

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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**PREMIER INDUSTRIAL CORP**

CIK: **80051** | IRS No.: **340661122** | State of Incorporation: **OH** | Fiscal Year End: **0531**  
Type: **10-Q** | Act: **34** | File No.: **001-04903** | Film No.: **96502684**  
SIC: **5065** Electronic parts & equipment, nec

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 1995

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 number 1-4903

PREMIER INDUSTRIAL CORPORATION  
(Exact name of registrant as specified in its charter)

Ohio 34-0661122  
(State or other jurisdiction of (I.R.S. employer identification no.)  
incorporation or organization)

4500 Euclid Avenue, Cleveland, Ohio P.O. Box 94884 44101-4884  
(Address of principal executive offices) (Zip code)

(216) 391-8300  
(Registrant's telephone number, including area code)

None  
(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

Number of shares of Common Stock outstanding at January 5, 1996: 82,203,698

PREMIER INDUSTRIAL CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

PREMIER INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statement of Earnings  
(Unaudited)

(In thousands of dollars, except per share data)

November 30,	Three Months Ended		Six Months Ended			
	1995	November 30, 1994	1995	1994		
Operating revenues	\$ 216,947	\$ 201,272	\$ 430,801	\$ 399,644		
Other income, net	1,449	1,192	3,487	1,971		
			218,396	202,464	434,288	401,615
Cost and expenses:						
Cost of sales	121,364	109,688	240,413	217,747		
Selling, administrative and general	48,665	47,238	98,242	95,211		
Depreciation	2,257	1,995	4,480	3,941		
Amortization of other assets	97	98	195	196		
Interest	102	79	197	153		
			172,485	159,098	343,527	317,248
Earnings before income taxes	45,911	43,366	90,761	84,367		
Income taxes	16,891	16,151	33,574	31,760		
Net earnings	\$ 29,020	\$ 27,215	\$ 57,187	\$ 52,607		
Net earnings per share	\$ .35	\$ .32	\$ .69	\$ .62		
Dividends per share	\$ .11	\$ .10	\$ .22	\$ .20		
Average number of common shares and common stock equivalents outstanding	83,042,000	84,988,000	83,370,000	84,966,000		

See accompanying Notes to Consolidated Financial Statements.

PREMIER INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

(In thousands of dollars)

	November 30, 1995 (Unaudited)	May 31, 1995 (Audited)
ASSETS		
Current assets:		
Cash and equivalents	\$ 8,627	\$ 43,413
Temporary investments	118,113	116,574
Receivables, less allowance	118,636	115,037
Inventories	180,399	164,238
Prepaid expenses and deferred income taxes	11,398	10,587

Total current assets	437,173	449,849
Property, plant and equipment, at cost, less accumulated depreciation	66,519	62,728
Other assets, at cost, less accumulated amortization	44,811	43,451
	\$ 548,503	\$ 556,028

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Payables	\$ 31,435	\$ 28,136	
Accrued liabilities	21,067	27,325	
Total current liabilities	52,502	55,461	
Deferred income taxes	21,779	20,469	
Long-term debt	6,500	6,500	
Shareholders' equity:			
Serial preferred stock, without par value; 1,500,000 shares authorized but unissued	-	-	
Common stock, without par value; stated value \$1 per share; 100,000,000 shares authorized, 87,076,327 issued	87,076	87,076	
Retained earnings	497,902	460,394	
Foreign currency translation adjustment	1,399	1,384	
Treasury shares at cost (4,856,021 and 3,073,732 shares at November 30, 1995 and May 31, 1995, respectively)	(118,655)	(75,256)	
		467,722	473,598
		\$ 548,503	\$ 556,028

See accompanying Notes to Consolidated Financial Statements.

PREMIER INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows  
(Unaudited)

(In thousands of dollars)

	Six Months Ended	
	November 30,	
	1995	1994
Cash and equivalents at beginning of period	\$ 43,413	\$ 42,122
Cash flows from operating activities:		
Net earnings	57,187	52,607
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	4,675	4,137
Deferred income taxes	1,310	1,610
Changes in:		
Receivables	(3,599)	(1,737)
Inventories	(16,161)	(10,636)
Prepaid expenses	(811)	(706)
Payables	3,299	(1,362)
Accrued liabilities	(6,258)	(3,083)
Other	(1,552)	(1,969)
Net cash provided by operating activities	38,090	38,861
Cash flows from investing activities:		
Net additions to property, plant and equipment	(8,271)	(6,696)
Purchase of temporary investments	(325,941)	(395,123)

Sale of temporary investments	324,402	390,221
Other	11	(110)
Net cash used in investing activities	(9,799)	(11,708)
Cash flows from financing activities:		
Dividends paid	(18,381)	(16,967)
Purchase of treasury shares	(51,057)	(3,669)
Proceeds from stock plans	6,361	6,980
Net cash used in financing activities	(63,077)	(13,656)
Cash and equivalents at end of period	\$ 8,627	\$ 55,619

See accompanying Notes to Consolidated Financial Statements.

PREMIER INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. The accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the consolidated financial position of Premier Industrial Corporation and subsidiaries (the "Company") as of November 30, 1995 and the results of their operations for the three month and six month periods ended November 30, 1995 and 1994 and their cash flows for the six month periods ended November 30, 1995 and 1994.
2. The Company's inventories consist primarily of finished goods. Cost of certain inventories is determined using the dollar value LIFO method. If all inventory costs were determined on a FIFO basis, inventories would have been \$7,201,000 and \$7,111,000 higher than reported at November 30, 1995 and May 31, 1995, respectively.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results Of Operations

Second Quarter Ended November 30, 1995 versus Second Quarter Ended November 30, 1994

Operating revenues of \$216,947,000 were 8%, or \$15,675,000, ahead of the \$201,272,000 reported for the same period last year. The increase in revenues reflects continued gains in both business segments as a result of, among other things, steady demand and expanded product offerings.

Cost of sales of \$121,364,000 increased 11%, primarily related to the revenue gain and changes in product mix. Selling, administrative, and general expenses remained under good control, increasing only 3%, or \$1,427,000. Higher levels of payroll and operating costs relating to the increased sales activity, partially offset by expense control efforts, accounted for the majority of the increase.

Primarily as a result of the above-noted factors, net earnings increased 7%, while earnings per share, benefiting from a lower number of shares outstanding due to increased shares purchased for treasury, rose 9%.

Six Months Ended November 30, 1995 versus Six Months Ended November 30, 1994

Operating revenues of \$430,801,000 were 8%, or \$31,157,000 ahead of the same period last year. The increase in revenues reflects gains in both business segments. Other income increased \$1,516,000 mainly due to increased investment income on a higher level of cash and temporary investments. Cost of sales of \$240,413,000 increased 10%, primarily related to the revenue gain and changes in product mix. Selling, administrative and general expenses increased only 3%, or \$3,031,000, as a result of expense control measures.

The above-noted factors resulted in a 9% gain in net earnings. Earnings per share rose 11%, based on the foregoing factors, coupled with a lower

number of shares outstanding.

#### Liquidity, Capital Resources and Cash Flows (Financial Condition)

The Company continues to maintain a solid financial condition. At November 30, 1995, working capital was \$384,671,000 compared with \$394,388,000 at May 31, 1995. The ratio of current assets to current liabilities was 8.3 to 1 at November 30, 1995. The Company requires significant funds to carry extensive product inventories, as product availability and customer service, including rapid delivery, are key factors in maintaining a strong competitive position in each business segment. In addition, the Company maintains cash and invested funds to meet growth opportunities, including business expansion, new division start-ups and acquisitions, and to have internal capital available for distribution to shareholders.

The Company's long-term debt of \$6,500,000 in variable rate Industrial Development Bonds continues to represent less than 2% of total capitalization at November 30, 1995.

The Company's principal source of cash continues to be that provided by operating activities. Net cash provided by operating activities fluctuates as a result of variations in operating income, receivable and inventory levels and the timing of payment of liabilities and taxes. The Company expects that net earnings generally will provide sufficient cash to meet the Company's presently anticipated needs for cash, including funds for investing and financing activities.

Net cash used in investing activities during the first six months of fiscal 1996 consisted of, among other things, net property, plant and equipment additions of \$8,271,000. Net cash used in financing activities for the six month period included cash dividends paid to shareholders of \$18,381,000. During the same period, the Company purchased for \$51,057,000 approximately 2,095,000 of its shares to be held as treasury shares for general corporate purposes. Primarily as a result of these activities, coupled with cash generated from operations, cash and equivalents decreased \$34,786,000 from May 31, 1995.

#### Item 4 - Submission of Matters To a Vote of Security Holders

The Annual Meeting of Shareholders of the Company (the "Annual Meeting") was held on October 10, 1995. Of the 83,491,745 shares of Common Stock outstanding and entitled to vote at the Annual Meeting, 73,884,094 shares were present in person or by proxy, each entitled to one vote on all matters to come before the meeting.

The following matters were submitted to a vote of security holders of the Company at the Annual Meeting, with the results indicated below:

1. Election of Board of Directors. The shareholders voted to fix the total number of Directors of the Company at ten and to re-elect all of the ten incumbent Directors, as follows:

Name of Director Nominee	Voting Results	
	For	Withheld
Edward B. Brandon	73,319,180	564,914
Hugh Calkins	73,504,856	379,238
John C. Colman	73,309,717	574,377
Scott S. Cowan	73,509,161	374,933
William M. Hamilton	73,296,249	587,845
Bruce W. Johnson	73,318,862	565,232
Jack N. Mandel	73,290,058	594,036
Joseph C. Mandel	73,290,058	594,036
Morton L. Mandel	73,296,499	587,595
Philip S. Sims	73,314,372	569,722

2. Approval of the 1973 Stock Option Plan for Management Employees, as Amended and Restated as of June 6, 1995 (the "Amended Employee Option Plan"), which is more fully described in the Company's Proxy Statement dated August 23, 1995. Among other things, the Amended Employee

Option Plan increased the total number of shares authorized and available for issuance there under by 6,000,000 shares; extended the term of options subject to payroll accumulation arrangements from five to six years; and provided for a uniform period of one year in which to exercise options following termination of an optionee's employment upon normal or approved early retirement, qualifying disability or death. The results were as follows:

Voting Results

For	Against	Abstain	Broker Non-Votes
67,140,016	2,712,463	248,212	3,783,403

3. Approval of the Director Stock Option Plan (the "Director Option Plan"), as more fully described in the Company's Proxy Statement dated August 23, 1995, which authorized 1000,000 shares of Common Stock for issuance thereunder. The Director Option Plan provides for the automatic grant to each eligible non-employee Director, on November 1 each year, of an option to purchase 1,500 shares of Common Stock at an exercise price equal to the fair market value on the date of grant, with each such option becoming exercisable beginning on the first anniversary of its date of grant and expiring six years after its date of grant, unless the optionee earlier ceases service as a Director. The results were as follows:

Voting Results

For	Against	Abstain	Broker Non-Votes
67,717,662	2,127,744	255,285	3,783,403

4. Ratification of KPMG Peat Marwick LLP as independent auditors of the Company for the fiscal year ending May 31, 1996.

Voting Results

For	Against	Abstain
73,736,500	44,683	102,911

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibits. None.
- (b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended November 30, 1995.

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.

Date: January 9, 1996

PREMIER INDUSTRIAL CORPORATION  
(Registrant)

/s/ Philip S. Sims  
Philip S. Sims, Vice Chairman of  
the Board (Principal Financial  
Officer and Duly Authorized  
Signatory on Behalf of Registrant)



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