

Bandag, Incorporated

Despite the advice of his father and friends, Roy J. Carver started his successful business career in the depression year of 1938, with a capital investment of \$100.

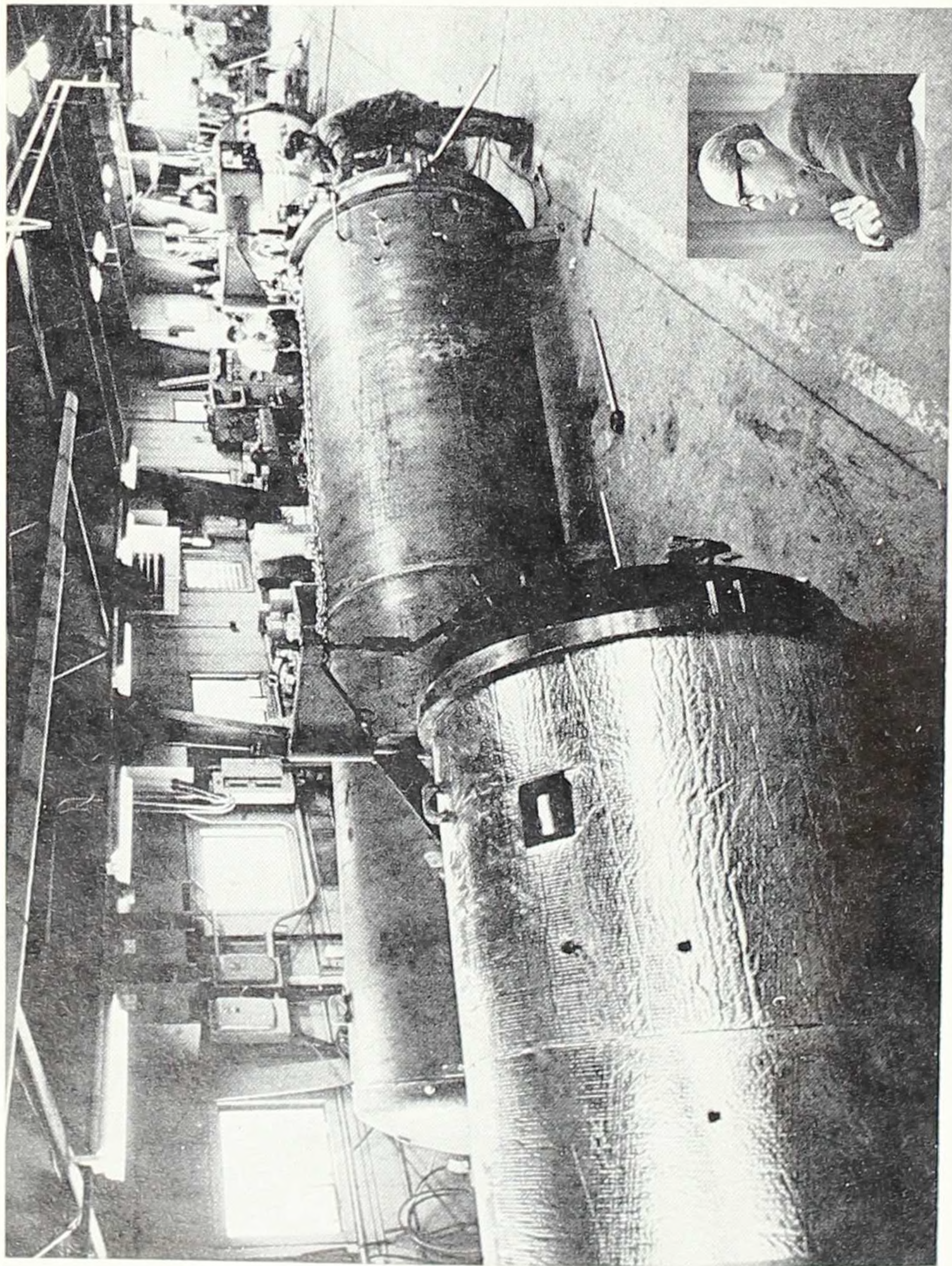
Carver saw an opportunity and was convinced there was a need; he was confident of his ability to meet that need; and he was willing to stake his total assets on his decision.

This has been the pattern followed by Carver in establishing his companies, including the enormously successful Bandag, Incorporated.

Among products investigated by Carver in his capacity as a technical assistant in the State of Illinois purchasing department were self-priming pumps. A University of Illinois engineering graduate, Carver decided he could build a better pump. He was so sure of himself that he resigned and started the Carver Pump Company.

With World War II in the offing, it was suggested he would need additional space to handle military orders that would be placed with his company. He located an abandoned sauerkraut factory in Muscatine and moved in. That plant is still headquarters for all Carver enterprises.

Touring Germany in 1954 Carver noticed a



Pressure chambers on the production line at the Banda g Equipment Division in Muscatine. Tires are loaded into such chambers where the tread is bonded to the tire, under low temperature and normal operating pressures. (Inset) Stephen A. Keller, president.

West German foundry using a unique method for hardening sand cores and molds. The process utilized a chemical reaction rather than heat and saved hours of hardening time and improved the accuracy of foundry cores. He placed an order and, after a period of testing, formed Carver Foundry Products as the vehicle to introduce the new technique to the United States market. It is still in the Carver holdings and, like the pump company, is privately owned.

Another trip in Germany, in 1956, resulted in a significant move by Carver. The unusual-looking retreaded tires on the car he was using impressed him so much he sought the developer and purchased North American rights for the Bandag process of "cold" retreaded tires. When the inventor died in 1961, Carver obtained world-wide rights.

The following year Bandag started operations in Muscatine. A continuing program of research and development was instituted to serve the demanding needs of the American market. Again Carver had been willing to back his judgment with all his assets.

"We almost brought the Carver Pump Company to its knees during the time we were developing the product and preparing it for the American market," he said. "But we got through it."

Bandag was incorporated as an Iowa corporation in 1957 by Roy J. Carver, chairman and prin-

principal stockholder. The company has achieved rapid expansion in sales and earnings since going public in January of 1968.

Sales, in 1971, totaling \$18,100,000 in the first half of the year, ran about 45 per cent higher than the year before. This was on top of a 42 per cent gain recorded in 1970. Earnings jumped 53 per cent in 1970 and for the first nine months of 1971 were 53.2 per cent higher.

Bandag's first stock offering was made at \$12 a share in January of 1968. Through splits and stock dividends there are 9 shares outstanding now for each share issued in 1968, at an initial cost of \$1.33 each.

After the last stock dividend, 50 per cent in September of 1971, another public distribution was made at \$40.50 a share in October. In December, 1971, bids on the stock reached \$53.50, a 32.1-fold gain since the October offering and a 40.2-fold gain since the initial offering.

Bandag manufactures pre-cured tread rubber, and equipment and supplies used by the company's franchised dealers in a "cold" tire retreading process.

A research and development center, costing \$1,500,000, was created in Muscatine in 1971. A 30,000 square foot warehouse for handling raw materials and finished goods has been completed. Two million dollars is being expended on a 50,000 square foot tread rubber manufacturing plant, also

in Muscatine. It is scheduled for completion in mid-year.

In addition to the Muscatine plants, Bandag has company-owned plants in Shawinigan, Canada, Lanklaar, Belgium, Oxford, North Carolina, and Abilene, Texas.

Bandag's growth has come through its penetration of the truck tire retreading market. This gain has come even though the Bandag product is more costly than those using higher heat in vulcanization. Bandag officials say their "cold" process gives longer service. The company is now preparing to enter the passenger tire field.

A beneficiary of the increasing value of Bandag stock is the University of Iowa. On November 5, 1971, the University announced receipt of the largest individual gift ever received—85,000 shares of Bandag stock valued at some \$3,500,000 from Roy J. Carver, chairman of the board of Bandag, Incorporated, and Mrs. Carver.

A booster of University of Iowa athletics, Carver specified that part of his gift should be used for installation of artificial turf at Iowa stadium—a job being done at this time. The artificial turf project was made possible by the sale of 25,000 shares of Bandag stock, netting almost a million dollars. The sale of stock also permitted furnishings for Hancher Auditorium, new professorships, scholarships, participation in the Old Capitol restoration project, and other improvements.