

BUSINESS & FINANCE

VersaCold Acquires Coastal Pacific To Expand US, Canadian Offerings

By Rip Watson
Senior Reporter

Canadian firm VersaCold Logistics Services last week announced an agreement to buy Coastal Pacific Xpress, a British Columbia-based refrigerated carrier, to broaden the buyer's asset-based service offerings in the United States and Canada.

The acquisition, the Toronto-based company's second carrier deal this year, will add C\$150 million (\$112.5 million), or more than 40%, to annual revenue for privately held VersaCold as the company builds out its asset-based truckload and less-than-truckload business, CEO Douglas Harrison told TRANSPORT TOPICS on March 15.

Terms weren't disclosed by Canada's largest provider of temperature-controlled services.

Earlier this year, VersaCold made its first asset-based acquisition, Gary Heer Transport of Calgary, Alberta.

The acquisitions are among the handful announced this year among North American asset-based carriers, after a year when companies such as FedEx Corp. and XPO Logistics Inc.



Coastal Pacific Xpress marked VersaCold CEO Harrison's second carrier acquisition this year. The first was Gary Heer Transport.

announced multibillion-dollar deals in the global and domestic markets.

"We are continuing to look at acquisitions," said Harrison, who joined VersaCold after earlier holding senior management positions at Day & Day Transportation and Ryder System's logistics unit

in Canada. "Our focus is on temperature-sensitive fresh and frozen food products with very high service standards. We are looking for farther acquisitions to build out our footprint in North America."

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VersaCold Logistics announced an agreement to buy Coastal Pacific Xpress, a refrigerated carrier.

VersaCold

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With the addition of the latest purchases, VersaCold is expecting annual revenue of \$300 million this year. It also is establishing a U.S. presence in the West, Midwest and Northeast, Harrison said. Future acquisitions will target areas including the South, he added, as the company aims for 10% to 15% future annual growth.

In the LTL sector, the focus will be on interline and regional partnerships, Harrison said.

After the Coastal acquisition, asset-based trucking will account for more than 40% of VersaCold revenue, with a similar amount from its warehousing services. VersaCold is No. 20 among the largest warehousing firms listed in TRANSPORT BUSINESS Logistics 50. The balance is from logistics services such as 3PL and dedicated.

"VersaCold and CPX serve many of Canada's leading com-

panies, and it was clear from that, when partnered, we would only be stronger," Coastal Pacific President Scott McIntosh said.

The acquisitions are being made at a time of heightened awareness for transportation of food, including the expected announcement of final U.S. food safety transport standards later this month. To address that issue, Harrison said the company has added food chemists and food biologists to its staff.

"The Coastal acquisition [which adds 400 drivers] gives us a very substantial fleet presence," the VersaCold executive said.

After the acquisition, the buyer will have about 20% of its business on cross-border traffic with the rest from service within Canada.

VersaCold expects to complete the Coastal Pacific acquisition in the first half of the year. Coastal Pacific will operate as a stand-alone business to provide traditional and less-than-truckload services.