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Garland-based Cuplex Inc. bought by California firm

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Purchase means expansion of facilities and staff for the local manufacturer of printed circuit boards

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GARLAND -- Cuplex Inc., a maker of printed circuit boards and related devices with 680 employees and \$75 million in annual revenue, has been purchased by Dynamic Circuits Inc. of Milpitas, Calif.

Terms of the sale weren't disclosed, but Tom Caldwell, chief financial officer of Dynamic Circuits, said the Cuplex deal will roughly double the company's annual sales to about \$140 million.

Cuplex will operate as a wholly owned subsidiary of Dynamic Circuits, officials said. The buyout has helped Cuplex chart a plan of aggressive growth for the next two or three years, including plans to double its employee base and construct a 100,000-square-foot manufacturing plant here.

Cuplex is taking bids on the plant, which would be built on land it owns next to its Garland headquarters. Cuplex President Ron Ryno estimates that building the facility will cost \$5 million, while equipping it will take another \$10 million to \$15 million.

Meantime, Cuplex plans to double employment at its 450-person Garland operation within the next year or two. It also plans to convert a distribution plant in Georgia into a manufacturing plant, boosting employment there from five to 200 during the next two or three years.

In the same time frame, employment at a Marlboro, Mass., assembly plant will reach 150 to 200 compared to 25 now, officials said.

Cuplex also has 200 employees at a plant in Dallas that does value-added assembly and makes "back panels," which connect printed circuit boards together and are used in telecommunications and data communications.

Cuplex and Dynamic Circuits merged because, in the business of printed circuit boards -- the flat boards upon which electronic components, such as microprocessors, are mounted -- bigger is better.

The computer and telecommunications industries that use printed circuit boards are booming. And, thanks to better technology that allows them to be made smaller and more efficient, the boards are found in a growing number of products, from medical devices to cars.

More important, electronics manufacturers are increasingly outsourcing more of the steps in the process of putting their products together.

But they are increasingly wary of doing business with small vendors. Most customers want their business to account for 15% or less of their suppliers' revenues, Ryno says, adding that Cuplex had lost out on some deals because it wasn't big enough.

"If one customer feels it has too large a bite out of a single supplier, then the customer may not be as well protected when their own supply goes up and down," says Pamela Gordon, a certified management consultant and president of Berkeley, Calif.-based Technology Forecasters Inc.

The Cuplex acquisition is the first in a series planned by Dynamic Circuits, said CFO Caldwell. "The growth that Dynamic Circuits had was from internally generated growth," he said. "We set out a strategy about eight or nine months ago to grow through acquisitions. This is the first step."

Joining forces with Cuplex enables the company to boost its geographic coverage. "We had coverage in the Northeast, and they're big in California," Ryno said.

The combined company will be able to pursue a larger range of customers. Aside from its manufacturing operations, Cuplex has a value-added assembly division, which places components on printed circuit boards for customers.

Dynamic Circuits is installing an assembly area in California that will be integrated into Cuplex's operation. But Dynamic specializes in "time-critical" manufacturing, with quick turnarounds on jobs.

Combining the two companies' specialties offers more capability for customers, Ryno said. It also allows faster reaction to customer requirements by having a larger assembly operation and a "full mix of technology," he said.

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