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Two SK Capital deals highlighted materials M&A in second half of 2020

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Michael A. Marcotte/File photo

Guillermo Quijano Fals, general manager Latin America, Techmer de Mexico S. de R.L. de C.V., left, and John R. Manuck, Chairman and CEO, Techmer PM, at Plastimagen 2018.

Celanese and Trinseo each also were involved in deals worth more than $1 billion.

Investment firm SK Capital stayed active in materials M&A in the second half of 2020 with two plastics-related deals.

New York-based SK in July acquired a majority stake in materials firm Techmer PM LLC for an undisclosed price.

Clinton, Tenn.-based Techmer makes engineered compounds and color and additive concentrates for plastics and fibers. SK bought the majority stake from Techmer CEO and Chairman John Manuck, along with business partners Rehrig Pacific and Tokyo Ink.

Manuck, who founded Techmer in 1981, will retain a significant ownership stake. He told *Plastics News* that the deal with SK will allow Techmer to continue to grow, especially in international markets.

Less than a week after the Techmer deal, SK announced it was acquiring the specialty polymers business of Baker Hughes for an undisclosed price. That business makes specialty low molecular weight olefin polymers, including a range of functional polymers and high melting point polyethylene waxes. The company has a manufacturing plant in Barnsdall, Okla.

In addition to its two second-half purchases, SK now owns compounder Geon Performance Solutions of Avon Lake, Ohio; nylon 6/6 resin maker and compounder Ascend Performance Materials of Houston; and additives supplier SI group of Schenectady, N.Y. SK's total portfolio has annual sales of about $9 billion and employs more than 10,000 globally.

Market veteran Phil Karig said that materials firms remain attractive to both private equity and strategic buyers.

"Once a private equity firm has a materials firm in-house, it can act like a strategic buyer," said Karig, managing director of Mathelin Bay Associates in St. Louis. "And strategic buyers can buy more capacity and customers faster and with less risk by acquiring an existing [materials] company than by building on their own."

Materials firms Celanese, Trinseo, Ineos and Huntsman each were involved in big-money deals in the second half as well.

After 56 years, Dallas-based Celanese ended its Polyplastics joint venture by selling its share to partner Daicel Corp. for almost $1.6 billion in cash. Celanese had owned a 45 percent stake in Polyplastics, which makes specialty plastics including acetal, polyphenylene sulfide and liquid crystal polymer. The JV was founded in 1964. Dallas-based Celanese announced the deal with Tokyo-based Daicel on July 20.

Polyplastics operates two plants in China and plants in Japan, Malaysia and Taiwan. The business also operates two plants in Germany: one making specialty polymers and one making specialty chemicals. According to its website, Polyplastics has annual acetal production capacity of almost 700 million pounds.

Berwyn, Pa.-based Trinseo in December bought the polymethyl methacrylate (PMMA) business of Arkema SA of Colombes, France, for almost $1.4 billion. The deal allows Trinseo to add acrylics to a lineup of products that already includes ABS, polystyrene, latex and synthetic rubber. Trinseo now is looking for a buyer for its synthetic rubber business.

The deal includes the Plexiglas brand in the Americas. Arkema has been actively buying and selling assets as part of a strategy to become a specialty materials supplier. Trinseo said the acrylics business complements its existing offerings across several end markets including automotive and construction.

The PMMA business being acquired employs 860 and operates seven production sites: four in Europe and three in North America.

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