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TABELL'S MARKET LETTER

June 17, 1955

EAGLE PICHER COMPANY

Statistics

Current Market	33
Dividend	\$1.80
Yield	5.5%
Funded Debt	\$15,000,000
Common Stock	989,177 shs.
Sales, 1954	\$83,230,000
Sales, 1953	\$85,030,000
Earned per sh., 1954	\$2.47
Earned per sh., 1953	\$3.28
Mkt. Range 1955-51	35 3/4 -17 1/2

It is the practice of the Eagle Picher Company to publish on the back page of their annual report a list of the products which the company produces. A comparison of these back pages for the fiscal years 1951 and 1954 proves rather instructive.

On the 1951 report the list of products is headed by a long enumeration of various types of painting materials. Also in a prominent position is a list of various types of metallic products. By contrast, the back page of the 1954 annual report lists neither

painting materials nor metallic products as among Eagle Picher's line. Heading the 1954 list is the company's Fabricon Products Division producing various types of automotive parts, cellophane, polyethylene food wrappers; plastics and various glass fiber parts. Another new addition to the 1954 list is the Ohio Rubber Company Division producing various molded and extruded rubber parts for use by the automobile and other industries.

This comparison points up the tremendous change which has taken place within the Eagle Picher Company over the past two years. By means of an aggressive expansion program and the capital outlay of over \$30 million, Eagle Picher Company has been converted from a mining and smelting company to a fabricating and manufacturing company serving the building and automotive industry.

The first step in this process was the acquisition in 1952 of Ohio Rubber Company which has plants in Ohio, Pennsylvania and California. The principal products of this company are molded, extruded rubber-to-metal mechanical rubber products manufactured from natural, synthetic and silicone rubbers. In 1954, the company acquired Fabricon Products, a leading producer of trim foundation panels, deadener felts and other fiber products for the automobile industry. This company also manufactures wax papers, candy and food wrappers, printed cellophane and polyethylene food wrappers and molded polyester fiberglass products. Also, in the years 1952-1954 the company disposed of the unprofitable paint and metallic products divisions which had contributed very little to earnings prior to their sale.

Other divisions, retained as a part of Eagle Picher Company, are the Insulation Division manufacturing mineral wool insulation for industry and the home and the Pigment Division producing various lead and zinc products as by-products of zinc produced by the mining division. Also operated as a part of the mining division are a zinc smelter, three concentrating mills and a germanium plant. Germanium is the principal material used in electronic transistors which, it is believed, will eventually replace vacuum tubes in many electronic uses. It can be seen from the above that Eagle Picher, rather than being a company entirely dependent on fluctuations in metal prices, is now in a position to participate in the booming auto and building industries. It is expected that this profit will become apparent for the first time in the earnings for the fiscal year ended November 30, 1955. Earnings per share in 1954 were down to \$2.47 vs. \$3.28 in 1953 and \$4.08 in 1952. Sales, however, were off only 2% in 1954 despite termination of war contracts and a

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temporary depreciation of income due to the discontinuance of metallic products and paint division and the fact that the highly profitable Fabricon operation was in operation for only five months of the fiscal year. With Fabricon contributing a full year's earnings and with a sulphuric acid plant started in 1954 also contributing to this year's net, a substantial gain in profits is expected for this year. This is borne out by the February quarter results. During this period, the company's sales increased to \$26.2 million vs. \$15.1 million in the like 1954 period. Per share earnings rose to 71¢ vs. 32¢.

The rise in zinc prices would also have a good effect on 1955 profit margins. With improving earnings in prospect for this year and the stock still yielding better than 5% on the recently raised dividend, the Eagle Picher shares have attraction over both the nearer and longer term. It would seem that it is logical to expect the earnings to be valued somewhat higher than in former years due to the change in the product line of the company. In summary, Eagle Picher appears to be an excellent commitment for both income and growth.

From a technical standpoint the upside penetration of the broad 17-28 range is very constructive and indicates an intermediate term 61 followed by 97. For the nearer term an upside penetration of 35 would indicate 40.

NOTE: Due to a typographical error, the Funded Debt on Joy Manufacturing was reported in last week's letter as \$2,000,000. The correct figure is \$20,000,000.

ANTHONY W. TABELL
WALSTON & CO.