

# Cinderella Company Ready To 'Go Public'

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The story of how big and how profitable has been the growth of Tektronix, Inc., of Beaverton, Oregon, became public information this week with the official announcement that 540,000 common shares of Tektronix stock will be offered to the public for sale.

The prospectus on that issue revealed Tektronix sales for the fiscal year ending in May, 1963 were \$70,450,000, startling even those close to explosive growth of the firm. That is \$70-million in goods produced by the company for the year; more goods than the entire \$65.1 million sales of the combined Meier & Frank stores in Portland, Lloyd Center and Salem; nearly three times the sales of a major Oregon industry such as White Stag Manufacturing; greater by far than the entire \$56.4-million sales of Jantzen's worldwide operation.

Tektronix, which was organized 16 years ago by a handful of veterans with an authorized capital of \$20,000 is worth today, by a rough multiplication of the figures in the prospectus, approximately more than \$100 million and the men who rode with it through those years of growth are unquestionably some of the wealthiest in the state of Oregon.

In a summary of the consolidated earnings of this company, believed to be the world's largest manufacturer of fine oscilloscopes, Tektronix is shown to have more than doubled its annual business in the past five years, though the growth in profits has not kept abreast of the increase in volume. Tektronix, the prospectus states, did \$31.5 million in gross sales in fiscal 1959, a year when the net profit after taxes was a whopping \$3.65 million. The next four years gross sales rose from \$43 million in 1960; \$50 million in 1961; \$60 million in 1962 and the \$70 million shown for the year ending last May. Profits, after taxes for this past year, were \$5.7 million. On the basis of 7.98-million shares outstanding, that represents earnings of 72.3 cents a share.



JACK MURDOCK

## Shares To Trade At \$22-\$24

Offering price of the 540,000 shares that will be put on the market has not been revealed, but men in the market estimate it will be between \$22 and \$24 a share, or roughly 30 times earnings.

Such a sale would provide more than \$10 million, the majority going to some 34 Tektronix stockholders who will provide 275,314 shares of the 540,000 offered.

The company itself will provide 100,000 shares and will take the money from this for additional operating capital; the Tektronix Foundation, charitable organization, will provide 109,506 shares and Millicent Foundation, another charity formed by Jack Murdock, chairman of the board of Tektronix, will provide 55,180 shares.

According to figures revealed in the prospectus, Murdock owns 25 per cent of Tektronix, or some 1,998,000 shares. Howard Vollum, with Murdock one of the founders of the company and now president, owns 2,154,000 shares or 27 per cent. Tekem, a Nevada corporation owned by approximately 6,000 employes and ex-employes, owns 12.5 per cent of the stock.

It takes only a moment's simple arithmetic of multiplying the per-share price, when it is announced, with the shares held by these groups to determine magnitude of the company's financial success and that of Murdock and Vollum, who have stayed with it through the years.

Some other aspects of the Tektronix story never before discussed by the owners such as physical growth of the firm, are also revealed in information to be made public at the offering. These come under the subheading "History" and "Properties" and trace growth from the beginning in 1946 when the first Tektronix plant was in Portland and oscilloscopes were made in an 11,000 square foot building.

## Tektronix Builds European Plants

Tektronix today owns a 30-acre industrial park near Beaverton where it is housed in ten buildings containing approximately 750,000 square feet, all less than 10 years old. There is also an electro-chemical plant of 40,000 square feet under construction at the park scheduled for completion in the fall. The company is also contemplating building a 120,000-square foot research, development and engineering building and a 60,000-square foot office building at the Beaverton park within the next two years. Construction will be financed out of depreciation and earnings.

Tektronix also owns two buildings containing 100,000 square feet on a 14-acre tract about three miles northeast of the Beaverton industrial park, as well as a small building in Portland. There are two company plants on England's Island of Guernsey, one 27,000-square feet on a three-acre tract and the other a 34,000 square foot plant completed this year on an eight-acre tract. "Although originally established as an assembly operation, the Guernsey plants are manufacturing an increasing number of instruments and parts," the prospectus says.

There is also a company-owned 40,000 square foot plant on 14 acres at Heerenveen in The Netherlands.

While Tektronix has remained basically a one-instrument business all through this growth, the prospectus points out the firm is making "more than 40 different models" of that instrument, ranging in price from \$540 to \$3,900. Tektronix also makes approximately 35 "plug-in units" which allow the oscilloscope to become part of other basic instruments. These sell from \$50 to \$2,500.

## 20 Instruments Added To Line

The firm also manufactures approximately 20 other instruments, though the prospectus is careful to add: "The products, other than the cathode ray oscilloscopes and related plug-in units, do not account for a material portion of the company's total production."

The report shows 88 per cent of Tektronix sales are distributed among "several thousand buyers" with no single customer accounting for more than six per cent. The remaining 12 per cent of the sales in calendar 1962 were to the United States Government.