

# Troubled Economy Affects AVM

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Third quarter financial results of Jamestown's AVM Corp. reflected the economic slowdown, particularly in the auto industry, as sales and earnings from the company's continuing operations fell below those during the same period last year, according to its report.

Sales for the latest quarter were given as \$8,441,069, down 5 percent from the \$8,921,038 recorded during third quarter 1978. Sales of AVM's automotive division were the most depressed, dropping 28 percent from a year ago while office furniture sales decreased 8 percent.

The declines were partially offset by a 10 percent increase in locker sales for the recreation market, while transportation locker rental revenues were up 25 percent, reflecting increased passenger travel by air, rail and bus. The store display fixtures market was reported as continuing strong with sales up 51 percent during the 1979 third quarter.

The company reported income from continuing operations after taxes during the period as \$202,042 or 12 cents a share as against \$419,126 or 25 cents a share a year earlier. The decline was explained as primarily due to reduced sales and margins in the automotive division, start up costs associated with transfer of lock manufacturing to the office furniture facility and higher wages and material costs not offset by increased sales prices for AVM's products.

Sales for the first nine months this year were given as \$28,131,419, up 4 percent from \$27,149,526 a year ago. Earnings from continuing operations were listed as \$1,351,292 or 79 cents a share as against \$1,293,255 or 75 cents a share in the first three quarters of 1978.

Harold J. Ruttenberg, AVM chairman, commented, "The economic slowdown, which now has affected AVM's two largest divisions, automotive and office furniture, will cause AVM's fourth quarter and full year earnings to fall

below 1978 levels. AVM's 1979 plant expansion and modernization programs are nearing completion. Building projects at the automotive and store fixture plants have been completed. The expansion of the office furniture facility to accommodate locker and lock production is expected to be completed by the end of 1979. The programs are designed to lower break-even levels and optimize operations when the recession has run its course."

Ruttenberg reported that under its earlier announced stock repurchase program, the company acquired 26,802 common stock shares during the third quarter.

Also noted was that the U.S. Court of Appeals has upheld a lower court decision in favor of an AVM subsidiary, American Locker Co., in connection with 11 suits tried in federal court and stemming from a 1975 explosion at LaGuardia Airport.

Ruttenberg said the decision is expected to terminate the suits since a further appeal by the plaintiffs is not anticipated. An additional 18 suits pending in state courts and arising from the same incident were not affected by the appeals court decision but may be influenced by it, he noted.

The counsel for AVM said he is unable to predict the outcome of the pending cases and the company has no way of knowing if the litigation will have a material effect on the company's consolidated financial statement.