Oaklins

Facilitating a landmark transaction in the North American rail industry

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DEAL SNAPSHOT

Sojitz Corporation and Sojitz Corporation of America (Sojitz Group) and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) have acquired a 100% ownership interest in Cad Railway Industries Ltd. (CadRI), a Canadian company that operates in the rolling stock maintenance, repair and operations (MRO) sector.

Founded in 1968 in Lachine, Quebec, CadRI is the largest Pan-Canadian, one-stop repair and remanufacturing platform for all types of rolling stock: passenger cars, locomotives and freight cars. It operates out of its three facilities in Canada and services clients throughout the country and in some parts of the USA. Following this transaction, CadRI will act as the Canadian decision center and will actively seek out growth opportunities with the aim of becoming a leading company in the North American rolling stock MRO sector. In 2015, Sojitz Group acquired a 41% stake in the company.

Sojitz Group was formed from the union of Nichimen Corporation and Nissho Iwai Corporation. For more than 150 years, its business has helped support the development of countries and regions. Today, the Sojitz Group consists of approximately 400 subsidiaries and affiliates located in Japan and throughout the world, developing a wide range of general trading company operations. Sojitz Group has over 60 years of experience selling rolling stock and related equipment in North America and around the world. The group also has a recent track record in the construction of railway and mass transit infrastructure in countries such as India and the Republic of Korea.

"We are extremely pleased with the level of service Oaklins provided throughout this transaction. Their dedication and professionalism, combined with their deep knowledge of the rail sector, allowed for a seamless agreement as they added value in several areas of the deal."

LUCIE DASTOUS
EXECUTIVE VICE PRESIDENT AND CFO, CAD RAILWAY INDUSTRIES LTD., CANADA

cad Railway Industries Ltd.

OAKLINS FOUND THE **BEST PARTNER TO EXPAND THE BUSINESS**

Oaklins' team in Canada advised the seller with its expertise in the rail industry and negotiated the terms of the transaction to maximize the value to the client.

MARKET TRENDS & DEAL DRIVERS

North American rail transport has gradually gained popularity with the public since 1960 and is projected to make up the majority of passenger trips in the near future. The appearance of this trend over the last few decades is mainly due to the expansion of rail systems across North America and in other areas, growing environmental concerns, congestion in the sky and on the roads, and increased safety in rail transportation.

This increasing rail transportation activity, along with aging fleets that will need to be replaced or retrofitted in the coming years, will create numerous opportunities for railcar remanufacturing and repair companies.

M&A VALUATION ASPECTS

Financial details of the transaction have not been disclosed, but due to the potential synergies between the two companies, the deal value reflects a valuation premium.

TALK TO OUR ADVISORS

FAUSTO LEVY

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Fausto has completed or advised on over 100 transactions, including ImportFab, Stageline, Plurison, Cavalia, Niscon, Show Distribution, Sierra, Via Rail, Prosphere, Uniban, DCM, IDS, Cad Railway Industries and Caltrax. Previously, Fausto held senior and executive management positions at Bombardier Rail, CN Rail, AMF Technotransport and Newcourt Capital.

SÉBASTIEN NADEAU

Managing Partner
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Sébastien has more than 20 years of experience in debt and equity financing, mergers and acquisitions, and project finance. High-profile clients he has advised include Stageline, Cad Railway Industries on an acquisition transaction, Groupe St-Hubert, Fruits & Passion, HydroSolution and Première Moisson. He has also worked on buy-side transactions for companies in a variety of highly specialized sectors, such as rolling stock components and services.

"As experts in the rail industry, we were honored to be selected as the exclusive advisors to Cad Railway Industries. We believe that we have facilitated a landmark transaction in the North American rail industry. CadRI, now fully backed by Sojitz, has the potential to become North America's leading rolling stock repair and remanufacturing service provider. We thank them for trusting us with this mandate, and we wish them all the best in their future endeavours."

SÉBASTIEN NADEAU
MANAGING PARTNER
OAKLINS, CANADA

OAKLINS HAS CLOSED 163 DEALS IN LOGISTICS

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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