

▶ A NEW ECONOMY  
PUBLICATION

M&A REVIEW  
LOGISTICS AND SUPPLY  
CHAIN MANAGEMENT

MAY 2018

**IBDO**

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**20%**  
**COMPOUND ANNUAL  
GROWTH RATE**

IN THE QUARTERLY GLOBAL DEAL  
VALUE FROM Q1 2017 TO Q1 2018

**INVESTMENT FROM  
OVERSEAS** INTO THE UK  
REMAINS HEALTHY, WITH

**21%** OF BUYERS  
FROM OVERSEAS IN 2017

**EUROPE No.1**  
FOR VOLUME OF M&A  
TRANSACTIONS IN THE LOGISTICS  
AND SUPPLY CHAIN MANAGEMENT  
SECTOR IN 2017

**FREIGHT LOGISTICS**  
ACCOUNTED FOR

**45%** OF UK  
M&A  
TRANSACTION VOLUMES  
IN THE SECTOR IN 2017



# INTRODUCTION

## M&A IN THE LOGISTICS AND SUPPLY CHAIN MANAGEMENT SECTOR

Automation and efficiencies through scale continue to drive M&A activity.



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Welcome to our inaugural M&A review of the Global and UK Logistics and Supply Chain Management market. The logistics market is going through immense change. A race for technology and automation presents many risks and challenges, but more interestingly, huge opportunities. Market disrupters and new market entrants are driving new business models to deliver against ever increasing customer expectations. This change is driving investment and transactional activity, as businesses look to develop innovative and scalable platforms, and deliver efficiencies through scale and consolidation.

Technological advances are shaping the market. New offerings from service providers such as 5PLs leveraging their IT platforms, are attracting great interest from investors. This is reflected in the growth of the software sector and I welcome the contribution in the report from Adam Chazanow at specialist logistics strategic consultants, Graphene Partners, who has shared some of his views on the growth of technology.

As change drives growth, it feeds a strong appetite from financial investors who represented 31% of UK sector transaction volumes in 2017, up from 11% in 2016. Meanwhile, we have continued to see a drive for consolidation as market leaders have looked to deliver even more efficiencies through scale, with the £2.4bn acquisition of Swift Transportation Company by Knight Transportation being a prime example.

In terms of the statistics, after an exceptional year in 2016 when the value of deals peaked at £27.2bn, activity in terms of value and volume fell in 2017, possibly reflecting a more cautious view driven by elements of uncertainty across a number of significant global markets. The UK remained a hugely active part of the global logistics market, representing 11% of sales and 10% of acquisitions by volume in 2017.

Many of the world's large economies are now starting to show strong growth, and whilst deal activity was lower in the last three quarters to Q1 2018 deal value continues to grow. With the slow down in the UK's economic growth as the timing of Brexit starts to loom large, there will no doubt be some uncertainty over the next 12 months.

However, as the market continues to see significant change, opportunities will remain for targeted investment. Emergest's recent £75m acquisition of CM Downton being a good example. Hence, I remain hugely excited about the continued appetite for transactions as well capitalised financial and trade investors continue to chase innovations, improved returns and growth.

# TECHNOLOGY IN THE SUPPLY CHAIN: WHERE IS CHANGE HAPPENING?

The industry is responding to cost and resource pressures with technology and innovation. This, in turn, is also challenging traditional roles and practices within the sector.



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The logistics industry has not been the fastest off the blocks when it comes to developing and adapting new technology. Many initiatives, such as RFID (Radio Frequency Identification 'tags' attached to goods allowing them to be scanned automatically when entering or leaving a location), have been talked about for 20 years without ever gaining traction. The applications used by the majority of shippers today (primarily warehouse and transport management systems) have not changed much during this time either, except perhaps for smoother graphical interfaces and the roll-out of GPS vehicle tracking to help transport planners manage deliveries. However, with the twin shadows of Amazon and Uber looming over the market, the past few years have brought a plethora of new technology solutions to market. Shippers and logistics firms – and not only SMEs – often find themselves lost in a sea of opportunities, each marketed as being 'transformative'. Where does the real value lie?

While blockchain (essentially a decentralised ledger system to manage transactions and maintain the integrity of records in a value chain) may well revolutionise the industry, as of today this technology is still in early proof of concept stage. Several recent surveys have confirmed that virtually no company in the logistics space has rolled out any blockchain-driven solutions at a significant working scale. There will no doubt continue to be much hype about blockchain in the nearest years – and perhaps also some real penetration – but this technology should not find itself on most companies' radars with high priority.

In contrast, warehouse automation and robotics, including the innovative use of drones to perform inventory checks in high-bay warehouses, will become increasingly commonplace. Increasing wage costs and decreasing physical labour availability (likely exacerbated by Brexit) mean that the return on investment into warehouse automation is now often under five years. Rapid advances in robotics have enabled automation not only of full pallet picking, but also increasingly layer and even case picking, while the unit cost of pick robots has decreased to not much more than the yearly salary of a warehouse employee.

The battle for excellence in the last mile will continue to be intense, as a direct consequence of the continuing massive shift from traditional shopping to e-commerce. B2B shippers are only now realising that their customers expect the same standard of service as e-tailers and their courier delivery partners provide to consumers. Many applications have recently appeared which allow traditional shippers to bridge this gap. A notable example is Bringg, an American provider which has attracted funding from The Coca-Cola Company. Coca-Cola uses Bringg's technology to allow staff in small retail stores to interact easily with the delivery drivers bringing their product to the store.

Courier firms and, more recently, the warehousing industry are increasingly making use of crowdsourcing and supply chain networks to handle seasonal or promotion-driven peaks in demand. With peak daily demand in a warehouse and courier network often reaching five to ten times the average daily volume, companies need to find ways to tap into other networks of resources other than their own. In warehousing, this need is already being addressed by the likes of Flexe in the US and ShareHouse in Europe. As an interesting sign of the increasing pressure to collaborate - ShareHouse is owned and developed by Imperial Logistics, a major South African third-party logistics provider, however is open to their direct competitors as well.

Digitisation of processes in the freight industry is gathering pace, especially when asking for quotes and booking carriers. Companies such as Transporeon (for road freight) and Freightos (for sea freight) allow shippers to instantly get a rate for a shipment and book a carrier. These online marketplaces also benefit hauliers looking for loads. The traditional role (and margin) of the freight forwarder, especially for routine shipments on major freight lanes, will be increasingly pressured by these solutions.

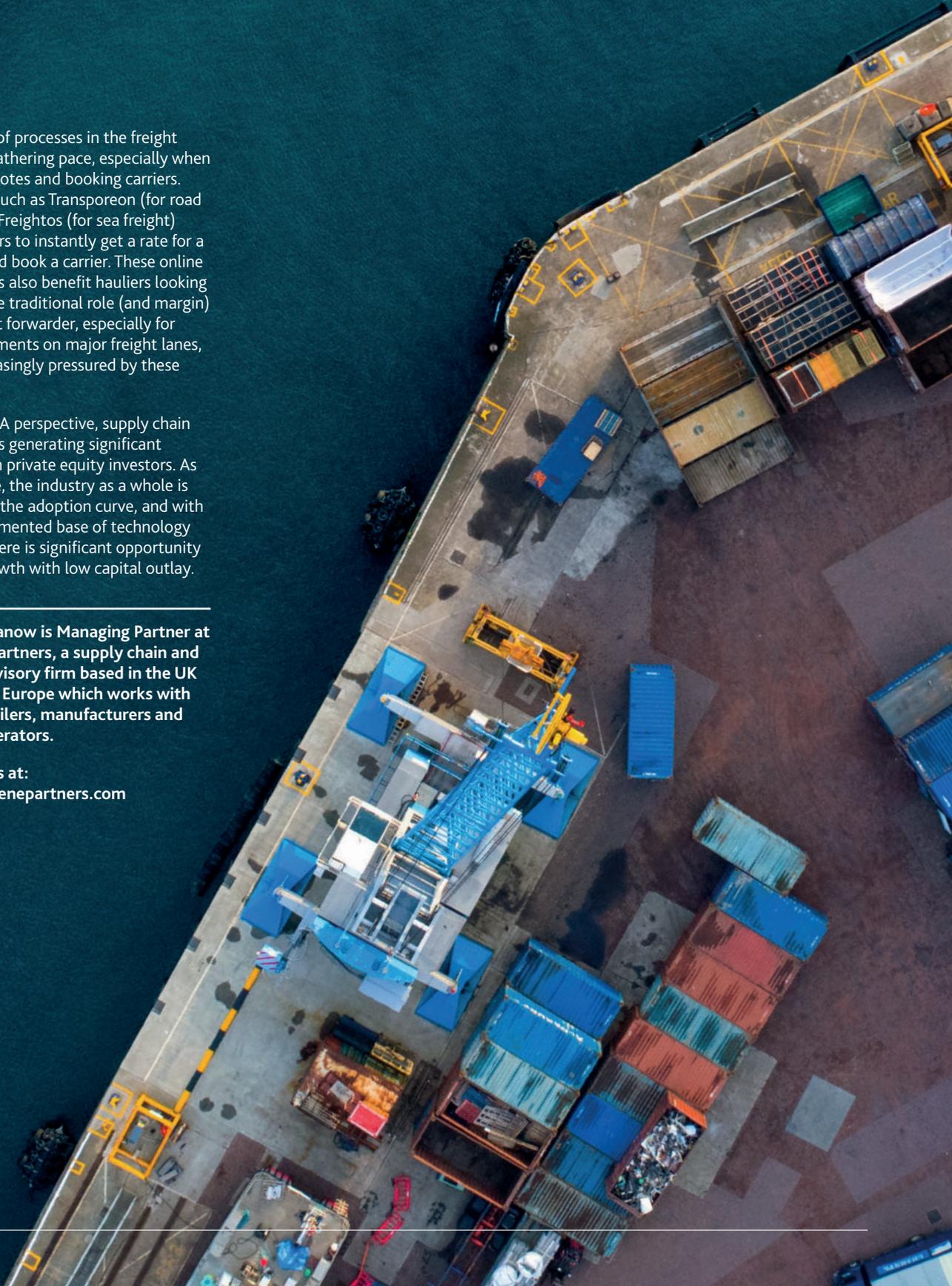
From an M&A perspective, supply chain technology is generating significant interest from private equity investors. As noted before, the industry as a whole is still early on the adoption curve, and with a highly fragmented base of technology providers, there is significant opportunity for rapid growth with low capital outlay.

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More details at:  
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## MARKET DRIVERS

The logistics market continues to be a diverse sector with large providers looking to consolidate the market and smaller niche providers looking to take advantage of the ever-changing landscape. As with many sectors, technology and skills are at the forefront of market developments.



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### INCREASE OF ROBOTICS IN THE SUPPLY CHAIN

Automation is already a well-established part of the supply chain, particularly in global distribution centres. In a market which can often experience warehouse labour shortages, automation provides a viable, sustainable alternative.

More often than not, this takes the form of warehouse management systems automating workflow. However, the increasing staffing pressures and growth of available robotics solutions has led to a surge of investment in the building of purpose designed automated warehousing.

Automation continues, and will continue, to play a huge part in the entirety of the supply chain. From the manufacturing of goods, through to the transportation and storage of these items, all the way to management and maintenance of the vehicles and services involved. Technology and automation represents a magnificent opportunity for logistics providers who are able to provide innovative, efficient solutions within the supply chain.

### THE CONVERGENCE OF LOGISTICS AND TECHNOLOGY SERVICES

The movement in many logistics companies to asset-light models looking to provide a technology-enabled solution to their customers means they are becoming increasingly hard to distinguish from technology providers. Businesses market themselves as 3PLs, 4PLs and now even 5PLs leveraging IT platforms as major service-selling points.

This apparent blending of technology and service provision is beginning to pervade B2B marketplaces, especially those related to logistics services. Examples include:

- Companies needing short-term warehouse space can now be connected to other companies with floor or rack space to spare, through platforms such as ShareHouse
- Shippers can easily find space for their goods on a truck using 'Convoy', a form of crowd-sourced freight service
- The matching of capacity and requirement in oil transportation. The concept is simple: vessel owners and oil shippers register on an app. Vessel owners post their available capacities and shippers post their needs. The app will search for the most efficient solutions and enable transactions to be brokered without the broker
- Digital Freight Matching. Amazon has developed freight matching solutions. Other companies entering the market are offering cargo matching in long-distance road transport, while a number of start-ups have emerged to compete in last-mile matching.

### SUPPLY CHAIN SOCIAL RESPONSIBILITY

Sustainability, carbon footprint reduction, and supply chain transparency continue to be high priorities for many businesses and form part of their CSR agendas.

Whilst initially a compliance related necessity, social responsibility is now seen as a way to differentiate in the market, secure customers and ensure employee retention.

This, linked with the continuing development of a global green agenda, has led to logistics businesses proactively publishing CSR objectives and achievements outlining their commitment to developing sustainable, greener businesses.

### THE RACE FOR THE LAST MILE

The significant increase in ecommerce, omni-channel retail and convenience purchasing has led to increasing competition in what is widely considered the most cost-intensive part of the supply chain: the final delivery of goods from distribution centre to retail store or consumer's front door.

This has led to high levels of innovation in how best to maximise efficiencies; the introduction of smart lockers, rise of click and collect services and the increasing use of third party carriers such as FedEx, Whistl and DHL are great examples.

To sustain growth, logistics companies are having to revisit their strategies.

In the UK, the changing market is driving international and institutional investment. Despite the uncertainty of Brexit, the UK continues to be a highly attractive market for investment.

# GLOBAL TRANSACTIONS

## GLOBAL DEAL VOLUME AND VALUE 2015 - 2018(Q1)



Source: Capital IQ

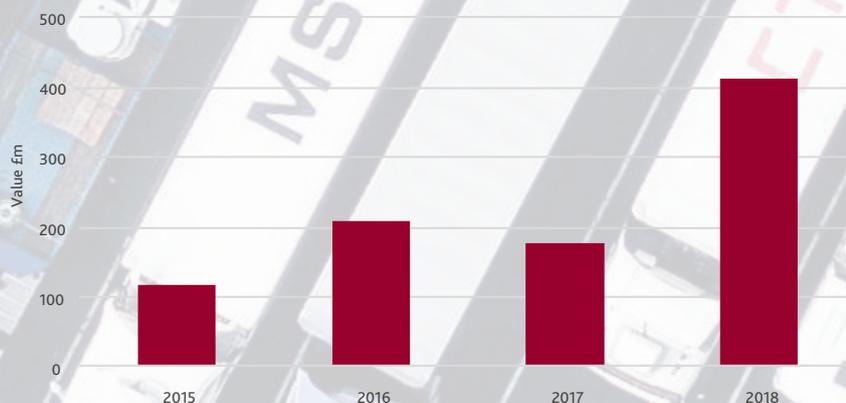
2017 saw a decline in both annual deal volume and value compared to the previous two years, volumes were down 14% to 258 transactions from the 301 in 2016. There was a more significant fall of 38% in disclosed deal values to £16.9bn.

The high deal value in 2016 was due to the larger number of high-value deals, with three transactions above £3bn; the £3.1bn FedEx acquisition of TNT, £3.7bn purchase of Neptune Orient lines by CMA CGM

and the £6.7bn Brookfield Infrastructure Consortium acquisition of Asciano Limited. In contrast, both 2015 and 2017 each had only one transaction above this value.

Transactions involving direct investment by financial institutions shows a growing trend from 13% in 2015 to 17% in the first quarter of 2018. Financial investors being categorised as private equity, pension funds and other investment and asset management firms.

## AVERAGE DEAL VALUE 2015 - 2018(Q1)



Source: Capital IQ

Average deal value shows an encouraging trend with an increase to £412m in the first quarter of 2018. This is distorted by the £6bn minority investment in Uber in January 2018.

## ACTIVE BUYERS

### MOST ACTIVE BUYERS IN THE MARKET BY VOLUME 2017

BUYER	LOCATION	NO. OF TRANSACTIONS
ABERTIS INFRAESTRUCTURAS, S.A.	Spain	7
PT WASKITA TOLL ROAD	Indonesia	4
AL PRIME (LUXEMBOURG) BIDCO S.A R.L.	Luxembourg	2
CLH LIMITED	China	2
FERROVIE DELLO STATO ITALIANE SPA	Italy	2

Source: Capital IQ

The market activity by geography is reflective of the most active buyers, with three of the top five being based in Europe.

Abertis Infraestructuras, the ever-acquisitive Spanish highway operator, is the most active buyer, completing seven

transactions in 2017 with a total value of £1.4bn. As an infrastructure business, the transactions have focussed on toll roads. Interestingly, it was announced as an acquisition target itself for Hochtief in late 2017, at a value rumoured to be €18.6bn (£16.7bn).

### MOST ACTIVE BUYERS IN THE MARKET BY VALUE 2017

BUYER	LOCATION	VALUE (£M)
MAERSK LINE A/S	Denmark	3,128
KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.	US	2,391
CHINA COSCO SHIPPING CORPORATION LIMITED	China	2,080
GMÉXICO TRANSPORTES, S.A. DE C.V.	Mexico	1,678
ABERTIS INFRAESTRUCTURAS, S.A.	Spain	1,426

Source: Capital IQ

Four of the top five transactors by value did not appear in the top five by volume. This reflects some significant investments including:

- Maersk Line A/S £3.1bn acquisition of Hamburg Süd completed in November 2017; and
- Knight Transportation's £2.4bn acquisition of Swift under the renamed Knight-Swift in August 2017. In March 2018 the Group went on to purchase Abilene Motor Express for an undisclosed sum.

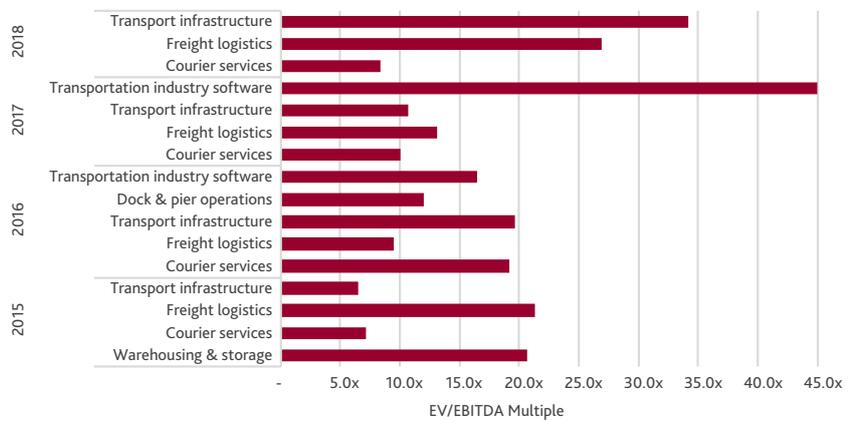
# DEAL MULTIPLES

The average EV/EBITDA multiple in 2017 was 13.6x, as compared to 13.8x in 2016. This, despite the high industry software multiple in 2017, reflects a shift to more deals in freight logistics (68% of deal value in 2017 versus 52% in 2016) which typically command a lower valuation multiple.

Deal multiples have been highest in software related services, followed by warehousing and storage, with a premium being paid for technology, software and automation within warehouse facilities. In 2017, the software subsector multiple was particularly high due to two deals: the ORBCOMM acquisition of inthinc and Porsche acquiring PTV Group. The 2017 average EV/EBITDA multiple excluding this subsector was 11.9x.

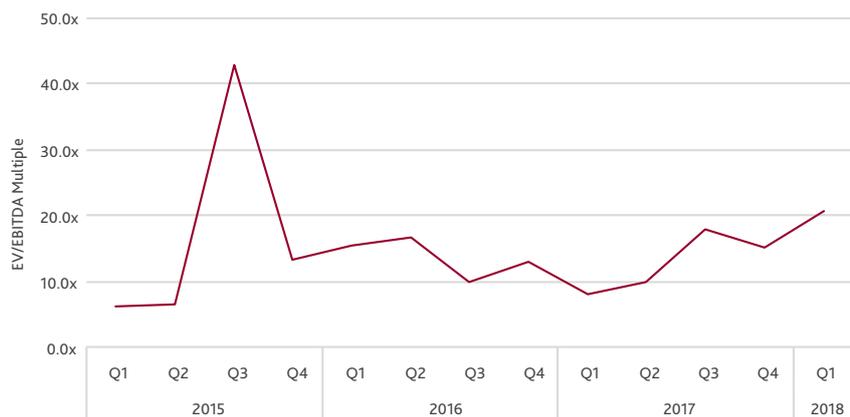
Average multiples have shown an upward quarterly trend in 2017. A significant peak in 2015 was driven by two deals, the QAM minority investment into the Polish integrated logistics provider, Logzact and the Tianjin Shunhang Shipping investment in Chang Jiang Shipping Group.

## GLOBAL AVERAGE EV/EBITDA MULTIPLES BY SUBSECTOR 2015 – 2018(Q1)



Source: Capital IQ  
There were no disclosed multiples in the freight handling sector in the period.

## GLOBAL AVERAGE EV/EBITDA MULTIPLES 2015 – 2018(Q1)

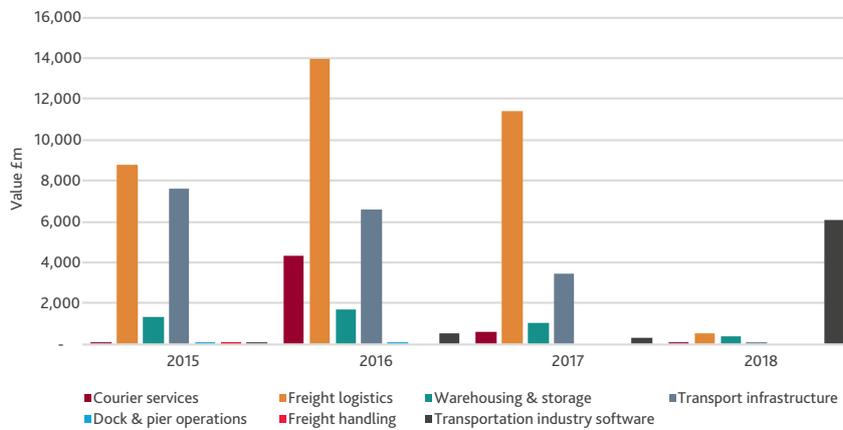


Source: Capital IQ



# SECTOR ANALYSIS

## GLOBAL DEAL VALUE BY SUBSECTOR



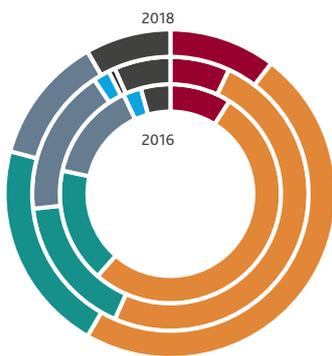
Source: Capital IQ

Freight logistics has consistently seen the highest volume and value of transactions accounting for 68% of transaction value in 2017, up from 52% in 2016. Transport infrastructure was the second largest at 20%, down from 24% in 2016.

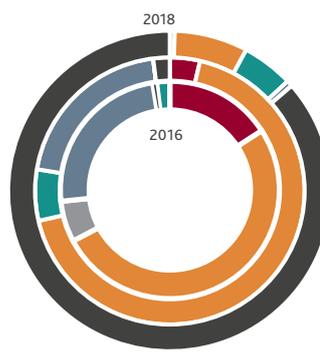
There has been a shift in the mix of transaction volumes as transport infrastructure now sits second in volume, increasing to 17% to displace warehousing and storage. The most active buyer in the subsector was PT Waskita with four investments in toll roads.

In the first quarter of 2018 there was a marked shift in value to transportation industry software due to the £6bn investment in Uber. In terms of deal volumes the spread is more consistent.

## GLOBAL DEAL VOLUME BY SUBSECTOR



## GLOBAL DEAL VALUE BY SUBSECTOR



- Freight handling
- Transportation industry software
- Transport infrastructure
- Courier services
- Freight logistics
- Warehousing & storage
- Dock & pier operations

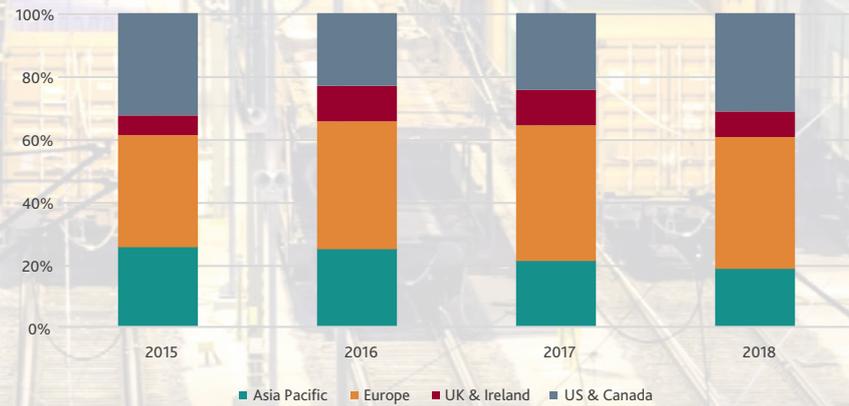
Source: Capital IQ





## REGIONAL ANALYSIS

### REGIONAL DEAL VOLUMES BY TARGET GEOGRAPHY

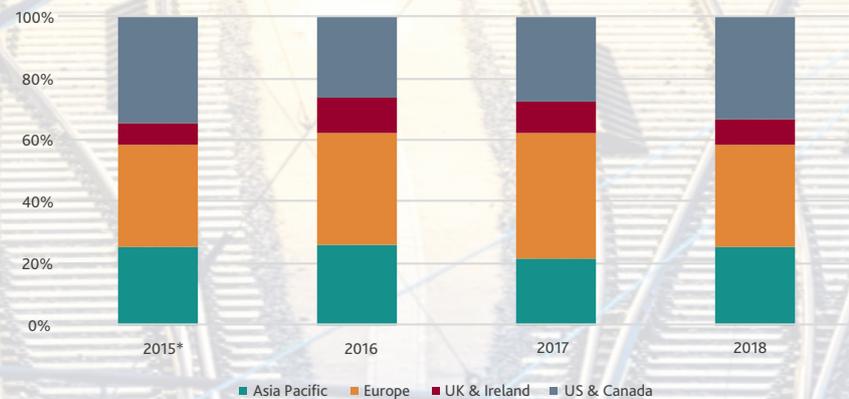


Europe (including UK and Ireland) has consistently led the way for deal volumes in terms of sales with 140 completed, representing 54% of overall activity in 2017.

In 2017, US and Canada deal volumes remained relatively consistent at 63 but grew as a proportion of transactions to 24%. In terms of value, the region's contribution was higher at 38% of global transactions.

This highlights the shift in focus to higher value deals. Large logistics providers such as XPO held off on multiple acquisitions across the period, preferring to focus on the integration of a single large acquisition, a trend they have openly stated they are looking to address in the coming years.

### REGIONAL DEAL VOLUMES BY BUYER GEOGRAPHY



\* Less than 1% of deal volumes in 2015 were in Africa

# UK & IRELAND

## UK AND IRELAND DEAL VOLUME AND VALUE 2015 – 2018 (Q1)



Source: Capital IQ

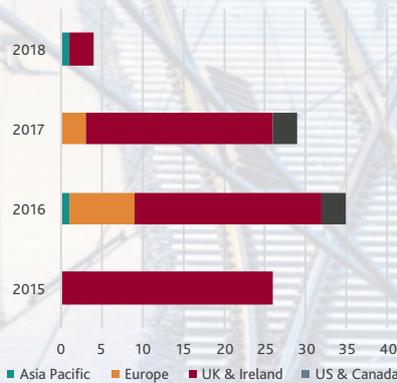
The UK and Ireland shows a small downward trend in volume of deals since a bumper year in 2016. Last year 29 deals were completed versus 35 in 2016.

Deal values mirror this trend, down 9% in 2017 to £821m. The average deal value increased to £82m, a similar pattern to that seen in the US and Canada.

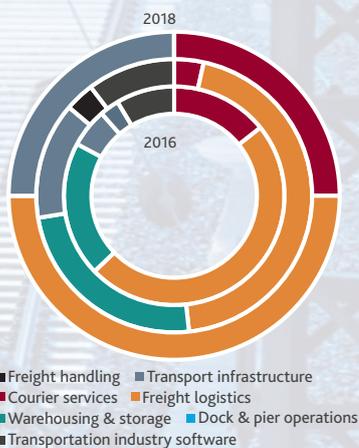
Overseas investment into the UK remains strong, representing 21% of transactions. However, this is a decline from the 34% outside investment in 2016.

Freight logistics is the most active subsector in UK and Ireland, making up 45% of sales volume. Warehousing and storage is the second most active, representing 24%.

## UK & IRELAND SALES BY BUYER REGION



## UK AND IRELAND TRANSACTION VOLUME BY SUBSECTOR



Source: Capital IQ



# UK PRIVATE EQUITY

The UK and Ireland has seen increased investment appetite and activity from financial institutions as they recognise an opportunity to deliver growth and value.

A snapshot of investment includes:

## **EMEREGVEST'S CONTINUED INVESTMENT IN THE SECTOR: CM DOWNTON**

EmergeVest acquired the entire shareholding of CM Downton for an enterprise value of £75m in March 2018. Post-acquisition, the Downton family are to continue in their roles as the senior management.

The acquisition will allow the C M Downton group to further invest in innovation and bolster growth.

This adds to their previous acquisitions of the palletised distribution specialist Palletforce, chilled food logistics specialist NFT, freight forwarder Allport Cargo services and supply chain network company Adjuno.

They have supplemented these investments by the subsequent acquisitions of NR Evans and UK Freight Masters by NFT and Palletforce respectively. This has created a strong logistics portfolio which also includes Jigsaw and Cargo Services Group.

## **TCP INVESTMENT IN GEORGE WALKER TRANSPORT**

Total Capital Partners funded the MBO of Leeds based Walkers Transport. Walkers provides palletised logistics services throughout the UK, Ireland and Europe. The business operates the Palletways network's Northern Superhub as part of a JV arrangement.

Walkers has evolved to become a leading UK transport and 3PL specialist.

## **NORTHEDGE INVESTMENT IN ABBEY LOGISTICS & PROHIRE**

Northedge backed the existing management team of Abbey, led by Steve Granite, to help build its market presence in the UK and Europe, through growth with new and existing customers.

Abbey Logistics is a niche logistics provider which specialises in the transportation of bulk liquid and powder across the UK and Northern Europe.

In January 2017, Abbey further strengthened its market position with the acquisition of Armet Logistics which operates a fleet of bulk liquid tankers.

In April 2018, Northedge invested in the fleet management provider Prohire as they continue to expand their supply chain portfolio.

## **LDC'S ONGOING INVESTMENT IN THEIR SUPPLY CHAIN SERVICES PORTFOLIO**

As part of its growing logistics and supply chain portfolio, in May 2018 LDC invested £20m in the transport management software provider Mandata.

This added to previous investments including Bybox, Panther, City Sprint and The Pallet Network outlining a continuing interest in all aspects of the supply chain.

# QUOTED COMPANY TRADING MULTIPLES

COMPANY	DESCRIPTION
<b>RYDER SYSTEM, INC. (NYSE:R)</b>	Ryder System, Inc. provides transportation and supply chain management solutions worldwide. The company operates through three segments: Fleet Management Solutions (FMS), Dedicated Transportation Solutions (DTS), and Supply Chain Solutions (SCS).
<b>FEDEX CORPORATION (NYSE:FDX)</b>	FedEx Corporation provides transportation, e-commerce, and business services worldwide.
<b>UNITED PARCEL SERVICE, INC. (NYSE:UPS)</b>	United Parcel Service, Inc. provides letter and package delivery, specialized transportation, logistics, and financial services. It operates through three segments: U.S. Domestic Package, International Package, and Supply Chain & Freight.
<b>J.B. HUNT TRANSPORT SERVICES, INC. (NASDAQGS:JBHT)</b>	J.B. Hunt Transport Services, Inc., together with its subsidiaries, provides surface transportation and delivery services in the continental United States, Canada, and Mexico. It operates through four segments: Intermodal (JBI), Dedicated Contract Services (DCS), Integrated Capacity Solutions (ICS), and Truckload (JBT).
<b>C.H. ROBINSON WORLDWIDE, INC. (NASDAQGS:CHRW)</b>	C.H. Robinson Worldwide, Inc., a third party logistics company, provides freight transportation services and logistics solutions to companies in various industries worldwide. The company operates through three segments: North American Surface Transportation, Global Forwarding, and Robinson Fresh.
<b>KUEHNE + NAGEL INTERNATIONAL AG (SWX:KNIN)</b>	Kuehne + Nagel International AG, together with its subsidiaries, provides integrated logistics services worldwide. The company operates through four segments: Seafreight, Airfreight, Overland, and Contract Logistics.
<b>DFDS A/S (CPSE:DFDS)</b>	DFDS A/S provides ferry shipping services and transport solutions in Europe. The company operates through two divisions, Shipping and Logistics.
<b>A.P. MØLLER - MÆRSK A/S (CPSE:MAERSK B)</b>	A.P. Møller - Mærsk A/S operates as an integrated transport and logistics company worldwide. The company's Maersk Line segment provides container shipping services.
<b>ROYAL MAIL PLC (LSE:RMG)</b>	Royal Mail plc operates as an universal postal service provider in the United Kingdom and other European countries. It offers parcels and letter delivery services under the Royal Mail and Parcelforce Worldwide brands.
<b>DSV A/S (CPSE:DSV)</b>	DSV A/S provides transport and logistics services in Europe, the Middle East, Africa, North America and South America, Asia, Australia, and the Pacific. The company operates through three divisions: Air & Sea, Road, and Solutions.
<b>WINCANTON PLC (LSE:WIN)</b>	Wincanton plc, together with its subsidiaries, provides logistic and supply chain solutions in the United Kingdom and Ireland. It operates through Retail & Consumer and Industrial & Transport segments.
<b>AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (KWSE:AGLT)</b>	Agility Public Warehousing Company K.S.C.P., together with its subsidiaries, engages in the provision of logistics and related services in the Middle East, Europe, Asia, the United States, and Africa.
<b>KERRY LOGISTICS NETWORK LIMITED (SEHK:636)</b>	Kerry Logistics Network Limited provides logistics services in Asia and internationally. It operates through Logistics Operations, Hong Kong Warehouse, and International Freight Forwarding segments.
<b>XPO LOGISTICS, INC. (NYSE:XPO)</b>	XPO Logistics, Inc. provides transportation and logistics services in the United States, North America, France, the United Kingdom, Spain, Europe, Asia, and internationally.
<b>EDDIE STOBART LOGISTICS PLC (AIM:ESL)</b>	Eddie Stobart Logistics plc operates as a logistics and supply chain company in the United Kingdom and internationally.
<b>CHILLED &amp; FROZEN LOGISTICS HOLDINGS CO., LTD. (TSE:9099)</b>	Chilled & Frozen Logistics Holdings Co., Ltd. operates in low temperature food logistics business in Japan. It offers cargo transportation and warehouse services.
<b>STEF S.A. (ENXTPA:STF)</b>	STEF S.A. provides controlled-temperature road transport and logistics services. It transports fresh and frozen foods, and seafood products for various sectors of the food industry; and manages frozen, fresh, and temperature sensitive and dry food products logistic services for manufacturers, retailers, and out-of-home foodservice outlets.
<b>SNOWMAN LOGISTICS LIMITED (BSE:538635)</b>	Snowman Logistics Limited provides integrated temperature-controlled logistics services in India. The company operates through Temperature Controlled Services and Ambient Services segments. It offers warehousing solutions that cover ambient, chilled, frozen, and blast freezing facilities.
<b>NORISH PLC (AIM:NSH)</b>	Norish plc, together with its subsidiaries, provides temperature-controlled warehousing and logistics services to food manufacturers, importers, wholesalers, retailers, and distributors in the United Kingdom and Ireland.

MARKET CAP (£M)	NET DEBT (£M)	EV (£M)	REVENUE (£M)	EBITDA (£M)	EV/REVENUE	EV/EBITDA
2,886.8	3,815.5	6,702.3	5,245.6	1,239.4	1.3x	5.4x
48,077.8	9,069.7	57,147.5	44,611.3	6,072.5	1.3x	9.4x
67,416.4	14,490.2	81,928.0	47,142.6	7,021.4	1.7x	11.7x
9,582.1	767.5	10,349.6	5,145.4	723.1	2.0x	14.3x
9,172.3	809.5	9,981.8	10,641.6	611.3	0.9x	16.3x
13,448.7	(579.4)	12,873.9	14,100.2	866.0	0.9x	14.8x
2,173.3	267.0	2,446.1	1,705.8	316.4	1.4x	7.7x
22,756.0	10,979.1	34,683.7	22,146.4	2,522.7	1.5x	13.4x
5,598.0	402.0	6,000.0	10,022.0	727.0	0.6x	8.3x
10,271.7	667.8	10,936.4	8,917.6	641.6	1.2x	17.0x
290.9	43.5	334.4	1,137.3	58.4	0.3x	5.7x
2,532.1	206.3	2,857.0	3,351.0	283.9	0.9x	9.7x
1,672.6	373.1	2,339.5	2,490.1	222.7	0.9x	10.2x
8,837.3	3,056.4	12,213.5	11,007.6	917.2	1.1x	13.3x
472.5	97.7	572.8	590.7	46.5	1.0x	12.2x
265.6	102.6	373.8	698.0	69.0	0.5x	5.4x
1,029.6	478.7	1,510.4	2,570.2	191.3	0.6x	7.8x
88.9	10.3	99.2	20.7	5.2	4.8x	19.2x
23.2	5.4	28.6	371	1.8	0.8x	15.7x

## RECENT UK DEALS

DATE	TARGET	BIDDER	TRANSACTION VALUE (£M)
<b>MAY 18</b>	Mandata	LDC (Managers) Limited	20.0
<b>APR 18</b>	Prohire Limited	Northedge Capital LLP	40.0
<b>MAR 18</b>	C M Downton (Haulage Contractors) Limited	EmergeVest Limited	75.0
<b>FEB 18</b>	Connect Plus M25 Limited	Equitix Limited	42.0
<b>JAN 18</b>	Sutton Harbour Holdings plc (AIM:SUH)	FB Investors LLP	43.2
<b>DEC 17</b>	Connect Plus M25 Limited	Dalmore Capital Limited	62.0
<b>NOV 17</b>	Stork Self Storage (Holdings) Limited	Safestore Holdings plc (LSE:SAFE)	56.0
<b>OCT 17</b>	Two modern Big Box logistics facilities at Prologis Park in Staffordshire	Tritax Big Box REIT plc (LSE:BBOX)	78.5
<b>OCT 17</b>	George Walker Transport Ltd	Total Capital Partners LLP	12.0
<b>AUG 17</b>	The Self Storage Company	Schroder Real Estate Investment Management Limited	44.0
<b>MAY 17</b>	Pentalver Transport Limited	GWI UK Acquisition Company Limited	86.9
<b>MAR 17</b>	Airport Property Partnership	SEGRO Plc (LSE:SGRO)	365.0
<b>FEB 17</b>	Gruppo Investimenti Portuali SPA	InfraVia; Infracapital	126.9
<b>JAN 17</b>	Zenith Vehicle Contracts Limited	Bridgepoint Advisers Limited	750
<b>NOV 16</b>	Jo Tankers AS, Chemical Tanker Operations	Stolt-Nielsen Limited (OB:SNI)	432.3
<b>AUG 16</b>	Abbey Logistics Group Limited	NorthEdge Capital LLP	32.0
<b>JULY 16</b>	Space Maker Stores Limited	Safestore Holdings plc (LSE:SAFE)	44.4
<b>JULY 16</b>	Paragon Automotive Ltd.	BCA Marketplace plc (LSE:BCA)	30.0
<b>MAY 16</b>	Central Tank Terminal Co.,Ltd.	Macquarie Infrastructure and Real Assets (Europe) Limited	19.9
<b>MAY 16</b>	HKC Guilin Expressway Limited	Cornerstone Holdings Limited	34.49
<b>APR 16</b>	The Brighton Marine Palace & Pier Company	The Brighton Pier Group PLC (AIM:PIER)	18.0
<b>APR 16</b>	Panther Warehousing PLC	LDC (Managers) Limited	17.0
<b>FEB 16</b>	CitySprint (UK) Limited	Dunedin LLP; Lloyds Development Capital Ltd	80.0

Source: Capital IQ



INDUSTRY CLASSIFICATION	EV/EBITDA	TARGET BUSINESS DESCRIPTION
Transportation Industry Software (Primary)	-	Transport management software provider
Road Transportation of Freight (Primary)	-	Provider of commercial fleet management.
Road Transportation of Freight (Primary)	9.0x	UK-based provider of logistics services.
Highways and Railtracks (Primary)	-	Connect Plus M25 Limited, through its subsidiaries, operates, manages, and maintains motorways in Europe.
Marinas (Primary)	34.2x	Sutton Harbour Holdings plc, together with its subsidiaries, primarily engages in the marine activities in the United Kingdom.
Highways and Railtracks (Primary)	-	Connect Plus M25 Limited, through its subsidiaries, operates, manages, and maintains motorways in Europe.
Warehousing and Storage (Primary)	-	Stork Self Storage (Holdings) Limited provides storage solutions in the United Kingdom.
Road Transportation of Freight (Primary)	-	Two modern Big Box logistics facilities at Prologis Park in Staffordshire is logistics business and is located in the United Kingdom.
Road Transportation of Freight (Primary)	8.8x	George Walker Transport Ltd engages in the distribution of palletized goods.
Warehousing and Storage (Primary)	-	The self Storage Company operates self-storage facilities.
Marine Transportation Of Freight (Primary)	-	Pentalver Transport Limited provides container-related services in the United Kingdom. The company offers container storage, transportation, specialist haulage, cargo handling, container repairs, and refrigeration services.
Warehousing and Storage (Primary)	-	Airport Property Partnership owns industrial warehouses.
Marine Cargo Services (Primary)	-	Gruppo Investimenti Portuali SPA offers port terminal svices. The company operates Southern European Container Hub terminal.
Road Transportation of Freight (Primary)	15.3x	Zenith is the UK's leading independent leasing, fleet management and vehicle outsourcing business.
Marine Transportation Of Freight (Primary)	-	Chemical Tanker Operations of Jo Tankers AS comprises chemical tankers including stainless steel ships and ships with a combination of stainless steel and coated tanks.
Road Transportation of Freight (Primary)	-	Abbey Logistics Group Limited is a European logistics provider operating bulk liquid tankers.
Warehousing and Storage (Primary)	-	Space Maker Stores Limited provides self-storage solutions to businesses and homes in the United Kingdom.
Road Transportation of Freight (Primary)	12.3x	Paragon Automotive Ltd. provides outsourced new, in-life, and used vehicle services to vehicle manufacturers and fleet operators in the United Kingdom.
Marine Transportation Of Freight (Primary)	-	Central Tank Terminal Co. Ltd. offers logistic and warehouse services for chemical and oil products.
Highways and Railtracks (Primary)	-	The company, through its subsidiary, constructs and operates a toll road.
Dock and Pier Operations (Primary)	5.1x	The Brighton Marine Palace & Pier Company operates the Brighton pier in Britain.
Road Transportation of Freight (Primary)	-	Panther Warehousing PLC provides one-man and two-man assisted delivery services to online and multi-channel furniture and white goods retailers and manufacturers.
Air Courier Services (Primary); Ground Courier Services (Primary); Postal and Courier Delivery Services (Primary)	4.8x	CitySprint (UK) Limited provides courier and logistics services to customers in the United Kingdom and internationally. The company offers courier services.

# WHERE NEXT?

## A NEW ECONOMY

We are living in a time of unprecedented change. Brexit, emerging markets, potential new global trade deals, new technologies and regulation are changing the fundamentals of the way we live and do business. But with great change there is also great opportunity.

All these changes pose some interesting questions. For example, how should businesses react in such uncertain times and how can policymakers create the right environment to help them to flourish? In simple terms, what should Britain's post-Brexit economy look like?

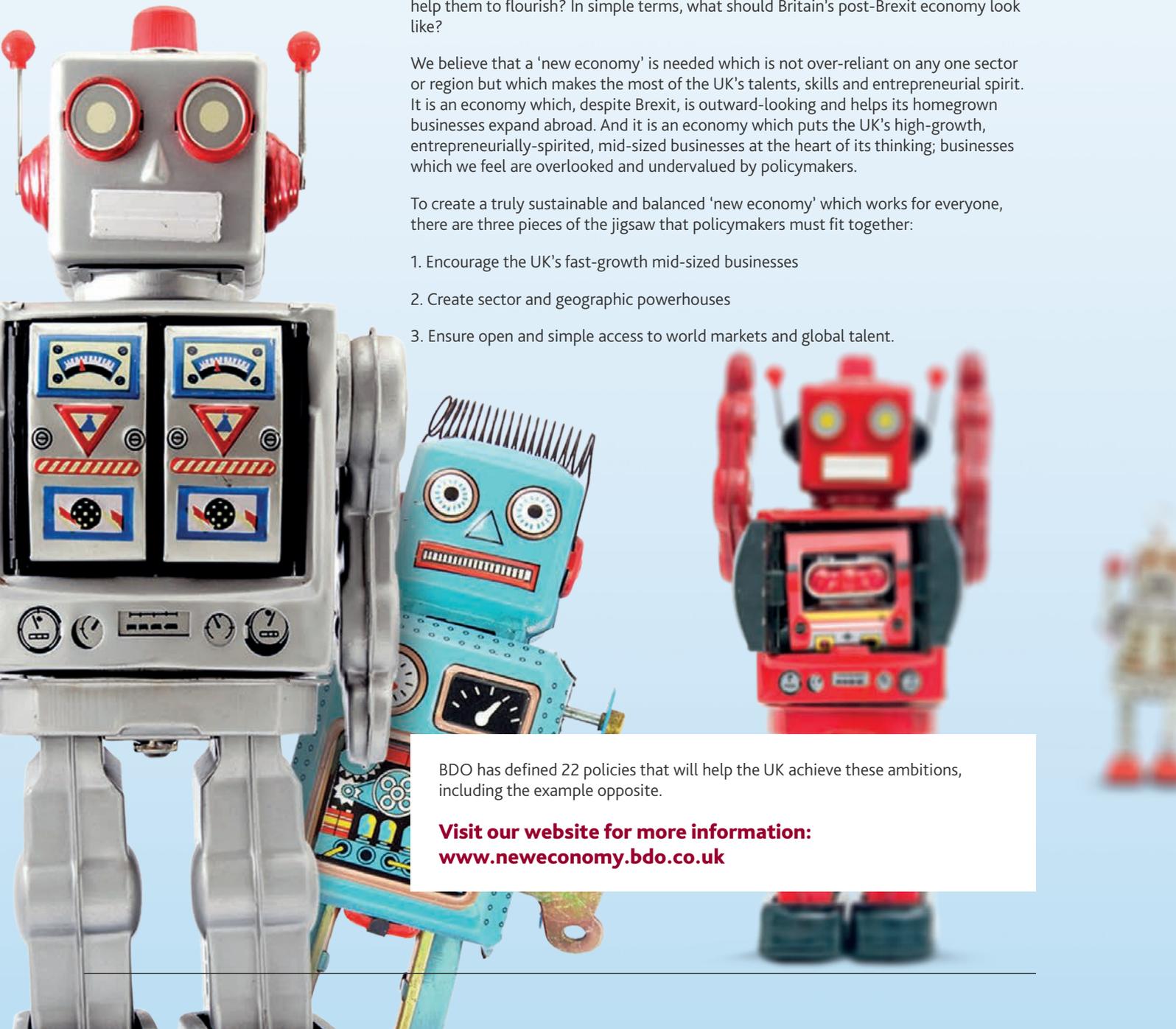
We believe that a 'new economy' is needed which is not over-reliant on any one sector or region but which makes the most of the UK's talents, skills and entrepreneurial spirit. It is an economy which, despite Brexit, is outward-looking and helps its homegrown businesses expand abroad. And it is an economy which puts the UK's high-growth, entrepreneurially-spirited, mid-sized businesses at the heart of its thinking; businesses which we feel are overlooked and undervalued by policymakers.

To create a truly sustainable and balanced 'new economy' which works for everyone, there are three pieces of the jigsaw that policymakers must fit together:

1. Encourage the UK's fast-growth mid-sized businesses
2. Create sector and geographic powerhouses
3. Ensure open and simple access to world markets and global talent.

BDO has defined 22 policies that will help the UK achieve these ambitions, including the example opposite.

**Visit our website for more information:**  
[www.neweconomy.bdo.co.uk](http://www.neweconomy.bdo.co.uk)



**INCLUDED IN THE 22 POLICIES  
IS POLICY 8: INVEST IN SMART  
INFRASTRUCTURE TO CREATE  
THE RIGHT ENVIRONMENT  
FOR BUSINESSES AND LOCAL  
COMMUNITIES TO FLOURISH**

Better roads and rail links will give the best return if they connect potential powerhouses – helping areas on the cusp of sustainable economic success to cement their position and help their businesses to thrive. In uncertain financial times, the Government needs to get the best possible value out of any investment, and some plans will deliver far more value than others. Much public and political focus has been on the big-ticket infrastructure projects – the so-called three 'Hs' of Heathrow, HS2 and Hinkley Point. Governments will inevitably be drawn to these big projects as a way of leaving a legacy and as a symbol of their vision for the country. We believe that the Government should also focus on smaller 'shovel-ready' projects that can get off the ground quicker and have a more immediate economic impact. To help make this 'smart infrastructure investment' a success we recommend the following:

- 1. Smaller projects, quicker wins:** The first step is to break down 'infrastructure policy' into defined subsectors: energy, transport, social infrastructure and so on. Once these have been outlined, we can then see key projects and pipelines for each area. Most importantly, the prioritised projects need to have cross-departmental support to ensure that all areas of Government are committed to moving them forward. Working on smaller and more targeted infrastructure projects would ensure a greater short-term benefit. While HS2 will undoubtedly have significant benefits, it will naturally take time for that benefit to be felt.
- 2. Local engagement:** Our calls for smart 'shovel-ready' infrastructure projects comes at a time when devolution continues to distribute powers away from Westminster. Local government must be included in a collaborative discussion about what infrastructure would benefit each location and ensure that smaller, regionally focused infrastructure projects make a real difference to local citizens. This would, in addition, help to dispel the notions that Westminster is too remote or doesn't understand.
- 3. Encourage outside investment:** The UK continues to enjoy a reputation as a great place to invest. While the UKTI and other promotional bodies are working to ensure that the 'open for business' message continues to resonate post-Brexit, this is a perfect opportunity to attract foreign investors for UK projects. An expected post-Brexit drop in infrastructure funding from the European Investment Bank might not be a disaster. UK banks have more liquidity than over the past few years and global investors from the USA and other countries are keenly competing for deals. The lower British pound and low interest rates make the cost of borrowing much more attractive which promise a long-term return. Encouraging foreign investment in infrastructure projects is a significant way to work productively with our current EU partners, forge new links with the rest of the world (China, USA, etc) and ensure that the UK remains an attractive place to invest.

# ABOUT BDO

## BDO UK

**8** Offices **260** Partners  
**7** Offices **3,600** Staff

FOR THE **THIRD YEAR RUNNING**  
 MORE OF **95%**  
 OUR CLIENTS  
 WOULD RECOMMEND US  
 THAN **ANY OTHER FIRM**<sup>1</sup>

**2016/2017 RESULTS:**  
 REVENUES<sup>2</sup>  
 UP **4.8%** TO **£456m**

1. Independent research (Mid Market Monitor 2013-2017) by Meridian West shows that BDO, for the third year running, have the highest proportion of clients who would recommend their advisers among its peer group
2. Gross Revenues



## BDO CORPORATE FINANCE UK

**300** COMPLETED DEALS IN 2017  
 WITH A TOTAL DEAL VALUE OF **£18.5bn**

**40%** PRIVATE EQUITY DEAL INVOLVEMENT  
**25%** OF OUR DEALS ARE CROSS BORDER

**ONE** OF UK'S MOST ACTIVE ADVISERS\*  
 AN AWARD WINNING CORPORATE FINANCE BUSINESS

**200** CORPORATE FINANCE PROFESSIONALS IN THE UK

\*3rd most active financial adviser in the UK – Experian league tables 2017

\*4th leading DD provider in the UK – Mergermarket league tables 2017

## BDO GLOBAL CORPORATE FINANCE

**1,200** COMPLETED DEALS IN 2017  
 WITH A TOTAL DEAL VALUE OF **\$54.5bn**

**30%** PRIVATE EQUITY DEAL INVOLVEMENT  
**30%** OF OUR DEALS ARE CROSS BORDER

**TOP 4** ADVISER  
 IN THE GLOBAL LEAGUE TABLES\*

AN AWARD WINNING CORPORATE FINANCE BUSINESS  
**2,000** CORPORATE FINANCE PROFESSIONALS  
**100** COUNTRIES PROVIDING DEDICATED CORPORATE FINANCE SERVICES

\*4th most active financial adviser – Thomson Reuters 2017  
 4th leading DD provider – Mergermarket 2017

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The information and data in this report is an analysis of deals in the logistics and supply chain management sector. BDO sourced the information from Capital IQ, based on industry classifications. Deals include mergers and acquisitions, buyouts, privatizations and minority stake purchases including existing shareholder transactions from January 2015 to March 2018 based on the transaction closed date. Adjustments are made to the information to exclude transactions which are not specific to the sector.