

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-04-01**
SEC Accession No. **0000098677-95-000005**

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FILER

TOOTSIE ROLL INDUSTRIES INC

CIK: **98677** | IRS No.: **221318955** | State of Incorporation: **VA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-01361** | Film No.: **95536047**
SIC: **2060** Sugar & confectionery products

Business Address
7401 S CICERO AVE
CHICAGO IL 60629
3128383400

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 1, 1995 Commission File Number 1 - 1361

TOOTSIE ROLL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

VIRGINIA

22 - 1318955

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

7401 South Cicero Avenue
Chicago, Illinois

60629

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (312) 838 - 3400

None

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 (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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class	Outstanding
Common Stock, \$.69 4/9 par value	7,535,142
Class B Common Stock, \$.69 4/9 par value	3,636,190

<TABLE>

PART I - FINANCIAL INFORMATION
 TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (UNAUDITED)

<CAPTION>

ASSETS	April 1	April 2	Dec. 31
CURRENT ASSETS	1995	1994	1994
<S>	<C>	<C>	<C>
Cash & Cash Equiv.	\$ 22,411,874	\$ 7,076,593	\$ 16,508,659
Marketable Securities	40,130,450	45,810,891	45,860,983
Accounts Receivable			
Less Allowances of			
\$1,476,000, \$1,856,000 & \$1,466,000	22,606,310	24,104,898	22,086,591
Inventories at Cost			
(Last-in, First-out):			
Finished Goods & Work in Process	23,582,547	26,300,333	16,704,078
Raw Material & Supplies	14,647,277	11,294,067	12,464,240
Prepaid Expenses	3,077,542	4,518,666	3,094,273
Deferred Income Taxes	2,455,583	2,094,000	2,168,000
 Total Current Assets	 128,911,583	 121,199,448	 118,886,824
 PROPERTY, PLANT & EQUIPMENT,			
(at Cost)			
Land	6,936,880	4,250,667	6,671,973
Building	27,249,111	25,347,199	26,981,822
Machinery & Equip.	109,437,699	107,900,222	109,438,484
Leasehold Impvts.	5,641	5,641	5,641
	143,629,331	137,503,729	143,097,920
Less-Accumulated Deprec.			
and Amortization	59,146,475	52,230,589	57,449,897
	84,482,856	85,273,140	85,648,023
 OTHER ASSETS			
Intangibles	97,991,627	100,697,927	98,668,201
Miscellaneous Invest.	52,535	90,977	90,977
Misc. Other Assets	6,836,845	3,786,750	6,788,773
	104,881,007	104,575,654	105,547,951
 Total Assets	 \$318,275,446	 \$311,048,242	 \$310,082,798

</TABLE>

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<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	April 1	April 2	Dec. 31
CURRENT LIABILITIES	1995	1994	1994
<S>	<C>	<C>	<C>
Bank Loans Short Term	\$ --	\$ 20,000,000	\$ --

Accounts Payable	6,303,796	6,840,051	6,124,104
Dividends Payable	1,333,885	1,153,426	1,219,291
Accrued Liabilities	16,426,836	17,112,955	17,045,884
Fed. & State Income Taxes	6,452,654	6,920,753	1,871,858
Total Current Liabilities	30,517,171	52,027,185	26,261,137

NON-CURRENT LIABILITIES

E.T.I. Term Loan	20,000,000	20,000,000	20,000,000
Ind.Dev.Bonds Ser.1992	7,500,000	7,500,000	7,500,000
Post Retirement Benefits	5,096,401	4,630,487	4,992,719
Deferred Compensation	3,296,721	2,494,603	3,151,564
Deferred Fed.Inc.Taxes	7,366,000	6,263,422	7,716,256
Total Non-Current Liabilities	43,259,122	40,888,512	43,360,539

SHAREHOLDERS' EQUITY

Common Stk., \$.69-4/9 par value- 25,000,000 shares author. 7,535,142, 7,292,008 & 7,305,999 respectively, issued	5,232,602	5,063,759	5,073,475
Class B Common Stk \$.69-4/9 par value- 10,000,000 shares author. 3,636,190, 3,555,701 & 3,541,710 respectively issued	2,525,067	2,469,171	2,459,455
Capital in Excess of Par Value	153,929,275	132,997,160	132,997,160
Retained Earnings	92,616,954	80,373,345	107,762,823
Cumulative Translation Adjustment	(9,804,745)	(2,770,890)	(7,831,791)
Total Shareholders' Equity	244,499,153	218,132,545	240,461,122
Total Liabilities and Shareholders' Equity	\$318,275,446	\$311,048,242	\$ 310,082,798

</TABLE>

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TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
EARNINGS AND RETAINED EARNINGS (NOTE 1)
(UNAUDITED)

<CAPTION>

	13 Weeks Ended	
	April 1, 1995 & April 2, 1994	
	1995	1994
<S>	<C>	<C>
NET SALES (Note 2)	\$ 60,269,205	\$ 56,370,043
Cost of goods sold	30,702,860	28,248,858
Gross Margin	29,566,345	28,121,185
Operating Expenses:		
Marketing, Selling and Advertising	9,770,951	9,272,937
Distribution and Warehousing	4,787,283	4,110,656
General and Administrative	3,286,297	3,051,475
Goodwill amortization	676,575	676,575
	18,521,106	17,111,643

Earnings from Operations	11,045,239	11,009,542
Other Income (Expense) Net	706,231	358,610
Earnings before Income Taxes	11,751,470	11,368,152
Provision for Income Taxes	4,433,000	4,406,000
Net Earnings (Note 5)	7,318,470	6,962,152
Retained Earnings at beginning of period	107,762,823	96,646,704
	115,081,293	103,608,856
Deduct:		
Cash Dividends	1,193,248	1,000,709
Stock Dividends - 3%	21,271,091	22,234,802
	22,464,339	23,235,511
Retained Earnings at end of period	\$ 92,616,954	\$ 80,373,345
Net Earnings per Share (Note 3)	\$.66	\$.62
Dividends Per Share *	\$.11	\$.095

Average Number of Shares Outstanding
(Notes 3 & 4) 11,171,332 11,171,332

*Does not include 3% Stock Dividend to Shareholders of Record on 3/10/95 and 3/11/94.

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TOOTSIE ROLL INDUSTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<CAPTION>

	13 Weeks Ended	
	April 1, 1995	April 2, 1994
	1995	1994
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings	\$ 7,318,470	\$ 6,962,152
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	2,332,863	2,893,329
(Increase) decrease in assets:		
Accounts receivable	(2,733,373)	(3,448,892)
Inventories	(8,858,292)	(8,300,249)
Prepaid expenses and other assets	47,453	(851,765)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(431,464)	(224,993)
Income taxes payable and deferred	3,972,551	3,762,999
Postretirement health care and life insurance benefits	103,682	132,653
Other long term liabilities	145,157	121,149
Other	--	(44,474)
Net cash provided by operating activities	1,897,047	1,001,909
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(531,411)	(778,678)

Investment purchases	(4,760,586)	(5,748,525)
Investment sales	10,491,056	14,154,181
Net cash provided by investing activities	5,199,059	7,626,978
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment under lines of credit agreements	--	(2,600,673)
Dividends paid in cash	(1,192,891)	(1,000,403)
Other, net	--	62,973
Net cash used in financing activities	(1,192,891)	(3,538,103)
Increase in cash and cash equivalents	5,903,215	5,090,784
Cash and cash equivalents-beginning of year	16,508,659	1,985,809
Cash and cash equivalents end of quarter	\$22,411,874	\$ 7,076,593
Supplemental cash flow information:		
Income taxes paid	\$ 308,000	\$ 460,000
Interest paid	\$ 459,000	\$ 693,000

</TABLE>

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TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 1, 1995
(UNAUDITED)

Note 1 Foregoing data has been prepared from the unaudited financial records of the Company and in the opinion of Management all adjustments necessary for a fair statement of the results for the interim period have been reflected.

Note 2 The Company's unshipped orders at April 1, 1995 amounted to \$13,800,000.

Note 3 Based on Average Shares outstanding adjusted for Stock Dividends.

Note 4 Includes 3% Stock Dividends distributed on April 21, 1995 and April 22, 1994.

Note 5 Results of operations for the period ended April 1, 1995 are not necessarily indicative of results to be expected for the year to end December 31, 1995 because of the seasonal nature of the Company's operations. Historically, the Third Quarter has been the Company's largest Sales Quarter due to Halloween Sales.

Note 6 Form 8-K was not required to be filed during the First Quarter of 1995.

Note 7 Sales of unregistered Securities - None.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
THE CONSOLIDATED STATEMENTS OF EARNINGS

The following is Management's discussion of the Company's operating results and analysis of factors which have affected the accompanying Statement of Earnings:

NET SALES:

			First Quarter, 1995
	First Quarter		vs.
	1995	1994	First Quarter, 1994
\$60,269,205	\$56,370,043		+6.9%

First Quarter 1995 net sales of \$60,269,205, a record, were up 6.9% from First Quarter 1994 net sales of \$56,370,043. This net sales increase is principally attributable to volume increases. Sales rose primarily as a result of successful product line extensions, including Easter products, and successful promotional programs. Consolidated sales were adversely affected by the devaluation of the Mexican peso. Although Mexican peso sales were up significantly due to price increases and volume improvements, the translated U.S. dollar sales in Mexico were substantially lower in 1995 compared to 1994 as a result of exchange rate changes.

First Quarter 1995 net sales of \$60,269,205 were down from Fourth Quarter 1994 net sales of \$66,657,679. This is not considered unusual as the First Quarter of the year is normally the company's lowest quarter in sales and is consistent with the historical trend.

COST OF SALES:

			Cost of Sales as a	
	First Quarter		Percentage of Net Sales	
	1995	1994	1st Qtr. 1995	1st Qtr. 1994
\$30,702,860	\$28,248,858		50.9%	50.1%

Cost of sales as a percentage of net sales increased slightly from 50.1% for First Quarter 1994 to 50.9% for First Quarter 1995. This increase reflects increases in certain ingredients and packaging material costs and some changes in the sales mix of products.

NET EARNINGS:

			First Quarter, 1995
	First Quarter		vs.
	1995	1994	First Quarter, 1994
\$7,318,470	\$6,962,152		+5.1%

First Quarter 1995 net earnings of \$7,318,470 or \$0.66 per share, a

record, were up 5.1% from net earnings of \$6,962,152 or \$0.62 per share for the First Quarter 1994. The increase in net earnings reflects higher sales and increased net investment income. The increase in net investment income is principally due to an overall increase in cash equivalents and marketable securities, and reduced levels of debt outstanding.

In addition to the above, net earnings were aided by a slight reduction in the overall effective tax rate reflecting various state and federal tax benefits, including increased tax-exempt investment income.

First Quarter 1995 net earnings of \$7,318,470 decreased \$404,696 or 5.2% from Fourth Quarter of 1994 net earnings of \$7,723,166, which reflects the lower level of sales in the First Quarter 1995 compared to the Fourth Quarter 1994. This is consistent with historical trends.

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PART II - OTHER INFORMATION

TOOTSIE ROLL INDUSTRIES, INC
AND SUBSIDIARIES

- NONE -

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.

TOOTSIE ROLL INDUSTRIES, INC.

Date: May 10, 1995

BY:
Melvin J. Gordon

Chairman of the Board

BY:

G. Howard Ember
Vice President - Finance

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Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TOOTSIE ROLL INDUSTRIES, INC.
Registrant

Date

G. Howard Ember, Jr.
G. Howard Ember, Jr.
Principal Financial Officer

Date

Ellen R. Gordon
Ellen R. Gordon
Principal Executive Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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