

Earnings Up 119% At Mohawk Data, Short of Its Goal

The Mohawk Data Sciences Corporation, a computer company, announced yesterday that its earnings in the fiscal year ended July 31 rose 119 per cent to \$6.65-million, or \$1.22 a share. The totals were below those that had been forecast.

Shares of Mohawk Data plunged Friday by 8½ points, to 79½, on the American Stock Exchange prior to a trading halt. A spokesman for the company said yesterday that the earnings report was being issued to "clarify" some earnings comments issued Friday by a wire service.

V. E. Johnson, chairman and president of Mohawk, said yesterday: "Our operating earnings fell short of our originally budgeted revenues and profit goals of \$85-million and \$1.35 per share, principally because of a shift in the sales-to-lease ratio in the last three months of the year, especially in our expanding foreign operations."

The \$1.22 in per-share earnings reported by the company included tax loss carry-forwards amounting to 7 cents a share. Earnings in fiscal 1968 were \$3.05-million, or 58 cents a share, which included 19 cents a share from similar tax benefits.

Total revenues in fiscal 1969 were put at \$83-million, slightly below the \$85-million that had been the company's goal. Rental and service income in the latest fiscal year amounted to \$22-

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million, compared with \$9.38-million in fiscal 1968, when total revenues were \$53.84-million.

Mr. Johnson said the expected level of sales to end-users in the fourth quarter of fiscal 1969 did not materialize.

"Tightening monetary conditions in the United States, Europe and Canada," he said, "not only increased our interest expense but also apparently induced an unexpectedly large number of customers, especially in Europe, to rent rather than buy our equipment."

He noted that outright sales to end-users are the most profitable sales, while rentals result in deferring profits to future periods. In light of the probability that interest rates will not diminish much soon, he said, the company's rental population might increase even more rapidly.

"To the extent that such increased rentals are not matched by an increase in sales to other customers, operating earnings in fiscal 1970 may not advance as sharply as otherwise might have been anticipated," Mr. Johnson commented.

He said he regretted any confusion caused Friday by what he called "conflicting statements with respect to the attainment of the company's original goals."