

Remarks for March 1975 Firearms
Operations Committee Meeting

(Remington Forecast - contd.

for rim fire rifles and about the same for center fire rifles.

In 1975, estimated material and labor cost increases are not forecast to be fully offset by higher selling prices. As a result, firearms operative earnings as a % of sales are forecast at the rate of 22.2% for 1975, compared with 23.5% of sales in 1974. 1975 pre-tax operative return on investment is forecast at 24.0%, compared with 24.9% for 1974.

Profitability

Looking now at the profitability of product lines -- as we outlined in recent memos, we have attempted to provide through representative item cost information, cost-price data that will enable us to look at a current picture that is not obscured by inventory averaging, LIFO adjustments and other financial accounting. We have tested these representative items on a quantitative and earnings basis and believe they are good bellwethers.

For example, the 3 shotgun items represent about 27% of that product line's sales volume. The total shotgun line shows earnings as a % of sales of about 25% for the calendar year 1975 based on Forecast No. 1. The three rim fire rifle items represent about 64% of the product line, which shows pre-tax earnings of about 10% of sales. The center fire rifle items represent about 32% of the product line, which show earnings of about 20% of sales.