

CUSA Busways



Background

CUSA Busways, a new company formed by an affiliate of the private equity group Kohlberg & Company, is a transportation entity comprised of the former West and South Central operations of Coach USA. CUSA Busways is the largest provider of motorcoach services in the majority of the markets it serves. Services include motorcoach charters, tours and sight-seeing, commuter transportation, intercity transportation, contract services for municipalities and corporations, airport shuttles and taxis.

The Challenge

Coach USA, a subsidiary of Stagecoach Holdings plc, was originally formed in 1995 when six established motorcoach carriers consolidated the highly fragmented commercial bus industry. One year after its inception, Coach USA went public and actively pursued a growth strategy in order to gain critical mass. This growth initiative culminated in June 1999, when Coach USA merged with Stagecoach Group to form the largest international transportation company in the world. While this transaction occurred at the height of the business cycle—when consolidations were generating significant

premium valuations—the North American transportation market soon entered a soft period, which was worsened by the decrease in travel and tourism following the events of 9/11.

In December of 2002, Stagecoach, decided to exit from certain non-European business lines and focus on core competencies in the line run and commuter segments of the industry. Accordingly, they divested four of their seven operating units in North America including the Western and South Central divisions acquired by CUSA Busways.

In looking to buy the divisions, Kohlberg became impressed with their potential, particularly that they were located in profitable regions, possessed new equipment, and were yet to be fully integrated by the seller. Kohlberg committed forty-five million dollars of equity to the transaction, but would need a lender with proven resources and experience to close the deal. That lender was Fleet Capital*.

The Solution

Using both its vast resources and years of experience, Fleet Capital* was able to complete a very complex transaction—a large syndication with

multiple layers of financing—during a very difficult time in the motorcoach industry. Ultimately, Fleet Capital* structured a \$110 million revolver, with a \$15 million term A, and a \$15 million term B loan to compliment the equity contribution from Kohlberg.

The Result

With the support of Kohlberg and new senior management, this credit facility provides a stable financial platform from which the new entity can pursue a growth strategy in a competitive industry. Said Kohlberg & Company principal Gordon Woodward, "Fleet Capital* delivered a deal structure that gives the new company flexibility and liquidity to leverage the leadership position held by Coach USA in these regions."

The Advantage

- Experience to structure and agent large credit facilities
- Significant experience with sponsor-backed acquisitions
- Local decision-making capabilities
- Complementary bank and capital market products



\$140,000,000

Leveraged Buyout

Motorcoach services provider

For more information call 1.866.287.4098 or visit www.bofa.com/businesscapital17.

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