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Silicone companies change hands Equity firms buy Hi-Tech

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ANAHEIM, Calif.—Two private equity firms have purchased rubber components molder Hi-Tech Rubber Inc. from its majority owner, allowing the Anaheim-based company to continue its annual growth and address its future needs.

Red Diamond Capital Inc. of New York and Los Angeles-based Century Park Capital Partners L.P. announced the acquisition May 3. The management team at Hi-Tech will remain intact, including President Bill Sherman and Ken Lester, CEO and former majority owner.

Lester said he decided to sell the company because it was the best move for Hi-Tech's future. "We'll run things pretty much the same, the way we've always done it, with a focus on quality, integrity and growth," he said.

Hi-Tech operates a 75,000-sq.-ft. plant in Anaheim and employs about 320.

Lester reinvested some of his proceeds from the sale back into the 22-year-old company's equity, and some select senior managers put money into the transaction as well. Financial details of the deal weren't disclosed.

Mark Kammert, a managing director with Red Diamond, said his firm is optimistic about Hi-Tech's growth

pro-spects, especially in the expanding medical market. The equity firms are backing the building of a new clean room molding facility in Phoenix, which probably will be completed by year-end.

Hi-Tech may have done the clean room project—which will span 25,000 square feet—without the sale, but Lester said he is happy to have financial support for the project. The company could have between 20 and 30 employees at the Phoenix site within the first year.

Lester and the new owners have discussed several other items, including involvement in new products and acquisitions for the future, but nothing specific has arisen. Generally, the company can now address some issues it hasn't been able to in the past, he said.

Another benefit of the deal is Red Diamond is a partner with Japan's Mitsubishi Corp. That offers a variety of strategic resources, including better raw material sourcing, international marketing assistance and expertise for rubber molded products in the Asian and European markets, the companies said.

"Our new financial partners offer tremendous financial and strategic resources for Hi-Tech Rubber," Lester said. "We now have all the pieces in place to build Hi-Tech into a world leader in the precision rubber molding sector."

Hi-Tech had sales of more than \$30 million in 2003, and has met its target of 10-percent average revenue growth in the past several years. About two-thirds of its components are produced for medical device manufacturers, with the balance going to customers within the industrial and technology markets.

The company also is a sole-source supplier for more than 80 percent of the components it makes, Lester said. Hi-Tech chalks that up to its proprietary engineering expertise, efficient high-volume production capabilities, competitive pricing and superior customer service.

Hi-Tech, considered one of the pioneers of liquid injection molding of silicone, has injection molding capabilities for a variety of elastomers. It has presses ranging in size from 28 to 275 tons.

The company has 35 compression presses, including 16 vacuum-assisted presses, for compression and transfer molding. Hi-Tech also does insert molding and co-molding with plastic and metal materials, and flashless molding, plus it has a mold/machine shop and testing and development laboratory.

The company also uses fluoroelastomers, neoprene, EPDM, nitrile, butyl, polyisoprene, thermoplastic elastomers and a variety of custom compounds.

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