

# Walston & Co. Inc.

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## TABELL'S MARKET LETTER

May 12, 1967

### SCHLUMBERGER, LTD.

Current Price	56 3/4
Current Dividend	\$1.20
Current Yield	2.2%
Long Term Debt	\$12,390,000
Common Stock	7,595,958 shs.
Sales-1967-E	\$370,000,000
Sales 1966	\$343,100,000
Earn. Per Sh. 1967-E	\$4.00+
Earn. Per Sh. 1966	\$3.71
Mkt. Range 1966-67	61 - 40

in the oil service industry.

The acknowledged leader in wire logging, a technique providing permanent records of indicated underground formations, necessary before and during drilling operations, Schlumberger operates a fleet of almost 1500 vehicles including 500 truck-mounted laboratories and 200 lab units on offshore drilling platforms. Every oil well drilled requires the services of at least one such laboratory unit.

Despite the continued decline in U. S. drilling activity which is expected to be arrested and reversed within the next five years, SLB's oil service division continues to record peak volume in reflection of rapidly expanding foreign operations. The search for black gold has moved offshore where drilling requirements are more difficult than on land and where instruments are subject to far greater performance requirements. As a leading manufacturer of these sensitive instruments, Schlumberger has had to meet the demand by undergoing considerable expansion in the electronics area. Approximately one-fifth of 1967's estimated revenues of \$370 million will derive from electronics activities.

Through an aggressive diversification program, the company now produces such important items as oscilloscopes, tape recorders, X-ray gauges, data loggers and general aviation instruments, all of which are designed to measure information. The company also manufactures computers, which are designed entirely for the scientific market and do not attempt to serve the keenly competitive business market. This year, SLB will deliver 30 computers, vs 15 deliveries in 1966. Another glamour area served is color-TV, where the Heath Division, largest domestic maker of electronic equipment in kit form, serves a growing market.

Further diversification in the electronics area seems likely and the company's extremely strong financial position suggests that dilution of outstanding stock through new financing is not likely for the foreseeable future. Of the almost 7.6 million common shares issued, approximately 48% is controlled by members of the Schlumberger family, with almost one million more shares believed held by institutions.

Earnings this year are expected to reach a new all-time high at \$4.00 a share, or more, up from \$3.71 last year, suggesting further liberalization in the current \$1.20 annual dividend rate. With the computer business expected to break into the black later this year, or early in 1968, the electronic division's contribution to overall profitability should rise rapidly on a quarter-to-quarter basis throughout this year, indicating the possibility of an important gain in net income next year.

From the technical viewpoint, Schlumberger has a price objective at 78, suggested by a base formed several years ago. Subsequent base-building suggests a price objective considerably higher once the initial goal has been reached. There is support at 50. Considering the favorable fundamental and technical prospects, Schlumberger, Ltd., already on our Recommended List, again is recommended for purchase.

Dow-Jones Ind. 890.03  
 Dow-Jones Rails 237.68

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

AWT:HWL:amb

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