, lowest cost, critical services to industry leading BCOs and a premier LLP (Lead Logistics Provider) position for the acquirer.
- Money is free through 2016 for most acquirers.
- Rates need to rise substantially before M+A slows.
- When this happens, regionalization will be an intense focus of growth, to shorten supply chains and reduce the cost of inventories.

### Target Acquisitions

- Scarcity factor of good targets continues to grow.
- Changing demographics and technologies lead to revamped supply chains, making today's heroes tomorrow's lunch.
- The diminishing pool of visionary talent, rapidly expanding globalization of regulations, etc. will all also impact the acquisition climate moving forward.

## The Moves January 2014-July 2015

### ● XPO Acquired:

- BTT Services – May 2015 (\$100m)
- UX Specialized Logistics – February 2015 (\$59m)
- Norbert Dentressangle-Announcement April 2015(\$3.53bn)
  - Jacobson – August 2014 (\$750m)
  - Hopkinson Transport Limited – April 2014
  - TDG – March 2011 (\$320m)
  - Christian Salvesen – December 2007 (\$519.4m)
- New Breed – September 2014 (\$615m)
- Atlantic Central Logistics – July 2014 (\$36.5m)
- Pacer – March 2014 (\$335m)
- NLM (Landstar) – December 2013 (\$75m)

- Optima Service Solutions – November 2013 (\$26.6m)
- 3PD – July 2013 (\$365m)
- Interide Logistics – May 2013 (\$3.7m)
- Covered Logistics & Transportation LLC – February 2013 (\$27m)
- East Coast Air Charter – February 2013 (\$43m)
- Turbo Logistics (OHL) – 2012 (\$50m)
- BirdDog Logistics – 2012 (\$1m)
- Kelron Logistics – May 2012 (\$100m)
- Continental Freight Services – May 2012 (\$3.7m)
- LRG – October 2009
- First Class Expediting Services –February 2009
- Concert Group Logistics – January 2008 (\$9m)

## XPO's next move?

- XPO Looking to Asia for next acquisition
- Europe set to see more activity from major players on the back of XPO's move into the region
- “With ND, we are entering a whole new theatre or arena and I would say that in the next two years we will do a handful of acquisitions in Europe;” – Brad Jacobs, CEO, XPO Logistics

[Who is XPO? Click here for more](#)

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- **Deliv Acquired:**
  - WeDeliver – July 2015
- **Kuehne + Nagel Acquired:**
  - ReTrans – June 2015
- **SingPost**
  - 90% of Famous Pacific Shipping – January 2015
  - Divests 90% stake in DataPost – June 2015 (\$\$39.3m)
- **Lynden International Acquired:**
  - Haas Industries – June 2015
- **Panalpina Acquired:**
  - Afifi (Egypt) – May 2015
- **Deutsche Post DHL**
  - Divests 4.16% stake in Sinotrans – May 2015
- **Alibaba Acquired**
  - Minority share in YTO Express (China) – May 2015
- **Penske Acquired**
  - Transfreight North America – May 2015
- **Nordic Transit Group (Danish) Acquired**
  - Posti Group/Itella's road freight division – April 2015
- **FSG (African) Acquired**
  - Cheetah Logistics – April 2015
- **Japan Post Acquired**
  - Toll – April 2015
    - Toll
      - ODT Australis – March 2015
      - Divests Cambodia railway – December 2014
- **FedEx Acquired**
  - TNT – April 2015 (€4.4bn)
  - Supaswift (Africa) – May 2014
- GENCO - January 2015 (\$1.4bn)
- **Hamburg Sud Acquired**
  - CCNI container division (South American) – March 2015
- **Post Nord (Scandinavian) Acquired**
  - Jetpak Borg – March 2015
- **Matsui (Japanese) Acquired**
  - 20% of Penske Truck Leasing – March 2015
- **Genesee & Wyoming Acquired**
  - Freightliner – March 2015 (£490m)
  - Pinsly Arkansas Railroads – January 2015 (\$40m)
- **Kintetsu Worldwide Express Acquired**
  - APL Logistics – February 2015 (\$1.2bn)
- **Saia Acquired**
  - 3PL LinkEx – February 2015 (\$25m)
- **LSO Acquired**
  - Express Courier International – February 2015
- **Echo Acquired**
  - Xpress Solutions – February 2015
  - Command Transportation – Announcement April 2015 (\$420m)
  - One Stop Logistics – May 2014 (\$37.3m)
- **Celadon Acquired**
  - Taylor Express – February 2015 (\$43m)
  - A&S Services Group – October 2014 (\$55m)

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## ● **LG International Acquired**

- 51% of Pantos – January 2015 (\$291.7m)

## ● **Lineage Logistics Acquired**

- Columbia Colstor – January 2015

## ● **WWL Acquired**

- Carlogistics (Mexico) – January 2015

## ● **OSell (China) Acquired**

- TDPRO (Russia) – January 2015

## ● **ABF Logistics Acquired**

- Smart Lines Transportation Group – January 2015 (\$5.17m)

## ● **Kerry Logistics Acquired**

- Able Logistics – January 2015 (\$32m)

## ● **UPS Acquired**

- Parcel Pro – June 2015

- Poltraf – December 2014

- CEMELOG

- Polar Speed – February 2014

- Pieffe

- i-parcel – October 2014

## ● **CMB Group Acquired**

- Delphi (Container ships) – December 2014 (\$2.2m)

## ● **Nippon Express Acquired**

- 51% of NEC Logistics – December 2014

## ● **CitySprint Acquired**

- CYC Logistics – December 2014

## ● **CH Robinson Acquired**

- Freightquote – December 2014 (\$365m)

## ● **MMC Acquired**

- MISC's stake in NCB Holdings – November 2014 (\$66.3m)

## ● **Hyundai Glovis Acquired**

- Adampol – November 2014 (€70m)

## ● **CMA CGM Acquired**

- OPDR – November 2014

## ● **Savage Acquired**

- Trans Dynamics – November 2014

## ● **DP World Acquired**

- Jebel Ali FZ – November 2014 (\$2.6bn)

## ● **Matson Acquired**

- Horizon Lines – November 2014 (\$456.5m)

## ● **The Pasha Group Acquired**

- Horizon Lines – Hawaii trade lane – November 2014 (\$141.5)

## ● **Dicom Acquired**

- Orbis Logistics – June 2015
- Time Logistics Couriers – November 2014

## ● **Transplace Acquired**

- Logistics Management Solutions - November 2014

## ● **Arvato Acquired**

- OGLI (Turkey) – November 2014

## ● **Mainfreight Acquired**

- DCB International (New Zealand) – November 2014

## ● **Rhone Capital Acquired**

- 100% of Neovia – October 2014

## ● **WFS Acquired**

- Orbital Group (Brazil) – October 2014



- **Lone Star Transportation merger with Daseke – October 2014**
- **Knight Transportation Acquired**
  - Barr-Nunn Transportation – October 2014 (\$112m)
- **Seko Logistics Acquired**
  - Metakinetic – September 2014
- **MetaPack Acquired**
  - ABOL Software - September 2014
- **PostNord Logistics merger with Posten Meddelande to form PostNord Sverige AB – September 2014**
- **Eurotranspharma Acquired**
  - CIBLEX express network (Geodis) – September 2014
- **Brambles Acquired**
  - Ferguson Group – September 2014 (£320m)
  - Transpac – June 2014 (€42m)
- **STEF Acquired**
  - Speksnijder Transport – September 2014
- **Suttons Group Acquired**
  - Imperial Tankers (UK) – September 2014
  - ISLG (Singapore) – September 2014
- **Singapore Post Acquired**
  - F.S. Mackenzie – August 2014
- **Livingston International Acquired**
  - FPA Customs Brokers
- **Roadrunner Transportation Systems Acquired**
  - Active Aero Group – August 2014 (\$115m)
  - Unitrans International – March 2014 (\$55.5m)
  - Rich Logistics – February 2014 (\$48m)
- **DB Schenker Acquired**
  - 100% Gemadept Logistics – August 2014
- **TransForce Acquired**
  - Contrans Group – July 2014 (\$495m)
  - Transport America – July 2014 (\$310m)
  - Vitran – January 2014 (\$136m)
- **Geodis disposes Züst Ambrosetti to Ferrari Logistics – July 2014**
- **Integrated Distribution Services Acquired**
  - Aspen Logistics – July 2014
- **Wal-Mart Canada Acquired**
  - TEDI – July 2014
  - SCM – July 2014
- **DSV Acquired**
  - 100% DSV Swift – June 2014
- **SG Holdings Acquired**
  - 51% Expolanka – June 2014
- **Aramex Acquired**
  - Mail Call Couriers (Australia) – June 2014
- **NYK Group Acquired**
  - 30% CSI (Mexico) – June 2014
  - Tranco Terminal (Kazakhstan) – January 2014

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- **Mapletree Logistics Acquired**

- Daehwa Logistics Centre – May 2014

- **Belspeed and Netlog Group Acquired**

- TNT Fashion Group – May 2014

- **ROAR Logistics Acquired**

- Legend Transportation Group – May 2014

- **Hapag-Lloyd merger with CSAV – April 2014**

- **New Zealand Post sells Localist – April 2014**

- **Endeavour Capital Acquired**

- Port Logistics Group – March 2014

- **Wind Point Acquired**

- Dicom – March 2014

- **DBAY Acquired**

- 51% Eddie Stobart Logistics – March 2014

- **Imperial Logistics Acquired**

- 51% Eco Health (Nigeria) – March 2014 (\$74m)

- **Rumo Logistica merges with ALL – February 2014**

- **Wesco Aircraft Holdings Acquired**

- Haas Group – February 2014 (\$550m)

- **Nippon Express Acquired**

- 66% of Panasonic Logistics – January 2014

- **Forward Air Acquired**

- Central States Logistics and Central States Trucking Company – January 2014 (\$95.6m)

# Want to learn more?

The European 3PL Summit is the most elite gathering of C-level logistics and supply chain executives in the region.

The unique nature of the event, bringing together CEOs of Europe's leading 3PLs alongside shipper customers allows the industry's most prominent leaders from both the customer and provider side, to debate their concerns and thoughts on the industry's future.

## **The 3PL Summit and Chief Supply Chain Officer Forum, taking place in Venlo, October 14-16.**

Join this year's event to explore how the business of logistics is changing explored from three viewpoints – The Economic Landscape, New Technology and Customer Relationships.

These Leading Speakers will Share Insight on the Future of Logistics and Supply Chain

- Essa Al Saleh, Global CEO, **Agility Logistics**
- Kris van Ransbeek, CSCO, **Maxeda DIY**
- Hervé Montjotin, President & CEO Europe, **XPO**
- Virginie Vast, Head of Vodafone Asset Management Services & Tactical Sourcing, **Vodafone Procurement Company**

- TBC, C-Suite, **UPS**
- Edwin Van Der Meerendonk, Vice President European Operations, **Walt Disney Home Entertainment**
- Tony Gunn, Managing Director Europe, **Menlo**
- Danny Hendrikse, VP Intercompany Operations, **Pfizer**
- Chaim Huijsman, Member of the Board and Head of Corporate Sales, **Gebrüder Weiss**
- Tom Rose, Head of International Operations, **SPAR**
- Tony Ranson, COO, **Gondrand**
- Fred Hartung, VP Supply Chain, **Jabil**
- Marcelo Wessler, CEO, **Singapore Post Ecommerce**
- Sheila Leenders, VP Supply Chain, **Philips Lighting**

For more information about the 3PL Summit and CSCO Forum, including agenda topics, latest speakers and sponsorship opportunities, visit [www.3plsummit.com/](http://www.3plsummit.com/) eu or contact the event director, Sarah Reynolds on [sreynolds@eft.com](mailto:sreynolds@eft.com)



# About Eft

eft Supply Chain and Logistics Business Intelligence is the global leader in business intelligence and C-level networking for the transport, logistics and supply chain industry. We specialize in connecting senior industry executives with their industry peers, and with the crucial information they need to excel in their work.

For 16 years, eft has provided the industry with essential business intelligence in the form of news, reports, benchmarking data, white papers and C-level events. Through constant direct engagement with industry leaders, we ensure our products and events are directly tailored to meet the industry's needs.

With our unique industry position, we're able to leverage our global executive and expert contacts to produce unique high-level research, events, analysis and intelligence for the industry.

As supply chain and logistics jumps into Industry 4.0, eft will be providing unique perspective, exclusive executive insight, and the very latest thinking in this space.