

## Avro issue may be spark

Look for a new trend in aviation financing in Canada of going to the public both for money and public relations reasons of letting Canadians share in the progress of foreign-owned industries.

Paul S. Deacon, investment editor of *The Financial Post* had this to say about last month's successful offering of stock (500,000 shares at \$16) by A. V. Roe Canada Ltd.

"It breaks new ground in several ways:

"—It gives Canadians an opportunity to buy directly into this major Canadian aircraft operation for the first time.

"—It may encourage stock offerings by other Canadian companies now controlled entirely outside Canada.

"—It is really the first time that Canadians have been able to invest in the aircraft industry on such a large scale, and directly in the Canadian company.

"Investors here haven't been barred from investing in aircraft manufacturers before.

"There is fairly active trading, for instance, in **General Dynamics Corp.**, the U.S. company which owns the big **Canadair** operation in Montreal. Shares of **Hawker Siddeley**, Avro's U.K. parent, are among the relatively small number of British stocks traded in some volume in Canadian 'over-the-counter' markets.

"But the Canadian operation of these companies is only part of their total picture. So Canadian investment in stocks of the parent companies is relatively indirect.

"**Canadian Car & Foundry**, now part of the Avro group, has been fairly active in the aircraft manufacturing business at its Fort William plant. But investors who owned Car shares before they were acquired by Avro seldom thought of them as aircraft shares, because the other divisions of the company—railway rolling stock, steel foundries, buses, etc.—were regarded as its main business.

"**De Havilland Aircraft of Canada** class A shares are listed on the Toronto Stock Exchange, but only 32,000 are outstanding, and a majority of these (and all the class B) are held by the U.K. parent, **de Havilland Aircraft Co.**

"A much smaller firm, **Fleet Manufacturing Ltd.** (originally **Fleet Aircraft of Canada Ltd.**), has had its shares listed on Canadian exchanges for many years, but it has not been making aircraft for some time. It has an agreement with U.S. firms for possible helicopter manufacture, and has acted as a components supplier.

"The Avro concern now has a more fully integrated operation than any of the other Canadian aircraft companies. Its acquisition of **Can-Car** last year also diversified its business considerably beyond the aircraft and aero engine manufacturing field.

"**Can-Car's** significance in the total picture is reflected in the earnings figures for Avro. For the fiscal years ended 1952-56, July 31, net combined profits after taxes of Avro including **Can-Car** were \$3.1 million, \$5.3 million, \$8.3 million, \$9.7 million and \$9 million.

"**Can-Car's** reported net profits in the first three of those five years were \$1.6 million, \$2.2 million, and \$3 million respectively. That's 52%, 42% and 37% of combined net profits of the A. V. Roe Canada group.

"The thinking behind the offer to Canadians is revealed in a letter last week to Hawker Siddeley shareholders from Chairman T. O. M. Sopwith.

"He said: 'Our Canadian group has now become a vital part of the Canadian economy, in which every Canadian citizen is interested. At the same time, it has become a matter of concern to the Canadian people that so much of their industrial activity is in the hands of non-resident owners and, whilst they welcome the assistance which is being given in developing their vast potential resources, there is a growing feeling that they should be allowed to share in the ownership, as well as the operation, of these activities.'

"Your board has therefore come to the conclusion that the interests of the Hawker Siddeley Group would best be served by allowing the Canadian public to participate in the ownership of our Canadian companies, thereby increasing the goodwill already established throughout Canada, and creating even more favorable conditions under which to develop the activities of these companies."

\* \* \*

## BOAC Net Down

The state-owned British Overseas Airways Corp. earned a net profit of \$329,646 in the fiscal year ending March 31 compared with a net of \$732,723 in the previous fiscal year. Gross revenues increased by \$16.8 million to \$119,578,429 while operation costs increased by 15.5% to \$115,541,944. Revenue from mail and freight increased by 8% to \$37,179,620. Total passengers carried increased by 32% or 94,642 to 385,778. However, passenger revenue rose by only 20% as tourist-class traffic increased from 45% of the total to 53%.

## CDC-Bendix

Bendix Aviation Corp., through its Canadian subsidiary, Bendix-Eclipse of Canada Ltd., has acquired a minority interest in Computing Devices of Canada Ltd. The arrangement gives Bendix a 40% interest in the Ottawa firm and also covers a sales and licensing arrangement between the two companies in which CDC will handle a large group of Bendix products in the electronics and missile component areas. A close working arrangement between the Canadian company and the 24 divisions of Bendix for a continuous exchange of engineering developments and progress is said to be under development. C. F. Hemmery, CDC president, said the agreement will have many advantages for both firms. Bendix-Eclipse last year made arrangements to purchase a 70% interest in Aviation Electric Ltd. of Montreal.

\* \* \*

## Employment Gains

Recent employment gains in the aircraft industry in the United States are said to be a reflection of the increased hiring of engineers, designers and draftsmen. June to July increase was more than 10,000, boosting total to over 800,000, although the total for production workers held firm at about 522,900. The trend is further evidence of the emphasis being given to research and development projects.

\* \* \*

## DDP Contracts

A \$600,000 contract for modification of airframes was the largest bit of business dispensed by Department of Defence Production in the period Sept. 1-15. The contract went to Bristol Aircraft (Western) Ltd. in Winnipeg. Among the other firms receiving DDP contracts in the period were Aircraft Appliances & Equipment Ltd., Toronto, \$140,926 for aircraft spares; Canadair Ltd., Montreal, three contracts for aircraft spares totaling \$351,254; Canadian General Electric Co. Ltd., Toronto, \$29,349 for telecommunications equipment; Northwest Industries Ltd., Edmonton, installation of electronic equipment in airframes at \$200,000; Patlon Aircraft of Canada Ltd., Toronto, \$40,292 for aircraft spares; Railway & Power Engineering Corp. Ltd., Montreal, \$24,245 for aircraft spares; Sperry Gyroscope Co. of Canada Ltd., aircraft modification kits, \$107,835; David M. Strom Ltd., Hamilton, \$18,800 for aircraft spares.

\* \* \*

**Canadian General Electric** is planning a new warehouse and office on a 4-acre site at Halifax for a wide range of the company's products.