

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
SEC Accession No. **0000950131-94-000625**

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### FILER

#### ANDREW CORP

CIK: **317093** | IRS No.: **362092797** | State of Incorporation: **DE** | Fiscal Year End: **0930**  
Type: **10-Q** | Act: **34** | File No.: **000-09514** | Film No.: **94527985**  
SIC: **3663** Radio & tv broadcasting & communications equipment

Mailing Address  
10500 WEST 153RD ST  
ORLANDO PARK IL 60462

Business Address  
10500 W 153RD ST  
ORLAND PARK IL 60462  
7083493300

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 1994  
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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 0-9514  
-----

Andrew Corporation  
-----

(Exact name of registrant as specified in its charter)

Delaware  
-----

36-2092797  
-----

(State or other jurisdiction of  
incorporation or organization)

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

10500 W. 153rd Street, Orland Park, IL  
-----

60462  
-----

(Address of principal executive offices)

(Zip Code)

(708) 349-3300  
-----

(Registrant's telephone number, including area code)

No Change  
-----

(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  
--- ---

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

Common Stock, \$.01 Par Value--25,419,713 shares as of April 30, 1994  
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ANDREW CORPORATION

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Item 1. Financial Statements (Unaudited)

Consolidated condensed balance sheets--March 31, 1994 and September 30, 1993.

Consolidated condensed statements of income--Three months ended March 31, 1994 and 1993; Six months ended March 31, 1994 and 1993.

Consolidated condensed statements of cash flows--Six months ended March 31, 1994 and 1993.

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SIGNATURES

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ANDREW CORPORATION  
 CONSOLIDATED CONDENSED BALANCE SHEETS  
 (in thousands)

<TABLE>  
 <CAPTION>

	March 31 1994	September 30 1993
	----- (Unaudited)	-----
	<C>	<C>
ASSETS		
<S>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,745	\$ 21,729
Accounts receivable, less allowance of (Mar. \$2,915; Sep. \$3,167)	126,410	107,276
Inventories:		
Finished products	24,454	18,611
Materials and work in process	60,298	51,695
	-----	-----
	84,752	70,306
Miscellaneous current assets	4,142	3,309

	-----	-----
TOTAL CURRENT ASSETS	225,049	202,620
OTHER ASSETS		
Cost in excess of net assets of businesses acquired, less amortization (Mar. \$12,635 Sep. \$11,310)	39,555	40,881
Investment in and advances to affiliates	25,437	16,493
Investments and other assets	13,259	8,996
PROPERTY, PLANT AND EQUIPMENT	216,517	207,511
Less allowances for depreciation	(146,717)	(139,398)
	-----	-----
	69,800	68,113
	-----	-----
	\$ 373,100	\$ 337,103
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	\$ 10,501	\$
Accounts payable	19,709	18,561
Accrued expenses and other liabilities	27,111	19,170
Compensation and related expenses	13,961	15,950
Income taxes	11,399	10,250
	-----	-----
TOTAL CURRENT LIABILITIES	82,681	63,931
DEFERRED LIABILITIES	4,253	3,602
LONG-TERM DEBT	50,000	50,000
STOCKHOLDERS' EQUITY		
Common Stock - (par value \$.01 a share)		
Authorized - 100,000,000		
Issued - 30,435,882	304	203
Additional paid-in capital	29,017	28,448
Retained earnings	266,053	250,534
Foreign currency translation	(6,302)	(5,410)
Treasury stock, at cost (5,089,407 shares Mar. ; 5,243,517 shares Sep.)	(52,906)	(54,205)
	-----	-----
	236,166	219,570
	-----	-----
	\$ 373,100	\$ 337,103
	=====	=====

</TABLE>

The balance sheet at September 30, 1993 has been derived from the audited financial statements at that date. See notes to consolidated condensed financial statements.

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ANDREW CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)  
(In thousands, except per share amounts)

<TABLE>  
<CAPTION>

Three Months Ended		Six Months Ended	
March 31		March 31	
-----	-----	-----	-----
1994	1993	1994	1993
-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
Sales	\$142,159	\$99,886	\$263,905	\$200,918
Cost of products sold	89,476	60,384	162,402	121,669
	-----	-----	-----	-----
Gross profit	52,683	39,502	101,503	79,249
Operating expenses:				
Sales and administrative	30,665	25,877	61,989	52,443
Research and development	6,346	5,486	12,948	10,842
	-----	-----	-----	-----
	37,011	31,363	74,937	63,285
	-----	-----	-----	-----
Operating income	15,672	8,139	26,566	15,964
Other:				
Interest expense	1,323	1,294	2,558	2,868
Interest income	(222)	(157)	(507)	(375)
Other (income) expense	365	(201)	267	(1,304)
	-----	-----	-----	-----
	1,466	936	2,318	1,189
	-----	-----	-----	-----
Income before income taxes	14,206	7,203	24,248	14,775
Income taxes	5,114	2,669	8,729	5,471
	-----	-----	-----	-----
Net income	\$ 9,092	\$ 4,534	\$ 15,519	\$ 9,304
	=====	=====	=====	=====
Net income per average share of common stock outstanding	\$ .35	\$ .18	\$ .60	\$ .37
	=====	=====	=====	=====
Average shares outstanding	26,045	25,571	26,015	25,355
	=====	=====	=====	=====

</TABLE>

See notes to consolidated condensed financial statements.

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ANDREW CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)  
(In thousands)

<TABLE>  
<CAPTION>

	Six Months Ended March 31	
	----- 1994	----- 1993
<S>	<C>	<C>
Cash Flows from Operations		
Net income	\$ 15,519	\$ 9,304
Adjustments to net income		
Depreciation and amortization	10,769	10,106
Decrease (increase) in accounts receivable	(19,404)	1,677
Decrease (increase) in inventories	(14,460)	25

Increase in prepaid expenses and other assets	(644)	(1,756)
Increase in receivables from affiliates	(4,703)	
Increase (decrease) in accounts payable and other liabilities	10,062	(9,463)
Other	(4)	100
	-----	-----
Net Cash provided by (used in) Operations	(2,865)	9,993
Investing Activities		
Increased investment in affiliates	(8,944)	(2,746)
Capital expenditures	(11,439)	(9,336)
Proceeds from sale of property, plant, and equipment	80	322
	-----	-----
Net Cash used in Investing Activities	(20,303)	(11,760)
Financing Activities		
Proceeds from (payment of) short-term borrowings	10,501	(2,550)
Payments on long-term debt		(2,556)
Stock purchase and option plans	888	2,921
	-----	-----
Net Cash provided by (used in) Financing Activities	11,389	(2,185)
Foreign currency translation adjustments	(205)	(1,311)
	-----	-----
Decrease for the period	(11,984)	(5,263)
Cash and cash equivalents at beginning of period	21,729	7,433
	-----	-----
Cash and cash equivalents at end of period	\$ 9,745	\$ 2,170
	=====	=====

</TABLE>

See notes to consolidated condensed financial statements.

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ANDREW CORPORATION  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed 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 accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year ending September 30, 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 September 30, 1993.

NOTE B--INCOME TAXES

Effective October 1, 1993 Andrew Corporation changed its method of accounting for income taxes from the deferred method to the liability method required by

SFAS No. 109, "Accounting for Income Taxes". Adoption of this statement did not have a material effect on the Company's financial statements.

NOTE C--POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", effective October 1, 1993. Adoption of this statement did not have a material effect on the Company's financial statements.

NOTE D--STOCK SPLIT

On February 2, 1994 the Company's Board of Directors declared a three-for-two stock split to stockholders of record on February 16, 1994, payable on March 2, 1994. On February 2, 1994 the stockholders approved an increase in the common stock authorized from 30,000,000 to 100,000,000. All share and per share amounts have been restated for all periods presented to reflect the stock split.

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

-----  
RESULTS OF OPERATIONS  
-----

RESULTS OF OPERATIONS

Net sales for the quarter ended March 31, 1994 increased 42% over the same period last year to \$142.2 million, bringing the total for the first six months to \$263.9 million, a 31% increase over the same period last year. The increase reflects strong demand for Andrew's wireless communication products and services, including revenue from the Company's participation in the construction of a major cellular system in Argentina. Revenues from the Argentina project were \$24.5 million for the quarter and \$31.9 million for the first six months. Although we expect additional revenue from Argentina in the second half of the year, it will not be at the same level as during the first six months. These increases were partially offset by weaker performances in the network products and government electronic businesses.

Cost of products sold as a percentage of sales for the quarter increased to 62.9%, up from 60.5% for the prior year quarter. For the first six months, cost of products sold was 61.5% of sales compared to 60.6% in the prior year. The increase for the quarter and the first six months reflects lower than average margins on the Argentina project.

Sales and administrative expenses increased 19% to \$30.7 million for the quarter, and increased 18% to \$62.0 million for the first six months. The increase for both periods represents Russian joint venture development expenses, increased staffing for European outreach programs, and increased profit sharing expense. Research and development expenses increased \$860,000 for the quarter and \$2.1 million during the first six months. This increase was primarily due to increased product development costs for the Company's wireless telephone and network product businesses.

Other expense for the quarter was \$365,000, a \$566,000 increase in expense compared to the prior year quarter. This expense increase primarily reflects prior year quarter foreign exchange gains of \$155,000 compared to losses of \$123,000 in the current quarter. Other expense for the first six months was \$267,000, a \$1.6 million increase in expense compared with the prior year. This increase in expense also reflects that the results for the first six months of the prior year included foreign exchange gains of \$1.3 million.

Net cash used in operations during the first six months totaled \$2.9 million compared to net cash from operations of \$10.0 million for same period last year. The cash used in operations primarily reflects that the Company's record orders and sales drove a \$19.4 million increase in accounts receivable, and a \$14.5 increase in inventories. The \$8.9 million increase in investment in affiliates during the first six months reflects the Company's continuing investment in its Russian joint ventures. Short-term borrowings increased \$10.5 million primarily to finance temporary investments in accounts receivable and inventory related to the Argentina project.

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## PART II - OTHER INFORMATION

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- (a) Andrew's Annual Meeting of Stockholders was held on February 2, 1994.

<TABLE>  
<CAPTION>

(b) & (c) Items held for vote	Number of Shares Voted		
	For	Against	Abstentions
<S>	<C>	<C>	<C>
1. Election of Directors			
John G. Bollinger	16,916,358		4,781,781
Jon L. Boyes	21,652,986		45,153
George N. Butzow	21,656,220		41,919
Kenneth J. Douglas	16,915,503		4,782,636
Floyd L. English	16,923,303		4,774,836
Donald N. Frey	21,654,915		43,224
Carole M. Howard	21,648,116		50,023
Armand J. Wade	21,654,417		43,722
2. Increase authorized shares of common stock from 30,000,000 to 100,000,000	17,763,572	3,847,864	86,703
3. Replacement of Andrew Employee Stock Purchase Plan	20,851,229	278,308	568,602
4. Ratify appointment of Ernst & Young as independent public auditors for Fiscal 1994.	21,651,530	19,123	27,486

</TABLE>

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits:

Exhibit 11 - Computation of earnings per share.

- (b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1994.

Note: Share amounts in this exhibit have been restated to reflect a three-for-two stock split to stockholders of record on February 16, 1994.



EXHIBIT 11

ANDREW CORPORATION  
 Computation of Earnings Per Share  
 (In thousands, except per share amounts)

<TABLE>  
 <CAPTION>

	Three Months Ended March 31		Six Months Ended March 31	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
PRIMARY EARNINGS PER SHARE				
Average shares outstanding	25,277	24,869	25,247	24,708
Net effect of dilutive stock options--based on the treasury stock method using average market price	749	702	693	647
TOTAL	26,026	25,571	25,940	25,355
Net income	\$ 9,092	\$ 4,534	\$15,519	\$ 9,304
Per share amount	\$ .35	\$ .18	\$ .60	\$ .37
FULLY DILUTED EARNINGS PER SHARE				
Average shares outstanding	25,277	24,869	25,247	24,708
Net effect of dilutive stock options--based on the treasury stock method using average market price in 1993, and quarter-end market price in 1994	768	702	768	647
TOTAL	26,045	25,571	26,015	25,355
Net income	\$ 9,092	\$ 4,534	\$15,519	\$ 9,304
Per share amount	\$ .35	\$ .18	\$ .60	\$ .37

</TABLE>

NOTE: This calculation is submitted in accordance with the Securities Exchange Act of 1934 Release No. 9038 although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less

than 3%.

NOTE: All amounts and per share amounts in this exhibit have been restated to reflect a three-for-two stock split to stockholders of record on February 16, 1994.

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SIGNATURES

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

ANDREW CORPORATION

Date	13 May 1994	F. L. English
-----	-----	-----
		F. L. English President and Chief Executive Officer

Date	13 May 1994	C. R. Nicholas
-----	-----	-----
		C. R. Nicholas Vice President, Finance and Chief Financial Officer

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