

The Charlotte Observer

WEDNESDAY, JUNE 18, 1997

Parkdale, Unifi to create yarn firm

By **CLIFFORD GLICKMAN**

Staff Writer

Two of the biggest companies in the yarn business, Unifi Inc. and Parkdale Mills Inc., plan to combine all of Unifi's cotton yarn business with some of Parkdale's.

The companies said Tuesday they will create a new company which Parkdale will operate. Gastonia-based Parkdale will own a majority stake, but the percentage has not been worked out, according to an industry analyst who talked with a Unifi official.

The companies did not reveal the annual sales or number of employees the new company would have.

A year ago, Unifi was planning to expand into the cotton yarn industry, after growing into the dominant company in the polyester- and nylon-texturing businesses. Texturing gives yarn the bounce, strength and feel to use it in clothing and other products.

Unifi officials did not return a phone call to discuss their cotton yarn strategy change. But Interstate/Johnson Lane analyst Kay Norwood talked with Unifi management Tuesday afternoon.

Norton said Unifi did not have enough of the cotton yarn business to create the same dominance it had in polyester and nylon. Unifi felt the cotton industry needed a dominant player to push prices to a level that made sense for suppliers.

Unifi stock jumped \$3.12^{1/2}, or 9 percent, Tuesday to \$36.62^{1/2}, a 52 week high. Parkdale is privately owned.

Asked if he expected the deal to provoke antitrust concerns, Parkdale President Andy Warlick said, "No, the yarn market is a very large market. I don't think the market share is sufficient to trigger any antitrust problems."

Warlick also said, "There may be some consolidation down the road. We have to get in there and see the business"