

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

GRAYBAR ELECTRIC CO INC

CIK: **205402** | IRS No.: **130794380** | State of Incorpor.: **NY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-00255** | Film No.: **95536057**
SIC: **5063** Electrical apparatus & equipment, wiring supplies

Mailing Address
P O BOX 7231
ST LOUIS MO 63177

Business Address
34 N MERAMEC AVE
ST LOUIS MO 63105
3147273900

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q
Commission File Number 0-255

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

For the quarterly period ended March 31, 1995

OR

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

For the transition period from----- to -----

GRAYBAR ELECTRIC COMPANY, INC

(Exact name of registrant as specified in its charter)

NEW YORK

13 - 0794380

(State or other jurisdiction of incorporation
or organization)

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

34 NORTH MERAMEC AVENUE, ST. LOUIS, MO

63105

(Address of principal executive offices)

(Zip Code)

POST OFFICE BOX 7231, ST. LOUIS, MO

63177

(Mailing Address)

(Zip Code)

Registrant's telephone number, including area code: (314) 727 - 3900

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
 ----- -----

Common Stock Outstanding at April 30, 1995: 4,547,656

(Number of Shares)

PART I

<TABLE>

CONSOLIDATED BALANCE SHEETS

(Dollars Stated in Thousands)
(Except for Share and Per Share Data)

<CAPTION>

	MARCH 31, 1995	DECEMBER 31, 1994
<S>	<C>	<C>
CURRENT ASSETS		
Cash	\$ 30,553	\$ 17,144
Trade receivables	298,877	301,525
Merchandise inventory	258,954	211,482
Other current assets	11,823	12,273
Total current assets	600,207	542,424
PROPERTY		
Land	19,601	19,297
Buildings and permanent fixtures	216,448	210,623
Capital equipment leases	21,828	32,235
Less-Accumulated depreciation	101,778	108,722
Net property	156,099	153,433
DEFERRED FEDERAL INCOME TAXES	15,624	15,234
OTHER ASSETS	9,026	8,695
	\$ 780,956	\$ 719,786
CURRENT LIABILITIES		
Notes payable to banks	\$ 127,824	\$ 80,488
Current portion of long-term debt	13,897	13,457
Trade accounts payable	270,057	258,656
Income taxes	6,003	---
Other accrued taxes	6,794	7,475
Accrued payroll and benefit costs	15,595	35,075
Dividends payable	---	4,801
Other payables and accruals	18,621	6,338
Total current liabilities	458,791	406,290
POSTRETIREMENT BENEFITS LIABILITY	74,285	74,141
LONG TERM DEBT	91,998	90,212

</TABLE>

<TABLE>

CONSOLIDATED BALANCE SHEETS

(Dollars Stated in Thousands)
(Except for Share and Per Share Data)

<CAPTION>

			MARCH 31, 1995	DECEMBER 31, 1994
<S>	<C>	<C>	<C>	<C>
SHAREHOLDERS' EQUITY				
CAPITAL STOCK				
Preferred:				

Par value \$20 per share				
Authorized 300,000 shares				

<CAPTION>

	SHARES			
	1995	1994		
	----	----		
<S>	<C>	<C>	<C>	<C>
Issued to voting trustees	8,248	8,248		
In treasury, at cost	(143)	(60)		
Outstanding	8,105	8,188	162	164
Common:				

Stated value \$20 per share				
Authorized 5,000,000 shares				

<CAPTION>

	SHARES			
	1995	1994		
	----	----		
<S>	<C>	<C>	<C>	<C>
Issued to voting trustees	4,352,733	4,347,757		
Issued to shareholders	250,975	250,893		
In treasury, at cost	(44,634)	(5,708)		
Outstanding	4,559,074	4,592,942	91,181	91,859
Common shares subscribed			385	486
Retained earnings			64,500	57,081
Less-Subscriptions receivable			346	447
TOTAL SHAREHOLDERS' EQUITY			155,882	149,143
			\$ 780,956	\$ 719,786
			=====	=====

See accompanying Notes to Consolidated Financial Statements
</TABLE>

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<TABLE>

CONSOLIDATED STATEMENTS OF INCOME

(Dollars Stated in Thousands)
(Except for Share and Per Share Data)

<CAPTION>

QUARTER ENDED

	MARCH 31, 1995	MARCH 31, 1994
<S>	<C>	<C>
GROSS SALES, net of returns and allowances	\$ 629,551	\$ 510,302
Less - Cash discounts	2,223	1,866
NET SALES	627,328	508,436
COST OF MERCHANDISE SOLD	511,616	412,925
Gross profit	115,712	95,511
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	93,073	82,725
DEPRECIATION AND AMORTIZATION	4,378	3,730
Income from operations	18,261	9,056
OTHER INCOME, net	933	752
INTEREST EXPENSE	3,790	2,461
Income before provision for income taxes	15,404	7,347
PROVISION FOR INCOME TAXES		
Current	7,003	3,380
Deferred	(390)	(221)
Total provision for income taxes	6,613	3,159
NET INCOME	\$ 8,791	\$ 4,188
NET INCOME PER SHARE OF COMMON STOCK (NOTE 2)	\$ 1.92	\$.89
DIVIDENDS		
Preferred - \$.25 per share	\$ 2	\$ 3
Common - \$.30 per share	1,370	1,319
	\$ 1,372	\$ 1,322

See accompanying Notes to Consolidated Financial Statements
</TABLE>

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<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars Stated in Thousands)
(Except for Share and Per Share Data)

<CAPTION>

	THREE MONTHS ENDED MARCH 31, 1995	1994
<S>	<C>	<C>
CASH FLOWS FROM OPERATIONS		
Net Income	\$ 8,791	\$ 4,188

Adjustments to reconcile net income to cash used by operations:		
Depreciation and amortization	4,378	3,730
	-----	-----
Deferred income taxes	(390)	(221)
	-----	-----
Changes in assets and liabilities:		
Trade receivables	2,648	364
	-----	-----
Merchandise inventory	(47,472)	(27,118)
	-----	-----
Other current assets	450	(461)
	-----	-----
Other assets	(331)	(326)
	-----	-----
Trade accounts payable	11,401	20,517
	-----	-----
Accrued payroll and benefit costs	(19,480)	(13,773)
	-----	-----
Other accrued liabilities	17,749	10,274
	-----	-----
	(31,047)	(7,014)
	-----	-----
Net cash used by operations	(22,256)	(2,826)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	198	32
	-----	-----
Capital expenditures for property	(7,242)	(3,799)
	-----	-----
Net cash used by investing activities	(7,044)	(3,767)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in notes payable to banks	47,336	27,025
	-----	-----
Proceeds from long-term debt	4,000	---
	-----	-----
Repayment of long-term debt	(828)	(767)
	-----	-----
Principal payments under capital equipment leases	(946)	(2,289)
	-----	-----
Sale of common stock	101	139
	-----	-----
Purchase of treasury stock	(781)	(1,358)
	-----	-----
Dividends paid	(6,173)	(6,232)
	-----	-----
Net cash flow provided by financing activities	42,709	16,518
	-----	-----
NET INCREASE IN CASH	13,409	9,925
	-----	-----
CASH, BEGINNING OF YEAR	17,144	17,332
	-----	-----
CASH, END OF FIRST QUARTER	\$ 30,553	\$ 27,257
	=====	=====

See accompanying Notes to Consolidated Financial Statements
</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER INFORMATION

(Dollars Stated in Thousands)
(Except for Share and Per Share Data)

Note 1

- - - - -

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

In the opinion of the Company, the quarterly report includes all adjustments, consisting of normal recurring accruals, necessary for the fair presentation of the financial statements presented. Such interim financial information is subject to year-end adjustments and independent audit.

Results for interim periods are not necessarily indicative of results to be expected for the full year.

Note 2

- - - - -

<TABLE>
<CAPTION>

	THREE MONTHS 1995	THREE MONTHS 1994
<S>	<C>	<C>
Earnings for Three Months	\$ 8,791	\$ 4,188
Dividends on Preferred Stock	2	3
Available for Common Stock	\$ 8,789	\$ 4,185
Average Common Shares Outstanding	4,575,015	4,701,223 <F*>
Earnings Per Share	\$ 1.92	\$.89 <F*>

<FN>

<F*> Restated for the declaration of a 6.25% stock dividend in 1994. Prior to adjusting for the stock dividend, the average common shares outstanding were 4,424,680.

</TABLE>

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

(Dollars Stated in Thousands)

RESULTS OF OPERATIONS

Net sales in the first three months of 1995 were 23.4% higher than in the first three months of 1994. The higher net sales resulted from improvements in the market sectors of the economy in which the Company operates.

Gross profit in the first three months of 1995 increased \$20,201 (21.2%) compared to the first three months of 1994 primarily due to increased sales in the electrical and communication markets.

The increase in selling, general and administrative expenses in the first three months of 1995 compared to the first three months of 1994 occurred largely because of adjustments in personnel complement and adjustments in compensation and related expenses.

Interest charges increased in the first three months of 1995 compared to the first three months of 1994 primarily due to increased levels of borrowing incurred to finance higher aggregate levels of inventory and receivables. Interest rates on 1995 short-term borrowings have been generally higher than for the same period in 1994.

The combined effect of the increases in gross profits and other income, together with increases in selling, general and administrative expenses, interest charges and depreciation and amortization, resulted in an increase in pretax earnings of \$8,057 in the first three months of 1995 compared to the same period in 1994.

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

(Dollars Stated in Thousands)

FINANCIAL CONDITION AND LIQUIDITY

The financial condition of the Company continues to be strong. At March 31, 1995, current assets exceeded current liabilities by \$141,416, up \$5,282 from December 31, 1994. The current assets at March 31, 1995 were sufficient to meet the cash needs required to pay current liabilities. The Company does not have any plans or commitments which would require significant amounts of additional working capital.

At March 31, 1995, the Company had available to it unused lines of credit amounting to \$91,000. These lines are available to meet short-term cash requirements of the Company. Bank borrowings outstanding during 1995 through March 31 ranged from a minimum of \$77,000 to a maximum of \$142,000.

The Company has funded its capital requirements from operations, stock issuances to its employees and long term debt. In February, 1995, the Company received the proceeds from a ten-year note for \$4,000,000 at a fixed interest rate of 8.53% with principal payable in quarterly installments beginning in June, 1995. During the first three months of 1995, cash used by operations amounted to \$22,256 which was \$19,430 more than the cash used by operations in the first three months of 1994. Cash provided from the sale of common stock and proceeds received on stock subscriptions amounted to \$101 in the first three months of 1995. Additional cash of approximately \$346 will be provided in the remainder of 1995 as a result of payments to be made for stock subscribed to by employees under the 1992 Common Stock Purchase Plan.

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PART II: OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits furnished in accordance with provisions of Item 7 of Regulation S-K.

- (2) None
- (4) None
- (11) None
- (15) None
- (18) None
- (19) None
- (20) None
- (23) None
- (24) None
- (25) None
- (28) None

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

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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.

May 10, 1995

(Date)

GRAYBAR ELECTRIC COMPANY, INC.

/S/ E. A. McGRATH

E. A. McGRATH
PRESIDENT

/S/ J. R. SEATON

J. R. SEATON
VICE PRESIDENT
AND COMPTROLLER

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