WALL STREET JOURNAL
January 18, 1936

Monsanto Chemical Co.

Will you be kind enough to give me some information about the Monsanto Chemical Co. Do you think it would be a good investment and do you believe that value of the shares will increase? Can larger dividends be expected? —J. W. H.

Since completion of its depression-initiated program of property expansion and product diversification, Monsanto Chemical Co. has been displaying a far greater measure of earnings resiliency than the average unit in its field. Whereas activities during the 1920s were principally confined to production of fine and medicinal chemicals, the larger percentage of revenues is now derived from a variety of "heavy" chemical lines employed in almost all industrial processes. With sales in newer divisions stimulated by broadening business improvement, and aided by increased returns from a foreign subsidiary, the consolidated enterprise in 1935 carried earnings to another record level. Recent estimates place net income for the year at roughly $3,700,000. Equivalent to $3.70 for each of the 1,013,415 one-class shares currently outstanding, this would compare with net profit of $2,619,465 earned in 1934, of $2,221,207 in 1933 and of $1,012,698 in 1932. Best pre-depression net income was the $1,691,338 secured in 1929. And while the profits uptrend can scarcely be expected to continue on a commensurate scale, the company seemingly can be relied upon to reflect in revenues and earnings any further extension of the general business recovery movement.

From treasury resources Monsanto Chemical Co. late in 1934 retired all of its funded debt outstanding. Although bearing testimony to a strong financial condition, the action carried even greater significance in its implication that plant capacity finally had been expanded sufficiently to care for future needs. And with treasury resources since bolstered by the large 1935 income increments, directors now have ample latitude for advancing regular dividend payments from the present $1 annual rate. In line with most equities in its group, the one-class stock, at 95, appears generously to capitalize current earnings; but as a vehicle for speculating on fortunes of the chemical industry, the issue is regarded as ranking among the more desirable.

DSW 331289

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