

# 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**  
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### FILER

#### RAYMOND CORP

CIK: **82231** | IRS No.: **150372290** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-02129** | Film No.: **94528158**  
SIC: **3537** Industrial trucks, tractors, trailers & stackers

Mailing Address  
P O BOX 130  
GREENE NY 13778-0130

Business Address  
SOUTH CANAL ST  
GREENE NY 13778  
6076562311

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM-10Q

(MARK ONE)

- X - QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE  
QUARTERLY PERIOD ENDED MARCH 31, 1994 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 0-2129

## THE RAYMOND CORPORATION

(Exact name of registrant as specified in its charter)

SOUTH CANAL STREET, GREENE, NEW YORK 13778

(Address of registrants's principal executive office)

(607) 656-2311

(Registrant's telephone number)

New York

(State of Incorporation)

15-0372290

(I.R.S. Employer  
Identification Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sectons 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  No

The number of shares of common stock outstanding as of

THE RAYMOND CORPORATION

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Part I - Financial Information  
Item I - Financial Statements

THE RAYMOND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

ASSETS	(unaudited) 3/31/94	(note) 12/31/93
-----		
<S>	<C>	<C>
Manufacturing Current Assets:		
Cash and cash equivalents	\$17,014,195	\$28,642,434
Accounts receivable, net	26,426,189	26,114,905
Inventories	29,586,791	25,603,622

Recoverable income taxes	288,759	131,129
Deferred income taxes*	4,269,935	4,019,935
Prepaid expenses and other current assets	7,222,457	4,812,483
	-----	-----
Total Manufacturing Current Assets	84,808,326	89,324,508
Investments in and advances to unconsolidated investees, at equity	16,780,168	14,211,982
Property, plant and equipment, net	15,310,683	15,369,221
Other non-current assets	5,366,619	5,502,334
	-----	-----
Total Manufacturing Assets	122,265,796	124,408,045
	-----	-----
Financial Services:		
Cash and cash equivalents	10,127	12,054
Investment in leases, net	64,168,139	63,820,909
Rental equipment, net	2,369,364	2,237,327
Other assets	250,292	270,367
	-----	-----
Total Financial Services Assets	66,797,922	66,340,657
	-----	-----
Total Assets	\$189,063,718	\$190,748,702
	=====	=====

</TABLE>

\* Includes both manufacturing and financial services.

Note: The December 31, 1993 balance sheet has been derived from audited financial statements

The accompanying notes are a part of the financial statements.

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THE RAYMOND CORPORATION AND SUBSIDIARIES

<TABLE>

<CAPTION>

	(unaudited) 3/31/94	(note) 12/31/93
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
	<C>	<C>
<S>		
Manufacturing Current Liabilities:		
Notes payable	\$0	\$0
Current portion of long-term debt	0	0
Accounts payable	9,416,652	8,879,845
Accrued liabilities	13,982,582	11,619,488
	-----	-----
Total Manufacturing Current Liabilities	23,399,234	20,499,333
Long-term debt	57,500,000	57,500,000
Deferred income taxes*	4,463,654	4,236,268
Other liabilities	1,928,866	1,772,297
	-----	-----
Total Manufacturing Liabilities	87,291,754	84,007,898
	-----	-----
Financial Services:		
Income taxes* and accrued expenses	1,992,913	1,571,591
Notes payable - banks	4,375,000	4,687,500

Notes payable - insurance companies	21,715,000	27,429,000
	-----	-----
Total Financial Services Liabilities	28,082,913	33,688,091
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock (6,048,577 shares issued in 1993 and 1992)	9,072,866	9,072,866
Stock dividend distributable (302,429 shares)	453,643	0
Capital surplus	12,613,486	7,699,014
Retained earnings	54,849,480	58,213,804
Cumulative translation adjustments	(2,988,111)	(1,620,658)
Treasury stock, at cost	(312,313)	(312,313)
	-----	-----
Total Shareholders' Equity	73,689,051	73,052,713
	-----	-----
Total Liabilities and Shareholders' Equity	\$189,063,718	\$190,748,702
	=====	=====

</TABLE>

\*Includes both manufacturing and financial services.

Note: The December 31, 1993 balance sheet has been derived from audited financial statements

The accompanying notes are a part of the financial statements.

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THE RAYMOND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

<TABLE>

<CAPTION>

3 Month period ended March 31,	1994	1993
	-----	-----
<S>	<C>	<C>
REVENUES		
Net sales	\$48,186,517	\$37,520,680
Rental revenues	386,213	263,845
Lease finance revenues	1,629,040	1,722,371
Other income	1,005,096	256,560
	-----	-----
Total revenues	51,206,866	39,763,456
	-----	-----
COSTS AND EXPENSES		
Cost of sales	37,101,542	29,388,655
Cost of rentals	445,635	397,576
Selling, general and administrative	6,966,931	6,516,811
Interest expense		
Lease financing	683,141	784,424
Other	990,118	361,206
Other expenses	1,595,009	1,010,409
	-----	-----
Total costs and expenses	47,782,376	38,459,081
	-----	-----
INCOME BEFORE TAXES, AND EQUITY IN NET EARNINGS OF UNCONSOLIDATED INVESTEEES	3,424,490	1,304,375

Income tax expense	1,449,067	568,878
	-----	-----
Income before equity in net earnings of unconsolidated investees	1,975,423	735,497
Equity in net earnings of unconsolidated investees	28,368	(88,128)
	-----	-----
NET INCOME	2,003,791	647,369
	=====	=====
NET INCOME PER SHARE:		
Primary	\$0.32	\$0.10 *
	=====	=====
Fully Diluted	\$0.27	\$0.10 *
	=====	=====

</TABLE>

\* Adjusted for the 1994 5% stock dividend

The accompanying notes are a part of the financial statements.

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THE RAYMOND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

<TABLE>

<CAPTION>

3 Month period ended March 31,

	1994	1993
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
	-----	-----
<S>	<C>	<C>
Net income	\$2,003,791	\$647,369
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	1,045,604	1,027,375
Provision for losses on accounts receivable and investment in leases	210,000	167,999
Earnings of unconsolidated investees, net of dividends	(28,368)	88,128
Foreign currency transaction gains	(523,639)	(2,831)
Acquisition of rental equipment	(435,705)	(523,895)
Gains on dispositions of rental equipment	(195,670)	(143,548)
Proceeds from rental fleet sales	282,755	369,489
(Gains) losses on sale of property, plant and equipment	3,137	(4,643)
Other items, net	173,224	267,068
Changes in operating assets and liabilities:		
Increase in accounts receivable	(465,521)	(3,383,609)
Increase in investment in leases	(452,230)	(24,271)
Increase in inventories, prepaid expenses and other current assets	(6,826,845)	(643,253)
Increase in accounts payable and accrued expenses	3,529,254	12,950
	-----	-----

Net cash used for

operating activities	(1,680,213)	(2,145,672)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
-----		
Additions to property, plant and equipment	(814,567)	(901,308)
Proceeds received from sales of property, plant and equipment	0	59,002
Investment in, and advances to, unconsolidated investees	(2,806,096)	(1,466,286)
	-----	-----
Net cash used for investing activities	(3,620,663)	(2,308,592)
	-----	-----

</TABLE>

The accompanying notes are a part of the financial statements.

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THE RAYMOND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

<TABLE>

<CAPTION>

3 Month period ended March 31,	1994	1993
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
-----		
<S>	<C>	<C>
Net additional borrowings under lines of credit	0	6,000,000
Repayment of long term debt	(6,026,500)	(3,207,288)
Capital stock transactions, net	0	(223,299)
	-----	-----
Net cash (used for) provided by financing activities	(6,026,500)	2,569,413
Effect of foreign currency rate fluctuations on cash and cash equivalents	(302,790)	38,711
	-----	-----
Decrease in cash and cash equivalents	(11,630,166)	(1,846,140)
Cash and cash equivalents at January 1,	28,654,488	4,965,745
	-----	-----
Cash and cash equivalents at March 31,	\$17,024,322	\$3,119,605
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

-----		
Cash paid during the year for:		
Income taxes	\$1,208,520	\$1,657,782
Interest	590,445	803,856

</TABLE>

The accompanying notes are a part of the financial statements.

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THE RAYMOND CORPORATION AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. Basis of Presentation  
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The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the Company's financial statements and notes thereto in its 1993 Annual Report to Shareholders which is incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 1993. The accompanying financial statements have not been examined by independent accountants, but in the opinion of management such financial statements include all adjustments, consisting of only normal recurring adjustments, necessary to summarize fairly the Company's financial position at March 31, 1994 and results of operations for the three month period then ended. The results of operations for the interim period presented may not be indicative of the results that may be expected for the year.

2. Inventories  
-----

The composition of inventories were:

	3/31/94	12/31/93
	-----	-----
Raw materials	\$11,214,981	\$9,197,663
Work in process	17,485,970	15,617,577
Finished goods	885,840	788,382
	-----	-----
	\$29,586,791	\$25,603,622
	=====	=====

3. Stock Dividend  
-----

On March 5, 1994, the Board of Directors declared a five percent stock dividend on the Company's outstanding common stock. On April 14, 1994, shareholders of record as of March 31, 1994 received one additional share of stock for each twenty shares held. Earnings per share and weighted average shares outstanding have been restated to reflect the five percent stock dividend.

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Part I - Financial Information  
Item 2 - Management's Discussion and Analysis of

A summary of the period changes in the principal items included on the consolidated statements of income is shown below: (in thousands)

Comparison of the changes from the 3 month period ended March 31, 1994 to March 31, 1993

	Amount	%
	-----	-----
TOTAL REVENUES	\$11,443	29%
	-----	-----
COSTS AND EXPENSES:		
Cost of revenues	7,761	26%
Selling, general and administrative	450	7%
Interest expense	527	46%
Other expenses, net	585	58%
	-----	-----
Total costs and expenses	9,323	24%
	-----	-----
INCOME BEFORE PROVISION FOR TAXES	2,120	163%
PROVISION FOR INCOME TAXES	880	155%
	-----	-----
INCOME BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED INVESTEES	1,240	169%
EARNINGS OF UNCONSOLIDATED INVESTEES	116	132%
	-----	-----
NET INCOME	\$1,356	210%
	=====	=====

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE RAYMOND CORPORATION AND SUBSIDIARIES

Three Months ended March 31, 1994 compared to  
Three Months ended March 31, 1993

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Revenues

-----

Total revenues for the three months ended March 31, 1994 increased by approximately \$11.4 million, or 28.8% to \$51.2 million from \$39.8 million for the three months ended March 31, 1993.

The substantial growth in revenues was primarily the result of continued, enthusiastic customer acceptance of the Company's products and increased sales efforts through D.A.R.T. (the Dealer Alliance for Recruiting and Training), the Company's program to improve and expand the sales force at the Dealership level. Expanded sales into new markets through M.H.A., our 50% owned joint venture company with Mitsubishi Caterpillar Forklift America, Inc., and O.E.M. agreements, as well as favorable foreign currency exchange gains, have also contributed to the growth in revenues.

#### Cost of Sales

-----

For the first quarter of 1994, cost of sales as a percentage of net sales was 77.0% as compared to 78.3% for the first quarter of 1993.

The decrease in cost of sales as a percentage of net sales in the first three months of 1994 resulted primarily from lower manufacturing costs for the Company's products achieved through continuing research and development efforts and manufacturing efficiencies. In addition, the continued shift in product mix toward the new higher margin Intellidrive products and increased shipment levels permitting fixed overhead costs to be allocated over a larger shipment base contributed to the improvements in the cost of sales percentage for the first three months of 1994.

#### Selling, General and Administrative Expenses

-----

For the first quarter of 1994, selling, general and administrative expenses increased by approximately \$0.5 million or 6.9% to \$7.0 million from \$6.5 million in the first quarter of 1993.

As a percentage of total revenues, these expenses actually decreased from 16.4% in the first quarter of 1993 to 13.6% for the same period in 1994.

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The dollar increase reflects additional expenses incurred to support the growth in sales volume and increased research and development activities associated with the Company's continued product development. However, the Company's continued efforts to contain costs in order to better focus its resources have resulted in reduced selling, general and administrative costs as a percentage of total revenues.

#### Interest Expense

-----

Lease financing operations are conducted through Raymond Leasing Corporation, a wholly-owned subsidiary of the Company. Lease financing interest expense was approximately \$0.7 million (41.9% of lease finance revenue) in the quarter ended March 31, 1994 as compared with approximately \$0.8 million (45.5% of lease finance

revenue) in the comparable quarter in 1993. The decline in interest expense in 1994 reflects the decline in average borrowings for financial services.

Other interest expense of \$1.0 million in the quarter ended March 31, 1994, incurred by the Manufacturing divisions, increased by \$0.6 million or 174.1% compared to the \$0.4 million incurred for the same period in 1993. The increase in 1994 reflects the increased average borrowings attributable to the issuance of \$57.5 million of 6.5% convertible debentures in December 1993.

#### Other Expenses

Other expenses, which consist primarily of cash discounts allowed dealers for the timely payment of invoices, increased by approximately \$0.6 million to \$1.6 million in the quarter ended March 31, 1994 from \$1.0 million for the same period in 1993.

The increase is primarily due to additional profit sharing accruals and cash discounts allowed as a result of the increased profitability and sales volume achieved in the first quarter of 1994.

#### Income Tax Expense

During all periods reported, U.S. and foreign income tax provisions were computed using the respective expected annual effective tax rates.

#### Earnings of Unconsolidated Investees

The Company's primary unconsolidated investee is G.N. Johnston Equipment Co. Ltd. ("Johnston"), which is 45% owned by R.H.E. Ltd., a wholly-owned subsidiary of the Company. Johnston is the

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exclusive Canadian distributor for all of the Company's products with sales and service outlets in the principal business regions of the Dominion of Canada. Other unconsolidated investees include several Dealerships located throughout the United States.

Equity in earnings of unconsolidated investees increased by approximately \$0.1 million to a breakeven level for the quarter ended March 31, 1994 compared to the \$0.1 million loss reported for the same period in 1993. Costs incurred in the first quarter of 1993 relating to the transition of the Denver based Dealership were not incurred in 1994.

#### Stock Dividend

On March 5, 1994, the Board of Directors declared a 5% stock dividend on the Company's outstanding common stock. On April 14, 1994, shareholders of record as of March 31, 1994 received one

additional share of stock for each twenty shares held. Earnings per share and weighted average shares outstanding have been restated to reflect the 5% stock dividend.

#### Order Backlog

-----  
New equipment orders for the first quarter of 1994 were a record \$53.5 million, up 27.5% from the \$41.9 million for the first quarter of 1993.

The backlog (unfilled new equipment orders) was a record \$57.6 million at March 31, 1994, up 58.4% from the \$36.3 million backlog reported for the same period last year and up \$5.3 million from the backlog reported on December 31, 1993.

#### Liquidity and Sources of Capital

-----  
At March 31, 1994, the Company's manufacturing working capital was \$61.4 million and its ratio of manufacturing current assets to manufacturing current liabilities was 3.6 to 1. At March 31, 1994, the Company and Raymond Leasing Corporation, its wholly-owned leasing subsidiary, had cash and cash equivalents of \$17.0 million and unused lines of credit aggregating \$24.2 million, of which \$10.6 million was available solely to Raymond Leasing Corporation.

For the three months ended March 31, 1994, \$1.7 million was used to fund operating activities compared to the \$2.1 million used to fund operating activities for the comparable 1993 period. This change is primarily attributable to the increase in cash from operating profits, net of non-cash foreign currency transaction gains and earnings of unconsolidated investees realized in the first quarter of 1994 compared to the same period in 1993. Net

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cash used for investing activities increased \$1.3 million for the first three months of 1994 compared to the first three months of 1993. The increase reflects additional investments and financing provided to Dealerships to enable them to invest in the salespeople and other resources necessary to increase their market share and profitability. Net cash used for financing activities of \$6.0 million for the first three months of 1994 reflects the accelerated repayment of higher interest rate financial services debt from the proceeds of the convertible debentures.

At March 31, 1994, the Company had no material capital expenditure commitments. As discussed in Note E to the Consolidated Financial Statements in the 1993 Annual Report to Shareholders, Raymond Leasing Corporation is subject to certain debt agreements that limit distributions to the Company. These restrictions are not expected to affect the Company's ability to meet its cash requirements. The Company anticipates no changes in circumstances which would result in any material decrease or deficiency in the Company's liquidity or sources of capital.

THE RAYMOND CORPORATION  
EXHIBIT 11  
COMPUTATION OF PER SHARE EARNINGS

<TABLE>  
<CAPTION>

(In thousands except per share data.)

3 Month period ended March 31,	1994	1993
	-----	-----
<S>	<C>	<C>
PRIMARY		
Average shares outstanding	6,330	6,316 (2)
Net effect of dilutive stock options- based on the treasury stock method using average market price	57	48
	-----	-----
Total	6,387	6,364
	=====	=====
Net income	\$2,004	\$647
	=====	=====
Per share amount	(1) \$0.31	\$0.10 (2)
	=====	=====
FULLY DILUTED		
Average shares outstanding	6,330	6,316 (2)
Net effect of dilutive stock options- based on the treasury stock method using the period end market price, if higher than average market price	57	60
Assumed conversion of 6.50% convertible subordinated debentures	3,246	---
	-----	-----
Total	9,633	6,376
	=====	=====
Net income	\$2,004	\$647
Add 6.50% convertible subordinated debentures interest, net of federal income tax effect	617	---
	-----	-----
Total	\$2,621	\$647
	=====	=====
Per share amount	\$0.27	\$0.10
	=====	=====

</TABLE>

(1) Per share amounts reported in the consolidated financial statements of \$0.32 for 1994 excluded the net effect of dilutive stock options as the

aggregate dilution from these securities was immaterial (less than three percent of earnings per common share outstanding).

(2) Adjusted for the 1994 five percent stock dividend.

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Part II - Other Information

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

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B) Reports on Form 8-K.

There were no reports on Form 8-K filed for the three months ended March 31, 1994.

Signature

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Pursuant to 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.

THE RAYMOND CORPORATION

Date: May 13, 1994

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by: /s/ William B. Lynn

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William B. Lynn  
Executive Vice President  
(Principal Financial Officer)