SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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NACCO INDUSTRIES INC
CIK:**789933**| IRS No.: **341505819** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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SIC: **3537** Industrial trucks, tractors, trailors & stackers

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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 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 1-9172

NACCO Industries, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	34-1505819
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5875 LANDERBROOK DRIVE, MAYFIELD HEIGHTS, OHIO	44124
(Address of principal executive offices)	Zip code

Registrant's telephone number, including area code (216) 449-9600

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

YES X ..... NO .....

Number of shares of Class A Common Stock outstanding at April 30, 1994: 7,186,087
....
Number of shares of Class B Common Stock outstanding at April 30, 1994: 1,761,388

....

NACCO INDUSTRIES, INC.

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PART I

Item 1 - Financial Statements

CONSOLIDATED BALANCE SHEETS
NACCO INDUSTRIES, INC. AND SUBSIDIARIES

	(Unaudited) MARCH 31 1994	(Audited) DECEMBER 31 1993
	(In thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16,552	$ 29,149
Accounts receivable, net	180,557	200,112
Inventories	284,927	238,168
Prepaid expenses and other	35,674	37,373
	517,710	504,802
Other Assets	44,115	45,438

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Property, Plant and Equipment, Net	491,401	496,213
Deferred Charges		
Goodwill, net	481,841	487,963
Deferred costs and other	65,008	64,663
Deferred income taxes	37,491	43,414
	584,340	596,040
Total Assets	$1,637,566	$1,642,493

See notes to unaudited consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
NACCO INDUSTRIES, INC. AND SUBSIDIARIES

	(Unaudited) MARCH 31 1994	(Audited) DECEMBER 31 1993
	(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 162,791	$ 148,397
Revolving credit agreements	47,784	35,178
Current maturities of long-term obligations	64,686	55,016
Income taxes	14,950	27,198
Other current liabilities	116,230	131,666
	406,441	397,455
Notes Payable - not guaranteed by the parent company	344,209	357,788

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Obligations of Project Mining Subsidiaries - not guaranteed by the parent company or its North American Coal subsidiary	336,410	338,504
Obligation to United Mine Workers of America Combined Benefit Fund	158,043	163,217
Self-insurance Reserves and Other	114,434	108,648
Minority Interests	40,467	41,255
Stockholders' Equity		
Common stock:		
Class A, par value $1 per share, 7,183,362 shares outstanding (1993--7,177,075 shares outstanding)	7,183	7,177
Class B, par value $1 per share, convertible into Class A on a one-for-one basis, 1,762,813 shares outstanding (1993--1,763,503 shares outstanding)	1,763	1,764
Capital in excess of par value	2,582	2,548
Retained income	227,506	226,212
Foreign currency translation adjustment and other	(1,472)	(2,075)
	237,562	235,626
Total Liabilities and Stockholders' Equity	$1,637,566	$1,642,493

See notes to unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
NACCO INDUSTRIES, INC. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31 1994	1993
	(In thousands, except per share data)	
Net sales	$381,051	$341,895
Other operating revenues	2,197	1,926

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Total Revenues	383,248	343,821
Cost of sales	305,444	275,969
Gross Profit	77,804	67,852
Selling, administrative and general expenses	54,054	48,503
Amortization of goodwill	3,448	3,455
Operating Profit	20,302	15,894
Other income (expense)		
Interest income	338	439
Interest expense	(14,793)	(16,366)
Other - net	(1,284)	(777)
	(15,739)	(16,704)
Income (Loss) Before Income Taxes and Minority Interest	4,563	(810)
Income tax provision (benefit)	2,001	(336)
Net Income (Loss) Before Minority Interest	2,562	(474)
Minority interest	208	468
Net Income (Loss)	$ 2,770	$ (6)
Net Income (Loss) per share	$ .31	$ .00
Dividends per share	$ .165	$ .160

See notes to unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
NACCO INDUSTRIES, INC. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31	
	1994	1993
	(In thousands)	

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Operating Activities		
Net income (loss)	$ 2,770	$ (6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	20,021	19,149
Deferred income taxes	527	1,984
Other non-cash items	(1,128)	1,217
Working Capital Changes		
Accounts receivable	22,084	10,629
Inventories	(45,683)	(11,449)
Other current assets	2,317	(1,063)
Accounts payable	10,389	(8,476)
Accrued income taxes	(10,946)	(9,595)
Other liabilities	(9,289)	(12,085)
Net cash used by operating activities	(8,938)	(9,695)
Investing Activities		
Expenditures for property, plant and equipment	(11,328)	(13,253)
Proceeds from the sale of assets	1,835	338
Net cash used by investing activities	(9,493)	(12,915)
Financing Activities		
Additions to long-term obligations and revolving credit	43,034	60,576
Reductions of long-term obligations and revolving credit	(36,650)	(56,328)
(Reductions of) additions to advances from customers	(1,596)	3,713
Cash dividends paid	(1,475)	(1,430)
Other - net	2,833	4,132
Net cash provided by financing activities	6,146	10,663
Effect of exchange rate changes on cash	(312)	33
Cash and Cash Equivalents		
Decrease for the period	(12,597)	(11,914)
Balance at the beginning of the period	29,149	33,847
Balance at the end of the period	$16,552	$21,933

See notes to unaudited consolidated financial statements.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NACCO INDUSTRIES, INC. AND SUBSIDIARIES
(Tabular Dollars in Millions, Except Per Share Data)

Note A - Basis of Presentation

NACCO Industries, Inc. ("NACCO") is a holding company with four operating subsidiaries: The North American Coal Corporation ("North American Coal"), NACCO Materials Handling Group, Inc. ("NMHG"), Hamilton Beach/Proctor-Silex, Inc. ("Hamilton Beach/Proctor-Silex"), and The Kitchen Collection, Inc. ("Kitchen Collection").

The accompanying unaudited consolidated financial statements include the accounts of NACCO and its majority owned subsidiaries (NACCO Industries, Inc. and Subsidiaries - the "Company"). Intercompany accounts have been eliminated.

These 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. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of the Company as of March 31, 1994, and the results of its operations and cash flows for the three month periods ended March 31, 1994 and 1993 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 ended December 31, 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 December 31, 1993.

The operating profit (loss) for the three month period ended March 31, 1993 has been restated to reflect the reclassification in the third quarter of 1993 of amortization of intangibles as an operating expense. Certain other amounts in the prior periods' unaudited consolidated financial statements have been reclassified to conform to the current period's presentation.

Note B - Inventories

Inventories are summarized as follows:

	March 31 1994	December 31 1993
Manufacturing inventories:		

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Finished goods and service parts	$140.2	$117.6
Raw materials and work in process	120.6	95.6
LIFO reserve	(11.1)	(10.2)
Total manufacturing inventories	249.7	203.0
Coal and mining supplies	23.7	23.8
Retail inventories	11.6	11.4
	$285.0	$238.2

The cost of manufacturing inventories has been determined by the last-in, first-out (LIFO) method for 70% and 69% of such inventories as of March 31, 1994 and December 31, 1993, respectively.

Note C   Subsequent Event

On May 10, 1994 the Company's Hamilton Beach/Proctor-Silex and Kitchen Collection subsidiaries modified their respective credit arrangements. These revisions provide improved pricing and liquidity and adjust the covenants and restrictions.

At Hamilton Beach/Proctor-Silex the revised credit arrangement provides for a $135.0 million revolving credit facility. The expiration date of this facility (which currently is May 1997) can be extended one additional year, on an annual basis, upon the mutual consent of Hamilton Beach/Proctor-Silex and the bank group, beginning in 1995. This agreement, secured by all assets of Hamilton Beach/Proctor-Silex, allows borrowings to be made at either LIBOR or lender's prime rate plus a margin. The borrowing rates are subject to reductions based upon achievement of predetermined interest coverage ratios. At the end of the first quarter the stated interest rate was LIBOR plus 1.75%. As of May 10, 1994 the stated interest rate is LIBOR plus 1.00%. In addition, this modification allows Hamilton Beach/Proctor-Silex to pay dividends, under certain conditions, to its stockholders.

The revised credit arrangement at Kitchen Collection allows for an increase to the outstanding balance on its term loan to $5.0 million. At March 31, 1994 the outstanding balance was $1.9 million. In addition, the scheduled repayments, which currently are in annual installments through 1997, are now in two equal installments due January 1, 1999 and January 1, 2000. This modification also reduces Kitchen Collection's stated interest rate to LIBOR plus 0.75% from LIBOR plus 1.50% and allows for increased levels of dividends to its stockholder.

Item 2 - Management's Discussion and Analysis of Results

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(Tabular Dollars in Millions, Except Per Share Data)

FINANCIAL SUMMARY

NACCO's four operating subsidiaries operate in distinct business environments, and the results of operations and financial condition are best discussed at the subsidiary level. Information relating to the Company's operations is presented below. The results for "North American Coal" have been adjusted to exclude the previously combined results of Bellaire Corporation, a non-operating subsidiary of NACCO.

	THREE MONTHS ENDED MARCH 31 1994	1993
REVENUES		
NMHG	$245.3	$214.7
Hamilton Beach/Proctor-Silex	68.6	65.8
North American Coal	58.9	53.8
Kitchen Collection	10.7	9.1
Bellaire	.5	1.2
Eliminations	(.8)	(.8)
	$383.2	$343.8
AMORTIZATION OF GOODWILL		
NMHG	$ 2.7	$ 2.7
Hamilton Beach/Proctor-Silex	.7	.8
	$ 3.4	$ 3.5
OPERATING PROFIT (LOSS)		
NMHG	$ 11.1	$ 9.6
Hamilton Beach/Proctor-Silex	(.4)	(2.7)
North American Coal	11.6	11.0
Kitchen Collection	(.2)	(.1)
Bellaire	.4	.2
NACCO	(2.2)	(2.1)
	$ 20.3	$ 15.9
INTEREST INCOME		
NMHG	$ .1	$ .1
North American Coal	.6	.5
Bellaire	.3	.3
NACCO	.2	.7
Eliminations	(.9)	(1.2)
	$ .3	$ .4
INTEREST EXPENSE		
NMHG	$ (8.7)	$(10.5)
Hamilton Beach/Proctor-Silex	(1.4)	(1.6)
North American Coal	(.3)	(.2)
NACCO	(.7)	(.9)
Eliminations	.9	1.3
	(10.2)	(11.9)

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Project mining subsidiaries	(4.6)	(4.4)
	$(14.8)	$(16.3)

FINANCIAL SUMMARY (Continued)

	THREE MONTHS ENDED MARCH 31 1994	1993
OTHER-NET, INCOME (EXPENSE)		
NMHG	$ (.6)	$ (.6)
Hamilton Beach/Proctor-Silex	(.4)	
North American Coal	(.6)	(.3)
Bellaire	.1	
NACCO	.2	.1
	$ (1.3)	$ (.8)
NET INCOME (LOSS)		
NMHG	$ .9	$ (.8)
Hamilton Beach/Proctor-Silex	(1.2)	(2.2)
North American Coal	4.5	4.5
Kitchen Collection	(.1)	(.1)
Bellaire	.5	.4
NACCO	(2.0)	(2.3)
Minority interest	.2	.5
	$ 2.8	$ 0.0
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE		
NMHG	$ 8.1	$ 8.0
Hamilton Beach/Proctor-Silex	3.9	4.0
North American Coal	.4	.4
Kitchen Collection	.2	.2
NACCO		.3
	12.6	12.9
Project mining subsidiaries	7.4	6.2
	$20.0	$19.1
CAPITAL EXPENDITURES		
NMHG	$ 6.3	$ 4.5
Hamilton Beach/Proctor-Silex	2.3	4.0
North American Coal	.1	.1
Kitchen Collection	.3	.3
	9.0	8.9
Project mining subsidiaries	2.3	4.4
	$11.3	$13.3

	MARCH 31 1994	DECEMBER 31 1993
TOTAL ASSETS		
NMHG	$ 844.7	$ 833.0

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Hamilton Beach/Proctor-Silex	295.1	300.3
North American Coal	72.7	63.7
Kitchen Collection	19.1	23.3
Bellaire	95.2	97.0
NACCO	20.6	22.8
	1,347.4	1,340.1
Project mining subsidiaries	411.3	416.7
	1,758.7	1,756.8
Consolidating eliminations	(121.1)	(114.3)
	$1,637.6	$1,642.5

NORTH AMERICAN COAL

North American Coal mines and markets lignite for use primarily as fuel for power generation by electric utilities and general industry. The lignite is surface mined in North Dakota, Texas and Louisiana. Total coal reserves approximate 2.2 billion tons with 1.4 billion tons committed to electric utility customers pursuant to long-term contracts.

FINANCIAL REVIEW

First Quarter of 1994 Compared With First Quarter of 1993

The following schedule details the components of the changes in revenues, operating profit and net income for the first quarter of 1994 compared with 1993:

	Revenues	Operating Profit	Net Income
1993	$53.8	$11.0	$4.5
Volume (tons)	5.0	.9	.6
Mix of tons sold	(1.1)	(1.1)	(.8)
Agreed profit per ton	(.1)	(.1)	(.1)
Average selling price	(.2)	(.2)	(.1)
Royalties received	(.1)	(.1)	
Pass-through costs	1.6	.1	
Operating costs		1.1	.7
Other income (expense)			(.3)
1994	$58.9	$11.6	$4.5

The favorable impact from volume reflects increased sales tons at three of the four operating mines. During the first quarter of 1994 North American Coal sold 6.9 million tons of lignite compared with 6.6 million tons in 1993. While sales tons were higher the mix of tons

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sold was unfavorable because Red River sold its additional tons at lower prices in 1994. Increases in pass-through costs at the project mines, which are included in the cost of coal to the utility customer, increased revenues $1.6 million. These pass-through costs include costs of operations, interest expense and certain other income and expense items. Increases and decreases in pass-through costs have no significant impact on net income. The favorable operating profit impact from operating costs relate primarily to reduced costs at the Red River mine.

Other Income and Expense

Items of other income (expense) for North American Coal were as follows for the three months ended March 31:

	1994	1993
Interest income	$ .6	$ .5
Interest expense	$(4.9)	$(4.6)
Other-net	$ (.6)	$ (.3)

Provision for Income Taxes

Income before income taxes, provision for income taxes and the effective tax rate for North American Coal were as follows for the three months ended March 31:

	1994	1993
Income before income taxes	$6.7	$6.6
Provision for income taxes	$2.2	$2.1
Effective tax rate	32.6%	31.7%

LIQUIDITY AND CAPITAL RESOURCES

North American Coal has in place a $50.0 million revolving credit facility. The expiration date of this facility (which currently is September 1996) can be extended one additional year, on an annual basis, upon the mutual consent of North American Coal and the bank group, beginning in 1994. North American Coal had $32.0 million of its revolving credit facility available at March 31, 1994.

The financing of the project mining subsidiaries, which is guaranteed by the utility customers, consists of long-term equipment leases, notes payable and non-interest-bearing advances from customers. The obligations of the project mining subsidiaries do not impact the short- or long-term liquidity of the Company and are without recourse to NACCO or North American Coal. These arrangements do not prevent the project mining subsidiaries from paying dividends in amounts up to their retained earnings.

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Supplemental operating data for North American Coal is presented below:

	THREE MONTHS ENDED MARCH 31 1994	1993
Income before tax from operating mines	$ 6.4	$ 6.1
Royalty and other income, net	$ 1.6	$ 1.7
Headquarters expense	$(1.3)	$(1.2)
Net income	$ 4.5	$ 4.5

Supplemental financial data for North American Coal, excluding the project mining subsidiaries, is presented below:

	MARCH 31 1994	DECEMBER 31 1993
Total assets net of current liabilities (excluding debt)	$69.1	$59.0
Debt	$21.7	$17.0
Stockholder's equity	$35.3	$33.7
Debt to total capitalization	38%	33%

NACCO MATERIALS HANDLING GROUP

NMHG, 97% owned by NACCO, designs, manufactures and markets forklift trucks and related service parts under the Hyster and Yale brand names.

FINANCIAL REVIEW

The results of operations for NMHG were as follows for the three months ended March 31:

	1994	1993
Revenues		
Americas	$174.1	$155.5
Europe, Africa and Middle East	58.2	49.1
Australia and Far East	13.0	10.1
	$245.3	$214.7
Operating profit		
Americas	$ 9.7	$ 9.7
Europe, Africa and Middle East	.7	(1.4)
Australia and Far East	1.1	.5
Corporate and Eliminations	(.4)	.8
	$11.1	$ 9.6

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Operating profit excluding goodwill amortization

Americas	$11.7	$11.7
Europe, Africa and Middle East	1.4	(.7)
Australia and Far East	1.1	.5
Corporate and Eliminations	(.4)	.8
	$13.8	$12.3

First Quarter of 1994 Compared With First Quarter of 1993

The following schedule details the components of the changes in revenues, operating profit and net income (loss) for the first quarter of 1994 compared with 1993:

	Revenues	Operating Profit	Net Income (Loss)
1993	$214.7	$ 9.6	$(.8)
Increase (Decrease) in 1994 from:			
Unit volume	24.6	4.5	3.0
Sales mix	2.0	1.1	.7
Average sales price	1.5	1.5	1.0
Service parts	4.0	1.4	.9
Manufacturing cost		1.1	.7
Other operating expense		(4.1)	(2.7)
Foreign currency translation	(1.5)	(4.0)	(3.0)
Other income and expense			.9
Differences between effective and statutory tax rates			.5
Change in statutory tax rate			(.3)
1994	$245.3	$11.1	$ .9

Increased unit volume in 1994 reflects the continued economic improvement in North America and improvements in global market share. Most European markets continue to be in recession. While price discounting continues to be prevalent in the forklift industry, pricing has been favorable in 1994 compared with 1993. Sales mix changes to higher margin products have positively affected results of operations in 1994. The service parts business continues to improve in North America and Europe due to the improving economy in North America and the addition of new dealers in Europe.

Manufacturing costs have decreased in 1994 due to higher production volumes which have led to increased overhead absorption. New product introductions in 1993 increased manufacturing costs in Europe

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during 1993 which did not recur in 1994. Other operating expenses increased in 1994 due to additional marketing programs and new dealer promotion costs. Operating profit was adversely affected by a stronger Japanese Yen which increased the cost of purchases sourced from Japan.

NMHG's backlog of orders at March 31, 1994 was approximately 18,500 units compared to the 12,000 units at December 31, 1993. Backlog has increased due to a significant increase in orders from dealers both in North America and Europe.

Other Income and Expense

Items of other income (expense) for NMHG were as follows for the three months ended March 31:

	1994	1993
Interest income	$ .1	$ .1
Interest expense	$(8.7)	$(10.5)
Other-net	$ (.6)	$ (.6)

The reduction in interest expense in 1994 is due to lower levels of debt in 1994 after the 1993 debt restructuring.

Provision for Income Taxes

Income (loss) before income taxes, provision (benefit) for income taxes and the effective tax rate for NMHG were as follows for the three months ended March 31:

	1994	1993
Income (loss) before income taxes	$ 1.9	$(1.4)
Provision (benefit) for income taxes	$ 1.0	$ (.6)
Effective tax rate	53.5%	45.5%

The higher tax rate in 1994 compared with 1993 is primarily due to tax benefits received in 1993 on the sale of property which are not repeated in 1994. In addition, the tax rate in 1994 reflects increased domestic and foreign statutory tax rates.

LIQUIDITY AND CAPITAL RESOURCES

Expenditures for property, plant and equipment were $6.3 million during the first three months of 1994. The majority of these expenditures were for manufacturing expansion and tooling related to the future production of new products. It is estimated that NMHG's capital expenditures for the remainder of 1994 will be approximately $18.7 million. The principal sources of financing for these capital expenditures are internally generated funds, bank borrowings and assistance grants from local development boards.

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NMHG's management believes it can adequately meet all of its current and long-term commitments and operating needs. This is a result of its cash flow from operations and additional funds available under revolving credit agreements. NMHG had available $89.3 million of its $100.0 million revolving credit facility at March 31, 1994.

Supplemental financial data for NMHG is presented below:

	MARCH 31 1994	DECEMBER 31 1993
Total assets net of current liabilities (excluding debt)	$651.0	$644.0
Goodwill, net	$381.2	$383.9
Debt	$332.2	$326.6
Stockholders' equity	$259.0	$257.1
Debt to total capitalization	56%	56%

HAMILTON BEACH/PROCTOR-SILEX

Hamilton Beach/Proctor-Silex, 80% owned by NACCO, is a leading manufacturer of small electric appliances. The housewares business is seasonal. A majority of revenues and operating profit occurs in the second half of the year when sales of small electric appliances increase significantly for the fall holiday selling season.

FINANCIAL REVIEW

The results of operations for Hamilton Beach/Proctor-Silex were as follows for the three months ended March 31:

	1994	1993
Revenues	$68.6	$65.8
Operating loss	$ (.4)	$(2.7)
Operating profit (loss) excluding goodwill amortization	$ .3	$(1.9)
Net loss	$(1.2)	$(2.2)

First Quarter of 1994 Compared With First Quarter of 1993

The following schedule details the components of the changes in revenues, operating loss and net loss for the first quarter of 1994 compared with 1993:

	Revenues	Operating Loss	Net Loss
1993	$65.8	$(2.7)	$(2.2)
Increase (Decrease) in 1994 from:			

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Unit volume	3.3	.8	.5
Sales mix	(.3)	(.1)	
Average sales price	.2	.2	.1
Foreign currency translation	(.4)	(.4)	(.3)
Manufacturing cost		2.2	1.4
Other operating expense		(.4)	(.3)
Other income and expense			(.1)
Differences between effective and statutory tax rates			(.3)
1994	$68.6	$ (.4)	$(1.2)

The favorable impact from volume is due primarily to increased sales of blenders, toasters, coffeemakers and food processors somewhat offset by reduced iron sales. The increased volumes in blenders, food processors and toasters were primarily in lower priced models resulting in an unfavorable sales mix. The drop in the value of the Canadian dollar to the U.S. dollar in the first quarter of 1994 compared with the first quarter of 1993 negatively influenced operating results in 1994. The favorable impact from manufacturing costs related primarily to lower material costs and increased manufacturing efficiencies and throughput.

Other Income and Expense

Items of other income (expense) for Hamilton Beach/Proctor-Silex were as follows for the three months ended March 31:

	1994	1993
Interest expense	$(1.4)	$(1.6)
Other-net	$(.4)	----

Other-net in 1994 consisted primarily of a loss from the sale of certain equipment and tooling during the quarter. The reduced interest expense in 1994 is the result of lower average interest rates offset somewhat by higher average borrowings.

Provision for Income Taxes

Loss before income taxes, benefit for income taxes and the effective tax rate for Hamilton Beach/Proctor-Silex were as follows for the three months ended March 31:

	1994	1993
Loss before income taxes	$(2.2)	$(4.3)
Benefit for income taxes	$(1.0)	$(2.1)

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Effective tax rate	45.1%	47.7%

LIQUIDITY AND CAPITAL RESOURCES

Expenditures for property, plant and equipment were $2.3 million during the first three months of 1994 and are estimated to be $11.7 million for the remainder of 1994. The primary purpose of these expenditures is to increase manufacturing efficiency and to acquire tooling for new and existing products. These expenditures are funded primarily from internally generated funds and short-term borrowings.

Hamilton Beach/Proctor-Silex has a revolving credit facility of up to $95.0 million, the availability of which is based on percentages of eligible accounts receivable and inventory. As of March 31, 1994, $12.1 million of the revolving credit facility was available.

On May 10, 1994 Hamilton Beach/Proctor-Silex modified its credit arrangement to provide for a $135.0 million revolving credit facility. The expiration date of this facility (which currently is May 1997) can be extended one additional year, on an annual basis, upon the mutual consent of Hamilton Beach/Proctor-Silex and the bank group, beginning in 1995. This agreement, secured by all assets of Hamilton Beach/Proctor-Silex, allows borrowings to be made at either LIBOR or lender's prime rate plus a margin. The borrowing rates are subject to reductions based upon achievement of predetermined interest coverage ratios. At the end of the first quarter the stated interest rate was LIBOR plus 1.75%. As of May 10, 1994 the stated interest rate is LIBOR plus 1.00%. In addition, this modification allows Hamilton Beach/Proctor-Silex to pay dividends, under certain conditions, to its stockholders.

Supplemental financial data for Hamilton Beach/Proctor-Silex is presented below:

	MARCH 31 1994	DECEMBER 31 1993
Total assets net of current liabilities (excluding debt)	$232.4	$237.9
Goodwill, net	$ 96.7	$100.1
Debt	$ 85.4	$ 86.5
Stockholders' equity	$134.3	$138.6
Debt to total capitalization	39%	39%

KITCHEN COLLECTION

Kitchen Collection is a national specialty retailer of kitchenware, tableware, small electric appliances and related accessories. The specialty retail business is seasonal with the majority

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of its revenues and operating profit being generated in the fourth quarter during the fall holiday selling season.

FINANCIAL REVIEW

First Quarter of 1994 Compared With First Quarter of 1993

The following schedule details the components of the changes in revenues, operating loss and net loss for the first quarter of 1994 compared with 1993:

	Revenues	Operating Loss	Net Loss
1993	$ 9.1	$(.1)	$(.1)
Increase (decrease) in 1994 from:			
Stores opened in 1993	1.7	.1	.1
Comparable stores	(.1)	(.1)	(.1)
Other		(.1)	
1994	$10.7	$(.2)	$(.1)

Provision for Income Taxes

Loss before income taxes, benefit for income taxes and the effective tax rate for Kitchen Collection were as follows for the three months ended March 31:

	1994	1993
Loss before income taxes	$(.2)	$(.1)
Benefit for income taxes	$(.1)	----
Effective tax rate	40.7%	40.0%

LIQUIDITY AND CAPITAL RESOURCES

Expenditures for property, plant and equipment were $0.3 million during the first three months of 1994. Estimated capital expenditures for the remainder of 1994 are $1.1 million. These expenditures are primarily for new

store openings and improvements to existing facilities. The principal source of funds for these capital expenditures is internally generated funds. At March 31, 1994, Kitchen Collection had available all of its $2.5 million line of credit. This credit line is renewable annually in May and has currently been extended through May, 1995.

On May 10, 1994 Kitchen Collection modified its credit arrangement to allow for an increase in the outstanding balance on its

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term loan to $5.0 million. At March 31, 1994 the outstanding balance was $1.9 million. In addition, the scheduled repayments, which currently are in annual installments through 1997, are now in two equal installments due January 1, 1999 and January 1, 2000. This modification also reduces Kitchen Collection's stated interest rate to LIBOR plus 0.75% from LIBOR plus 1.50% and allows for increased levels of dividends to its stockholder.

Supplemental financial data for Kitchen Collection is presented below:

	MARCH 31 1994	DECEMBER 31 1993
Total assets net of current liabilities (excluding debt)	$14.5	$15.0
Goodwill, net	$ 3.9	$ 4.0
Debt	$ 1.9	$ 2.4
Stockholder's equity	$12.5	$12.6
Debt to total capitalization	13%	16%

NACCO AND OTHER

FINANCIAL REVIEW

First Quarter of 1994 Compared with First Quarter of 1993

The following schedule details the components of the changes in operating loss and net loss for the first quarter of 1994 compared with 1993:

	Operating Loss	Net Loss
1993	$(2.1)	$(2.3)
Administrative general expenses		
Payroll related	(.2)	(.1)
Outside services	.1	
Interest income		(.2)
Interest expense		.1
Other-net		.1
Differences between effective and statutory tax rates		.4
1994	$(2.2)	$(2.0)

The reduction in interest income relates to NMHG's Hyster-Yale 12 3/8% subordinated debentures. In the first quarter of 1993, NACCO owned $23.7 million, face value, of these debentures and received interest income on them. These debentures were contributed to NMHG during the third quarter of 1993. In the first quarter of 1994 NACCO owned $7.9 million, face value, of these debentures and as a result NACCO

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has earned less interest income during the first quarter of 1994 compared with 1993. The variance in differences between effective and statutory tax rates reflects a reduction in 1994 in the consolidating income tax adjustment recognized at the reporting entity level.

LIQUIDITY AND CAPITAL RESOURCES

Although the subsidiaries have entered into substantial debt agreements, NACCO has not guaranteed the long-term debt or any borrowings of its subsidiaries.

As previously noted in this Management's Discussion and Analysis, the debt arrangements at Hamilton Beach/Proctor-Silex and Kitchen Collection were modified on May 10, 1994. These modifications permit the payment of dividends by Hamilton Beach/Proctor-Silex to NACCO under certain circumstances and increases the level of dividends that can be paid by Kitchen Collection. North American Coal continues to be allowed to pay dividends to NACCO.

The Company believes it can adequately meet all of its current and long-term commitments and operating needs. This outlook stems from amounts available under revolving credit facilities, the substantial prepayment of scheduled debt payments and the utility customers' funding of the project mining subsidiaries.

BELLAIRE CORPORATION

Bellaire Corporation ("Bellaire") is a non-operating subsidiary of NACCO. Bellaire's operating results primarily include royalty payments received on certain coal reserves and mine closing activities related to the Indian Head Mine, which ceased mining operations in April 1992. During the first quarter of 1994 Bellaire had revenues and operating profit of $0.5 million and $0.4 million, respectively, compared with revenues of $1.2 million and operating profit of $0.2 million in 1993. Bellaire's net income in the first quarter of 1994 and 1993 is $0.5 million and $0.4 million, respectively. Because Bellaire's operating results during the first quarter of 1994 and 1993 are not significant they will not be discussed in detail.

The condensed balance sheets for Bellaire were as follows:

	MARCH 31 1994	DECEMBER 31 1993
Net current assets	$ 18.0	$ 18.2
Property, plant and equipment, net	.5	.5
Deferred taxes and other assets	66.1	67.0
Obligation to United Mine Workers of		

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America Combined Benefit Fund	(158.0)	(163.2)
Other liabilities	(24.9)	(21.2)
Deficit	$(98.3)	$(98.7)

Part II

Item 1 - Legal Proceedings
None

Item 2 - Change in Securities
None

Item 3 - Defaults Upon Senior Securities
None

Item 4 - Submission of Matters to a Vote of Security Holders
None

Item 5 - Other Information
None

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits. See Exhibit Index on page 22 of this quarterly report on Form 10-Q.

Signature

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.

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NACCO Industries, Inc.

(Registrant)

Date May 13, 1994

Frank B. O'Brien

Frank B. O'Brien
Senior Vice President -Corporate Development and Chief Financial Officer

Date May 13, 1994

Steven M. Billick

Steven M. Billick
Vice President and Controller
(Principal Accounting Officer)

Exhibit Index

Exhibit Number*	Description of Exhibit	Page Number
(11)	Computation of Earnings Per Common Share	23

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*Numbered in accordance with Item 601 of Regulation S-K.

Exhibit 11

NACCO Industries, Inc. And Subsidiaries
Form 10-Q
Computation of Earnings per Share

	THREE MONTHS MARCH 31 1994	1993
	(In thousands, except per share data)	
Net income (loss):	$2,770	$ (6)
Per share amounts reported to stockholders Note 1:	$ .31	$ 0.0
Primary:		
Weighted average shares outstanding	8,942	8,936
Dilutive stock options Note 2	15	16
Totals	8,957	8,952
Per share amounts	$ .31	$ 0.0
Fully diluted Note 3:		
Weighted average shares outstanding		8,936
Dilutive stock options Note 2		18
Totals		8,954
Per share amounts		$ 0.0

Note 1 Per share earnings have been computed and reported to the stockholders pursuant to APB Opinion No. 15, which provides that "any reduction of less than 3% in the aggregate need not be considered as dilution in the computation and presentation of earnings per share data."

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Note 2   Dilutive stock options are calculated based on the treasury stock method. For primary per share earnings the average market price is used. For fully diluted per share earnings the quarter-end market price, if higher than the average market price for the period, is used.

Note 3   Fully diluted per share earnings for the three months ended March 31, 1994 are not disclosed because the quarter-end market price was lower than the average market price for the quarter.

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