

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

STANDEX INTERNATIONAL CORP/DE/

CIK: **310354** | IRS No.: **310596149** | State of Incorpor.: **DE** | Fiscal Year End: **0630**
Type: **10-Q** | Act: **34** | File No.: **001-07233** | Film No.: **95536096**
SIC: **3580** Refrigeration & service industry machinery

Business Address
6 MANOR PKWY
SALEM NH 03079
6038939701

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For Quarter Ended March 31, 1995

Commission file number 1-7233

Standex International Corporation

(Exact name of Registrant as specified in its charter)

Delaware

31-0596149

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification Number)

6 Manor Parkway, Salem, New Hampshire
(Address of principal executive offices)

03079
(Zip Code)

Registrant's telephone number, including area code (603) 893-9701

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 report), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

The number of shares of Registrant's Common Stock outstanding on March 31, 1995 was 14,108,060.

STANDEX INTERNATIONAL CORPORATION

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PART I. FINANCIAL INFORMATION

STANDEX INTERNATIONAL CORPORATION

Statement of Consolidated Income
(000 Omitted)

<CAPTION>

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	1995	1994	1995	1994
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Net Sales	\$141,575	\$130,892	\$426,103	\$391,723
Cost of Products Sold	94,730	88,855	282,778	262,891
Gross Profit Margin	46,845	42,037	143,325	128,832
Selling, General & Administrative Expenses	32,987	31,182	98,486	94,041
Income from Operations	13,858	10,855	44,839	34,791
Other Income/(Expense):				
Net gain on Disposition of Businesses and Product Lines	-	-	5,426	-
Interest Expense	(2,130)	(1,446)	(5,934)	(4,296)

Interest Income	159	118	438	315
Other Income/(Expense) - net	(1,971)	(1,328)	(70)	(3,981)
Income Before Income Taxes	11,887	9,527	44,769	30,810
Provision for Income Taxes	3,829	3,296	15,884	11,182
Net Income	\$ 8,058	\$ 6,231	\$ 28,885	\$ 19,628
Earnings Per Share	\$.56	\$.41	\$ 1.98	\$ 1.28
Cash Dividends per Share	\$.16	\$.13	\$.46	\$.38

</TABLE>

<TABLE>

STANDEX INTERNATIONAL CORPORATION

Consolidated Balance Sheet
(000 Omitted)

<CAPTION>

March 31 June 30
1995 1994

ASSETS

CURRENT ASSETS:

<S>	<C>	<C>
Cash	\$ 10,916	\$ 5,023
Receivables, net of allowances for doubtful accounts	87,405	83,381
Inventories (approximately 45% finished goods, 20% work in process, and 35% raw material and supplies)	110,854	104,561
Prepaid expenses	6,011	3,988
Total current assets	215,186	196,953

PROPERTY, PLANT AND EQUIPMENT	207,582	213,563
Less accumulated depreciation	123,093	123,866
Total	84,489	89,697

OTHER ASSETS

Goodwill, net	15,237	16,257
Prepaid pension and other	21,309	20,814
Total	36,546	37,071
TOTAL	\$336,221	\$323,721

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable and current portion of long-term debt	\$ 1,403	\$ 9,576
Accounts payable	28,969	28,711
Income taxes	3,841	2,773
Accrued expenses	31,742	29,090
Total current liabilities	65,955	70,150

LONG-TERM DEBT (less current portion included above)	121,974	112,854
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DEFERRED INCOME TAXES AND OTHER LIABILITIES	20,977	21,785
STOCKHOLDERS' EQUITY		
Common stock	41,976	41,976
Paid-in Capital	1,802	871
Retained earnings	268,989	246,705
Cumulative translation adjustment	(1,188)	(3,414)
Less cost of treasury shares	(184,264)	(167,206)
TOTAL STOCKHOLDERS' EQUITY	127,315	118,932
TOTAL	\$336,221	\$323,721

</TABLE>

<TABLE>

STANDEX INTERNATIONAL CORPORATION

STATEMENT OF CONSOLIDATED CASH FLOWS
(000 OMITTED)

<CAPTION>

	Nine Months Ended March 31	
	1995	1994
Cash Flows from Operating Activities:		
Net income	\$ 28,885	\$ 19,628
Depreciation and amortization	9,146	9,170
Net gain on dispositions of businesses and product lines	(5,426)	-
Net changes in assets and liabilities	(10,293)	(15,421)
Net Cash Provided by Operating Activities	22,312	13,377
Cash Flows from Investing Activities:		
Expenditures on property and equipment	(9,292)	(9,256)
Proceeds from sale of businesses and product lines	13,589	1,470
Other	480	23
Net Cash Used for Investing Activities	4,777	(7,763)
Cash Flows from Financing Activities:		
Proceeds from additional borrowings	14,495	15,882
Payments of debt	(13,547)	(3,587)
Cash dividends paid	(6,599)	(5,740)
Purchase of treasury stock	(19,365)	(18,772)
Other, net	3,237	2,740
Net Cash Used by Financing Activities	(21,779)	(9,477)
Effect of Exchange Rate Changes on Cash	583	(419)
Net Change in Cash	5,893	(4,282)
Cash at Beginning of Year	5,023	7,518

Cash at March 31

\$ 10,916 \$ 3,236

Supplemental Disclosure of Cash Flows Information:

Cash paid during the nine months for:

Interest	5,707	4,254
Income taxes	13,991	11,251

</TABLE>

NOTES TO FINANCIAL INFORMATION

1. Management Statement

The financial statements as reported in Form 10-Q reflect all adjustments (including those of a normal recurring nature) which are, in the opinion of management, necessary to a fair statement of results for the three and nine months ended March 31, 1995 and 1994.

2. Per Share Calculation

Shares (in thousands) used in per share data are as follows:

	March 31	
	1995	1994
Earnings	14,620	15,394
Cash Dividends	14,346	15,105

Earnings per share have been computed according to generally accepted accounting principles.

Cash dividends per share have been computed based on the shares outstanding at the time the dividends were paid.

3. Contingencies

The Company is a party to various claims and legal proceedings related to environmental matters generally incidental to its business. Management has evaluated each matter based upon the advice of its independent environmental consultants and has recorded an appropriate provision for the resolution of such matters in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, "Accounting for Contingencies," Management believes that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.

4. Dispositions

In August, 1994, the Company sold its Standex International Engraving GmbH subsidiary for net proceeds of \$13.6 million. In addition, in September, 1994, the Company formulated a plan to dispose, or otherwise align, certain businesses and product lines. In the aggregate these transactions resulted in a net gain of \$5.4 million which has been recorded in the accompanying Statement of Consolidated Income as a component of Other Income/(Expense). The net sales of the subsidiary and the other businesses and product lines were approximately \$29,100,000 for fiscal 1994.

5. Revolving Credit Agreement

In November, 1994, the Company re-negotiated its Revolving Credit Agreement which increased the maximum credit line available from \$125,000,000 to \$175,000,000 and extended repayment terms from December 1997 to October 1999. The financial covenants were substantially reduced. All other conditions and warranties remained substantially unchanged from the prior Revolving Credit Agreement.

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

MATERIAL CHANGES IN FINANCIAL CONDITION

During the nine months ended March 31, 1995, the Company sold a Germany subsidiary for net proceeds of \$13.6 million. In addition, the Company formulated a plan to dispose, or otherwise align, certain other businesses and product lines. In the aggregate, these transactions resulted in a gain of \$5.4 million. The net proceeds from the sale, as well as net operating cash flows of \$22.3 million and net proceeds from bank credit agreements of \$14.5 million, were used to purchase \$19.4 million of the Company's Common Stock, pay \$13.5 million of long term debt, fund plant and equipment expenditures of \$9.3 million and pay out \$6.6 million in cash dividends to the Company's shareholders. Residual costs related to the disposition and alignment of the other businesses and product lines will not have a material impact on future cash flows.

In November 1994, the Company re-negotiated its Revolving Credit Agreement which increased the maximum credit line available from \$125 million to \$175 million and extended repayment terms from December 1997 to October 1999. The financial covenants were substantially reduced. All other conditions and warranties remained substantially unchanged from the prior Revolving Credit Agreement. While existing cash flows and bank credit agreements are sufficient to meet anticipated cash needs, the re-negotiated Revolving Credit Agreement will enhance the Company's financial flexibility.

OPERATIONS

Quarter Ended March 31, 1995
as compared to the Quarter Ended March 31, 1994

Net Sales reached record levels for the quarter ended March 31, 1995. Net Sales rose \$10.7 million, or 8.2%, when compared to the same period of the prior year. The Institutional segment reported the largest increase in Net Sales of \$8.6 million resulting from improved customer demand. Growth in Net Sales of \$1.4 million was reported by the Graphics/Mail Order segment primarily due to improvement in the European economy. The Industrial segment registered only a slight gain in Net Sales. Although several operations within this segment reported significant improvements in Net Sales, these gains were partially offset by the absence of a German subsidiary which was sold in the first quarter of fiscal 1995.

The Gross Profit Margin Percentage increased to 33.1% for the third quarter of fiscal 1995 as compared to 32.1% in the same period of the prior year. The largest increase in the Gross Profit Margin Percentage was reported by the Industrial segment due primarily to the growth in Net Sales reported by many divisions within this segment. The other segments had no significant

changes.

OPERATIONS (Continued)

For the quarter ended March 31, 1995, Selling, General and Administrative Expenses (SG&A) rose \$1.8 million, or 5.8%. The Graphics/Mail Order and Institutional segments reported an increase in SG&A while the Industrial segment registered a decline in SG&A due mainly to the sale of a German subsidiary in the first quarter of fiscal 1995. However, as a percentage of Net Sales, SG&A decreased from 23.8% of Net Sales in the third quarter of fiscal 1994 to 23.3% of Net Sales for the same period of fiscal 1995.

The Graphics/Mail Order segment reported a slight increase in SG&A as a percentage of Net Sales primarily attributable to increased marketing efforts. The Institutional and Industrial segments reported a decline in SG&A as a percentage of Net Sales due mainly to increased business activity.

In the third quarter of fiscal 1995, Interest Expense increased \$684,000 as compared to the same period of fiscal 1994 as a result of increased borrowings at higher interest rates than those experienced during the same period of the prior year.

The above factors resulted in a \$2.4 million, or 24.8%, increase in Income Before Income Taxes as compared to the same period of the prior year. The effective tax rate in the third quarter decreased to 32.2% from 34.6% reported in the same period of fiscal 1994 primarily due to an increase in foreign tax credits and tax benefits generated by a UK subsidiary.

For the third quarter of fiscal 1995, Net Income reached record levels. Net Income increased \$1.8 million, or 29.3%, when compared to the same period of the prior year as a result of the factors described above.

Nine Months Ended March 31, 1995 as compared to Nine Months Ended March 31, 1994

Net Sales for the nine months ended March 31, 1995 reached record levels for any first nine month period in the Company's history. A \$34.4 million increase, or an 8.8% improvement, in Net Sales was recorded as compared to the same period of the prior year. All three segments reported gains in Net Sales attributable to improved demand worldwide. The Institutional and Graphics/Mail Order segments recorded growth in Net Sales of \$22.1 million and \$10.9 million, respectively. Despite the absence of a German subsidiary which was sold in the first quarter of fiscal 1995, the Industrial segment reported a \$1.4 million increase in Net Sales.

For the nine months ended March 31, 1995, the Gross Profit Margin Percentage rose to 33.6% as compared to 32.9% in the same period of the prior year. All three segments registered improvements in their Gross Profit Margin Percentages. However, the largest increase was reported by the Industrial segment primarily due to the growth in Net Sales reported by many of this segment's operations.

OPERATIONS (Continued)

Selling, General and Administrative Expenses (SG&A) increased \$4.4 million, or 4.7%, for the nine months ended March 31, 1995 when compared to the same period last year. The Graphics/Mail Order and Institutional segments

reported an increase in SG&A while the Industrial segment registered a decline in SG&A due mainly to the sale of a German subsidiary in the first quarter of fiscal 1995. However, as a percentage of Net Sales, SG&A for the nine months ended March 31, 1995 decreased from 24% of Net Sales in fiscal 1994 to 23.1% of Net Sales in fiscal 1995. All three segments reported a decrease in SG&A as a percentage of Net Sales due mainly to increased business activity.

Interest Expense rose \$1.6 million for the nine months ended March 31, 1995, when compared to the same period of the prior year for the reasons presented in the discussion of quarterly results.

The above factors, along with the \$5.4 million net gain from the disposition of businesses and product lines, resulted in a \$14.0 million, or 45.3%, increase in Income Before Taxes as compared to the same period of the prior year. The effective tax rate for the nine months ended March 31, 1995 decreased to 35.5% as compared to 36.3% in the same period of fiscal 1994 due mainly to the factors described in the analysis of quarterly results.

For the nine months ended March 31, 1995, Net Income reached record levels. Net Income increased \$9.3 million, or 47.2%, when compared to the same period of the prior year due to the factors described above.

PART II. OTHER INFORMATION

NO APPLICABLE ITEMS.

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STANDEX INTERNATIONAL CORPORATION

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.

STANDEX INTERNATIONAL CORPORATION

Date: May 10, 1995

/s/ Robert R. Kettinger
Robert R. Kettinger, Corporate Controller

Date: May 10, 1995

/s/ Lindsay M. Sedwick
Lindsay M. Sedwick, Vice President/Treasurer

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