

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1993-03-31**  
SEC Accession No. **0000769208-94-000002**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### FILER

#### CONAIR CORP/DE/NEW

CIK: **769208** | IRS No.: **111950030** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-08919** | Film No.: **94527947**  
SIC: **3634** Electric housewares & fans

Mailing Address  
150 MILFORD ROAD  
EAST WINDSOR NJ 08520

Business Address  
150 MILFORD RD  
EAST WINDSOR NJ 08520  
6094261300

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.

Form 10Q

QUARTER REPORT UNDER SECTION 13 or 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended      March 31, 1994      Commission File      1-8919

CONAIR CORPORATION  
(Exact name of registrant as specified on its charter)

Delaware      11-1950030  
(State or other jurisdiction of      (I.R.S. Identification Number)  
Incorporation or organization)

150 Milford Road, East Windsor, NJ      08520  
(Address of principal executive      (Zip Code)  
offices)

Registrant's telephone number including area code      (609) 426-1300

Not Applicable  
Former name, former address and former fiscal year, if changed  
since last year

Indicate by check mark whether this 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

Common Stock      \$100.00 par value

Authorized Shares      5,000

Issued and Outstanding Shares  
as of April 29, 1994      2,814

CONAIR CORPORATION AND SUBSIDIARIES

I N D E X

PAGE NO.

PART I FINANCIAL INFORMATION

Item 1: Financial Statements

Consolidated Balance Sheets  
March 31, 1994 (Unaudited),  
December 31, 1993 and March 31,  
1993 (Unaudited) -1-

Consolidated Statements of Operations  
Three months ended March 31, 1994  
and 1993 (Unaudited) -2-

Consolidated Statements of Cash Flows  
Three months ended March 31, 1994  
and 1993 (Unaudited) -3-

Notes to Consolidated Financial  
Statements (Unaudited) -4-

Item 2: Management's Discussion and Analysis  
of Financial Condition and Results  
of Operations -5-

PART II OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K -7-

CONAIR CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except number of shares)

ASSETS	3/31/94 (Unaudited)	12/31/93 Note	3/31/93 (Unaudited)
<b>CURRENT ASSETS</b>			
Cash, including cash equivalents of \$3,687, \$4,096 and \$3,045, respectively.....	\$ 4,546	\$ 15,856	\$ 4,805
Accounts receivable, net of allowance for doubtful accounts of \$1,416, \$1,337 and \$1,375, respectively.....	62,845	70,244	59,192
Inventories (Note 2).....	105,788	85,416	94,184
Prepaid expenses.....	1,298	1,753	2,475
Deferred income taxes.....	2,885	2,885	3,213
	177,362	176,154	163,869
<b>PROPERTY, PLANT AND EQUIPMENT - AT COST</b>			
Net of accum. depreciation & amort...	64,669	44,685	43,933
<b>INVESTMENTS AND OTHER ASSETS</b>			
Investments in affiliated companies..	1,026	1,141	995
Excess of cost over net assets of acquired companies.....	73,196	73,829	75,728
Deferred expenses and other assets...	13,693	14,309	14,043
	87,915	89,279	90,766
	\$329,946	\$310,118	\$298,568
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities.....	\$ 48,107	\$ 41,014	\$ 39,558
Income taxes.....	4,079	6,756	3,557
Current portion of long-term debt....	3,625	3,625	1,407
Notes payable.....	-	-	11,000
	55,811	51,395	55,522
<b>OTHER LIABILITIES</b>			
Long-term debt.....	101,115	87,575	80,018
Deferred income taxes.....	19,860	19,511	17,172
	120,975	107,086	97,190

## STOCKHOLDERS' EQUITY

Convertible preferred stock, \$1.00 par value:	5	5	5
Authorized 10,000 shares			
Issued and outstanding - 5,000 shares			
Common stock, \$100 par value:			
Authorized - 3,000 shares			
Issued and outstanding - 2,814 shares	281	281	281
Reduction for ESOP loan guarantee...	(5,000)	(5,000)	-
Additional paid-in capital.....	7,633	7,633	7,633
Cumulative translation adjustments...	130	129	214
Retained earnings.....	150,111	148,589	137,723
	153,160	151,637	145,856
	\$329,946	\$310,118	\$298,568

NOTE: The balance sheet at December 31, 1993, has been taken from the audited financial statements at that date.

CONAIR CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

Three months ended March 31, 1994 and 1993  
(in thousands)

	1994	1993
NET SALES.....	\$95,575	\$83,987
COSTS AND EXPENSES:		
Cost of goods sold.....	63,761	55,293
Selling, general and administrative.....	27,401	25,021
	91,162	80,314
INCOME FROM OPERATIONS .....	4,413	3,673
INTEREST:		
Interest expense.....	1,598	1,846
Interest income.....	(51)	(25)
	1,547	1,821
INCOME BEFORE INCOME TAXES	2,866	1,852
Income tax provision.....	1,263	945
NET INCOME .....	\$ 1,603	\$ 907



Additions to property, plant and equipment.	(21,639)	(1,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term debt.....	-	11,000
Increase in long-term debt.....	20,000	2,500
Reduction of long-term debt.....	(6,460)	(18,133)
Dividends .....	(125)	(125)
	13,415	(4,758)
DECREASE IN CASH AND CASH EQUIVALENTS.....	(11,310)	(14,749)
CASH AND CASH EQUIVALENTS,		
January 1,.....	15,856	19,554
CASH AND CASH EQUIVALENTS,		
March 31,.....	\$ 4,546	\$ 4,805
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the quarter for:		
Interest.....	\$ 1,417	\$ 1,482
Income taxes.....	\$ 3,547	\$ 987

CONAIR CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. FINANCIAL STATEMENTS

The accompanying financial information is submitted in response to the requirements of Form 10Q and does not purport to be financial statements prepared in accordance with generally accepted accounting principles. Therefore, they do not include all disclosures which might be associated with such financial statements. In the opinion of management, this includes all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of the results for the interim periods presented. March 31, 1993 financial statements have been reclassified to conform to current presentation.

2. INVENTORIES

Inventories are summarized as follows:

March 31,	Dec. 31,	March 31,
1994	1993	1993

Components and raw materials	\$ 12,676	\$11,441	\$14,768
Finished goods	93,112	73,975	79,416
	\$105,788	\$85,416	\$94,184

### 3. PURCHASE OF BUILDING

On March 15, 1994, the Company acquired its Stamford, Connecticut executive office facility from Leandro P. Rizzuto, President and sole common stockholder of the Company. The purchase price of \$20,000,000 was determined based on an independent appraisal. A ten-year unsecured loan in the amount of \$20,000,000 was obtained by the Company on the above date to finance this transaction. The interest rate on this new loan is 7%. Principal repayments on this loan begin on June 1, 1996 with the payment of \$625,000 and variable sums are due semi-annually on June 1 and December 1 until a final payment of \$4,000,000 at maturity on February 28, 2004. The Company leased back to Leandro P. Rizzuto a portion of the facility for a period of 99 years subject to the Company's option, for a period of 10 years, to buy back the lease rights. The option price for the Company to repurchase the lease rights is \$4,000,000 for the first five years, escalating to \$6,400,000 million over the remaining five years. The initial option price was determined based on an independent appraisal.

## CONAIR CORPORATION AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

#### SALES

Net sales for the quarter ended March 31, 1994 increased 13.8% over the comparable period in 1993. The increase resulted primarily from an increase in sales of Consumer Electronics, due to sales of Southwestern Bell and Freedom Phone products which were not sold in the first quarter of 1993. Increases in the sales of Consumer Toiletries and Cuisinarts products were offset by a decline in the sales of Consumer Appliances.

#### GROSS MARGINS



Gross margins in the first quarter of 1994 were 33.3% of net sales as compared to 34.2% for the comparable period in 1993. The variance in gross margins is primarily due to product mix.

#### SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses in the first quarter of 1994 were 28.7% of net sales as compared to 29.8% for the comparable period in 1993. The decline resulted from the fixed and semi-variable nature of certain costs in this category.

#### INTEREST

Interest expense has decreased from the same period last year due to a reduction of average borrowings.

#### INCOME TAXES

The effective income tax rate varied for the first quarter of 1994 as compared to the same period in 1993. This was primarily due to the amortization of the excess cost of investments over net assets acquired, not deductible for tax purposes.

### CONAIR CORPORATION AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was \$121,551,000 at March 31, 1994 and the

current ratio was 3.2 to 1. The Company's cash balance was \$4,546,000, long-term debt was \$101,115,000 and there were no short-term borrowings at March 31, 1994.

The Company believes its capital resources are adequate to finance normal growth and service the Company's debt obligations. At March 31, 1994, the Company had lines of credit with banks in the United States and abroad aggregating \$64,400,000.

On March 15, 1994, the Company acquired its Stamford, Connecticut executive office facility from Leandro P. Rizzuto, President and sole common stockholder of the Company. The purchase price of \$20,000,000 was determined based on an independent appraisal. A ten-year unsecured loan in the amount of \$20,000,000 was obtained by the Company on the above date to finance this transaction. The interest rate on this new loan is 7%. Principal repayments on this loan begin on June 1, 1996 with the payment of \$625,000 and variable sums are due semi-annually on June 1 and December 1 until a final payment of \$4,000,000 at maturity on February 28, 2004. The Company leased back to Leandro P. Rizzuto a portion of the facility for a period of 99 years subject to the Company's option, for a period of 10 years, to buy back the lease rights. The option price for the Company to repurchase the lease rights is \$4,000,000 for the first five years, escalating to \$6,400,000 million over the remaining five years. The initial option price was determined based on an independent appraisal.

CONAIR CORPORATION AND SUBSIDIARIES  
PART II - OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

- (b) The company was not required to file reports on Form 8-K during the quarter ended March 31, 1994.

CONAIR CORPORATION AND SUBSIDIARIES

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.

CONAIR CORPORATION  
(Registrant)

(Date) /s/ Leandro P. Rizzuto  
By: Leandro P. Rizzuto  
Chairman of the Board  
and President

(Date) /s/ Patrick P. Yannotta  
By: Patrick P. Yannotta  
Senior Vice President - Finance

(Date) /s/ James A. Porcelli  
By: James A. Porcelli  
Corporate Controller