MonsantoChemical Sales and Profit At New High in '35

Record Results Achieved Despite Lowest Average Price Level in Company's History

Program for 1936 Outlined

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Monsanto Chemical Company reported last year the largest sales and the largest net profit in its history, although average price of its products, as shown in a chart printed in the report, is the lowest on record. This is in line with the policy on which the success of the chemical industry has been built; successive improvement of product, lowering of costs and prices and expanding volume.

A comprehensive program is planned for 1936, involving the acquisition of phosphate mines and reserves to secure and lower the cost of this important raw material. A plant to produce several new products that have passed through the development stage will be built and improved facilities for other operations will be constructed.

Increased phosphate reserves are for the purpose of extending the business of the Swann Corp. of Birmingham, Ala., a subsidiary that was completely absorbed last March. Its operations center around the electro-thermal production of phosphoric acid and its derivatives, which are used by steel, food, dentifrice, detergent and silk industries.

Sales last year totaled $24,705,574, an increase of 8% over the previous record year. This increase was achieved in spite of lower prices on several products and the permanent loss of some large-volume but relatively low-profit business. It reflected higher rates of industrial activity, greatly increased use of some new products and a better demand for heavy chemicals.

Net profit last year was $3,939,751, equal to $3.84 a share on 999,123 shares of common stock, against $2,771,629, or $3.20, a share on 864,000 shares in 1934.

Sales 69% of Gross Assets

President Edgar Monsanto Queeny states in his letter to stockholders: "Typical of an integrated chemical industry, our net sales were but 69% of our gross assets. This is indicative of the relatively complicated character of our business and the large amount of specialized and expensive apparatus that is necessary."

He further points out that the company last year carried on the heaviest construction program in its history. During the year, $3,739,129 was expended on plants. Of this, $1,280,552 came from depreciation charged during the year and the balance from surplus earnings.

Another Acquisition

The Atlantic Chemical Co. of Billerica, Mass., making heavy chemicals, was also acquired during the year.

Taking the 1926 level as 100, index of volume last year was 190, dollar sales about 145, while Monsanto prices were about 77 and index of all commodity prices 80 on the same scale.

Products Held Not Used in War

The management emphatically calls attention to the fact that the chemical industry is not the beneficiary of war. Mr. Queeny states that with the exception of phenol (the base of high explosive picric acid) and nitric acid, Monsanto does not make any war materials. He says: "To the best of our knowledge, Monsanto products are not being used in any current conflict."

More than a year ago it was believed that the increased demand for phenol might be due to Japanese buying, but it soon became clear that the real cause was the sharp increase in demand from the growing phenol-formaldehyde plastics and from the new resin paints.

Monsanto is spending more on research than ever before, $687,978 last year, against $456,356 in 1934. During the year the remaining $954,500 in bonds were retired, mainly by conversion into stock, leaving the common stock the sole capital of the company, with the exception of $1,940,000 preferred of the English subsidiary.

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