



Interim Report First Quarter, August 20, 1983

Tektronix
COMMITTED TO EXCELLENCE

EARNINGS UP ON A SMALL SALES INCREASE

First quarter earnings for fiscal 1984 increased by 13% compared with last year's first quarter. Sales showed a modest gain, while incoming customer orders grew significantly.

For the twelve weeks ended August 20, 1983, earnings were \$13,480,000 or \$0.71 per share, compared with \$11,929,000 or \$0.63 last year.

Consolidated net sales for the quarter were \$266,019,000, up 2% from \$259,792,000 in last year's first quarter. U.S. sales increased 8% to \$170,404,000 and made up 64% of the total. International sales of \$95,615,000 were down 6% from last year.

Instrument products recorded sales of \$116,564,000, down slightly from \$117,634,000 last year. Communications product sales were \$49,958,000, up 6% from \$47,241,000 last year. Design Automation and Information Display sales grew 5% to \$99,497,000, from \$94,917,000 last year.

ORDERS SHOW A STRONG GAIN

The most encouraging part of this year's first quarter was the 35% increase in customer orders to \$300 million, compared with a low \$222 million a year ago. Backlog at the end of the quarter was \$287 million, compared with \$283 million a year ago and \$253 million at the end of the fiscal year in May.

All of our divisions shared in the growth, which was caused by a combination of an improving economy and a positive response to many of the new products we introduced last fiscal year.

Information Display showed the strongest gain, led by both the high-performance 4115 color raster graphics terminal and the Unicorn line of low cost terminals. Both were introduced in April this year.

Communications Division orders were also very strong, in part because of a large U.S. military order for spectrum analyzers. Grass Valley Group's TV routers and switchers also posted healthy increases.

Both Design Automation and Instrument orders also showed solid growth from last year's levels.

Most of the increase over last year came from U.S. markets, but international orders did record a small increase, in contrast to a decline in last year's fourth quarter.

EXPENSES

Earnings increased faster than sales in the quarter because of a small improvement in gross margins, plus lower interest expense, improved non-operating income, and a somewhat lower tax accrual. Despite the improvement, margins remained under pressure because of excess capacity and the continued strength of the U.S. dollar in foreign currency markets. Production scheduling problems mentioned in last year's reports have been largely eliminated, as parts shortages have been substantially reduced.

Expenditures for engineering grew 11% from last year, and made up 11.4% of sales in the quarter, reflecting our continued emphasis on the development of more new products. Selling and administrative expense both grew modestly.

The total number of employees declined in the quarter by 363 to 20,715.

NEW PRODUCTS

Several new software products and enhancements were introduced by Design Automation and Information Display. Our Microprocessor Development Products business announced a new entry-level multi-user Software Development Unit (the 8561); a C language version of its Language Development System (LANDS), which increases the productivity of designers using high-level languages; portability of its software tools, including LANDS and assemblers for most major microprocessors, to Digital Equipment's VAX series of computers; and ColorKey⁺, a color user interface designed to utilize the new 4105 color graphics terminal to increase the productivity and ease-of-use of our development systems.

Also, Information Display announced in July support for GKS, the Graphical Kernel System standard proposed by the International Standards Organization, in its Plot 10 library of graphic utility tools. Widespread adoption of GKS will result in more efficient use of graphics programming resources.

Recent hardware introductions are the 1740 series of waveform/vector monitors from the Communications Division; and the 336 digital storage oscilloscope from Sony/Tektronix.

ANNUAL SHAREHOLDERS MEETING

The annual meeting of shareholders will be held at the Tektronix Industrial Park near Beaverton on Saturday, September 24. It will mark the company's 37th year and will be the 20th meeting since the company's shares were first traded publicly in 1963.

Howard Vollum, Chairman of the Board, will preside, and presentations about the year and the direction of our business will be made by Earl Wantland, Bill Walker, Larry Sutter and Wim Velsink.

Copies of the presentations at the meeting, and at a meeting with security analysts in New York the following week, will be available after the meeting by writing to Tektronix, Inc., Investor Relations (Y3-407), P.O. Box 500, Beaverton, OR 97077.

TEKTRONIX CONSOLIDATED FIRST QUARTER

unaudited in thousands

INCOME

12 Weeks to Aug. 21, 1982	12 Weeks to Aug. 20, 1983	52 Weeks to Aug. 21, 1982	52 Weeks to Aug. 20, 1983	
\$259,792	\$266,019	\$1,203,328	\$1,197,607	NET SALES
131,859	131,866	604,112	615,948	Cost of Sales
127,933	134,153	599,216	581,659	GROSS PROFIT
27,324	30,208	113,296	128,277	Engineering Expense
40,373	41,932	182,837	186,914	Selling Expense
25,532	26,805	111,728	122,193	Administrative Expense
7,610	9,608	51,645	31,314	Profit Sharing
27,094	25,600	139,710	112,961	OPERATING INCOME
6,251	5,534	29,183	25,115	Interest Expense
(1,514)	359	8,657	(23,636)	Non-Operating Income
19,329	20,425	119,184	64,210	INCOME BEFORE TAXES
7,400	6,945	46,900	13,945	Income Taxes
11,929	13,480	72,284	50,265	EARNINGS
\$.63	\$.71	\$3.85	\$2.65	EARNINGS PER SHARE
.25	.25	1.00	1.00	Dividends Per Share
222,000	300,000	1,198,000	1,202,000	CUSTOMER ORDERS
283,000	287,000	283,000	287,000	Unfilled Orders at period-end
117,634	116,564	561,400	525,611	Instrument Sales
94,917	99,497	444,133	459,916	Design and Display Sales
47,241	49,958	197,795	212,080	Communications Sales
158,489	170,404	736,387	746,138	United States Sales
101,303	95,615	466,941	451,469	International Sales

CHANGES IN FINANCIAL POSITION

12 Weeks to Aug. 21, 1982	12 Weeks to Aug. 20, 1983	52 Weeks to Aug. 21, 1982	52 Weeks to Aug. 20, 1983	
25,580	27,735	143,312	144,041	FUNDS FROM OPERATIONS
11,929	13,480	72,284	50,265	Earnings
13,612	15,998	58,657	69,096	Depreciation Expense
790	(657)	(677)	(3,870)	Joint Venture Earnings—Net
(751)	(1,086)	13,048	2,232	Deferred Income Taxes
—	—	—	26,318	Unfunded Early Retirement
9,500	13,297	(7,568)	(9,461)	NET FUNDS FROM FINANCING
(1,262)	(3,717)	22,516	(33,090)	Short-Term Debt
(810)	(1,661)	(35,643)	(3,812)	Long-Term Debt Due Within Year
13,307	19,539	12,308	31,679	Long-Term Debt Additions
2,972	3,908	11,992	14,756	Share Capital
(4,707)	(4,772)	(18,741)	(18,994)	Dividends
(20,645)	(21,986)	(103,357)	(94,666)	FACILITIES EXPENDITURES
(17,739)	(1,574)	(1,802)	4,398	OTHER CHANGES IN FINANCIAL POSITION
(3,304)	17,472	20,585	44,312	CHANGES IN CASH AND CASH EARNING INCOME

FINANCIAL POSITION

Aug. 21, 1982	Nov. 13, 1982	Mar. 5, 1983	May 28, 1983	Aug. 20, 1983	
\$598,181	\$616,502	\$638,874	\$639,680	\$649,628	CURRENT ASSETS
70,027	75,429	95,861	96,867	114,339	Cash and Cash Earning Income
202,472	200,198	210,001	210,843	202,080	Accounts Receivable
299,432	314,849	306,287	292,885	295,620	Inventories
26,250	26,026	26,725	39,085	37,589	Prepaid Expenses
198,814	202,775	207,426	197,428	183,727	CURRENT LIABILITIES
65,072	59,633	69,393	33,675	29,958	Short-Term Debt
59,832	61,807	57,200	78,569	68,819	Accounts Payable
20,984	15,956	13,425	15,280	18,995	Income Taxes Payable
52,926	65,379	67,408	69,904	65,955	Accrued Compensation
399,367	413,727	431,448	442,252	465,901	WORKING CAPITAL
385,374	391,210	394,267	397,290	401,575	Facilities Less Depreciation
39,162	38,317	51,138	50,444	49,911	Other Assets
144,460	156,614	150,609	152,342	170,220	Long-Term Debt
45,856	48,052	70,426	75,949	75,008	Other Liabilities
633,587	638,588	655,818	661,695	672,159	SHAREOWNERS' EQUITY
67,249	70,063	75,029	78,097	82,005	Common Shares
573,394	583,348	592,318	595,957	604,665	Reinvested Earnings
(7,056)	(14,823)	(11,529)	(12,359)	(14,511)	Currency Adjustment
18,871	18,931	19,012	19,059	19,116	Number of Shares Outstanding
23,541	22,924	22,174	21,078	20,715	Number of Employees