

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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ECHLIN INC

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file no. 1-4651

ECHLIN INC.

(Exact name of registrant as specified in its charter)

Connecticut

06-0330448

(State of incorporation)

(I.R.S. employer
identification no.)

100 Double Beach Road
Branford, Connecticut

06405

(Address of principal executive offices)

(Zip code)

(203) 481-5751

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last
report.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. YES X NO

----- -----
(APPLICABLE ONLY TO CORPORATE ISSUERS)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of class -----	Outstanding at December 31, 1993 -----
Common stock, \$1 par value	59,254,626

ECHLIN INC.

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PART I: FINANCIAL INFORMATION

ECHLIN INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

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	November 30, 1993	August 31, 1993
	----- (unaudited)	----- (A)
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 43,869	\$ 28,572
Accounts receivable, less-allowance for doubtful accounts of \$4,049 and \$4,299	203,688	201,177
Inventories, at lower of cost (first-in, first-out) or market:		
Raw materials and component parts	146,922	137,646
Work in process	69,065	47,985
Finished goods	325,189	302,459
	-----	-----
Total inventories	541,176	488,090
Other current assets	24,472	21,006
	-----	-----
Total current assets	813,205	738,845
	-----	-----
Property, plant and equipment, at cost	749,608	671,741
Accumulated depreciation	(356,516)	(342,360)
	-----	-----
Property, plant and equipment, net	393,092	329,381
	-----	-----
Marketable securities	91,704	90,002
	-----	-----
Other assets	86,331	105,033
	-----	-----
Total assets	\$1,384,332	\$1,263,261
	=====	=====

</TABLE>

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<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

<S>	<C>	<C>
Current liabilities:		
Notes payable to banks	\$ 8,172	\$ 3,034
Current portion of long-term debt	2,417	3,658
Accounts payable, trade	131,259	135,569
Accrued taxes on income	53,639	64,053
Accrued liabilities	180,504	150,542
	-----	-----

Total current liabilities	375,991	356,856
Long-term debt	240,999	157,540
Deferred income taxes	35,253	35,043
Shareholders' equity:		
Preferred stock, without par value:		
Authorized 1,000,000 shares, issued none	-	-
Common stock, \$1 par value:		
Authorized 150,000,000 shares,		
issued 59,223,886 and 59,105,321	59,224	59,105
Capital in excess of par value	327,527	325,865
Retained earnings	388,331	371,963
Foreign currency translation adjustment	(39,998)	(40,116)
Treasury stock, at cost, 270,264 shares	(2,995)	(2,995)
Total shareholders' equity	732,089	713,822
Total liabilities and shareholders' equity	\$1,384,332	\$1,263,261

</TABLE>

See notes to consolidated financial statements.

(A) The balance sheet at August 31, 1993 has been derived from the audited financial statements at that date.

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ECHLIN INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share data)

<TABLE>

<CAPTION>

	Three Months Ended November 30,	
	1993	1992
<S>	<C>	<C>
Net sales	\$499,264	\$462,328
Cost of goods sold	354,164	328,861
Gross profit on sales	145,100	133,467
Selling and administrative expenses	108,066	102,818
Income from operations	37,034	30,649
Interest expense	(4,535)	(4,971)

Interest income	2,920	2,926
	-----	-----
Interest expense, net	(1,615)	(2,045)
	-----	-----
Income before taxes	35,419	28,604
Provision for taxes	11,334	9,497
	-----	-----
Income before cumulative effect of accounting change	24,085	19,107
Cumulative effect of accounting change	2,583	-
	-----	-----
Net income	\$ 26,668	\$ 19,107
	=====	=====
Average shares outstanding	58,881	58,287
	=====	=====
Per share data:		
Income before accounting change	\$0.41	\$0.33
Cumulative effect of accounting change	0.04	-
	-----	-----
Net income	\$0.45	\$0.33
	=====	=====
Cash dividends per share	\$0.175	\$0.175
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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ECHLIN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

<TABLE>

<CAPTION>

	Three Months Ended November 30,	
	-----	-----
	1993	1992
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$26,668	\$19,107
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,180	14,828

Cumulative effect of change in accounting	(2,583)	-
Changes in assets and liabilities, excluding acquisitions' balance sheets:		
Accounts receivable	(2,659)	7,303
Inventories	(24,595)	(19,073)
Other current assets	(3,064)	(4,540)
Accounts payable	(4,172)	(5,344)
Taxes on income	(7,387)	4,998
Accrued liabilities	8,698	1,888
Other	5,910	3,556
	-----	-----
Cash provided by operating activities	12,996	22,723
	-----	-----
Cash flows from financing activities:		
Long-term and short-term borrowings	125,654	77,590
Long-term and short-term repayments	(43,597)	(58,328)
Proceeds from common stock issuances	1,781	1,613
Dividends paid	(10,300)	(10,064)
	-----	-----
Cash provided by financing activities	73,538	10,811
	-----	-----
Cash flows from investing activities:		
Capital expenditures, net	(14,365)	(8,738)
Purchases of marketable securities	(1,702)	(7,328)
Net assets of businesses acquired	(54,847)	(1,482)
	-----	-----
Cash used for investing activities	(70,914)	(17,548)
	-----	-----
Impact of changes in foreign currency translation on cash	(323)	(5,343)
	-----	-----
Increase in cash and cash equivalents	15,297	10,643
Cash and cash equivalents at beginning of period	28,572	29,832
	-----	-----
Cash and cash equivalents at end of period	\$43,869	\$40,475
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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ECHLIN INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement have been included. Operating results for the three month period ended November 30, 1993 are not necessarily indicative of the results that may be expected for the year ending August 31, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in the company's Annual Report on Form 10-K for the year ended August 31, 1993.

NOTE 2.

- - - - -

Fiscal 1993 results have been restated for the Frictiontech Inc. pooling of interests transaction which occurred in June 1993.

NOTE 3.

- - - - -

Effective October 1, 1993, the company purchased the Hydraulic Brake and Clutch Division of FAG Kugelfischer, located in Germany, for approximately \$75,000,000. In addition, if this division exceeds certain net income thresholds during the first five years subsequent to the acquisition date, the purchase price will be increased by not more than \$14,000,000. The acquisition was accounted for by the purchase method.

NOTE 4.

- - - - -

During the first quarter of fiscal 1994, the company adopted the provisions of Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes." FAS 109 changes the accounting for income taxes from the deferred to an asset and liability method. The cumulative effect of adopting this accounting change, which is included in the preceding results of operations, was a \$2,583,000 increase in net income.

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ECHLIN INC.
MANAGEMENT'S FINANCIAL ANALYSIS

Net sales for the first three months of fiscal 1994 increased \$36,936,000 or eight percent. Recent acquisitions provided nearly half of this growth while comparable operations provided the remainder. Domestic comparable operations net sales increased eight

percent primarily due to unit volume increases and price changes. Our automotive brake and heavy duty businesses provided the strongest improvement. Foreign comparable operations declined eight percent due largely to the negative translation impact upon sales as the U.S. dollar strengthened in relation to the British pound, Canadian dollar and German mark. Although overall foreign unit volume was down slightly, only our German, Brazilian and Mexican operations reported declines.

The percentage of gross profit to sales for the first three months of fiscal 1994 increased to 29.1 percent from 28.9 percent a year ago due to higher domestic production levels.

Although selling and administrative expenses increased \$5,248,000 over the prior year, as a percentage of sales they declined to 21.6 percent as compared to 22.2 percent last year. The dollar increase was primarily a result of acquisitions.

Interest expense declined \$436,000 from the previous year due to lower average interest rates and debt levels.

Net income for the quarter ended November 30, 1993 included income of \$2,583,000, which represented the cumulative effect of adopting the provisions of FAS 109, "Accounting for Income Taxes."

During the first three months of fiscal 1994, operations provided \$12,996,000 of cash flow vs. \$22,723,000 a year ago. The increase in net income was offset by larger cash outflows reflecting changes in working capital items. Accounts receivable were higher due to increased sales levels while inventories were up in anticipation of sales forecasts for the remainder of the fiscal year. Outflows for the payment of taxes were higher due to the company's increased income levels.

Debt levels at November 30, 1993 increased \$87,356,000 from year end primarily due to borrowings for acquisitions. Total debt as a percentage of total capital was 26 percent, the same level as a year ago, but higher than the 19 percent reported at August 31, 1993.

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ECHLIN INC.
PART II: OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Shareholders was held on December 15, 1993,

for the purpose of electing twelve Directors of the company and approving the designation of Price Waterhouse as independent accountants for fiscal 1994. All of the company's nominees for directors as listed in the proxy statement were elected. The vote for each nominee was as follows:

<TABLE>

<CAPTION>

	Affirmative -----	Negative -----	Abstentions -----
<S>	<C>	<C>	<C>
D. Allan Bromley	52,223,049	32,832	152,909
John F. Creamer, Jr.	52,254,095	1,786	152,909
Milton P. DeVane	52,242,858	13,023	152,909
John E. Echlin, Jr.	52,255,393	488	152,909
C. Scott Greer	52,255,881	-	152,909
John F. Gustafson	52,244,837	11,044	152,909
Donald C. Jensen	52,248,836	7,045	152,909
Trevor O. Jones	52,252,206	3,675	152,909
Frederick J. Mancheski	52,247,199	8,682	152,909
Phillip S. Myers	52,233,463	22,418	152,909
Frank R. O'Keefe	52,244,133	11,748	152,909
Jerome G. Rivard	52,250,651	5,230	152,909

</TABLE>

The proposal for the approval of Price Waterhouse was adopted. The proposal received 52,038,114 affirmative votes, 41,046 negative votes and 329,631 abstentions.

Item 6. Exhibits and Reports on Form 8-K.

 During the quarter ended November 30, 1993 the company did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Echlin Inc.

Date: January 10, 1994

/s/ Richard A. Wisot

Richard A. Wisot
Vice President and
Controller

Date: January 10, 1994

/s/ Jon P. Leckerling

Jon P. Leckerling
Vice President, General Counsel
and Corporate Secretary