



BRIEF

Maersk expands US warehousing network with \$545M acquisition

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Dive Brief:

- Maersk is acquiring Performance Team, a U.S.-based warehousing and distribution company, in a \$545 million deal, according to a press release on Wednesday. Performance Team currently operates 24 warehousing sites, encompassing 800,000 square meters, and specializes in B2B and B2C e-commerce, retail and wholesale distribution. The transaction is expected to close Apr. 1.
- The acquisition will more than double Maersk's warehousing and distribution footprint, which sits at 22 sites covering 563,000 square meters, according to data in the release. The move supports its goal of transporting customer goods "from factory floor to store door," and increasing its end-to-end service market share in North America.
- "We are especially excited to strengthen our e-commerce fulfillment capabilities since many of our retailers are looking to grow online retail sales," Narin Phol, regional managing director of Maersk in North America said in a statement.

Dive Insight:

Since taking the helm in 2016, A.P. Moller - Maersk CEO Søren Skou has been streamlining operations and pursuing strategic acquisitions to build out the company's end-to-end supply chain capabilities.

Maersk merged with freight-forwarder Damco at the beginning of 2019, to increase its focus on "end-to-end logistic solutions for cargo owners." In February 2019, the company acquired Vandegrift, a New Jersey-based customs broker, and in April it spun off its oil and gas drilling business as part of a plan to focus on logistics and supply chain services.

Transport Intelligence estimates the global warehousing and distribution sector's value at more than \$200 billion and \$50 billion for North America. Maersk said it sees a significant growth opportunity in warehousing and distribution due to the growth of the e-commerce industry, which the acquisition of Performance Team will better position it to take advantage of.

On Feb. 12, following a series of executive shakeups, Maersk announced the hire of Patrick Jany as CFO, highlighting his "solid financial experience and a proven record of managing cost discipline as well as profitable growth through M&A and innovation," Skou said in a statement, signaling the company's continued openness to building out its offerings through targeted acquisitions.

It's a strategy Maersk's competitors have taken on as well, with CMA CGM acquiring Ceva Logistics in 2019. The move was an attempt to scale the carrier's end-to-end, ocean to overland service offering. However, it suffered a downgraded credit rating and financial strain, "focusing on the turnaround of the Company through deep operational changes," according to Nicolas Sartini, CEVA Logistics CEO.

Maersk cited trade challenges, market volatility and IMO 2020 among cost pressures it faced throughout 2019 in its annual report. In its Q4 earnings call, Skou remarked that ongoing trade challenges due to COVID-19 responses in China could affect revenue in 2020. However, the company said it remains committed to its full-service supply chain model, banking on integrating land and sea operations to sustain growth.

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