



Sojitz Corporation of America expands its footprint in the rail industry with the acquisition of BW Services

DEAL FLASH | OTHER INDUSTRIES | OCTOBER 2024

DEAL SNAPSHOT

Sojitz Corporation of America has continued the expansion of its North American rail-focused portfolio with the acquisition of BW Services.

Corporation of America, a subsidiary of the Japan-based Sojitz Group, is a major player in global trading and investment. The Sojitz Group, formed from the merger of Nichimen Corporation and Nissho Iwai Corporation, has a history spanning over 150 years and operates through approximately 400 subsidiaries and affiliates worldwide. This acquisition marks Sojitz Corporation of America's strategic move into the railcar servicing sector, aligning its growth and diversification objectives.

Founded in 1967, BW Services is a privately owned railcar servicing company specializing in the maintenance, repair and certification of tank cars. The company operates two AAR-certified and strategically situated facilities, one in Angleton, Texas, and the other in Westlake, Louisiana, both of which have significant expansion potential.

“At a buoyant time for M&A in the railcar servicing sector, this transaction marks an exciting step forward for Sojitz Corporation of America. Thanks to a proactive growth and diversification strategy, Sojitz is now set to widen its profile in the thriving rail industry. It was a privilege for us here at Oaklins E. Canada to curate this expansion opportunity, and we look forward to seeing its acquisition bear fruit for both parties.”

FAUSTO LEVY
PRINCIPAL
OAKLINS E. CANADA

OAKLINS WORKED TIRELESSLY TOWARDS THE SUCCESS OF THIS TRANSACTION

Oaklins E. Canada acted as the buy-side M&A advisor to Sojitz Corporation of America in this transaction. Leveraging deep industry expertise and a strong network of relationships in the rail sector, Oaklins facilitated a seamless acquisition process. The team provided comprehensive support throughout the transaction, from initial due diligence and negotiations to finalizing the deal.



MARKET TRENDS & DEAL DRIVERS

M&A activity in the railcar servicing sector remains strong, reflecting robust market dynamics despite recent economic fluctuations. The sector is experiencing significant consolidation, driven by the growing demand for specialized railcar maintenance and certification services. Key drivers of this activity include:

- 1. Expansion of rail networks:** the ongoing expansion of rail networks and increased demand for tank car transport call for enhanced servicing and maintenance capabilities.
- 2. Regulatory compliance:** stringent regulations and safety standards in rail transport drive demand for certified servicing facilities, to ensure operational safety and regulatory compliance.
- 3. Infrastructure investments:** significant investments in rail infrastructure, including modernization and capacity expansion projects, support the growth of servicing companies able to handle increased volumes.
- 4. Technological advancements:** innovations in railcar technology and maintenance practices enhance the value of firms that can provide advanced servicing solutions.

We expect strong interest in railcar servicing companies to continue, as strategic buyers seek to capitalize on growth opportunities and enhance their capabilities in this essential sector.

M&A VALUATION ASPECTS

Financial details of this transaction have not been disclosed. However, the valuation of railcar servicing companies is influenced by several key factors:

- 1. Facility capabilities:** the condition and certification of servicing facilities are crucial. AAR-certified facilities with strategic locations and expansion potential are highly valued
- 2. Volume of service:** the annual volume of railcars serviced.
- 3. Regulatory compliance:** compliance with industry regulations and certifications.
- 4. Expansion potential:** the ability to expand operations, particularly through available land or facility upgrade.
- 5. Market position:** a company's established position within the railcar servicing market, including its client base.

TALK TO OUR ADVISORS



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Fausto has been an advisor to a number of Canadian and international clients. He has completed or advised on over 100 mandates, including ImportFab, Stageline, Plurison, Cavalia, Niscon, Show Distribution, Sierra, Via Rail, Prospere, Uniban, DCM, IDS, Cad Railway Industries and Caltrax. Fausto has also worked with many institutional and equity investors and family offices, such as CDPQ, FTM Capital, Westface Capital, FSTQ, Novacap and Ridgemont.

Sébastien has been involved in the rail industry for well over 15 years and has built a network of contacts with industry leaders. He has closed several transactions, such as debt financing, equity financing and acquisitions for CAD Railway Industries, a leading Canadian services provider focused on the North American rail industry, offering maintenance, repair and remanufacturing, among other services.

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