Plant problems shadow Laporte profits

FORMER CHIEF of the Prices and Incomes Board Aubrey Jones looks unlikely to make any change in his usual P.I.B. brand of bromide when he steps up on Wednesday with his first bulletin as chairman of **Laporte Industries.**

Wednesday sees the appearance of the Laporte interim statement which all the signals from the stock market suggest will give little to cheer about.

Since Aubrey Jones swopped five years in the Whitehall corridors of power for the Laporte's chairman's suite in Mayfair the price has lost 3s.

It has been spurred by a wave of rumours, becoming more dire as the interim D-Day neared, about the group's proud new giant chemical plant at Stallingborough.

The Stallingborough plant has been built at a cost of £7,500,000 to produce titanium dioxide—the chemical that puts extra whiteness into paint, plastics, and paper—by the chloride process.

Until recently the bulk of titanium dioxide has been produced by a process using sulphuric acid and the beach-found mineral ilmenite.

Stallingborough is the first major plant of its type in Europe to use the newer combination of the titanium-richer beach mineral rutile and chlorine.

AHEAD

Laporte decided to build the plant second biggest in the world—two years ago with a planned 40,000 tons per year output against the 85,000 tons by the more complicated and less satisfactory sulphate process.

The plant was commissioned last year, ahead of schedule and within its budget. But since then there have been some serious teething problems.

As a consequence today the plant is still only on partial stream and not all of the technical difficulties have been ironed out.

Laporte will have to make allowances for extra commissioning costs of at least £500,000, and maybe more ultimately.

However, it is likely that these will not be knocked off profits, but written off reserves instead.

If City bears are right Laporte profits are in no state to take such a blow.

Sellers of the shares say sluggish home sales, cost squeezed margins, and slowness in raising prices mean profits will be well down at the half-way stage.

Estimates of the shortfall range from 10% from the company's rooters, to 20%-25% from the knockers.

Better things were looked for in the second half, thanks to higher selling prices.

But trading cannot have improved and inflation of costs and wages is not exactly slackening.

BEECHAM TO ACQUIRE BADEDAS AND UHU

Beecham Group Limited have agreed terms for the 100 per cent. purchase of the German and international interests of UHU Werke, H.u.M. Fischer of Bühl (Baden), West Germany. The Fischer group manufactures and sells the Badedas range of bath products and the UHU range of adhesives, which occupy leading positions in their respective markets in West Germany and are successful elsewhere in Europe and overseas.

The purchase price is £12,750,000 (DM112 million), with a further sum of £340,000 (DM 3 million) becoming payable upon the achievement of certain levels of turnover. The purchase price will be financed by bank loans until a suitable long-term funding loan can be arranged. The completion date is 31st December, 1970, and it is estimated that net assets at that date will have a book value of £3,350,000 compared with a book value at the end of the previous accounting year, 31st December, 1969, of £3,153,000.

These assets consist of fixed assets (after depreciation) of £1,700,000, including factories in Bühl (Baden), Milan, Italy, and Waterford, Ireland; and net current assets of £1,650,000, consisting of stocks and debtors of £1,700,000, cash of £600,000 and net creditors of £650,000.

The net profits before tax of the Fischer group are expected to be approximately £1,100,000 for the current year. This level of profit has been achieved consistently over the last five years.

The acquisition of the Fischer group will provide Beecham with both a profitable and well-based existing business which is capable of considerable further development, and the foundation from which Beecham toiletry products can be marketed on a large scale in West Germany.

To accomplish this, the Fischer organisation, which will continue to be based in Bühl, will be strengthened and expanded, thus providing increased employment opportunities in the Bühl area. Trading will be continued under the Fischer name, and the group will form part of the Beecham Group's European Division.

At present Beecham's main interests in Germany are the Margaret Astor business (acquired in 1964) which manufactures and markets a highly successful range of decorative cosmetics and is located in Mainz, and Beecham Pharma GmbH which markets ethical pharmaceuticals — in particular Beecham semi-synthetic penicillins.

Beecham Group's worldwide sales were £161,101,000 and worldwide trading profits were £29,460,000 for the year ended 31st March, 1970, derived from the manufacture and sale of ethical and proprietary medicines, toiletries, cosmetics, food and drink products, veterinary products and animal feedstuff concentrates.

BEECHAM GROUP LIMITED

November 19, 1970

Pontin cuts his pay

HOLIDAY camp chief Fred Pontin has waived £50,000 of the £68,000 pay he was entitled to as chairman of **Pontins.** A year ago he collected £66,000. With over £28,000 dividend income from his share stake in the company, more than £45,000 of the waiver would have gone to the taxman.

Whisky cheer

CHAIRMAN of the **International Distillers & Vintners "J. & B. Rare"** whisky to "Gilbey's" gin group Mr. Cecil Berens tells shareholders in his yearly report that sales in the current year, "have been running at an improved level, and we anticipate a healthy Christmas trade."

★★ The nervously awaited report on smoking from the Royal College of Physicians, whose further blow to the tobacco barons we previewed here last August, should now be published in January.

DATE WITH A DIVIDEND

TODAY: Finals from Moss Engineering; and Cambrian and General Investments. Interims from Guinness Mahon; Wm. Cook & Sons; Hepworth Ceramic; Stylo Shoes; Wilson Bros.; and Western Motor.

TUESDAY: Finals from London and Northern Securities; Britax Excelsior; Ellis Kensington; and Northern American Trust. Interims from Hill, Samuel; Amalgamated Power Engineering; Odex Racasan; F.C. Construction; A. Monk; Transparent Paper; United Gas Industries; and Kent Castings.

WEDNESDAY: Finals from Metropolitan Estate and Property Corporation; J. F. Fenner; Raybourne Group; and General Stockholders' Investment Trust. Interims from William Cory; Saunders Valve; Airfix Industries; John Folkes (Hefo); Lafarge Organisation; Limmer Holdings; Curzon House Investments; and Giltspur Investments.

THURSDAY: Finals from Turner & Newall; European Ferries; United Wire Group; Parrow & Jackson & Purdy; M. J. Gleeson Contractors; and Abbey Panels. Interims from Roan Consolidated Mines; J. Lyons; Coast Lines; Truman Hanbury Buxton; and Exchange Telegraph.

FRIDAY: Interims from Redifusion; Johnson Matthey; Triplex; Brickwoods; Chamberlain Phipps; Marley Industries; Westlock Group; and B. S. & W. Whiteley.

WEEKLY UNITS

	Sell at	Buy at	Last Valued
JOHN COVETT			
Stockholders	39-9½	41-7½	Nov 6
MERMAID			
Mastery Fund	14-9	15-9	Nov 2
Sum of Zero	4-7	5-1½	Nov 2
Smaller Cos	16-1½	17-1½	Nov 18
PHILATELIC			
Premium	18-2	19-4½	Nov 18
ANSBACHER			
Capital	16-3	17-7	Nov 18
General	1-3	1-7½	Nov 18
Income	18-3½	19-5	Nov 18
TRADES UNION			
Trade Union	7-7½	7-9	Oct 1
TRANSATLANTIC			
General	11-4	12-0	Nov 18
TYNDALL			
Capital	19-7	21-1	Nov 17
Income	14-9	15-7	Nov 18

LEAD AND LEPRECHAUNS IN FARMER WRIGHT'S FIELD

RAYMOND HEATH : Navan, Sunday

MINING-SHARE addicts who suffered expensive withdrawal symptoms from the crash in Australian Nickel counters, have been comforting themselves recently with a ride on the **Tara Exploration** switchback.

The shares took off again on **Friday with a rise to** 46s. 3d. against 6s. earlier this year to value the company at more than £9 million.

Drilling rigs at the Tara find

This followed the glowing assay report from the company's fifth borehole at its exciting prospect at Navan, Co. Meath, 30 miles north of Dublin.

More than 43 per cent lead and zinc combined were found at depths of less than 900ft., with the last 30ft. sample showing an astounding 38 per cent zinc.

Tara's general manager, Murrough Ollrien, commented guardedly: "This is unusually high over so long a section, and this one extends around 1,500ft."

With ore so near the surface, ultra-cheap open-cast mining is says Mr. Ollrien, the obvious and sensible method.

Unknown

Two simple drilling rigs signal exploration in a field which slopes gently to the River Blackwater.

This may be turned into a "substantial" producing mine within two years.

Just how much metal lies beneath the rich County Meath pasture-land is still unknown. Local speculation that there could be up to seven million tons was shrugged off by precise and slow-talking Mr. Ollrien, 50.

"A good deal of drilling will have to be done before we start estimating that," he said.

This Navan find is the culmination of a near decade of methodical searching by Tara, named after the ancient seat of the high kings of Ireland.

Though registered in Canada, with headquarters in Toronto, Tara is very much an Irish outfit, with a board of Bolands, McCarthys, and Gilroys.

Links

The company had close links with Canadian group North-Gate Exploration.

Three Northgate directors are on the Tara board, including president Pat Hughes, 45, the bricklayer from County Armagh who struck it rich with uranium.

But there is one Irishman who treats the matter calmly—even though he could now have a colossal fortune.

He is farmer Pat Wright, on whose spread the mineral riches were found.

Now in his seventies he unconcernedly continues tending his cattle, saying nothing about the cash bonanza that could be coming his way.

PILKINGTON GLASS OUTLOOK TOO CLOUDY FOR INVESTORS

THIS WEEK'S biggest ever share flotation, appropriately enough for those peers of float glass Pilkington Brothers, sets a major problem for investors.

It is rare for a company of this size—£97 million—or fame—Pilkingtons are the world's leading glass-makers—to come to the market to sell shares to the public.

Sheer size and established reputation plus novelty are certain to attract institutional buyers as this is the first opportunity into a share they do not already hold.

This in turn looks set to ensure — market slump aside — a small premium of 1/- or so on the offer price of 34s., at which the shares yield £5 18s.

But what view should small investors take of the issue?

POINT ONE. The shares are not exactly being given away.

The multiple of 18.6 times expected profits is what counts not the artificial 12 times the £5 million greater profit that would have been made but for the lengthy strike.

What would happen if British Leyland decided to treat profits lost through strikes as an exceptional item?

Recovery

On this rating the shares are asking a great deal, even given recovery expectations next year.

POINT TWO. The Pilkington record is hardly exciting with profits down two years running from the record £18,400,000 made in 1969.

POINT THREE. The future will be dictated by the highly volatile demands of the motor and building trades. Also it is expected that well before 1980, when the first licences expire, royalties from overseas companies using the float process will peak out.

These will be £8 million this year against strike depressed trading profits of £3,400,000.

POINT FOUR. The flotation's timing comes when the market is looking weak.

It has been dictated entirely by the millionaire Pilkington family's need to raise cash—they get more than £9 million from the issue—for death duty and tax reasons.

The right time to have gone was surely five years ago when the float royalties first arose. But then the oh-so-paternal Pilkingtons did not want to let the public in.

POINT FIVE. There must be an ever-present threat that the 300 or so members of this £30 million family may be steady sellers of shares now that there is a quote after 144 years.

All of which adds up to the view that there is no reason for small investors to chase the shares in what is a fully grown company with little growth speed.

Abridged Particulars

Application has been made to the Councils of The Stock Exchange, London, The Northern Stock Exchange, The Midlands & Western Stock Exchange and The Scottish Stock Exchange for permission to deal in and for quotation for the whole of the issued Ordinary share capital of the Company.

The Application Lists for the Ordinary shares now offered will open at 10.00 a.m. on 26th November, 1970 and will close on the same day.

Pilkington Brothers Limited

(Incorporated under the Companies Acts, 1862 to 1890)

Authorised	SHARE CAPITAL	*Issued and fully paid*
£75,000,000	in Ordinary shares of £1 each	£56,287,260

J. HENRY SCHRODER WAGG & CO. LIMITED

Offer for Sale

5,700,000 Ordinary shares of £1 each

at 34s. per share

Payable in full on application

The principal business of the Group in the United Kingdom and overseas is the manufacture of flat glass and its most important processed product safety glass; the Company owns 66 per cent. of the Ordinary share capital of Triplex Holdings Limited. An important growing area of business is the production of glass fibres both for insulation and for combination with other materials in the manufacture of composites.

Copies of the full Offer for Sale, on the terms of which alone applications will be considered, and Application Forms may be obtained from:—

J. HENRY SCHRODER WAGG & CO. LIMITED

New Issue Department, 120 Cheapside, London, E.C.2

or from

CAZENOVE & CO.
12 Tokenhouse Yard,
London, E.C.2.

ROWE AND PITMAN
Woolgate House, Coleman Street,
London, E.C.2.

TILNEY, SING, PARR & RAE
385 Sefton House, Exchange Buildings,
Liverpool 2.

MURRAY & CO.
Beaufort House, 94/96 Newhall Street,
Birmingham 3.

PARSONS & CO.
100 West Nile Street,
Glasgow C.1.

and from principal branches of

NATIONAL WESTMINSTER BANK LIMITED