

9 FACTS LOOKING AT THE TREND OF M&A IN 3PLS

THIS YEAR HAS BEEN AN ESPECIALLY BUSY ONE FOR MERGERS AND ACQUISITIONS (M&A). HERE ARE 9 STATS AND FACTS ABOUT M&A TREND CURRENTLY OCCURRING IN THE LOGISTICS INDUSTRY.

1 THE LAST TWO YEARS HAVE BEEN A TIME OF **LARGE, STRATEGIC ACQUISITIONS RESULTING IN SIGNIFICANT CONSOLIDATION** AMONG THE TOP 50 GLOBAL THIRD-PARTY LOGISTICS (3PL) PROVIDERS.



2 ACCORDING TO PWC U.S, THIS YEAR IS ON PACE TO BE **THE SECTOR'S MOST ACTIVE SINCE 2006**, MEASURED BY ITS TOTAL DEAL VALUE OF \$97.9 BILLION.



3 CEOS ACROSS NORTH AMERICA, EUROPE AND ASIA-PACIFIC AGREE THAT THE NEED FOR M&A STEMS FROM **FOUR KEY FACTORS**:

3PLS EXPERIENCING MARKET PRESSURE TO EXPAND SERVICE OFFERINGS; AN INCREASED DESIRE TO OFFER ONE-STOP SOLUTIONS TO CUSTOMERS; THE NEED TO DRIVE SCALE IN SPECIFIC MARKETS; AND A DESIRE TO EXPAND THEIR GEOGRAPHIC FOOTPRINT.



4 NORTH AMERICAN CEOS PREDICTED THAT **6.54 PERCENT** OF THEIR REVENUE GROWTH OVER THE NEXT THREE YEARS WILL COME FROM M&A ACTIVITY.

EUROPEAN CEOS PROJECTED THAT FIGURE AT 3.67 PERCENT WHILE CEOS FROM THE ASIA-PACIFIC REGION PREDICTED THAT 4 PERCENT OF THEIR REVENUE GROWTH DURING THAT PERIOD WOULD BE M&A RELATED.



5 USING 2014 GROSS REVENUE FIGURES, THE PERCENT TOTAL GLOBAL 3PL MARKET SHARE FROM THE TOP 50 3PL PROVIDERS (AFTER 2015 MERGERS AND ACQUISITIONS) IS **38% OF THE \$751 BILLION GLOBAL 3PL MARKET**.

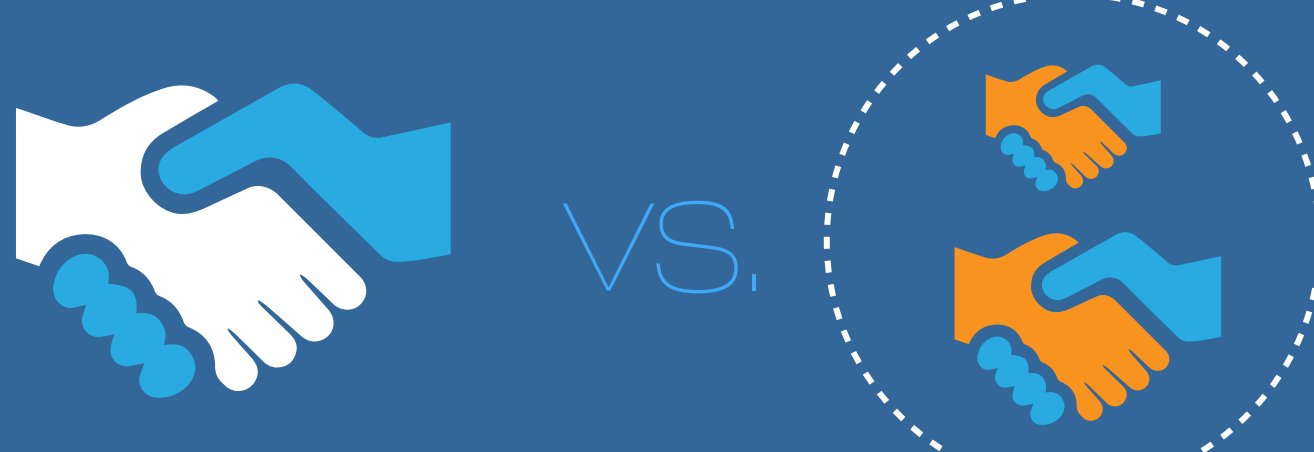


6 REGULATORS ARE CONTEMPLATING **THE PROPOSED MERGER** OF ANHEUSER-BUSCH INBEV AND SABMILLER, THE CAPSTONE TO A DECADE OF FRENZIED MERGER AND ACQUISITION ACTIVITY IN THE BREWING MARKET. **THE COMBINED COMPANY WOULD CONTROL 30% OF THE WORLD'S BEER MARKET**.



7 THE RAPID PACE OF 3PL M&A ACTIVITY IS SHOWING NO SIGNS OF SLOWING; HOWEVER, **2016 IS EXPECTED TO BE DOMINATED BY MID- AND SMALL-SIZED DEALS VERSUS THE \$100M+ DEALS ARMSTRONG & ASSOCIATES (A&A) HAS SEEN IN 2015**.

IN THE U.S., NON-ASSET BASED 3PLS ARE STILL VALUED HIGHER THAN ASSET-BASED 3PLS, BUT ASSET-BASED PROVIDERS HAVE SEEN AN INCREASE IN THE PAST THREE YEARS.



8 WHEN EVALUATING COMPANIES, A&A REPORTS **PRIVATE EQUITY LIKES TO SEE SOLID MANAGEMENT, REVENUE AND EARNINGS GROWTH, AND A SOLID BUSINESS MODEL**. COMPANIES WHERE EXTERNAL CAPITAL CAN BE USED FOR EXPANSION, OR TO FILL OPERATIONAL GAPS SUCH AS IT, ARE FAVORED.



9 THERE IS INTEREST IN ASIAN 3PLS BUYING INTO THE U.S. AND 3PLS BASED IN SLOWER GROWTH COUNTRIES EXPANDING INTO HIGHER GROWTH ASIAN AND NORTH AMERICAN MARKETS. **2015 HAS BEEN DOMINATED BY SIZE AND SCALE M&A ACTIVITY VERSUS OTHER STRATEGIC PLAYS SUCH AS SERVICE PORTFOLIO, OR VERTICAL INDUSTRY DIVERSIFICATION**.



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