

AVM Corp. Lost 33 Cents/Share In '81

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AVM Corp. of Jamestown recorded a net loss of \$490,918 or 33 cents a share on its 1981 operations, according to the company's annual financial report. This compares to a profit of \$370,102 the previous year.

The loss was explained as due to several factors. They include increased interest rates on funds borrowed to finance capital expenditures, higher depreciation from substantial capital additions and new product start-up costs at its Automotive Products Division.

They extend to increased material and labor costs not fully recoverable by increased selling prices, especially in the depressed automotive market, and less than optimum operating levels at AVM's manufacturing facilities.

The report said the deepening automotive recession drastically affected AVM's fourth quarter operations and will affect the 1982 first quarter when a substantial loss will be incurred. The company's funding requirements for the next several months are expected to be met by use of a \$3 million bank

line of credit, of which \$1 million is borrowed, and improved control of inventories, receivables and expenses. The financial situation is expected to be aided by a \$360,060 federal income tax refund in midyear.

AVM reported sales of \$34,241,000 in 1981, down 1 percent from the previous year but with sales of fabricated metal products to the auto industry increasing 10 percent. It was noted the comparison was to a year in which such shipments were at their lowest in several years.

Lock and locker revenues declined 4 percent last year while transportation locker returns increased 13 percent due to conversion of several major installations to higher fees and a slight increase in use.

The report said this was more than offset by a decline in shipments to the recreation market, especially to roller-rinks where sales declined 41 percent from their historic 1980 high level.

Store display fixtures and office furniture sales dropped 12 and 9 percent, respectively, from 1980 due to general economic conditions.

Fourth quarter 1981 sales of \$7,961,000 were down 12 percent from the same period a year earlier.

The company reported that during the last two years it has invested \$8.9 million in capital equipment to modernize and expand its manufacturing capacity. Major additions were made at its Automotive Products Division with a \$5.5 million investment to improve a new product and improve manufacturing efficiency of existing products.

The expansion program is expected to be completed during the first half of this year with the final portion financed primarily by a \$2 million, five-year loan obtained last month.

The company's annual report to stockholders will be mailed early in April.