

Plastics News

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International buyers bring opportunities to domestic plastics firms



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A recent discussion at the MAPP Benchmarking & Best Practices conference in Indianapolis highlighted two companies' stories after they were acquired by overseas entities.

Indianapolis — International interest in the U.S. plastics processing business has increased over the past decade, creating more opportunities for domestic firms to branch out overseas.

While these investments can highlight cultural differences and create logistical challenges brought on by different time zones, they also can create opportunities on both sides of a deal.

"There's been a ton of cross-border activity with plastics. Within plastics alone there has been 94 cross-border deals just in the last two years, so there's a ton of activity," said Mike Benson, a managing director with [Stout](#), a global investment bank and advisory firm.

Today, we're seeing a significant amount of inbound interest into North America from European and Asian companies. If you go back 10 years, I would say very little," Benson said during the recent Benchmarking & Best Practices Conference organized by the [Manufacturers Association for Plastics Processors](#) in Indianapolis.

"Very little interest from either group and, frankly, if they were interested, they were not very sophisticated," Benson remembered. "They were very slow to move in the process. They didn't understand the process, and they certainly were not competitive from a value perspective."

But times have changed.

"Transition to today. They understand the process much better. They are able to compete from a timing perspective. And, frankly, a lot of time they are very compelling. They can be very compelling buyers," he said.

Multinational corporations from outside the region, he said, can bring a worldwide presence to a domestic processor as well as synergies and global selling opportunities.

Molling

Michael Molling is senior vice president of North American operations for [Rosti Group](#), which acquired [Plastic Components Inc.](#) and its injection molding locations in Wisconsin, North Carolina and Utah in 2022 from Morgenthaler Private Equity of Cleveland. Rosti Group is based in Malmö, Sweden.

PCI had been owned by private equity firm for more than four years before being put up for sale. Molling said the company actually wanted to be acquired by a strategic buyer — one already operating in the industry — instead of another private equity firm.

Partnering with Rosti brought in a buyer experienced in the industry as well as the stability of a long-term owner as opposed to the buy-and-sell cycle associated with private equity investors, Molling said. "It wasn't aligned with our strategy."

PCI turned to an international buyer after realizing the larger size of the company limited selling options. "Within the United States there just wasn't a big audience of groups in the domestic strategic space that could realistically go out and buy our business with its scale and size," he said.

PCI, to reach its growth goals, realized the company needed to either make acquisitions internationally or be acquired by an international firm. "We found the fastest path to get there, the most effective path to get there was to explore an international acquisition," he said.

Despite being in the same business, plastics, taking on international partners exposes differences in cultures and ways to approach business, the conference discussion indicated.

Walter

That was certainly a consideration with when the [Demgy Group](#) of France purchase MET Plastics Inc. of Elk Grove Villiage, Ill., in 2015.

"In terms of the cultural differences, my family had a European background. So we already has a pretty good understanding," said Mike Walter, who was majority owner of the family company then and now is president of the operation now called [Demgy Chicago](#).

He viewed working with new ownership out of Saint-Aubin-sur-Gaillon, France, as a bit of a challenge as well as an opportunity. "That part, to me, was exciting to learn how to work with a different culture as well," he said.

"We were able to take our time and over time get to know them and understand them before we made the move," Walter said.

"What we also learned is that even though they may have a different approach and their attitude may be different, at the end of the day they get as much done as we do here. It's just a different mindset and you have to be open to that," he said.

MET Plastics went looking for a buyer to give Walter's parents a way to cash out for retirement while allowing other family members to remain involved. The business also gave Demgy a position in the United States for the first time.

Being acquired by Demgy allowed the company to stay relevant while serving a consolidating aerospace industry.

"As a small injection molder we knew our size was going to become a concern with our customers," Walter said. "This was an opportunity to partner with a larger organization.

"We immediately saw the opportunity to access markets in Europe," he said. "We definitely saw the international aspect as a big strategic advantage for us as well."

Despite the differences in culture and language, Molling said having a clear alignment within the business "can cut through that."

Inline Play

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