

## Manufacturing upswing boon to recyclers

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May 24, 2011

PLASTICS NEWS STAFF



ZION, ILL. (May 24, 11:45 a.m. ET) -- The upswing in manufacturing after the economy's downturn in late 2008 is giving at least two industrial plastic recyclers an opportunity to grow their businesses regionally.

"Manufacturing has increased. It is coming back. So people are generating scrap," said David Kaplan, CEO and co-founder of Maine Plastics Inc., a 28-year-old company based in Zion, where it operates a massive 222,500-square-foot main facility.

"What we've done to capitalize on that is open more facilities," said Kaplan. The firm, with just three plants to its name in early 2008, now operates nine facilities.

"Last year we recycled almost 50 percent more material — 134 million pounds compared to 96 million in 2009. We recognized that there was a need for more capacity," said Kaplan, who became CEO in January.

Maine looked for strategic sites, he said, near supplies of manufacturing scrap. In the second half of last year, the firm opened plants in Kearney, Neb., and Kankakee, Ill., both of which became fully operational in December. Those moves fell on the heels of starting up plants in Columbus and Apex, N.C., in September and August, respectively; and plants in Richmond, Va., and Stratford, Conn., in 2009

"That strategy is allowing us to reduce transportation costs, because not everything has to come back to our main facility in Zion," Kaplan said.

And the company isn't finished expanding. "We will possibly open two more plants this year, including one that we will be opening up within the next two quarters," he said.

Also in full expansion mode, is relative industry newcomer Coll Materials Exchange LLC of Zanesville, Ohio. The firm opened its second recycling plant, in Waco, Texas, in April, and is expanding its headquarters plant in Zanesville. Coll also is in the process of acquiring industrial plastics recycler Nicos Polymers Group of Nazareth, Pa.

A largely industrial plastics recycler, Coll Materials was founded by CEO and President Brian Coll in the basement of his home in December 2007. In April 2009, the firm purchased a recycler in Detroit, eventually shutting that plant and merging the operation into the Zanesville location.

In March, Coll also became president and CEO of Nicos after reaching an agreement to buy the company three months after it emerged from bankruptcy with its debt restructured. That \$10.5 million acquisition, expected to close May 31, comprises Nicos' "assets, the book of business, the technology and the 180,000-square-foot plant," said Coll. Coll Materials will assume roughly \$10 million of Nicos' debt.

Coll Materials' 140,000-square-foot Waco plant is a \$7 million investment — at least half of that in equipment, including a wash line, a dry line, three 8-inch pellet extruders, several granulators, and fiber separation operations. In Zanesville, the company is adding another wash line and a dryer to double that

plant's capacity, said Coll. It also plans to incorporate Nicos' fiber-removal technology into the Zanesville operation, and to add wash and dry lines to process post-consumer material at the Nicos plant in Nazareth.

Maine's Kaplan said industrial plastic recycling markets are benefitting from the manufacturing rebound, and from two other trends that "increase our opportunities to collect material."

"There is absolutely a desire by people to recoup as many resources as they can in their manufacturing and to find value for those resources, and there are also many corporate mandates to be more green and sustainable," Kaplan said. "They are working hand-in-hand to bolster recycling.

"Companies are first saying, 'Let's see if our scrap can be recycled and then what's the best way to handle it.' If they can recycle it, it's a home run, because they are getting paid for it instead of paying someone to haul it away."

Kaplan said rising virgin prices also are causing companies to look at substituting recycled resin for prime whenever it's practical, because it reduces their carbon footprint as well as their expense.

"It is all under the lens of green and sustainability," he said.

Going forward, Kaplan expects Maine to stick with its strategy of opening facilities in locations where there is access to manufacturing scrap. "It allows us to add different things and have more capabilities," Kaplan said.

"We can also lay out the plants in a way that is more efficient. Often having a lot of capacity is simply having the room. Initially, we custom-design the new plants to meet the needs of one or two cornerstone suppliers. ... Then as supply grows, we add more capacity and capabilities."

For example, Maine opened its plant in Dover, Del., in 2008 to recycle scrap from a Playtex Products Inc. manufacturing site there. Maine also works with a Schick plant in nearby Milford. That partnership, with Energizer Personal Care Co. — which owns both Playtex and Schick — was put together by Maine's sister company, A Greener Solution LLC, a landfill-avoidance and recycling consulting firm headed by Robert Render. Render, along with Kaplan, co-founded Maine.

Also growing geographically is Coll Materials, as evidenced by its new plant in Waco.

"We have some significant material suppliers in the area, and we have customers looking to buy recycled resins," said Coll, who once worked at Fabri-Form Co. and TriEnda LLC, both thermoforming companies.

"After we get our three locations operating smoothly, then we will look at additional acquisitions or an expansion in the upper Northwest," he said. "Recycling is a regional business. This is an industry of opportunity, if managed properly."

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