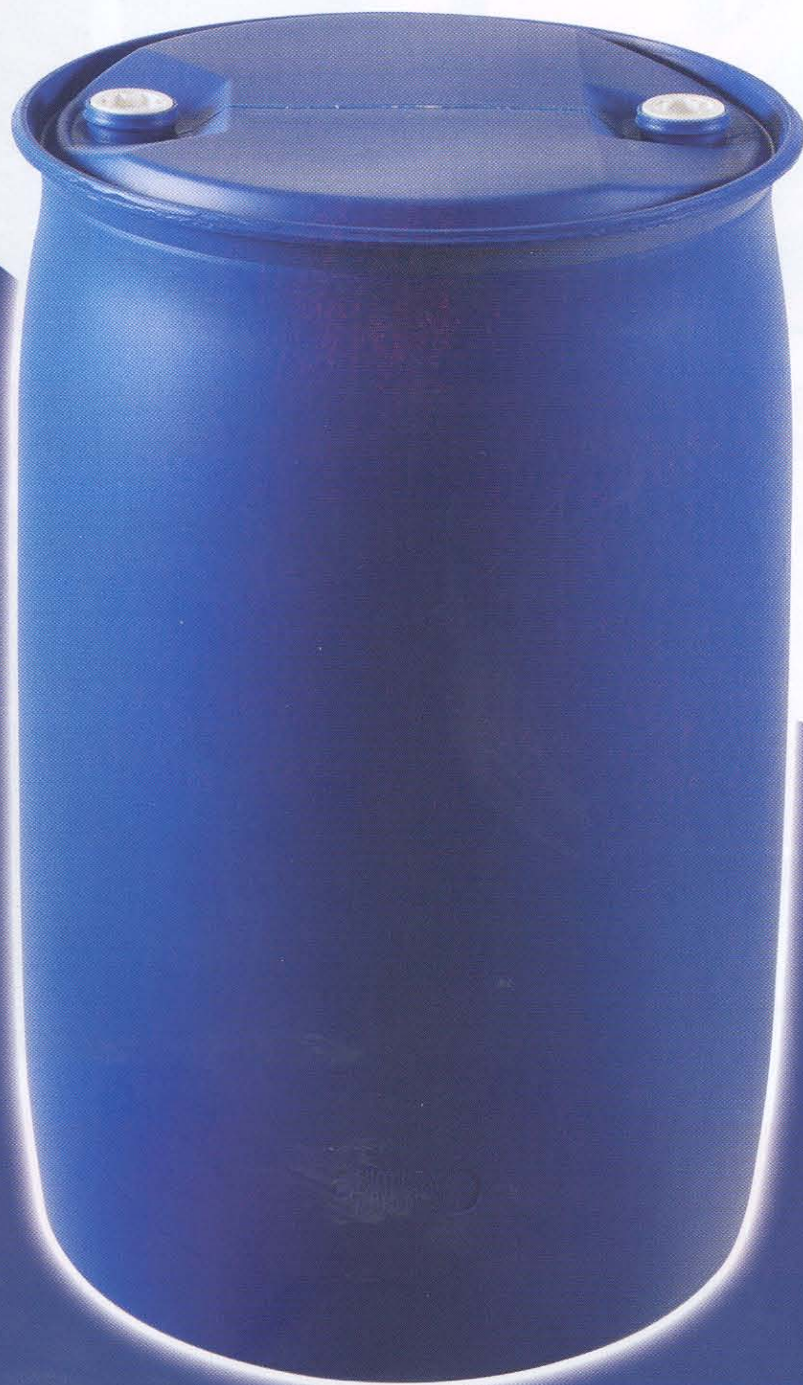


INNOVATIONS IN INDUSTRIAL PACKAGING

Mauser AG is a global leader in the production of industrial packaging. In an interview with Packaging Europe, three top executives, the managing director Klaus Beckmann, the vice president for sales and marketing Dubravka Duic and head of development Klaus-Peter Schmidt talked about Mauser AG's success story, its upcoming innovative products and the strategy that will further cement the group's position as a force in the global arena.



Mauser AG was founded in 1896 in the German town of Schramberg to produce fences, but only two years later decided that its future lay in packaging: in 1898 the first metal packaging factory was opened in Cologne-Ehrenfeld. Over the following century Mauser grew both organically and through acquisitions. Today, it unites an impressive variety of branches under its umbrella. Its core businesses are plastic packaging, metal drums and pails, IBCs (intermediate bulk containers) and reconditioning services (after market). Mauser is also well known for developing and building its own equipment for blow moulding processes – licensees from all over the world take advantage of Mauser's complete technical services. Today, it employs a workforce of approximately 4000 and operates over 50 facilities in 13 countries across Europe, the USA, Latin America and Asia.

Last year Mauser generated revenues of roughly €1 billion. Managing director Klaus Beckmann predicts that "2008 sales will be even higher." The company's excellent performance and prospects have not gone unnoticed. In May 2003, One Equity Partners (OEP), an investment subsidiary of JP Morgan Chase & Company Inc., acquired the industrial packaging specialist.

OEP supported its acquisition's dynamic development for the next four years, which resulted in quadrupling the revenue of the Mauser Group. Major milestones were the acquisitions of Italy's Mamor (IBCs, PE drums and jerricans), the US market leader in plastic drums Russell-Stanley, and National Container Group in the USA (market leader of reconditioning services for IBCs and PE drums). Being very successful, this attracted the interest of other buyers, and eventually OEP decided to sell the company in 2007. The transaction valued Mauser at €850 million, the new owner is Dubai International Capital LLC (DIC), the international investment arm of Dubai Holding. The Middle Eastern wealth fund will further support the existing strategy pursued by the management which focuses on further growth, especially in the Pacific Rim. According to Klaus Beckmann, "Dubai International Capital, as well as our previous owner, One Equity Partners, are strictly financial investors. Hence, the management is completely responsible for the whole business strategy."

Growth at home and abroad

With the financial backing of its private equity owners, the German company had the necessary means to continue its drive towards growth and globalisation. At the end of 2006, Mauser ventured into new territory and extended its reach to Latin America and Asia when it acquired the industrial packaging business of Brazilian manufacturer Metalúrgica Barra do Pirai, and Delta Pack in Thailand.

Despite spreading out globally, Mauser retains its main focus on its traditional markets, especially Germany. After all, 50 per cent of all European packaging demand comes from the company's homeland. "Our two largest regions by sales are Europe and the USA," says Mr Beckmann, and he continues: "The new markets are Brazil and Asia, or let's say the BRIC countries, which will become an addition to our current businesses." The latest addition to the Mauser family was announced on 19 January 2008. Mauser bought a majority stake in Stanta Metal Drum, one of the largest steel drum manufacturers in Malaysia. Joining forces with Stanta was a further significant step in Mauser's Asian expansion following the spread to Thailand, Singapore, India and China.

Innovative products

Mauser's key to success is its unique portfolio. The world leader for plastic packaging specialises in developing and manufacturing tailor-made and user-friendly containers, such as plastic drums and IBCs for ex-zones, hot filling and hazardous liquids. Its range also includes products with innovative permeation barriers.

Mauser has a 'tried and tested' 30-litre plastic container called the 'Hobbock', designed for the needs of the silicone industry. Building on this success, Mauser now satisfies another market demand. "Mauser will introduce the V-press® Drum, a unique straight-sided 220-litre open-top plastic drum that has been specially designed for products which are discharged using pressure plates," says Klaus-Peter Schmidt, head of development, and he continues: "We have been developing it for the past two years in close cooperation with the silicone industry." This drum is ready for producers of silicones, adhesives and sealants; this world first offers a ▶



cost-effective and hygienic packaging alternative to traditional steel drums.

The V-Press® Drum's big advantage is its resilience. According to Mauser, its customers demand packaging containers to meet their specific requirements in terms of economy and technology. To keep the passage of the pressure plate clear, the cylindrical drum must retain its shape during the complete draining process. In practice, however, permanent dents in filled steel drums are a significant cost factor. Mauser's state-of-the-art barrel is made of blow moulded polyethylene and was designed for high viscous products. The plastic material is resistant to permanent denting and deformation, which ensures trouble-free dispensing. What is more, the robustness of the containers makes transportation so much simpler. To avoid additional refurbishing costs for its customers, Mauser kept the inner diameter of its new drum identical to the traditional steel drum (an advantage in the after market). This makes it also compatible with established drum discharge systems.

Chances and risks

While Mauser's future is looking bright, its management is carefully assessing risks that could potentially hamper the company's dynamic development. Like all producers of plastic and steel products, Mauser has been confronted with soaring prices for its feedstock and the cost of transportation. "Our greatest challenges are the

price hikes for polyethylene and, increasingly, steel," admits managing director Beckmann, "since it cannot always be passed on fully to customers."

One way of reducing the dependence on raw materials and consequently costs is recycling and reusing, providing a cost alternative to his customer base.

Through its subsidiary National Container Group (NCG), Mauser is able to offer a comprehensive service, which allows customers to return IBCs of all brands. Managing reusable industrial containers will help the entire environment, reducing the use of feedstock and therefore taking care to lower greenhouse gas emissions. It adapts its customer philosophies in respect to its "responsible care, stewardship programme and sustainability approach."

National Container Group, which has operated in North America since 1988, is the market leader in the USA with seven owned facilities, and one JV in Canada.

At the beginning of this year Mauser/NCG formed a joint venture in the UK with TDG plc, a market leader in the areas of supply chain management and logistics solutions that operates in six countries across Europe to provide collection, cleaning and reconditioning services for composite IBCs. The new organisation, NCG in the UK, based in Batley near Leeds, will be able to collect used IBCs from locations across the UK. It will also offer refurbished IBCs for sale. This is the latest acquisition/joint venture supporting the existing▷



European network of NCG in Germany, the Netherlands and Turkey, and there is more to come, according to Dubravka Duic, VP of sales and marketing.

Corporate philosophy

Even though Mauser is one of the market leaders of industrial containers – therefore a mass producer – its philosophy has always been to follow its customers geographically as well as to listen to customers' concerns and requirements. Tailor-made solutions are welcome challenges for its R&D department. In a recent review from its customer base, Mauser received high scores for its dedicated customer approach with managing the total life cycle of industrial packaging.

On-time deliveries can be guaranteed through its multiple locations which are based close to its customers around the globe. Quality standardisation is assured through similar production processes and a centralised quality system – all its factories are ISO certified.

With more customers stopping their in-house packaging R&D, key suppliers such as Mauser are now the extended development arm of their key accounts – a new challenge, but already accepted and with many successes.

The R&D team's job is to think ahead, find solutions for future problems and design tomorrow's products. That also includes state-of-the-art technologies (e.g. nanotechnology), products and services to help customers meet government standards. In addition, experts from the company are involved in cooperating with industrial committees, trade associations and government authorities to shape and assure the future of safe industrial packaging standards.

Quality standards

Mauser builds quality rather than reproducing and controlling it. Standard procedures are in place and similar for all Mauser and licensees' factories. Its quality staff, based at Mauser's headquarters in Germany, travel to all factories to ensure that its system is followed. The image of Mauser is built on innovation and quality consistency.

Conclusion

In order to help customers stay ahead, Mauser offers tailor-made packaging solutions – from the smallest oil can to a 1000-litre IBC. This bespoke service would not be possible, however, without an ambitious R&D team that can transform customer needs into solutions. Mauser has gone a long way to establish itself as the world leader in plastic packaging and the world's number-two producer of metal

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drums and composite IBCs. To meet its customers' high standards the company has even developed its own machinery to produce plastic packaging. After all, the language of quality is universal. Being truly global means having its network spread across the world but still acting locally to fulfil individual customer needs. A leading player in the industrial packaging business, Mauser offers first-class performance in all important markets and key locations. However, at the end of the day, high-quality products need to be affordable. And Mauser seems to understand that its future success depends on its ability to offer world-class products and services with excellent cost-benefit value, providing good value for money. □

