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TABELL'S MARKET LETTER

September 18, 1964

As we have pointed out in these letters, the action of individual stocks has, in recent markets, been far more important than the action of the averages. In recognition of this fact, we have made a number of changes in our recommended list which have been noted in market letters over the past few weeks. Up-to-date copies of this list are now available from your Walston & Co. Inc., Account Executive.

Two stocks recently added to the list are reviewed below. In addition, a third, METROMEDIA, Inc., being added to the list this week, is also discussed.

SHELL OIL COMPANY (49 1/2) appears to be one of the more attractive investment vehicles among the domestic integrated oil companies. The company is some 69% owned by the Royal Dutch-Shell group and constitutes that group's production, refining and marketing facility within the continental United States. However, with a total of over 60 million shares outstanding, floating supply is still large.

The characteristic that differentiates Shell from most other domestic integrated oils is its representation in chemicals and natural gas. In the petroleum industry it is the largest domestic manufacturer and marketer of chemicals, including alcohol, glycerine, resins, plastics, synthetic rubber, styrenes, agricultural chemicals and sulphur.

Extensive oil exploration is being carried on in the Louisiana offshore area, which now accounts for 25% of total crude output. Both earnings and cash flow set a new record in 1963 with \$2.97 per share being shown. Another new record is expected in 1964 with the company having earned \$1.58 for the first six months versus \$1.50. The \$1.50 dividend provides a fair yield.

KOPPERS CO. INC. (49) has long been a major builder of coke ovens, but in recent years has become active in two fields which appear to hold special promise for the future. The first of these is chemicals, most of them produced as coal by products. These include naphthalene, resins, styrene and polystyrene. A second field which holds a great deal of promise is oxygen steel making and Koppers is now the most important domestic designer and builder of oxygen steel facilities. It is also constructing facilities for the new continuous casting process now getting wide acceptance in the steel industry. Koppers' sales are widely diversified, but the great majority of them go to heavy industry. The stock is, therefore, in a position to benefit from increased capital spending. 1963 earnings were \$3.01 and should improve to around \$3.50 in 1964. The \$2.00 dividend provides a relatively generous yield.

METROMEDIA, INC. (38 3/8) is a new addition to our list. Although speculative and highly volatile, its record deserves attention. It has increased revenues from \$5 million in 1956 to \$60 million last year, with an increase in per share earnings from 16¢ to \$2.13.

The company is an owner and operator of television and radio stations and also is prominently identified with outdoor advertising on the west coast. The company's ability to increase advertising revenue for the various media it operates speaks for itself.

The company operates under FCC regulations which limit single ownership to seven television stations and seven radio stations. Under these regulations, a company which owns the maximum permissible number of stations can increase revenues only by "trading up" -- selling smaller stations and buying larger ones. This the company has done successfully over recent years and now has television stations in New York, Los Angeles, Washington and Kansas City, plus radio outlets in New York, Los Angeles, Philadelphia, Cleveland, Kansas City and Baltimore. Recently, a television station in Stockton-Sacramento, California, was sold. Thus, the company is now in a position to acquire a station servicing a larger marketing area. Regulations would also permit the acquisition of an additional radio outlet.

Most of the company's acquisitions over the years have involved borrowing and the company recently refinanced its long term debt. There is considerable potential dilution from convertible issues and warrants, but it is not believed that this will take place all at once. The stock appears to be an attractive long range speculation.

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WALSTON & CO. INC.

Dow-Jones Ind. 865.12
Dow-Jones Rails 215.30