

Sales Increase, Interest Declines

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AVM Reports Good 1983 Earnings

AVM Corp. of Jamestown recorded an earnings turnaround for 1983 with net income of \$1,134,963 or 75 cents a share, compared to a 1982 loss of \$513,799 or 35 cents a share.

The company's annual report said the improved report resulted primarily from a substantial increase in sales volume and a decline in interest expense.

Consolidated sales were recorded as \$45,573,000 for 1983, up 31 percent from \$34,816,000 a year earlier. Sales of office and computer furniture, fabricated metal products to automotive and roll-form customers, and lockers and locks increased 29, 40 and 21 percent, respectively, due to an improved economy and introduction of new products.

The 1983 fourth quarter reports showed sales of \$11,432,000, an increase of 17 percent from the same period a year earlier. Increases realized in sales of fabricated metal products and computer and office furniture, were offset partially by lower locker and lock revenues.

In 1983, the company benefited from favorable insurance credits that reduced fourth quarter losses before taxes by \$296,000, compared to \$219,000 in the same period in 1982. The 1983 fourth quarter net loss was \$232,000 or 16 cents a share, compared to a 1982 loss in the quarter of \$144,000 or 10 cents a share from continuing operations.

Office furniture incurred a 1983 fourth quarter loss despite demand being above capacity. Several working days were reported lost due to holiday, inventory taking, and installation and start-up of a new paint system. This resulted in a significant increase in manufacturing costs, with corrective actions now under way to alleviate the added expenses.

Fourth quarter 1983 also saw a loss in sales and earnings in transportation

lockers due to the two-month Greyhound bus strike. After introduction of new locker products in the first half of 1983, competition increased in the second half of the year, reducing locker profits in the fourth quarter to a point that could not offset losses in AVM's other divisions.

The report said that in the last half of 1983, the depressed prices of AVM's automotive products became more severe as volume increased on several under-priced products. It explained that during recent low-volume years of automotive production, price increases generally could not be secured from AVM's customers, and any increases obtained were inadequate to offset increased costs fully. AVM is now processing necessary price increases.

Substantial improvements were reported in production and sale of pneumatic counterbalances used to hold up hoods, hatch backs, and van rear doors or windows. The report said AVM has achieved a significant share of the

automotive market for this new product. The 1984 volume of this product is forecast as doubling the 1983 level.

Sales of a solenoid valve as another new product were reported as small and unprofitable, with a redesign under way.

The annual report said AVM's Automotive Products Division has been and is facing a swelling order book. It said the increased orders have been greatest in low-margin items that affected 1983 fourth quarter results adversely. This is seen as continuing to be a negative factor until adequate price increases are realized. As a result, consideration is being given to concentrating on fewer automotive product lines.

The company said that looking ahead, it expects 1984 first quarter results will be profitable but substantially less than the level realized in the same period last year. AVM's annual report to stockholders will be mailed early next month.