

# ASIAN TRANSPORT & LOGISTICS NEWSLETTER

DECEMBER 2008, ISSUE 57

A Quarterly newsletter of developments in the transport and logistics industries

Welcome to the Asian Transport & Logistics Newsletter. This publication was initiated to address the growth of opportunities in the Asian logistics market. We hope you find the Asian Logistics Newsletter informative.

Business Development Asia (“BDA”) is an investment banking firm specializing in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising, and restructuring. We have offices and

professional staff throughout Asia, the Middle East, Europe, and the US. If you think that BDA’s services may be useful to you, please contact us at any one of our offices or email me at [pdigiacom@bdallc.com](mailto:pdigiacom@bdallc.com). Contact details for our offices are at the back of this newsletter. We look forward to speaking with you in the future.

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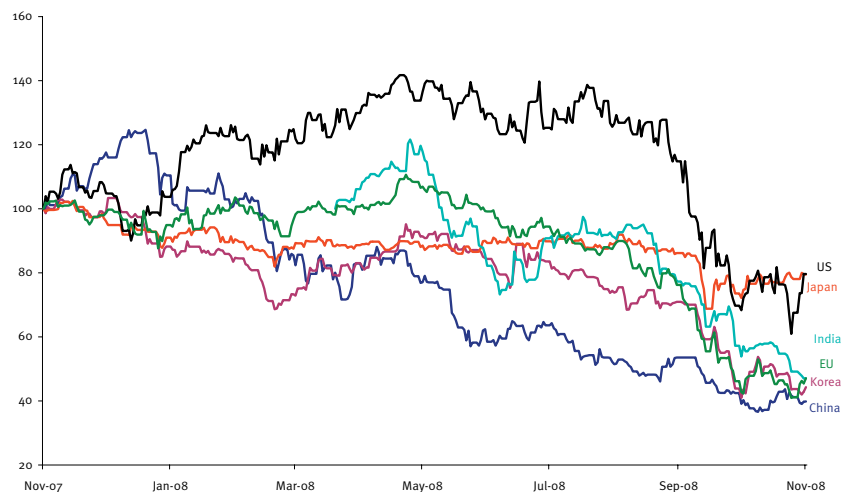
## Australia

**Cabcharge Australia Ltd**, a taxi booking and dispatch service provider, and Singapore-based transport company **ComfortDelGro Corp** have entered into a contract to acquire a 100% stake in the **Kefford Group**, the fourth-largest bus operator in Victoria, for US\$94.9m.

*November 20, 2008*

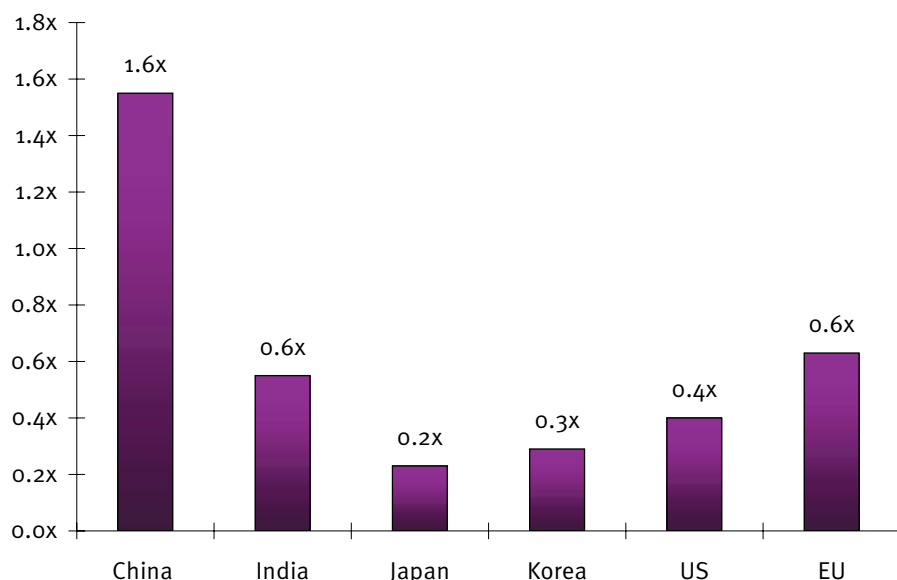
**DSV Air & Sea**, an India-based provider of air freight, sea freight, and logistics services, has acquired the remaining 60% of the shares in **ABX Logistics**, an Australia-based provider of third-party logistics services. The two companies will merge their Australian operations. This transaction follows the acquisition in June 2008 of **ABX Logistics Worldwide**, the Belgian parent company of ABX

Transport & Logistics Stock Indices (12 months ending in Nov 2008)



Source: Bloomberg, BDA

Transport & Logistics P/R Multiples (Dec 2008)



Source: Bloomberg, BDA

Logistics, to **DSV A/S**, the Danish parent of DSV Air & Sea, for US\$960m. *November 17, 2008*

## China

**Agility Logistics**, a Kuwait-based logistics company, will acquire **Baisui United Logistics Co**, a Shanghai-based domestic logistics company, for US\$51m, to bolster its Chinese presence through Baisui's 15 locations throughout the country. *September 29, 2008*

**China Shipping Co** announced that it will set up a 51:49 JV with **Baosteel Group Corp** to ship iron ore from Australia and Brazil to China for 20 years. The JV will own six vessels between 230,000 and 300,000 dwt of capacity each, but the value of the stake was not disclosed.

*November 7, 2008*

**China Shipping Container Lines's** subsidiary **Shanghai Puhai**, a Chinese container vessel operator, will acquire 75.5% of **Shanghai Incheon International Ferry Co** for US\$5.0m. Shanghai Puhai will acquire 51% from **China Shipping Group**, a Chinese state-owned marine transportation services company, for US\$3.4m. Shanghai will also purchase 24.5% from **Hang Lim Shipping**, a Korean shipping company, for US\$1.6m. Shanghai Incheon provides cargo and ferry services between China and the Port of Incheon in Korea. The remaining 24.5% is held by **Korea Express**. *December 10, 2008*

**Grand China Airlines**, a China-based civil aviation company, has received approval to acquire an additional stake in **Hong**

**Kong Airlines**, a commercial carrier. In 2006, Grand China acquired 45% of Hong Kong Airlines and is now looking to increase its stake. *October 20, 2008*

**Grand Power Logistics Group**, a China-based international logistics provider, has formed a JV with **Beijing Jinfeng Air Service ("BJAS")** in Beijing to operate cargo logistics and transportation in Northern China. BJAS is a subsidiary of **China National Aviation Company**, which also owns **Air China**. BJAS focuses on ground transportation, loading, custom clearance and warehousing. *October 8, 2008*

**Hitachi Transport System Ltd**, a Japanese logistics company, has established a JV in Zhengzhou with two local partners, **Yuxin Logistics Co** and Zhengzhou **Xinhehua Kemao Co**. With a registered capital of US\$1.5m, the new company will be operational in Q1 2009. Hitachi Transport System owns 51%, Yuxin Logistics 29%, and Zhengzhou Xinhehua Kemao 20%. The JV, which will be called **Henan Xinxin Hitachi Logistics Co**, will serve both Japan-funded companies including **Hitachi Group**, and Chinese companies. *November 21, 2008*

China's State Council has approved the merger of **Sinotrans Group**, the country's largest logistics provider, and **China Yangtze Transportation Group**, China's largest river transport company. The merged company, worth US\$15bn, will be called **Sinotrans CSC Group** and will become the second largest shipping logistics in China, by assets, after the **COSCO Group**. *November 3, 2008*

## Hong Kong

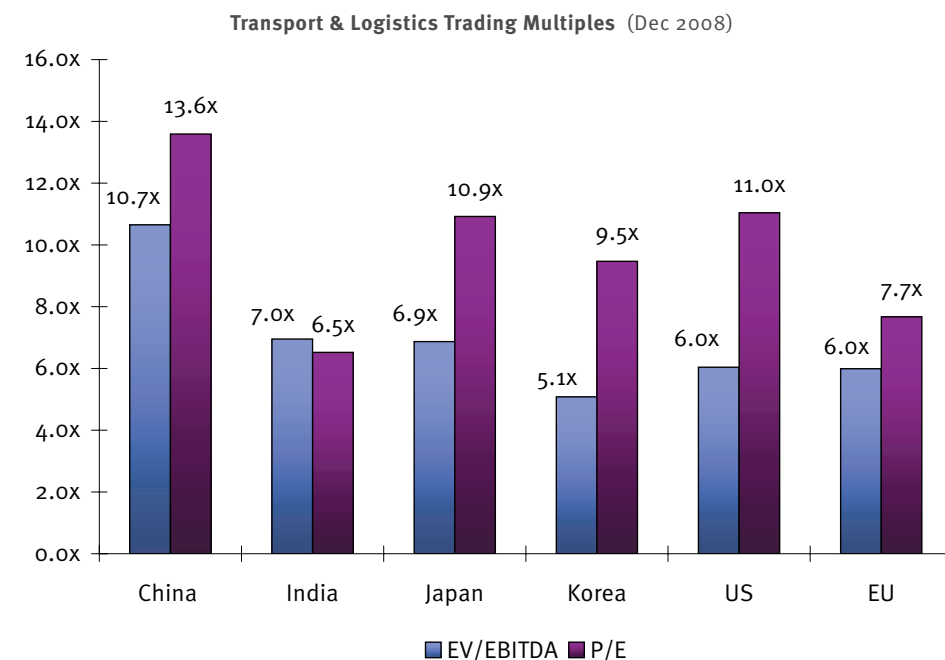
**Singapore Airport Terminal Services (“SATS”)**, a ground-handling subsidiary of **Singapore Airlines**, will acquire **Menzies Aviation Hong Kong (“MAHK”)** for US\$3m. MAHK is owned by Menzies Aviation, a UK-based provider of ground handling of airfreight for freight forwarders and airlines. The acquisition of MAHK is expected to provide SATS with a ground and ramp handling business that complements its existing cargo operations at the Hong Kong International Airport. *October 22, 2008*

**Ryder System**, a US-based transportation and supply chain management company, will acquire all of the assets of **Transpacific Container Terminal Ltd** and **CRSA Logistics** of Canada, including CRSA’s operations in Hong Kong and Shanghai, for an undisclosed consideration. *October 7, 2008*

## India

**Adani Enterprises Ltd**, part of the **Adani Group**, has entered into a 50:50 JV with **Chemoil**, a Singaporean physical supplier of marine fuel products, to supply marine fuel at India’s largest private port, Mundra Port. The JV, to be named **Chemoil-Adani Pvt Ltd**, will receive an initial US\$10m investment. *September 30, 2008*

**Air India** will receive government funding of US\$242m to strengthen its cash position, and fund part of its aircraft acquisition orders. The company



Source: Bloomberg, BDA

has paid-up capital of US\$29.2m and authorized capital of US\$302m. *November 18, 2008*

**Great Offshore Ltd**, an Indian offshore oilfield logistics services provider, has acquired **KEI-RSOS Maritime Ltd** and **Rajahendri Shipping & Oilfield Services Ltd** for US\$32m. The two companies are Indian providers of offshore support and single point mooring operations, with a fleet of 19 vessels. *November 5, 2008*

**Indian Railways Catering and Tourism Corporation (“IRCTC”)** and Indian travel firm **Cox and Kings India (“CKIL”)** will form a 50:50 JV to operate the first Indian luxury train to have a pan-country presence. The JV will commence operations from Q3 2009, and will cost US\$10m. The JV company will be called **Royale Indian Rail Tours Ltd**, and IRCTC

will operate the train while CKIL will be responsible for marketing and all off-board services. *December 10, 2008*

**National Aviation Co of India Ltd** will form a JV with **Singapore Air Terminal Services**, a subsidiary of **Singapore Airlines**, to provide ground handling and cargo services at four major airports in Chennai, Delhi, Kolkata, and Mumbai. Financial details of the JV were not disclosed. *November 27, 2008*

## Japan

**Hitachi Transport System Ltd**, a Japan-based provider of third party logistics services, has formed a JV with two Chinese logistics companies, **Yuxin Logistics Co** and **Zhengzhou Xinhehua Kemao Co**, with an investment of US\$1.5m. Hitachi Transport System owns 51% of the JV,

Yuxin Logistics 29% and Zhengzhou Xinhua Kemao 20%. The JV will be called **Henan Xinxin Hitachi Logistics Co** and will specialize in third-party logistics.

*November 21, 2008*

## Korea

**Delta Air Lines Inc** will leave its US cargo JV with **Air France-KLM** and **Korean Air** as of Q1 2009. The move follows Delta's decision to merge with US rival **Northwest Airlines**. Air France and Korean Air will continue operating the US cargo JV, which has revenues of US\$500m. *December 4, 2008*

**Kumho Rent-A-Car** will be acquired by **Korea Express**, both subsidiaries of **Kumho Asiana Group**. Kumho Asiana Group will transfer Kumho Rent-A-Car to Korea Express by acquisition in the process of reorganizing the group's logistics sector. Kumho Asiana Group has been adjusting its businesses after incorporating Korea Express as a subsidiary. *October 30, 2008*

## Kuwait

Kuwait-based **Agility Logistics** has expanded its presence in the international oil and gas industry with the acquisition of **Geopetrol International**, a Canada-based freight forwarding and logistics company that specializes in the Canadian oil and gas market, for an undisclosed consideration. *September 2, 2008*

Kuwait-based **Jazeera Airways** and **NBK**

**Capital**, and Germany's **DVB Bank SE** have formed an aircraft leasing JV to be capitalized at US\$375m and based out of Kuwait. The JV company is called **Sahaab Aircraft Leasing ("Sahaab Leasing")** and will provide narrow and wide bodied commercial jet aircraft on operational leases to airlines in the Middle East and emerging markets initially, and eventually worldwide. Sahaab Leasing will acquire aircraft by direct purchase from aircraft manufacturers such as **Airbus** and **Boeing**, focusing on building a portfolio of brand new aircraft. The JV targets an initial aircraft portfolio of 40 to 50 aircraft with an estimated value of US\$3bn by H2 2009. *October 13, 2008*

## Malaysia

**Silk Holdings Bhd**, a Malaysian infrastructure company, has agreed to buy **AQL Aman** for US\$24.1m as part of its restructuring process. AQL Aman holds 70% of **Jasa Merin Sdn Bhd**, a Malaysian company that owns a fleet of eight offshore support vessels that are chartered out to oil majors on long-term contracts ranging from four to ten years. *November 25, 2008*

## Philippines

**Alfredo M. Yao** expects to conclude negotiations on his bid to acquire Philippines-based **Southeast Asian Airlines Inc (SEAIR)**. The transaction has been stalled as, while both parties have agreed on the price, SEAIR has raised other issues. Yao has given

until end of 2008 to conclude the talks; otherwise he will withdraw his bid. Mr. Yao, who is also chairman of **Philippine Business Bank** and director of **Export and Industry Bank**, acquired **Asian Spirit**, another Philippine airline, for US\$21m in Q1 2008. He expects to acquire SEAIR for less than US\$21m, and plans to merge Asian Spirit and SEAIR in order to strengthen the company's regional presence. *September 22, 2008*

## Singapore

**Singapore Airlines** may acquire 25% of India's **Kingfisher Airlines** for US\$38.1m. Indian law forbids foreign carriers from owning part of a domestic airline, but the Government of India may relax regulations and allow foreign ownership of domestic airlines of up to 26%. *November 17, 2008*

**SMRT Corp**, a Singapore-based transport operator, has acquired 49% of **Shenzhen Zona Transportation Group**, a Chinese road transport company, for US\$58.8m. China's state-owned inter-city bus operator **National Express Transportation Group** holds the remaining 51%. *September 30, 2008*

## United Arab Emirates

**Abu Dhabi Aviation** has acquired 95% of **Maximus Air Cargo**, an Abu Dhabi-based provider of air freight services, for an undisclosed consideration. *November 10, 2008*

**DB Schenker**, a German freight transportation and logistics services unit of Deutsche Bahn, is expanding its presence in the UAE through a JV with **BAX Global**, a US-based shipping company. The terms of the JV were not disclosed. The JV will be named **Schenker LLC** and will start operating with 100 employees. *August 29, 2008*

**DC Aviation**, a German business jets operator, and **Al-Futtaim Group**, one of the largest regional business houses in the Middle East, have formed a JV to establish an executive business jets company in the Middle East. The terms of the JV were not disclosed. *November*

*16, 2008*

## Vietnam

**Bunge Asia**, the Asian operating arm of the US-based agribusiness and food company **Bunge Ltd**, has acquired **SSI Logistics**, a French delivery and transportation subsidiary of crop protection products and chemicals maker **SCPA Sivex International SNC**, for an undisclosed consideration. SSI Logistics owns 50% of **Baria Serece**, the owner and operator of **Phu My Port**. The investment provides Bunge with a greater opportunity to serve customers

in the growing market for agricultural commodities in Vietnam. *October 17, 2008*

**Selected Asian Transport & Logistics Transactions with Multiples** (12 months ending in Nov 2008)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
10-Oct-08	Alfresa Holdings Corporation	JP	Mediceo Paltac Holdings Co Ltd	JP	\$1,323.0	100% ACQ	4.4x	0.1x	13.5x
22-Sep-08	ABOITIZ TRANSPORT SYSTEM COR	PH	Telekom Malaysia (TM) Bhd	PH	\$100.2	DIV	N.A.	N.A.	10.4x
3-Mar-08	The Korea Express Co Ltd	SK	Asiana Airlines Inc; Daewoo Engine	SK	\$4,357.0	60% ACQ	111.0x	6.0x	91.8x
20-Feb-08	ALLCARGO GLOBAL LOGISTICS LT	IN	BLACKSTONE GROUP LP/THE	US	\$60.3	10% ACQ	39.6x	8.6x	18.5x
25-Jan-08	KOREA EXPRESS CO LTD	SK	Kumho Asiana Consortium	SK	\$4,325.5	100% ACQ	51.5x	5.4x	19.6x
19-Dec-07	BALTRANS HOLDINGS LTD	HK	TOLL HOLDINGS LIMITED	AU	\$315.0	100% ACQ	18.0x	0.5x	39.3x
			<b>Median</b>		<b>\$819.0</b>		<b>39.6x</b>	<b>5.4x</b>	<b>19.0x</b>

Source: Mergermarket, BDA

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions, divestments and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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