

NEWSLETTERS**Transportation And Logistics Companies In Today's Marketplace**

December 21, 2016

Note: This article appears in the December 2016 edition of Barnes & Thornburg LLP's Logistically Speaking e-newsletter.

With today's low interest rates, private equity funds and other financial buyers are telling us they are increasingly interested in transportation and logistics companies, especially those that focus on warehousing. That side of the market is sitting on vast sums of cash looking for yield beyond what is available in the fixed income (bond) market. Quality properties situated in attractive, highway-accessible locations are seen as having the potential to generate higher returns than other investment options. So, the financial buyers are willing to pay extremely high – at least by historical standards – multiples of earnings before interest, tax, depreciation and amortization (EBITDA) for logistics companies or their assets.

Interest of financial buyers is complemented by interests of growth-oriented industry players in strategically expanding their footprints and/or consolidating operations. Because of operational synergies and opportunities to go after bigger or more stable customers, these strategic buyers can sometimes offer even higher multiples for companies on their screens.

Taken together, these market facts may make it the right time for owners of companies to seriously look at opportunities to sell their businesses, find strategic partners to move up-market or spin off capital assets in sale-leaseback transactions.

Further, many of the owners of these companies are from the baby boomer generation and are approaching retirement, often without durable, funded succession plans. So, beyond market conditions, the time may be right to meet with advisory teams to block out plans to test market conditions and develop succession or exit plans. Members of our Corporate Department are well-versed in this process and in working with management, investment bankers, accountants and other outside advisors in mapping out strategies to test the market and develop realistic expectations of value. A critical part of the process and a key component to maximizing value and minimizing disruption and competitive risk is ensuring confidentiality and information management. We find that the process can take several months and that there often are "pre-market" operational or reporting changes needed before testing the waters. Our experienced attorneys work with companies to ensure that the owners' objectives are met.

Jay Boyd is a partner in the Indianapolis office of Barnes & Thornburg LLP, and a member of the firm's Corporate Department. His practice involves representing private businesses and entrepreneurs in business organization, capitalization, acquisition, disposition, and operational activities with a special emphasis on tax issues. He can be reached at

RELATED PRACTICE AREAS

Logistics and Transportation

john.boyd@btlaw.com or 317-231-7773.

© 2016 Barnes & Thornburg LLP. All Rights Reserved. This page, and all information on it, is proprietary and the property of Barnes & Thornburg LLP. It may not be reproduced, in any form, without the express written consent of Barnes & Thornburg.

This Barnes & Thornburg LLP publication should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer on any specific legal questions you may have concerning your situation.