



With its five year annual profit growth rate exceeding 50 percent, AccuRay has emerged as a major force in the process control industry.

One of the most important functions in any manufacturing operation is process control. Without it companies reduce many manufacturing decisions to educated guesses. With it they can optimize production operations.

AccuRay Corporation is one of the world's leading companies in the process control industry; its systems are marketed in 52 countries. The company utilizes the latest in computer and electronic technologies to measure and control processes in the forest products, tobacco, metals, and plastics industries, among others. These systems help customers improve product quality, increase productivity, and reduce raw materials and energy consumption.

The company has been an industry leader in developing its internal quality controls, including statistical quality control and employee quality circles, as a key strategy to increase market share, reduce costs, and further heighten quality standards. The results have yielded increased customer satisfaction with AccuRay products and a high level of repeat order business. This in turn has helped the company achieve a five year annual profit growth rate of over 50 percent despite a recessionary economic period in its major markets.

The company has positioned itself for continued profit growth by expanding its product offering for existing markets, and introducing products for new markets — moves that will increase revenues as modernization takes place in manufacturing industries. This expansion in new equipment revenues, coupled with a solid, stable flow of service revenue from its large base of installed systems (historically about 50 percent of total annual revenues) will allow the company to create a larger annual revenue base and the potential for improved profit margins.

Process control systems for the forest products industry, namely the pulp, paper, and sawmill industry segments, account for approximately two-thirds of AccuRay's annual revenues. The remainder of its equipment revenues come from specialty markets such as cigarette making, metals rolling, plastics extrusion, and fiberglass insulation manufacture. The AccuRay 1180 MICRO™, the company's principal product for the paper industry, measures and controls

the weight, thickness, moisture content, and other vital characteristics of the paper product as it is produced. Over 800 AccuRay 1180 MICRO systems are currently in service, reducing costs and

improving quality for over 60 million tons of annual paper machine output around the world.

Expansion in existing markets is supported by the EVERGREEN Technology™



Precise process control can only happen when the computer receives accurate data from on-line measurement sensors. That's why AccuRay historically channels over one-third of its annual research and development funds into sensor design and development.

Recent Results and Outlook

For the six months ended June 30, 1983, operating revenues increased to \$57.2 million, up from \$55.3 million for the same period a year ago. Net income increased to \$2.2 million, or \$.56 per share, compared to \$1.6 million, or \$.46 per share, a year ago. Total new orders received in the first six months of this year were \$32.4 million, compared with \$24.6 million for the first half of 1982.

AccuRay successfully completed a public offering on March 17, 1983, of 550,000 shares of common stock. Substantially all of the \$9.4 million raised was used to reduce bank debt. As of June 30, 1983, total bank debt was \$1.2 million, down from \$23.4 million on March 31, 1982.

AccuRay is well-positioned for the future, particularly as manufacturing companies throughout the world modernize their facilities in an attempt to compete efficiently in the highly competitive world marketplace.



With more computer-to-computer communications capabilities than any other process control supplier, AccuRay systems such as this pulp mill system can effectively manage other computers to control complex processes.

design of AccuRay MICRO™ systems. This allows users to add new, more accurate measurement and control products that meet growing needs to improve manufacturing control and product quality. Many users are expected to double the size of their systems by upgrading with new add-on products developed through a five year, \$48 million research and development effort.

In new markets, the AccuRay 6000 MICRO™ was introduced to the sawmill segment of the forest products industry two years ago. This product allows sawmills, for the first time, to precisely measure and control each board as it comes through the mill. This increases the number of boards derived from each log, thereby increasing production for the sawmill and saving approximately \$1 mil-

lion a year for the average mill. As a result, AccuRay has more sawmill trimmer optimization system installations than all its competitors combined.

In April 1983 the company introduced the AccuRay 7000 MICRO™ for the steel and aluminum metals rolling markets. This high-speed, accurate measurement and control system has been enthusiastically accepted by an industry seeking to improve cost structure and product quality. The industry demand for such systems is at an all-time high and the AccuRay 7000 MICRO is already achieving distinction as the company's most successful new system introduction in recent years.

In the tobacco industry, where the company dominates the process control market, AccuRay systems measure, control, and inspect over 1.5 trillion cigarettes per year.

Financially, AccuRay has improved its balance sheet by significantly reducing bank debt from \$26.1 to \$1.2 million since January 1, 1982.

As the company continues to provide improved, high-quality measurement and control solutions for existing and new markets and maintains financial strength to take advantage of new opportunities, expected revenue increases should fuel a continuation of profit growth.

AccuRay Corporation

(ACRA) OTC

Investment Features:

- AccuRay is one of the leading companies in the process control industry.
- AccuRay's products can help a company save money through increased productivity, reduced energy and raw material costs, and improved product quality.
- Approximately two-thirds of AccuRay's business is in the forest products industry.
- Since January 1, 1982, AccuRay reduced its bank debt from \$26.1 million to \$1.2 million.

	1982	1981	1980	1979	1978
Sales (000)	\$108,714	\$108,533	\$102,910	\$91,658	\$84,415
Net Income (000)	3,833	3,170	2,232	1,079	433
Earnings per Share	1.08	.90	.64	.31	.13
Dividends per Share	.14	.10	—	—	—
Assets (000)	84,413	96,670	100,781	102,071	105,398
Long-Term Debt (000)	7,125	12,546	18,441	23,326	25,200
Equity (000)	25,688	22,254	19,324	16,623	16,079
Equity per Share	7.21	6.28	5.49	4.84	4.68
Average Return on Equity	16.0%	15.2%	12.4%	6.6%	2.7%

Recent Investment Reports: Market Makers:

William Blair & Company	Blunt, Ellis & Loewi, Incorporated	Prudential-Bache Securities
The Ohio Company	William Blair & Company	Shearson-American Express, Inc.
Smith Barney, Harris Upham & Co.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Smith Barney, Harris Upham & Co.
Vercoe & Company Inc.	The Ohio Company	Vercoe & Company Inc.
	Paine Webber, Jackson & Curtis Incorporated	Dean Witter Reynolds, Inc.

