

# Catalina Cylinders



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## NAVIGATING THE NEW PARADIGM

Catalina Cylinders, a leading manufacturer of high and low pressure aluminum, compressed gas cylinders, had its origin in 1953 as a small technical impact company named Cliff Impact, founded in Wickliffe, Ohio, that produced aluminum housings for Navy proximity fuses. Its owners, Al Katz and Chuck Wright, started the company with six employees, but it grew rapidly over the following decade.

In 1965, a new aerospace forging company named Aluminum Precision Products (APP) was founded by Philip

S. Keeler, in Santa Ana, California and in April that same year, Parker Hannifin acquired Cliff Impact. In 1970, Parker relocated Cliff to Eastlake, Ohio, and by 1977, Cliff had begun producing its first aluminum, high pressure gas cylinders.

In 1986, Catalina Cylinders Corporation was founded and began producing SCUBA cylinders primarily for use off the California coast. Within a year, Catalina expanded into CO<sub>2</sub> and Oxygen cylinders. In January 1992, Catalina was acquired by APP and its 2,500-ton press was moved from Huntington Beach to



## AT A GLANCE CATALINA CYLINDERS

**WHAT:** A manufacturer of aluminum, compressed gas cylinders

**WHERE:** Headquarters in Garden Grove, California

**WEBSITE:** [www.catalinacylinders.com](http://www.catalinacylinders.com)





where it runs today in Garden Grove, California. In 1995, Catalina purchased Parker Hannifin's Cliff Impact facilities, and in 1997, Catalina relocated the Cliff facilities to Hampton, Virginia, moving into a vacant Mercedes-Benz truck-assembly plant, to create the Catalina Cylinders Cliff Impact Division. Throughout the following decade, Catalina Cylinders grew to become a leading global supplier in the aluminum cylinder industry with facilities located on both the East and West coasts.



DAVID SILVA  
VP OF SALES  
AND MARKETING

Over this time, much of Catalina's old equipment was improved and newer, more efficient equipment was added. In 2000, the adjacent industrial building was acquired which doubled the footprint of the Garden Grove facility. A small, high-speed press was soon brought online for producing small medical cylinders, and eventually a 3,500-ton press was installed to produce the largest of Catalina's aluminum cylinders. The company's portfolio expanded and included cylinders for the markets of SCUBA, industrial gas, specialty and calibration gas, beverage CO<sub>2</sub>, medical oxygen, fire & rescue, ni-



trous oxide, low pressure cylinders, and technical impacts.

In 2009, APP and Catalina Cylinders became an ESOP company (Employee Stock Ownership Plan). By this time, Catalina had grown from 12 to over 250 employees, and had secured a 230,000-sq.-ft. footprint between Garden Grove, CA and Hampton, VA. In 2014, Catalina launched development of its new composite-wrapped cylinder division, Catalina Composites. Its new 107,000 sq. ft. facility utilizes state-of-the-art equipment, and produces Type 3 cylinders for the Alternative Fuels industry (up to 26" diameter), which is a relatively new market for the company and a big part of its future growth strategy.

In February 2015, Catalina Cylinders Inc. split

off to become its own corporate entity, and sister company to Aluminum Precision Products. "Catalina was acquired by APP in 1992, which ran it as a division till 2015," reports Company Vice President of Sales and Marketing, David Silva. "Now, we're sister companies with APP rather than a subdivision. We did that because of our ESOP, and so that our employees, as shareholders, are directly aligned with the corporate entity. As the value of the business grows, the value of their ESOP grows, so what they put in, they get back out."

Today, Catalina continues to be a leading manufacturer of high and low pressure aluminum, compressed gas cylinders. The company's production capacity is split evenly between its East and West coast USA facilities, which collectively





supply to more than 100 countries. Catalina's aluminum cylinders store gases for a wide variety of applications including ultra-high purity gases for electronics manufacturing, specialty and calibration gas, industrial gas, medical oxygen, food and beverage grade CO2, SCUBA, fire & rescue, alternative fuel, and aerospace.

Silva notes some of the ways in which the company differentiates itself from the competition: "A major competitive advantage that we have is our press capacity," he states. "We have the capa-

bility to make large industrial and specialty gas cylinders in North America and our competition is unable to make these larger sizes. They have to import them either from Europe or from Asia. So, availability of the product is a major point of differentiation. Also, as a private company, we are able to invest our capital in areas that public companies might have difficulty doing. Add to that, our ability to forecast customer demand, and also the amount of attention we give to our customers on new product development; we're



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able to develop and qualify products through the regulatory environment relatively quickly. That has been a big advantage for us and for our customers."

"Another thing that has always been a benefit to Catalina is our customer service," adds Company CEO, Rick Hill. "We typically get comments that our competition just doesn't service the customers as efficiently as we do. One of the other things that goes hand-in-hand with customer service is our available inventory. Again, because we're a private company, we stock cylinders at our facilities, where the competitors that we have – they get an order and they make a cylinder. So lead times are substantially longer than what our customers get from us."

Silva reports that the company connects with

its prospective clients via industry trade shows, through its website and other online portals, and through its worldwide network of distributors. "Also, when a customer is looking for a product in the high pressure cylinder market, there aren't a large volume of suppliers," says Hill. "So, they're pretty much familiar with the few big players and we're one of them. We're always in that loop because we're such a large player in the market."

Recently, Catalina Cylinders has been forced to navigate the new paradigm, having been significantly impacted by the imposition of tariffs on the raw aluminum coming into the country, as well as by the retaliatory barriers put up by other countries that import Catalina products. "The cost of aluminum for our company and for our competitors is a significant factor in the profitability

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of our businesses,” explains Silva. “We do source material domestically, but the majority of our material comes from out of the country; a large portion comes from Canada. We do have some supply in the States and our U.S. suppliers are working to expand their portfolios to help us source more domestically, but there are some products that we probably will never be able to source economically from within the U.S. So, a lot of the cost impact that we see, we can’t fully pass on to our customers, and we’re forced, as an industry, to absorb a large portion of those tariffs.”

“The reality is, the tariffs and the political situation are not helping our business, not helping our

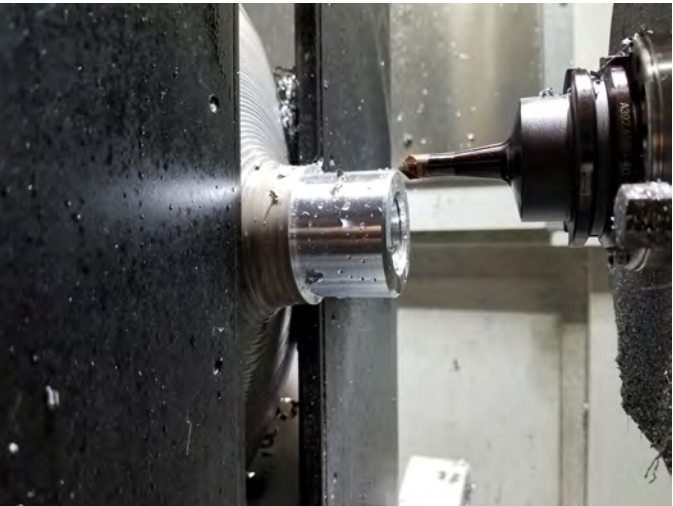
industry, and it requires us to do everything we can to streamline our business, keep our costs lean, and even change focus on some of the markets that we pursue,” Silva continues. “The trade barriers that are being put in place are counterproductive. We export a lot of our product overseas and we’re seeing the situation becoming more and more tense; more trade barriers popping up; more costs to doing business. And it’s very difficult for us to export product into countries that are putting up more and more trade barriers. It’s definitely having a negative impact on our business and our industry; it’s making us relatively less competitive as a business, as an industry, and as a country.”



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