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TABELL'S MARKET LETTER

October 30, 1959

On Friday, the Dow-Jones Industrial average broke out on the upside of the trading area in which it has held since early September. The upside penetration appeared more substantial than the false move of two weeks ago when the Industrials reached an intra-day high of 645.53 against a previous high of 643.60. Friday's high was 649.40. Rail action was sluggish, however. Friday's high was 155.53 as compared to a previous high of 161.06. However, general breadth-of-the-market action would indicate that the intermediate trend is again upward.

INTERNATIONAL PACKERS, LIMITED

| | |
|---------------------------|-----------------|
| Current Price | 21 |
| Current Dividend | \$.50 |
| Current Yield | 2.4% |
| Long Term Debt | \$2,199,805 |
| Minority Interest | \$2,164,243 |
| Common Stock | 2,733,180 shs. |
| Sales - 1959-E | \$375,000,000 |
| Sales - 1958 | \$376,999,565 |
| Earnings Per Share-1959-E | \$3.00 |
| Earnings Per Share-1958 | \$2.68 |
| Market Range-1959 | 23 3/8 - 12 3/4 |

Note: All above figures include parent company and foreign subsidiaries consolidated.

1946-1950 average, compared with an 18% rise in the United States. This trend should continue, since British meat consumption was only 133 pounds per capita in 1958 vs. 152 pounds per capita in the United States.

Marketing is, actually, the least of International's problems, the main difficulties in prior years having been concerned with production. The new constitutional government of Argentina has taken many steps to encourage the inflow of foreign capital and to improve the country's economic situation by encouraging the export of beef. Thus, beef herds and, consequently, meat available for export, are expected to increase sharply over the next few years. It is expected that International Packers will have little difficulty finding markets for anticipated increased slaughterings.

Exchange controls and currency devaluations have also plagued the company in recent years. These should now be of relatively little importance as virtually all countries in which IPK operates now permit free exchange of currency to a great degree. In addition, the company is a buyer on balance in relatively weak currency countries such as Brazil and Argentina, and a seller on balance in the United Kingdom, Western Europe and the United States. Thus, any further weakness which might take place in South American currencies would probably increase IPK's earnings, provided free exchange continues.

The price of International Packers seems to reflect previous uncertainties now non-existent, rather than the bright future picture. For the six months of 1959, the company earned \$1.80 per share on a consolidated basis, after unusually generous provisions for exchange losses without which earnings would have been \$2.49 per share. Anticipated per share earnings for the full 1959 year are \$3.00, after deductions of reserves, vs. \$2.68 in 1958. Thus, at its current price of 21, the stock is selling for only 7 times anticipated 1959 earnings with the outlook favorable for marked earnings increases in 1960 and 1961.

From a technical point of view, the stock has an initial objective of 29 followed by a long term 56. This latter objective could very easily be realized on eventual improvement of earnings to levels considerably above the current ones, plus re-evaluation to a more realistic P/E ratio. Dividends now at a 25¢ semi-annual rate could well be liberalized at some future date. While some degree of speculative risk undoubtedly attaches to any foreign operation, the upside potential appears substantially to outweigh the risk involved and the stock is recommended for purchase.

EDMUND W. TABELL

Dow Jones Industrials 646.60
Dow Jones Rails 155.53

This market letter is intended and presented merely as a general, informal commentary on day to day market news and not as a complete analysis. Additional information with respect to any securities referred to herein will be furnished upon request.