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## **Merchants: Central National acquires A.T. Clayton, its second acquisition in one month**

OAKLAND, CA, Dec. 6, 2013 (PPI Pulp & Paper Week) - In its seventh acquisition in four years and the second in a month, Central National-Gottesman (CNG) purchased one of North America's largest paper suppliers, A.T. Clayton, and its print consultancy and print management affiliates J.S. Eliezer and Continuum.

The transaction took place Nov. 29 when CNG, through a subsidiary, purchased all the outstanding stock of A.T. Clayton's parent company, Integrated Resources Holdings.

An internal memo to CNG employees from CEO Ken Wallach on Dec. 2 described A.T. Clayton as "a successful and innovative company," and "one of the largest and most highly regarded distributors of paper to the magazine and catalog industry." The acquisition would allow CNG to enhance its presence in the publishing community, Wallach said.

A.T. Clayton works the same business segment as CNG's Lindenmeyr Central, but Wallach said the two companies would remain "separate and independent entities," while coordinating sales efforts "to avoid conflict." A.T. Clayton will continue to be run by pres Peter Harding. A.T. Clayton in March announced a partnership with Harbor Paper to sell pulp to Harbor's recycled-content uncoated freesheet (UFS) papers mill in Hoquiam, WA, and also sell the mill's UFS production. But the Harbor mill shut early this year with management upheaval and has not restarted.

**CNG's expanding network.** Right before the A.T. Clayton deal, and in November, CNG bought "one of the oldest and most highly regarded family-owned paper merchants in the United States," Bradner Central Company, which is headquartered in Elk Grove Village, IL (*P&PW*, Nov. 8, p. 2). The acquisition of Bradner, which sells both uncoated and coated printing and writing papers, and has a Midwest focus, strengthened CNG's Lindenmeyr Munroe operations in Illinois and Wisconsin and gave it a "first presence" in Michigan, CNG said.

At the end of July, CNG also purchased the Midwest assets of Domtar distributor Ariva, but then sold those assets, six locations in Ohio and Indiana, to Cleveland-based Millcraft Paper, while keeping nine US Northeast Domtar Ariva locations.

CNG generates global sales of more than \$4 billion annually from its 52 paper stores and 26 warehouses in the USA, and 22 international sales offices. Its divisions include Lindenmeyr, Spicers Paper, and Kelly Paper; and its Central National Division.

**Changing supplier landscape.** Contacts said that if the proposed combination of International Paper's (IP) xpedx and Bain Capital-Georgia Pacific's (G-P) Unisource Worldwide goes ahead, it will leave just two major players dominating the US paper distributor landscape.

Unisource and xpedx operate about 100 distributor warehouses across the USA that sell paper, board, and facility products, and last year generated a combined \$10 billion in revenue.

In April, Unisource CEO Al Dragone told PPI Pulp & Paper Week he expected the two firms could close on the deal "in six to 12 months" and that the resulting company would be publicly traded. The new entity would likely be owned close to 50-50% by IP and by Unisource owners Bain Capital (which owns 60% of Unisource) and G-P (40% share of Unisource), he said.

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