

# Eukalin Corporation Turns to New Direction Partners to Facilitate North American Expansion

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EUKALIN Corporation, a wholly owned subsidiary of EUKALIN Spezial-Klebstoff Fabrik GmbH, a leading global manufacturer of adhesives for the paper and film processing industries, has been active in the North American market since 2010, with products imported from Germany. While the business had nearly tripled in size over the last two or three years, supply chain issues and increased demand for Made in America made adding U.S. manufacturing a logical next step for the company. Founded in 1904 in Aachen, Germany, by Gebrüder Wachler, EUKALIN Spezial-Klebstoff Fabrik GmbH is a fourth-generation family-owned business and leading supplier of adhesives to customers in more than 127 countries.

“In its long history, Eukalin has never made an acquisition,” said Shaun Kilfoyle, Vice President and Managing Director of Eukalin Corporation. “Leadership determined it was now appropriate to expand our manufacturing footprint to North America. It was getting increasingly expensive and time-consuming to import our products from Germany for sale here, and we were looking for a company to acquire that had expertise in both water-based and hot melt manufacturing experience as well as available capacity.”

Kilfoyle had known Paul Reilly for many years as a result of their joint membership in the Envelope Manufacturing Association and other industry connections. He said, “I contacted Paul and told him what we were looking for in a company and asked him to help us find an appropriate acquisition, but we wanted to stay under the radar during the process. We worked together to develop a profile of what candidates might look like, and New Direction Partners brought us four or five legitimate candidates. We were relying on their industry expertise and reputation as a consulting resource and deal maker.”

Ultimately, Eukalin decided to pursue the acquisition of Adhesive Specialists, Inc. (ASI) in Allentown, Pennsylvania. The company offered a number of advantages. The company, established in 1983, has grown into a nationally recognized manufacturer, operating out of a 40,000 square foot facility and supporting customers across the United States. Its manufacturing operation produces adhesives for many Fortune 1,000 Companies addressing applications like bottle, can and jar labeling; food packaging; carton sealing; paper bag forming; foam bonding; book binding; and laminating. ASI has expertise in both water-based and hot melt glues, and there was no overlap in customer base between the two companies. “That meant that the acquisition was truly accretive,” Kilfoyle added, “which is actually pretty unusual.” Eukalin also appreciated the location of the company, convenient to major transportation routes and close to both many of the largest customers as well as suppliers of raw materials.”

From that point, Kilfoyle notes, Reilly and Jim Russell became a process partner in advising Eukalin on the legal and financial aspects of acquiring and negotiating with the seller. “They were excellent interns of providing us with meaningful guidance,” he says. “They also helped us identify a legal partner since Eukalin did not have a law firm with which it had long experience here in North America. And the outstanding credibility of New Direction Partners in the industry verticals we were most interested in, was a comfort to our German ownership, since they had not undertaken an acquisition like this before.”

New Direction Partners also worked with Eukalin and the seller to smooth over issues that may have arisen during the negotiations and provided valuable insight on the valuation of the business to be acquired. “While this all went relatively smoothly,” Kilfoyle says, “they were also available to have a tough Dutch Uncle conversation with both us and the seller as needed. Overall, Paul and Jim were very easy to work with, and we developed a trusted relationship. Should we consider additional acquisitions in North America, we will certainly work with them again! They have the type of connections in our industry that most investment banking firms simply don’t have.”

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners’ website at [www.newdirectionpartners.com](http://www.newdirectionpartners.com).