

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-17** | Period of Report: **1994-04-02**
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FILER

BALDOR ELECTRIC CO

CIK: **9342** | IRS No.: **430168840** | State of Incorporation: **MO** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-07284** | Film No.: **94529009**
SIC: **3621** Motors & generators

Business Address
5711 R S BOREHAM JR ST
FORT SMITH AR 72901
5016464711

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 For the quarterly period ended April 2, 1994

- TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 For the transition period _____

Commission File Number 1-7284

BALDOR ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Missouri

(State or other jurisdiction of
incorporation or organization)

43-0168840

(I.R.S. Employer
Identification No.)

5711 R. S. Boreham, Jr St, Fort Smith, Arkansas 72902

(Address of principal executive offices) (Zip Code)

(501) 646-4711

(Registrant's Telephone Number, including Area Code)

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 the preceding 12 months and
(2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

At April 30, 1994, there were 18,158,433 shares of the registrant's common stock
outstanding.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

BALDOR ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

THREE MONTHS ENDED

APRIL 2, APRIL 3,

	1994	1993

	(In thousands, except share data)	
Net sales	\$ 97,476	\$ 86,547
Other income - net	184	156
	-----	-----
	97,660	86,703
Cost and expenses:		
Cost of goods sold	69,571	61,857
Selling and administrative	17,319	16,016
Profit sharing	1,231	1,045
Interest	231	256
	-----	-----
	88,352	79,174
	-----	-----
Earnings before income taxes	9,308	7,529
Income taxes	3,630	2,936
	-----	-----
Net earnings	\$ 5,678	\$ 4,593
	=====	=====
Net earnings per common share	\$0.30	\$0.25
	=====	=====
Dividends per common share	\$0.10	\$0.08
	=====	=====
Weighted average common shares outstanding	18,975,524	18,553,553

See notes to unaudited consolidated financial statements.

BALDOR ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

APRIL 2, 1994	JANUARY 1, 1994
-----	-----

ASSETS (In thousands)

CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,858	\$ 7,310
Marketable securities	26,970	22,914
Accounts receivable, less allowances of \$2,000 and \$1,800	66,107	59,566
Inventories:		
Finished products	45,191	44,544
Work-in-process	10,180	9,351
Raw materials	24,093	24,448
	-----	-----
	79,464	78,343
LIFO valuation adjustment (deduction)	(25,104)	(24,724)
	-----	-----
	54,360	53,619
Deferred income taxes	2,427	2,219
Other current assets	3,556	6,374
	-----	-----
TOTAL CURRENT ASSETS	159,278	152,002
OTHER ASSETS	13,725	13,552
PROPERTY, PLANT AND EQUIPMENT	150,528	146,220
Allowances for depreciation and amortization (deduction)	(76,625)	(73,824)
	-----	-----
	73,903	72,396
	-----	-----
	\$246,906	\$237,950
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (In thousands)		
CURRENT LIABILITIES:		
Accounts payable	\$ 16,208	\$ 12,690
Accrued employee compensation and other liabilities	25,558	28,100
Income taxes	5,110	2,121
Current maturities of long-term obligations	495	490
	-----	-----
TOTAL CURRENT LIABILITIES	47,371	43,401
LONG-TERM OBLIGATIONS	22,453	22,474
DEFERRED INCOME TAXES	11,149	11,536
SHAREHOLDERS' EQUITY:		
Common stock	1,813	1,797
Additional capital	19,110	17,848
Retained earnings	145,594	141,729
Cumulative translation adjustments	(584)	(835)
	-----	-----
	165,933	160,539
	-----	-----
	\$246,906	\$237,950
	=====	=====

See notes to unaudited consolidated financial statements

BALDOR ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	THREE MONTHS ENDED	
	APRIL 2, 1994	APRIL 3, 1993
	(In thousands)	
Operating activities:		
Net earnings	\$ 5,678	\$ 4,593
Depreciation and amortization	3,292	3,050
Deferred income taxes	(595)	(729)
Changes in operating assets and liabilities:		
Accounts receivable	(6,741)	(5,313)
Inventories	(741)	(2,771)
Other current assets	2,818	2,118
Accounts payable	3,518	4,923
Accrued expenses and other liabilities	(2,542)	(849)
Income taxes	2,989	3,294
Other - net	280	(962)
Net cash provided by operating activities	7,956	7,354
Investing activities:		
Additions to property, plant and equipment	(4,683)	(2,995)
Sales of marketable securities, available-for-sale	5,996	
Purchases of marketable securities, available-for-sale	(10,052)	(3,549)
Net cash used in investing activities	(8,739)	(6,544)
Financing activities:		
Reduction of long-term obligations	(16)	(14)
Unexpended debt proceeds	(118)	169
Dividends paid	(1,812)	(1,409)
Stock option plans	1,277	147
Net cash used in financing activities	(669)	(1,107)
Net decrease in cash and cash equivalents	(1,452)	(297)
Beginning cash and cash equivalents	7,310	5,921
Ending cash and cash equivalents	\$ 5,858	\$ 5,624

See notes to unaudited consolidated financial statements.

April 2, 1994

BASIS OF PRESENTATION: The 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 Article 10 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 and therefore should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended January 1, 1994. In the opinion of management, all adjustments (consisting only of normal recurring items) considered necessary for a fair presentation have been included. The results of operations for the three months ended April 2, 1994, may not be indicative of the results that may be expected for the fiscal year ending December 31, 1994.

INCOME TAXES: Deferred income taxes are provided on temporary differences between net earnings reported for financial and tax purposes. During the first quarter of 1993, the Company adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes". Adoption of this standard did not have a material impact on the Company's financial statements.

MARKETABLE SECURITIES: In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115 - "Accounting for Certain Investments in Debt and Equity Securities" which the Company adopted in the first quarter of 1994. Adoption of this standard did not have a material impact on the Company's financial statements. Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. Currently, all of the Company's marketable securities are classified as available-for-sale. The cost approximates the fair market value and unrealized gains and losses, net of tax, are immaterial. Interest income from securities classified as available-for-sale is included in other income.

Item 2. Management's Discussion and Analysis of Financial Condition and

Results of Operations

RESULTS OF OPERATIONS

First quarter 1994 sales were an all-time record at \$97.5 million, up 12.6% over last year's first quarter results. This increase in sales was broad-based across many industries and regions. For the first quarter of 1994, average selling prices were about 1.5% above year-end 1993 levels. Sales to both distributors and OEM's experienced good increases with sales to OEM's being particularly strong. Sales of new products were strong, particularly Super-E premium efficiency motors. First quarter 1994 sales of drives (defined as motors and controls) were also strong, increasing 19.9% over first quarter 1993 drive sales. In US dollar terms, first quarter 1994 international sales (exports and foreign affiliates) were up 10.0% over the first quarter 1993 levels and currently represent 12.1% of total sales.

First quarter 1994 net earnings were also an all-time record at \$5.7 million, up 23.6% from the corresponding period of the year before. The Company's pre-tax margin improved to 9.5% for first quarter 1994 compared to 8.7% for first quarter 1993.

The Company's gross margin for first quarter 1994 was 28.6% compared to 28.5% during first quarter 1993. The first quarter 1994 gross margin benefitted from increased production volumes and continued improvements in the manufacturing processes. First quarter 1994 selling and administrative expenses decreased to 17.8% of sales from 18.5% of sales in the first quarter of 1993 due mainly to improvements in administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Baldor's financial position remains strong with cash and marketable securities increasing \$2.6 million from year-end to \$32.8 million. This increase was primarily due to increased sales levels while maintaining year-end accounts receivable collection rates. Working capital increased to \$111.9 million from \$108.6 million at January 1, 1994. The ratio of long-term borrowings to total capitalization (shareholders' equity and long-term borrowings) was 11.9% at April 2, 1994, compared to 12.3% at January 1, 1994.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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- a. Exhibits - See the Exhibit Index
 - b. The registrant did not file any Form 8-Ks during the most recently completed fiscal quarter.

S I G N A T U R E S

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.

BALDOR ELECTRIC COMPANY

May 17, 1994

By: /s/ Lloyd G. Davis

(DATE)

Lloyd G. Davis - Chief Financial Officer and
Vice President - Finance (on behalf of the
registrant and as principal financial officer)

EXHIBIT INDEX

These Exhibits are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K.

Exhibits Number	Description
2	Omitted - Inapplicable
4	Omitted - Inapplicable
10	Omitted - Inapplicable
11	Computation of Earnings Per Common Share - filed herewith
12	Omitted - Inapplicable
15	Omitted - Inapplicable
18	Omitted - Inapplicable
19	Omitted - Inapplicable
22	Omitted - Inapplicable
23	Omitted - Inapplicable
24	Omitted - Inapplicable
27	Not required

EXHIBIT 11

BALDOR ELECTRIC COMPANY AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED	
	April 2, 1994	April 3, 1993
(In thousands, except per share data)		
Primary		
Weighted average shares outstanding	18,072	17,799
Dilutive stock options based on the treasury stock method using the average market price	904	755
Total	18,976	18,554
Net Earnings	\$ 5,678	\$ 4,593
Per Share Earnings	\$ 0.30	\$ 0.25
Fully Diluted		
Weighted average shares outstanding	18,072	17,799
Dilutive stock options based on the treasury stock method using the year-end market price, if higher than average market price	866	806
Total	18,938	18,605
Net Earnings	\$ 5,678	\$ 4,593
Per Share Earnings	\$ 0.30	\$ 0.25

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