

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**  
SEC Accession No. **0000072331-95-000007**

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### FILER

#### **NORDSON CORP**

CIK: **72331** | IRS No.: **340590250** | State of Incorporation: **OH** | Fiscal Year End: **1031**  
Type: **10-Q** | Act: **34** | File No.: **000-07977** | Film No.: **95546745**  
SIC: **3569** General industrial machinery & equipment, nec

Mailing Address  
28601 CLEMENS ROAD  
WESTLAKE OH 44145

Business Address  
28601 CLEMENS RD  
WESTLAKE OH 44145  
2168921580

FORM 10-Q  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended April 30, 1995  
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OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-7977  
-----

NORDSON CORPORATION

-----  
(Exact name of registrant as specified in its charter)

Ohio

34-0590250

-----  
(State or other jurisdiction of  
incorporation or organization)

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

28601 Clemens Road, Westlake, Ohio

44145

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code: (216) 892-1580  
-----

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  No

-----  
-----  
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Shares without par value as of April 30, 1995: 18,203,965  
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NORDSON CORPORATION

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Part I - Financial Information  
NORDSON CORPORATION  
CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(Dollars and shares in thousands except for per share amounts)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	April 30, 1995	May 1, 1994	April 30, 1995	May 1, 1994
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Sales	\$143,075	\$121,502	\$266,552	\$226,182
Cost of sales	59,364	50,792	111,470	92,197
Selling & administrative expenses	62,816	53,331	120,173	104,291
	-----	-----	-----	-----
Operating profit	20,895	17,379	34,909	29,694
Other income (expense):				
Interest expense	(1,223)	(1,147)	(2,194)	(2,227)
Interest and investment income	204	208	392	500
Other - net	(349)	234	176	794
	-----	-----	-----	-----
Income before income				

taxes	19,527	16,674	33,283	28,761
Income taxes	6,834	5,920	11,649	10,211
Net income	\$ 12,693	\$ 10,754	\$ 21,634	\$ 18,550
Weighted average common shares and common share equivalents	18,654	19,217	18,720	19,194
Primary earnings per share	\$ .68	\$ .56	\$ 1.16	\$ .97
Dividends per common share	\$ .16	\$ .14	\$ .32	\$ .28

<FN>

See accompanying notes.

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NORDSON CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEET  
(Dollars in thousands)

	April 30, 1995	October 30, 1994
	-----	-----
	<C>	<C>
<S>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,737	\$ 4,578
Marketable securities	3,525	6,486
Receivables	120,734	120,073
Inventories	110,868	93,615
Deferred income taxes	22,007	20,575
Prepaid expenses	4,986	4,980
	-----	-----

Total current assets	270,857	250,307
Property, plant and equipment	175,748	167,611
Less accumulated depreciation and amortization of property, plant and equipment	(84,334)	(78,956)
Intangible assets - net	33,052	29,900
Other assets	14,847	12,082
	-----	-----
	\$410,170	\$380,944
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 44,163	\$ 26,917
Accounts payable	26,180	26,900
Current portion of long-term debt	5,636	5,723
Other current liabilities	70,072	63,771
	-----	-----
Total current liabilities	146,051	123,311
Long-term debt	17,336	19,254
Other liabilities	27,928	25,955
Shareholders' equity:		
Common shares	12,253	12,253
Other shareholders' equity	206,602	200,171
	-----	-----
Total shareholders' equity	218,855	212,424
	-----	-----
	\$410,170	\$380,944
	=====	=====

<FN>

See accompanying notes.

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NORDSON CORPORATION  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(Dollars in thousands)

Twenty-Six Weeks Ended  
April 30, 1995                      May 1, 1994  
-----

<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$21,634	\$18,550
Changes in working capital	(8,880)	(7,346)
Other - net	6,709	9,186
	-----	-----
	19,463	20,390
Cash flows from investing activities:		
Additions to property, plant and equipment	(9,932)	(8,252)
Proceeds from sale of property, plant and equipment	1,700	5
Acquisition of new businesses	(4,097)	(1,518)
Purchase of marketable securities	-	(3,557)
Proceeds from sale of marketable securities	2,961	2,315
	-----	-----
	(9,368)	(11,007)
Cash flows from financing activities:		
Proceeds from notes payable	32,814	16,431
Payment of notes payable	(17,807)	(14,841)
Payment of long-term debt	(3,148)	(3,683)
Issuance of common shares	967	1,196
Purchase of treasury shares	(13,510)	(13,266)
Dividends paid	(5,868)	(5,229)
	-----	-----
	(6,552)	(19,392)
Effect of exchange rate changes	616	(821)
	-----	-----
Increase(decrease) in cash	4,159	(10,830)
Cash and cash equivalents		
Beginning of fiscal year	4,578	18,128
	-----	-----
End of period	\$ 8,737	\$ 7,298
	=====	=====

<FN>

See accompanying notes.

</TABLE>

NORDSON CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 1995

1. BASIS OF PRESENTATION. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the twenty-six week period ended April 30, 1995 are not necessarily indicative of the results that may be expected for the full fiscal year.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended October 30, 1994.

2. INVENTORIES. Inventories consisted of the following (in thousands of dollars):

	April 30, 1995	October 30, 1994
	-----	-----
Finished goods	\$ 41,964	\$33,919
Work-in-process	18,285	10,579
Raw materials and finished parts	50,619	49,117
	-----	-----
	\$110,868	\$93,615
	=====	=====

3. ACCOUNTING CHANGES. Effective as of the beginning of fiscal 1995, the Company adopted Financial Accounting Standards Board Statement "Accounting for Certain Investments in Debt and Equity Securities" (FAS 115). Under FAS 115, the Company's marketable securities are classified as "available for sale" and recorded at current market value. Adoption of this statement did not have a material effect on the Company's consolidated financial position.



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

The following is Management's discussion and analysis of certain significant factors affecting the Company's results of operations and financial condition for the periods included in the accompanying condensed consolidated financial statements.

RESULTS OF OPERATIONS

SALES

- - - - -

Sales for the second quarter and year-to-date 1995 increased 17.8% over the comparable 1994 periods as a result of price/volume gains, combined with favorable currency effects.

In the second quarter, price/volume changes accounted for a 12.4% increase in sales, while for the year-to-date, they accounted for a 12.7% increase. In both the second quarter and year-to-date periods, the Company experienced volume gains in all geographic regions. For the year-to-date period, sales volume in North America was up 19%, shipments in Europe were up 8%, Japanese sales volume increased 1%, and activity in the Pacific Rim countries and Latin America grew 26%. Price increases averaging 1.4% were implemented on orders taken after the beginning of the year on standardized small systems and parts.

Sales to international customers for year-to-date 1995 comprised approximately 59% of total sales. Translating international sales at exchange rates reflecting a generally weaker U.S. dollar as compared to the prior year had the effect of increasing sales by 5.1% for the second quarter and 5.4% for the year-to-date.

OPERATING PROFIT

- - - - -

For the second quarter of 1995, operating profit, as a percentage of sales, increased to 14.6% from 14.3% in 1994. Year-to-date operating profit was 13.1% of sales for 1995, unchanged from the same period in 1994.

As a percentage of sales, gross margins increased slightly during the second

quarter of 1995 as compared to the second quarter of 1994, although on a year-to-date basis, the gross margin percentage in 1995 is lower than in 1994. These changes can be attributed to lower margins from the mix of products sold, offset by favorable currency effects. Product sales mix was influenced by the sales growth of large engineered powder coating systems sold into automotive and other industrial markets. The year-to-date decline in gross margins was offset by reductions in selling and administrative expenses, expressed as a percentage of sales, as spending grew at a slower rate than sales.

#### NET INCOME

- - - - -

For the second quarter of 1995, net income, as a percentage of sales, was 8.9%, unchanged from the same period of 1994. Year-to-date income decreased to 8.1% of sales for 1995 from 8.2% in 1994.

In addition to the factors impacting operating profit discussed above, the Company experienced small currency exchange losses in both the second quarter and year-to-date periods of 1995 compared to small gains in the comparable periods of 1994.

#### FOREIGN CURRENCY EFFECTS

- - - - -

In the aggregate, average exchange rates for second quarter and year-to-date 1995 used to translate international sales and operating results into U.S. dollars compared favorably with average exchange rates existing during the comparable 1994 periods. It is not possible to precisely measure the impact on operating results arising from foreign currency exchange rate changes, because of changes in selling prices, sales volume, product mix and cost structures in each country in which the Company operates. However, if transactions for the second quarter 1995 were translated at exchange rates in effect during 1994, sales would have been approximately \$6,601,000 lower while third-party costs and expenses would have been \$3,999,000 lower. If transactions for year-to-date 1995 were translated at exchange rates in effect during 1994, sales would have been approximately \$11,485,000 lower and third-party costs and expenses \$7,122,000 lower.

#### FINANCIAL CONDITION

During the first half of 1995, net assets increased \$6,431,000. This

increase is primarily due to earnings of \$21,634,000 and an increase of \$1,774,000 from translating foreign net assets at the end of the second quarter when the U.S. dollar was weaker against other currencies than at prior year end, offset by net repurchases of Nordson stock totalling \$12,543,000 and the payment of \$5,868,000 in dividends.

Working capital, as of the end of the quarter, decreased \$2,190,000 over the prior year-end. This change consisted primarily of a decrease in marketable securities and increases in notes payable and other current liabilities, offset by increases in cash and cash equivalents and inventories. Notes payable increased to meet current operating needs and to finance the acquisition of a new business, a European manufacturer of advanced liquid adhesive dispensing systems. The increase in accrued liabilities is primarily due to an increase in customer advance payments. Changes in inventories can be traced to increases in component inventory related to greater demand and in work-in-process associated with large engineered systems.

Cash and cash equivalents increased \$4,159,000 during the first half of 1995. Uses for cash included repurchases of Nordson stock, outlays for capital expenditures, dividends and the acquisition of a new business. Cash from operations, net proceeds from notes payable and proceeds from the sale of marketable securities were used to finance the above cash uses. Available lines of credit continue to be more than adequate to meet additional cash requirements over the next year.

Part II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of Nordson Corporation was held on March 9, 1995 for the purpose of electing three directors, and approving the Nordson Corporation 1995 Management Incentive Compensation Plan.

All of management's nominees for directors, as listing in the proxy statement, were elected by the following votes:

William D. Ginn:	For	16,247,936
	Withheld	497,181
Stephen R. Hardis:	For	16,556,767
	Withheld	188,350
Dr. Jacob O. Kamm:	For	16,548,649
	Withheld	196,468

In addition to the above directors, the following directors' terms of office continued after the meeting: Dr. Glenn R. Brown, William W. Colville, Dr. Anne O. Krueger, William P. Madar, Eric T. Nord and Evan W. Nord.

The Nordson Corporation 1995 Management Incentive Compensation Plan was approved by the following votes:

For:	15,793,202
Against:	390,745
Abstain:	418,029
No Vote:	143,141

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

- (a) Exhibits - Exhibit 11 Calculation of Earnings Per Share.  
Exhibit 27 Financial Data Schedule
- (b) There were no reports on Form 8-K filed for the quarter ended April 30, 1995.

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.

Date: June 13, 1995

Nordson Corporation

/s/ Nicholas D. Pellecchia

Nicholas D. Pellecchia  
Vice President-Finance  
and Controller  
(Principal Financial Officer  
and Chief Accounting Officer)

NORDSON CORPORATION

EXHIBIT INDEX

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Exhibit 11

NORDSON CORPORATION  
CALCULATION OF EARNINGS PER SHARE  
(Dollars and shares in thousands except for per share amounts)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	April 30, 1995	May 1, 1994	April 30, 1995	May 1, 1994
<S>	<C>	<C>	<C>	<C>
<b>PRIMARY:</b>				
Weighted average number of common shares outstanding during the period	18,277	18,681	18,335	18,702
Effect of Company stock plans based on the treasury stock method using average market price	377	536	385	492
	-----	-----	-----	-----
Total weighted average common shares and common share equivalents	18,654	19,217	18,720	19,194
	=====	=====	=====	=====
Net income	\$12,693	\$10,754	\$21,634	\$18,550
	=====	=====	=====	=====
Earnings per share	\$ .68	\$ .56	\$ 1.16	\$ .97
	=====	=====	=====	=====
<b>FULLY DILUTED:</b>				
Weighted average number of common shares outstanding during the period	18,277	18,681	18,335	18,702
Effect of Company stock plans based on the treasury stock method using average market price	377	565	385	552
	-----	-----	-----	-----
Total weighted average common shares and common share				

equivalents	18,654	19,246	18,720	19,254
	=====	=====	=====	=====
Net income	\$12,693	\$10,754	\$21,634	\$18,550
	=====	=====	=====	=====
Earnings per share	\$ .68	\$ .56	\$ 1.16	\$ .96
	=====	=====	=====	=====

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