

Hi-Tech Rubber holding firm buys Inland

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PLASTICS NEWS CORRESPONDENT

FONTANA, CALIF. (March 30, 4:35 p.m. EST) -- A holding company for Hi-Tech Rubber Inc. has acquired Inland Technologies Inc. Terms were not disclosed.

Both firms make precision components and assemblies, mostly for medical devices and disposables.

“Inland’s plastic molding expertise will be a perfect complement to our abilities in silicone and rubber,” said Bill Sherman, president of HTR in Anaheim, Calif. HTR also processes thermoplastic elastomers and polyurethane.

Inland managers including Glenn Crossno and Gary Hengeveld continue to operate the tight-tolerance thermoplastic molding and toolmaking operation they founded in Fontana in 1993. Inland will retain its identity within HTR.

Equity investors Century Park Capital Partners of Los Angeles and Red Diamond Capital Inc. of New York provided the funding as an extension of two 2004 rubber-industry acquisitions: HTR in March, and AC Hoffman Engineering Inc. of Riverside, Calif., in December.

The purchase of Inland by HTR Holding Corp. was completed March 8. As now combined, Hi-Tech Rubber, Inland and Hoffman had 2004 sales of more than \$65 million, said Mark Kammert, Red Diamond Capital managing director.

The operations employ more than 600 in four facilities.

“We are expecting growth of 12-16 percent this year” collectively for HTR, Inland and Hoffman, Sherman said.

“Any number of Hi-Tech rubber components fit together or are encapsulated with plastic from Inland,” said Martin Jelenko, Century Park Capital managing partner. “We all believe the sum is greater than the parts.”

The Los Angeles firm of Houlihan Lokey Howard & Zukin represented Inland for the transaction.

Inland employs 130, operates 44 injection molding presses and had 2004 sales of \$19.8 million. The company has a 60,000-square-foot plant in Fontana, plus 16,000 square feet of leased space in a facility in Creedmoor, N.C.

Inland openly has discussed establishing a manufacturing facility in Minnesota, possibly before the end of 2005.

Century Park Capital and Red Diamond Capital connected in early 2004, when both firms were looking at buying HTR from co-founder Kenneth Lester and members of his family. For the equity firms, “it made sense to team up” for the HTR deal, Kammert said.

HTR employs 375, operates 85 presses including 10 vacuum transfer presses, and achieved 19.4 percent sales growth in 2004, Sherman said. HTR does not disclose sales data.

Hoffman employs 100, occupies almost 20,000 square feet in four buildings and makes fluid-control check valves, diaphragms, seals and closures. Tom Jenkins is acting president of the Hoffman division

of HTR.

The organization currently has an expansion project under way: Hoffman will lease a 50,000-square-foot facility in Riverside now under construction. Tenant improvements at the new location are expected to cost up to \$2 million. The site will have a clean room capable of accommodating 13 presses.

Kammert said Sherman, HTR Executive Vice President Jim Brown and Inland's Crossno and Hengeveld have equity stakes in HTR Holding.

Red Diamond also owns Allied Extruders Inc. of Long Island City, N.Y., a polyethylene film producer. Trading firm Mitsubishi Corp. of Tokyo is Red Diamond's primary investor.

Century Park's investments also include thermoformed plastic packaging supplier Berkley Industries LLC of La Mirada, Calif.

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