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TABELL'S MARKET LETTER

March 1, 1957

AMERICAN CYANAMID COMPANY

Statistics

Current Price	71
Current Dividend	\$3.00
Current Yield	4.2%
Funded Debt	\$94,750,000
\$3.75 Cum.Conv.Pfd.*#	152,129 shs.
\$3.50 Cum.Conv.Pfd.#	7,915 shs.
Common Stock	10,259,100 shs.
Sales-1956	\$500,651,279
Earned Per Share-1956	\$4.21 **
Mkt.Range 1957-56	79 1/2 - 61

* Called for redemption March 29, 1957

Convertible into 2 shs.common

** Excluding \$1.08 non-recurring income.

This letter has often pointed out the inherent growth-potential in the chemical industry. The high-profit margins, heavy research expenditures, new product development and other factors which characterize the industry, have resulted in a truly amazing growth trend over the past ten years and have resulted in high price-earnings ratios and low yields for most leading chemical companies. Despite the long term upward trend, 1956 was a poor year for most producers. Under the pressure of heavy competition and higher costs,

profit margins narrowed and many chemical stocks, which had been fully priced, declined as much as 30% from their bull market highs. A notable exception to this rule was the stock of American Cyanamid Company which, at its recent price of 71, was off less than 11% from its 1956 high of 79 1/2. The reason for this small decline is easy to find since Cyanamid was one of the few companies to show an increase in net income in 1956 and, more significantly, a well-maintained profit margin. Most interesting, despite the fact that the stock has declined far less than that of any other chemical company, it is still, at current levels, the cheapest in relation to 1956 earnings and the highest yielding of the six major chemical stocks. The management has announced that a two-for-one split is under consideration, subject to approval of the common shareholders.

	Current P/E Ratio	Current Yield %	After Tax Pft. Margin		% Change in Per Sh. Earn.	
			1956	1955	1955-1956	1947-1956
Amer.Cyan.	16.9	4.2	8.8	8.6	+ 3.5%	+ 184%
Allied Chem.	18.6	3.4	7.0	8.4	-12.8%	+ 38%
Dow Chem.(1)	25.2	2.0	9.6	10.2	+ 8.8%	+ 89%
Du Pont	21.4	3.7	13.6(2)	15.7(2)	-11.4%	+ 232%
Monsanto	17.7	3.1	7.1	8.1	- 9.5%	+ 50%
Union Carbide	22.2	3.3	11.0	11.8	+ 0.6%	+ 45%

(1) All figures for 12 months ended November 30, 1956. = = =

(2) From operations. Excludes General Motors dividends.

(3) Estimated.

The above table presents some comparative statistics on American Cyanamid and the other five major chemical producers. As can be seen in columns 3 and 4 above, Cyanamid was the only chemical producer which was able to increase its 1956 profit margin over 1955 results. It was also the only chemical company, with the exception of Dow, to show a large increase in per-share earnings in 1956 over 1955. Actually, increase in dollar net was much higher than shown in the above table, but some dilution was effected by the issuance of stock in connection with the

acquisition of the Formica Company. The table above also shows that Cyanamid has the best ten-year growth record of any of the six companies with the exception of DuPont.

Despite this impressive statistical exhibit, the current market capitalizes Cyanamid's earnings at a lower rate than that of any other company and the current yield is significantly higher than that available from any other chemical company. Surely all this makes the stock worthy of investor attention.

Part of the reason for Cyanamid's growth may be found in the fact that it is the only chemical company with a large percentage of sales - more than a third - in the expanding ethical drug field. In addition, its-geographical and marketing diversification -- not more than 10% of non-drug sales go to any one industry -- renders it less vulnerable to happenings in a particular industry. The company has thirty-six domestic and Canadian plants and is divided into eight producing divisions and a research division which does basic research on all product lines.

A full description of all of Cyanamid's product line would require more space than is available in this report, but it includes a wide line of chemical and drug products with significant growth potential. Among them are agricultural chemicals, bulk pharmaceuticals, industrial chemicals used by the paper, petroleum and metal processing industries, antibiotics, miscellaneous ethical drugs, organic chemicals, dyes, explosives, resins, pigments and plastics. New product development plays an important part in the company's sales and a few special products are worthy of note. The Formica Company, acquired in 1956, manufactures an important plastic widely used in the home furnishings field. Formica is understood to be a relatively high-profit-margin item. A new plant is now being constructed in Pensacola, Florida, to manufacture Creslan, a new acrylic fiber which is said to be superior to many of the old acrylics now on the market. Acrylonitrile, of which American Cyanamid is a major producer, is used not only in textiles but also in the plastics and synthetic rubber fields. The drug subsidiary, Lederle Laboratories, produces aureomycin and the broad-spectrum antibiotic, tetracycline.

Despite Cyanamid's terrific rate of expansion and projected high rate of capital expenditures, it is not expected that any new financing will be required over the next few years, thus insuring that all growth in net will accrue to the benefit of the common stockholders. Current cash and working capital position is unusually strong -- even in a field where a strong financial position is normally taken for granted - thus underscoring Cyanamid's ability to finance its growth internally. Based on all available projections, per share earnings for 1957 could be significantly better than the \$4.21 shown in 1956.

From a technical point of view, the stock has a long term objective of 140 with a first objective of 90-100. Strong support is evidenced at 65, thus making the stock a suitable purchase at current market levels. American Cyanamid is recommended as the most suitable representation in the chemical industry at this time and as an investment quality stock offering moderate yield and above-average growth potential.

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