

McAllen Plant Expansion First Step in Orchid's Aggressive Growth Strategy

McAllen, Texas – September 27, 2006 – Orchid International has recently broken ground on a 25,000 square foot expansion project at the company's Orchid McAllen facility. The expansion is expected to be completed by the end of 2006 and will house two annealing furnace lines utilized in the manufacture of electric motor components.

Built in 1996, the Orchid McAllen facility currently has 100,000 square feet under roof and employs 145. The facility was Orchid International's first dedicated solely to lamination stamping and aluminum die casting.

In the decade since the plant opened its doors, Orchid has continued to grow its lamination stamping business adding a plant in Monroe, Wisconsin in 2004. Lamination stamping involves processing special grades of steel into thin stampings that are utilized in the manufacture of electric motor and transformer components.

According to Orchid International President Richard Quinlan, the expansion of McAllen is a vital first step in an aggressive growth strategy the company embarked on in 2005. "By increasing the size of the McAllen facility, we will be afforded the space necessary to grow both our lamination business as well as our general stamping business into the Mexican market," he states.

Peter Kirkham, former GM of the McAllen facility, has been tapped to lead Orchid's push into Mexico. "At present, we are currently exploring acquisitions and green field startups in geographically advantageous locations including Reynosa, Matamoros, Monterrey and Juarez."



Reynosa and Monterrey could become home to aluminum die casting operations, each supplied with laminations stamped in McAllen and destined for electric motor and transformer manufacturers already operating in the region. Juarez is presently under consideration as a future home for a new lamination stamping and die casting facility, according to Kirkham.

“Orchid’s growth plan also includes the addition of at least one new facility in Mexico dedicated to general stamping and assembly, primarily focused on automotive manufacturers in the region,” Quinlan adds. “Orchid has a long history of supporting the automotive and other industries with general stampings and assembly services in Canada and the United States. The capacity gained in McAllen should help fuel the growth of this new general stamping facility, tentatively planned to open in Matamoros, Mexico in 2007.”

Mike Rios, recently promoted to General Manager of the McAllen facility, is overseeing the plant expansion and subsequent equipment moves. “Once we have both furnaces located inside the new expansion, we will begin installation of more presses as well as a straight slitting line,” Rios notes. Steel utilized in the McAllen plant arrives by train car or truck in large master coils, which are then slit into more manageable sizes to maximize output and minimize scrap.

Additionally, a team is working to achieve TS 16949 certification in the McAllen facility, which is considered a must-have for automotive tier suppliers. “This is another example of Orchid proactively working to prepare itself to meet the needs of our existing and prospective customers in the region,” Quinlan concludes. “Our McAllen team hopes to achieve TS certification in early 2007.”

Founded in 1988, Orchid International provides world-class metal stamping and assembly and electric motor and transformer lamination stamping and die casting products and services to the automotive, appliance, lawn and garden, lighting, and numerous other metal stamping-related industries throughout North America. Headquartered in Brentwood, Tennessee, Orchid International operates five manufacturing facilities strategically located in Tennessee, Texas, Wisconsin and Ontario to service customers throughout the United States, Canada and Mexico. For additional information, please contact Chris Daniel, Marketing & Communications Manager, at 615-373-7664, chrisd@orchidinternational.com or visit online at orchidinternational.com.

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