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## TABELL'S MARKET LETTER

March 31, 1967

### TEKTRONIX, INC.

Current Price	39
Current Dividend	nil
Current Yield	nil
Long-Term Debt	\$432,000
Common Stock	7,954,000 shs.
Sales-1967-E	\$130,000,000
Sales-1966	\$101,700,000
Earn. Per Sh. 1967-E	\$1.75
Earn. Per Sh. 1966	\$1.38
Mkt. Range 1966-67	44 1/4-24 1/8

Happiness is a thing called an oscilloscope. At least it has meant a great deal of happiness to the shareholders of Tektronix, Inc., the leading producer of these precision instruments, since the shares first were offered to the public in 1963. As everyone knows, an oscilloscope is a basic measuring device which plots a graph of an electrical event on the screen of a cathode ray tube. Not only are these highly sophisticated instruments used in many basic industries, such as TV broadcasting stations, repair shops, research labs and missile monitoring centers, but they are becoming increasingly associated with

color television and computers, two of the fastest growing sectors of our economy. The company derives the largest percentage of its sales from the computer industry which is expected to expand at a 20% annual rate through 1970.

The total market for oscilloscopes also is growing at an annual rate of 20%, and Tektronix accounts for some 70% of this overall market. Sales in fiscal 1966 broke down as follows: domestic sales, 75%, international, 25%. Government business accounted for approximately 26% of domestic volume. Overseas operations are conducted in 36 countries and are carried on in such important areas as the Common Market, Great Britain and Japan, where the company operates a jointly owned enterprise with Sony Corp. There are approximately 2500 customers, none of which accounts for more than 6% of total revenues. In addition to the more than 40 different models of oscilloscopes manufactured, more than 60 interchangeable parts and 30 accessory products, such as pulse generators and amplifiers, are produced. Operations are highly integrated and the company prefers to produce as many of its own component parts as possible in order to maintain the high standard of quality and technical excellence for which its instruments are known. Realizing that advancing the science of the art is all important in its line of work, Tektronix employs about 11% of total employees in research and development work and applies a full 10% of total revenues toward R&D work.

Much of the company's success can be attributed to its IBM-like program of providing customers with excellent field maintenance. This direct factory-customer relationship, made possible through a strong field force, enables the company to serve the present and future needs of its customers and is an important factor in maintaining the high degree of profitability enjoyed. This profitability has enabled TEK to expand production facilities to meet anticipated near-term demand at only a small increase in long-term debt.

Sales and earnings continue to rise rapidly. Third quarter results show sales up to \$122.6 million, from \$95.5 million a year earlier and earnings at \$1.21 a share, vs. 99¢ for the year earlier period. For the full fiscal year ending May 31, 1967, sales are projected to around \$130 million, up from \$101.7 million last year, and earnings are estimated at near \$1.75 a share, compared with \$1.38 in fiscal 1966. No dividends are being paid or are likely to be paid in the foreseeable future. Management controls approximately 55% of total outstanding stock.

Technically, the issue has formed a large base in the broad 36-32 area, indicating an initial price objective of 63 followed by a longer term upside objective of 72. The stock recently broke out of this trading area at 38 on the upside. With strong support present in the mid-thirty area, limiting downside risk, we continue to feel purchases can be justified on minor weakness. This issue was added to the Price Appreciation portion of the Recommended List on March 17, 1967, and again is recommended for purchase. A new edition of our Recommended List will be in the hands of your Account Executive early next week.

Dow-Jones Ind. 865.98  
Dow-Jones Rails 230.59

HARRY W. LAUBSCHER for ANTHONY W. TABELL  
WALSTON & CO. INC.

AWT:HWL:amb

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