

## VersaCold cements food-distribution dominance with CPX acquisition

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Canada's largest cold storage and transport company has bulked up with an acquisition that will boost its revenue by 40 per cent and make it a bigger player in fresh food distribution.

Vancouver-based VersaCold Logistics Services signed a deal to buy Coastal Pacific Xpress, a trucking company based in the Vancouver suburb of Surrey. Both firms are privately owned.

While VersaCold would not reveal the purchase price, chief executive officer Douglas Harrison said the deal will increase his firm's annual revenue by \$150-million to about \$500-million, cementing its position as the biggest player in a fragmented cold storage and logistics business worth about \$12-billion in Canada.

VersaCold has primarily focused on warehousing and transport of frozen foods, Mr. Harrison said, while CPX has more expertise in moving time-sensitive fresh foods, an increasingly important business as consumer tastes evolve toward a greater interest in high-end, non-frozen products.

CPX also has significant cross-border business in the United States, which will complement VersaCold's mainly east-west trucking operations, which extend from British Columbia to Newfoundland.

VersaCold was once mainly in refrigerated warehousing, but is intent on continuing its transformation to a broader operation that includes transport and third-party logistics services and back-room supply-chain management, Mr. Harrison said. It even does some food processing and packaging for clients.

The company bought a small refrigerated trucking company based in Calgary a month ago, and is on the lookout for other potential acquisitions as the food business shifts toward more time-sensitive products, and as strict food-safety rules are put in place.

"Food supply chains are changing in Canada," Mr. Harrison said. "Consumers' tastes are changing ... [so] we are seeing manufacturers and retailers moving to far more fresh products, and higher-end products, that have greater temperature sensitivity and quality requirements." There is also a lot more fresh food being brought in from international sources and distributed across the country, he

said.

VersaCold was a public company for many years, but was taken private by Icelandic shipping company Eimskip in 2007. Eimskip also bought Atlas Cold Storage, and merged the two entities. VersaCold is now jointly owned by Toronto-based private equity firm KingSett Capital and Quebec-based investor Ivanhoé Cambridge.

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