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TABELL'S MARKET LETTER

June 22, 1956

SYLVANIA ELECTRIC PRODUCTS, INC.

Statistics

Current Market	57 1/2
Current Dividend	\$2.00
Current Yield	3.9%
Earned per Share-1955	\$4.29
Sales, 1955	\$307,371,315
Long Term Debt	\$38,850,509
\$4 cum. pfd.	95,581 shs.
\$4.40 cum.cv.pfd. *	86,145 shs.
Common	3,020,871 shs.
Mkt. Range, 1955-56	55 7/8 - 41

* Convertible into 3.05 shs.
Common through 1961.

The magic word "electronics" encompasses a number of fields. One of the biggest problems for the investor is obtaining representation across a broad spectrum of electronics rather than in one specialty which may be affected by special market or company conditions. Such a representation is, we believe, obtained in Sylvania Electric Products.

In addition to servicing its own production, Sylvania is one of the largest factors in a myriad of electronic parts and components. It produces these components not only for its own use in radios and TV sets, but also for use by other manufacturers in

a wide host of fields. It is one of the largest producers of picture and vacuum tubes, plus sub-miniature tubes and special tubes for military use and industrial applications. It produces any number of small metal and wire components for use in its own tubes and those of other manufacturers; and in addition produces a number of chemical and metallurgical products which have application in a wide variety of electric uses.

This across-the-board representation in a wide variety of electronic parts exempts Sylvania from the vagaries of various portions of the industry. For instance, when production of TV sets declines, the number of replacement parts used tends to rise. Thus, in 1955, a year when many electronic companies were having difficulties holding their own, the company was able to earn \$4.29 per share vs. \$2.92 per share in 1954. Sylvania's large stake in the components business also augurs well for the future as color TV becomes more and more of a factor. Color sets are infinitely more complex than black and white sets and the servicing of these sets will require a far greater parts supply than has formerly been the case.

Sylvania's sales are hardly limited to the television field, however. Its parts are used in practically every electronics application, including computers, radar, defense work, missile systems, detection devices, etc. Its stake in the military and industrial electronics field is most important. It is agreed by most analysts that industrial application of electronics is expected to rise almost 50% over the next few years. These fields will provide ample room for Sylvania to grow in the future.

A bright spot over the longer term is the company's atomic division. President Don G. Mitchell has stated that Sylvania is probably the largest concern in the field of atomic fuels and components and has projected that over a period of time the atomic energy division will become as large as Sylvania is today. A large part of Sylvania's sales today are in the lighting field. This compliments the electronics business very nicely, and, while perhaps not as dynamic from a growth standpoint, it has been and will continue to be an important and enlarging source of profit. The company is the third largest manufacturer of incandescent lamps and through astute marketing has obtained a growing position in this field. It is the second largest producer of fluorescent tubes and is devoting a good deal of research to the development of new tubes for fluorescent lighting. In 1946, the company entered the flash-bulb

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business and this division has grown astoundingly as expanded leisure time made the nation photography conscious. In the short space of ten years Sylvania has become the largest producer of these bulbs.

It can thus be seen that Sylvania occupies a dominant position straddling the huge electronics field, not only through its own production but its services to other manufacturers. This position has been achieved under the astute guidance of President Mitchell and a capable staff and it is considered that Sylvania's management has been one of the most dynamic in the electronics or in any other industry. Under the aegis of Mr. Mitchell, sales have increased more than five-fold since the war and net income has increased at an even greater rate. Earnings for the first quarter were \$1.28 per common share, leading to an estimate of better than \$5.00 earning power for 1956. With the improving background for the entire electronics industry, Sylvania figures to show further growth in the years ahead. Color TV, which should reach a mass market this Fall, will have important implications, both for complete sets and component parts. The use of electronic equipment in national defense will continue to grow as will industrial electronics and automation. Over the longer term atomic energy provides a huge potential.

Technically, the stock has a long term objective of 75-80, with support just under the current market. It is recommended as a purchase as giving representation in one of America's foremost industries.

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