



Why Student Transportation Inc. Is Soaring Over 24%

Description

What?

School transportation provider **Student Transportation Inc.** (TSX:STB)(NASDAQ:STB) is up more than 24% in Wednesday's trading session following its announcement that it has entered a definitive agreement with a group of investors led by Caisse de depot et placement du Québec (CDPQ) to be acquired for US\$7.50 per common share in cash.

So what?

The deal represents a premium of 24.8% from Student Transportation's closing price of US\$6.01 on Tuesday and is based on an exchange rate of \$1.2776 Canadian dollars per U.S. dollars as of February 27, 2018.

Commenting on the transaction, Denis J. Gallagher, the chairman and CEO of Student Transportation, stated the following:

"This transaction presents a compelling opportunity for our investors to monetize their investment at an attractive price. CDPQ has been invested in our company for 16 years and for most of that time as our largest shareholder. We will continue to be the North American leader in student transportation and our unwavering commitment to our employees, customers, safety, service and innovation will remain unchanged."

The transaction is expected to close by the end of the second quarter of 2018, and a termination payment of US\$28.4 million would be payable by Student Transportation to the purchasing group if the transaction does not close for any reason.

Now what?

Student Transportation's NASDAQ-listed shares are currently trading at US\$7.50, so there is no upside from here, since it's an all-cash transaction, unless another potential acquirer wants to make "a

superior proposal,” but I do not think that is likely.

Including reinvested dividends, Student Transportation’s NASDAQ-listed shares have now returned more than 93% since I first recommended it on [June 1, 2015](#), making it a big winner for Foolish investors. If I were a shareholder today, I would chalk the acquisition up as a win and sell out of my position, and then use that money to find my next big winner. If you want some ideas, check out [these three recommendations](#) from my fellow Fool, Ambrose O’Callaghan.

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