

RICHARDSON ELECTRONICS LTD/DE
Form 8-K
December 19, 2003

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): **December 18, 2003**

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

Dario Sacomani

Chairman and Chief Executive Officer

Senior Vice President and

Richardson Electronics, Ltd.

Chief Financial Officer

Phone: (630) 208-2340

Richardson Electronics, Ltd.

E-mail: info@rell.com

Richardson Reports 7.6% Sales Growth in the Second Quarter

LaFox, IL, Thursday December 18, 2003: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the second quarter of fiscal 2004, which ended November 29, 2003. Sales in the second quarter of 2004 were \$128.1 million, an increase of 7.6% from the prior year. Net income was \$1.6 million, or \$0.11 per share, in the quarter compared to \$1.2 million, or \$0.09 per share, in the same quarter last year.

Each of the Company's business units recorded sales growth over the prior year for the fourth consecutive quarter led by strong, broad-based demand in the Industrial Power Group and Security Systems Division. The sales increase was 14.5% and 8.8%, respectively. RF/Wireless Communications sales increased 7.3% over the prior year primarily due to stronger demand in network access and fiber products. Sales in the Display Systems Group were slightly up 0.2% in the quarter with sales of medical monitors and stereo monitors for satellite imagery increasing, offset by declines in custom displays due to the timing of project based business.

For the quarter, the Company achieved record sales levels in Europe of \$31.6 million and in Asia of \$25.2 million. For Europe, the sales represented an increase of 23.5% over the prior year with all four business units recording growth. Strong demand in wireless and industrial power products led the sales growth in Asia which increased 27.7% from the prior year. The Company's sales in North America declined 3.2% in the quarter, primarily due to the completion of a large wireless infrastructure project in the prior year. Sales in Latin America decreased 8.0% over the prior year,

mostly due to reduced demand in Central America, partially offset by increases in Mexico and Brazil.

For the six-month period, sales increased 8.7% from the prior year to \$247.4 million. Net income was \$2.1 million, or \$0.15 per share, in the six months compared to \$1.5 million, or \$0.11 per share a year ago, before the cumulative effect of accounting change which affected the prior year's six months as noted in the financial tables at the end of this release.

As part of its fiscal second quarter financial reporting process, the Company identified an accounting error that occurred in a foreign subsidiary which affected previously reported interest expense for the prior seven quarters. The correcting adjustment included a cumulative charge of \$0.7 million in the second quarter of fiscal 2004.

"We are pleased to report another solid quarter of sales and net income growth with positive cash flow," Edward J. Richardson, Chairman of the Board and Chief Executive Officer, said. "Our engineered solutions strategy is providing increasing levels of new opportunities for all of our strategic business units. Demand continues to strengthen as new orders increased 18% sequentially from the prior quarter, providing a solid order backlog for continued growth."

On Friday, December 19, 2003 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 800-450-0788 approximately five minutes prior to the start of the call. A replay of the call will be available from 12:30 p.m. on December 19, 2003 through March 23, 2004. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 712128.

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 Annual Report on Form 10-K for the most recently ended fiscal year. 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
Six Months Ended November 29, 2003
(in thousands, except per share amounts, unaudited)
Three Months

Six Months

FY 2004

FY 2003

FY 2004

FY 2003

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Net sales \$ 128,051 \$ 118,958 \$ 247,357 \$ 227,572 Cost of products sold 97,109

90,045

187,300

171,505

Gross margin 30,942 28,913 60,057 56,067 Selling, general and administrative expense 25,395

24,458

51,240

48,704

Operating income 5,547 4,455 8,817 7,363 Other expenses, net (Note 1) 3,136

2,595

5,616

5,059

Income before income tax and cumulative effect of accounting change 2,411 1,860 3,201 2,304 Income tax 844

670

1,128

830

Income before cumulative effect of accounting change 1,567 1,190 2,073 1,474 Cumulative effect of accounting change, net of tax (Note 2) -

-

-

(17,862)

Net income (loss) \$ 1,567

\$ 1,190

\$ 2,073

\$ (16,388)

Income (loss) per share - basic:

Income per share before cumulative effect of accounting change

\$.11

\$.09

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\$.15
 \$.11 Cumulative effect of accounting change, net of tax -

-

-

(1.30)

Net income (loss) per share \$.11

\$.09

\$.15

\$ (1.19)

Average shares outstanding 13,979

13,740

13,952

13,734

Income (loss) per share - diluted:

Income per share before cumulative effect of accounting change

\$.11

\$.09

\$.15

\$.11 Cumulative effect of accounting change, net of tax -

-

-

(1.28)

Net income (loss) per share \$.11

\$.09

\$.15

\$ (1.17)

Average shares outstanding 14,361

13,871

14,281

14,004

Dividends per common share \$.04

\$.04

\$.08

\$.08

Notes:

1. During fiscal quarter ended November 29, 2003, the Company identified an accounting error that occurred in a foreign subsidiary which affected previously reported interest expense for seven prior fiscal quarters resulting in a cumulative charge of \$738 included in the financial results for the three- and six-month periods ended November 29, 2003.
 2. During the quarter ended November 30, 2002, the Company adopted SFAS 142, "Goodwill and Other intangible Assets" effective June 1, 2002 and as result recorded a cumulative effect adjustment of \$17,862, net of taxes of \$3,725 to write-off impaired goodwill.
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**Richardson Electronics, Ltd.
Sales and Gross Margin
Second Quarter Fiscal 2004, Ended November 29, 2003
(in thousands, unaudited)
By Business Unit: Sales**

Gross Margin

FY 2004

FY 2003

% Change

FY 2004

GM% of Sales

FY 2003

GM% of Sales

Second Quarter

RFWC
IPG
SSD
DSG
Other

\$ 57,705

27,868

26,109

14,864

1,505

\$ 53,762
24,331
23,989
14,833
2,043

7.3%
14.5%
8.8%
0.2%

\$ 12,846
8,678
6,664
3,727
(973)

22.3%
31.1%
25.5%
25.1%

\$ 12,031
7,540
6,013
3,993
(664)

22.4%
31.0%
25.1%
26.9%

Total \$128,051

\$118,958

7.6% \$ 30,942

24.2% \$ 28,913

24.3% **Full Year**

RFWC
IPG
SSD
DSG
Other
\$107,520
53,718
51,281
30,943

3,895

\$100,878
47,778
46,396
28,122
4,398

6.6%
12.4%
10.5%
10.0%

\$ 24,028
16,347
13,025
7,986
(1,329)

22.3%
30.4%
25.4%
25.8%

\$ 22,786
15,080
11,447
7,596
(842)

22.6%
31.6%
24.7%
27.0%

Total \$247,357

\$227,572

8.7% \$ 60,057

24.3% \$ 56,067

24.6% **By Geographic Area: Sales**

Gross Margin

FY 2004

FY 2003

% Change

FY 2004

GM% of Sales

FY 2003

GM% of Sales

Second Quarter

North America
 Europe
 Asia/Pacific
 Latin America
 Corporate
 \$ 65,702
 31,576
 25,160
 4,572
 1,041

\$ 67,898
 25,575
 19,701
 4,969
 815

-3.2%
 23.5%
 27.7%
 -8.0%

\$ 17,064
 9,009
 5,648
 1,118
 (1,897)

26.0%
 28.5%
 22.4%
 24.5%

\$ 17,573
 7,101
 4,468
 1,509
 (1,738)

25.9%
 27.8%
 22.7%
 30.4%

Total \$ 128,051

\$118,958

7.6% \$ 30,942

24.2% \$ 28,913

24.3% **Full Year**

North America

Europe

Asia/Pacific

Latin America

Corporate

\$ 131,133

56,942

47,490

9,677

2,115

\$ 129,167

48,932

37,932

10,036

1,505

1.5%

16.4%

25.2%

-3.6%

\$ 34,620

16,386

10,587

2,301

(3,837)

26.4%

28.8%

22.3%

23.8%

\$ 33,987

13,334

8,803

2,791

(2,848)

26.3%

27.3%

23.2%

27.8%

Total \$ 247,357

\$ 227,572

8.7% \$ 60,057

24.3% \$ 56,067

24.6%

*Note: Fiscal 2002 data has been reclassified to conform with the current presentation.
Europe includes Sales and Gross margins to Middle East and Africa.
Corporate primarily consists of Freight and Corporate provisions.*

**Richardson Electronics, Ltd.
Consolidated Condensed Balance Sheets
(in thousands)
(unaudited)
November 29,
2003**

**May 31,
2003**

ASSETS	Current assets:	Cash and equivalents \$ 20,764 \$ 17,498	Accounts receivable, net 93,865 85,355
	Inventories 91,298 95,896	Other 25,163	

26,320

Total current assets 231,090 225,069	Property, plant and equipment, net 30,556 31,088	Goodwill and intangible assets 6,023 6,129	Other assets 3,501
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3,269

Total assets \$ 271,170

\$ 265,555

LIABILITIES AND EQUITY	Current liabilities:	Accounts payable \$ 29,572 \$ 23,660	Other accrued liabilities 20,830
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17,467

Total current liabilities 50,402 41,127	Long-term debt 134,784 138,396	Other liabilities 6,710
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10,318

Total liabilities 191,896 189,841	Stockholders' equity 79,274
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75,714

Total liabilities and equity \$ 271,170

\$ 265,555

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: December 18, 2003 By:

/s/ DARIO SACOMANI

Name: Dario Sacomani Title:

Senior Vice President and

Chief Financial Officer