

BUSINESS BRIEFS



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Metropolitan Industries Company Makes Excellent Showing

METROPOLITAN INDUSTRIES COMPANY, a holding company organized in 1928 primarily to acquire substantial interests in promising American business concerns, reports net earnings of \$554,712 for the fiscal period ended April 30, 1930. This is after all expenses, including provision for a reserve to adjust the value of marketable securities held to the lower of cost or market. The earnings amount to 20 per cent of the net worth of the company at the beginning of the fiscal year. After dividends on the 6% Preferred stock, which were earned 4.6 times, and on the Convertible Preferred "A" stock, they are equivalent to \$5.13 a share on the 80,000 shares of Common stock outstanding. This compares with \$2.88 a share on the Common for the previous fiscal period of slightly less than a year.

One of the principal original investments of the company, a large interest in the Metropolitan Coal Company of Boston, was sold during the year at a substantial profit. A sizeable investment has been made in the Harbor Plywood Company, a business which has been making rapid progress and which has interesting possibilities.

At the close of the fiscal year, the company had marketable securities valued at the lower of cost or market, at \$1,050,125. More than \$900,000 of this amount was represented by hold-

ings of the common stock of Union Carbide and Carbon Corporation, Electric Bond and Share Company, Sears Roebuck and Company, Radio Corporation of America, Johns Manville Corporation and Columbia Gas and Electric Corporation. The balance was invested in the securities of six other companies.

The outstanding capitalization of the company consists of 40,000 shares of 6% Cumulative Preferred stock, (50 per cent paid), 4,000 shares of \$6 Convertible Preferred "A" stock, and 80,000 shares of Common stock. Allotment Certificates representing one (half-paid) share of 6% Preferred and one share of Common are listed on the Chicago Stock Exchange.

We were identified with the organization of this company and are active in its management.

Northwest Banco Has More Than 100 Banks

Northwest Bancorporation recently passed the one-hundred mark in number of affiliated banks and trust companies. The Farmers State Bank of Maddock, N. D., was the one-hundredth institution to come in. A number of subsidiary investment companies are also associated with the group. Combined resources of the institutions comprising Northwest Bancorpora-

tion are now close to half a billion dollars.

Earnings of the company last year exceeded \$4.50 a share on the number of shares outstanding on December 31, not including the stock sold by the Bancorporation in December from which no income was derived. Net earnings of the constituent companies were \$7,450,134.

Newport Earnings Up; Figures in New Merger

Preliminary estimates given out by officials of the Newport Company in-

dicate first quarter earnings of \$425,000 against \$355,930 for the same quarter of last year. Mr. A. A. Schlesinger, president of the company, recently stated that, despite depression in the industries which Newport serves, he believed net earnings for the full year would at least equal those of 1929.

Press reports state that a new company has been formed to take over the chemical and dyestuffs division of Newport and combine them with the business of the International Printing Ink Corporation.

Construction Materials Gets New Floating Equipment

ONE of the most ingenious craft afloat on the Great Lakes is expected to be in the service of Construction Materials Corporation this summer when the company places in commission a new vessel now being fitted out for the sand-fill department of the business. The vessel will more than double the capacity of that department, now served by the specially designed Sandcraft and Sandmaster, which were pioneer craft of their kind.

The new ship is turbo-electric powered throughout, and embodies the most advanced ideas for its kind of work. It will be able to discharge a cargo of 10,000 tons of sand in two hours and a half, depositing it at a distance up to more than four miles from shipside. It is expected to add materially to the advantage which the company already possesses over competitors in sand-fill work. As evidence of its leadership in that field, Mr. J. R. Sensibar, president of the company,

stated some time ago that, since the company developed its present methods of sand-fill, it has obtained every major industrial contract on the Great Lakes.

Construction Materials last year earned \$961,845, equivalent to \$12.82 a share on the \$3.50 Convertible Preference stock and, after preferred dividends, to \$3.98 a share on the Common. In estimating prospects for 1930, Mr. Sensibar pointed out that in the sand-fill department work already in hand indicated the full employment during the year of the company's complete equipment including the new vessel soon to be placed in commission; that in the commercial sand and gravel division the outlook is for a volume of business twice as great as in 1929; and that in the street paving division the company would expect to share in the increased activity in street paving anticipated in the Chicago area for 1930.

Huge Structure Proposed in Beach Hotel Subdivision

THE Beach Hotel Company of Chicago recently announced the sale to Starrett Bros., of New York of a large parcel of land in the new subdivision which it has developed in the last few years on land reclaimed from the lake directly north of the Chicago Beach Hotel. The plot transferred is

a corner of some 40,000 square feet. Upon it the purchasers plan to erect a 40-story apartment building of some 850 rooms which will be one of the largest and most outstanding structures of its kind in the city, and will, it is said, represent a total investment of \$4,000,000. The Lawbeck Corpora-

tion has agreed to make a temporary loan of \$1,700,000 for one year to finance construction. It is contemplated that upon completion the property will be financed with an insurance loan.

The subdivision in which the property lies represents one of the most desirable apartment house sites in the City of Chicago. It was built up from the lake bed in connection with the general improvement of the south shore by the South Park Commissioners and combines with its nearness to the lake and express train service, the advantage of possessing a direct boulevard without intersections to the main business section of the city.

The property purchased by Starrett Bros. was financed last November by Manhattan-Dearborn Corporation which participated in the profit in the transaction.

We have been identified with the financing of the Beach Hotel Company, Manhattan-Dearborn Corporation and The Lawbeck Corporation.



FOR BEACH HOTEL SUBDIVISION.

Abbott Directors Vote 25% Dividend Increase

A 50 cent increase in the dividend rate of Abbott Laboratories was voted at a recent meeting of the company's directors, the increase to become effective with the quarterly payment due July 1. This action places the company's stock on a \$2.50 basis, as compared with the \$2 rate which has prevailed since we underwrote a public offering of the stock in the spring of 1929.

Earnings of the company have increased steadily in the last several years, reaching a new high level in 1929 when net profits amounted to \$4.90 a share.

L. & A. Railroad Bonds Are Attractive Issue

Among the railroad bonds which we have distributed this spring, the Louisiana & Arkansas \$13,000,000 issue of First Mortgage bonds, due 1969, is especially interesting. The bonds are priced to give a yield of 5.50%. The L. & A. comprises lines running from New Orleans to various key cities in Louisiana and as far north as Hope, Ark. and is one of the important carriers in the rich region immediately tributary to New Orleans. It is reported that earnings for the first quarter of 1930 were ahead of 1929—a fine showing in view of general conditions.

These bonds are issued in connection with the acquisition of the Louisiana Railway & Navigation Company, whose facilities form an important addition to the original trackage of the L. & A.

Rike-Kumler Report Shows Strong Condition

Sales of the Rike-Kumler Company, Dayton, Ohio, department store for which we underwrote an issue of Common stock in September, 1929, showed a slight increase last year, according to the company's report, gaining from \$7,542,480 to \$7,617,553. Actual earnings from operations also gained, although the presence in the 1928 earnings of a non-recurring profit from sale of an investment, made the total net income of that year slightly higher. The respective figures were \$505,106 in 1929 and \$516,757 in 1928. Current assets were approximately seven times current liabilities, cash items being greater than the total of current liabilities.

Hammermill Earnings Again Exceed Million

The annual report of Hammermill Paper Company for the year 1929 shows that despite rather difficult conditions in the paper industry as a whole, the company's earnings have been maintained even above the high level of recent years. Net profits for 1929, after depletion, depreciation and taxes, amounted to \$1,149,839. Average annual earnings of the company for the last seven years have been \$990,502, as compared with maximum dividend requirements of \$330,000 on the preferred stock outstanding at the close of the year. After both preferred and common dividends, the company last year added more than half a million dollars to its surplus account, bringing that item to \$5,855,350.

AutoStrop Earnings Mount as New Probak Blade Takes Hold

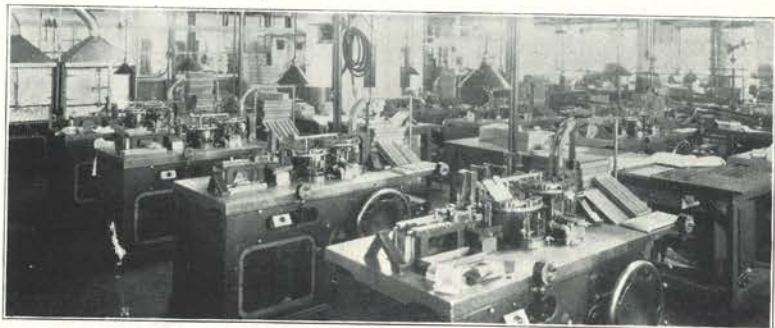
THE very gratifying results which have attended the marketing of the new double-edge Probak blade introduced last year by AutoStrop Safety Razor Company, Inc., are playing an important part in AutoStrop's excellent current showing. During the first quarter of 1930, net profits ran 56% ahead of the corresponding period last year, the comparative figures being \$312,365 for 1930 and \$200,000 for 1929. Earnings for the quarter more than covered the full year's dividend on the Convertible Class "A" Stock. While Probak sales were a substantial factor, sales of the company's older Valet AutoStrop line also increased. Some 33,000,000 Valet AutoStrop razors have been sold, and additional large amounts are being sold each year.

The company recently filed a patent suit against the Gillette Safety Razor Company, asking that the Gillette company be required to discontinue manufacture and sale of its new blade and holder, and to reimburse AutoStrop for profits resulting from such sales.

We recently prepared an analysis of AutoStrop, particularly setting forth the situation with respect to the Convertible Class "A" stock, which we underwrote in 1927. A copy may be had upon request.

Penick & Ford First Quarter 10% Better

A gain of approximately 10 per cent in net earnings of the first quarter was reported for 1930 by Penick & Ford, Ltd., Inc., manufacturer of molasses and sirups. This year's earnings for the period, before federal taxes, were reported at \$655,998, equal to \$25.56 per share on the Preferred stock and \$1.44 per share on the Common, as compared with \$594,165 in 1929, equivalent to \$20.56 a share on the somewhat greater amount of Preferred then outstanding, and to \$1.28 on the Common. The company last year retired its funded debt. A. G. Becker & Co. has been identified with the company's financing for a long period, and is represented on its directorate.



A BATTERY OF BLADE WRAPPING MACHINES IN THE AUTOSTROP PLANT.

LITTLE ESSAYS IN FINANCE

VI. Foreign Investments

THE increasing interest of American investors in foreign securities has come about naturally with the nation's change from a debtor to a creditor status. Capital moves from one part of the world to another in obedience to the law of supply and demand; the flow of America's surplus wealth to Europe, South America and elsewhere has, therefore, from an economic point of view, been practically inevitable. And it has resulted in certain important advantages to the American investor.

Improved Diversification

For one thing, it has given him a new opportunity for diversification of his portfolio. Diversification both by industry and by locality can be achieved in a very large degree with domestic securities only. It is greatly enhanced, however, by the inclusion of carefully selected investments of foreign origin.

Of very considerable interest, too, is the additional yield which the investor may often obtain from foreign investments. Yield is determined, of course, by price. Price, in turn, is fixed by the economic factor of risk combined with the psychological factor of acceptance. The natural caution of the investor with respect to unfamiliar situations places foreign securities at somewhat of a disadvantage in the American market as compared with bonds or stocks of domestic corporations whose affairs are constantly being reported in the papers. The result is that, in general, foreign issues sell below the level of domestic securi-

ties of the same grade. Investors who have no prejudice against securities because of their foreign origin profit by this situation to obtain investments that give them the degree of safety they require plus high yield.

New York vs. London Yields

An interesting sidelight on the manner in which the price of securities is affected by the point of view of the market in which they are sold is afforded by a comparison made some time ago between the London and New York markets. This comparison revealed that with securities of the same grade, and in some cases the identical bonds, London prices were enough higher to make a substantial difference in the yield over that shown on the basis of New York prices. The explanation lies in the fact that the English have for many years looked abroad for a large portion of their investments, and have greater acquaintance and therefore greater confidence in them than the average American.

Of the many issues of European securities offered in this country since 1924, but one default has been reported, that one involving only a small fraction of 1 per cent of the offerings from that section of the continent. European borrowings in this country have substantially declined in the last year, and the general expectation is that they will be relatively small in 1930, with yields somewhat lower—a trend that is already noticeable.

In the selection of foreign securities, even more dependence will nat-

urally be had upon the recommendations of an investment house than where a purchase of domestic securities is contemplated. Experience in the field and well developed contacts and facilities are important to the investor.

New Wieboldt Store Rises; 1929 Earnings

Work is progressing steadily on the new Southwest store in the 63rd and Halsted street section which Wieboldt Stores, Inc., expects to occupy this fall. The store will be one of the largest among the five that will then be in operation by the company. Approximately 40 per cent is being added, also, to the area of Rosenberg's of Evanston which Wieboldt's acquired last year.

The company reported profits of \$738,588 for the fiscal year ended January 25, 1930. The company closed the year in good condition with current assets of \$5,339,153 representing more than 90 per cent of total assets, and comparing with current liabilities of \$1,906,606.

Kleinert Earnings

The official report of the I. B. Kleinert Rubber Company shows 1929 net earnings of \$480,512, equal to \$2.68 a share on the average number of common shares outstanding during the year. Volume was well maintained throughout the year, though abnormal conditions in the last quarter reduced the profit margin and brought the total earnings somewhat below earlier expectations. The company closed the year in good financial condition, with current assets of \$2,925,061 against current liabilities of \$447,592.

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Published by A. G. Becker & Co.

Business Briefs gives information about companies with whose financing A. G. Becker & Co. has been identified, together with other timely investment comment.

Detailed information about securities mentioned in these pages will be furnished upon request.

Statements herein are intended to be only the communication of matter gathered for our own files, and are not guaranteed by us.

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Weil-McLain Earnings

Net tangible assets of more than \$5,000 for each \$1,000 5% Serial Gold Note outstanding are shown by the balance sheet of Weil-McLain Company as at December 31, last. Earnings for 1929, after all charges, amounted to \$407,708, as compared with interest requirements of \$43,000 on the \$860,000 of Notes still outstanding. These Notes, which are part of a million dollar issue that we underwrote in 1928, mature serially to 1935.

Monsanto's First Quarter

First quarter earnings of Monsanto Chemical Works are reported at \$293,170, or 71 cents a share on the 410,317 shares of stock outstanding after the two regular stock dividends paid this year. It is not possible to make a comparison with first quarter earnings of 1929 because of the extensive changes which occurred in the structure of the company during the year.

When We Look Back—

WHEN we look back, most of us think in terms of years. We measure results of one kind or another, of say the past five or ten years, or since entering upon our present business activity, or since marriage, or since any of the other significant events of our lives. Weeks and months drop out.

From day to day, however, we do not retain the same detached attitude. We are impatient to have things happen tomorrow, next week, next month. A project requiring three to five years to work out seems a tremendous undertaking, requiring great effort of will to achieve.

To no aspect of our lives do these facts apply more aptly than to the administration of our investments. It is all too easy to review in our mind the results of several years and then to act from day to day. Too often a security purchased because it has interesting long term possibilities is sold because those possibilities do not evidence themselves in a few weeks or months.

Fortunately, several long periods lie ahead for most of us. This is an unusually appropriate time to formulate a sound investment plan for the next three or five years. High grade securities are available on a most attractive basis. We invite you to use our facilities irrespective of whether or not you have funds for immediate placement.

A. G. Becker & Co.

Sound Securities for Investment

100 South La Salle Street, CHICAGO

New York and other cities