

RICHARDSON ELECTRONICS LTD/DE

Form 8-K

March 27, 2003

UNITED STATES

**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)	<i>March 25, 2003</i>
Exact name of registrant as specified in its charter	<i>Richardson Electronics, Ltd.</i>
State or other jurisdiction of incorporation	<i>Delaware</i>
Commission file Number	<i>0-12906</i>
IRS Employer Identification No.	<i>36-2096643</i>
Address of principal executive office	<i>40W267 Keslinger Road, P. O. Box 393, La Fox, IL</i>
Zip Code	<i>60147-0393</i>
Registrant's telephone number, including area code	<i>630-208-2200</i>

This Current Report on Form 8-K contains a total of 5 pages.

**Item 9. Regulation FD Disclosure****Richardson Reports Sales From Continuing Operations Increased 11.5% in the Third Quarter**

**LaFox, IL, Tuesday March 25, 2003:** Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the third quarter of fiscal 2003, which ended February 28, 2003. Sales in the third quarter of 2003 were \$118.0 million, an increase of 7.8% from the prior year. Sales from continuing operations, excluding the Medical Glassware Business sold in February 2002, increased 11.5% from the prior year quarter. Net earnings for the quarter were essentially breakeven at \$0.0 million, or \$0.00 per share, compared to a net loss of \$2.7 million, or \$0.20 per share for the same quarter last year, which included a charge of \$2.9 million, net of tax, or \$0.21 per share relating to the sale of the Medical Glassware Business.

All four of the Company's business units experienced year-over-year sales growth in the quarter with particular strength in the RF/Wireless Communications and Display Systems businesses, each increasing approximately 15% from the prior year. Asia and Europe led the growth geographically, increasing 15.3% and 13.4%, respectively in the quarter with North America growing 8.6% from the prior year, partially offset by declines in Latin America.

For the nine-month period ended February 28, 2003, sales were \$345.6 million, an increase of 4.8% over the prior year. Sales from continuing operations for the nine months increased 8.4% from the prior year. Net earnings, before the cumulative effect of a change in accounting principle, for the nine months were \$1.5 million, or \$0.11 per share, compared to a net loss of \$2.2 million, or \$0.16 per share a year ago which also included the charge noted above relating to the sale of the Medical Glassware Business. Net loss after the \$17.9 million charge related to the cumulative effect of a change in accounting principle for the nine-month period was \$16.4 million, or \$1.19 per share, compared to the prior year nine-month period net loss of \$2.2 million.

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

Edward J. Richardson, Chairman of the Board and Chief Executive Officer, said, "We are pleased to report our third consecutive quarter of year-over-year sales growth. Our global presence and commitment to engineered solutions across all businesses continues to drive us forward in this very challenging economic environment."

"We expect the year-over-year sales growth to continue, however given the current geopolitical situation on top of an already stagnant economy, we remain cautious on the market outlook while keeping our focus on market share gains and profitability, Mr. Richardson concluded."

On Wednesday, March 26, 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 888-273-9890 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 26, 2003 through July 15, 2003. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 677661.

This release includes certain "forward looking" statements as defined by the SEC. Such statements are not guarantees of future performance since the company's operations involve risks and uncertainties and actual results may differ materially from predictions. Reference is made to the company's Form 10-Q's and 10-K's for a summary of some of the risks that may affect the company's performance.

**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  
Third Quarter Fiscal 2003, Ended February 28, 2003  
(in thousands, except per share amounts)**

	Three Months		Nine Months	
	FY 2003	FY 2002	FY 2003	FY 2002
Net sales	\$ 118,010	\$ 109,431	\$ 345,582	\$ 329,611
Cost of products sold			89,808	83,151
				261,313
				248,476
Gross margin	28,202	26,280	25,804	26,981
Selling, general and administrative expense	25,451			
				23,427
				74,155
				70,281

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

Operating income 2,751 2,853 10,114 10,854 Other expenses, net 2,761

	7,126
	7,820
	14,270
Income (loss) before income taxes and cumulative effect of accounting change	(10)(4,273)2,294(3,416)
Income taxes	(5)
	(1,530)
	825
	(1,221)
Net income (loss) before cumulative effect of accounting change	(5)(2,743)1,469(2,195)
Cumulative effect of accounting change, net of tax (Note 1)-	-
	(17,862)
	-
Net loss\$ (5)	\$ (2,743)
	\$ (16,393)
	\$ \$ (2,195)

**Net income (loss) per share - basic:**

Net income (loss) per share before cumulative effect of accounting change	-
\$ (.00)	(1.30)
\$ (.20)	-
\$ .11	
\$ (.16) Cumulative effect of accounting change, net of tax-	
	-
	(1.30)
	-
Net loss per share\$ (.00)	\$ (.20)
	\$ (1.19)
	\$ (.16)

Average shares outstanding	13,805	
		13,656
		13,791
		13,599
<b>Net income (loss) per share - diluted:</b>		
Net income (loss) per share before cumulative effect of accounting change		
\$ (.00)		
\$ (.20)		
\$ .11		
\$ (.16) Cumulative effect of accounting change, net of tax-		
		-
		(1.28)
		-
Net loss per share	\$ (.00)	
		\$ (.20)
		\$ (1.17)
		\$ (.16)
Average shares outstanding	13,805	
		13,656
		13,989
		13,599
<b>Dividends per common share</b>		
\$ .04		
		\$ .04
		\$ .12
		\$ .12

Notes:

1. 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.

**Richardson Electronics, Ltd.**  
**Sales and Gross Margin**  
**Third Quarter Fiscal 2003, Ended February 28, 2003**  
(in thousands, unaudited)

<b>By Business Unit:</b>	<b>Sales</b>			<b>Gross Margin</b>			
	<b>FY 2003</b>	<b>FY 2002</b>	<b>% Change</b>	<b>FY 2003</b>	<b>GM% of Sales</b>	<b>FY 2002</b>	<b>GM% of Sales</b>
<b>Third Quarter</b>							
RFWC	\$ 56,216	\$ 48,911	14.9%	\$ 12,437	22.1%	\$ 11,081	22.7%
IPG	18,654	17,486	6.7%	6,012	32.2%	5,644	32.3%
SSD	23,205	21,353	8.7%	5,859	25.2%	4,967	23.3%
DSG	18,047	15,718	14.8%	4,381	24.3%	4,283	27.2%
Medical Glassware	296	3,855	-92.3%	31	10.5%	762	19.8%
Corporate	1,592	2,108		(518)		(457)	
<b>Total</b>	<b>\$118,010</b>	<b>\$109,431</b>	<b>7.8%</b>	<b>\$ 28,202</b>	<b>23.9%</b>	<b>\$ 26,280</b>	<b>24.0%</b>
Excluding MG	\$117,714	\$105,576	11.5%	\$ 28,171	23.9%	\$ 25,518	24.2%
<b>Nine Months</b>							
RFWC	\$166,403	\$146,451	13.6%	\$ 37,412	22.5%	\$ 34,817	23.8%
IPG	57,123	55,020	3.8%	18,903	33.1%	18,205	33.1%
SSD	69,601	63,233	10.1%	17,306	24.9%	14,836	23.5%
DSG	46,169	46,419	-0.5%	11,977	25.9%	11,992	25.8%
Medical Glassware	1,140	11,912	-90.4%	218	19.1%	2,513	21.1%
Corporate	5,146	6,576		(1,547)		(1,228)	
<b>Total</b>	<b>\$345,582</b>	<b>\$329,611</b>	<b>4.8%</b>	<b>\$ 84,269</b>	<b>24.4%</b>	<b>\$ 81,135</b>	<b>24.6%</b>