

## New line, big expansion for city company

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**WINCHESTER-** In the coming months, artificial leather will start to mean genuine cash for a city business and more jobs for area residents.

O'Sullivan Films, which announced a major expansion a year ago today, held an event Friday to celebrate its new high-end artificial leather production line.

The fete included a tour of the repurposed 120,000-square-foot building that houses the line; a ribbon-cutting ceremony; and a luncheon for guests and, in shifts, all 410 of the plant's employees.

The work to prepare the building - including constructing a five-story tower for mixing operations, which begin the manufacturing process - and install the production line began 11 months ago.

Denis Belzile, president and chief executive officer of O'Sullivan, said production trials on part of the line have begun, and he expects the full factory to be completed in early October.

"I'm very proud of what we've been able to accomplish here in the last 11 months," said Rolf Gemmersdorfer, CEO of The Hornschuch Group, the German company which purchased O'Sullivan in March 2010. "I think the products are outstanding. I think we'll be able to deliver high quality."

The company is spending \$28.3 million on the expansion project and adding 174 employees to its payroll.

Belzile said about 30 people have been hired to work in the new plant, and \$6.5 million has been spent with local contractors and vendors.

He credited Hornschuch's board of directors "for deciding to make a bold investment for the future in uncertain economic times."

That investment, Gemmersdorfer said, "represents a lot of trust in the team here at O'Sullivan."

The company received \$500,000 in performance-based grants from the Virginia Investment Partnership Program and a \$300,000 grant from the Governor's Opportunity Fund.

The city government matched the \$300,000 grant, but expects to take in that much in additional taxes in about 18 months.

The new line will produce artificial leather to be used primarily by the automobile and furniture industries, Gemmersdorfer said, with entry into other segments expected in about two years.

Just three or four companies worldwide can make artificial leather of the quality to be produced at O'Sullivan's 17.6-acre campus on Valley Avenue, he added.

The company calls the line Al-Star, an acronym standing for Artificial Leather Striving Together Achieves Results.

The project has an international flavor. The production line was brought in from Saudi Arabia, and various O'Sullivan employees spent three to five months in Germany training on similar equipment.

"This is a great testament to the international ties this commonwealth maintains," said Jim Cheng, Virginia's secretary of commerce and trade, who was involved in discussions to bring the expansion project to Winchester.

Gemmersdorfer said China also was considered for the production line, but Hornschuch chose the United States for better



*Rolf J. Gemmersdorfer, CEO of Hornschuch, the parent company of O'Sullivan Films in Winchester, shows how the simulated leather his company will soon make on a new production line is used in the automotive industry.*

access to American markets. The company supplies artificial leather made in Germany to some U.S clients, including Ford and General Motors, and that business will be transferred to Winchester when production starts.

The company plans to stick with high-quality products, Gemmersdorfer said. "We don't want to make a commodity product that can be produced in China, maybe cheaper."

The production process was explained by employees at stations along the line. The plant will be able to produce artificial leather in any color and texture.

"We can do every surface you can imagine," Gemmersdorfer said.

The plant also includes a research and development laboratory to test the artificial leather and develop new products.

The equipment installation required the use of 128 miles of electrical cable, said Michael Bork, managing director of Barclays Private Equity, Hornschuch's largest shareholder.

Eventually, the plant will operate around the clock every day, Belzile said. The line will require crews of 12 to 20 people per shift.

O'Sullivan makes films for the automotive, building and health-care industries at the local plant. Belzile said those products will continue to be manufactured here.

Gemmersdorfer said Hornschuch expects to gross \$400 million in sales from all of its operations this year, and its goal is to reach \$500 million by 2015.

Of that amount, products made at O'Sullivan are projected to provide \$200 million.

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