Clearview

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INTERNATIONAL

Transport and Logistics

Continuation of strong consolidation trends in the Transport and Logistics sector with key drivers being cost efficiency, demand for one-stop service providers and niche competencies and increased IT requirements

Inside:
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- Private equity interest
- M&A Activity and outlook

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Transport and logistics

Drivers of continued consolidation

The transport and logistics (T&L) market has historically been a relatively fragmented market with many local players and low entry barriers.

Continued consolidation and growth of customers is however putting pressure on the service and price offered by transport and logistics providers, thereby challenging the players in the market to grow rapidly through acquisitions or by joining forces with larger players in the market.

Consolidation is being driven by a need to offer one-stop-shop services to customers either by offering international reach and coverage, specialised services and/or expanding service offerings with distribution, storage, pick/pack and traceability.

Another driver for consolidation is the need to bring down costs through increased capacity utilisation in part load business and/or higher utilisation of return trips, as well as economies of scale on IT including automated fleet planning, traceability and invoicing.

Strategic acquirers are increasingly looking for strong niche market positions within the transport of time-urgent goods, temperature-regulated goods or goods that require customised solutions where margins are typically stronger compared to the competitive and standardised road transport.

Private equity interest

Strong possibilities for value creation naturally evokes the attention of private equity (PE), and the highly fragmented market within freight forwarding, transport and logistics is increasingly attracting PE investments. Financial investors can add acquisition know-how and capabilities, which combined with a strong management team provides a solid platform for future growth.

M&A activity and outlook

With its high exposure to international trade, the T&L sector in Northern Europe has continued to see a large number of M&A transactions. While the overall deal activity has been heavily impacted in 2020 due to COVID-19, the T&L sector in Northern Europe has seen 15-20 deals completed compared to the historical level of 20-30. COVID-19 has caused a 'bottleneck' with 16 transactions already completing in Q3 in 2020.

The high level of M&A activity is expected to continue in the future, driven by strong underlying market drivers such as increased international trade on both consumer and B2B levels. Clearwater expects a continued high appetite for consolidation in the T&L market driven by economies of scale, technology, and strengthening of the customer value proposition. Further, cross-border transactions are expected to continue to grow in number as geographical reach and internationalisation will be a key agenda in the sector.

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>
> **Lars Rau Jacobsen**
> Partner & Head of T&L

T&L M&A activity in Northern Europe
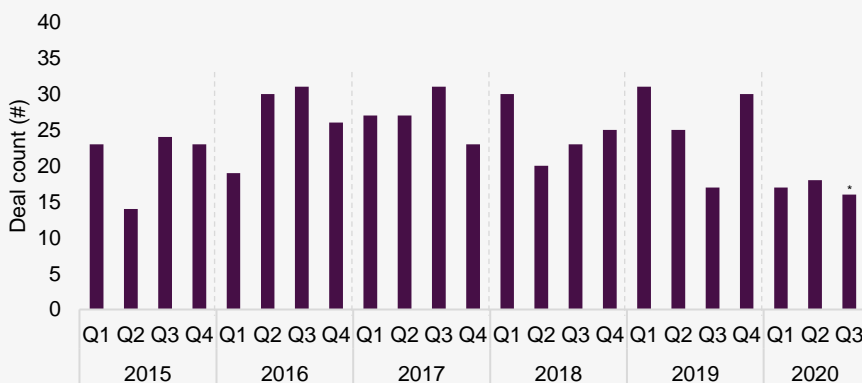
*Source: MergerMarket, Freight and other transportation services (DK, NO, SE, FI, DE). * As of 25th of August 2020.*

M&A activity

Selected North European M&A activity in the Transport and Logistics sector

Year	Target		Acquirer	
2020	DTK Group Quality all the way!	🇩🇰	Blue Equity	🇩🇰
2020	Airlog Group	🇸🇪	Scan Global Logistics	🇩🇰
2020	Toten Transport	🇳🇴	Transport Holding	🇳🇴
2020	Fiskhamnens Akeri	🇸🇪	TempCon Group	🇸🇪
2020	Global Freight Solutions	🇸🇪	Bollore logistics	🇩🇪
2020	KGH Customs Services	🇸🇪	A.P. Moller-Maersk	🇩🇰
2020	Freeco Logistics	🇫🇮	DFDS	🇩🇰

Year	Target		Acquirer	
2020	Bring Frigo	🇳🇴	Nor-log Gruppen	🇳🇴
2020	3D Logistik A/S	🇩🇰	Jetpak Group	🇸🇪
2020	Best Transport	🇸🇪	Nalka Invest	🇸🇪
2020	Ebrex Business Solutions	🇬🇧	Nordic Transport Group	🇩🇰
2019	Link Logistics	🇩🇰	Polaris Private Equity	🇩🇰
2019	Panalpina	🇨🇭	DSV	🇩🇰
2018	transcargo	🇩🇰	Freja Transport & Logistik	🇩🇰

Working with Clearwater

Selected Clearwater International transactions

DTK Group

sold to

BLUE Equity

Sell-side
Aug 2020

transcargo

sold to

FREJA

Sell-side
Jan 2018

> " I can't imagine having gone through this process without Clearwater by our side. The process has been exciting, but also tough at times. This was where the Clearwater team proved vital in driving the process.
> **Bjarne Hansen**, Owner, Transcargo "

> " The Clearwater team quickly understood our business and market, and also what we were looking for in a suitable partner for growth. Their strong people and project management skills ensured that the process was both practical and rewarding.
> **Torben Mortensen**, Owner, Transcargo "

> " Through Blue Equity, DTK has found a competent business partner, which shares our values and provides us with a strong foundation for continued profitable expansion. Clearwater International advised us through the process and with their informal and competent approach, they made a complicated and intensive process, transparent and instructive. The team has strong experience with sales processes, foresees and evades potential pitfalls and enabled us to present DTK in the best possible way by highlighting synergies and opportunities for the potential investors.
> **Steen Sørensen**, Owner & CEO, DTK Group "

![Clearwater International logo]

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