

Johnson Products Reports Loss For 3rd Quarter, 9 Months

Johnson Products Co., Inc., today reported a net loss for the three months and nine months ended May 31, 1980, on slightly higher sales.

George E. Johnson, president, said the results for the third quarter were severely affected by the growing recession, accelerating costs for oil-based chemicals used in the manufacture of the company's products and very high one-time expenses related to new product introductions. The quarter also reflected significant start up costs related to the new manufacturing operation in Nigeria, currently in test production.

Sales for the third quarter were \$8,343,000, up from \$8,037,000, and the net loss was \$1,088,000, equal to 27 cents a share, compared to a net profit of \$4,000, for the third quarter last year.

For the nine months, sales and revenues rose to \$25,333,000 from \$23,988,000 for the comparable 1979 period, and the net loss was \$1,270,000, equal to 32 cents a share, compared to a net profit of \$254,000 or six cents a share.

Johnson said that the company's retail business has been declining because it appears that the recession and the high level of interest rates has been forcing retailers to substantially reduce inventories as well as limit the number of items being stocked. "However, we have been successful in getting 'Ultra Sheen Natural Formula,' our recently introduced hair relaxer for consumer use, into the market-place and we are encouraged by its initial reception."

He added that the company's professional sales were ahead of a year ago, reflecting

the expanding introduction of "Precise," a patented hair relaxer system, and several other new products to the professional market. "Precise is now in about 20 markets nationally and is scheduled for introduction in several others within the next few weeks," he continued. "Expenses related to the introduction have been very high, but the results to date indicate that the high degree of acceptance accorded the product and Johnson Product by professionals, will have ongoing future benefits for the company."

Johnson said that price increases to offset rising production material costs are continuing to be made on a selective basis.

Johnson Products, listed on the American Stock Exchange, makes personal grooming products for consumers.

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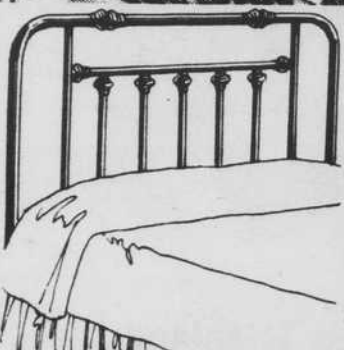
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