

Celadon Says Glen Moore Purchase From YRC Adds Drivers, Customers

By Rip Watson
Senior Reporter

Celadon Group Inc. said its purchase of YRC Worldwide Inc.'s Glen Moore truckload unit will add hundreds of drivers for the buyer to support Celadon's expansion into regional trucking.

Celadon CEO Stephen Russell outlined Celadon's plans to TRANSPORT TOPICS on Dec. 19, four days after YRC announced the sale of its money-losing truckload unit to focus on its less-than-truckload business that provided 97.9% of revenue in the first three quarters of 2011 (12-19, p. 2).

"Over the years, we have made 10 or 12 of these similar kinds of transactions, where we buy the equipment, which in most cases is pretty old," Russell said. "We sell off the equipment, hire some drivers and



take on the customer base. [These transactions] have been very successful for us over the years."

In addition to the drivers, Celadon acquired Glen Moore's terminal in Carlisle, Pa., to support new regional

services and customers that came with the acquisition.

No details of the transaction, such as the price paid by Celadon, were disclosed by either company.

James Welch, CEO of YRC, told TT on Dec. 16 that the truckload unit "didn't fit" in the company.

"We are continuing to be strictly focused on what we do best — LTL," Welch said.

Prior to the Glen Moore deal, Celadon's most recent move was to purchase the dry van fleet of Frozen Food Express Inc., a move which Russell said netted 125 new drivers (10-31, p. 26).

(See CELADON, p. 10)

Celadon Buys Glen Moore

(Continued from p. 6)

Meanwhile, Welch was asked if YRC was considering the sale of its remaining assets in China, where now-retired CEO William Zollars spearheaded the purchase of trucking and logistics operations.

"We are going to stay very focused on North American LTL," Welch answered.

Glen Moore was part of YRC for nearly seven years, coming to the company then known as Yellow Roadway Corp. when USF Corp. was acquired early in 2005 for \$1.3 billion. In the first quarter of 2005, Glen Moore's last quarter under USF ownership, the company's operating income was \$1.1 million and revenue was \$31.1 million.

Over the first three quarters of 2011, the YRC truckload business lost \$10.3 million and posted revenue of \$76.7 million. That operating loss, which excluded taxes and interest, accounted for about one-fourth of YRC's losses so far this year from its trucking services.

The exact number of drivers that Celadon will add isn't yet known, Russell said, because the company still is interviewing about 450 Glen Moore drivers.

Russell said he expected Celadon would add the majority of those

former Glen Moore drivers, while disqualifying those whose driving record and safety scores as measured by the Compliance, Safety, Accountability program don't meet Celadon's standards.

Russell also said that Celadon will be purchasing new trucks for drivers who are added to the company's ranks, and that the Glen Moore drivers would be receiving new equipment in line with the company's policy.

Celadon will sell the Glen Moore assets, which include tractors that are as old as 2004 models. Russell said he expects Celadon will at least break even on equipment sales, as it has with all other similar transactions.

More acquisitions are likely.

"We are evaluating various possibilities," Russell said, without giving details. "Now is the time to grow in this business."

Truckload is an attractive business now because the gradual tightening of capacity has allowed carriers to boost rates and profits, he added. Rising costs of new equipment are contributing to the capacity squeeze, he added, because cash-strapped fleets are being forced to trade in two or three old tractors in order to buy a single new one with a price tag of \$125,000 or more.