

# It began in 1881

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**AkzoNobel**

Tomorrow's Answers Today











# The Global Business born in a barrel

It began in 1881 with a handful of wooden casks, a tiny mixing process and two brothers determined to make their way in the world of marine paint. Max and Albert Holzapfel were young, ambitious and confident of success. But even they could hardly have foreseen the tidal wave of growth that would eventually push their business into worldwide expansion.

The marine coating brand they launched – International – is still going strong 120 years later. And the global organisation that developed from it – International Paint – has become known worldwide for innovative products, high-tech quality and on-the-spot service wherever ships ply their trade.

Today it operates in six continents and 50 countries, coating commercial, military and pleasure craft of all types and protecting heavy structural steel installations on land and sea. As part of AkzoNobel, the world's largest coatings organisation, it combines a global view of the market with the individual touch that customers value so highly.

Finding the right combination, in a whole variety of ways, has been the key to International's success since its first saleable composition attracted shipbuilders in the north-east of England. Fresh ideas and technological drive gave the business an early edge over its competitors and set the pattern for a long line of pioneering products to come. In later years blending together different technologies and the right mix of businesses proved to be just as important. A series of mergers, acquisitions and new start-ups transformed the company's operations and led it into virtually every corner of the commercial coatings world.

In 1881 the first priority was to build firm foundations at home. The Holzapfels – German-born, British by adoption – went into business with a third partner, Charles Petrie, mixing paint by hand in a shipyard shed in Newcastle, on the River Tyne. As unknowns in a booming industry they faced a tough challenge persuading ship owners and builders to buy their fledgling products. Yet even while concentrating on UK customers, they were thinking about the wider possibilities that lay ahead. International was launched, with its distinctive red propeller brand, as the name for a marine antifouling paint strong enough to protect ocean-going vessels even in the harshest of marine environments.

The name caught on, customer demand grew and the company moved to larger premises in Gateshead, introducing iron mixing tanks and a mechanised process. Further expansion followed and in 1904 the company built a landmark factory at Felling-on-Tyne, which has been its main operational base ever since. Future efforts would concentrate on extending its activities around the world and making the International name known and respected throughout the global marine industry.





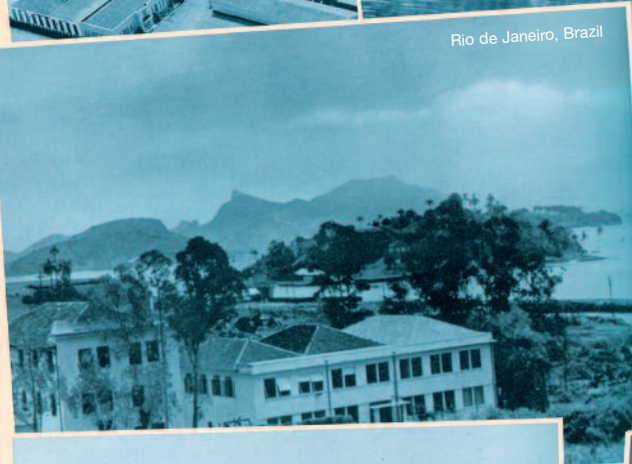
New Jersey, USA



Bilbao, Spain



Felling-on-Tyne, UK



Rio de Janeiro, Brazil



Bergen, Norway



Sydney, Australia



Gothenburg, Sweden





## Spreading its wings

Overseas production had begun in 1889 with a factory built in Russia to avoid the heavy duties on imported paint. Other initiatives followed in Denmark, Italy and Germany and 1901 saw the first foothold gained in the New World. International Paint Co Inc was registered in New Jersey and produced coatings in Brooklyn, New York, selling to ship owners along the United States' eastern seaboard. By 1914 the company's reputation was growing fast. New factories were added in Sweden, France and Japan, bringing the total of countries where International had a manufacturing presence to nine.

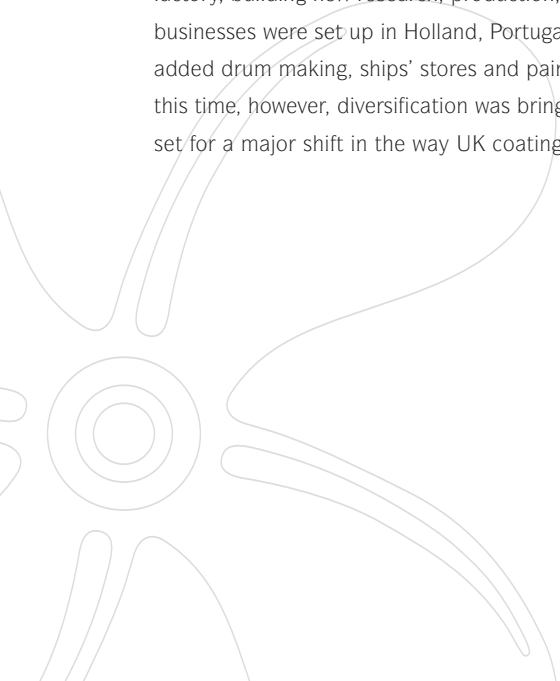
Even the First World War did little to halt progress. Now known officially as International Paints, the company moved its headquarters to London and embarked on a further period of expansion, starting up new operations of its own, acquiring others and breaking into different end-use markets.

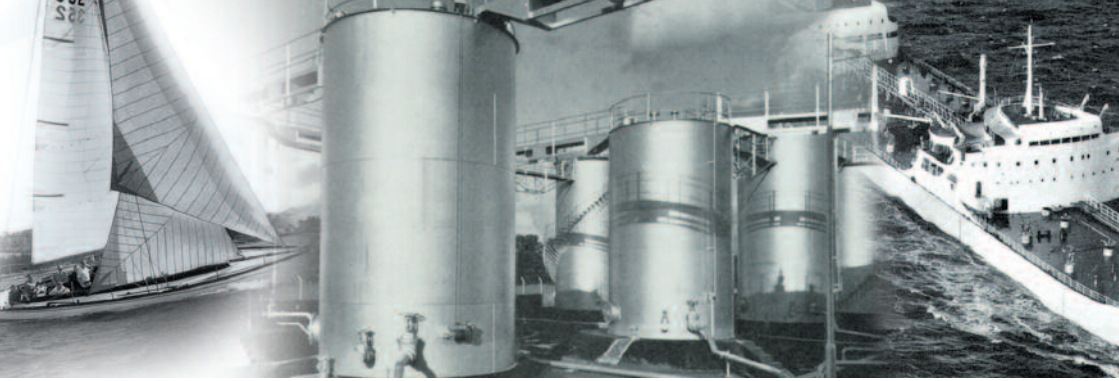
Activities were launched in Spain, Canada, Brazil, Mexico, Australia and New Zealand and began to include the manufacture and marketing of coatings for domestic and industrial end-uses, as well as marine. International also started supplying yacht paints as a separate, dedicated operation, focusing on the sale of smaller packs to pleasure boat builders, firstly in the UK in 1931, then in the US the following year. Not all the attempts at diversification succeeded. A planned advance into oil industry protective coatings had to be called off and was not re-launched until the 1970s. In general, though, the company's activities continued to advance on a wide front.



When world war came again International was well placed to help the Allies' cause, servicing naval fleets and supplying coatings for military hardware. Waiting round the corner were fresh challenges and dramatic changes which were to transform the company's future.

Post-war progress continued with a scheme to expand and modernise the Felling factory, building new research, production, office and canteen facilities. More overseas businesses were set up in Holland, Portugal, Nigeria and Venezuela and the company added drum making, ships' stores and paint application to its range of interests. By this time, however, diversification was bringing its own difficulties, and the scene was set for a major shift in the way UK coatings businesses were owned and operated.



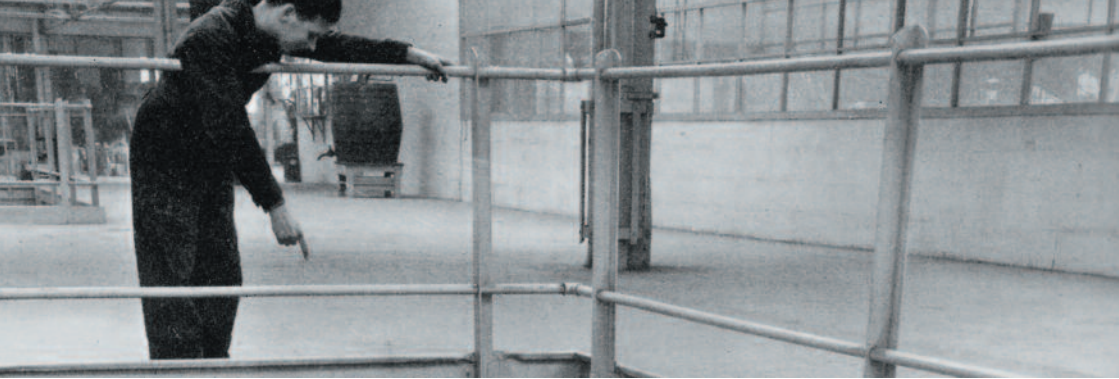


## New owners – changing times

Courtaulds, a leading world producer of man-made fibres, decided to move into paints and in 1958 acquired aircraft coatings specialist Cellon. Two years later it took over Pinchin Johnson & Associates (PJA), suppliers of paint for a whole range of industrial end-uses, from food cans to cars. Finally, in 1968 Courtaulds acquired International Paint and set about merging all its coatings interests under the International banner.

It was a huge undertaking and lifted International into fields of activity it had never experienced before. By far the most significant element was the addition of Pinchin Johnson & Associates, a large conglomerate in its own right and a successful coatings company, which had been trading since 1834.

Like International, PJA was a British-owned enterprise which had established its home base on the banks of a major commercial waterway – in London's Silvertown, on the Thames – and spread across the world. But there the similarities ended. Pinchin Johnson had started life as a producer of oils and turpentines in the East End of London, supplying the embryo businesses emerging from Britain's Industrial Revolution. Its product expertise was different and it pursued worldwide growth mainly by acquiring other companies and technologies. By 1930 Red Hand, Docker Brothers and Robert Ingham Clark were just some of the many associates grouped under the company's umbrella, servicing customers that included automotive, aviation, packaging, building, passenger transport and domestic appliance industries. Overseas, Pinchin Johnson had businesses in Europe, Australia, New Zealand and India, with smaller operations in the USA, Nigeria and the Far East.



The challenge facing Courtaulds in 1968 was how to weld these two widely spread business aggregations into a more manageable whole. Both businesses were suffering from the same problems: too many markets, not enough profits. Efforts over the next two decades would concentrate on divesting some operations, merging others and seeking new growth in product sectors and geographic areas that offered good potential.

Eliminating internal competition was an early priority. Sales and production forces with overlapping interests were amalgamated and overseas subsidiaries were consolidated. Some activities were sold off and by the end of the 1980s Courtaulds had narrowed down the range of coatings markets supplied to packaging, marine and yacht, protective, agricultural, domestic appliance, architectural and aerospace, plus decorative paint in some countries.









## Moving ahead

Two moves, one product-based the other geographic, showed that the newly shaped International Paint Co was just as determined to grow as its predecessors had been.

Powder coatings, partly because of their environmental advantages, were beginning to challenge wet paints as the preferred product for metal protection across a whole range of industrial products and International became an early leader in this developing technology. It opened a new factory at Felling in 1974, acquired powder businesses in Germany, Brazil and Italy and started producing in the Far East and Australia. By the 1990s 15 plants were operating worldwide and the Interpon powder brand was selling in more than 40 countries.

The major geographic push came across the Asia Pacific region., as International moved to satisfy demand for marine, protective, packaging and powder coatings in those rapidly-growing economies. Singapore had been a company base for some time and became the springboard for expansion into Korea, Malaysia, Thailand, China, Taiwan and Indonesia, mostly through joint operations with local companies. It was a campaign of growth which lasted for most of the 1980s and 1990s. Once again International had found the right formula – replicating home-grown technology in different parts of the world and nursing it to fruition with local knowledge and skills. Similar joint businesses were set up in the Middle East and operations were strengthened in Australia and the United States. Courtaulds' acquisition of US companies Porter Paints and DeSoto added trade paints and aerospace coatings to the product mix, while in Europe International took full control of a marine business in Norway, previously partly-owned.





Other acquisitions gave the company an entry into new yacht coating technologies and markets. Awlgrip, a US business specialising in products for the world-wide Superyacht market, complemented the existing International and Interlux products, enhancing the service to yacht paint customers.

At the same time technological advances kept the company ahead of its competitors in many fields, particularly marine. Self-polishing copolymer, a revolutionary antifouling developed at Felling, became a worldwide bestseller, and innovative work on tin-free coatings has kept up the momentum, providing a new generation of products that comply with today's tougher environmental requirements.

By 1998 Coatings & Sealants was the most profitable of Courtaulds' activities and plans were announced to demerge it as a separate business. This prompted an offer from Dutch company AkzoNobel for the whole of Courtaulds, which was accepted by the required majority of shareholders. AkzoNobel had to dispose of Courtaulds' aerospace interests, because of competition issues, and other coatings operations were realigned during the period of integration following takeover.

The structural changes mean that International Paint maintains its responsibility for the Marine, Protective, Yacht and Aerospace markets as one of five Business Units within AkzoNobel's Performance Coatings division. Its former Powder Coatings operation is now a separate Business Unit in the same division.





INTERNATIONAL PAINTS LIMITED

INTERNATIONAL PAINTS EXPORTS LIMITED





## New era – same service

International Paint is a major global force in all four of its business areas. With 5,600 employees in 54 countries, it is the world market leader in heavy duty coatings for shipbuilding and repair, the largest manufacturer of high-performance protective coatings for building construction and maintenance, the leading supplier of yacht paints and a major coatings supplier to the world's aerospace industry.

Under the ownership of AkzoNobel, International Paint has focused on a strategy to expand its business via organic growth by investing in developing markets, particularly Asia, the Americas and Eastern Europe, and developing new products that add value to our customers.

Notable new product successes include Intersleek 900, a biocide-free antifouling that won the Queen's Award for Innovation in Enterprise in 2007, and Intercure 99, a fast-dry primer finish that provides full protection with only one or two coats.

The company is also expanding via selective acquisitions, particularly in Performance Coatings, where recent additions include Ceilcote corrosion control coatings and Enviroline coatings and linings. Devoe High Performance Coatings, a business obtained in AkzoNobel's acquisition of ICI, was integrated in 2008.

Born in the 19th century and building a strong reputation in the 20th, International Paint continues to maintain its remarkable record of service well into the 21st.

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