

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

**BUTLER MANUFACTURING CO**

CIK: 15840 | IRS No.: 440188420 | State of Incorporation: DE | Fiscal Year End: 1231  
Type: 10-Q | Act: 34 | File No.: 000-00603 | Film No.: 94527750  
SIC: 3448 Prefabricated metal buildings & components

Mailing Address  
BMA TOWER PENN VALLEY  
MALL  
P O BOX 419917  
KANSAS CITY MO 64141

Business Address  
BMA TOWER PENN VALLEY  
PARK  
P O BOX 419917  
KANSAS CITY MO 64141  
8169683000

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13  
or 15(d) of the  
Securities Exchange Act of 1934

Commission File No. 0-603

FOR QUARTER ENDED MARCH 31, 1994

BUTLER MANUFACTURING COMPANY

Incorporated in State of Delaware

BMA Tower - Penn Valley Park  
Post Office Box 419917  
Kansas City, Missouri 64141-0917

Phone: (816) 968-3000

I.R.S. Employer Identification Number: 44-0188420

Shares of common stock outstanding at  
MARCH 31, 1994: 4,757,905

The name, address and fiscal year of the Registrant have not changed since the last report.

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

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BUTLER MANUFACTURING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three month periods ended March 31, 1994 and 1993

(unaudited)  
 (\$000's omitted except for per share data)

<TABLE>  
 <CAPTION>

	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
Net sales	\$ 117,067	\$ 110,708
Cost of sales	99,203	93,455
Gross profit	17,864	17,253
Selling, general, and administrative expenses	18,958	18,383
Operating income (loss)	(1,094)	(1,130)
International joint venture income (loss), net	550	687
Other income (expense), net	(602)	(144)
Earnings (loss) before interest and taxes	(1,146)	(587)
Interest expense	731	1,235
Pretax earnings (loss)	(1,877)	(1,822)
Income tax expense (benefit)	(476)	(610)
Net earnings (loss)	\$ (1,401)	\$ (1,212)
Earnings (loss) per common share*	\$ (.29)	\$ (.27)

</TABLE>

\*Earnings (loss) per common share are based on net earnings (loss) and the average number of common shares outstanding during each period. The weighted average number of shares outstanding used in the computation of earnings (loss) per common share are as follows:

<S>	<C>
Three months ended March 31, 1994	4,751,792
Three months ended March 31, 1993	4,570,761

</TABLE>

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BUTLER MANUFACTURING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(unaudited)  
(000's omitted)

<TABLE> <CAPTION>	1994	1993
<S>	----- <C>	----- <C>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,042	\$ 14,853
Receivables, net	67,570	61,602
Inventories:		
Raw materials	37,974	25,309
Work in process	4,093	3,766
Finished goods	17,873	15,670
Lifo reserve	(7,394)	(7,319)
	-----	-----
Total inventory	52,546	37,426
Real estate developments in progress	4,057	2,987
Deferred tax assets	7,216	7,216
Other current assets	5,018	4,182
	-----	-----
Total current assets	137,449	128,266
Investments and other assets, at cost	18,789	22,106
Assets held for sale	13,587	13,587
Property, plant and equipment, at cost	172,256	171,284
Less accumulated depreciation	(131,199)	(129,756)
	-----	-----
Net property, plant and equipment	41,057	41,528
	-----	-----
	\$ 210,882	\$ 205,487
	-----	-----
	-----	-----
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 6,975	1,556
Current maturities of long-term debt	13,135	11,368
Accounts payable	51,242	41,777
Accrued liabilities	31,827	33,575
Taxes on income	3,204	9,918
	-----	-----
Total current liabilities	106,383	98,194
Deferred taxes on income	4,601	4,601
Other noncurrent liabilities	10,970	10,638
Long-term debt, less current maturities	28,218	30,345
Shareholders' equity:		
Common stock, no par value, authorized 13,000,000 shares, issued 6,058,800 shares, at stated value	12,623	12,623
Cumulative foreign currency translation adjustment	(77)	183
Retained earnings	84,592	86,332
	-----	-----
Total shareholders' equity	97,138	99,138
Less cost of common stock in treasury, 1,300,895 shares in 1994 and 1,336,484 shares in 1993	36,428	37,429
	-----	-----
Total shareholders' equity	60,710	61,709
	-----	-----
	\$ 210,882	\$ 205,487
	-----	-----
	-----	-----

&lt;/TABLE&gt;

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BUTLER MANUFACTURING COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three month periods ended March 31, 1994 and 1993

(unaudited)  
(000's omitted)

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings (loss)	\$ (1,401)	\$ (1,212)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation, amortization, other	1,895	2,350
Equity (earnings) loss of international joint ventures	(196)	(287)
Deferred taxes	---	397
Change in assets and liabilities:		
Receivables	(6,770)	(1,916)
Inventories	(15,120)	(8,186)
Real estate developments in progress	(1,070)	(30)
Other current assets	(836)	(779)
Current liabilities excluding short-term debt	9,148	1,741
Net cash used in operating activities	(14,350)	(7,922)
Cash flows from investing activities:		
Capital expenditures	(1,229)	(1,294)
Sale of Walker	(7,343)	---
Net changes in other noncurrent assets	2,318	(413)
Common stock dividend from international joint ventures	1,000	1,440
Net cash used in investing activities	(5,254)	(267)
Cash flows from financing activities:		
Net change in long-term debt	(2,127)	(1,277)
Net change in short-term debt	7,186	4,270
Sale and issuance of treasury stock	1,054	333
Purchase of treasury stock	(53)	---
Net changes in other noncurrent liabilities	(7)	(94)
Net cash provided by financing activities	6,053	3,232
Effect of exchange rate changes on cash	(260)	(71)
Net decrease in cash and cash equivalents	(13,811)	(5,028)
Cash and cash equivalents at beginning of year	14,853	7,699
Cash and cash equivalents at end of period	\$ 1,042	\$ 2,671

</TABLE>

#### REVIEW AND PRESENTATION

The information included in the foregoing consolidated financial statements has been reviewed by KPMG Peat Marwick, independent public accountants, in accordance with established standards and procedures for a limited review of interim financial statements. The statements include all adjustments which were, in the opinion of management, necessary to present a fair statement of the results for the period, and include all adjustments and additional disclosures proposed by independent public accountants.

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#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

##### LIQUIDITY AND CAPITAL RESOURCES

Cash and equivalents decreased \$13.8 million in the first three months of 1994. This was due to an increase in inventory investment in anticipation of a strong second quarter and to take advantage of purchasing opportunities. Another factor was the payment of taxes on the gain related to the sale of Walker. The increase in working capital was partially offset by an increase in short-term borrowings. For the three months ended March 31, 1994, domestic short-term borrowings averaged \$4.0 million for 3 days compared to \$6.0 million for 43 days in 1993.

The Company has \$20 million in short-term credit facilities available and

obtained an additional \$5 million temporary credit line through June 30, 1994 to meet domestic seasonal working capital requirements. As of March 31, 1994, \$9 million of the credit line was utilized to provide a bank letter of credit arrangement to secure insurance obligations. Management believes the Company's operating cash flow, along with the bank credit lines, are sufficient to meet future liquidity requirements. The Company is in the process of refinancing both its short-term and long-term debt facilities, as well as its revolving credit facility. The purpose of the refinancing is to lengthen the maturity of the remaining term debt, and to reduce costs associated with the revolving line of credit.

Butler Real Estate, Inc. has a separate \$27 million line of credit with a bank for its credit based leasing activities which management believes is adequate. Butler Building Systems, Ltd., the Company's United Kingdom subsidiary, maintains a separate line of credit with its local bank for approximately \$2.2 million at current exchange rates. In April, 1994, the Company infused \$.75 million in additional funds into the United Kingdom subsidiary. Management believes that these additional funds, along with its separate bank line of credit are sufficient to cover future liquidity requirements.

Capital expenditures were \$1.2 million for the first three months of 1994 compared to \$1.3 million a year ago. Total capital expenditures are expected to be approximately \$11.0 million in 1994 compared to actual expenditures of \$6.5 million in 1993. During 1994, in anticipation of continuing growth in metal building systems sales, the Company announced a multi-million dollar expansion of its Annville, Pennsylvania plant, expected to be operational in the third quarter of this year.

#### RESULTS OF OPERATIONS

Net sales of \$117.1 million for the quarter ended March 31, 1994 were 6% higher than a year ago, despite the absence of the sales of the Walker Division that was sold in late 1993. Sales of continuing businesses (excluding Walker's 1993 first quarter sales) were 16% higher than a year ago. The majority of the increase is attributable to an overall improvement in the U.S. economy generally and in the nonresidential construction market specifically.

The net loss for the quarter ended March 31, 1994 was \$1.4 million or \$.29 per common share compared to a net loss of \$1.2 million or \$.27 per common share a year ago. In the first quarter of 1993, Walker had earnings of \$.3 million or \$.06 per common share. Adjusting for the sale of Walker, the 1994 first quarter loss was lower than a year ago. The improvement was due to the strong increase in quarterly sales of the U.S. pre-engineered metal buildings division and Vistawall. The Company's European buildings business had a larger loss in 1994 primarily attributable to increased marketing expenses in France and Germany.

At March 31, 1994, order backlog was \$203 million compared to \$159 million a year ago, an increase of 28%. Building Systems Segment backlog was up 41% from last year due to the metal and wood building systems businesses. The Construction Services Segment backlog was also particularly strong with a 25% increase over 1993.

For additional information, see the letter to shareholders at Exhibit 19.

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#### PART II. - OTHER INFORMATION

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

(a) Exhibits.

(15) Letter from independent public accountants pursuant to paragraph (d) of Rule 10-01 of Regulation S-X and related letter.

(19) April 15, 1994 letter to shareholders.

(b) Reports of 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.

BUTLER MANUFACTURING COMPANY

May 10, 1994 /s/ John J. Holland  
Date John J. Holland  
Vice President - Finance  
and Chief Financial Officer

May 10, 1994 /s/ Richard O. Ballentine  
Date Richard O. Ballentine  
Vice President, General Counsel  
and Secretary

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EXHIBIT INDEX

<TABLE> <CAPTION> Exhibit Number - - - - -	Description -----
<S> 15	<C> Letter from independent public accountants pursuant to paragraph (d) of Rule 10-01 of Regulation S-X and related letter.
19	April 15, 1994 letter to shareholders.

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## INDEPENDENT ACCOUNTANTS' REPORT

The Board of Directors  
Butler Manufacturing Company:

We have reviewed the condensed consolidated balance sheet of Butler Manufacturing Company and subsidiaries as of March 31, 1994 and the related condensed consolidated statements of operations and cash flows for the three-month periods ended March 31, 1994 and 1993. These financial statements are the responsibility of Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1993 and the related consolidated statements of operations and retained earnings and cash flows for the year then ended (not included herein); and in our report dated February 4, 1994, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1993 is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG Peat Marwick

April 15, 1994



The Board of Directors  
Butler Manufacturing Company:

RE: Registration Statement No. 2-55723, 2-36370 and 2-63830

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 15, 1994 related to our review of interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG Peat Marwick

Kansas City, Missouri  
April 15, 1994

Butler  
Manufacturing  
Company  
FIRST  
QUARTER  
REPORT 1994  
Three Months Ended  
March 31, 1994  
BMA TOWER PENN VALLEY PARK KANSAS CITY, MO 64141

To Our Shareholders:

Butler's first quarter 1994 results compare favorably with 1993, despite unusually severe winter weather this year in many parts of the country, and despite the absence of the sales and earnings contribution from the Walker Division that was sold in late 1993.

1994 sales of \$117.1 million were up 6 percent. Sales of continuing businesses (excluding Walker's 1993 first quarter sales) were 16 percent higher. The net loss of \$1.4 million, or \$.29 per share, compared with a first quarter loss of \$1.2 million, or \$.27 per share, last year. The quarterly effect on Butler's profitability from the sale of Walker was \$.06 per share for the first quarter, so after adjusting for that transaction, Butler's 1994 first quarter loss was somewhat lower than a year ago.

To some extent Butler's results for the latest quarter are reflective of an overall improvement in the U.S. economy generally and in the nonresidential construction market specifically. Corporate profitability, particularly in the industrial sector, is trending positively, and manufacturing capacity utilization, one of the relevant indicators for our markets, has risen above 83 percent. The F.W. Dodge Division of McGraw-Hill reports that for the first two months of 1994 the value of new contract awards for nonresidential buildings was up 10 percent compared to a year ago.

In the Building Systems Segment of Butler's business, our U.S. pre-engineered metal buildings division achieved a significant improvement in profitability on a strong increase in quarterly sales. In anticipation of continuing growth in metal building systems sales, we recently announced a multi-million dollar expansion of our plant in Annville, Pennsylvania. That additional production capacity will be operational during the third quarter of this year. Our European buildings subsidiary had a larger loss, primarily attributable to increased marketing expenses in France and Germany. The contribution from export sales was down for the first quarter because of delayed shipment dates and lower margins in the mix of sales. The seasonal loss of the Lester wood frame buildings business was comparable to a year ago, even though their shipments to customers were the most significantly affected by winter weather conditions.

The Construction Services Segment had earnings about equal to last year. Early this year they responded very aggressively to an immediate need by the Texas Department of Criminal Justice for prison dormitory buildings on twenty-four different sites. Butler's pre-engineered building systems and our construction subsidiary's ability to mobilize rapidly at multiple locations provide a unique construction capability that is valuable to a variety of clients.

Our Other Building Products Segment now consists of the Vistawall architectural products division and the Grain Systems Division. Vistawall achieved a remarkable turnaround in first quarter profitability on a 21 percent increase in sales. Grain Systems' earnings, while lower than last year, were considerably ahead of their plan for 1994.

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Exhibit 19

We are encouraged by the recent level of prospect activity and order entry rate. Backlog on March 31, 1994 was \$203 million compared to \$159 million a year ago. However at this time last year, Walker's backlog was \$5 million. This means that backlog from existing business units was up 32 percent from the first quarter of 1993. Metal and wood building systems and construction services backlogs were particularly strong. We intend to continue our dual emphasis on sales growth and operational effectiveness to realize improved results for Butler shareholders.

Cordially yours,

/s/ Robert H. West

Robert H. West  
Chairman and  
Chief Executive Officer

April 15, 1994  
Butler Manufacturing Company