

RICHARDSON ELECTRONICS LTD/DE
Form 8-K
March 25, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **March 23, 2004**

RICHARDSON ELECTRONICS, LTD

(Exact Name of Registrant as Specified in Charter)

Delaware 0-12906 36-2096643

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

40W267 Keslinger Road, P.O. Box 393, La Fox, IL 60147-0393 (Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (630) 208-2200

Item 9. Regulation FD Disclosure

For Immediate Release

For Details Contact:

Ed Richardson

Chairman and Chief Executive Officer

Richardson Electronics, Ltd.

Phone: (630) 208-2340

E-mail: info@rell.com

Dario Sacomani

Senior Vice President and

Chief Financial Officer

Richardson Electronics, Ltd.

Richardson Reports Record Fiscal Third Quarter Sales of \$127 Million, up 7.9% from the Prior Year

LaFox, IL, Tuesday March 23, 2004: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the third quarter of fiscal 2004, which ended February 28, 2004. Sales in the third quarter of fiscal 2004 were \$127.3 million, an increase of 7.9% from the third quarter of fiscal 2003, which marked a record fiscal third quarter sales level for the Company. Net income was \$1.0 million, or \$0.07 per share, in the quarter compared to a net loss \$0.1 million, or \$0.01 per share, in the same quarter last year.

The Company recorded its seventh consecutive quarter of year over year sales growth. Sales in the Industrial Power Group increased 17.7% over the prior year period as strong demand continued for both power components and tube products. RF/Wireless Communications sales grew 8.7% primarily due to increased demand for network access, passive and interconnect products, particularly in Asia/Pacific. Sales in the Security Systems Division were up 8.9% over the prior year period led by strong growth in the United States and continued increases in Canada. Display Systems Group sales declined 6.8% mostly due to the timing of project-based business for custom displays.

For the quarter, the Company increased sales in all four geographic areas over the third quarter of fiscal 2003. Sales in Asia/Pacific and Europe grew 26% and 10%, respectively, as strong demand continued for wireless and industrial

power products in both areas. The Company's sales in Latin America and North America were up 8.6% and 2.3%, respectively, primarily due to increased demand for security system products in both of these geographic areas.

For the nine-month period ended February 28, 2004, sales increased 8.4% from the prior year period to \$374.7 million. Net income was \$3.6 million, or \$0.25 per share, in the nine months compared to \$1.1 million, or \$0.08 per share in the comparable period a year ago, before the cumulative effect of accounting change which affected the prior year period as noted in the financial tables at the end of this release.

"Through the first nine months of fiscal 2004, sales from all of our business units and geographic areas have increased over the prior year, providing solid sales and earnings growth momentum," said Edward J. Richardson, Chairman of the Board and Chief Executive Officer. "Bookings and backlog have continued to strengthen throughout this fiscal year and we believe will continue to provide opportunities for global growth driven by our engineered solutions strategy."

On Wednesday, March 24, 2004 at 9:00 a.m. CST, Mr. Edward J. Richardson, Chairman and Chief Executive Officer will host a conference call to discuss the release. A question and answer session will be included as part of the call's agenda. To listen to the call, please dial 800-230-1059 approximately five minutes prior to the start of the call. A replay of the call will be available from 12:30 p.m. on March 24, 2004 through June 24, 2004. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 723383.

This release includes certain "forward-looking" statements as defined by the SEC. Statements in this press release regarding the Company's business which are not historical facts represent "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's registration statement on Form S-1 filed with the SEC on March 12, 2004. The Company assumes no responsibility to update the forward-looking statements in this release as a result of new information, future events, or otherwise.

About Richardson Electronics

Richardson Electronics, Ltd. is a global provider of "engineered solutions," serving the RF and wireless communications, industrial power conversion, security and display systems markets. The Company delivers engineered solutions for its customers' needs through product manufacturing, systems integration, prototype design and manufacture, testing and logistics. Press announcements and other information about Richardson are available on the World Wide Web at <http://www.rell.com/investor.asp>.

Richardson Electronics, Ltd.
Consolidated Condensed Statements of Operations
Nine Months Ended February 28, 2004
(in thousands, except per share amounts, unaudited)
Three Months

Nine Months

FY 2004

FY 2003

FY 2004

FY 2003

Net sales \$ 127,338 \$ 118,010 \$ 374,695 \$ 345,582 Cost of products sold 95,802

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 8-K

89,808

283,102

261,313

Gross margin 31,536 28,202 91,593 84,269 Selling, general and administrative expense 27,101

25,451

78,441

74,155

Operating income 4,435 2,751 13,152 10,114 Other expenses, net 2,942

2,858

7,934

8,147

Income before income tax and cumulative effect of accounting change 1,493 (107) 5,218 1,967 Income tax 493

(5)

1,621

825

Income before cumulative effect of accounting change 1,000 (102) 3,597 1,142 Cumulative effect of accounting change, net of tax (Note 1) -

-

-

(17,862)

Net income (loss) \$ 1,000

\$ (102)

\$ 3,597

\$ (16,720)

Income (loss) per share - basic:

Income per share before cumulative effect of accounting change

\$.07

\$ (.01)

\$.26

\$.08 Cumulative effect of accounting change, net of tax -

-
-
(1.30)
Net income (loss) per share \$.07
\$ (.01)
\$.26
\$ (1.22)
Average shares outstanding 14,102
13,759
14,002
13,742
Income (loss) per share - diluted:
Income per share before cumulative effect of accounting change
\$.07
\$ (.01)
\$.25
\$.08 Cumulative effect of accounting change, net of tax -
-
-
(1.28)
Net income (loss) per share \$.07
\$ (.01)
\$.25
\$ (1.20)
Average shares outstanding 14,560
13,759
14,374
13,989

Dividends per common share \$.04

\$.04

\$.12

\$.12

Notes:

1. Effective June 1, 2002, the Company adopted SFAS 142, "Goodwill and Other intangible Assets" and as result recorded a cumulative effect adjustment of \$17,862, net of taxes of \$3,725 to write-off impaired goodwill.
-

**Richardson Electronics, Ltd.
Sales and Gross Margin
Third Quarter Fiscal 2004, Ended February 28, 2004
(in thousands, unaudited)
By Business Unit: Sales**

Gross Margin

FY 2004

FY 2003

% Change

FY 2004

GM% of Sales

FY 2003

GM% of Sales

Third Quarter

RFWC
IPG
SSD
DSG
Other

\$ 55,973
27,514
25,260
16,813
1,778

\$ 51,499
23,371
23,205

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 8-K

18,047
1,888

8.7%
17.7%
8.9%
-6.8%

\$ 13,162
8,383
6,394
4,146
(549)

23.5%
30.5%
25.3%
24.7%

\$ 11,293
7,156
5,859
4,381
(487)

21.9%
30.6%
25.2%
24.3%

Total \$127,338

\$118,010

7.9% \$ 31,536

24.8% \$ 28,202

23.9% Fiscal Year To Date

RFWC
IPG
SSD
DSG
Other
\$163,493
81,232
76,541
47,756
5,673

\$152,377
71,149

69,601
46,169
6,286

7.3%
14.2%
10.0%
3.4%

\$ 37,190
24,730
19,419
12,132
(1,878)

22.7%
30.4%
25.4%
25.4%

\$ 34,079
22,236
17,306
11,977
(1,329)

22.4%
31.3%
24.9%
25.9%

Total \$374,695

\$345,582

8.4% \$ 91,593

24.4% \$ 84,269

24.4% **By Area: Sales**

Gross Margin

FY 2004

FY 2003

% Change

FY 2004

GM% of Sales

FY 2003

GM% of Sales

Third Quarter

North America
 Europe
 Asia/Pacific
 Latin America
 Corporate

\$ 68,423
 29,163
 23,630
 5,429
 693

\$ 66,873
 26,521
 18,759
 4,997
 860

2.3%
 10.0%
 26.0%
 8.6%

\$ 17,712
 8,519
 5,640
 1,244
 (1,579)

25.9%
 29.2%
 23.9%
 22.9%

\$ 17,243
 7,374
 4,397
 1,263
 (2,075)

25.8%
 27.8%
 23.4%
 25.3%

Total \$ 127,338

\$118,010

7.9% \$ 31,536

24.8% \$ 28,202

23.9% Fiscal Year To Date

North America

Europe

Asia/Pacific

Latin America

Corporate

\$ 199,556

86,105

71,120

15,106

2,808

\$ 196,041

75,453

56,690

15,033

2,365

1.8%

14.1%

25.5%

0.5%

\$ 52,332

24,905

16,227

3,545

(5,416)

26.2%

28.9%

22.8%

23.5%

\$ 51,230

20,708

13,200

4,054

(4,923)

26.1%

27.4%

23.3%

27.0%

Total \$ 374,695

\$ 345,582

8.4% \$ 91,593

24.4% \$ 84,269

24.4%

*Note: Fiscal 2003 data has been reclassified to conform with the current presentation.
Europe includes Sales and Gross margins to Middle East and Africa.
Corporate consists of Freight and non-area specific Sales and Gross Margin.*

Richardson Electronics, Ltd.
Consolidated Condensed Balance Sheets
(in thousands)
(unaudited)
February 28,
2004

May 31,
2003

ASSETS	Current assets:	Cash and equivalents \$ 19,727 \$ 16,874	Accounts receivable, net 96,302 85,355
	Inventories 93,207 95,896	Other 24,557	

26,320

Total current assets 233,793 224,445	Property, plant and equipment, net 30,747 31,088	Goodwill and intangible assets 5,891 6,129	Other assets 4,705
---	--	--	--------------------

3,269

Total assets \$ 275,136

\$ 264,931

LIABILITIES AND EQUITY	Current liabilities:	Accounts payable \$ 30,724 \$ 23,660	Other accrued liabilities 21,760
-------------------------------	----------------------	--------------------------------------	----------------------------------

17,467

Total current liabilities 52,484 41,127	Long-term debt 131,305 138,396	Other liabilities 8,409
--	--------------------------------	-------------------------

10,318

Total liabilities 192,198 189,841	Stockholders' equity 82,938
--	-----------------------------

75,090

Total liabilities and equity \$ 275,136

\$ 264,931

Note: May 31, 2003, data has been reclassified to conform with the current presentation.

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 hereunto duly authorized.

RICHARDSON ELECTRONICS, LTD Dated: March 25, 2004 By:

/s/ DARIO SACOMANI

Name: Dario Sacomani Title:

Senior Vice President and

Chief Financial Officer