

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
CIK	0000027748
Symbol	DGTC
SIC Code	3679 - Electronic Components, Not Elsewhere Classified
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) December 13, 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 December 13, 2004, Del Global Technologies Corp., a New York corporation (the "Company") announced its results for the fiscal 2005 first 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 December 13, 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: December 13, 2004

By: /s/ Walter Schneider

Walter Schneider
Chief Executive Officer

EXHIBIT INDEX

Exhibit No.

Description

99.01

Press Release dated December 13, 2004

DEL GLOBAL TECHNOLOGIES ANNOUNCES FISCAL 2005 FIRST QUARTER RESULTS

Q1 FY 2005 HIGHLIGHTS VERSUS Q1 FY 2004

Valhalla, N.Y. - Dec. 13, 2004 -- Del Global Technologies Corp. (DGTC):

- o Net Sales from Continuing Operations up 11.1% to \$18.8 Million
- o Consolidated Gross Margins Increase to 24.3% from 22.4%
- o Operating Income from Continuing Operations Improves to \$904,000 from \$33,000
- o Net Income of \$247,000, or \$.02 Per Diluted Share, Versus Net Loss of \$609,000, or (\$0.06) Per Diluted Share

Del Global Technologies Corp. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2005 first quarter ended October 30, 2004, as well as summary balance sheet data (see attached tables). Results presented herein, except for net income and earnings per share, are for continuing operations and exclude the results of the DHV division, which was sold on October 1, 2004.

FISCAL 2005 FIRST QUARTER RESULTS

Consolidated net sales for the first quarter of fiscal 2005 increased 11.1% to \$18.8 million from \$16.9 million in the same period last year, due to higher sales at both the Medical Systems Group and Power Conversion Group. Sales at the Medical Systems Group rose 12.2% to \$15.4 million in the first quarter of fiscal 2005 from \$13.7 million in the same period last year. This increase was due primarily to higher international sales, which offset lower domestic sales due to delayed shipments of digital units. International sales for the first quarter of fiscal 2005 were also impacted by favorable exchange rate effects from the translation of Villa's financial statements from euros to dollars of approximately \$700,000. Fiscal 2005 first quarter sales at the Power Conversion Group increased 6.2% to \$3.4 million from \$3.2 million in the first quarter of fiscal 2004.

Consolidated gross margin improved to 24.3% in the fiscal 2005 first quarter from 22.4% in same period last year. Improvements in procurement, decreased material costs as a percent of sales and lower scrap levels resulted in fiscal 2005 first quarter gross margin at the Power Conversion Group of 29% versus 15.7% in the prior year period. First quarter gross margin at the Medical Systems Group declined to 23.2% from 24.0% in the prior year first quarter due to a less favorable product mix.

Selling, general and administrative expenses ("SG&A") during the first quarter of fiscal 2005 declined to 17.5% of sales from 20.4% of sales during the same period last year. These decreases were the result of reduced corporate legal and accounting costs, and reduced selling costs at the Power Conversion Group.

Operating income for the first quarter of fiscal 2005 increased to \$904,000 from operating income of \$33,000 in the same period last year. Operating income at the Medical Systems Group for the first quarter of fiscal 2005 was \$1,196,000

versus \$906,000 in the same period last year, while the Power Conversion Group had operating income of \$448,000 for the first quarter of fiscal 2005, versus an operating loss of \$73,000 in the comparable prior year period. Unallocated corporate costs for the current period and prior period were \$740,000 and \$800,000, respectively.

Net income for the fiscal 2005 first quarter improved to \$247,000, or \$0.02 per diluted share, from a net loss of \$609,000, or \$0.06 per diluted share. Net income for the fiscal 2005 first quarter included income from discontinued operations of \$199,000, or \$0.02 per diluted share, related to the previously disclosed sale of the Del High Voltage ("DHV") division on October 1, 2004. The net loss for the fiscal 2004 first quarter included a loss from discontinued operations of \$153,000, or \$0.01 per diluted share.

BACKLOG

Consolidated backlog at October 30, 2004 was \$24.0 million versus backlog at July 31, 2004 of approximately \$25.9 million. The backlog in the Company's Power Conversion Group decreased by \$300,000 from levels at beginning of the current fiscal year while there was a \$1.6 million decrease in the backlog at its Medical Systems Segment reflecting shipments under a previously announced Romanian order. Substantially all of the backlog should result in shipments within the next 12 months.

FINANCIAL CONDITION

Del Global's balance sheet at October 30, 2004 reflected working capital of \$7.3 million, shareholders' equity of \$7.8 million and a stated book value of \$0.75 per share. As of October 30, 2004, the Company had approximately \$2.9 million of excess borrowing capacity under its domestic revolving line of credit. During the first quarter of fiscal 2005, the company paid a \$5.0 million fine to the US Government, pursuant to the previously disclosed RFI settlement.

CORPORATE OVERVIEW

As previously announced, Del Global completed the sale of DHV for a purchase price of \$3.1 million, plus the assumption of approximately \$800,000 of liabilities, and has entered into non-binding letters of intent for the sale of both the Medical Systems Group Segment and the remainder of the Power Conversion Group Segment. The Company intends to seek stockholder 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 the Common Stock of the Company.

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, December 14, 2004 at 4:00 P.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 December 21, 2004. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number

2856875 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

DEL GLOBAL TECHNOLOGIES
DECEMBER 13, 2004

Page 3

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 Web site 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 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 Department of Defense matter; the ability of Del Global to avoid a debarment from doing business with the U.S. Government; market and operating risks from foreign currency exchange exposures; 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:

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Walter F. Schneider, President &
Chief Executive Officer
Mark Koch, Principal Accounting Officer
(914) 686-3650

INVESTOR RELATIONS:
The Equity Group Inc.
Devin Sullivan (212) 836-9608
Adam Prior (212) 836-9606

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED	
	OCTOBER 30, 2004	NOVEMBER 1, 2003
	-----	-----
NET SALES	\$ 18,758	\$ 16,889
COST OF SALES	14,205	13,105
	-----	-----
GROSS MARGIN	4,553	3,784
Selling, general and administrative	3,276	3,445
Research and development	373	306
	-----	-----
Total operating expenses	3,649	3,751
OPERATING INCOME	904	33
Interest expense	422	310
Other (income)	(14)	(71)
	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX PROVISION AND MINORITY INTEREST	496	(206)
INCOME TAX PROVISION	377	183
	-----	-----
NET INCOME (LOSS) BEFORE MINORITY INTEREST	119	(389)
MINORITY INTEREST	71	67
	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS	48	(456)
DISCONTINUED OPERATIONS	199	(153)
	-----	-----
NET INCOME (LOSS)	\$ 247	\$ (609)
	=====	=====
NET INCOME (LOSS) PER COMMON SHARE		
Continuing operations	\$ --	\$ (0.05)
Discontinued operations	\$ 0.02	\$ (0.01)
	-----	-----
Basic and diluted, net	\$ 0.02	\$ (0.06)
	=====	=====
Weighted average number of common shares outstanding:		
Basic	10,351,746	10,332,548
	=====	=====
Diluted	11,397,939	10,332,548
	=====	=====

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

	OCTOBER 30, 2004	JULY 31, 2004
	-----	-----
Current Assets	\$28,872	\$38,214
Total Assets	\$39,778	\$49,261
Current Liabilities	\$21,536	\$30,450
Total Liabilities	\$30,958	\$40,097
Minority Interest in Subsidiary	\$ 989	\$ 1,389
Shareholders' Equity	\$ 7,831	\$ 7,775
Common Shares Outstanding End of Period	10,375	10,335
Book Value Per Share	\$ 0.75	\$ 0.75