

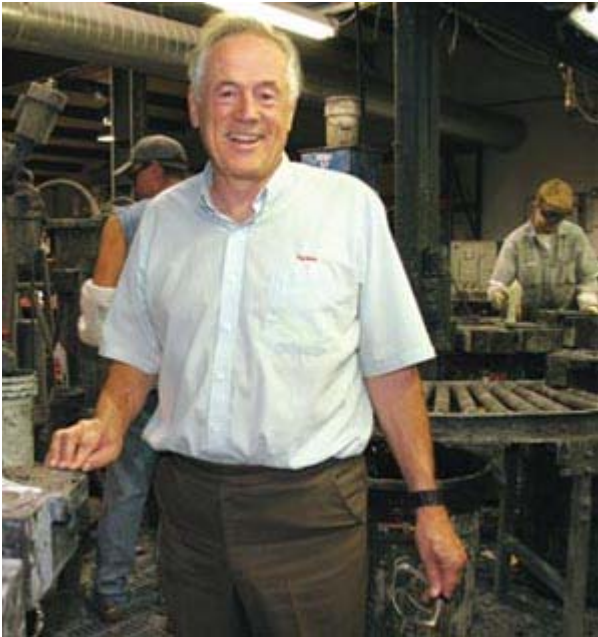
Pyrotek Inc Sets Sizzling Growth Rate

Article copied in the Pyrotek web site with permission granted by the [Spokane Journal of Business](#).

Pyrotek Inc. makes products that help manufacturers handle high-temperature materials. These days, it's the longtime Spokane Valley company's own growth that might be too hot to handle.

With record fiscal 2006 revenues of nearly \$250 million and 61 operations in 30 countries, Pyrotek recently opened four plants in places such as Siberia and India, and plans to build two more plants in the Middle East next year.

Founded here in 1956, the company has made little noise locally, despite operating a 75,000-square-foot plant and headquarters here that employs 100 of its about 1,600 employees. It quietly, however, has become a world leader in its field, designing and producing some 5,000 different products used in high-temperature applications, including foundries and aluminum mills.



Photo, CEO Allan G. Roy says Pyrotek Inc. plans to hire more employees at its headquarters and plant here, where it makes ceramic fire logs and other products.

"People typically have no idea what we do, and that's sort of OK, because we like to keep a low profile," says Allan G. Roy, Pyrotek's owner, president, and CEO.

The company's nearly \$250 million in revenues for the fiscal year ended June 30 were up substantially from the \$212 million in sales posted in fiscal 2005 and the \$95 million it recorded back in 1999, Roy says.

It was 1999 that Pyrotek acquired Foseco, a Cleveland-based maker of consumable products for the foundry industry, which contributed significantly to its revenues, he says.

The company's most recent noteworthy acquisition was in January 2005, when it bought the assets of Salon, Ohio-based Metallics, a producer of molten-metal processing technology that boosted Pyrotek's revenues by roughly 15 percent, Roy says.

In 2004, it acquired TAB Refractories Construction & Maintenance Co. Ltd., of Warrington, England; Thermal Systems of Syracuse Inc., based in Syracuse, N.Y.; and a Sherbrooke, Quebec-based research and manufacturing company named Cermenco Inc.

"I foresee steady growth for the company through acquisitions and organic growth in our business," Roy says. "Our industry is doing great."

Roughly 80 percent of Pyrotek's business comes from aluminum suppliers and equipment manufacturers, including Foothill Ranch, Calif.-based Kaiser Aluminum Corp. and Spokane Valley-based Wagstaff Inc., he says.

Some of the products it makes include Fiberglas filters for molten aluminum, ceramic filters, machine graphite, and coatings and chemicals, he says. It also produces tools for the steel and glass industries, ceramic fire logs for residential fireplaces, and acoustic materials for buildings, automobiles, and luxury yachts.

The company, which was established as Fibrous Glass Products Inc., started out making Fiberglas filters only, he says. Over the years, it has expanded its product lines so that it doesn't rely solely on demand from the aluminum industry.

"We looked at other industries to protect us in case the aluminum industry went into a slump," he says. "We also have a very technical sales force, and those are all technical products."

That decision, as well as Pyrotek's resolve back in 1980 to start opening plants outside the U.S., saved the company when the once-thriving Pacific Northwest aluminum smelting industry deteriorated, Roy says.

"Going international is the reason we are still a major player in our core business," he says. "It was one of the best things we ever did, even though when we did it people thought we were crazy."

Initially, Pyrotek opened plants in Australia, Canada, and the United Kingdom, but now it also has locations in New Zealand, Asia, Europe, South America, South Africa, and the Middle East, in addition to its 11 U.S. plants, he says. The company plans to open plants in Turkey and Bahrain next year as part of its expansion plans in the Middle East, he says.

Pyrotek owns most of its international plants, which is rare because most companies its size participate in joint ventures, Roy says.

The company also hires local people to work at its international facilities, which is a challenge but also beneficial because those employees understand the local area's customs and systems, he says.

The company started opening plants outside the U.S. because Roy and his business partner, the late Dale C. Swanson, read an article in Forbes magazine in the early '70s that predicted aluminum smelters would no longer be built in the U.S. Since then, only one has been built in this country, he says.

Meanwhile, China has replaced the U.S. as the world's foremost aluminum producer, he says. Pyrotek opened its first plant in that fast-developing country 12 years ago, and recently opened its second facility there.

"We go where our customers go; that's our whole philosophy," he says.

When Pyrotek was founded 50 years ago, the Pacific Northwest was the leading aluminum producer in the world, he says.

Aluminum production demands a lot of electricity, however, so as the U.S. economy grew and power costs rose, producers started relocating, particularly to China, he says.

Pyrotek is starting to focus on the Middle East because Roy expects that region will become the new epicenter of global aluminum production, mainly because it has vast supplies of natural gas.

Even though most of Pyrotek's operations now lie outside the U.S., it has kept its headquarters in Spokane largely because its key staff members enjoy living here, he says.

The resurgence of Kaiser Aluminum's Trentwood rolling mill in Spokane Valley has helped boost Pyrotek's revenues, and it's looking to hire more employees here, he says.

The manufacturing floor of the plant here hums with activity. In one room, employees sew material for Fiberglas filters. In another area, workers operate heavy casting machinery.

Nearby, ceramic fire logs are painted and then rolled along conveyer belts to a packaging area. In a machine shop area, large computer-numerical-controlled cutting machines shape graphite products.

The main challenges the company will face in the coming years involve pricing pressures and achieving adequate quality levels at its new plants in Russia, India, and China, he says. It's also continually facing more competition as a result of globalization, he says.

"It's a changing, tough business, and it's a lot tougher business that it was 30 years ago," he says.

Pyrotek was founded by Swanson, a former Kaiser Aluminum employee, and Lowell Brown, a metallurgy expert.

Roy, also a former Kaiser employee, joined as a partner in 1968. Brown retired in 1976, and Swanson died in 2003.