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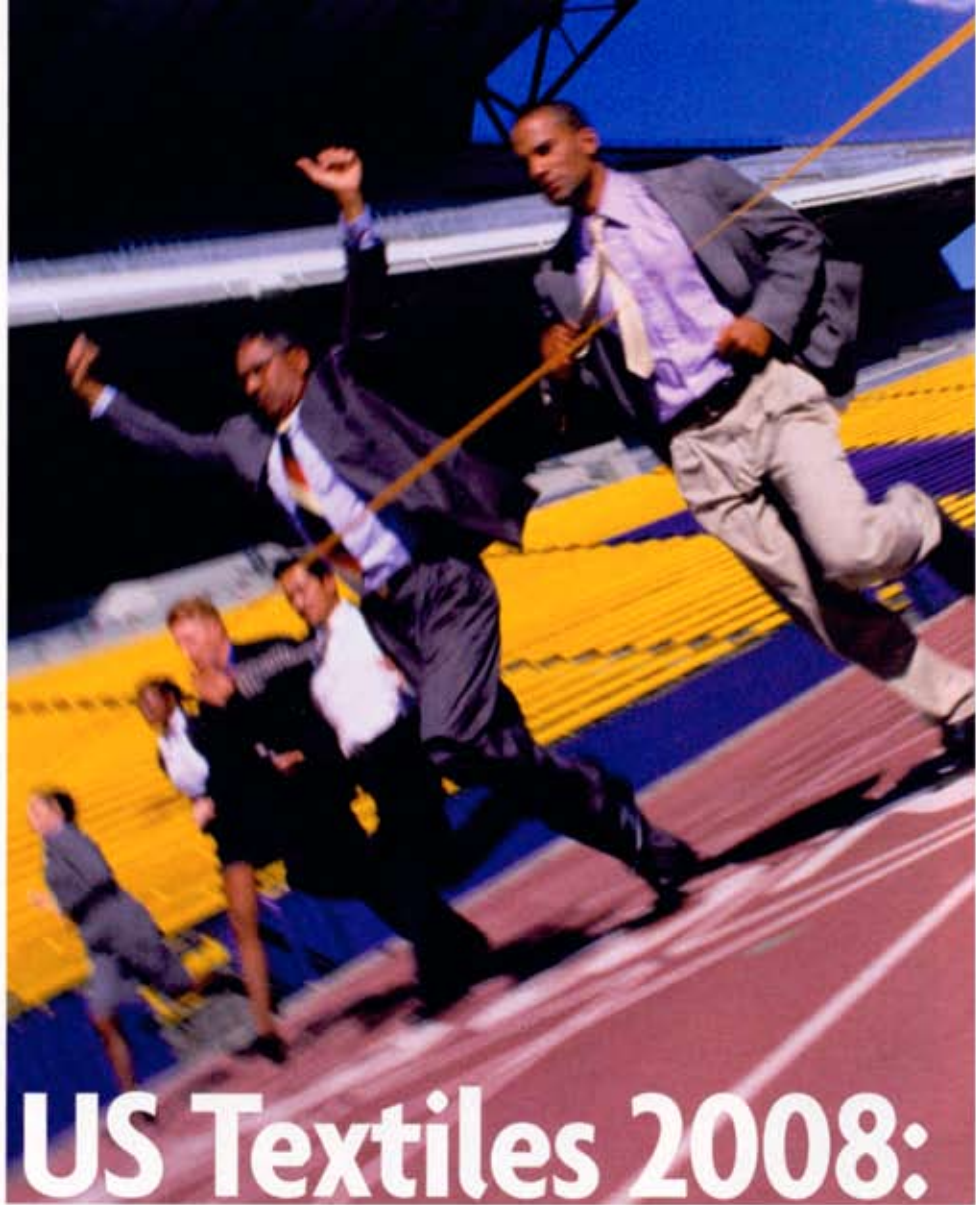
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US Textiles 2008

Investments, Aquisitions
& Innovation News
From Leading Producers

Nonwovens:
Needlepunching



US Textiles 2008: An Active Year — So Far

The year 2008 has had bright spots that may signal positive change for several US textile producers.

By James M. Borneman,
Editor in Chief

If you enjoy the status quo, today's textile industry won't hold much appeal. Dynamic business conditions — managing rising energy and raw material costs, looking for opportunity in shifting international trade patterns, investing in an innovative future — these seem to be common themes when speaking with executives who lead successful US textile companies. Companies large and small are making news — and more recently that news has been,

on balance, fairly good. Whether it is new management advancing and preparing companies for the future, investment in new plants and equipment both in the United States and abroad, acquiring companies that strengthen and sometimes diversify core businesses, or partnering with members of a supply chain to innovate in a way that would be impossible when standing alone — the textile news reflects the new energy of a leaner, more resilient industry.

Parkdale

Gastonia, N.C.-based Parkdale Inc. continues to invest in the future while it consumes 30 percent of the US cotton consumption. Founded in 1916, and with today's leadership of Duke Kimbrell, chairman of the board, and Anderson Warlick, CEO, the company operates 23 plants with 2,500 employees. Operating facilities in the United States, Colombia, Mexico and Honduras, Parkdale has a strategic focus on supplying cotton yarn to the Western Hemisphere.

As reported in *Textile World*, Rieter Textile Systems recently installed 48 500-position R 40 rotor-spinning machines at Parkdale Inc.'s Plant #26 in Walnut Cove, N.C. As stated by Rieter executives, the 24,000-position order is the largest single R 40 order to date, and represents one of the largest single orders ever by a sales-yarn manufacturer. Estimates are that the new installation will increase capacity of the 200,000-square-foot cotton yarn spinning facility by 250 percent.

This news comes on the heels of an earlier announcement this year by Germany-based Trützschler GmbH & Co. KG, which received an order from Parkdale for 36 cards with integrated draw frame (IDF) to expand its rotor-spinning capacity. The com-

pany also stated that including the new cards, Parkdale will have more than 800 Trützschler cards installed in its manufacturing facilities, making the company Trützschler's biggest card customer globally.

But these days, it is about more than spinning yarn. Parkdale also made a strategic investment to acquire Rio Rancho, N.M.-based U.S. Cotton LLC, a manufacturer of private label cotton-based consumer products. U.S. Cotton is known for products like cotton balls, pads and swabs, which are sold through major US and Canadian retail chains. The strategic investment enters Parkdale into the growing personal care products market as well as providing uses for the company's yarn-manufacturing by-products, which will be incorporated into downstream end-products.

Milliken & Company

Dating back to the Deering Milliken Company, a woolen fabrics firm founded in Portland, Maine, in 1865 by Seth Milliken and William Deer-

ing, Milliken & Company, now based in Spartanburg, continues to grow and change. Today, with Dr. Joseph M. Salley recently named president and CEO, and Roger Milliken continuing as chairman, the company is one of world's largest privately-held textile and chemical companies. Always hav-

ing a focus on innovation — and more than 2,000 patents to prove it — Milliken & Company has approximately 10,000 associates working at 50 facilities worldwide on a portfolio of more than 19,000 textile and chemical products.



Dr. Joseph M. Salley recently was promoted to Milliken & Company president and CEO.

Many in the industry were impressed with the selection of Salley, 41 — a graduate of the Citadel with a bachelor's degree in

chemistry — whose youth and experience signal the company's commitment to the future. Salley received a masters degree and a doctorate in chemical engineering from Stanford University and joined Milliken in 1994. He held previous positions as president of Milliken's Performance Products Division as well as president of Milliken Research Corp.

Milliken & Company recently acquired Carson, Calif.-based Western Nonwoven Inc.'s fire retardant barrier assets and geotextile business out of Chapter 11 bankruptcy. The company stated that the acquisition of these two specialty nonwoven-based businesses further strengthens Milliken's specialty nonwoven capabilities. In addition, Milliken is pursuing the acquisition of Dalton, Ga.-based carpet manufacturer Thomas Industries. Thomas conducts its business under the Templeton Carpet, Monticello Floors, Mattel Carpet & Rug, and Superior Yarn brand names. Thomas has filed a motion to sell substantially all of its assets to Milliken & Company as part of a bankruptcy court-supervised open-auction process. A decision by the bankruptcy



Left to right: Ueli Schmid, Rieter Corp.; Anderson Warlick, Parkdale Inc.; and Martin Folini, Rieter Textile Systems, cut the ribbon for the new Rieter R 40 installation at Parkdale's Plant #26 in Walnut Grove, N.C.



There came a time when Glen Raven Inc. President and CEO Allen E. Gant Jr. and the company decided to refocus, exiting certain market segments in favor of more specialty fabrics.

court on this motion is expected within the next six to eight weeks. If the sale is approved by the court, Milliken will be able to move forward with an acquisition of Thomas.

Glen Raven

A company that has shown a remarkable ability to reinvent itself quickly and successfully is Glen Raven, N.C.-based Glen Raven Inc. The 127-year-young Glen Raven has transformed itself from a commodity manufacturer of products including pantyhose, apparel fabrics and sales yarn, to a highly focused technical fabrics producer that, according to the company, is focusing on value-added technical fabrics based on intellectual capital and advanced technology.

The company invested in value-added, branded products, such as the Sunbrella® line of performance fabrics, as well as fabrics for automotive headliners and protective workwear. Additionally, the acquisition of France-based Dickson S.A., development of Glen Raven Asia and the May 2007 acquisition of The Astrup Company, Cleveland, and John Boyle & Co., Statesville, N.C., positioned Glen Raven to move even closer to their customers — globally.

Whether it is the continued success of Glen Raven Custom Fabrics' Sunbrella brand or Glen Raven Technical Fabrics' GlenGuard® series of fabrics' continued push in the industrial

apparel market, Glen Raven has established manufacturing and supply bases in North America, Europe and Asia that enable the company to put high-value fabrics wherever its customers desire.

Anyone who has spent even the shortest amount of time with Glen Raven's Allen E. Gant Jr., president

and CEO, will tell you that people and innovation are at the center of the company's success. Glen Raven has created a culture that welcomes change through programs like GlenOvation and the New Frontiers Department, which promote a constant flow of new ideas to improve product, process and customer service.

Tuscarora Yarns

Mount Pleasant, N.C.-based Tuscarora Yarns Inc. may not be the largest spinner in the United States, but under the leadership of Martin Foil, chairman, and Peter Hegarty, president, the company has repeatedly found niches in which it brings value to the apparel, home furnishing and industrial textile marketplace. Whether it is by offering the luxury of Supima® cotton heather-blend yarns or mélange ring-spun yarn, or going green with post-consumer polyester or organically grown cotton, Tuscarora has a broad product range that can support today's fast fashion needs.

With three North Carolina-based plants — Oakboro, Mount

Pleasant and China Grove — and approximately 300 employees, the company continues to invest in its ring and open-end capabilities. Tuscarora recently announced an 18,000-square-foot expansion of the Oakboro facility with new plant and equipment investments totaling a reported \$2.5 million. The company recently placed orders for Rieter 365 combers, and this follows the 2006 investment in Oakboro that included Zinser Model 351 ring-spinning machines and the Autoconer Model 338V automatic winding machines.

For those who know Tuscarora, heather and export are often used to describe the company's focus, but the focus is much broader. With a deep and diverse product line, Tuscarora's attention to innovation that serves the customer is keeping the company vibrant.

Innegrity

Although each one of the aforementioned companies has been operating in the textile industry for close to one hundred years or more, textiles still has room for start-ups. Take Greenville County, S.C.-based



Tuscarora bamboo/cotton-blend yarn is used in a Goodwear® USA upscale T-shirt offering.

Innegrity LLC, for example. Formed in May 2004, Innegrity spent its first two years developing Innegra™ S high-performance fiber, and, according to the company, filing patents and developing business relationships. Construction of the first pilot production plant began in 2006. That plant started operating in 2007 while the company's staff reached 20 employees. In April 2008, Innegrity joined with Reimotec Maschinen- und Anlagenbau GmbH in Germany, a member of the Reifenhäuser group, to form Innegrity Europe GmbH and began manufacturing fiber.

Establishing itself as a developer and producer of high-performance fibers for ballistic-protection, transportation and sporting-goods applications, the company recently announced plans for a \$15 million expansion of its manufacturing operation and the creation of up to 150 jobs. Innegrity plans to relocate from its facility in Greer, S.C., to a 120,000-square-foot facility in Mauldin, S.C. The new facility will house commercial-scale production and research, and administrative, sales and marketing office space.

The name? Well, you don't have to dig far to find the company's stated philosophy and culture: "Innegrity promotes two core values — integrity and innovation." — Not a bad start.

Concordia

Maybe it is just that tipping points are easier to observe than slowly evolving change, but it sure seems



Concordia Manufacturing has invested \$1.6 million to expand its Concordia Medical division, which produces BIOFELT™ bioabsorbable needlepunched tissue scaffolds.

that major change happens quickly. Founded in 1920, Concordia Manufacturing LLC of Coventry, R.I., evolved its fiber and yarn business from silk products to man-made products after World War II, to engineered textile products in the late 1990s, and today, to a place that includes biomedical products. Looking for that point of most recent significant change, the moment in 2003 comes to mind, when Randal Spencer, president and CEO of Concordia, announced a restructuring that involved an aggregate of \$1.5 million in new funding commitments. Sovereign Bank provided \$750,000 in working capital and term loan financing; the Rhode Island Economic Development Corp. provided \$250,000 in subordinated debt; and a group of existing and new investors provided \$450,000 in equity investment. The company stated in November 2003: "[Concordia] has completed a financial restructuring and is expanding a strategic initiative in the field of biomedical products. As part of the restructuring, the Slater Center for Biomedical Tech-

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Buhler Quality Yarns Corp.

Building on fine-count spinning expertise, Swiss-owned Jefferson, Ga.-based Buhler Quality Yarns Corp. continues to focus on Supima cotton and MicroModal® premium products. With the Jefferson facility coming on-stream in 1996, the company had to adjust quickly to changing market conditions that had big US weaving operations giving way to knitters and export business in Central and South America.

In 2006, seeing a need to diversify beyond Supima and serve the premium market the company had developed, Buhler invested \$1 million in a new opening line that allowed for the development and production of MicroModal blends with Supima as well as 100-percent MicroModal yarns and other blends. Recently, without releasing details, the company stated that it is keeping up with its strategy to further diversify its product offerings

in specialty yarns for high-end garments. Buhler Quality Yarns will be receiving new equipment in its spinning/winding section worth in excess of \$1.5 million. This equipment will replace initially installed frames from the 1996 installation and, at the same time, increase productivity while saving on energy.

Boyd Technologies And Wellington Custom Fabrics

Entrepreneurial growth has also made news in the nonwovens sector with Boyd Technologies LLC's acquisition of Columbus, Ga.-based Wellington Custom Fabrics (WCF).

South Lee, Mass.-based Boyd Technologies' subsidiary Boyd Converting Company was founded by Bronly Boyd in 1979 as a converter, distributor and contract manufacturer of technical papers, engineered fabrics, specialty textiles and membranes. The company's largest mar-

kets are in the health and medical, electrical and consumer areas. It supplies its customers with these high-value-added, nonwoven and specialty paper products as well as converting services. Recently acquired Wellington is a converter and master distributor of nonwoven materials supplied to the apparel industry.

Boyd's move touched off an aggressive growth strategy focused on geographic expansion and market diversification through development of the company's core businesses, step out acquisitions such as WCF, and a new focus on breakthrough technologies. The acquisition also signaled to the domestic marketplace that this Northeastern textile and mill converting industry company saw future value in a tandem strategy of reinvesting in a traditional textile company while simultaneously pursuing exciting high tech opportunities.

According to the company, there is a focus on expanding WCF's breadth of products, utilizing new materials and innovative application solutions that will develop their scope beyond what many see as a more traditional segment of the nonwovens industry. Boyd Technologies is bullish about the nonwovens and overall textiles industries, and expects to play an active role in shaping the future of the textile industry.

Foreign Investment

Several pieces of news regarding foreign investment in US textile manufacturing have popped up recently and illustrate that there still just might be some opportunities in the States. A cotton yarn company and a denim company, both from south of the border, seem to think US facilities might provide a market advantage.

Grupo Zaga S.A. de C.V., a Mexico-based conglomerate owned by the Zaga family, and several North Carolina textile executives have formed Lacassine, La.-based Zagis USA. Zagis will operate in Louisiana to produce open-end cotton sales



Top: Buhler President and CEO Werner Bieri; below, left to right: David Sasso, vice president, sales, and Victor Almeida, textile engineer, customer support

nologies has become an equity investor in Concordia."

In 2005, Concordia hired Arthur M. Burghouwt to focus on the biomedical products business. They also acquired the tissue engineering assets of Albany International Research Co. and developed the BIOFELT™ brand of bioabsorbable needlepunched tissue scaffolds. Additional financing followed, as did the continued focus on development of fiber-based medical implants and scaffolds for regenerative medicine.

Growth continues with recently announced expansion efforts. Concordia Medical has leased a 24,575-square-foot facility in Warwick, R.I., for medical manufacturing use. The company's \$1.6 million expansion includes the build-out of expanded clean room space and the purchase of new manufacturing and test equipment.

yarn and has begun construction on the first of two new textile mills. Zagis plans to invest \$75 million in the two facilities and employ 160 workers. The plant's location grants attractive access to Louisiana's cotton crop and Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) markets. Phase one is planned for completion in 2008, with phase two slated to begin in early 2009.

Brazil-based Santana Textiles, South America's largest denim fabric manufacturer and the fifth-largest such producer in the world, will add a sixth plant to its manufacturing portfolio. With four plants in Brazil and one in Argentina, the company will invest \$170 million in a denim manufacturing plant in Edinburg, Texas, that is expected to employ 800 workers. The State of Texas announced plans to invest \$1.65 million through the Texas Enterprise Fund to assist Santana Textiles in the venture.

Climate Of Change

Unfortunately, not all of the news about US textiles has been positive. Many companies are struggling and dealing with economic factors challenging US manufacturing in general. The climate of change demands quick and correct decisions, flawless implementation and a strategic view that has both short-term and long-term benefits.

In the past, investments were often about lowering costs and adding capacity — US machinery investment was huge. Today's investment seems, in some cases, smaller, yet more focused.

One example, from a manufacturer that preferred not to be named, is investing in new equipment that addresses cost issues while expanding his business. The replacement of old equipment will increase capacity, add new products to the line, reduce



Left to right: Bronly Boyd, chairman and CEO, Boyd Technologies; and Charles A. Kurtz, former owner of Wellington Custom Fabrics (WCF), seal Boyd's acquisition of WCF with a handshake.

power consumption, improve quality and increase the flexibility of the manufacturing process. The company's current track record is strong, even with today's economic conditions, and its leadership believes that its sales team can place the new products in the market, expanding existing business while lowering production costs across the board.

Short-term, spiking energy prices make the investment more attractive, and with thinner margins overall, more product to sell will help the shrinking bottom line.

In 2008, US textiles may not be for the faint of heart, but there are many textile companies willing to defy the status quo and create their own future. **TW**

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