Carpenter looks toward the future

CEO Tony Thene says 3-D printing expertise is vital to the company's long-term health.

BY JEFF McGAW
READING EAGLE

The freight train of metal 3-D printing is steaming down the tracks, and Carpenter Technology Corp. CEO Tony Thene wants to make sure that 129-year-old specialty metals manufacturer, whose roots are in Reading, is safely on board.

On Monday the Philadelphia-based company announced it had purchased Camarillo, Calif.-based MB CalRAM LLC, a company that makes 3-D printed metal parts used in the aerospace, defense, power generation and oil and gas industries.

In April, Carpenter purchased a West Virginia-based titanium powder manufacturer called Puris LLC. Titanium powder is the raw material used in the 3-D printing of titanium parts which are lighter, stronger, and more resistant to corrosion than most other metals.

Continued growth

More acquisitions are expected.

“We’re buying companies that are just getting started so that we can bring the Carpenter expertise and backing to grow those more quickly, Thene said. “That’s a key for us going forward. I think you’ll see us make more of these, if you will, bolt-on acquisitions that have existing customer connections, that have proprietary expertise, technology and very talented individuals. That is the key that we then can match up with the long-term metallurgical expertise and experience that Carpenter brings to the table.

Additive manufacturing is “a game changer,” Thene said, and it’s not just a tomorrowland-type fantasy.

“I can tell you across all six of our markets we are in discussion with customers about additive manufacturing,” Thene said.

More than half of Carpenter’s business is in the aerospace area, but it does significant work in medical, energy — primarily oil and gas — transportation, consumer electronics and the industrial market.

Long-term health

Additive manufacturing is evolving.

“I think over the next decade additive manufacturing will become more and more advanced,” Thene said. “At the same time, you could argue that it’s still really in its infancy period. There are a lot of changes going on right now. There’s a lot of smart people out there doing a lot of smart things.”

The CalRAM purchase marks an important step for the long-term health of the company.

That approximately 25,000 square-foot facility is “an active company with active customers,” Thene said. “Think about all the largest customers you can think of in aerospace and defense. They supply to them today. In fact they were using Carpenter powder in many cases.”

While Carpenter’s traditional role is to supply specialty metals and powders that customers use to produce their own products, the CalRAM purchase ushers in a new age for Carpenter: parts production.

“CalRAM allows us to have that end-to-end participation from powder to parts in additive manufacturing and that’s critical because that gives us the opportunity to work closer with the end customer and to not only design that part but to manufacture that part,” Thene said. “We think that’s a competitive advantage that not many people have. If Carpenter is serious about playing in this emerging industry we need to participate to some degree in that entire process.”

‘Provide solutions’

Carpenter is a $2 billion company and a major player in a relatively small segment of the overall metals market that deals with specialty metals.

“That’s where Carpenter plays in that top 1 percent whether that be aerospace, transportation, oil and gas, medical, we’re at the very top,” he said.

“So what we want to do is provide solutions for the most complex, difficult applications producing the most difficult-to-make products,” Thene added. “That’s where we play.”

Additive manufacturing and, specifically, the CalRAM purchase, “gives us another path to the customer, another application that we can supply. It doesn’t cannibalize or hurt any of our other additional processes, it just magnifies our importance to our existing customer base,” he said.

The addition of CalRAM will initially have a small impact on revenue and earnings relative to the overall business, Thene said. But, he added, “from a future standpoint that is a significant growth engine for us going forward.”

Hoping to be on the cutting edge of an emerging market, Carpenter is planning to open an additive manufacturing research center.

The final location of that facility hasn’t been disclosed, but it’s mission is clear Thene said.

“Our legacy business is our foundation and that’s always going to remain,” Thene said, “but we want to continue to grow at a rate higher than what those legacy products will provide.”

It’s good for the company, Thene said.

“Carpenter has been around for 129 years. I’d like to see it around for another 129 years. I think to do that, we need to grow and we need to build on our current capabilities.”

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