



CORPORATE PROFILE

Corporate Profile is a regular monthly feature of MODERN DATA SYSTEMS. Its purpose is to provide abstracts of sales, earnings, and vital statistics on certain selected companies within the computer industry.

featured this month:

MEMOREX CORPORATION (over-the-counter)

MEMOREX CORPORATION

1180 Shulman Avenue
Santa Clara, Cal. 95052

DIRECTORS:

Alger Chaney, Chairman of the Board, Medford Corp.
W. Noel Eldred, Vice Pres., Marketing, Hewlett-Packard Co.
Prentis C. Hale, Chairman of Board, Broadway-Hale Stores, Inc.
W. L. Noon, Consultant
T. Robert Sandberg, Vice Pres., Cutter Laboratories, Inc.
Laurence L. Spitters, President
Fred M. van Eck, Partner, J. H. Whitney & Co.
Dr. Theodore Vermeulen, Prof. of Chem. Engrg., Univ. of Cal.
Dr. Alejandro Zaffaroni, Exec. Vice Pres., Syntex Corporation

BACKGROUND: Memorex Corporation was founded in 1961 by Laurence L. Spitters (president of Memorex) and three others. In the early 60's they recognized the increasing need and future potential for the tape industry to produce a tape of superior quality to accommodate the requirements of the expanding computer industry, space research programs, and the field of television recording. After combining resources, they proceeded to development work and began sales and production in mid-1962 in a 20,000 square foot building in Santa Clara. Since 1962, Memorex has grown to over 1,500 employees; in '67 boasted sales of \$34 million — an increase of 40% from '66.

FACILITIES: Memorex's major plant and home office are in Santa Clara, Cal. There are four additional manufacturing plants and more than thirty other sales and service offices located in the United States and Europe. International sales account for approximately 25% of total volume and are being expanded.

The Comdata facility, in Los Angeles, makes precision metal and plastic reels and containers. In Hawthorne, Cal., and in Santa Clara, the Company's Disc Pack facilities manufacture rapid access storage devices — another type of coated precision magnetic recording media. And Memorex's Peripheral Systems facility, in Sunnyvale, Cal., invents, designs, and manufactures hardware that is closely allied to the memory business — such as the recently-introduced Memorex 630 Series Disc Drive. Memorex's total facilities measure 410,000 sq. ft. which is an approx. 50% increase over the previous year's Company size.

PRODUCTS/SERVICES: During 1967 Memorex established a broader base of business by inaugurating two major diversifications within the field of magnetic recording media and equipment. The effect of these diversifications has been to change materially the charter and course of Memorex's future development.

In September, 1967, a new product line of disc packs was mass produced and marketed to computer users which culminated about two years of R&D. The market's response to Memorex Mark I Disc Packs exceeded the Company's expectations. According to Memorex, the Mark I Disc Pack has enjoyed the lowest incidence of problems of all products ever introduced by the company. Memorex is believed to be the first magnetic tape producer to demonstrate the capacity to manufacture consistently high-quality disc packs in commercial quantities in competition with IBM. Sales of the new disc pack have enjoyed the sharpest increase of any product introduced in the Company's history.

Memorex's second diversification in disc pack technology materialized in November, 1967, when a prototype of the Memorex 630 Series Disc Drive was demonstrated. The advantages proclaimed by Memorex over comparable IBM equipment include faster access to data, fewer moving parts, and less maintenance requirements.

CURRENT POSITION: Memorex is one of the major precision tape specialists in the world. The Company manufactures and markets a wide range of precision magnetic recording media, and has earned the reputation of second-largest volume producer of precision tape products. The addition of disc packs and disc drives in the Fall of 1967 substantially broadened the Company's product line. In March, 1968, Memorex was awarded one of the largest purchase contracts in the computer peripheral equipment industry for the purchase of the Memorex 630 Disc Drive Units by Management Assistance Inc. (MAI) of New York. This contract is the largest single purchase in Memorex history; it is estimated to exceed \$4 million in 1968 alone. The Company plans to introduce other equipment which is based upon the 630 Series Disc Drive technology.

OUTLOOK: The impact of Memorex's two diversifications upon its future sales is expected to be so significant that they have revised their corporate growth objective. Memorex's established product lines of computer tape, video tape, and instrumentation tape should enjoy high rates of growth in the immediate future years, although some diminution from their historical rates is expected. On the other hand, sales of the disc pack product line should continue to rise at an accelerated rate, and Memorex should develop sizable long-term business for the 630 Series Disc Drive and related equipment product lines.

The disc pack market in 1967, supplied only by IBM until Memorex's entry, was generally estimated at \$70 million, based upon 150,000 packs and current price of \$490 per pack. This dollar volume rivals the size of the computer tape market, while the rate of growth of disc pack sales is more than twice that of tape. Memorex is confident that their disc pack sales volume will continue to expand at the highest rate of all Memorex's magnetic media products during 1968.

The principal customers for the Memorex 630 Series Disc Drive equipment will be the computer makers who have incorporated disc memory components into their systems to compete with IBM. Eventually, most computer makers can be counted on to design and manufacture their requirements internally, so that Memorex believes their longer term objective is to develop product lines which are not components of others' systems, but which will be marketed directly to computer users for off-line data processing. By 1970 the sales of disc technology-related products should be comparable to sales of magnetic tape products as forecast by Memorex. Based on these expectations, Memorex has set a growth objective of an annual rate of corporate sales by mid-1970 of \$100 million.

FINANCIAL SUMMARY: At February 29, 1968, there were 3.6 million shares of common stock outstanding, after giving effect to the conversion on February 1, 1968, of a \$12 million convertible debenture issue and to the 3-for-1 stock split-up on February 2, 1968. As of February 29, 1968, the Company had no long-term debt outstanding.

	FISCAL YEAR (\$000)				
	1967	1966	1965	1964	1963
Revenues	\$34,232	\$24,417	\$13,099	\$ 8,042	\$ 3,486
Net Income (After Taxes)	3,576	2,724	1,331	1,002	218
Net Income (Per Share)	1.15	.89	.45	.35	.08

The information presented here has been obtained from sources believed to be reliable, but its accuracy is not guaranteed.