
MGN Logistics seeks to acquire freight management businesses – sole owner
by Deborah Balslem in Ft Lauderdale, Florida
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MGN Logistics, a solely owned non-asset freight management and IT company, is actively pursuing acquisitions, said CEO Matthew Telesca.

Easton, Pennsylvania-based MGN is seeking targets with USD 5m to USD 10m in revenue and corresponding EBITDA between USD 300,000 and USD 750,000, according to Telesca. Deal values for companies fitting these criteria typically range from USD 1m to USD 1.7m, he said.

MGN works on M&A with Ron Hill of lower mid-market boutique financial advisory firm **Northeast Business Partners**.

Less-than-truckload (LTL) and parcel services represent that largest portion of MGN's revenue. Unlike traditional truckload brokerages, LTL and parcel services generate much lower revenue but higher margins, Telesca explained. Most truckload brokerages have a gross margin of 12%-15%, while MGN's gross margin, by contrast, is closer to 30%, he noted.

Ideal acquisition targets also would be freight management-type businesses that fit this lower revenue-higher margin profile, the CEO noted.

MGN is close to closing on its fourth and largest to-date acquisition, of another freight management business that is "sort of a competitor" and whose business could be enhanced by MGN's technology, according to Telesca. That deal would be funded via a cash and earn-out structure, he added.

Telesca said MGN aims to reach revenue of between USD 25m and USD 35m within two years. The company is projecting sales of USD 16m this year, compared to USD 12.1m in 2014. MGN has doubled revenue every other year for the past eight years via a combination of organic and inorganic growth, a milestone it could again achieve in 2017. The business has maintained a 20%-25% increase in revenue annually solely from organic growth, Telesca noted.

The 43-year-old CEO founded MGN in 2000 and owns 100% of the business. The company has just shy of 30 employees, he said.

MGN has its own proprietary transportation management software. Its services include advanced benchmarking, data capture, freight payment, pre- and post-audit invoicing, and rate analysis and negotiation. The company processes approximately 10,000 shipments a month.

Telesca said that while MGN caters to various industries, it is focused heavily on manufacturing. A typical client has USD 50m in annual revenue and spends USD 2m-USD 3m on freight per year, he added.

MGN gets regular calls from both financial investors and strategics interested in acquiring it. Telesca, however, said a partial or full sale is not something he is considering while the company is making acquisitions and in growth mode.

In 2002, Telesca and his then partner launched online transportation brokerage website **LogisticsQuote.com**. The site was acquired in 2004 by a private equity firm, and two years ago, Telesca bought it back. He plans to re-launch LogisticsQuote.com with enhanced predictive analytics. The site is currently being beta-tested by several large brokerages, the executive said.

MGN has offices in Boston, Chicago, Florida, New Jersey, Pennsylvania and the Dominican Republic.

The company's primary bank is **Boston Private Bank**, where it works with Victoria Lazzell. Telesca also works with Michael Green of accounting firm **Valley Tax Advisors** and Scott Museles of law firm **Shulman, Rogers, Gandal, Porody & Ecker**.