

# Machinery for manufacturing sold online in variety of auctions

...FROM PASTRIES TO COUNTERTOPS...



With four well-equipped and diversified baking facilities in the Atlanta area, America's Kitchens was a dominant force in the food service industry in that section of Georgia, supplying a variety of baked goods to restaurants and supermarkets.

When the business ceased operations, Rosen Systems was retained to dispose of the equipment at the four bakeries, two in Atlanta, and others in Smyrna and Tucker, Georgia. The machinery included a comprehensive line of specialized equipment, ranging from mixers to slicers and packagers, much of it new and highly desirable.

"These were very well-equipped and well-maintained plants," observed Kyle Rosen, "and they attracted considerable attention and very spirited bidding from bidders all across the country. The prices exceeded our pre-sale estimates."

The Tucker plant was primarily dedicated to the manufacture of cheesecakes, for which the company had achieved an enviable reputation. They were packaged and sold to major retailers. In addition, the company was also a well-known regional source for specialized sauces and dips, such as cheese queso, which was featured in many Mexican restaurants.

One item that attracted bidders was a Form & Frys/Hydrovoima Petite Pastry production line, originally purchased in 2001, and designed for the high-speed production of small but elegant desserts or breakfast pastries. Among other items in demand was a Food Tools Ultrasonic ACCC-1000 cake slicer, an IJ White/Air Products cold blast freezer and a Shanklin F-1 high speed wrapper.

In addition there were other baking production lines, packaging equipment, mixers, kettles, filling machines, ovens and other sophisticated, special purpose equipment.

"These plants were equipped to prepare, produce, package and ship just about any type of pastry you could think of," Kyle said.

The sale also included a variety of other machinery suitable for other manufacturing use including air compressors, a Cleaver Brooks boiler, ink jet printers and material handling equipment.



*Petite pastry production line from America's Kitchen*



*John Deere loader-back hoe from S & J Electric*

## Electrical contractors cease operations

Reflecting the downturn in commercial construction, three electrical and telecommunications contractors ceased operations, two in Texas and a third in New Mexico. In each case, Rosen was chosen to liquidate the assets.

The companies were J&V Communications Services, Inc. of Forney, Texas, S & J Electric, with locations in Fort Worth and Euless, and

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NEWS & VIEWS



# Assessing machinery market conditions in the time of a meltdown

By Michael Rosen, President

Is the industrial auctioneer strategically positioned to measure the ups and downs of the marketplace? That is a question I've been frequently asked over my career in the auction business.

My current answer: A definite maybe.

There was a time when past experience in the auction field was a relatively reliable guide to future expectations. I'm not sure that is true in 2009, but it is possible to make some observations that may be revealing. When the first predictions of an impending recession were publicized in 2007 we had already seen evidence of a downward trend in many areas.

**BUYERS HAVE ENOUGH CONFIDENCE TO SUBMIT SUBSTANTIAL BIDS.**

The year 2008 turned out to be a very busy period for both auctions and equipment appraisals. There were many business liquidations. In the appraisal area, lenders were eager to maintain current information about values, so they turned to us with increasing frequency to assess the situation with companies to which they extended credit. Taken together, those facts became a reliable barometer of business conditions, featuring uncertainty. Both auctions and appraisals continue to be busy in 2009.

For our auction sales the most interesting finding is that there has been no shortage of active bidders. That should be a good sign for our economy. There are buyers with cash who are taking advantage of what they perceive as buying opportunities. Despite the instability of the market, the buyers have enough confidence to submit substantial bids.

As might be expected, the machinery that sells best is the newest and most advanced. For example, there is strong demand for CNC equipment that is three or four years old, or even more recent. Older machines will sell but they often bring less than the owner anticipates.

In some cases selling prices are actually higher than the pre-sale estimates, although that may be the result of regional conditions. In Texas, where many of our sales originate, the economy has been bolstered by the stability of the energy business. The result: fewer cutbacks and closures. In other areas where we have had sales, we have found sale prices that are lower than expected.

The domestic economy and the worldwide financial conditions have had an undeniable impact. Foreclosures have been highlighted in the news reports; the home-building and construction industries, both basic to our economy, have been especially hard hit.

Are those in our business able to read the tea leaves with a high degree of accuracy and make reasonable predictions about the outcome for this year and next?

As I said before: a definite maybe.

## Still operating successfully in US

### Domestic textile industry endures

Textile manufacturing, once a staple of the domestic economy, is still active and operating successfully in the US, although on a smaller and specialized basis, reports David Dalfonso, vice president of Rosen Systems.

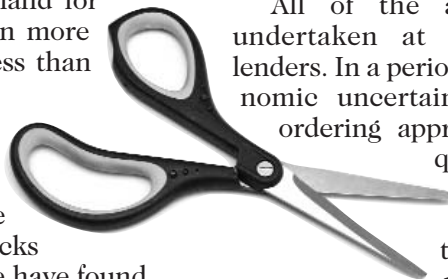
David, who heads the Atlanta office, specializes in industrial appraisals and recently completed appraisals of three textile firms producing very different products.

"Although most people assume the textile business has migrated offshore, there are still solid pockets of success in various locations," David said.

He appraised a company in South Carolina that produces nylon yarn and fabric used in the manufacture of undergarments for athletes; a company with plants in North Carolina and Massachusetts that makes cotton balls and fibers for the medical and pharmaceutical industry; and a Georgia facility that produces cloth fabrics for various military uses.

All of the appraisals were undertaken at the request of lenders. In a period marked by economic uncertainty, lenders are ordering appraisals more frequently to assess the status of the companies to which they are providing credit.

"These companies all use traditional manufacturing technologies that are still appropriate and functional," David said. "They all have active markets and provide good examples of American companies that have endured in difficult times."





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# Roundup

G-Katmar Inc., of Albuquerque. In each case, the assets included both heavy and light earth moving and other construction equipment and a number of trucks, dump trucks, trailers and flatbed trailers. There were also back hoes, forklifts of various sizes, loaders and trenchers.

“As expected, the newer models attracted the most attention and resulted in the highest bids,” Kyle reported. “The older machinery also was in demand because that type of equipment, even when it is older, has a long useful life as long as it was well-maintained. There always seem to be interested bidders for those machines.”

Kyle said the closure of all three businesses was linked to the general economic conditions and the slowdown in both expansions and new construction.

## Embroidering the corporate cap

Among the thousands of men and women in north Texas who wore caps bearing a corporate or institutional logo, many never realized those caps were embroidered at a small company in Garland, Becky’s Cap & Emblem Co.

That type of hat remains popular, but with the owner retiring, Becky’s ceased operations and Rosen found considerable demand for the type of equipment used to either embroider or silk screen a logo or emblem on the caps. The most interest was generated by four Tajima embroidery machines, either 12 head or 6 head, capable



12 head Tajima embroidery machine from Becky’s Cap & Emblem

of being programmed and applying precise embroidery stitching, and producing the finished caps at a high rate of speed.

The company also screen printed caps, employing a TUF screen printing machine. Becky’s used a T-shirt press for screening shirts and a drying tunnel.

With caps a popular fashion item across the world, the online auction attracted wide interest.

## The impact of a reduced market for homes

With new home construction at a depressed pace, many suppliers are feeling the negative impact of that situation. The assets of two manufacturers with very different specialties who depended on home builders for business were recently liquidated by Rosen Systems.

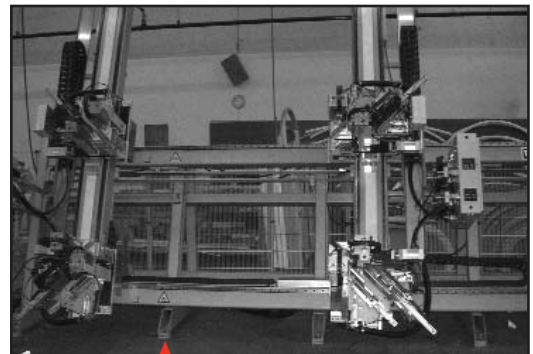
One, Window Enterprises, LLC, operated a high production facility for the manufacture of residential windows and doors, made of both vinyl and aluminum. The company had been in business for several years and served builders in north Texas. The equipment included vinyl welders of various sizes and capabili-

ties, glass cutters, saws and a Sampson sash cleaner. There were also trucks, trailers and various material handling equipment.

The other firm, Dupre Industries, was a stone fabrication company, specializing in the processing of granite counter tops for kitchens, primarily in new homes. Such work requires several types of specialized machines.

The Dupre sale featured a Park Industries Odyssey CNC router, a 2004 model Park Pro Edge II automatic edger shaper and polisher, as well as a variety of other stone saws, routers and polishers. There was also a selection of woodworking equipment, including saws, sanders and planers.

“This company had a reputation for quality workmanship and their products were used in many fine homes,” said Kyle. “The equipment was modern and well maintained, and for those in that type of business the auction provided an excellent opportunity to acquire machines that will be productive for years.”



Urban four-point welder from Window Enterprises



## Louisiana printing paper manufacturer

The facilities of a major Louisiana-based manufacturer of printing and writing papers was liquidated by Rosen Systems, with much of the machinery being sold to paper manufacturers in India and South America.

The plant was very well-equipped, including a Fourdrinier 124 paper machine rated at 1,400 feet per minute and capable of producing paper of various weights.

“The paper manufacturing business has become difficult for many domestic manufacturers because of the federal and state environmental statutes,” said Kyle. “It has become cost prohibitive for them to comply with the regulations regarding waste disposal, so it is tempting to cease operations and sell the equipment. This sale was very successful, with spirited bidding yielding prices that were higher than pre-sale estimates.”

Featured items included an Australian slitter/rewinder as well as other rewinders, Voith OSDM refiners, roll splitters, and various other refiners and screens which are used in the paper making process. There was also a Columbian Silo, new in 2003, and a variety of chemical tanks and storage tanks.

After the specialized equipment was sold, the focus turned to a variety of machinery adaptable to many industries.

The auction stimulated aggressive bidding, both from those who attended in person and those who participated on-line.



▲ Australian slitter-rewinder from Valentine Paper

## US papermaking in decline

Domestic paper manufacturing is undergoing substantial changes, due to lessening demand, high labor costs, as well as the state and federal environmental regulations which impact paper mills.

In addition to the auction sale liquidation of a paper mill in Louisiana, Rosen Systems recently appraised two mills, one in New Jersey and one in Texas.

The Texas facility made newsprint. With fewer pages and dropping circulation, the newspaper publishing industry is in decline and there is less demand for newsprint. The New Jersey plant manufactures toilet tissue, paper towels and napkins.

## The Rosen Report

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