

Viapack targets film industry

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A newly formed investment firm aggressively is seeking small to midsize blown film extruders with which to partner, as the lone company in its portfolio - New York-based Allied Extruders Inc. - has added 10 million pounds of capacity in a growth spurt of its own.

New York-based Viapack Inc. is targeting companies with annual sales in the \$10 million to \$60 million range, said Chief Executive Officer Robert Isen. Isen is former head of Paramount Packaging Corp., a flexible packaging maker with sales of about \$130 million that was acquired by Minneapolis-based Bemis Co. Inc. in 1996.

Isen sees an opportunity to bring together a fragmented market and create a dominant film extruder in the spirit of the old adage: united we stand, divided we fall.

"Our goal is not to grow for the sake of growth, but basically to fuel growth based on making investments with companies that help and complement each other," Isen said in a Dec. 20 telephone interview.

"We look at as still a fragmented market with a substantial amount of players. Our thesis is, by bringing some of these companies together, we'll be stronger as a team than as separate competitors."

Viapack's financial partner is New York-based Red Diamond Capital, a private equity firm funded in large part by Mitsubishi International Corp., the U.S. subsidiary of Japan's largest publicly traded company.

The backing of Mitsubishi is likely to give Viapack clout and credibility with potential partners as it pursues long-term growth through acquisition.

Viapack seeks to diversify its geographic presence in North America, Isen said, adding that partnerships in the Midwest, Pacific Coast and South could help accomplish that domestically. The company at some point also will look for overseas growth opportunities, Isen said.

"We'd be open to look at all strategic options," he said. "Right now, our goal is to build value in the business."

That growth also will include expansion of existing companies like Allied, which recently added two three-layer coextrusion lines, pushing Allied's annual capacity to more than 40 million pounds. Allied, which employs about 70, has 15 blown film lines in its 80,000-square-foot plant. The firm processes high density polyethylene, low and linear low density PE, among other resins.

Red Diamond bought Allied in 2004.

In an Allied news release, the company said it plans more growth in the near future. New Allied products also can be expected, said Menash Oratz, Allied's chief operating officer.

"In addition to adding coextrusion technology in production, we have also significantly increased our laboratory capabilities for both quality control and new product development," Oratz said.

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