

Seale & Associates

Creative Solutions. Trusted Advice.

**LOGISTICS &
TRANSPORTATION
INDUSTRY IN
MEXICO**

SEPTEMBER
2018

INDUSTRY REPORT

LOGISTICS & TRANSPORTATION INDUSTRY IN MEXICO:

The logistics and transportation industry in Mexico consists of merchandise exchange by air, sea, highway and rail

- During 2017, 982 million tonnes were transported by four different forms of transportation, generating over 2.3 million direct jobs
- Of the total tonnes transported during 2017, 55.7% were through road freight and 31.3% were maritime
- The transport and logistics industry in Mexico contributes to the 5.5% of the country's GDP



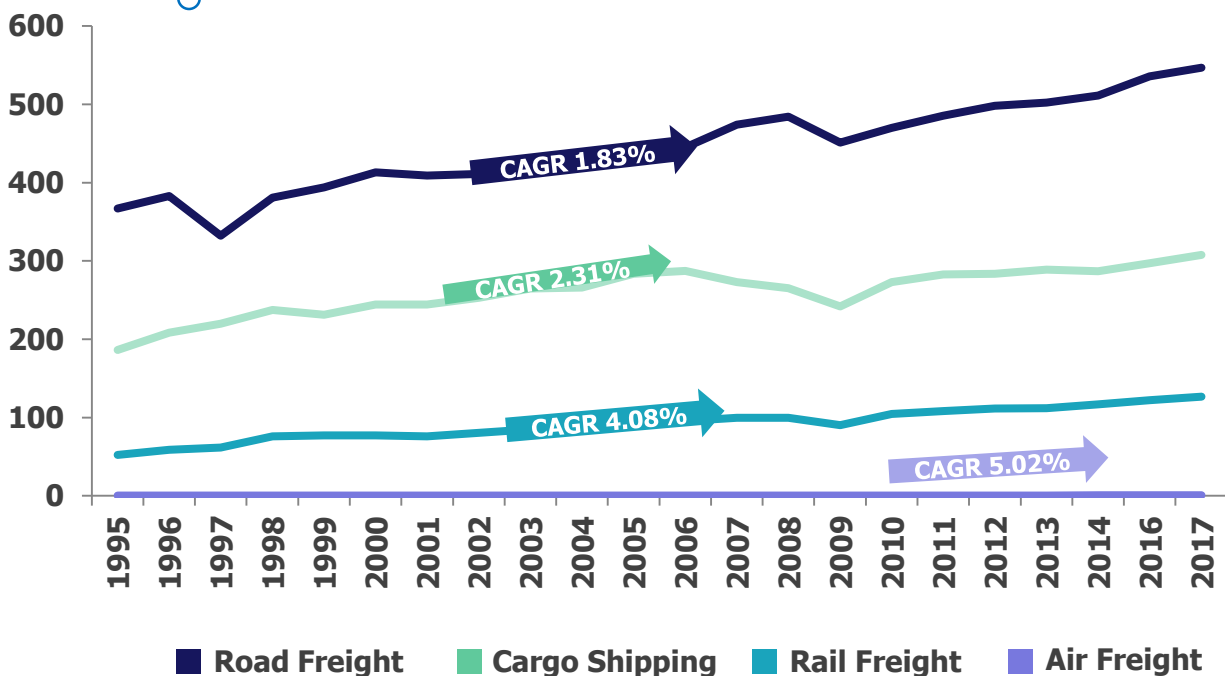
Tonnes Transported by Type of Freight

Million of Tonnes

Types of Freight	Tonnes (million)	%
Road Freight	546.6	55.7
Cargo Shipping	307.6	31.3
Rail Freight	126.6	12.9
Air Freight	0.7	0.1
Total	982	100

Evolution of Cargo Transported by Form of Transportation

Million of Tonnes
CAGR 1995-2017



LOGISTICS & TRANSPORTATION INDUSTRY IN MEXICO:

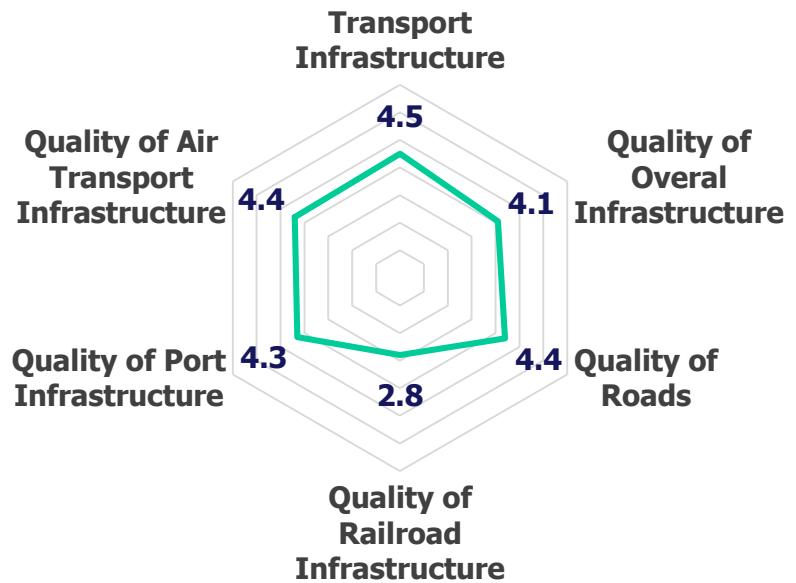
Mexico is ranked 51 out of 137 countries evaluated in the Global Competitiveness Index 2017-2018 of the World Economic Forum, which assesses the performance of countries in 12 pillars of competitiveness

- Mexico is 62th in infrastructure with a rating of 4.3 (1 being poor performance and 7 best)
- The road and air infrastructure are the best evaluated with 4.4, while the rail infrastructure is the worst with 2.8



Rating of the Infrastructure in Mexico

1=Worst Quality, 7= Best Quality



TRENDS IN THE LOGISTICS & TRANSPORTATION INDUSTRY IN MEXICO:

Industry growth of 6.6% is expected during 2018, which represents a 4.9% higher average than the last five years (2012-2017), but a decrease of 2.7% is expected by 2019

- E-commerce growth is expected to boost growth in the logistics industry in the mid-term
- Private consumption expected to continue playing a very important role in the economy and will boost cargo volumes
- Rail transport is best positioned to benefit from the growth of the country, the energy reform has driven this sector; Additionally, rail transport represents greater security than oil pipelines
- The growth of air freight may be affected by the uncertainty of the new Mexico City Airport
- Investments in the energy sector and in the ports of Manzanillo and Veracruz will promote the transport of cargo shipping



SWOT ANALYSIS OF THE LOGISTICS & TRANSPORTATION INDUSTRY IN MEXICO:

Strenghts:

- Strategic location allows to easily serve the North American and Central American market
- Large number of free trade agreements
- Rapid industry development toppled with increasing income generation
- Ample opportunities in the private sector since energy reform passed
- Mexican Pacific ports serve as intermediate ports for transpacific routes

Weaknesses:

- Heavily dependent on the U.S. economy
- Poor cargo transportation infrastructure per international standards
- Maritime ports less developed than other types of cargo transport
- Ports are vulnerable to delays and congestion

Opportunities:

- Expansion of the Panama Canal may bring more traffic to the region
- Recent infrastructure investments in Lázaro Cárdenas, Veracruz and Manzanillo ports offer opportunities for growth
- Large capital inflows are expected for the next 10 years
- New USMCA expected to deepen trade relations between the United States and Mexico

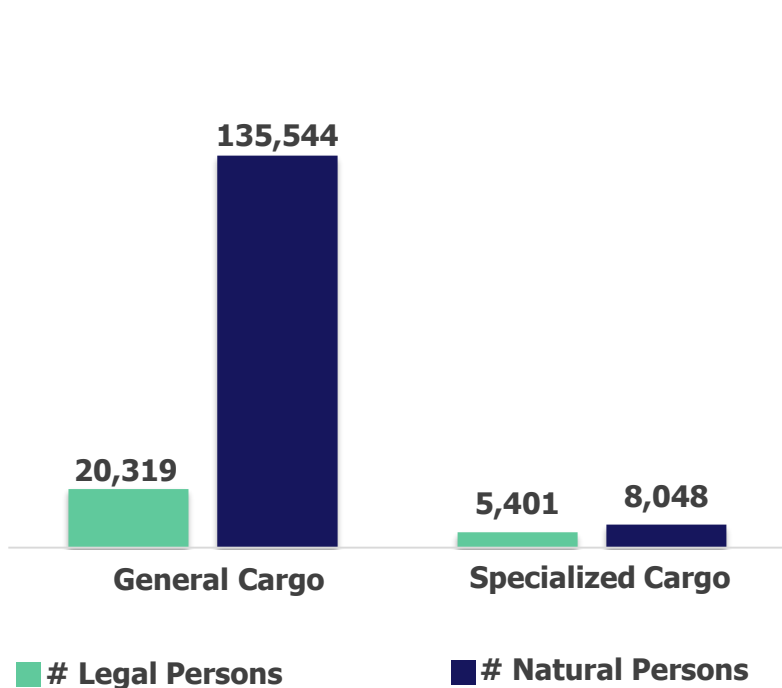
Threats:

- Insecurity continues to be a threat to all means of transport
- Lack of interest from Mexican carriers in the pilot program of cross-border transportation of the United States Department of Transportation

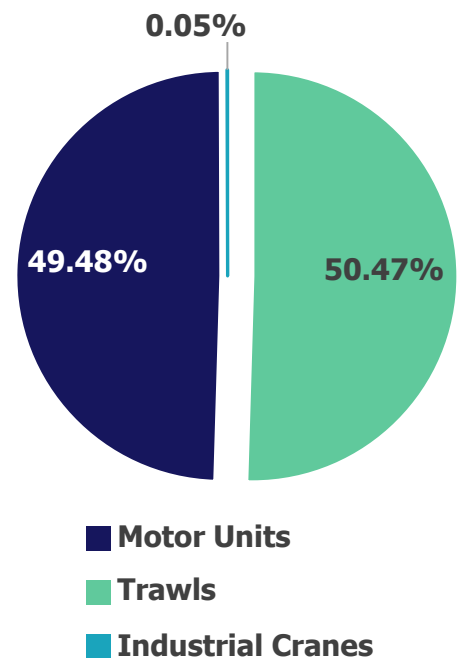
ROAD FREIGHT:

The road freight sector is the main form of transportation in Mexico, transporting 56% of the domestic volume with a total of 546.6 million tonnes and with a total fleet of 917,381 motor units as of December 2017

- There are two types of services: **general cargo** (transfers of any type of goods without any specialized equipment) and **specialized cargo** (transports materials, waste, bulky objects, hazardous waste, funds and securities).
- In both cargos, Mexico City manages the most volume with 179,372 (19.55%), followed by Nuevo León with 129,782 (14.14%) and Jalisco with 61,611 (6.71%).
- The motor vehicle fleet of cargo transport is divided into 3 classes: (i) motor units (2, 3 and 4 axles trucks and 2 and 3 axle tractors), (ii) by trawls (semi-trailers from 1 to 5 axes), and (iii) by industrial cranes

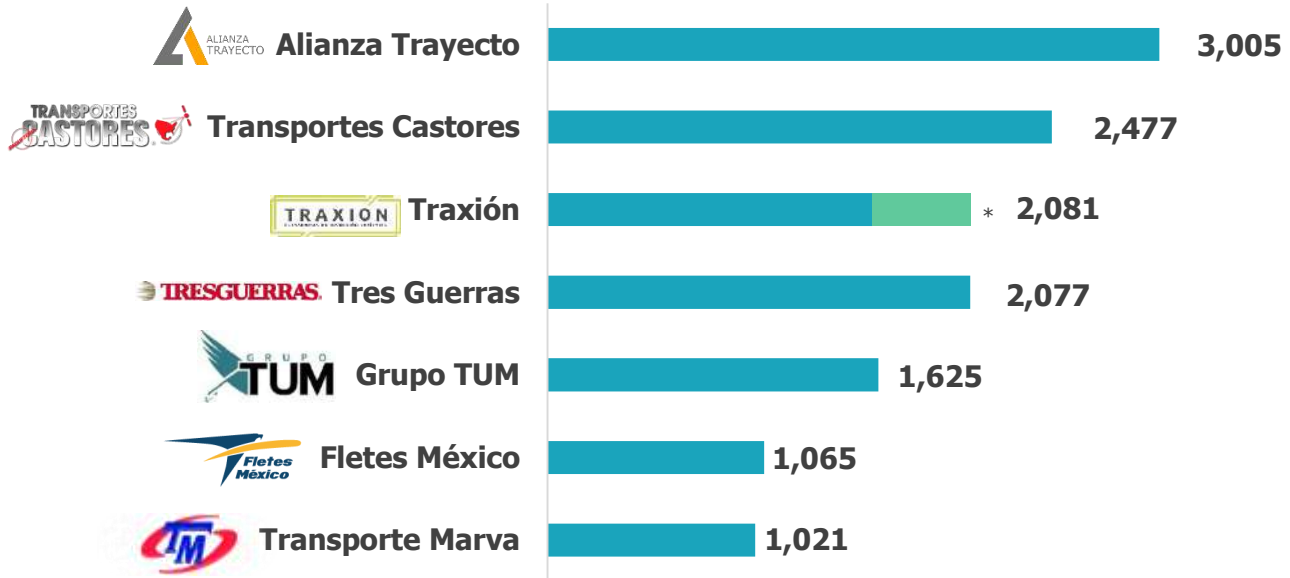


Road Freight Permits by Class of Service 2017



Distribution of the Road Freight Vehicles by Class 2017

ROAD FREIGHT:



* Traxión added 485 units to its portfolio with the acquisition of Autotransportes El Bisonte

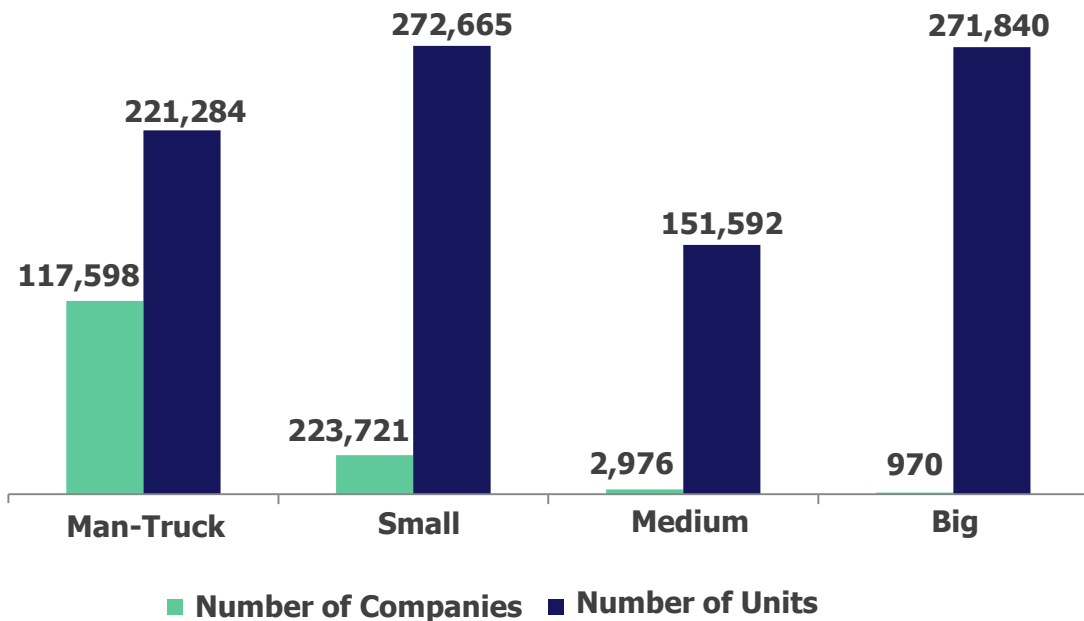
Main Players in the Road Freight Sector

By Number of Units

Business Structure of the Road Freight Sector 2017

Man-Truck: 1-5 Units
Small: 6-30 Units

Medium: 31-100 Units
Big: More than 100 Units



ROAD FREIGHT:

Units of Autotransport by Type of Vehicle

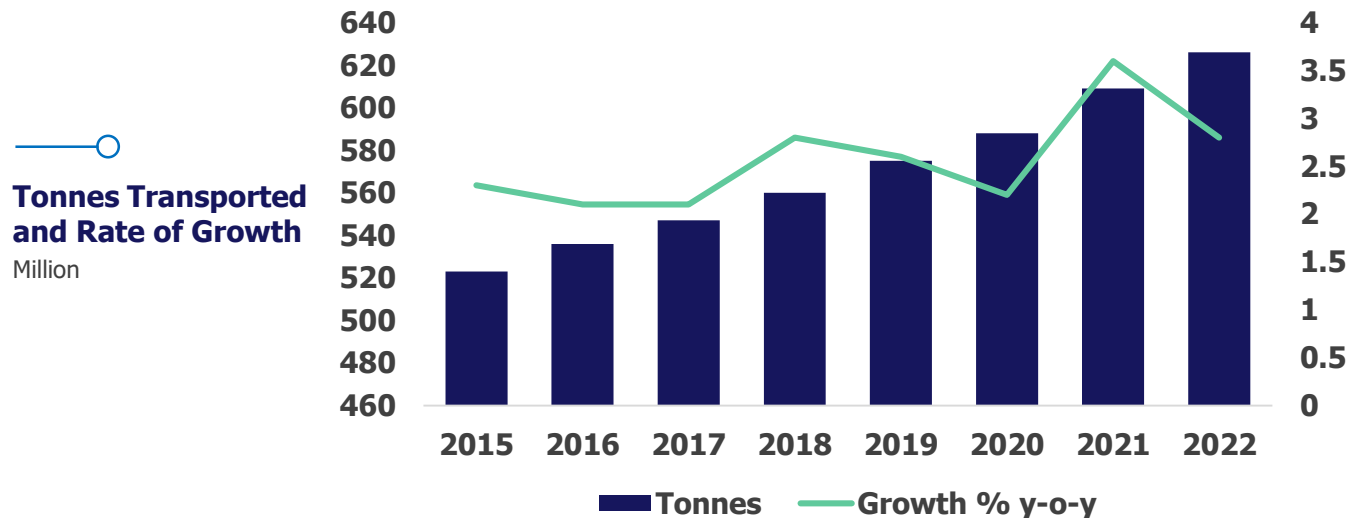
By 2017, Technical names in Spanish

Type of Vehicle	No. of Vehicles	%
Tractor	304,056	33.14%
Caja cerrada	152,595	16.63%
Plataforma	86,492	9.43%
Caja refrigerador	66,590	7.26%
Caja	59,714	6.51%
Tanque	46,344	5.05%
Volteo	36,752	4.01%
Jaula	35,266	3.84%
Estacas	27,879	3.04%
Chasis portacontenedor	26,604	2.90%
Redilas	20,587	2.24%
Tolva	11,995	1.31%
Cama B o cuello G	10,975	1.20%
Góndola madrina	7,007	0.76%
Plataforma o jaula	6,799	0.74%
Redilas o plataforma	6,219	0.68%
Estaca o plataforma	3,264	0.36%
Pallet o Celdillas	2,909	0.32%
Equipo especializado	1,398	0.15%
Plataforma con grúa	1,090	0.12%
Revolvedora	965	0.11%
Caja abierta	632	0.07%
Grúa industrial	449	0.05%
Caballote	415	0.05%
Volteo desmontable	187	0.02%
Semicaja	67	0.01%
Tanque o redilas	56	0.01%
Refrigerador	41	0.00%
Media redila	34	0.00%
Total	917,381	100%

ROAD FREIGHT:

A 2.8% growth is expected in road freight reaching 560 million tonnes in 2018, and this growth is expected to continue during 2018-2022

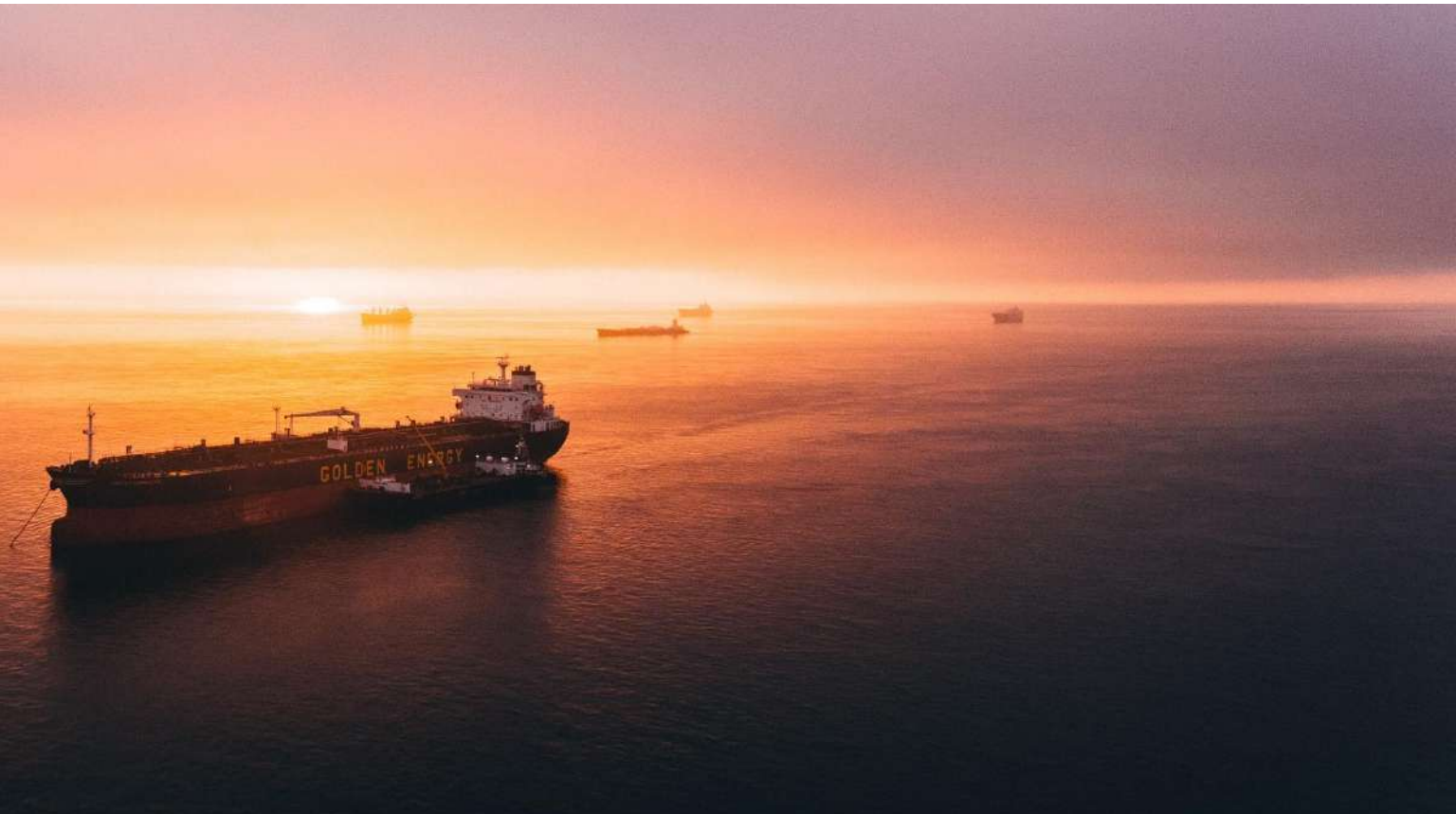
- Average growth during 2012-2017 of 1.8%
- 626 million tonnes expected to be transported by 2022



CARGO SHIPPING:

Cargo shipping is the second most important form of transportation by tonnes transported in Mexico, moving 31% of the national cargo with a total of 308 million tonnes in 2017 and an annual average of 5.1% volume growth is expected for 2018-2022

- The capacity of Mexican ports has grown more than 56% in the last five years, from 260 million tonnes in 2012 to 406 million tonnes in 2017.
- Maritime transport is responsible for 90% of world trade.
- In 2018, the largest port in Mexico, Manzanillo, is expected to increase 5.3% in tonnes and 4.7% in containers. Manzanillo is the access for routes coming from Asia, countries of the Pacific and the west coast of America and for exports of Jalisco, Querétaro and Guanajuato.
- The greatest growth will be presented by the port of Veracruz, the largest Mexican port in the Atlantic coast, with an investment of MX\$31 billion. This port will increase the capacity from 22 to 90 million tonnes, making it the largest port in the country. By August 2018 the first two phases of the project have already been completed.

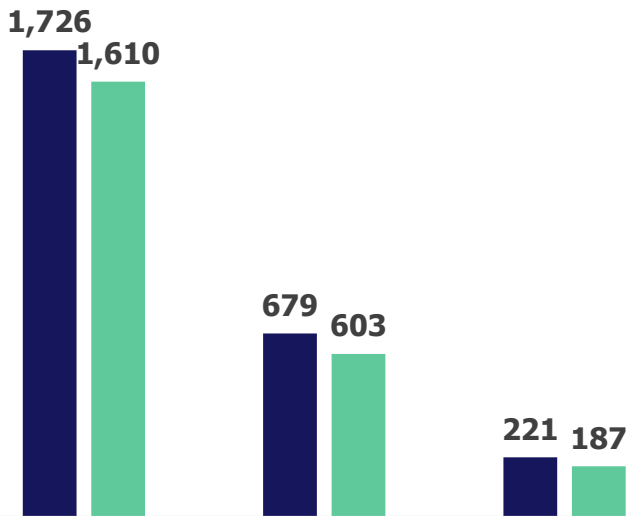


CARGO SHIPPING:



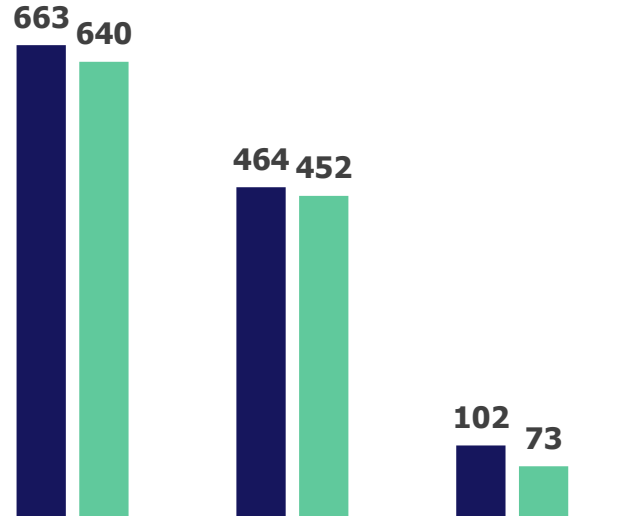
Containers transferred in the Ports of the Pacific

In thousands



Containers transferred in the Ports of the Atlantic

In thousands



■ Jan - Jul 2018 ■ Jan - Jul 2017

RAIL FREIGHT:

Rail freight is the third most important form of transportation in Mexico transporting 13% of the national load in 2.1 million containers, representing a total of 127 million tonnes during 2017

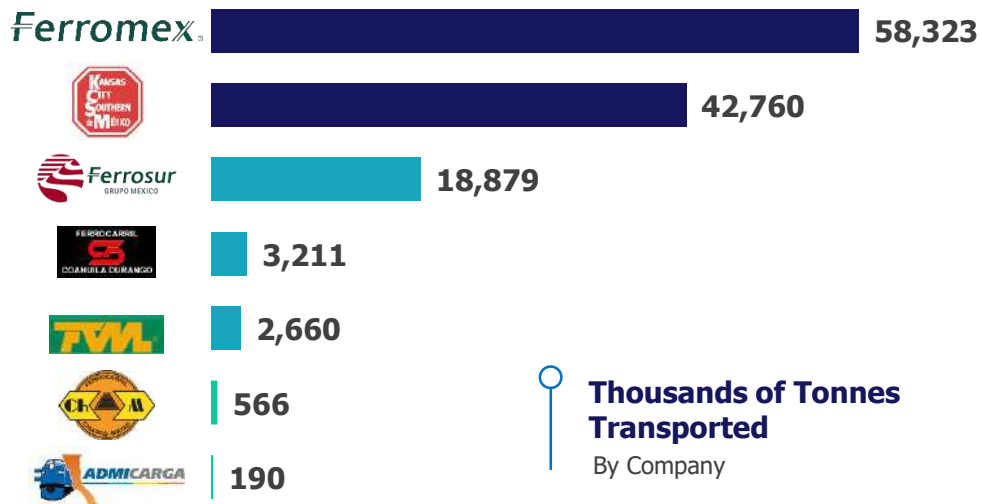
- By 2016, there were 26,891 km of roads in the country, of which 20,803 km are main roads, 4,533 km are secondary roads and 1,555 km are particular roads
- As of 2016, railway equipment is composed of 31,627 freight cars and 1,298 locomotives
- In 2017 MX\$28,280 million were invested in rail freight of which 88% came from the government
- During 2017, international traffic represented 63% of cargo movement, of which 77% was imported and the remaining 23% was exported



RAIL FREIGHT:

Industry is expected to increase 4% in terms of volume by the end of 2018, reaching 132 million tonnes; Industry growth will slow to 3.3% during 2019

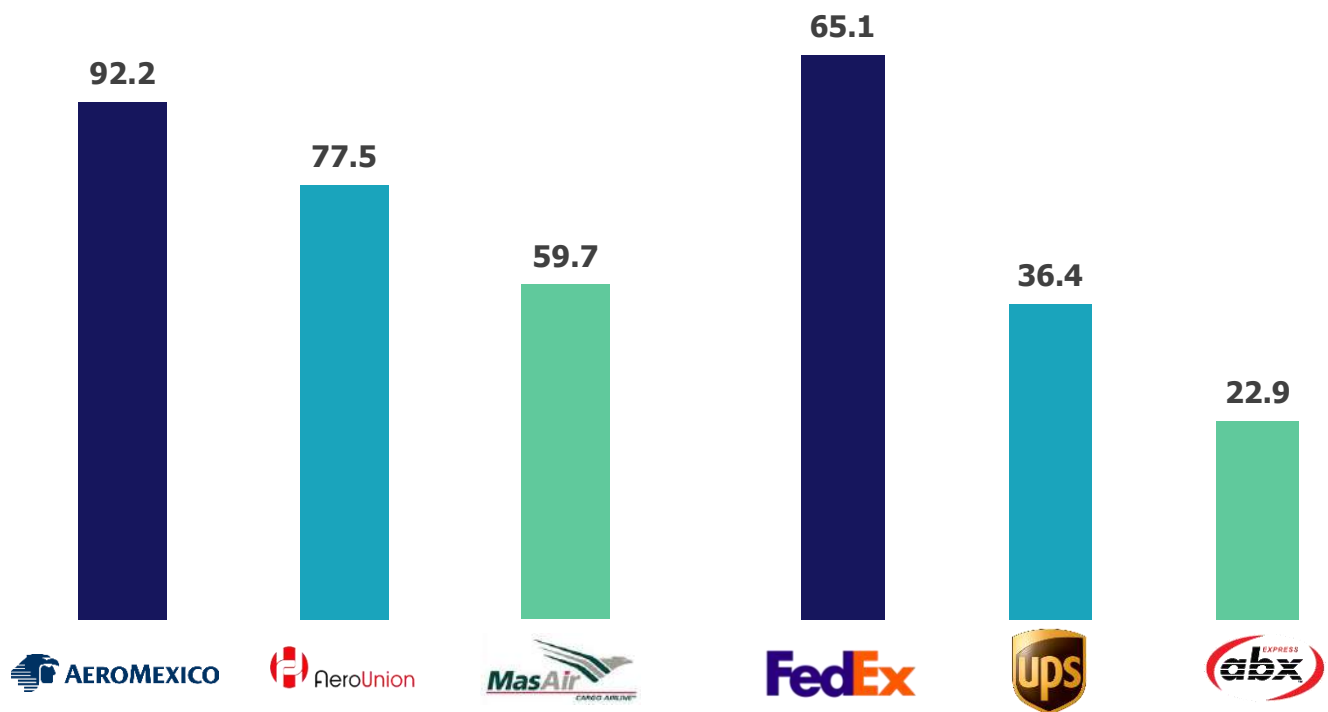
- Predicted average annual growth of 4% in the period 2018-2022, while in the last 5 years (2012-2017) the average annual growth was 2.7%
- Greater growth in rail transport is expected than in other modes of transport, the energy reform will encourage this mode of transport as consequence of the pipelines insecurity



AIR FREIGHT:

Air freight transport is the fourth form of transportation in Mexico, transporting only 0.1% of the national cargo with a total of 740 thousand tonnes transported during 2017

- Of the total transported cargo, 112 thousand tonnes went to a national destination and 628 thousand tonnes were international
- National airlines transported 310 thousand tonnes, with Aeroméxico transporting the most (30% of total)
- International airlines transported 430 tonnes, with FEDEX leading the total cargo transported (15% of total)
- Mexico City's airport transported the most cargo, followed by Guadalajara's airport



Freight Transported by National Air Lines
3 Main Lines – '000 Tonnes

Freight Transported by International Air Lines
3 Main Lines – '000 Tonnes

AIR FREIGHT:











An average annual growth of 2.7% is expected in the 2018-2022 period, with a total of 850,000 tonnes in 2022

- During 2012-2017 air freight grew at a rate of 4.1% annually
- Air freight expected to increase 2.1% in 2018 and 2.2% in 2019










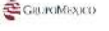


COMPARABLE PUBLIC COMPANIES – GLOBAL

Road Freight



Company	Country	Price 09-11-18	Sales US\$M	EBITDA Margin	Cap. Mkt. US\$M	Enterprise Value	Annual Average EV / EBITDA		09-11-18		
							2016	2017	EV / EBITDA	EV / Revenue	
DSV A/S	 DEN	\$92.80	\$11,841	7.4%	\$16,842	\$17,701	17.1x	17.9x	20.1x	1.5x	
J.B. Hunt Transport Services, Inc.	 USA	\$122.45	\$7,921	14.0%	\$13,389	\$14,379	9.6x	11.0x	13.0x	1.8x	
Old Dominion Freight Line, Inc.	 USA	\$162.13	\$3,723	24.0%	\$13,294	\$13,198	8.9x	11.7x	14.8x	3.5x	
Ryder System, Inc.	 USA	\$75.15	\$7,797	23.4%	\$3,990	\$9,894	5.0x	5.2x	5.4x	1.3x	
Nippon Express Co., Ltd.	 JPN	\$66.34	\$18,374	6.0%	\$6,369	\$8,363	6.3x	7.3x	7.6x	0.5x	
Knight-Swift Transportation Holdings Inc.	 USA	\$35.63	\$4,484	16.5%	\$6,346	\$7,091	0.0x	30.0x	9.6x	1.6x	
CJ Logistics Corporation	 KOR	\$143.98	\$7,276	5.0%	\$3,285	\$5,882	15.2x	13.2x	16.4x	0.8x	
Schneider National, Inc.	 USA	\$26.12	\$4,677	13.0%	\$4,623	\$4,675	0.0x	8.3x	7.7x	1.0x	
Landstar System, Inc.	 USA	\$122.20	\$4,229	7.8%	\$5,022	\$4,985	10.8x	13.8x	15.1x	1.2x	
TFI International Inc.	 CAN	\$36.50	\$3,640	12.0%	\$3,209	\$4,407	8.2x	9.3x	10.0x	1.2x	
NR: Not Relevante									Mean	12.0x	1.4x
									Median	11.5x	1.2x

Rail Freight











Company	Country	Price 09-11-18	Sales US\$M	EBITDA Margin	Cap. Mkt. US\$M	Enterprise Value	Annual Average EV / EBITDA		09-11-18		
							2016	2017	EV / EBITDA	EV / Revenue	
Union Pacific Corporation	 USA	\$156.71	\$22,005	47.9%	\$115,886	\$137,005	9.0x	10.8x	13.0x	6.2x	
CSX Corporation	 USA	\$73.34	\$11,584	47.8%	\$62,985	\$75,384	7.8x	11.4x	13.0x	6.5x	
Canadian National Railway Company	 CAN	\$87.66	\$10,135	50.6%	\$64,229	\$73,036	11.3x	12.8x	14.1x	7.1x	
Norfolk Southern Corporation	 USA	\$179.29	\$10,954	44.7%	\$50,207	\$59,703	8.8x	10.7x	12.2x	5.5x	
Canadian Pacific Railway Limited	 CAN	\$205.52	\$5,109	49.3%	\$29,301	\$35,770	11.4x	11.9x	14.1x	6.9x	
West Japan Railway Company	 JPN	\$69.54	\$13,615	23.9%	\$13,375	\$21,929	6.5x	7.1x	6.8x	1.6x	
Daqin Railway Co., Ltd.	 CHN	\$1.20	\$9,897	31.7%	\$17,890	\$17,869	6.4x	8.3x	6.4x	1.9x	
Kansas City Southern	 USA	\$116.64	\$2,638	48.1%	\$11,916	\$14,873	10.7x	11.1x	11.7x	5.6x	
Aurizon Holdings Limited	 AUS	\$3.06	\$2,302	48.0%	\$6,087	\$8,592	8.6x	9.6x	8.0x	3.8x	
GMéxico Transportes, S.A. de C.V.	 MEX	\$1.63	\$2,199	37.6%	\$6,685	\$8,360	0.0x	12.2x	9.7x	3.7x	
NR: Not Relevant									Mean	10.9x	4.9x
									Median	11.9x	5.5x

COMPARABLE PUBLIC COMPANIES – GLOBAL

Air Freight











Company	Country	Price 09-11-18	Sales US\$M	EBITDA Margin	Mkt. Cap. US\$M	Enterprise Value	Annual Average EV / EBITDA		09-11-18		
							2016	2017	EV / EBITDA	EV / Revenue	
United Parcel Service, Inc.	 USA	\$119.09	\$69,004	14.1%	\$102,458	\$120,317	10.4x	13.9x	12.4x	1.7x	
FedEx Corporation	 USA	\$255.73	\$65,450	12.7%	\$67,389	\$80,709	6.8x	8.4x	9.7x	1.2x	
Deutsche Post AG	 GER	\$36.66	\$71,362	7.6%	\$45,108	\$61,354	10.5x	10.4x	11.4x	0.9x	
Bolloré	 FRA	\$4.23	\$25,846	10.1%	\$12,319	\$40,295	13.2x	19.4x	14.0x	1.6x	
Financière de l'Odet SA	 FRA	\$939.58	\$25,847	10.3%	\$3,988	\$39,331	11.2x	15.1x	13.3x	1.5x	
S.F. Holding Co., Ltd.	 CHN	\$5.93	\$12,303	9.6%	\$26,207	\$25,276	117.3x	41.9x	NR	NR	
XPO Logistics, Inc.	 USA	\$111.97	\$16,636	8.4%	\$14,203	\$18,902	13.0x	10.0x	13.5x	1.1x	
C.H. Robinson Worldwide, Inc.	 USA	\$96.71	\$15,946	5.7%	\$13,399	\$14,495	11.9x	13.2x	16.0x	0.9x	
ZTO Express (Cayman) Inc.	 CHN	\$17.14	\$2,299	31.1%	\$13,492	\$11,127	53.2x	21.5x	15.6x	NR	
Expeditors International of Washington, Inc.	 USA	\$73.78	\$7,515	10.8%	\$12,862	\$11,844	10.7x	12.9x	14.6x	1.6x	
NR: Not Relevant									Mean	13.4x	1.3x
									Median	13.5x	1.4x

Cargo Shipping

Company	Country	Price 09-11-18	Sales US\$M	EBITDA Margin	Mkt. Cap. US\$M	Enterprise Value	Annual Average EV / EBITDA		09-11-18		
							2016	2017	EV / EBITDA	EV / Revenue	
A.P. Møller - Mærsk A/S	 DEN	\$1,383.80	\$34,914	9.6%	\$27,789	\$37,359	4.9x	6.9x	11.1x	1.1x	
Kuehne + Nagel International AG	 SUI	\$159.94	\$19,974	6.0%	\$19,140	\$19,039	14.6x	16.8x	15.3x	0.9x	
COSCO SHIPPING Holdings Co., Ltd.	 CHN	\$0.40	\$13,909	4.4%	\$5,408	\$15,850	69.9x	39.2x	26.2x	1.1x	
Hapag-Lloyd Aktiengesellschaft	 GER	\$43.59	\$12,694	9.2%	\$7,661	\$14,241	9.7x	14.2x	11.7x	1.1x	
Mitsui O.S.K. Lines, Ltd.	 JPN	\$28.39	\$14,016	7.2%	\$3,396	\$13,551	12.6x	15.2x	14.4x	1.0x	
Nippon Yusen Kabushiki Kaisha	 JPN	\$18.77	\$19,184	4.8%	\$3,166	\$12,614	7.2x	12.1x	12.9x	0.7x	
MISC Berhad	 MAS	\$1.44	\$2,218	41.4%	\$6,440	\$8,340	8.6x	11.5x	8.9x	3.9x	
Kirby Corporation	 USA	\$79.20	\$2,794	15.8%	\$4,742	\$6,184	7.6x	10.4x	14.0x	2.2x	
Orient Overseas (International) Limited	 HKG	\$6.44	\$6,391	6.9%	\$4,028	\$6,338	9.4x	23.7x	13.8x	1.0x	
Seaspan Corporation	 HKG	\$9.05	\$932	58.6%	\$1,242	\$5,527	8.0x	7.0x	10.0x	5.9x	
NR: Not Relevant									Mean	14.3x	1.4x
									Median	13.8x	1.1x

GLOBAL TRANSACTIONS

Road Freight











Date	Target	Country	Description	Buyer	Size US\$M	EV / EBITDA	EV / Revenue
Jun-18	Sichuan Fulin Transportation Group Co., Ltd.	CHN 	Road freight services	Yongfeng Group Co., Ltd; Ningbo Taihong Enterprise Management Co., Ltd.	\$150	-	-
Mar-18	CM Downton (Haulage Contractors) Ltd.	GBR 	Logistic services	EmergeVest Limited	\$104	-	0.6x
Oct-17	Dos instalaciones de Big Box Logistics	GBR 	Logistic centres	Tritax Big Box REIT plc	\$104	-	-
Jul-17	Interstate Distributor Co., Inc.	USA 	Road freight services	Heartland Express, Inc.	\$117	-	0.3x
Apr-17	Swift Transportation Company	USA 	Road freight services	Knight Transportation, Inc.	\$2,971	-	-
Jul-16	Paragon Automotive Ltd.	GBR 	Logistic services	BCA Marketplace plc	\$174	NR	0.8x
Jul-16	Span-Alaska Transportation, Inc.	USA 	Road freight services in Alaska	Matson Logistics, Inc.	\$198	9.4x	-
Jun-16	Palletways Group Limited	GBR 	Distribution services	Imperial Mobility International BV	\$235	9.9x	1.2x
Nov-15	China Special Article Logistics Co., LTD	CHN 	Distribution services	CTS International Logistics Corporation Limited	\$189	-	NR
Sep-15	Con-way Inc.	USA 	Road freight services	XPO Logistics, Inc.	\$3,500	6.2x	0.5x

NR: Not Relevant

Mean 8.5x 0.7x

Median 9.4x 0.6x

Rail Freight

Date	Target	Country	Description	Buyer	Size US\$M	EV / EBITDA	EV / Revenue
Jul-18	VTG Aktiengesellschaft	GER 	Container leasing services and logistics	Morgan Stanley Infrastructure Inc.	\$3,360	9.7x	3.1x
May-18	GatewayRail Freight Limited	IND 	Train freight services	Gateway Distriparks Limited	\$119	-	-
Dec-17	Inner Mongolia Yitai Zhundong Railway Co., Ltd.	CHN 	Train freight services	Yanzhou Coal Mining Ordos Nenghua Co., Ltd.	\$294	-	-
Nov-17	Public Joint Stock Company TransContainer	RUS 	Train freight services and logistics	Public joint-stock company Commercial Port of Vladivostok	\$267	NR	NR
Mar-17	Florida East Coast Holdings Corp.	USA 	Train freight services	GMéxico Transportes, S.A. de C.V.	\$2,100	13.6x	5.2x
Feb-17	Rumo S.A.	BRA 	Train freight services	Cosan S.A. Indústria e Comércio	\$90	NR	NR
Nov-16	TSS Cargo a.s.	CZE 	Train freight services	CEFC China Energy Company	\$276	-	-
Oct-16	VTG Aktiengesellschaft	GER 	Container leasing services and logistics	Morgan Stanley Infrastructure Inc.	\$264	7.6x	2.4x
Aug-16	Providence and Worcester Railroad Company	USA 	Train freight services	Genesee & Wyoming Inc.	\$131	NR	3.5x
Mar-16	Pacific National Holdings Pty Ltd	AUS 	Railway asset management	GIC PTE, CPP, entre otros	\$9,553	12.0x	3.4x











NR: Not Relevant

Mean 10.7x 3.5x











Median 10.8x 3.4x

GLOBAL TRANSACTIONS

Air Freight

Date	Target	Country	Description	Buyer	Size US\$M	EV / EBITDA	EV / Revenue
May-18	Sichuan Yuancheng Logistics Development Co., Ltd.	CHN 	Air transport and logistics services	Ccoop Group Co., Ltd	\$678	-	NR
Feb-18	Sinotrans Air Transportation Development Co., Ltd.	CHN 	Air transport and logistics services	Sinotrans Limited	\$762	NR	1.2x
Jan-18	Hermes Logistics Package	GER 	Operates a logistics centre	Frasers Property Investments (Europe) B.V.	\$310	-	-
Oct-17	Dongbu Express Co., Ltd.	KOR 	Logistic services	Undisclosed Buyer	\$363	5.5x	0.5x
Aug-17	China Merchants Logistics Holding Co., Ltd.	CHN 	Logistic services	Sinotrans Limited	\$819	-	0.4x
Jan-17	Tiantian Express Co., Ltd.	CHN 	Logistic services	Jiangsu Suning Logistics Co., Ltd.	\$428	-	-
Dec-16	Dongbu Express Co., Ltd.	KOR 	Logistic services	Dongwon Industries Co., Ltd.	\$350	6.1x	0.6x
Nov-16	Shanghai Eastern Airlines Logistics Co., Ltd.	CHN 	Logistic services	Eastern Airlines Industry Investment Company Limited	\$353	-	0.4x
Sep-16	UK Mail Group plc	GBR 	Logistic services	Deutsche Post AG	\$331	13.7x	0.5x
Jul-16	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.	CHN 	Logistic services	Shenzhen New Nanshan Holding (Group) Co., Ltd.	\$1,557	NR	NR
NR: Not Relevant					Mean	8.4x	0.6x
					Median	6.1x	0.5x

Cargo Shipping

Date	Target	Country	Description	Buyer	Size US\$M	EV / EBITDA	EV / Revenue
Aug-18	Unifeeder A/S	DEN 	Logistic services	DP World Limited	\$765	-	1.3x
Jul-18	Orient Overseas (International) Limited	HKG 	Container logistics and transport services	The Silk Road Fund Co Ltd.	\$485	18.7x	1.3x
Mar-18	Scandlines GmbH	GER 	Transport services for passengers and cargo	3i Group Plc	\$2,115	-	-
Feb-18	Negros Navigation Co., Inc.	PHI 	Operates boats and package services	2GO Group, Inc.	\$504	-	-
Feb-18	Higman Marine Services, Inc.	USA 	Oil transportation	Kirby Corporation	\$419	-	-
Oct-17	Compañía Trasmediterránea, S.A.	ESP 	Cargo shipping	Anarafe, S.L.U.	\$477	-	1.0x
Jul-17	Orient Overseas (International) Limited	HKG 	Container logistics and transport services	COSCO Shipping Holdings	\$10,403	18.7x	1.3x
May-17	Navig8 Product Tankers Inc.	USA 	Oil ships	Scorpio Tankers Inc.	\$1,204	18.3x	9.6x
Dec-16	Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft ApS & Co KG	GER 	Cargo shipping	Maersk Line A/S	\$3,933	-	0.6x
Dec-15	China COSCO Bulk Shipping (Group) Co., Ltd.	CHN 	Cargo shipping	China Ocean Shipping (Group) Company	\$1,033	-	-
NR: Not Relevant					Mean	18.6x	2.5x
					Median	18.7x	1.3x

GLOBAL REPRESENTATIVE TRANSACTIONS

ROAD FREIGHT

Summary	Target	Buyer
<p>On April 10, 2017, Knight Transportation, Inc., a US freight transportation company, announced the acquisition of Swift Transportation Company, a US road freight transport company, for US\$2,970 million</p>		
<p>On July 18, 2016, Matson Logistics, Inc., a US-based logistics and trucking company, announced the acquisition of Span-Alaska Transportation, Inc., American trucking company in Alaska, for US\$197 million representing an implied multiple of 9.4x EBITDA</p>		
<p>On January 1, 2016, Imperial Mobility International BV, a Dutch logistics company, announced the acquisition of Palletways Group Limited, an English courier company, for US\$235 million</p>		
<p>On November 7, 2015, CTS International Logistics Corporation Ltd., a Chinese logistics company, announced the acquisition of China Special Article Logistics Co., Chinese logistics company, for US\$189 million, representing an implied multiple of 1.7x sales</p>	<p>China Special Article Logistics Co.</p>	
<p>On September 9, 2015, XPO Logistics, Inc., a US logistics firm, announced the acquisition of Con-way Inc., a freight carrier in the United States, for US\$3,500 million representing implied multiples of 6.2x. EBITDA and 0.5x sales</p>		

KEY REPRESENTATIVE TRANSACTION

ROAD FREIGHT

On September 9, 2015, XPO Logistics, Inc., announced the acquisition of Con-way Inc., for US\$3,500,

The road freight market in the US represents a size of US\$35 billion



**XPO LOGISTICS, INC.,
ANNOUNCED THE ACQUISITION OF
CON-WAY INC.**

XPO Logistics is the second largest freight transport provider in North America

All the Con-way divisions were renamed to XPO Logistics

The transaction represented implied multiples of 6.2x EBITDA and 0.5x sales



50,000 CUSTOMERS



97,000 EMPLOYEES



32 COUNTRIES



US\$5.8 BILLION SALES IN 2014















30,000 EMPLOYEES



582 LOCATIONS

GLOBAL REPRESENTATIVE TRANSACTIONS

RAIL FREIGHT

Summary	Target	Buyer
<p>On July 16, 2018, Morgan Stanley Infrastructure Inc., an investment fund in the United States, announced the acquisition of VTG Aktiengesellschaft, a German railway logistics company, for US\$3,360 million, representing implied multiples of 9.7x EBITDA and 3.1x sales</p>		<p>Morgan Stanley</p>
<p>On December 1, 2017, Yanzhou Coal Mining Ordos Nenghua Co., Chinese mining and methanol distribution company, announced the acquisition of Inner Mongolia Yitai Zhundong Railway Co., Chinese railway services company, etc., for US\$294 million</p>		 <p>Yanzhou Coal Mining</p>
<p>On March 28, 2017, GMéxico Transportes, S.A. de C.V., a Mexican rail transport company, announced the acquisition of Florida East Coast Holdings Corp., a rail freight transport company in the United States, for US\$2,100 million, representing implied multiples of 13.6x EBITDA and 5.2x sales.</p>		
<p>On November 3, 2016, Beijing Municipal Road and Bridge Group Co., Chinese construction company, announced the acquisition of TSS Cargo a.s., a railway transport services company in the Czech Republic, for US\$276 million</p>		<p>Beijing Municipal Road and Bridge Group Co.</p>
<p>On March 15, 2016, CPP Investment Board, British Columbia Investment, CIC Capital Corp., GIC Pte. Ltd. and Global Infrastructure Partners, investment funds, announced the acquisition of Pacific National Holdings Pty Ltd., a rail transportation company in Australia, for US\$9,553 million, representing implied multiples of 12x EBITDA and 3.4x sales</p>		    

KEY REPRESENTATIVE TRANSACTION

RAIL FREIGHT

On March 15, 2016, CPP Investment Board, British Columbia Investment, CIC Capital Corp., GIC Pte. Ltd. and Global Infrastructure Partners, announced the acquisition of Pacific National Holdings Pty Ltd., for US \$ 9,553 million

BRITISH COLUMBIA INVESTMENT, CPP INVESTMENT BOARD, AMONG OTHERS, ANNOUNCED THE ACQUISITION OF PACIFIC NATIONAL HOLDINGS

BUYERS
BCI



中国投资有限责任公司
CHINA INVESTMENT CORPORATION

GIC

GLOBAL INFRASTRUCTURE PARTNERS

TARGET

pacificnational

Pacific National moves 145 million tonnes of cargo

Pacific National is the largest private rail freight transport company in Australia

Global Infrastructure obtained a 27% stake, GIC 12%, CIC Capital 16%, CPP 33% and BCI 12%

The transaction represented implied multiples of 12x EBITDA and 3.4x sales

BCI



中国投资有限责任公司
CHINA INVESTMENT CORPORATION

GIC

GLOBAL INFRASTRUCTURE PARTNERS

PRIVATE AND PUBLIC INVESTMENT FUNDS IN THE US, CHINA, CANADA Y SINGAPUR

pacificnational



OPERATES +600 LOCOMOTIVES



7,500 EMPLOYEES



FOUNDED IN 2002

GLOBAL REPRESENTATIVE TRANSACTIONS

CARGO SHIPPING

Summary	Target	Buyer
<p>On March 26, 2018, 3i Group plc., Hermes Investment Management Ltd. and First State Investments, private funds of the United Kingdom, announced the acquisition of Scandlines GmbH, a German freight and passenger shipping company, for US\$2,115 million</p>		  
<p>On July 9, 2017, COSCO Shipping Holdings Co., a Chinese shipping company, announced the acquisition of Orient Overseas (International) Ltd., a China-based shipping and logistics company, for US\$10,403 million, representing implied multiples of 18.1x EBITDA and 1.3x sales</p>		
<p>On May 23, 2017, Scorpio Tankers Inc., a transportation company based in Monaco, announced the acquisition of Navig8 Product Tankers Inc., a US oil tanker company, for US\$1,204 million, representing implied multiples of 18.3. x EBITDA and 9.6x sales</p>		
<p>On December 1, 2016, Maersk Line A/S, a Danish shipping company, announced the acquisition of Hamburg Süd, a German container services company, for US\$3,933 million, representing an implied multiple of 0.6x sales</p>		 
<p>On December 11, 2015, China Ocean Shipping Company, Chinese logistics and container shipping company, announced the acquisition of China COSCO Bulk Shipping, shipping services in China, for US\$1,033 million</p>		

KEY REPRESENTATIVE TRANSACTION

CARGO SHIPPING

On July 9, 2017, COSCO Shipping announced the acquisition of Orient Overseas, for US\$10,403 million

OOCL had a capacity of 666 thousand containers



**COSCO SHIPPING,
ANNOUNCED THE ACQUISITION OF
ORIENT OVERSEAS**

COSCO Shipping increased its fleet to 400 vessels with a capacity of 2.9 million containers

COSCO acquired the 90.1% stake of OOCL

The transaction represented implied multiples of 1.3x sales and 18.1x EBITDA



REVENUE 2017 OF US\$429 MILLION



3^o BIGGEST CARGO SHIPPING



+21,000 EMPLOYEES



SALES OF US\$6.1 BILION



+330 OFFICES IN 70 COUNTRIES



+10,000 EMPLOYEES

GLOBAL REPRESENTATIVE TRANSACTIONS

AIR FREIGHT

Summary	Target	Buyer
<p>On May 28, 2018, Ccoop Group Co., Chinese department store company, announced the acquisition of Sichuan Yuancheng Logistics Development Co., logistics company in China, for US\$678 million, representing an implied multiple of 1.9x sales</p>	<p>Sichuan Yuancheng Logistics Development Co.</p>	
<p>On February 28, 2018, Sinotrans Limited, Chinese company for the sale of electrical products, announced the merger with Sinotrans Air Transportation Development Co., a Chinese company that provides cargo air transport, acquiring the remaining 39.05% stake for US\$762 million.</p>		
<p>On August 22, 2017, Sinotrans Limited, a Chinese logistics company, announced the acquisition of China Merchants Logistics Holding, a logistics-based company in China, for US\$819 million, representing an implied multiple company of 0.4x sales.</p>		
<p>On January 2, 2017, Jiangsu Suning Logistics, Chinese logistics company, announced the acquisition of Tiantian Express Co. Ltd., courier services in China, for US\$428 million</p>		
<p>On July 1, 2016, Shenzhen New Nanshan Holding, a Chinese prefabricated buildings company, announced the acquisition of Shenzhen Chiwan Petroleum, a logistics company in China, for US\$1,557 million, representing implied multiples of 22.0x EBITDA and 11.9x sales</p>		<p>雅致 YAHGEE</p>

KEY REPRESENTATIVE TRANSACTION

AIR FREIGHT

On August 22, 2017, Sinotrans announced the acquisition of China Merchants Logistics Holding for US\$819 million

The acquisition will reduce competition in the industry and will become one of the largest players in the industry in China



- REVENUE OF US\$93 MILLION
- +35,000 EMPLOYEES
- FOUNDED IN 1950

- SALES OF US\$1.9 BILLION
- REVENUE OF US\$104 MILLION
- FOUNDED IN 2000

CONSOLIDATING COMPANY OF THE SECTOR (DOMESTIC MARKET)

Grupo Traxion offers trucking and logistics services in Mexico, including freight and logistics motor transport services as well as school and personnel transport services.

- Market Capitalization as of September 12, 2018 of MX\$7,890MM
- Company value as of September 12, 2018 of MX\$9,797MM
- Trading at 7.3x EBITDA and 1.3x Sales
- Annual sales of MX\$7,645 MM

The shareholding composition of Grupo Traxion is as follows: 25% belongs to The Discovery fund, 10% Nexxus Capital fund, 9% to natural persons, 44% floating and 12% to other minority shareholders.

ACQUISITIONS IN 2018



Acquired on May 17, 2018 for US\$24 millions inclusive of debt of US\$8 million, resulting in a total value of US\$32 million. Representing implied multiples of **0.9x sales** and **7.5x EBITDA**



Acquired on August 28, 2018 for US\$76 million to EMX Capital. Representing implied multiples of **1.4x sales** and **7.1x EBITDA**



+6,000 Units



+11,000 collaborators



+330,000 m² of warehouses



National presence



+1,000 corporative customers



18x fleet growth in the last 6 years

GRUPO TRAXIÓN COMPANIES





REPRESENTATIVE MEXICO ENGAGEMENTS

intelectiva
has acquired

KFC Costa Rica
from



ARCACONTINENTAL
has acquired



ARCACONTINENTAL
has acquired



has merged with

a business of


FOQUE
GRUPO FOMENTO QUERETANO
merged its beverage division with

FEMSA


merged its beverage division with

FEMSA


caffenio
has partnered with

a subsidiary of
FEMSA


caffenio
has partnered with



Ragasa
Acquisition
Advisory
Services


Fonterra
Acquisition
Advisory
Services


has been acquired by
FEMSA

CORPORACION 
Corporate
Finance
Advisory
Services


GRUPO INDUSTRIAL SALTILLO
has formed a partnership in the casting tools business between

and



AMERICAN STANDARD COMPANIES
sold

to



CEMEX
has carved out and sold its concrete pumping assets in Mexico to



CEMEX
has formed a partnership to market and develop oil storage and distribution in Mexico with


FEMSA
sold

to
ECOLAB


grupo protexa
Corporate
Finance
Advisory
Services






SI CELUB LUBRI TECH
has been acquired by
COLFAX


COSMOCEL
has sold Cosmoce Química to

a business unit of
ICL


FORTACERO
Corporate
Finance
Advisory
Services


Pinturas Berel
Corporate
Finance
Advisory
Services


GRUPO TAMPECO
has acquired



dealers of
GRUPO FRBL


INVEKRA
Holding company of
sanfer
acquired a 61% stake on



GBM
has been acquired by



INMAGUSA
Grupo Galaz, S.A de C.V.
has been acquired by
IOCHPE - MAXION


DLG
has acquired
workshop and store in Mexico City from



LOUISVILLE LAMBS
has acquired



AEn
Acquisition
Advisory
Services


GRUPO INDUSTRIAL SALTILLO
has sold its sanitaryware business

and

to


Seale & Associates

Creative Solutions. Trusted Advice.

Since 1999, **Seale & Associates** has been the trusted advisor to highly respected public and private companies from around the world, with a track record of success in a diverse range of industries. Seale is an elite boutique global investment banking firm with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex dealings. All securities related transactions are cleared through Seale Capital, Inc., a registered broker dealer and member of FINRA and SIPC.

ADVISOR TO LEADING COMPANIES WORLDWIDE



CONTACT INFORMATION



950 N. Glebe Road
Suite 950
Arlington, Virginia 22203
Phone: +1 (703) 294 6770



37, Moliere
Granada
Mexico City, 11520
Phone: +52 (55) 8000 7463

Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry.

Mexico Contact Information

James A. Seale
President

jseale@sealeassociates.com

Brett M. Carmel

Senior Managing Director & Co-founder
bcarmel@sealeassociates.com

Felipe Bueno Viesca

Senior Director
fbueno@sealeassociates.com

Sergio Garcia del Bosque

Managing Director
sgarcia@sealeassociates.com

Adan Sierra

Vice President
asierra@sealeassociates.com

Carlos Hernandez

Vice President
chernandez@sealeassociates.com

Alejandro Montemayor

Associate
amontemayor@sealeassociates.com

Sofia Felix

Business Development
sfelix@sealeassociates.com

Andres Cardenas

Analyst
acardenas@sealeassociates.com

Armando Rios

Analyst
arios@sealeassociates.com

Miguel Leal

Junior Analyst
mleal@sealeassociates.com

Diego Hernandez

Junior Analyst
dhernandez@sealeassociates.com