

# **Seabee** **Bulletin**

FROM PERSONAL PLANE DIVISION OF REPUBLIC AVIATION CORPORATION

DEALER BULLETIN NO. 19

April 18, 1947

## SPRING AT LAST

Behind most of us are long weeks of bad weather that tested the courage and resources of every operator. Gone, we hope, are the winds and floods that brought loss and destruction to so many - lord help us when the underwriters figure up the wind damage of just the last three weeks - but spring is here at last.

And is spring wonderful at Republic! Oh, man, to be in production at last, to be in step, to be turning out Seabees by the hundreds just when they are needed most.

Please don't think us boastful or cocky but it is a thrill to be able to repay the patience and faith and loyalty of our Seabee dealers with real deliveries that are making cash registers ring from one end of the country to the other.

Last month with 133 deliveries, Republic went into second position in the four-place field closing up on Stinson which lead with 255. This month Republic is scheduled to deliver 225 Seabees and in May to reach 333.

The Seabee at \$6,000 is the greatest money value offered in any airplane and no other airplane offers so much in performance. These are not my words but the hardboiled judgement of many who were from Missouri a year ago but who now pay tribute to Republic for doing what so many said was impossible.

I have told you from the first that the Seabee agency would become valuable. I predict now that in the next sixty days over 200 new dealers will apply for franchises.

We aim to take care of our old dealers first but if we have any who are lukewarm or who honestly believe they can't sell Seabees, we want to thank them for trying and ask them to let someone else take over.

We are making a few changes in distributors as well as dealers, cancelling out some and giving more territory to others. As new leaders come forward we are glad to recognize them.

In a later bulletin I'll list the changes already made, meanwhile, we will consider applications for distributor contracts for the States of New Mexico, Arizona and Montana which we have hitherto not entered.

## DISTRIBUTOR CONVENTION

Some day I hope we can call a convention of all Seabee dealers and have the pleasure of greeting every one of you at one time. To practice for such an event, we're calling a Distributor Convention for May 5th and 6th to be held at the Westchester Country Club at Rye, N. Y. We expect to have present representatives of our forty-one domestic, our seven Canadian and our twenty-eight foreign distributors. As they are your representatives, too, please tell them of any ideas you want discussed or recommendations you may have for the good of all concerned.

## ANOTHER BULLS-EYE

Read the enclosed letter from still another State using the Seabee for patrol purposes. I've never seen a finer tribute to the Seabee than this letter from E. M. Benn, Chief Inspector of the Department of Fisheries of the State of Washington<sup>1</sup>. Washington is the sixth state to employ Seabees, and by the way, Earl Crabb took delivery last week of the second Seabee for the State of Maine Forest Service.

## AND STILL MORE

Delivery is to be made next week of three Seabees to the U.S. Department of Interior for use of the Fish and Wildlife Division in Alaska. Also on order is the first Seabee for the U.S. Department of Agriculture for forest patrol.

## HOW ABOUT YOUR SALES?

What unusual sales have you made lately to interesting people or for unusual purposes? Newfoundland Aero Sales Ltd. has sold a Seabee to a subsidiary of the American Smelting and Refining Company for transporting and supplying their mining prospectors in Newfoundland. Tom Warfield here in New York has just sold a Seabee for use on the mother ship of one of the biggest fishing fleets that goes to the Great Lakes. Another dealer will shortly announce delivery of a Seabee to the president of one of the world's largest banks. Tell us about your most interesting sales.

## SEABEE IN G.I. TRAINING

Many dealers have secured approval of the Veteran's Bureau for use of the Seabee in giving 15 hour water rating courses to Certified Pilots. The rate of \$18. an hour for Seabee flight time is the general rule. Write us attention of William Perry, Personal Plane Division, if you want further information or help.

## EASIER PURCHASE TERMS

The following telegram went out to all Seabee distributors on April 11th:

"RECOGNIZING MUTUAL INTEREST IN HELPING YOU SECURE MAXIMUM SALES EFFECTIVE ALL MAY AND SUBSEQUENT DELIVERIES REPUBLIC REDUCES ADVANCE DEPOSITS ON SEABEE ORDERS TO THREE HUNDRED DOLLARS AND REQUIRED PERIOD TO SIXTY DAYS."

Thus Republic keeps its pledge to take steps one by one to clear the way for you to make more sales and so to make more profits.

---

<sup>1</sup> Letter attached to the end of this bulletin

Reducing the deposit on firm orders to three hundred dollars has many advantages to all concerned. The customer will recognize it as a reasonable amount on a \$6,000 purchase especially as it assures him delivery on or about an agreed date not over sixty days ahead. He proved his willingness to pay this amount by hundreds of orders given over the past two years.

You as the dealer will recognize \$300 as a reasonable deposit on a firm order because it guarantees you delivery within a specific time not over sixty days ahead. In placing your order with the distributor, you either forward the customer's deposit less \$50 already paid on your quota airplanes, or you make the deposit from your own funds confident that you will have a customer by the time delivery is received.

Republic allocates Seabees to its distributors on the 20th of each month for the second month ahead -- meaning on April 20th for the month of June and so on. The distributor has until the first of the month to canvass his dealers for their requirements on which day he forwards Republic his firm order with his deposit of \$300 per plane or he releases his claim to any not confirmed.

On the 10th of the month Republic reviews all orders received and re-offers to areas needing extra Seabees any surplus available.

Republic must make its own commitments on the Seabee many months ahead yet while we ask our distributor and dealers to keep us informed of probable requirements as far ahead as possible, the only contractual obligation we ask you to assume is to place firm orders by the first of each month for Seabees to be delivered in the next month.

We do not ask more but we could not operate on less.

#### DEALER PRICES AND DISCOUNTS

AIRPLANES - In continuation of the incentive discount plan in effect since the beginning of the Seabee project, Authorized Republic Dealers are entitled to receive a discount of \$750 on each of the first five Seabees purchased; \$875 on each of the second five, and \$1000 on all above the first ten.

These credits are cumulative from the original date of the Dealer's appointment and a level once reached may be retained except that in the event any Republic Dealer shall not in a given contract year (April 1st - March 31st) purchase and pay for at least five Seabees, he will at the Distributor's option drop back to the next lower discount level.

PARTS - Dealer Discounts on Republic furnished parts follow schedules released from time to time by the Republic Service Division but in general, run from twenty to twenty-five per cent depending on whether the Dealers carries adequate stocks himself or buys only his day to day requirements.

#### SALES OF DEMONSTRATORS

Last fall when Seabee production was just beginning, you will remember, I urged you not to sell your first demonstrator as you might be out of business for some weeks until replacement became possible. Now with production reaching sizable proportions, there is no need for such request and, in fact, I suggest you do keep your investment turning as often as possible remembering only to be sure that you have a new Seabee coming in before you do sell the one on hand. Remember also that the list price still applies on Seabees less than 60 days old and having less than 60 hours of flying time.

### SPLIT IGNITION SYSTEM

As a further step in the evolution of the Seabee, Republic announces important changes in the ignition system effective on all deliveries from 488 further identified as incorporated in Seabee engine No. 23501 and up.

A split ignition system now permits one bank of spark plugs to work off a Bendix Scintilla Magneto (replacing the Eisemann formerly used) and the other bank of spark plugs to work off an Autolite coil and distributor fed by the battery.

With this system the magneto is set permanently for 32 degrees advance but the distributor is set for 2 degrees advance when starting and by centrifugal weights, automatically goes to 32 degrees so that full advance is obtained at approximately 2100 R.P.M.

Better starting, lower idling speed and increased safety are among the advantages secured by the new system.

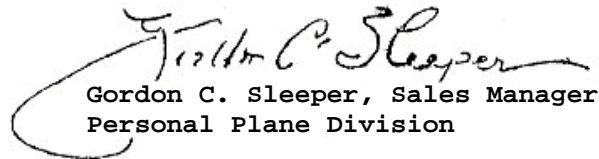
As the magneto has no impulse coil, the engine starts on the battery, This results in a hotter starting spark and consequently easier starting. Also, a higher retard is obtained on starting which is an advantage. After starting, the engine runs on magneto through idle speed until the magneto and distributor synchronize at 32 degrees advance. If, due to electrical system trouble, the battery circuit must be switched off, the distributor will run off the generator above idle speeds.

### SEABEE MAGAZINE COVERS

Never before to our knowledge have so many leading magazine editors paid such tribute to the news value and circulation appeal of a particular airplane as they did to the Seabee in the month of March.

With a combined mail and newsstand circulation of 1,600,000 copies FLYING, AIR FORCE, AIR TRAILS and SKYWAYS all featured our "Red Dragon" and so did POPULAR SCIENCE in their April "Pin-up".

Bob Scheirer suggests that you mount the enclosed pictures on heavy cardboard for counter display. We missed out on sending you the SKYWAYS cover as their plates are being used for their South American edition.

  
Gordon C. Sleeper, Sales Manager  
Personal Plane Division

GCS:mz

STATE OF WASHINGTON  
DEPARTMENT OF FISHERIES  
1308 Smith Tower  
Seattle 4, Washington

April 4, 1947

Mr. Gordon C. Sleeper, Sales Manager  
Personal Plane Division  
Republic Aviation Corporation  
Farmingdale, Long Island, New York

Dear Mr. Sleeper:

At the request of Mr. Ray Howard, your Seattle Agent, I am submitting this report regarding the activities of the Patrol Division of this department as they pertain to the use of the Seabee amphibian airplane recently delivered.

The Patrol Division's duties consist of the regulation of the commercial fisheries in all waters of the State of Washington including Puget Sound, Grays Harbor, Willapa Harbor, Columbia River and the offshore waters of the Pacific Ocean. Migratory fish are also protected in all the rivers of the state. Our inspectors protect areas closed to commercial fishing, protect shellfish reserves and clam and oyster farms, regulate fish dealers and canneries. Eight patrol vessels and one airplane are used in this work.

For many years the department used a float-equipped plane for patrol purposes which was extremely hazardous at times due to the fact that many flights were made over land where it would be impossible to make a successful landing. Our patrol often found it necessary to land in rough water to apprehend a vessel violating the Fisheries Code which was also extremely hazardous with a float plane.

We have found the Seabee the answer to many of our problems. This ship will land in rough water making it possible to board from the cockpit without danger from the propeller which is located aft. It will successfully land on a beach, small airport or lake and under some conditions on the ocean. The ship has very good visibility and is extremely roomy. It is inexpensive to operate and sturdily constructed.

It is a restful ship to ride in and has excellent directional and lateral stability in the air. The full reversible propeller is well suited to our work in boarding fishing craft. It is extremely stable in the air, especially at slow flying speeds. We are of the opinion the Seabee is by no means underpowered for this type of ship and we find it to be a well balanced unit as to power, weight and size.

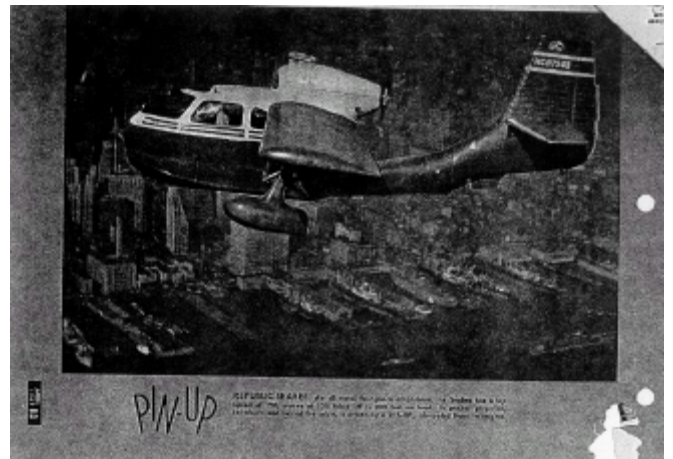
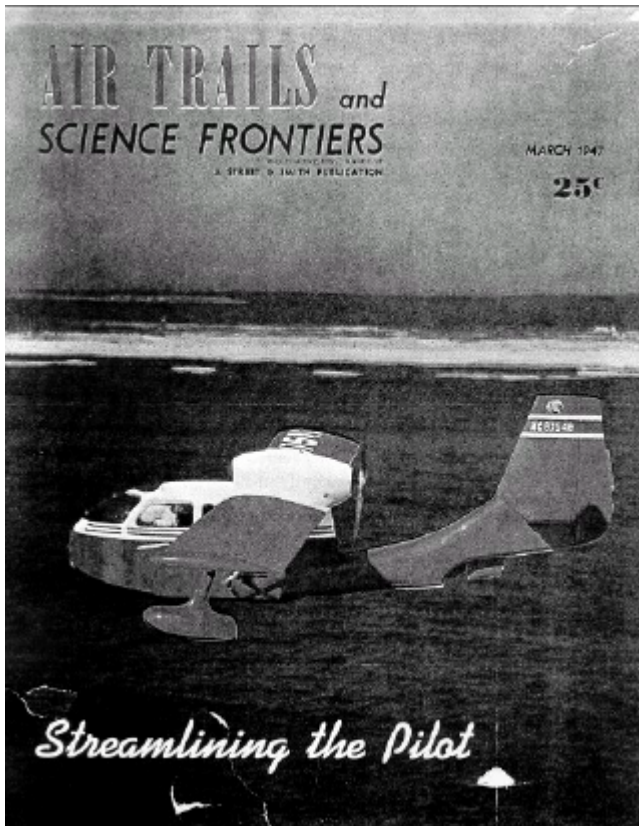
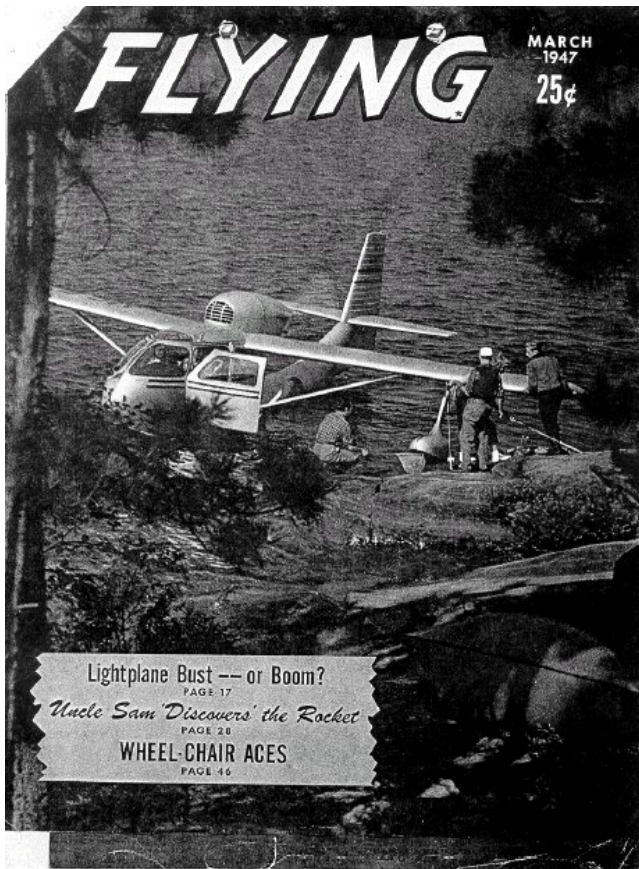
I know of no other ship more suitable for our use than the Republic Seabee. We are, to say the least, extremely well satisfied with its performance and versatility.

Very truly yours,

E. M. BENN (Signed)

E. M. Benn  
Chief Inspector

EMB/rwj



# REPUBLIC AVIATION CORPORATION

## INCOME STATISTICS (Million \$) AND PER SHARE (\$) DATA

Year Ended Dec. 31	Net Sales	% Oper. Inc. of Sales	Oper. Inc.	Ratio of Sales to Invest.	% Earnings on Inv. Cap.	Dividend	Income Taxes	Common			
								Net Inc.	* Earnings	Div. Pk.	* Price Range
1946									0.25	28 1/2 - 37 1/2	
*1945	328.1	3.8	5.35	53.5-1	17.9	0.20	3.88	*\$1.47	*\$1.50	18 1/2 - 24 1/2	
*1944	309.6	5.1	18.54	1032.2-1	45.7	0.18	18.80	*1.69	*1.76	7 1/2 - 24 1/2	
*1943	276.3	6.6	14.39	158.2-1	73.3	0.18	18.26	*2.28	*2.29	25 1/2 - 37 1/2	
*1942	"	"	6.86	"	41.8	0.18	4.28	*1.11	*1.02	24 1/2 - 25 1/2	
1941	16.79	15.0	2.62	2.7-1	3.6	0.11	0.63	*0.78	*0.69	4 1/2 - 15 1/2	
1940	10.31	*10.4	1.01	7.3-1	17.3	"	0.29	0.29	0.34	6 1/2 - 4	
1939	9.33	*147.4	00.62	9.3-1	022.4	"	00.32	04.64	Nil	7 1/2 - 2 1/2	
1938	2.62	328.2	41.31	6.7-1	1866.7	0.10	00.66	00.37	Nil	6 1/2 - 2 1/2	
1937	0.39	4115.7	46.35	9.3-1	4138.4	0.08	---	41.21	41.22	Nil	6 1/2 - 1 1/2
1936	0.59	68.8	46.04	1.4-1	46.8	0.02	---	40.07	40.17	Nil	5 1/2 - 3 1/2
1935	0.42	421.8	40.45	"	"	"	---	41.06	41.14	Nil	---
1934	"	"	"	"	"	"	---	46.04	46.14	Nil	---
1933	"	"	"	"	"	"	---	46.82	46.12	Nil	---

## PERTINENT BALANCE SHEET STATISTICS (Million \$)

Dec. 31	Total Assets	Cash Items	Inventories	Receivables	Current		Net Wkg. Cap.	Ratio		% Inv. of Curr. Assets	Total Inv.	Book Val.
					Assets	Liab.		Assets to Liab.	Cash to Assets			
*1946	22.08	1.18	6.74	8.99	20.67	12.54	7.67	1.6-1	0.7-1	33.4	10.37	10.37
1945	31.80	15.35	2.58	1.65	*10.25	20.17	10.44	1.5-1	0.4-1	7.1	12.47	12.70
1944	154.56	43.90	0.73	6.17	*110.65	102.77	5.88	1.1-1	0.4-1	6.3	11.04	11.27
1943	67.47	26.91	1.76	1.42	*64.24	59.10	5.15	1.1-1	0.5-1	1.7	*6.42	*6.64
1942	18.56	1.63	1.55	2.89	*21.89	18.04	3.94	1.3-1	0.3-1	17.1	4.53	3.48
1941	16.06	1.81	4.37	2.65	3.31	1.98	0.23	1.0-1	0.5-1	44.1	1.67	1.77
1940	4.32	0.24	1.40	1.69	1.34	2.45	0.29	1.3-1	0.3-1	42.1	1.48	0.77
1939	5.18	2.07	1.05	0.61	3.21	3.41	0.29	1.2-1	0.2-1	24.0	1.54	---

\*Earnings (1942-46) based on 983,408 common shares after giving effect to complete conversion of first preferred stock. \*Not reported. \*Based on operating income after depreciation, not separately reported. \*After provision for postwar inventory adjustment and contingencies equal to 35.03 a share in 1941, \$1.43 in 1942, \$2.54 in 1943, \$1.48 in 1944 and 0.42 in 1945. \*No recapitalization record. \*Subject to recapitalization; suggested net refund of \$256,000 for 1944 was being protected by company. \*Includes unfiled charges under CPEP Government contracts: \$1,179,696 in 1942, \$32,342,883 in 1943; \$50,365,491 in 1944 and \$11,423,750 in 1945. \*Adjusted to give effect to recapitalization. \*N. Y. Cash prior to listing on N. Y. S. E. in May, 1935. \*\*After net credit applicable to prior years of \$0.12 a share. \*As of June 30. d Deficit.

## ANALYSIS OF EARNINGS AND BALANCE SHEET DATA

### Fundamental Position—Diversified

Republic Aviation is the successor by change of name to Heversky Aircraft Corp., originally formed in 1931. The company has recently been engaged principally in the development and manufacture of military aircraft. Since completion of P-43 orders in 1941, the company had concentrated on various models of the P-47 Thunderbolt, which now includes a P-84 jet version, for the U. S. Army and foreign countries.

Entry into the private plane field is being concentrated on the amphibian 4-place Seabee (priced at \$6,000). Orders for a four-engine commercial transport, the Rainbow, have been cancelled, but contracts are held for a military version, the XP-12.

Further diversification was attained through the purchase in late 1945 of Aircooled Motors of Syracuse, N. Y., manufacturer of Franklin engines. These engines are used to power the Seabee, and orders are also on hand from other companies.

The original plant is located at Farmingdale, L. I. Adjoining DPC-owned plant facilities and airport were leased in June, 1946, with option to purchase.

### CAPITALIZATION

**Funded Debt:** None.

**Common Stock:** 983,408 shares (\$1 par).

**Options:** To purchase 100,000 shares at \$7.25 each through January 22, 1949.

Incorporated in Delaware in 1931. Office—Farmingdale, Long Island, N. Y. President—M. I. Peale. Secretary—Treasurer—T. Davis. Directors—L. D. Bruce, R. L. Clarkson, P. G. Coburn, J. J. Daly, A. Kartvel, W. W. Kellett, A. Marchev, C. H. Miller, P. Moore, M. I. Peale, L. Platt, J. W. Powell, H. N. Taylor, L. Watson. Transfer Agent—Bankers Trust Co., N. Y. C. Registrar—Guaranty Trust Co., N. Y. C.

CAUTION—This information has been obtained from sources believed to be reliable but is not guaranteed. Subscribers may obtain copies of this report at a nominal price, for free distribution ONLY to their clients. Printed in U. S. A.

### Earnings-Dividends—War-Stimulated

The earnings performance was distinctly unsatisfactory until the war stimulus began to be felt. In early years, with operations devoted largely to development work, losses were moderate. Despite the receipt of some sizable orders thereafter, low unit prices, adopted to gain a foothold in the industry, resulted in substantial deficits.

Operations reached a profitable basis late in 1939; further improvement was scored in 1940. Tooling expenses cut 1941 profits, but sharp sales expansion in subsequent years brought satisfactory gains, despite progressively heavier taxes, large reserves, and government pressure on prices. Reduced sales and higher costs cut 1945 earnings.

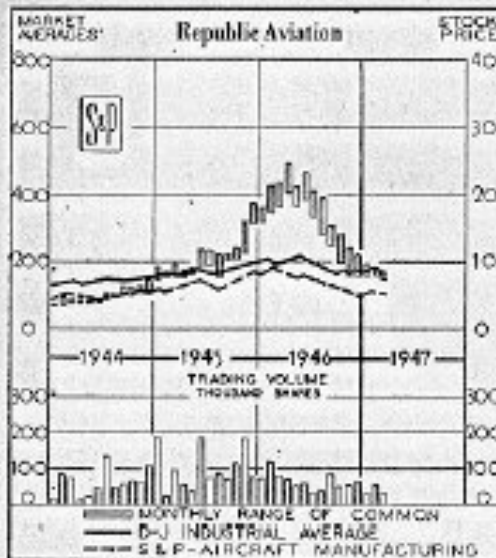
Common dividends were initiated on a conservative basis in 1943.

### Finances—Improved

Retention of the bulk of inflated wartime profits lifted working funds sharply in the 1942-45 period, despite preferred stock retirement in 1943. However, indicated 1946 losses and capital expenditures for expanded peacetime operations apparently reduced funds sizably at the 1948 year-end. Early in 1947, a \$5,000,000 bank credit was obtained, against which \$2,500,000 was borrowed, and the company has applied to the RFC for an additional loan of \$3,000,000.

Stock—	Approx. Price	Dividend	Yield	Market Rating
COMMON	7	3	2	Above Average

**RECOMMENDATION:** Since the company has obtained a good share of available peacetime military business, which is supplemented by private plane orders, the COMMON stock has appeal as a low-priced speculation.



### CHARACTERISTICS OF STOCK

The stock is highly speculative because of the lack of established earning power under normal conditions. The excellent wartime operating record, however, places the stock in a relatively good position among the lower-priced aircraft stocks.

### RECENT TRENDS

Supply difficulties, particularly delays in receiving new machine tools, and reduced military business cut sales severely in the first nine months of 1946. Costs rose sharply on the smaller volume and operations were unprofitable. After tax and reserve credits totaling \$1.95 a share, net income was reported at \$0.49 a share, against \$1.88 a year before. Since final quarter output was further restricted, a loss is indicated for all of 1946.

Subsequent operations are believed to have improved somewhat.

### NEAR TERM PROSPECTS

#### Earnings-Dividend Forecast

Sizable profits are likely in 1947, in contrast to the share deficit estimated for 1946. Capital needs to finance the current order backlog preclude near-term dividend action.

After cancellation of orders for 20 Rainbows by American Airlines and 6 by Pan American Airways late in February, the backlog approximated \$38,000,000. Included were military contracts for 500 P-84s, XP-12s, experimental work, and \$30,000,000 in commitments for Seabees. Output of 360 P-84s and some 3,350 Seabees are scheduled this year and, if supply conditions permit fulfillment, a considerable gain in over-all sales is probable.

Engineering and development costs should be reduced and, with P-84 contracts on a fixed-price basis, operations are expected to become increasingly profitable as production expands.

### LONGER TERM OUTLOOK

#### Principal Profit Factors

The company's excellent production and engineering record during the war suggests that it will continue to receive a good share of available military business. Moreover, if public response to 4-place private planes continues favorable, the effect upon the company's recently acquired small engine line will be similar. While plans for output of commercial transports have been deferred, later events may permit revival. Competition in all fields is keen, but development of satisfactory earning power is probable.

#### DIVIDEND DATES

Ex-dividend and dividend meeting dates are irregular.

<sup>1</sup>Listed N. Y. S. E. <sup>2</sup>Market Ratings are based on expected performance of individual stocks in relation to the market as a whole. Buy designates issues most favorably situated; Above Average those with above average attraction; Average to Below those having average or less than average appeal; and Switch those recommended for sale. <sup>3</sup>Paid \$0.25 in 1946.

### STANDARD LISTED STOCK REPORTS

#### STANDARD & POOR'S CORPORATION

Published at Orange, Conn. Editorial & Executive Offices, 345 Hudson St., New York 14, N. Y.