

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

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Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
Telephone	631 231-6400
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Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	07/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) NOVEMBER 1, 2004

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in charter)

NEW YORK ----- (State or other jurisdiction of incorporation)	0-3319 ----- (Commission File Number)	13-1784308 ----- (IRS Employer Identification No.)
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ONE COMMERCE PARK, VALHALLA, NY 10595

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (914) 686-3650

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 1, 2004, Del Global Technologies Corp., a New York corporation (the "Company") announced its results for the fiscal year ended July 31, 2004 and the 2004 fiscal fourth quarter. A copy of the press release is furnished as Exhibit 99.01 to this report.

The information furnished pursuant to this Current Report on Form 8-K, including the exhibit hereto, shall not be considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section, nor shall it be incorporated by reference into future filings by the Company under the Securities Act of 1933, as amended, or under the Securities Act of 1934, as amended, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

EXHIBIT NO. -----	EXHIBITS -----
99.01	Press Release dated November 1, 2004.

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.

DEL GLOBAL TECHNOLOGIES CORP.

(Registrant)

Date: November 1, 2004

By: /s/ Walter Schneider

Walter Schneider
Chief Executive Officer

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
99.01	Press Release dated November 1, 2004

DEL GLOBAL TECHNOLOGIES ANNOUNCES
FISCAL 2004 FOURTH QUARTER AND YEAR-END OPERATING RESULTS

VALHALLA, NY -Nov. 1, 2004 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2004 fourth quarter and year ended July 31, 2004, as well as summary balance sheet data (see attached tables).

CORPORATE OVERVIEW

As previously announced, Del Global completed the sale of its High Voltage Power business, a part of its Power Conversion Group, on October 1, 2004 as part of the Company's previously announced strategic alternatives review. Accordingly, this business is presented as a discontinued operation for the fiscal 2004 and 2003 periods.

Also as previously announced, the Company entered into non-binding letters of intent for the sale of both the Medical Systems Group and the remainder of its Power Conversion Group business segments. The Company intends to call a meeting of stockholders to seek approval under New York law for the sale of the Medical Systems Group Segment in the event a definitive agreement is entered into for such sale. There can be no assurance that these non-binding letters of intent will result in the consummation of the sale of these segments or that the strategic alternatives process initiated by the Company will lead to any other transactions. The Company may seek stockholder approval of a plan of liquidation; however, the Board of Directors of the Company has not yet approved any plan of liquidation. Any proceeds that may be received by stockholders of the Company as a result of any plan of liquidation may be greater or less than the current market price of Del Global's common stock.

FISCAL 2004 FOURTH QUARTER AND YEAR END RESULTS

Consolidated net sales for fiscal 2004 increased 22.9% to \$83.8 million from \$68.2 million last year. Consolidated net sales in the fourth quarter of fiscal 2004 rose 3.2% to \$19.4 million from \$18.8 million in the comparable period of the prior year.

Sales at the Medical Systems Group rose 26.2% to \$70.8 million during fiscal 2004 from \$56.1 million last year, due primarily to higher international sales, which offset a decline in domestic sales, as well as favorable foreign currency exchange effects of approximately \$1.4 million. Medical Systems Group sales during the fourth quarter of fiscal 2004 increased 3.3 % to \$15.8 million from \$15.3 million in the same period last year. Fiscal 2004 sales at the Power Conversion Group improved by 8% to \$13.1 million; sales last year were lower due to the impact of the Department of Defense investigation. Fiscal 2004 fourth quarter sales at the Power Conversion Group increased 5.9% to \$3.6 million from \$3.4 million in the fourth quarter of fiscal 2003.

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Consolidated gross margin improved to 25.4% during fiscal 2004 from 23% in fiscal 2003, due to higher gross margin at both the Medical Systems Group and the Power Conversion Group. Consolidated gross margin improved to 30.9% during the fiscal 2004 fourth quarter from 23.2% in the same period last year.

The Power Conversion Group's gross margin for fiscal 2004 was 30.2% versus 28.9% last year, due to improved procurement practices resulting in lower average material costs. Gross margin during the fourth quarter of fiscal 2004 improved to 47.0% from 41.7% in the fourth quarter of fiscal 2003 for the same reasons. The Medical Systems Group's fiscal 2004 gross margin was 24.5% compared to 21.7% in fiscal 2003, due to higher margins domestically as a result of cost control measures. These factors also produced gross margin at the Medical Systems Group of 27.2% during the fourth quarter of fiscal 2004 versus 19.1% in the fourth quarter of fiscal 2003.

Selling, General and Administrative expenses ("SG&A") during fiscal 2004 declined to 19.0% of sales from 26.2% of sales last year. SG&A also declined in the fiscal 2004 fourth quarter to 22.0% of sales from 24.1% of sales in the comparable prior year period. These decreases were the result of reduced corporate legal and accounting costs.

Operating income for fiscal 2004 improved to \$194,000 from an operating loss of \$6.1 million last year; operating income for the fiscal 2004 fourth quarter improved to \$840,000 from an operating loss of \$538,000 in the same period one year ago. Operating income also includes unallocated corporate costs of \$3.7 million in Fiscal 2004, compared to unallocated corporate costs of \$5.7 million in Fiscal 2003.

The Medical Systems Group posted operating income of \$5.4 million in fiscal 2004 and \$0.9 million in the fourth quarter of fiscal 2004, as compared to operating income of \$1.0 million in fiscal 2003 and operating income of \$0.3 million in the fourth quarter of fiscal 2003. This was offset by operating losses of \$1.6 million and \$1.3 million at the Power Conversion Group in fiscal 2004 and fiscal 2003, respectively, and operating income of \$1.0 million and \$0.7 million for the fiscal 2004 and fiscal 2003 fourth quarters, respectively.

The Company achieved operating profitability for the fiscal 2004-year and fourth quarter despite the impact of litigation settlement expenses totaling \$3.7 million for the full year. Of these charges, \$3.2 million related to the previously announced settlement with the U.S. Government regarding the investigation of the Company's RFI subsidiary (recorded in the second quarter of fiscal 2004), while \$500,000 was expensed in connection with the modification to the warrants and related legal and professional fees incurred with the previously announced class action settlement (recorded in the fiscal 2004 fourth quarter).

The loss from continuing operations for fiscal 2004 was \$10.7 million, or \$1.04 per share, versus a loss from continuing operations of \$15.2 million, or \$1.46 per share, last year. Income from continuing operations for the fiscal 2004 fourth quarter was \$335,000, or \$.03 per share, versus a loss from continuing operations of \$4.0 million, or \$.39 per share, in the same period last year. Results from continuing operations included the litigation settlement costs, as

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well as the previously announced \$9.8 million deferred tax valuation allowance, which is included in provision for income taxes. Del Global also established a \$7.9 million valuation allowance in the fiscal 2003 provision for income taxes.

The loss from discontinued operations for fiscal 2004 was \$5.1 million, or \$.49 per share, versus income from discontinued operations of \$128,000, or \$.01 per share, last year. The loss from discontinued operations for the fourth quarter of fiscal 2004 was \$2.9 million, or \$.28 per share, versus a loss from discontinued operations of \$238,000, or \$.02 per share, in the same period last year. The loss from discontinued operations for the fiscal 2004 periods are related to the sale of the Del High Voltage division and included a \$4.9 million write down of assets to net realizable value.

Reflecting the above, Del Global reported a net loss of \$15.8 million, or \$1.53 per share for fiscal 2004 versus a net loss of \$15.0 million, or \$1.45 per share last year. The net loss for the fiscal 2004 fourth quarter was \$2.6 million, or \$.25 per share, versus a net loss of \$4.3 million, or \$.41 per share, in the fourth quarter of fiscal 2003. The net loss for the fiscal 2003 fourth quarter includes a \$3.2 million deferred tax valuation allowance, as discussed above.

LITIGATION SETTLEMENT UPDATE

During the first quarter of fiscal 2005, Del Global paid the US Government \$5.0 million pursuant to the terms of the previously announced RFI settlement. This settlement, as previously announced, also included the Company pleading guilty to one criminal count and remains subject to court approval.

BACKLOG

Consolidated backlog for continuing operations at July 31, 2004 was \$25.9 million versus backlog at August 2, 2003 of approximately \$16.3 million. Backlog in the Power Conversion Group at July 31, 2004 of \$7.7 million was comparable to backlog at August 2, 2003. Backlog in the Medical Systems Group at July 31, 2004 was \$18.2 million versus backlog at August 2, 2003 of approximately \$8.6 million with increases at both operating units. Substantially all of the backlog should result in shipments within the next 12 months.

FINANCIAL CONDITION

Del Global's balance sheet at July 31, 2004 reflected working capital of \$7.8 million (of which \$4.8 million was cash and cash equivalents), shareholders' equity of \$7.8 million and a stated book value of \$0.75 per share. As of July 31, 2004, the Company had approximately \$5.8 million of excess borrowing capacity under its domestic revolving line of credit.

INVESTOR CONFERENCE CALL

Suzanne M. Hopgood, Chairman of the Board, Walter F. Schneider, President and Chief Executive Officer, and Mark A. Koch, Principal Accounting Officer, will host a conference call on Tuesday, November 2, 2004 at 10:00 A.M. Eastern Time

to discuss this news release. The telephone number to join this conference call is (888) 737-9832 (domestic) or (706) 679-0770. A taped replay of the call will be available through 5:00 P.M. Eastern Time on November 10, 2004. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 1886374 to listen to the replay. In addition, the conference call will be broadcast live over the Internet via the Webcast section of Del Global's web site at WWW.DELGLOBAL.COM. To listen to the live call on the Internet, go to the web site at least 15 minutes early to register, download and install any necessary audio software. If you are unable to participate in the live call, the conference call will be archived and can be accessed on Del Global's website for approximately five business days.

Del Global Technologies Corp. is primarily engaged in the design, manufacture and marketing of cost-effective medical imaging and diagnostic systems consisting of stationary and portable x-ray systems, radiographic/fluoroscopic systems, dental imaging systems and proprietary high-voltage power conversion subsystems for medical and other critical industrial applications. Through its RFI subsidiary, Del Global manufactures electronic filters, high voltage capacitors, pulse modulators, transformers and reactors, and a variety of other

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products designed for industrial, medical, military and other commercial applications.

Statements about future results made in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and the current economic environment. Del Global cautions that these statements are not guarantees of future performance. These statements involve a number of risks and uncertainties that are difficult to predict, including, but not limited to: the ability of Del Global to implement its business plan; retention of management; changing industry and competitive conditions; obtaining anticipated operating efficiencies; securing necessary capital facilities; favorable determinations in various legal and regulatory matters; court approval of the settlement agreement with the US Government regarding the DoD matter; the ability of Del Global to avoid a debarment from doing business with the U.S. Government; and favorable general economic conditions. Actual results could differ materially from those expressed or implied in the forward-looking statements. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company's filings with the Securities and Exchange Commission.

CONTACT:

<p>DEL GLOBAL TECHNOLOGIES CORP. Walter F. Schneider, President & Chief Executive Officer Mark Koch, Principal Accounting Officer (914) 686-3650</p>	<p>INVESTOR RELATIONS: The Equity Group Inc. Devin Sullivan (212) 836-9608 Adam Prior (212) 836-9606</p>
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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED		YEAR ENDED	
	JULY 31, 2004	AUGUST 2, 2003	JULY 31, 2004	AUGUST 2, 2003
NET SALES	\$ 19,382	\$ 18,769	\$ 83,827	\$ 68,212
COST OF SALES	13,402	14,416	62,512	52,542
GROSS MARGIN	5,980	4,353	21,315	15,670
Selling, general and administrative	4,269	4,525	15,907	17,904
Research and development	418	366	1,562	1,593
Litigation settlement costs	453	--	3,652	2,126
Facilities reorganization costs	--	--	--	128
Total operating expenses	5,140	4,891	21,121	21,751

OPERATING INCOME (LOSS)	840	(538)	194	(6,081)
Interest expense	(234)	(345)	(1,796)	(1,340)
Other income (expense)	16	161	123	596
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INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	622	(722)	(1,479)	(6,825)
INCOME TAX PROVISION	212	3,289	8,691	8,233
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INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	410	(4,011)	(10,170)	(15,058)
MINORITY INTEREST	75	9	559	115
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INCOME (LOSS) FROM CONTINUING OPERATIONS	335	(4,020)	(10,729)	(15,173)
DISCONTINUED OPERATIONS	(2,907)	(238)	(5,095)	128
	-----	-----	-----	-----
NET LOSS \$	(2,572)	\$ (4,258)	\$ (15,824)	\$ (15,045)
	=====	=====	=====	=====
LOSS PER SHARE				
Continuing operations	\$.03	(.39)	\$ (1.04)	\$ (1.46)
Discontinued operations	\$ (.28)	\$ (.02)	\$ (0.49)	\$ 0.01
	-----	-----	-----	-----
Basic and diluted, net	\$ (.25)	\$ (.41)	\$ (1.53)	\$ (1.45)
	=====	=====	=====	=====
Weighted average number of common shares outstanding, basic and diluted	10,333	10,338	10,335	10,344
	=====	=====	=====	=====

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	JULY 31, 2004	AUGUST 2, 2003
	-----	-----
Current Assets	\$ 38,214	\$ 40,213
Total Assets	\$ 49,261	\$ 60,492
Current Liabilities	\$ 30,450	\$ 26,615
Total Liabilities	\$ 40,097	\$ 36,260
Minority Interest in Subsidiary	\$ 1,389	\$ 1,253
Shareholders' Equity	\$ 7,775	\$ 22,979
Common Shares Outstanding End of Period	10,335	10,333
Book Value Per Share	\$ 0.75	\$ 2.22