



## For Immediate Release - October 14, 2022

**InterCool plans aggressive bolt-on strategy, executive says** InterCool USA, a provider of design, construction, and maintenance services for industrial refrigeration equipment, is holding active conversations with potential add-on targets as it looks to enhance its service offerings, said Clay Hill, executive vice president. “I believe that we can make three to four (acquisitions) pretty easily,” Hill said, adding it is not under any letters of intent. Add-ons could be product-focused or aimed at enhancing InterCool’s services by filling customer requested “gaps” while adding key personnel. InterCool, Hill said, is “heavy on engineering and very good about service and construction.” It wants enhancements to these offerings to become a one-stop-shop for customers. Hill pointed out that new technologies, like gas types besides ammonia, will be evaluated. InterCool received a minority investment in 2019 from **RF Investment Partners**, a small business investment company. On 30 September, RF invested again, becoming the majority owner. InterCool, upon the first investment, **acquired** Freije-RSC, a 50-year-old design-build industrial refrigeration contractor based in Indiana and Ohio. That was the first step towards having nationwide capability, Hill explained. He declined to specify the size of the investments. RF’s website states it typically invests in businesses with USD 2m-USD 10m in EBITDA, providing investments between USD 5m-USD 30m. About 70% percent of the cold storage market is controlled by **Americold** [NYSE:COLD] and **Lineage Logistics**, according to RF Director Patrick Riggio. Lineage, a Novi, Michigan-based temperature-controlled industrial REIT and logistics solutions provider, announced in January that it raised USD 1.7bn in equity from a slew of investors. Vendors to large companies like Walmart, which provide their own cold storage, have not consolidated, leaving a very fragmented market where the vendor relationships haven’t “professionalized enough,” largely because they are “mom and pop” businesses, Riggio said. Intercool’s long-term strategy is to serve multi-billion dollar groups, which is why it needs technicians all over the country, Riggio said. It would like a larger presence on the West Coast and particularly in Southern California, he said. “There’s a lot of agricultural production, which leads to cold storage demand there that I think is really interesting for us,” he said. RF co-founder and Managing Partner Peter Rothschild said most regional and local services and technician-based businesses are small. “I wish we could go out and invest 10, 15, 20 million and essentially acquire a regional service focus from a technician standpoint, but that’s challenging to get that kind of scale,” Rothschild said. It’s easier to do with more product and capability focused businesses, he added. InterCool’s revenues will double this year and have already doubled over the past 12-18 months, Rothschild said, largely from organic growth. He declined to disclose financials. InterCool’s website says it has 125-plus employees. InterCool’s organic growth comes where “the rooftops are growing,” Hill said, such as the Sun Belt states, where there are new builds. Hill isn’t seeing signs of a looming recession. Rising interest rates do especially affect new projects, he said, but customers still need to move forward with cold storage projects. That makes InterCool “recession resistant,” Hill said. Two industries continuing to drive demand for cold storage are online grocery delivery and pharmaceuticals, Riggio said. Both are “pretty resilient in the face of a downturn.” InterCool uses **McGuireWoods** for legal counsel. by James Ward in Charlottesville, Virginia 972.227.4500