

Press Release

Acquisitions help Macdermid Enthone push sustainable solutions to finishing industry

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By Tim Pennington; Chief Editor, Finishing & Coating

The survey results arrived on Richard Lynch's desk a few years back, a compendium of thoughts and ideas from more than 150 of MacDermid Enthone Industrial Solution's top global customers.

Each customer was telling MacDermid Enthone what they needed the finishing supplier to do for them over the next decade to keep them competitive.

When Lynch, the Global Vice President for MacDermid Enthone, began sifting through the responses, he saw a pattern of ideas and needs from their largest customers, which set in motion the business strategy for MacDermid Enthone that has resulted in acquisitions, expansions, and a forward direction.

"There were some very specific threads of needs," he says. "One was sustainability. It was sustainable solutions and technology change that set the foundation for our strategy forward. That set some things for us into motion."

Blueprint for Servicing and Growing Customer Base

The survey provided Lynch and the MacDermid Enthone team a blueprint for servicing and growing their customer base — which included some of the largest OEMs in manufacturing as well as medium and smaller plating shops, too — but it also required the company to expand on some of its capabilities and product offerings in the finishing and coating industry.

That led MacDermid Enthone — which is celebrating its 100th anniversary this year — to take a long look at how to meet the needs of its global customers: either ramp up talent through hiring and expanding departments or take a look at acquiring companies in the same arena who had great products and talents already in place.

Specifically for Lynch, it led him and parent company Element Solutions to begin seeking on a global level which companies would be a great fit for MacDermid Enthone to acquire to satisfy the needs of its customers.

And over the last several years, Element Solutions found them:

- In 2019 they acquired Chemtech Systems, a Michigan-based company that manufactures metals recovery, recycling, wastewater treatment, and process control ancillary equipment for the surface finishing and electroplating industry.
- In 2020 they purchased DMP Corporation, a provider of turnkey wastewater treatment and recycle and reuse solutions across multiple manufacturing industries, and announced the formation of MacDermid Envio Solutions, a new business focused on proprietary water treatment and metals recycling solutions.
- In 2021 MacDermid Enthone acquired Coventya Holding SAS, a global provider of specialty chemicals for the surface finishing industry that served a diverse set of end-markets, including automotive, fashion, construction, electronic, consumer goods, energy, and aerospace/military.
- In early 2022, acquired HSO Herbert Schmidt GmbH & Co. KG., a privately-held multinational developer of technology for surface treatment, specializing in plating on plastics and sustainable plating technologies.

Goal: Building the Best Team

“Our whole focus is on building the best team,” Lynch says. “The technology exists, but without the team to implement it, you can only be so successful. So our life over the past few years has been to integrate these individuals into our company, and then creating the best teams while aligning everyone to a set of cultures and values.”

Aside from industrial surface finishing, Element Solutions’ business also includes consumer electronics, power electronics, semiconductor fabrication, communications and data storage infrastructure, automotive systems, consumer packaging, and offshore energy. They have a workforce of over 5,000 people in operating facilities across more than 60 countries doing more than \$2.5 billion in business in 2021.

With sustainability being so often mentioned to the MacDermid Enthone team by its customers, Lynch says the Chemtech deal came together after MacDermid Enthone had a long-term partnership with them focused on equipment installation for waste minimization and recycling at surface finishing applicators. The addition of the former DMP to help form MacDermid Envio Solutions was a natural addition.

“It really helped marry the Chemtech and DMP acquisition together and connect them to our core metal finishing business,” Lynch says.

The Coventya acquisition made a much bigger splash in the finishing and coating industry and added a lengthy list of products and services to the MacDermid Enthone stable.

“Culturally, it was a good fit with the product lines and the focus a very good match,” Lynch says. “They also had a wastewater treatment chemistry that we were very interested in, and ancillary technology which helped reduce waste and energy for some of the fastest-growing product lines in our industry. That was really a particular interest to us, too.”

Adding to Breadth of Capabilities

Ben Gliklich, Chief Executive Officer of Element Solutions, said at the time of the purchase that many of Coventya’s product lines were complementary to theirs, and they were glad to add to the breadth of capabilities at their disposal to support their customers.

“This has long been a logical combination,” Gliklich says.

Likewise, the purchase of the Herbert Schmidt company gives MacDermid Enthone a formidable list of products and technology for plating on a wide array of substrates, including plastics, aluminum alloys, and a variety of metals.

“They are a very dynamic company and really known globally as decorative experts, although they have a surprising amount of functional business,” Lynch says. “They have really specific technology around trivalent chrome and chrome-free etch, as did Coventya.”

Lynch and other MacDermid Enthone and ESI executives were keenly aware of the possible backlash from some applicators in the finishing industry over the acquisitions, especially from those who thought the chemical industry was becoming too consolidated after a decade of mergers and acquisitions.

But just the opposite happened, according to Lynch, who says many of their top customers and even those not using their products are encouraged by the direction that MacDermid Enthone is going with the new technology and their promise of a more complete sustainable solution.

“We thought the same thing would happen when MacDermid acquired Enthone many years ago,” he says. “But customers were extremely enthusiastic then, and they are to the recent acquisitions today. I think customers appreciated that the more capabilities you can offer them, the better you are able to service their needs, and I truly believe that is what we are doing here.”

Assisting Customers with Sustainability

Moreover, the acquiring of some of the top technology and talent in the industry has also helped MacDermid Enthone move closer to its goals of assisting its customers in their pursuit of sustainability. Gliklich points out that their polyethylene terephthalate (PET) chemistries have enabled the recycling of plastic equivalent to 400 billion water bottles and that MacDermid Envio Solutions products have allowed customers to recover 13.7 million kilograms of valuable metals that otherwise would have been discharged as waste.

“The intersection between sustainability and profitability is well established in our business and has become more and more significant over time,” Gliklich says. “Our historical investment in sustainable products has generated strong returns, and both will increase going forward.”

In addition, Element Solutions was named one of “America’s Most Responsible Companies” for 2022 by *Newsweek* Magazine. The company ranked 46th overall in the list and 9th within the materials and chemicals industry classification.

Lynch says the expanded products and services that MacDermid Enthone now has available to its customers will go a long way in making the finishing and coating industry more sustainable and that it is working closely with OEMs to understand how these products can assist them in achieving their environmental goals.

That is evident in an extensive portfolio which eliminates the need for hexavalent chrome that MacDermid Enthone has been championing to the finishing industry, including a quest for new technologies developed by an extensive investment in R&D or through acquisition.

“It’s clear that the technology exists to help an entire end market reduce their environmental footprint,” Lynch says. “But we are still dealing with risk aversion and extremely slow adoption, and so we take our consultive role very seriously with OEMs and tiers in helping them understand how they can have a much lower impact and yet still be profitable.”

Source: Finishing & Coating, March 2022.

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