

Radnor buying rival Polar, planning an IPO

By Joseph Pryweller
PLASTICS NEWS STAFF

Foam cup and container maker Radnor Holdings Corp. asserted itself in the food-service market last week with two sudden moves:

■ First, it entered an agreement Nov. 13 to buy drink-cup competi-

tor Polar Plastics Inc., a thermoformer of disposable food-service items made of polypropylene. Radnor paid \$28.7 million — only \$6.8 million of that in cash and the rest in notes and the assumption of contractual liabilities. The sale is expected to close in several weeks.

■ To help pay for that acquisi-

tion and boil down debt, the privately held, Radnor, Pa.-based holding firm also registered the same day to launch an initial public offering that is expected to raise about \$54.8 million. The company hopes to sell almost 4.25 million shares of common stock.

The Polar deal shifts Radnor

into thermoforming, an area that until now has been a small side-light to its existing expanded polystyrene foam molding business.

The IPO decision bucks market trends at a time when many publicly held companies are considering going private due to a less-than-enthusiastic Wall Street,

said Russell Warren, president of Cleveland-based investment banking firm TransAction Group Inc.

However, the number of middle-market deals, in the packaging sector and elsewhere, is gaining ground, Warren said. Others could greet the acquisition news. See Radnor, Page 28

Europe progresses on PVC recycling

Group sets 2010 goal, sees Vinyloop potential

By Rhoda Miel
PLASTICS NEWS STAFF

BELSELS, BELGIUM — Europe's vinyl resin suppliers are looking across a 440-million-pound gap in PVC recycling numbers, and they have less than seven full years to bridge it.

Making that self-imposed target would help the industry prove to environmental naysayers that even PVC can meet tough "green" initiatives, but failure could open it up to even more stringent oversight that could limit future sales.

"We have to continue delivering on the voluntary commitment," said spokesman Marty Griffiths of the European Council of Vinyl Manufacturers and its Vinyl 2010 initiative. "We have to deliver by 2010 to show that we are credible and that voluntary commitment works. That is extremely important."

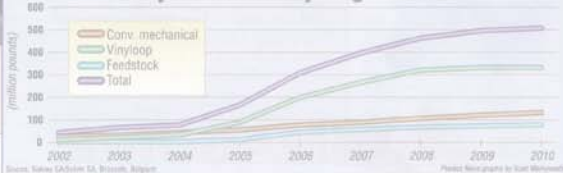
The makers have undertaken a multi-pronged approach that includes increased emphasis on mechanical recycling of pipe and window frames, investment in the Solvay SA-developed Vinyloop process for recycling PVC from mixed plastics in cables, flooring and roofing systems, and feedstock recycling.

The groups' goal, See Europe, Page 9



Solvay SA's Vinyloop process enables PVC to be separated from other materials by a process of dissolution, if then can be reformed and generated into a high-quality product.

Projected PVC recycling volumes



Source: Solvay (Belgium SA, Brussels, Belgium)



Solvay NV finds value in automotive shreds residue. See story on Page 10.



An expanded EU may aid efforts to improve PVC's image. See story on Page 11.

Expanding UPM invests in 7 presses

By Robert Grace
PLASTICS NEWS EDITOR

CORONADO, CALIF. — Business is booming at Los Angeles-area-based Universal Plastic Mold Inc., a small, family-run custom mold-maker operating in one of the country's least business-friendly states. And its response may be symptomatic of today's so-called "jobless" economic recovery.

Spurred by the recent securing of a pair of major, long-term contracts, the Baldwin Park, Calif., injection molder is embarking on the biggest expansion in its 41-year history. The firm is investing \$4 million — or roughly a quarter of its annual sales — to add several. See Booming, Page 19

All American shifts focus, ownership

By Joseph Pryweller
PLASTICS NEWS STAFF

A shift in ownership at film and bag maker All American Poly Corp. has led to a corresponding shift in strategy and market approach.

The company, one of the largest privately held polyethylene extruders in the United States, has started a "consolidated expansion" of its operations, said All American senior Vice President Joe Friedman.

The process included closing one of the company's three New Jersey facilities and expanding equipment and capacity at its larger headquarters building in. See All American, Page 19

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Continental/AFA buys assets of O-I division
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Mich. molder changing under new ownership
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Window manufacturers seeking premium niche
Page 7

Booming long-term contracts

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new injection presses, including five Husky machines that have 800 tons or more of clamping force, and two smaller, all-electric Milacron presses.

The investment also includes various robotics and other equipment necessary to run each press as its own, automated production cell. As a result, the new shop floor UPM expects to hire fewer than 10 shop-floor workers to handle the new equipment, according to President Steve Dowling.

The contract driving the biggest chunk of new business is for a European customer—Schoeller Wavin Systems NV of Hardenberg, the Netherlands. UPM will mold collapsible polypropylene shipping crates for SWS that measure about 24 by 16 inches and are to be used by a major U.S. retailer, according to René Wolkamp, chief executive officer of the Dutch firm. He said Schoeller Wavin is providing extensive design, technical know-how and automation equipment, including assembly robots.

UPM will also produce five new Huskys—three 800-ton and two 1,100-ton Hylectric-brand hybrid injection molding machines—along with one existing, 1,100-ton Husky and an existing 1,300-ton, two-station Milacron Magima press, in seven separate manufacturing cells to churn out the crates. Husky also is providing six parts-removal robots, Dowling says.

The new Husky presses are not due to be delivered until sometime between April and June, but Dowling said UPM took delivery Nov. 12 of the first SWS mold, and planned to begin running mold trials the week of Nov. 17. The second mold is to arrive in mid-December, with the balance timing to arrive with the new presses in the second quarter of 1983.

In an interview at the recent SPI Western Region conference in Coronado, Dowling said UPM will squeeze the new equipment into the 100,000-sq-ft, 100-ft-high, 100-ft-wide, 100-ft-deep headquarters site, which sits on 7½ acres. It will be tight, but the only structural changes to the facility will involve adding some enclosed office space.

He explained that today's challenging business dynamics are prompting UPM to seek long-term production arrangements with customers. The demand for full automation, lean manufacturing and just-in-time deliveries requires investment that simply can't be justified for piecemeal business.

"I need an agreed business level," he said. And that is just what he got in his last two deals. Schoeller Wavin has signed a production deal with UPM for a minimum of five years, and Wolkamp hopes it works out to be longer than that.

The two firms began working together in April, when UPM took over some work from a Los Angeles molder that quit the business.

Dowling said the parties worked very well together, so UPM bid on a long-term contract and won it. Having a long-term contract in hand also made it much easier to secure financing to buy the capital equipment.

"This will fundamentally change the way we do business," Dowling said of the arrangement. "Though we are custom molders, we're treating this like it's our product."

UPM has had other long-term customer contracts, he said, but "we've never bought presses for a single contract before."

Schoeller Wavin, which specializes in making plastics systems for logistics and materials handling, also makes preforms and caps for the beverage industry as well as some automotive products.

The company employs about 800, said Wolkamp, speaking in a Nov. 13 telephone interview from a trade show in Nurem-

berg, Germany. This type of long-term production arrangement is a first for SWS, but Wolkamp appears very comfortable with the deal. UPM uses as "a very motivated team" populated with "good entrepreneurs."

UPM's other recent business win was driven by the firm's current focus on securing a rigorous quality certification. The molder, which already is ISO 9002-certified, also is pursuing ISO/TS 16849 certification, a technical specification that aligns many existing global automotive quality requirements. UPM expects to receive its first TS audit Nov. 17, and hopes to gain certification by next March.

Dowling said the fact that UPM is pursuing this helped it to secure a three-year contract to mold tight-tolerance parts for a new customer that he declined to identify. For that program, UPM will use the two all-electric, 330-

ton Roboshot presses. Milacron delivered one machine a few weeks ago, and is due to deliver the other in January.

As the purchases will boost UPM's total number of presses to 32, including 18 with clamp tonnage between 700 and 2,000 tons.

"Five-hundred-ton presses and up is our niche," noted Dowling, explaining that focusing on making very large parts that are expensive to ship has helped protect the company against Chinese competition. Meanwhile, UPM is employing other strategies to maintain a competitive edge. It aggressively has adopted newer molding technologies, including collection and gas-assisted molding, while offering insert molding and structural foam processes as well. The shop also offers distribution, project management, mold making, tool design and maintenance, hot stamping, sonic welding, bonding

and custom packaging.

Steve Dowling's father, Ray, and two partners founded the company in 1952 with one machine in a garage.

After launching some proprietary product lines in the late 1970s, UPM sold those businesses to concentrate on custom molding, eventually focusing on large parts.

Today the firm's one plant processes more than 25 million pounds per year of engineering and commodity resins to make parts for markets ranging from medical and electronics to containers/closures and lawn and garden.

Despite the current economic malaise, Steve Dowling claims UPM has received more high-quality requests for quotations in the past nine months than he can ever recall.

"There has never been anything even close to this level," he said.

All American invests in new strategy

Continued from Page 1
Piscataway, N.J., Friedman said.

New majority owner Jack Klein is going to drive that direction, with help from senior management, he said.

Klein recently stepped forward in a management role, years after leaving equipment as a consultant partner in 1979. Klein bought out the shares of co-owner George Pascherhofer and now is the company's sole owner, Friedman said. Klein has had different business philosophies," he said. "It was an amicable split, but they saw things a bit differently. Jack's money is backing his philosophy."

All American's philosophical change is more a matter of pragmatism, said General Manager Bob MacDougall. The company had moved in 1997 to a large, 170,000-square-foot site in Piscataway, sitting on 14 acres of land and with plenty of room for expansion.

The extruder also operated a small plant in Irvington, N.J., about 40 miles away. The Irvington plant, under the same industrial zoning, was manufacturing only extruded trash can liners and construction and agricultural film, Friedman said. Meanwhile, the Piscataway facility focused on shrink wrap and industrial applications such as box liners and lumber covers.

During the past three years, All American's shrink film business has mushroomed from about 70 million pounds annually to 120 million pounds, MacDougall said. The business at Irvington became a less significant segment, forcing a difficult executive decision, he said.

At the end of last year, the company decided to close Irvington and move production to Piscataway. A total of 60 employees were affected, about one-third of whom moved to the Piscataway facility when the plant was closed in September, MacDougall said.

"We had two managers, two shipping departments, two maintenance departments at two separate

plants," he said. "We knew we could be more efficient with lower costs while taking out a lot of slack. Our competitors are rough, and we needed to be more lean and mean."

Some equipment in Irvington was mothballed, and other bag-making equipment was transferred to the newer site. At the same time, the company has embarked on a capital improvement campaign, replacing outmoded equipment with new machinery, MacDougall said.

All American already has spent about \$2.5 million in new equipment this year, he said. That includes three new bag machines, including what the company calls the largest in-line bag machine at any U.S. plant.

The company also is installing

two high-speed, single-layer extrusion machines made by Techno-Design & Manufacturing Inc. of Mississauga, Ontario. The automated machinery will replace slower equipment and help the company grow in capacity, MacDougall said. The new equipment will bring the total number of extrusion lines to 44, close to past figures but operating at a much faster rate, MacDougall said. The company also has plants in Georgia and Arkansas that contribute to its film volumes.

That investment will support All American's plan to continue

its growth as a shrink-film leader, Friedman said. Although the product is considered a "vanilla" commodity item, few other companies have focused on the film as a core business, he said.

"We know [shrink film] is commodity-based, but it's a good market that we can make money at," Friedman said. "We're going to continue to bust through like a running back with a great offensive line. While others might not find it profitable, we see opportunity."

The company wants to produce 200 million pounds of film annually within five years, with 5-8 percent sales growth a year, Friedman said. All American will record about \$130 million in sales this year, he said.

C&A to supplant Ford in Mexico

Continued from Page 1

costs of \$2.92 billion.

Stockman maintains the cost will not pay off, Stockton said.

"Our new approach will permit

The "tightened discipline" means C&A will decline business that the cost will not pay off, Stockton said.

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Effort fails to keep funds in registration

Continued from Page 3

White House, the DOD, and the entire aerospace industry," Colley said. "I am disappointed that the Senate prevailed over the House in those provisions, and we'll just have to fight the fight again."

The mold provision stayed alive during weeks of protracted negotiations in October between the Hunter and DeLoe Defense Secretary Paul Wolfowitz, who were trying to craft a provision that both Hunter and the administration could agree to.

"Colley said he will use his seat on the Defense Acquisition Advisory Group, a Pentagon-appointed panel, to influence defense procurement regulations.

NTMA estimates that defense and aerospace work make up about 15 percent of U.S. mold and machine tool sales. The association viewed the legislation as a way to help the industry economically and raise its profile, while the Pentagon said it feared rising costs and quality problems if it started micromanaging contractors.