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Inc.

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OFFICES COAST TO COAST AND OVERSEAS

TABELL'S MARKET LETTER

April 14, 1960

Last week's market action failed to change, one way or the other, the analysis outlined in last week's letter. With volume and trading interest largely dulled by holiday and tax considerations, the general list was essentially trendless for the first three days of the week and staged a minor rally on Thursday. Breadth-of-the-market indicators failed to show any of the possible improvements looked for in last week's letter.

Assuming that such improvement will, ultimately, take place, the longer that it is deferred, the better it is for the market. As has been noted, the bases formed so far in the industrials and rails indicate only minor upward moves, and further backing and filling, broadening these bases, would be essentially bullish. Meanwhile, it is probably best for the investor to maintain the reserves continually suggested by this letter and to restrict commitments to issues which show real promise of outperforming the market. One such issue is discussed below.

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WINN-DIXIE STORES, INC.

Current Price	49
Current Dividend	\$1.20
Current Yield	2.4%
Long Term Debt	\$16,000,000
Common Stock	6,335,467 shs.
Sales-1960 - E	\$730,000,000
Sales-1959	\$666,370,000
Earn. Per Share 1960-E	\$2.50
Earn. Per Share 1959	\$2.22

Winn-Dixie has acted well since originally recommended by this letter at 45 a month ago. A major upside breakout was subsequently posted, giving an upside objective of 63-70. The high reached a week ago was 52 3/4. A subsequent reaction has retraced about half of this move and purchases around current levels should work out well over a period of time.

Price Range -1960-59 52 3/4 - 39 7/8

Both technically and fundamentally the stock is one of the most interesting in the grocery chain group. Its growth record over the past decade has been truly unusual. Earnings in the fiscal year to end June, 1960 are expected to better \$2.50 per share vs. \$2.22 in the previous fiscal year. This

Note: Sales and earnings figures are for fiscal year ending in June.

figure represents better than a 330% increase in earnings as against the 1949-51 average. This growth rate is more than three times that of the average of the ten leading grocery chains, and more than twice that of the next best company in the group.

There have been two major reasons for Winn-Dixie's success. One is the strong growth trend of the area served. The company's stores are concentrated largely along the south Atlantic coast with heaviest concentration in Florida and the Carolinas. Florida is, of course, growing better than twice as fast as the country as a whole.

However, the secular growth trend has been abetted by extremely astute management. During the eleven years to June 1959, the company opened 366 new stores, acquired 174 and closed 371 older outlets. During that period, average sales per store were more than tripled. This figure is one of the most important indicators of super-market efficiency as larger units are more profitable to operate than smaller ones. The sales-per-store figure for Winn-Dixie is currently the second highest of the ten major companies. This, plus excellent integration and cost control, gave Winn-Dixie a 2.1% post-tax profit margin last year, approximately 50% better than the average margin for the ten industry leaders.

Despite the fact that Winn-Dixie has perhaps the best operating record and growth potential of any of the major food chains, only a modest premium is being paid for the stock. Current prices mark it at some 19 times earnings, slightly above the average for the industry of fourteen. This spread does not appear excessive when the record is considered. The monthly dividend of 10¢, which could be increased later on during the year, affords a yield of 2.4%.

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