

Each month I receive calls from Sellers indicating:

- Do you have clients that are interested in buying companies? – Yes!
- What types of multiples do they pay? – and I explain it to them, and;
- I also have an acquisition board that is on our website.

However, I still receive at least 40-50 telephone calls a week asking for the same information. So what I've decided to do is; once a month I will publish terms and conditions that our clients are looking for.

It's important to understand that:

- Ahern is not a business broker;
- Our clients provide Ahern with search criteria based upon the other services we provide to them, and;
- Our processes move very quickly; if there is interest.

Since I'm receiving a lot of telephone calls from freight brokers and logistics providers, let's start with that class of business and then go to the asset based businesses.

Client 1

Client is a well-known logistics provider looking for carriers that are between \$10MM - \$75MM of annual revenue;

- Client is willing to pay (based upon earnings) up to 5.5 times EBITDA.
- Closing can be completed in 60-90 days, if all of the information is provided, and;
- Management must be willing to stay for a 3 – 5 year period.

If the owner is not interested in staying; must have a very strong management team, otherwise client is not interested.

Client 2

Client 2 is a well-known family owned business;

- Revenues exceed \$300MM annually.
- **They're looking for flatbed, independent contractor opportunities.**
- This client is looking primarily for companies that have 30 trucks – 200 trucks.

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Transportation News



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Client 3

Client 3 is private equity firm;

- They're looking for flatbed owner operator opportunities;
- **The minimum truck count has to be 200 trucks and up.**
- If the company is profitable, the client is willing to pay 5 – 5.5 times EBITDA (maximum).

Client 4

Client 4 is a Private Equity Firm. They are looking in 3 specific areas;

1. Logistics providers that generate in excess of \$100MM of annual revenue, and;
2. **Minimum EBITDA – \$5MM.**
 - Must have a strong management team.
 - Management team must be willing to stay and go forward.
 - This is a well-known Private Equity that's been in the industry for many years.
 - **They will pay between 5 – 7 times EBITDA, based upon revenue size and EBITDA.**

They're additionally looking for an air freight forwarder;

- The air freight forwarder needs to have a substantial amount of business overseas, preferably in Asia or China.
- The company has to generate a minimum of \$5MM of EBITDA, and;
- The client is willing to pay a very favorable price for a company that is profitable and has a strong management team.

Client 5

Client 5 is a trucking company;

- **They are looking for opportunities in the following areas;**
- Texas, Florida, Georgia, Oklahoma, or;
- Missouri, South Carolina, Colorado, Alabama, Arkansas, Louisiana and North Carolina.
- **The length of haul has to be under 700 miles – they're not interested in cross country or teams, and no less than truckload.**
- They're interested, primarily in van carriers that do not haul specialized equipment, and;
- **They're not interested in cross border work.**
- **Must be non-union.**
- **Must have a satisfactory DOT safety rating – if you have a conditional or unsatisfactory, they will not consider.**
- Deal can close within 60-90 days;
- **They're looking for companies that generate \$20MM - \$70MM of annual revenue.**

- They're willing to pay a fair priced, based upon profitability – they're also willing to look at companies that are challenged from an operations and cost of execution; not from a pricing standpoint.
- Net asset values cannot be significantly "under water":
- Cash flow should be positive or, at worst, neutral.
- Average fleet – should be 4 years.
- Looking for companies that generate 25% - 100% of revenue from dedicated operations;
- They would like, at least, 25% - 50% of the business to be independent contractors.
- Strong owner operator program is a big plus, but it's not required.

Client 6

Client 6 is a small Midwestern family business that's looking for companies interested in selling their pneumatic business. Revenues should be between \$5MM - \$25MM of annual revenue;

- Willing to pay a multiple of EBITDA, based upon whether the company is asset based or non-asset based.
- Can close within 60 – 90 days, and;
- Company must be profitable.

Client 7

Client 7 is looking for agents, but their program is very unique;

- They're part of a publicly traded corporation.
- They take over the entire back office.
- They're willing to buy trailers and lease them back, or;
- They're willing to buy trailers and put them into your system.
- They have an asset truck following in their overall company "foot print".
- They charge approximately 5% of the line haul revenue, plus insurance for cargo legal liability and bodily injury property damage.
- They offer quick pay.
- Fuel discounts.
- They do the billing, collecting and credit checks.
- They do the receivable financing and the safety and DOT.
- They will review asset and non-asset based companies.

Client 8

Client 8 is a Private Equity Firm that is looking for specialized heavy haul providers;

- An ideal candidate would be involved in the transporting of heavy equipment, aircraft ground support equipment, jet engines, aerospace equipment, oil fuel equipment, etc.
- Company must generate a minimum of \$20MM of annual revenue and up, and;

- **The company must generate at least \$1MM of EBITDA.**
- Management will be retained and become part of the larger organization.
- Their current platform companies are extremely profitable and they're looking for growth and management, and;
- **They're willing to close within a 90 day period.**

Client 9

Client 9 is part of a \$1 billion company;

- They're looking for companies that manufacture truck or trailer mounted vacuum systems, or;
- Companies that manufacture chipper units;
- Log splitters and stump grinders.
- Air spades and turf products.
- Portable wenchers used by Arborus.
- This is a \$1 billion division of a multi-billion dollar company.
- They have a general truck equipment division that is looking to improve their product line.

Company must be profitable, must have a minimum of \$1MM net income, and management must be willing to stay and can normally close a transaction within 90 – 120 days.

Client 10

Client 10 is a publicly traded company looking for carriers that specialize in ocean or rail intermodal;

- Would prefer independent contractors.
- **Would prefer gross revenue of \$5MM and up.**
- Would prefer that the company is profitable and wants to become part of a larger organization.

This client, additionally, is looking for;

- Companies that specialize in over the road van operations, as well as flatbed operations.

Client 11

Client 11 is a well-known West Coast company that generates \$200MM - \$300MM of annual revenue;

- They're looking in 3 specific areas in the California area.
1. **Intermodal drayage companies that are predominantly independent contractors.**
 2. **Less than truckload carriers that are predominantly independent contractors.**
 3. **Traditional van carriers that are predominantly independent contractors.**
- Willing to pay a fair price and can close quickly.

Client 12

Client 12 is a large well-known trucking company looking to acquire dedicated contract carriers. They want to acquire companies that have 3 – 5 year dedicated contracts that are written and pay all miles;

- They're willing to pay 4 – 6 times EBITDA based upon size of revenue and profitability.
- **They're not interested in automotive contracts within the auto industry.**
- They are historically looking for company owners looking for an exit strategy and want to stay on, for some time period.

These are clients that have signed contracts with Ahern and are currently looking for opportunities. In some instances, we've sold them companies in the past, and they're looking to acquire additional companies. **In other cases, the acquisition searches are new.**

Additionally, it's important to understand that Ahern has numerous types of buyers that may not historically be looking for opportunities, currently. However, if an opportunity arises that meets their threshold; they want an immediate telephone call.

If your company is unique; you believe that your business has great growth potential or needs additional financial backing; if you can demonstrate growth over the last several difficult years, then many times we're going to have someone that wants to talk to you. Ahern's approach to assisting companies seeking to acquire specific assets in transportation is entrenched in our ability to provide the most accurate company evaluations in the industry, while working with the broadest network of professionals and contacts in the country.

If your company is a potential match to any of the above references, please contact me or Brian Haley at; (602) 242-1030. Everything that we discuss will be held confidential and we do not charge to discuss the opportunities.

In closing, we are going to make this part of a monthly or bi-monthly portion of our newsletter. I will also discuss during our video podcast. **If some of you are not watching the podcast, it is a live broadcast every week and you can access it on our website.** In some instances;

- I cover similar topics I do in the newsletter, and;
- In other instances, I touch specifically on the topics that our clients and readers have questioned me during the week.

If, for some reason Brian or myself are on the telephone call, please ask to speak to one of our highly competent sales analysts. Most of my analysts have been with Ahern for many years and are very skilled in our industry and can provide you with a substantial amount of information.

QUOTE OF THE WEEK: “The mind is like the stomach, it is not how much you put into it that counts, but how much it digests” (A.J. Nock)