



History of Speizman Industries

Public Company

Incorporated: 1973

Employees: 206

Sales: \$115.2 million (2000)

Stock Exchanges: NASDAQ

Ticker Symbol: SPZN

NAIC: 42183 Industrial Machinery and Equipment Wholesalers (pt)

Company Perspectives:

Speizman Industries gives its customers the most value added of any distributor in the industry. By having the best sales team in the industry, schools for our customers' technicians, training videos, samples for our customers, an electronics department with a technician and van for visiting customer plants, a working showroom with remote teleconferencing, and top value trade-ins for older machines, Speizman Industries strives to satisfy our customers' needs.

Key Dates:

1936:

Morris Speizman founds the Morris Speizman Company, Inc.

1958:

Lawrence Speizman joins his father's business.

1964:

Robert Speizman joins the family business.

1971:

The company acquires Morris Speizman (Canada) Ltd.

1972:

The company is listed on the American Stock Exchange.

1974:

The company acquires Beck & Frost Ltd.

1975:

Speizman Knitting Machine Corp. merges into the company.

1977:

Speizman sells the assets of Mid States Screw & Bolt Co.

1986:

The company sells Speizman Industries (U.K.) Ltd.

1987:

Morris Speizman dies.

1989:

The company forms a new Montreal subsidiary, Speizman Canada, Inc.

1997:

The company acquires Wink Davis Equipment Company, Inc.

1998:

The company establishes Speizman Yarn Equipment Co., Inc.

Company History:

Speizman Industries, Inc. is the leading distributor of new sock knitting machines, knitting machines for underwear and other knitted fabrics, and other equipment related to the manufacture of socks, sheer hosiery, and other textile products, principally in the United States and Canada. It is the sole North American distributor for Lonati, the world's largest manufacturer of hosiery knitting equipment through its six companies: Speizman Industries, Inc., Wink Davis Equipment Co., Inc., Todd Motion Controls, Inc., Speizman Yarn Equipment, Inc., Speizman Canada, Inc., and Speizman de Mexico S.A. de C.V. Wink Davis distributes commercial laundry equipment and parts and after sales service. TMC assembles, distributes and services automated boarding and finishing equipment used in the sock knitting industry. Speizman Yarn distributes equipment and related parts used in the yarn processing industry.

From Seller of Secondhand Machinery to a Leader in the Double-knit Industry

David Speizman, a Jewish Polish immigrant, emigrated from Lodz in 1905, bringing with him his family's experience in spinning, weaving, and finishing fabric. In the early 1920s, he founded the David Speizman Co. in Wilkes-Barre, Pennsylvania, after switching from peddling housewares to selling mill supplies and used weaving machines. In 1936, he sent his son, Morris, south with \$2,000 to open a branch of the company in Georgia, where most of the country's weaving was done. However, Morris Speizman settled in Charlotte, North Carolina, with his pregnant wife, Sylvia, who was too tired to move on. Later that same year, he founded the Morris Speizman Company, Inc. and eventually moved into an old textile mill at the corner of North Graham and 5th Streets, an historic green office-factory-warehouse building with needlehooks painted on one outside wall.

Few southern textile mills would deal with a Jewish northerner during the Great Depression, so Morris Speizman started selling sock knitting machines. The machines then weighed about 250 pounds, and to test their quality, buyers sometimes would lift them a few inches and drop them. Originally Speizman's business efforts were focused entirely on the purchase and sale of secondhand hosiery mill machinery. In 1939, Speizman purchased excess equipment--about 700 machines of all types--from a Kenosha, Wisconsin, mill with the help Charlotte's Commercial National Bank. Selling about 30 of the machines to a customer in Canada, Speizman netted about \$28,000 on the deal. After World War II, the business expanded to export rebuilt machines to Latin American, Cuba, and Europe. Speizman installed a rebuilding shop and thereby helped to establish the hosiery industry in Peru, Colombia, and Venezuela. During the late 1950s, he expanded operations to include importing new equipment from Europe. In the early 1960s, he opened Morris Speizman Ltd. in Canada.

Lawrence Speizman's, Morris's older son, joined the business in 1958. Under his direction, the company opened the Speizman Knitting Machine Corporation in New York, which handled outerwear textile machinery. Robert Speizman, Morris's younger son, came on board in 1964, after trying out management training for Inland Steel Industries, Inc., in Chicago and selling in New York. Robert "really didn't like the confinement of a large company" and felt that he would do better for himself "making [his] own decisions," according to an article about Speizman Industries in the 1994 *Charlotte Business Journal*. During the late 1960s and into the early 1970s, the company's outerwear division grew more rapidly than the original hosiery division. In 1967, Morris Speizman assumed the role of board chairman and turned operation of the company over to his sons.

Under Robert and Lawrence's aggressive leadership, the firm's annual sales burgeoned from \$3 million in 1967 to a high of \$41 million in fiscal 1973. Speizman Industries had matured into one of the major companies in the nation's double-knit industry. "We happened to be in the right place at the right time," recalled Robert Speizman in a 1979, *Charlotte Observer* article. As the distributor for Europe's leading machinery manufacturers, it had three years' worth of orders from textile firms and hosiery manufacturers in hand. It also had branched out to manufacture double-knit fabric for

the Jonathan Logan apparel firm in 1968 as well as producing industrial fasteners and handling air pollution control equipment for textile plants.

1973: Hard Times in the Doubleknit Industry Hurts Speizman

In 1972, the company went public on the American Stock Exchange, trading only on an interdealer basis. However, after the crest of the doubleknit wave in 1972, Speizman's sales and profits decreased, due primarily to the deterioration of the doubleknit industry. "After 1973, the doubleknit industry didn't dip--it died," said Speizman in the *Charlotte Observer*. In the years between 1973 and 1976, revenues dropped to \$24 million. The company began to auction off doubleknit machinery to scrap dealers only willing to pay as little as \$25 to \$100 per machine.

Speizman Industries was in a precarious position since it had sold more than \$25 million worth of machines on conditional contracts resold to banks and finance companies and had promised to make good on many of those contracts. Between 1973 and 1976, it paid back more than \$12 million on defaulted contracts--more than the company's net worth of almost \$10 million. In 1976, sales contracts backed by the company still totaled about \$10 million, of which Speizman was liable for about \$8 million. In July 1976, it paid financiers \$3.2 million to resolve its remaining debt. In all, it repurchased \$18 million worth of machines.

In 1977, the company's sales plummeted to approximately \$12 million. By 1978, about 70 percent of the firms making doubleknit fabric had folded, and Speizman Industries had a negative net worth of \$6.2 million. It had suffered more than \$15 million in losses during the past five years, lost its American Stock Exchange listing, closed or sold several facilities, closed offices in Montreal, Zurich, and Mexico City, and cut back from 565 employees to 75.

The company sat down and asked itself, according to Robert Speizman in the *Charlotte Observer* in 1979, "'What are we and what's our future?' ... We decided our expertise was in hosiery machinery and in specialty knitting areas such as surgical support pads and knit wire for catalytic converters." Management also decided that the company's future lay in manufacturing its own sock and hosiery making equipment rather than simply distributing the equipment of other companies. In 1977, it began to build its manufacturing potential, and by 1979, manufacturing accounted for 40 to 45 percent of its business. Other changes of the late 1970s included selling its fastener division in 1977 and ending its agreement to knit doubleknit cloth for Jonathan Logan. Lawrence Speizman also left the firm to start his own accounting business in New York.

It took several years to turn the company around, but for the year ended June 1979, Speizman Industries once again showed a profit of \$629,000. Between 1979 and 1989, Speizman sold 5,000 of its athletic sock knitting machines, named the "Amy" after Robert Speizman's daughter. In 1982, the company began selling sock knitters manufactured by the Lonati Company of Brescia. Lonati was the maker of the most fully computerized sock knitting equipment. Its machines used computer controls to dictate

the size and style of the sock being knitted, and were reprogrammed in about 20 seconds, a vast improvement over the needle- and drum-based machines they replaced, which took a skilled technician about a day to rearrange. Speizman ended production of its own lines in 1990, having become Lonati's exclusive North American distributor and the top seller of new sock knitting machines in the United States. In 1989, two years after Morris Speizman died, the company formed a new Montreal subsidiary, Speizman Canada, Inc.

The 1990s Bring a Change of Fortune

In 1991, despite recession, U.S. factories shipped 3.9 billion pairs of socks. About half of that output came from North Carolina where more 40,000 of the nation's 70,000 hosiery workers worked. When the retail industry showed signs of recovering in 1992, Speizman ratched up its visibility with a Nasdaq listing. In 1993, it made \$2.4 million in profits, ranking sixth on Nasdaq's list of top performers.

By the late 1990s, Speizman was once again enjoying healthy revenues of \$79 million and acquisitions. In 1997, it bought the largest U.S. distributor of laundry equipment, Wink Davis Equipment Company, Inc. and closed its own outerwear dyeing and finishing unit. In 1998, it established Speizman Yarn Equipment Co., Inc., acquired TMC Automation Co., and won the North Carolina Governor's New Product Award for TMC's line of machines that pairs, folds, stacks, and bags socks. It also signed new exclusive agreements with six Italian textile equipment suppliers, to sell machinery in North America. In 1999, the company moved from its original green building to 118,000 square feet of office and distribution space in a building on Griffith Road. The move allowed it to consolidate several other warehouses in Charlotte. 1999 was also the year Lonati revolutionized the way socks are manufactured with the introduction of its toe closing machines. Within two months of the introduction, Speizman had 1,200 orders for the machine.

By 2001, sales of seamless garment knitting machines were growing despite the economic slowdown. Speizman believed that the seamless market would continue to grow and get more competitive in terms both of machinery and products. The company was optimistic about its future. It entered into a joint venture with Martint Equipment Company of North Carolina to distribute Braun dye/extracting machines worldwide and opened its own design center in Charlotte with an eye to improving customer service.

Principal Subsidiaries: Wink Davis Equipment Company, Inc.; Todd Motion Controls, Inc. Socks and Things!!!

Socks And Things!!!
4413 MICKLETON ROAD
Charlotte, North Carolina, 28226
www.socksthings.com
E-mail-socksandthings@yahoo.com
Phone-704-904-2472
Fax-704-626-2560