

SK Capital Finds First Deal In Acrylics Company Aristech

BY [PAUL ZIOBRO](#)

CONSTRUCTION & MATERIALS

4/3/2008 – SK Capital Partners LP, a buyout firm started last year by one of the founders of Arsenal Capital Partners, has completed its first deal, buying acrylic sheeting maker Aristech Acrylics LLC from Japanese conglomerate Mitsubishi Corp.

SK Capital paid more than seven times annual earnings before interest, taxes, depreciation and amortization to acquire the Florence, Ky.-based company, which has roughly \$140 million in annual sales, according to Barry Siadat, managing director of the firm. Additional transaction and financial details weren't disclosed.

Even though Siadat, founder and former managing director at Arsenal Capital, approached the sellers about acquiring Aristech, Mitsubishi hired Houlihan Lokey to run a thorough sales process for the company, he said. However, since SK Capital had already developed some familiarity with the company and its management team, it had a slight advantage, said Siadat.

About 60% of Aristech's sales comes from acrylic sheeting used to line bath tubs, hot tubs and showers, as well as in signage. The balance of the business is primarily sales of an acrylic material branded Acrystone, which is used on kitchen countertops and other surfaces. Customers include bathroom fixture companies American Standards Cos. and Kohler Co.

With the housing market struggling, SK Capital thought that it could buy Aristech at a good value. "The end markets are down and that gives us an opportunity to take advantage of the market," Siadat said.

While the end markets make their way back, SK Capital will work with Aristech to introduce new products into sectors it hasn't reached before, such as the marine, automotive and recreational industries.

The Aristech team will continue to be led by President and Chief Executive David Knowles.

Wells Fargo Foothill Inc. is providing debt to fund the Aristech deal. Morgan Lewis served as legal counsel and KPMG International was financial advisor to SK Capital on the acquisition.

Carving out a non-core asset from a larger parent is similar to at least a couple deals Siadat did while at Arsenal Capital, a New York-based private equity firm he founded in 2000.

In 2003, Arsenal bought Rutherford Chemicals LLC from Cambrex Corp. for about \$70 million. The firm also bought Sermatech International, another specialty chemical company, from Teleflex Inc. in 2005.

Siadat started SK Capital last year along with Jamshid Keynejad to focus on lower-middle market transaction in niche sectors like specialty chemicals and materials. Deals will primarily be between \$100 million to \$150 million in enterprise value, Siadat said.

SK Capital currently has access to about \$100 million in funding from private individuals that it will use to fund a couple of deals before deciding whether to raise a formal buyout fund, Siadat said.

The buyout firm is affiliated with the newly formed merchant bank Valence Group, which provides financial advice to the chemical industry and does investments of its own. Valence is headed by Senior Managing Director Telly Zachariades.

Reach Valence Group at 212-572-6460.

<http://www.aristechacrylics.com>