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A CASE STUDY OF THE TEXTILE FABRICS CORPORATION

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65-41085

Coltejer - Colombia

For several months, the president and the treasurer of Compania Colombiana de Tejidos S.A. - "Coltejer" - (Colombian Textile Fabrics Corporation) had been negotiating a term loan with the International Finance Corporation of Washington, D. C. (IFC). The purpose of the loan was to help in financing an expansion program and to replace with a longer term source of finance, an existing credit-line arrangement which the company had with the Bank of America, California, U. S. A.

Another reason for negotiating the loan was the company's desire to eliminate the exchange risks associated with the utilization of the credit line (mentioned above) which obliged it to obtain foreign exchange on the free market whenever repayment was to be made. If the term loan were obtained from the IFC, arrangements would be made to sell the proceeds to the Central Bank - Banco de la Republica - which would undertake to resell the dollars to the company, at a predetermined price, upon maturity, thus eliminating the exchange risks associated with foreign borrowing.

The draft of the loan agreement was more or less agreed upon by July 1962, when the president, Senor Rodrigo Uribe, was planning to present it to the board of directors for approval.

Company History

Coltejer was founded in 1907 at Medellin by Senor Alejandro Echavarria, a prominent Colombian businessman. The company, one of the earliest public corporations in Colombia, remained essentially a family-held enterprise until 1914, when the founding shareholders invited the public to subscribe to new capital required to finance the company's expansion.

The most outstanding characteristic of Coltejer was its remarkable growth which continued with few interruptions or setbacks between the two world wars. The growth was accelerated after the beginning of the Second World War when Senor Carlos J. Echavarria, the son of Don Alejandro, took over the presidency. During Don Carlos' term, which lasted from 1940 to 1961, the number of employees increased from 400 to 8,000, spindles from 27,000 to 233,000 and looms from 743 to 4,500. Investment in plant and equipment rose from Col. $2.8 million to Col. $203 million, and shareholders' equity increased from Col. $3.8 million to Col. $305 million. During this period, Coltejer became the largest textile manufacturer in Latin America and one of the largest and most successful corporations in Colombia.

Don Carlos handed the presidency over to his nephew Senor Rodrigo Uribe Echavarria on June 24, 1961. Don Rodrigo, who was 40 years old, was a chemical engineer who had received his training at the Massachusetts Institute of Technology and who had held several managerial positions with Coltejer since 1942.

The company, which started as a small-scale cotton-cloth weaver, widened the scope of its operations through both backward and forward integration and by diversifying its product line. Backward integration was accomplished by Coltejer's entry into the spinning business, the purpose of which was to supply its yarn requirements from its own sources. Coltejer was also active in the promotion of local cotton-growing, and its president, Don Carlos, was instrumental in the founding of Instituto de Formento Algodonero (Institute for the Development of Cotton-growing), and Distribuidora de Algodon Nacional - Diagonal (The National Agency for the Distribution of Cotton).

Forward integration was pursued through the introduction of printing, finishing, and dyeing processes which enabled the company to have control over the whole production cycle of the materials it produced. The most recent move towards integration was the building of a spare-parts manufacturing plant which supplied most of Coltejer's needs and sold the remainder of its output to other textile firms. Coltejer supplied most of its electrical power requirements from its own thermoelectrical power plant, which was located in Itagui, a short distance from the place where five of its plants were situated. A program of product diversification was introduced in the 'fifties when the company entered the field of synthetics, hosiery, and carpet manufacturing either in fully-owned plants or in partnership with other manufacturers.

A list of the company's plants along with their major activities, the number of their employees, and their floor space is given in Exhibit No. 1. Exhibit No. 2 shows consolidated balance sheets for 1959-1961.

Sales and Earnings

During the decade which ended on December 31, 1962, Coltejer's sales increased 3.5 times from Col. $113 million in 1952 to Col. $396 million. Sales in 1962 were expected to reach Col. $436 million. Exhibit No. 3, which shows sales and profits for that period, indicates that sales in every single year during the decade exceeded those of the previous years by a figure which varied from Col. $5 million in 1953 to Col. $64 million in 1958. These figures are somewhat distorted because of the inflation which prevailed in Colombia during the decade - especially in its latter part. But even if they were divided by the cost of living index to eliminate the bias created by inflation, they would show evidence of substantial growth in real as well as in monetary terms.

Net earnings after taxes and interest payments also increased throughout the decade; they rose from Col. $13.9 million in 1952 to Col. $43.6 million in 1961. Net earnings for the first half of 1962 reached Col. $25.2 million and were expected to be double that amount for the whole year. During only one year in the whole decade - in 1961 - did earnings decline to a level below the one reached in the previous year.

In 1961, Coltejer had about 45% of the cotton fabric market in Colombia. Its major competitors were Fabrica de Hilados y Textiles del Hato S. A. - FABRICANTE - which had 30% of the market, and Tejidos El Condor S. A. - TEJICONDOR - with 10% of the market. A host of small companies divided the remaining 25% between them. In the field of synthetic fabrics, Coltejer's sales accounted for only 10% of the total. This market was shared with four other companies.

Sales Distribution

Coltejer sold its products to a network of seventy independent distributors throughout the country. Cloth was shipped to the distributors and held by them on consignment until it was sold to the customers, who consisted of retail-store owners, small manufacturers, and other retailers. Consigned goods were usually sold within 30 days of delivery to the distributors. Nearly 10% of the cloth produced was graded as seconds and was sold to a number of the distributors at a discount which varied with quality. Another group of customers was composed of over 100 large garment manufacturers who were not required to buy from the distributors, but were served directly from the company's plants.

The company attempted to enter the foreign market for the first time in 1961 when shipments were made to South Africa, U. S. A., Costa Rica, and a number of other Latin American countries. The company found that it usually could compete in both price and quality against well-established firms from Hong Kong, Japan, and other textile-exporting countries and planned to increase its foreign sales in the following years. The percentage distribution of the company's sales by type of customer in 1961 is shown below:

Distributors	77%
Garment Manufacturers	9%
Export	6%
Other	8%
Total	100%

Export Problems

Company officials stated that the limitations on a major expansion of exports were imposed by strategic rather than short-term cost considerations. Sales to foreign countries were profitable as long as the foreign exchange receipts could be sold on the free market, and few difficulties were expected in getting substantial orders from existing and new customers. On the other hand, exports could be made only by diverting sales from the local market, since the company was producing at capacity and had no difficulty in selling all its output. A large-scale diversion of sales from the local to foreign markets would weaken Coltejer's competitive position vis-a-vis its competitors who were already increasing their share of the Colombian market.

Foreign markets were considered to be inherently more risky than the home market because of the undependability of orders, stiffer competition, fluctuation in the exchange rate, possible changes of regulations in the importing countries, etc. For these reasons, Coltejer decided to approach exports with extreme caution and to commit only marginal resources to foreign sales.

Recognizing, however, that the interests of the country required an increase in foreign earnings, management was considering a plan which would coordinate the export policy of all textile producers. Under the plan, each producer would be allocated an export quota, which would be fixed as a proportion of total sales and would thus be prevented from gaining ground in the local market at the expense of the export-minded producers. Until such a plan was adopted by the industry, Coltejer planned to expand its exports very gradually.

Sales Terms

Terms of sales were as follows: as was mentioned above, distributors received shipments on consignment. Accounts fell due 30 days after the end of the month in which the goods were sold by the distributors. Garment manufacturers were expected to pay within 30 days after the end of the month during which they received the goods. After consulting with the treasurer and receiving his approval, the sales department was authorized to grant additional credit to certain customers. Table No. 1 shows the aging of accounts receivable on December 31, 1960 and 1961.

Table No. 1

Aging of Receivables

in '000 Col. $

December 31	1960	%	1961	%
Not due	39,798	73.0	58,419	69.9
15 days past due	7,334	13.4	5,308	6.3
30 days past due	2,448	4.5	5,404	6.5
30-60 days past due	2,916	5.3	7,080	8.5
More than 60 days past due	2,450	4.5	7,672	9.1
Discount taken	(391)	(0.7)	(214)	(0.3)
Net Receivables	54,555	100.0	83,669	100.0
Net Due	14,757	27.0	25,250	30.1

No credit was extended by Coltejer to its foreign customers, and the transactions were handled by the company's and the customers' banks by means of letters of credit which enabled Coltejer to collect the proceeds of export sales upon receipt of the order which preceded actual shipment by several weeks. Thanks to this technique, which will be described in detail later, the collection period for export sales was, in fact, negative.

Financing Inventories

The company used several sources to finance its working capital. Aside from internally generated funds and suppliers' credit (which was used extensively), commercial banks supplied a major part of the company's requirements in form of short-term credit. The terms of these credits and their cost varied with the purpose for which they were used and with the source from which they came.

The most important raw material was cotton which had been grown locally in growing volumes since the war. The company's policy was to buy its annual requirements shortly after the cotton-picking season and to store them in warehouses provided by a government agency. Eighty percent financing for such inventories was obtained from commercial banks and the Banco de la Republica at 5% interest per year. The loans were secured by warehouse receipts which were issued by the warehouse against cotton bales deposited with them.

Goods in process and finished goods inventories were financed in part by a line of credit extended by the Bank of America, California, USA. The loans which were repayable within six months, were secured by the goods in question, which were deposited in a field warehouse located in the company's plants, and administered by Banco de Comercio, the local correspondent of the Bank of America. The interest rate on the loans was 6% per annum to which was added a commission of 3% payable to the administrator of the field warehouse.

These loans were advanced and repaid in U. S. dollars, which the company sold on the free market in order to obtain the necessary amount in pesos. Repayment was similarly made by buying the necessary foreign exchange on the free market. The credit line amounted to U. S. $1, 400, 000 which could be used to finance up to 70% of the value of the collateral.

The company, in fact, rarely borrowed for more than two or three months from this source because of the exchange risks involved. Due to the fluctuations of the free foreign exchange market, great care had to be exercised in the timing of both the sales and the purchases of foreign exchange in order to get the most advantageous spread between the buying and the selling rates.

Holders of foreign exchange balances had the opportunity of eliminating the risks associated with the daily fluctuations of the free market by registering the debt with the Banco de la Republica. Upon registration, the Bank would advance pesos to the company and undertake to exchange them back into foreign currency when the loan became due. Both transactions, however, would take place at the official rate which meant that the company would have to raise more dollars for a given amount of pesos than at the current free rate.

Furthermore, this type of transaction would not completely eliminate the exchange risks. If a devaluation were to occur between the raising and the retiring of the foreign exchange loan, thus changing the official rate, the company would be obliged to buy its dollar requirements at the post devaluation rate. For these reasons, the company preferred not to use the services of the Banco de la Republica in connection with the loans it had obtained from the Bank of America and decided to operate on the free market.

Financing Exports

Export financing was obtained from two sources. Dollar loans covering 100% of the shipment were advanced by the Bank of America upon receipt of a letter of credit from the bank of Coltejer's foreign customer. Interest on this type of loan was relatively low by Colombian standards. Amounting to 5.75%, it included a commission paid to Banco de Comercio which acted as an agent to the Bank of America and transferred the funds from the U. S. to Colombia. The company was not concerned with repayments, since the accounts with the importer were settled between his bank and the Bank of America. The company had the choice of selling the foreign exchange obtained in payment for exports on the free market or to the Banco de la Republica. The latter would usually offer for this type of transaction a slightly better price than the free market, but its services were only available to those exporters who could prove that shipments were actually made or were about to be made within less then 30 days.

Export financing could also be obtained from local banks which advanced up to 70% of the value of the shipment at 5% interest. This loan was secured by documents which showed that the exporter had the goods in his possession and was preparing them for shipment. Since export finance could be obtained from two kinds of institutions which required unrelated documents and collaterals to back their advances, both sources could be utilized simultaneously, and, for each U. S. $100 worth of export, up to U. S. $170 of credit could be obtained. Credit of U. S. $100 backed by a letter of credit could be raised from abroad, and the peso equivalent of U. S. $70 backed by the goods in question could be raised from local banks.

Unsecured and Medium-Term Loans

Short-term unsecured loans were raised from local banks which usually charged 12% interest and required the borrower to repay the loan within a year. Individual banks used to advance relatively small amounts of unsecured loans only, despite the high interest involved, and the only way in which sufficient unsecured credit could be raised was by keeping accounts with a large number of banks. The treasurer of Coltejer, Senor Molina, commented that Coltejer, which was a very large company by Colombian standards, found it particularly difficult to raise sufficient unsecured short-term funds from the banks. The average bank was not in a position to grant an individual company unsecured loans in excess of Col. $2-3 million, and Coltejer's requirements exceeded these sums by a very wide margin. For this reason, extensive use was made by the company of credit facilities available to it abroad.

Medium-term loans were raised by Coltejer for the purpose of financing purchases of equipment and machinery. Such loans were usually secured by mortgages, the interest on which was 8%-9%, and the maturity of which rarely surpassed three years. The company used all of these sources of financing in quantities and proportions which it considered most advantageous. A sample of short and medium-term loans outstanding on December 31, 1961, is given in Table No. 2.

Table 2
Coltejer Bank Debt
December 31, 1961
in Col. $'000

Lending Institution	Description and Collateral	Interest	Amount Payable in 1962	Amount Payable after 1962
Banco de la Republica	Cotton purchases - secured by commodity	5%	11,005	
Banco de Colombia	Unsecured	12%	1,264	
	Cotton purchases - secured by commodity	5%	3,047	
	Finance receivables - secured by receivables	10%	544	
	Real Estate - secured by mortgage on land	8.5%	40	20
	Real Estate - secured by mortgage on land	8.5%	40	30
Banco de Bogota	Real Estate - secured by mortgage on land	8.5%	100	313
	Unsecured	12%	700	
	Rayon purchases - secured by commodity	5%	2,031	
	Building - secured by mortgage on land and building	8%	200	700
Banco Comercial Antioqueno	Unsecured	12%	1,000	
	Cotton purchases - secured by commodities	5%	993	
Bank of America, U.S.A.	Export financing - letter of credit	5.75%	616	
	Inventory financing - secured by goods	9%	11,704	
	Etc.			
Total Loans Outstanding			45,950	9,223

Equity Financing

On December 31, 1961, Coltejer had 29,644 stockholders whose holdings were broken down as follows:

Number of Holders	Number of Shares
28,470	1 - 4,999
984	5,000 - 19,999
190	20,000 +
29,644	32,743,606

In 1959 a two to one stock split reduced the par value from Col. \$5.00 to Col. \$2.50. The stock was listed on the Bogota Stock Exchange and was considered as one of Colombia's blue chips. The Company increased its capital periodically by inviting existing holders to subscribe to new issues at a cost somewhat below the market price.[1]

The company's staff handled all applications for shares from the head office in Medellin, and no use was made of the services of underwriters or investment bankers.[2] Since shareholders came to expect new issues practically every year, many of them left their dividends uncollected and, when the subscription offer was made, exchanged them against new share certificates.

During the period January 1958 to March 1962, over 7,000,000 new shares were offered to shareholders at prices which varied between Col. \$6.00 and Col. \$10.00 as can be seen in Table No. 3.

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[1] The Colombian commercial law provided that unless the articles of association of a company specified otherwise, existing stockholders should be given preemptive rights in regard to new issues. Coltejer, like most other Colombian corporations, followed this practice.

[2] These institutions are nonexistent as such in Colombia, though some of their functions are performed by certain banks.

Table 3
Coltejer Stock Issues 1959-1962

Date of Issue	Number of Shares	Par Value in Col.$	Offering Price in Col.$	Market Price during preceding 6 months in Col.$
January 1958	800,000	5.00	14.00	16.80-17.50
August 1958	420,000	5.00	12.00	15.05-15.80
July 1960	864,000	2.50	10.00	11.00-12.00
April 1961	3,000,000	2.50	8.50	9.15-9.55
March 1962	2,000,000	2.50	n.a.	9.90-11.10

Dividend Policy

Following the custom adopted by many large Colombian enterprises, the company paid dividends once a month in cash. Exhibit No. 4 gives details about the performance of the stocks and yields during the period 1952-1962. The figures indicate that the company had never missed a dividend payment during the decade and, furthermore, that dividends were not once reduced from the previous year's levels, although earnings per share sometimes did decline.

In explaining the dividend policy, company officials referred to the apparent fact that dividends, more than any other factor, determined the stock price in Colombia. As proof of this theory, they cited the company's stock prices which rose continuously from year to year with only two exceptions. Average annual stock prices fell from their previous level only in 1958 and in 1961, years during which exceptional circumstances prevailed. In 1958, violent social and economic unrest followed the overthrow of the dictatorship of Rojas Pinilla. In 1961, Colombia faced a severe economic crisis which had been brought about by a sharp deterioration in the country's balance of payment. It was generally accepted in business circles that events like those of 1958 and 1961, which caused a decline in business confidence, were not likely to recur frequently.

It should be noted that earnings and dividend yields as shown in Exhibit No. 4 did understate somewhat the true earnings of the stockholders, since they were calculated as a percentage of market price. Inasmuch as stockholders obtained shares through subscription at somewhat lower prices than those prevailing in the market, they did in fact benefit from higher yields.

Yields calculated on the price of the stock which was offered to shareholders during the period 1956-1961 are shown in Exhibit No. 5. This exhibit indicates that the earnings yield was rather stable during the period in question varying from 15.0% to 16.5%, whereas the somewhat more volatile dividend yield varied from 11.1% to 14.2%.

The IFC Loan Proposal

By the fall of 1961, company officials became somewhat concerned about the inherent instability of the foreign exchange market which had recently been fluctuating more widely than usual. Exhibit No. 6 shows the rates quoted for the dollar on the free market in 1961 and during the first six months of 1962. Despite the fact that hitherto no losses had been experienced on this market, management felt that it was undesirable for the company to continue exposing itself to continuous exchange risks and wondered whether a way could be found to eliminate these risks by replacing the revolving loan obtained from the Bank of America with a different kind of loan. Since local banks were not in a position to increase their lending to the company by a substantial amount, it was decided to seek alternative foreign sources.

After due deliberations, it was decided to approach the International Finance Corporation in Washington D.C., an affiliate of the World Bank, which had several term loans outstanding in Colombia, and in a number of other Latin American countries. The company planned to negotiate a term loan with IFC and to protect itself against exchange losses by arranging a swap with the Central Bank.

Under a swap or repurchase agreement, the company would sell the foreign exchange it received to the Bank at a somewhat lower price than the prevailing free market exchange rate. Upon the maturity of the loan, the Banco de la Republica would resell the dollars to the company at the same price at which they were bought, minus a small commission. After sounding out officials of the Banco de la Republica, Senor Molina concluded that a swap would be acceptable to the bank, that the difference between the market price and the price the company would receive for the dollars would not exceed Col.$.20 per dollar, and that the commission would be in the neighborhood of 4% per annum. Thus, if the free market price of the U.S. dollar were to be Col. $8.70 at the time the transaction took place, the company would receive from the Bank at least Col. $8.50 for each dollar and would have to pay in addition, about 4% commission per annum. The Bank would resell the dollar to the company at the same rate at a time agreed upon in advance.

Upon receiving this information, the management decided to approach the IFC with a request for a loan. The latter indicated its interest in advancing the money, and the two parties settled down to negotiate the terms. By July 1962, after several months of negotiations, the outline of an agreement emerged:

IFC would advance to Coltejer U. S. $2,000,000 to be repaid in equal semiannual installments commencing on January 15, 1963 and terminating on July 15, 1969. The company would give to IFC two series of signed promissory notes (series "A" and series "B"). Payments would be made at the various maturity dates upon presentation of the notes to the company. Interest was to be 7% plus an additional premium payable on the "A" series note which would cover the period January 15, 1963 - January 15, 1966. The "B" series, covering the period July 15, 1966-July 15, 1969, would not be subject to premium payments. The face value of the notes, maturity dates and the premiums payable are shown in Table No. 4.

Table 4
Maturity Dates, Face Value, and Premium Payable On
Series "A" and "B" 7% Notes

Series "A" Notes			Series "B" Notes	
Maturity Date	Face Value in US$'000	Premium Per US $1,000	Maturity Date	Face Value in U.S. $ '000
January 15, 1963	143	21.20	July 15, 1966	143
July 15, 1963	143	21.90	January 15, 1967	143
January 15, 1964	143	22.70	July 15, 1967	143
July 15, 1964	143	22.60	January 15, 1968	143
January 15, 1965	143	24.40	July 15, 1968	143
July 15, 1965	143	25.10	January 15, 1969	143
January 15, 1966	142	25.90	July 15, 1969	142

IFC would be given the option to buy 898,000 shares of Coltejer for the price of Col. $10.25 each and would have the choice of paying for the shares with cash or by tendering series "B" notes. The whole option would be valid until the first series "B" note became due and would expire gradually henceforth with the retirement of the notes. The portion of the option which would expire and the dates of expiry are shown below:

Date	Portion of the outstanding balance to expire
July 15, 1966	1/7
January 15, 1967	1/6
July 15, 1967	1/5
January 15, 1968	1/4
July 15, 1968	1/3
January 15, 1969	1/2
July 15, 1969	1

A special clause would safeguard the shares included in the option against dilution. If the company were to sell new shares to the public at a price below Col. $10.25 prior to January 1969, the price of the shares which the IFC could acquire would be similarly reduced, and would be determined by the following formula:

$$P = \frac{NI\ PI + Np\ Pp}{NI + NP}$$

where P = the price to be paid by IFC

NI = the number of shares IFC may buy under the option; 898,000

PI = the price per share payable by IFC under the option, Col. $10.25

Np = the number of shares issued to the public

Pp = the price at which these shares will be offered.

Thus, if 500,000 new shares were to be offered to the public at Col. $8.00 per share, the option price would be as follows:

$$P = \frac{898,000 \times 10.25 + 500,000 \times 8.00}{898,000 + 500,000} = \frac{9,204,500 + 4,000,000}{1,398,000} =$$

9.44

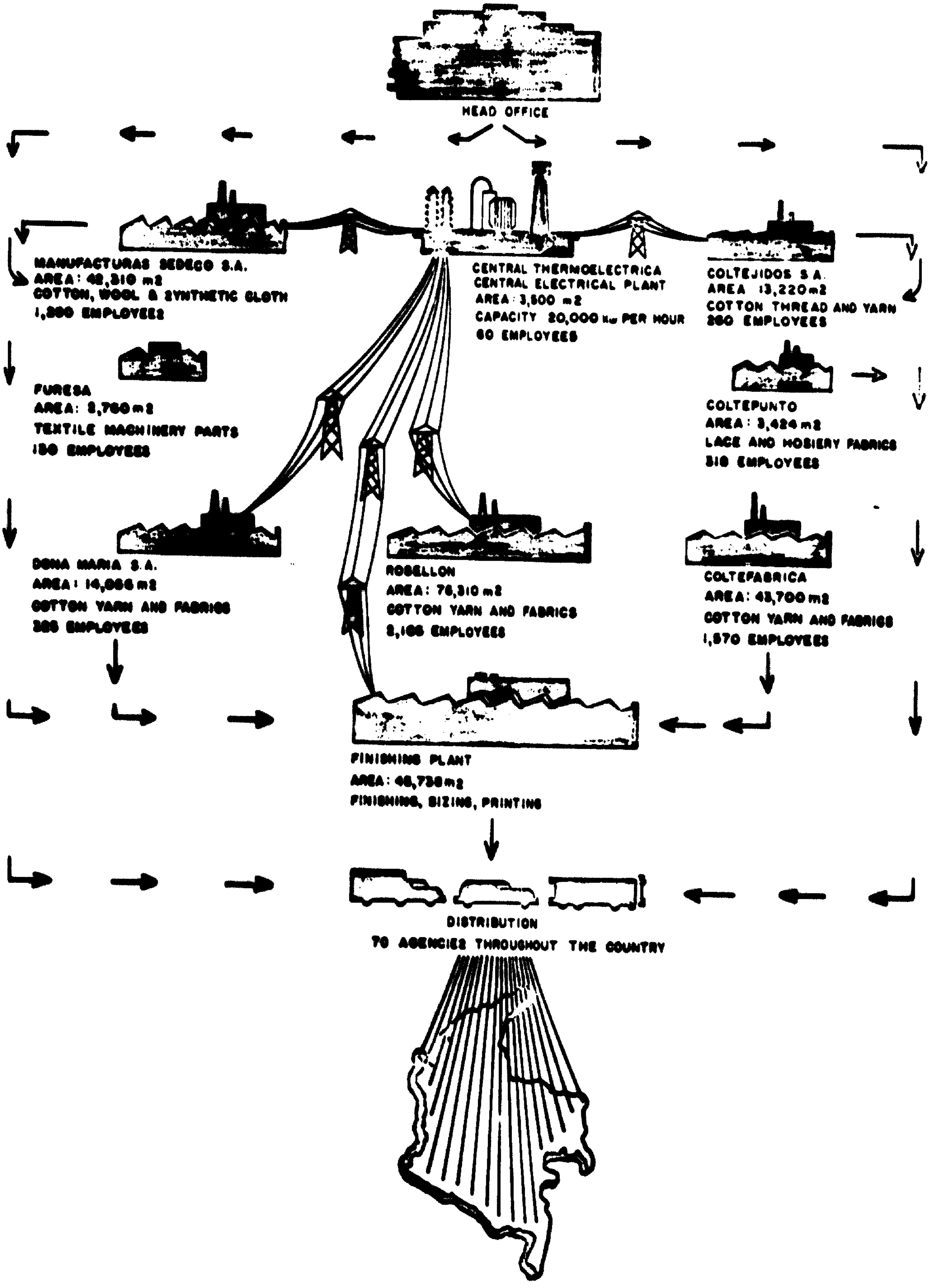
The total number of shares subject to the option would increase from 898,000 to 975,381 (= 9,204,500 - 9.44) which would leave the peso figure of the option unchanged. The company would have to obtain the IFC's approval prior to offering new shares on the market.

The terms outlined above were pretty much standard for loans made by the IFC in Colombia, and Coltejer's management felt that little could be gained by further negotiations. Moreover, a new administration was due to take over the government in September, and both Senor Uribe and Senor Molina, who conducted the negotiations, knew from experience that the political and economic uncertainty which tended to follow such changes was likely to be reflected in the foreign exchange market. It was agreed because of these reasons, that a decision on the loan agreement ought to be arrived at as soon as possible.

Exhibit I.

COLTEJER

MANUFACTURING & DISTRIBUTION FACILITIES



Coltejer
Exhibit 2
Consolidated Balance Sheets for the Years Ended December 31, 1959 - 1961

	1959		1960		1961	
ASSETS						
Current Assets		176,611		198,106		208,675
Cash		8,837		2,088		6,063
Accounts Receivable		55,000		68,500		93,085
trade	39,574		54,555		83,669	
others	15,426		13,945		9,416	
Inventories		114,913		124,503		105,524
finished goods & goods in process	33,778		57,865		56,242	
raw materials, supplies & spare parts	71,107		57,788		47,466	
advances to suppliers	28		8,850		1,816	
Prepaid expenses		1,861		3,015		4,004
Other Assets		8,202		8,488		9,897
Investments and long-term receivables	11,296		13,280		15,777	
Less allowance for market decline	(4,382)		(6,170)		(7,214)	
Advances to employees	1,288		1,378		1,334	
Fixed Assets		107,694		146,312		158,190
Land	4,429		4,493		4,234	
Buildings, machinery and equipment	172,121		222,857		252,051	
Less accumulated depreciation	(70,324)		(84,395)		(100,675)	
Construction in progress, and advances	1,468		3,357		2,580	
Deferred Charges		2,715		3,082		2,958
TOTAL ASSETS		295,222		355,968		379,721
LIABILITIES						
Current Liabilities		83,134		110,574		101,605
Notes payable to banks and others	14,709		55,690		45,950	
Accounts payable-trade	31,756		17,625		18,707	
Income tax payable	23,417		21,602		18,894	
Dividends payable	5,535		7,490		8,013	
Other payables and accruals	7,717		8,167		10,141	
Employee Retirement Benefits - payable after one year		10,085		11,763		12,452
Long-Term Debt		27,686		46,997		51,301
Bonds	18,894		34,057		32,995	
Notes and suppliers	8,792		12,040		18,306	

Exhibit 2 (Continued)

	1959		1960		1961	
LIABILITIES (Con't.)						
Capital and Retained Earnings		174,319		187,554		214,363
Capital - less shares held in treasury	106,006		114,912		142,859	
Retained Earnings	68,313		72,642		72,504	
TOTAL LIABILITIES		295,222		355,988		379,721

Coltejer
Exhibit 3
Gross Sales, Net Profits and Profit Margins 1952-1962
in Col. $ '000

Year	Gross Sales	Net Profits	Profit Margin in %
1952	113,677	15,874	13.9
1953	118,798	17,310	14.6
1954	136,269	19,537	14.4
1955	143,236	21,368	15.0
1956	167,936	25,221	15.1
1957	211,900	27,678	12.9
1958	275,944	28,530	10.4
1959	335,556	37,039	11.1
1960	368,566	46,300	12.5
1961	396,372	45,579	11.5
1962*	436,000	50,000	11.7

*Estimate

Coltejer
Exhibit 4
Market Share Price, Dividends, Earnings Per Share, Earnings and Dividend Yield
1952-1962

Year	Price Range[a]	Middle of Range Col.$[b]	Earnings per share Col.$	Earnings Yield %	Dividends per share Col.$	Dividend Yield %
1952	5.55-6.20	5.85	.86	14.7	.64	10.3
1953	5.60-7.05	6.30	.78	12.4	.65	10.3
1954	6.30-7.25	6.80	.83	12.2	.73	10.7
1955	7.45-8.90	8.15	.93	11.4	.78	9.6
1956	9.05-10.05	9.55	1.05	10.9	.78	8.2
1957	8.35-10.50	9.45	1.05	11.1	.83	8.8
1958	7.55-8.75	8.15	.99	12.1	.84	10.3
1959	10.40-10.80	10.60	1.28	12.1	.96	9.1
1960	11.00-12.00	11.50	1.56	13.6	1.16	10.3
1961	9.15-9.30	9.55	1.39	14.5	1.20	12.6
1962						
January	10.00-10.60		Est. 1.53		Est. 1.20	
February	9.90-10.65					
March	9.95-10.25					
April	10.15-10.45					
May	10.40-11.10					
June	10.65-10.85					

[b]Figures rounded

[a]Adjusted to reflect stock split of 2:1 in 1959.
Earnings and dividends are only approximations. They were computed by dividing total earnings & dividends by the number of shares outstanding by the end of the year.

Coltejer
Exhibit 5
Share Prices, Earnings, and Dividend Yield to Stockholders
1956-1961[a]

Year	Share Price to Stockholders Col.$	Earnings Yield %	Dividend Yield %
1956	7.00	15.0	11.1
1957	7.00	15.0	11.9
1958	6.00	16.5	14.0
1959	-	-	-
1960	10.00	15.6	11.6
1961	8.50	16.4	14.2

[a]Prices adjusted to reflect stock split of 2:1 in 1959.

Coltejer
Exhibit 6
U. S. Dollar Quotations on the Free Market 1961, 1962
in Col.$

Date Year	Quarters	Buy	Sell
1961	I	8.00	
	II	8.36	
	III	8.71	
	IV	8.82	
1962	Month		
	January	8.7902	8.7987
	February	8.7710	8.7776
	March	8.8132	8.8195
	April average	8.9656	8.9730
	2	8.8750	8.8850
	10	8.9750	8.9825
	23	8.9925	8.9975
	30	8.9800	8.9900
	May average	8.9232	8.9316
	2	8.9800	8.9850
	10	8.9450	8.9550
	21	8.9625	8.9700
	30	8.8575	8.8675
	June average	8.8123	8.8212
	1	8.8600	8.8700
	11	8.8200	8.8300
	20	8.7900	8.8000
	27	8.7325	8.7425
	2 July	8.7850	8.7500

Sources: 1961 - International Financial Statistics

1962 - Revista del Banco de la Republica

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