

UPS inks \$1.6 billion deal for Canadian health care logistics provider

Andlauer Healthcare Group specializes in cold storage and transportation

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UPS Healthcare is projected to be a \$20 billion business next year. (Photo: UPS)

UPS plans to acquire Andlauer Healthcare Group Inc., a Canada-based provider of cold chain logistics services for the health care sector, in an all-cash transaction for \$1.6 billion, the company announced on Thursday.

UPS ([NYSE: UPS](#)), like global integrated shipping rivals FedEx and DHL, has targeted health care logistics as a primary area for growth because specialized storage and transport requirements for pharmaceuticals and biopharma products command high margins. The transaction comes on the heels earlier this year of UPS' acquisition in January of Frigo-Trans and sister company BPL, which provide temperature-controlled warehousing and transportation in Europe for pharmaceutical and biotech companies, for an undisclosed amount.

UPS last year said it plans to double revenue in health care logistics to \$20 billion through organic growth and acquisitions by 2026.

Andlauer Healthcare Group ([TSX: AND](#)) provides customized logistics, distribution and packaging services for health care manufacturers across Canada. It specializes in refrigerated air and ground transportation, dedicated transport, and last-mile delivery.

The buyout price of CA\$55 (US\$39.71) per share represents a 31% premium to Wednesday's closing price and a 38% premium to the stock's 30-day average trading price. It also represents a price/earnings multiple of 13 times the estimate by Royal Bank of Canada.

"Next-generation treatments are driving more complexity than ever, expanding the needs of healthcare customers and increasing demand for the integrated, end-to-end cold chain solutions UPS Healthcare provides around the world," said Kate Gutmann, president of international, healthcare and supply chain solutions for UPS, in a news release. "Andlauer Healthcare Group will help us deliver expanded capability to our customers, driving best in class patient outcomes while contributing to our overall growth plans across the business."

The acquisition is expected to be finalized in the second half of 2025, subject to approval by AHG's shareholders and regulators. Michael Andlauer and Andlauer Management Group, the controlling shareholder of AGH, have agreed to vote their shares in favor of the transaction, UPS said.

Following the close of the transaction, Michael Andlauer will lead UPS Canada Healthcare and AHG.

UPS Healthcare has more than 19.2 million square feet of pharma-certified warehouse space under management, including extensive temperature-controlled facilities. Services include inventory management, cold chain packaging and shipping, storage and fulfillment of medical devices, and lab and clinical trial logistics.

Earlier this month, DHL said it planned to invest \$2.2 billion to upgrade logistics capabilities and infrastructure in the life sciences and health care sector. It also [agreed to acquire Nashville, Tennessee-based CryoPDP](#), a specialty courier that provides logistics services for clinical trials, biopharma, and cell and gene therapies, for \$195 million.

FedEx's management recently said the company plans to onboard nearly \$400 million in new annualized health care revenue during the current quarter and finish the fiscal year ending May 31 with nearly \$9 billion in health care revenue.