

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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MOLEX INC

CIK: **67472** | IRS No.: **362369491** | State of Incorporation: **DE** | Fiscal Year End: **0630**
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Mailing Address
2222 WELLINGTON COURT
LISLE IL 60532

Business Address
2222 WELLINGTON CT
LISLE IL 60532
7089694550

UNITED STATES 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 -----

Commission File Number 0-7491

MOLEX INCORPORATED

(Exact name of registrant as specified in its charter)

----- Delaware ----- (State or other jurisdiction of incorporation or organization)	----- 36-2369491 ----- (I.R.S. Employer Identification No.)
---	---

----- 2222 Wellington Court, Lisle, Illinois ----- (Address of principal executive offices)	----- 60532 ----- (Zip Code)
--	---------------------------------------

Registrant's telephone number, including area code: 708-969-4550

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 latest practicable date (applicable only to corporate registrants). At March 31, 1994:

Common Stock	31,784,401	Shares
Class A Common Stock	31,587,027	Shares
Class B Common Stock	94,255	Shares

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FORM 10-Q
MARCH 31, 1994

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MOLEX INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited - In Thousands)

ASSETS

<CAPTION>

	Mar 31, 1994	June 30, 1993
	-----	-----
CURRENT ASSETS:		
<S>	<C>	<C>
Cash	\$ 16,911	\$ 27,160
Short-term investments	220,138	158,893
Accounts receivable - net	191,945	193,192
Inventories	112,849	104,488
Other current assets	21,938	16,484
	-----	-----

Total current assets	563,781	500,217
PROPERTY, PLANT AND EQUIPMENT - NET	415,483	385,828
OTHER ASSETS	61,789	75,730
	-----	-----
	\$1,041,053	\$ 961,775
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 81,176	\$ 79,223
Accrued expenses	74,792	65,716
Other current liabilities	24,416	35,560
	-----	-----
Total current liabilities	180,384	180,499
DEFERRED ITEMS	11,406	11,378
ACCRUED POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	7,538	6,883
LONG-TERM DEBT, less portion due currently	7,512	7,510
MINORITY INTEREST	4,884	3,851
SHAREHOLDERS' EQUITY		
Common stock	3,282	3,267
Paid-in capital	54,348	47,052
Retained earnings	701,718	637,074
Treasury stock	(31,653)	(31,107)
Deferred unearned compensation	(7,996)	(6,235)
Cumulative translation adjustments	109,630	101,603
	-----	-----
Total shareholders' equity	829,329	751,654
	-----	-----
	\$1,041,053	\$ 961,775
	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MOLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - In Thousands Except per Share)

<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	Mar 31, 1994	Mar 31, 1993	Mar 31, 1994	Mar 31, 1993
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
NET REVENUE	\$238,568	\$206,011	\$696,708	\$623,699
COST OF SALES	138,465	122,844	405,548	369,697
	-----	-----	-----	-----
Gross Profit	100,103	83,167	291,160	254,002
OPERATING EXPENSES:				
Selling	26,862	23,670	80,641	72,406
Administrative	34,237	28,832	99,395	87,852
	-----	-----	-----	-----
Total Operating Expenses	61,099	52,502	180,036	160,258
Income from Operations	39,004	30,665	111,124	93,744
OTHER INCOME (EXPENSE):				
Foreign currency transaction loss	(747)	(910)	(2,118)	(3,579)
Interest	1,402	1,347	3,712	3,838

Total Other Income	655	437	1,594	259
Income before Income Taxes and Minority Interest	39,659	31,102	112,718	94,003
INCOME TAXES	15,761	13,563	45,374	41,578
Income before Minority Interest	23,898	17,539	67,344	52,425
MINORITY INTEREST	(302)	(131)	(961)	(209)
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	23,596	17,408	66,383	52,216
Cumulative effect of change in method of accounting for postretirement benefits other than pensions, net of tax	-	-	-	3,605
NET INCOME	\$ 23,596	\$ 17,408	\$ 66,383	\$ 48,611
EARNINGS PER COMMON SHARE:				
Earnings Per Common Share before cumulative effect of change in accounting principle	\$ 0.37	\$ 0.28	\$ 1.05	\$ 0.83
Cumulative effect of change in method of accounting for postretirement benefits other than pensions per share	-	-	-	0.06
EARNINGS PER COMMON SHARE	\$ 0.37	\$ 0.28	\$ 1.05	\$ 0.77
CASH DIVIDENDS PER COMMON SHARE	\$ 0.0100	\$ 0.0075	\$ 0.0275	\$ 0.0190
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING DURING THE PERIOD	63,402	63,041	63,285	62,959

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MOLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - In Thousands)

<CAPTION>

	NINE MONTHS ENDED	
	Mar 31, 1994	Mar 31, 1993
<S>	<C>	<C>
CASH AND SHORT-TERM INVESTMENTS, Beginning of Period	\$186,053	\$157,157
CASH AND SHORT-TERM INVESTMENTS PROVIDED FROM (USED FOR):		
Operations:		
Net income	66,383	48,611
Add (Deduct) non-cash items included in net income:		
Cumulative effect of change in accounting for postretirement benefits other than pensions	-	3,605
Depreciation and amortization	65,870	55,141
Minority interest	961	209
Amortization of deferred unearned compensation	2,049	1,773
Loss (gain) on sale of property, plant and equipment	371	(1,673)
Other charges to net income	118	301
Current items:		

Accounts receivable	2,146	(4,915)
Inventories	(7,150)	(3,651)
Prepaid expenses	(4,776)	(640)
Accounts payable	404	(18,860)
Accrued expenses	8,994	5,542
Income taxes	(11,144)	(4,785)
	-----	-----
NET CASH PROVIDED FROM OPERATIONS	124,226	80,658
Investments:		
Purchases of property, plant and equipment	(92,208)	(64,571)
Proceeds from sale of property, plant and equipment	2,436	4,142
Decrease in other assets	11,490	7,281
	-----	-----
NET CASH USED FOR INVESTMENTS	(78,282)	(53,148)
Financing:		
Increase in long-term debt	1,164	-
Decrease in long-term debt	(1,212)	(990)
Cash dividends paid	(1,580)	(975)
Disposition of treasury stock	871	771
Exercise of stock options	2,084	1,454
	-----	-----
NET CASH PROVIDED FROM FINANCING	1,327	260
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	3,725	82
	-----	-----
	50,996	27,852
	-----	-----
CASH AND SHORT-TERM INVESTMENTS, End of Period	\$237,049	\$185,009
	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MOLEX INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Financial Statements

The condensed consolidated financial statements have been prepared from the Company's books without audit and are subject to year-end adjustments. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of information for the interim periods presented. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Molex Incorporated 1993 Annual Report to Shareholders and the 1993 Annual Report on Form 10-K. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year.

(2) Earnings per Common Share

Earnings per common share (including Common Stock, Class A Common Stock and Class B Common Stock) have been computed using the weighted average number of common shares outstanding during the periods. For the periods ended March 31, 1994 and 1993, the shares shown as outstanding in the Condensed Consolidated Statements of Income do not require adjustments for common stock equivalents as they do not have a material dilutive effect after applying the treasury stock method.

(3) Inventories

Inventories are valued at the lower of first-in, first-out cost or market.

Inventories, in thousands of dollars, consisted of the following:

	March 31, 1994	June 30, 1993
Raw materials	\$ 19,921	\$ 18,600
Work in process	43,002	39,379
Finished goods	49,926	46,509
	-----	-----
	\$112,849	\$104,488
	=====	=====

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MOLEX INCORPORATED

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

RESULTS OF OPERATIONS

Consolidated net revenues for the quarter and nine months ended March 31, 1994 increased 15.8 percent and 11.7 percent respectively, over net revenues for the corresponding periods during the prior fiscal year. The generally lower value of the U.S. dollar compared to other currencies worldwide increased net revenues by \$4.6 million for the quarter and \$8.0 million for the nine months ending March 31, 1994. Excluding the effects of currency fluctuation, growth in net revenues would have equaled 13.6 percent for the quarter and 10.4 percent for the nine months ending March 31, 1994.

Molex continued to gain market share, with nearly all regions growing at a rate greater than the general connector industry. Net revenues in the U.S. Region increased 12.0 percent for the nine months ending March 31, 1994. The revenue growth was due to increased customer penetration through the introduction of new products. For the nine months ending March 31, 1994, the Americas (Non-U.S.) Region posted revenue growth of 44.1 percent, due to substantially increased sales in Mexico and improved sales in Brazil.

European net revenues for the nine months ending March 31, 1994 improved 23.1 percent in local currencies, but were up 9.2 percent in U.S. dollars as the dollar continued to gain strength against most European currencies. Increased customer demand in the U.K., Ireland and France offset softness in the German connector market. Net revenues in the Far East North increased 10.1 percent in U.S. dollars due to the strength of the Japanese yen against the U.S. dollar, but declined 2.6 percent in local currencies due to the continued recession in Japan.

The Far East South net revenues for the nine months ended March 31, 1994 increased 10.0 percent in U.S. dollars from the comparable period last fiscal year. However, during the third

quarter of fiscal 1993, Molex sold a manufacturing facility in Singapore and transferred a portion of the region's harness operations to a newly formed joint venture company. Adjusting for this change, Far East South net revenues for the nine month period increased 18.1 percent from the same period a year ago. This regional growth is primarily due to increased customer penetration at many of the U.S., Japanese and European multinational companies who have relocated manufacturing operations to the region and to the strong growth in the personal computer and disk drive industries.

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For the nine months ending March 31, 1994, 70 percent of Molex's worldwide net revenues were generated by its international operations, compared to 71 percent for the same period during the prior fiscal year. International operations are subject to currency fluctuations and government actions. Molex monitors its foreign currency exposure in each country and implements strategies responsive to changing economic and political environments. Due to the uncertainty of the foreign exchange markets, Molex cannot reasonably predict future trends related to foreign currency fluctuations. Foreign currency fluctuations have impacted results in the past and may impact results in the future.

The gross profit percentage of 42.0 percent and 41.8 percent for the respective quarter and nine months ending March 31, 1994 increased from the 40.4 percent and 40.7 percent reported during the comparable periods of the previous fiscal year. The Company was able to offset the effects of price erosion and higher depreciation charges with improved manufacturing efficiencies, greater absorption of fixed costs due to increased sales volume and favorable changes in product mix. For the nine months ended March 31, 1994, depreciation and amortization expenses have increased 19.5 percent from a year ago. The increase is attributed to the higher level of capital expenditures during the past several years. This year, as last, the majority of capital expenditures will be for new tooling and equipment directly related to improving efficiencies and increasing revenues.

We anticipate that price erosion will continue in the connector industry. To help offset this pressure on margins we will continue to focus upon productivity improvements, control of expenses and the introduction of new and innovative products.

Operating expenses as a percent of net revenue for the nine months ending March 31, 1994 remained unchanged from the same period a year ago, reflecting continued management focus on the control of expenses.

Foreign currency transaction losses decreased 17.9 percent for the quarter and 40.8 percent for the nine months ending March 31, 1994 over the prior year's losses when the Company incurred significant losses due to the abrupt devaluation of several European currencies.

Interest income, net of interest expense, decreased slightly for the quarter and nine months ending March 31, 1994. The decrease reflects lower average interest rates in countries where Molex has significant short-term investments. Interest expense has remained relatively unchanged from the prior year.

The effective tax rate for the quarter ending March 31, 1994 equaled 39.7 percent as compared to 43.6 percent reported for the same period in the prior year. This decrease is primarily caused by increased pretax profitability in countries with lower effective tax rates and increased foreign tax credit utilization. The effective tax rates for the comparable nine month periods ending March 31, 1994 and 1993, of 40.3 percent and 44.2 percent also reflect this trend.

During the fourth quarter of fiscal 1993 Molex adopted Statement of Financial Accounting Standards No. 106, "Employees Accounting for Postretirement Benefits Other Than Pensions." In adopting this standard, Molex elected to immediately recognize the cumulative effect and restate the previously reported fiscal 1993 quarterly results.

Net income for the quarter was \$23.6 million or 37 cents per share, a 35.5 percent increase compared with \$17.4 million or 28 cents per share for the same quarter last fiscal year. Excluding the effects of currency fluctuations, net income for the quarter increased 31.4 percent over the same quarter last fiscal year. For the nine months ending March 31, 1994, income before the cumulative effect of change in accounting was \$66.4 million or 1.05 cents per share, a 27.1 percent increase compared to \$52.2 million or 83 cents per share for the same period last fiscal year. Excluding the effects of currency fluctuations, income before the cumulative effect of change in accounting for the nine months increased 24.0 percent over the prior fiscal year.

LIQUIDITY AND CAPITAL

Molex maintained its strong financial position during the first nine months of fiscal 1994. Working capital at March 31, 1994 was \$383.4 million, up from \$319.7 million at June 30, 1993. Current assets increased by \$63.6 million, primarily due to an increase in cash and short-term investments and current liabilities decreased slightly.

Management believes that the Company's current liquidity and financial flexibility are adequate to support its current growth.

OUTLOOK

We believe Molex remains well positioned to continue increasing market share in all regions. Business remains strong in the Far East South, United States and Americas (Non-U.S.). Economic conditions remain difficult in several European countries. The fiscal year 1994 nine month results in this region were encouraging and we remain optimistic about the business opportunities for Molex in the European automotive, telecommunications and local area network markets. Local business remains slow in Japan. While Japan's economic difficulties may last through most of fiscal 1994, we believe that our continuing emphasis upon new product introduction, quality, delivery performance and improved efficiencies will generate improved long-term results.

Part II - Other Information

Items 1 - 6. Not Applicable

S I G N A T U R E S

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.

MOLEX INCORPORATED

(Registrant)

Date May 13, 1994

/s/ JOHN C. PSALTIS

John C. Psaltis
Corporate Vice President,
Treasurer and Chief
Financial Officer

Date May 13, 1994

/s/ LOUIS A. HECHT

Louis A. Hecht
Corporate Secretary and
General Counsel