

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, 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) June 15, 2004

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in charter)

New York -----	0-3319 -----	13-1784308 -----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Commerce Park, Valhalla, NY -----	10595 -----
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (914) 686-3600

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

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.

Not Applicable.

(b) Pro Forma Financial Information.

Not Applicable.

(c) Exhibits.

99.01 Press Release dated June 15, 2004.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On June 15, 2004, the Registrant announced operating results for the

fiscal year 2004 third quarter and nine months ended May 1, 2004, as well as summary balance sheet data as of May 1, 2004. Such information, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing. For additional information, reference is made to the press release which is attached hereto as Exhibit 99.01 and is incorporated herein by reference.

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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: June 15, 2004

By: /s/ Thomas V. Gilboy

Thomas V. Gilboy
Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description
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99.01	Press Release dated June 15, 2004

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DEL GLOBAL TECHNOLOGIES CORP.

FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES ANNOUNCES
FISCAL 2004 THIRD QUARTER AND NINE MONTHS OPERATING RESULTS

Q3 FY 2004 HIGHLIGHTS

- o Net Sales Up 6% to \$24.4 Million
- o Consolidated Gross Margins Increase to 24.7% from 22.3%
- o Operating Income of \$1.7 Million Versus Operating Loss of \$3.4 Million
- o Net Loss Narrows Significantly to \$289,000, or \$0.03 Per Share, Which Includes \$0.13 Per Share in One-Time Financing Fees and Non-Cash Income Tax Expense.
- o Consolidated Backlog Increases 35% to \$35.5 Million from Levels at the Beginning of the 2004 Fiscal Year.

VALHALLA, NY - June 15, 2004 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC) ("Del Global") today announced operating results for its fiscal 2004 third quarter and nine month period ended May 1, 2004, as well as summary balance sheet data (see attached tables).

Walter F. Schneider, President and Chief Executive Officer of Del Global, commented, "We are pleased with Del Global's progress. Profitability at the Medical Systems Group increased on a 30% rise in sales. The Power Conversion Group was profitable in the third quarter of fiscal 2004, reflecting a reduction in the infrastructure costs at our High Voltage division to more appropriately match lower anticipated sales. Consolidated backlog at May 1, 2004 also posted solid growth from the end of fiscal 2003, which we believe reflects both the quality of our products and Del Global's industry reputation."

FISCAL 2004 THIRD QUARTER RESULTS

Consolidated net sales for the third quarter of fiscal 2004 increased 6% to \$24.4 million from \$23.0 million in the third quarter of fiscal 2003. Sales at the Company's Medical Systems Group increased 29.8% to \$17.4 million in the third quarter of fiscal 2004 from \$13.4 million in the prior year period, due to higher international sales, which offset slightly lower domestic sales, plus favorable exchange rates from the Company's Villa Sistemi Medicali S.p.A. ("Villa") subsidiary. Sales at the Company's Power Conversion Group declined 27.3% to \$7.0 million in the third quarter of fiscal 2004 from \$9.6 million in the prior year period, due primarily to decreases in Explosive Detection System ("EDS") business and the previously announced shift to in-house production of components formerly purchased from Del Global by a large customer.

Consolidated gross margin increased to 24.7% in the fiscal 2004 third quarter from 22.3% in the third quarter of fiscal 2003. Gross margins at the Power

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Conversion Group rose to 28.2% from 22.4% in the prior year third quarter, due primarily to improved procurement practices that resulted in lower average material costs. Gross margins at the Medical Systems Group increased to 23.4% from 22.1% due to higher domestic margins resulting from cost control measures.

Selling, general and administrative expense ("SG&A") declined as a percentage of

net sales to 16.3% in the fiscal 2004 third quarter from 23.8% in the prior year third quarter. This decrease was due to reduced legal and accounting costs, reduced headcount and the consolidation of the Company's Hicksville, NY facility.

Operating income in the third quarter of fiscal 2004 was \$1.7 million, an improvement of \$5.1 million from an operating loss of \$3.4 million in the third quarter of fiscal 2003. The operating loss for the third quarter of fiscal 2003 included \$2.4 million in litigation settlement and facilities reorganization costs. Operating income at the Medical Systems Group increased to \$1.6 million from \$105,000 in the year earlier period. Operating income at the Power Conversion Group improved to \$507,000 from an operating loss of \$2.6 million in the same period last year, which included the aforementioned \$2.4 million in costs.

The net loss for the third quarter of fiscal 2004 narrowed significantly to \$289,000, or \$0.03 per share from a net loss of \$3.9 million, or \$0.38 per share, for the fiscal 2003 third quarter. The following impacted the net loss for the third quarter of fiscal 2004:

- o a \$600,000 increase in interest expense, reflecting one time fees associated with the previously announced Waiver and Fourth Amendment to the Company's U.S. Credit Facility recently executed with its domestic lender, and
- o a \$784,000 increase in provision for income taxes, due primarily to a \$732,000 non-cash provision for taxes on a dividend from Villa to Del Global.

The net loss for the fiscal 2003 third quarter of \$3.9 million, or \$0.38 per share, included the aforementioned \$2.4 million in aggregate litigation settlement and facilities reorganization costs.

BACKLOG

Consolidated backlog at May 1, 2004 was approximately \$35.5 million versus backlog at August 2, 2003 of approximately \$26.3 million. The backlog at the Medical Systems Group increased by \$12.3 million on strong international orders, partially offset by a \$3.0 million decrease in the Power Conversion Group backlog from levels at the beginning of the 2004 fiscal year. Substantially all of the backlog should result in shipments within the next 12 months.

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FINANCIAL CONDITION

Del Global's balance sheet at May 1, 2004 reflected working capital of \$8.2 million (of which \$6.8 million was cash and cash equivalents), shareholders' equity of \$10.0 million and a stated book value of \$0.97 per share. As of May 1, 2004, the Company had approximately \$2.1 million of excess borrowing capacity under its domestic revolving line of credit.

INVESTOR CONFERENCE CALL

Suzanne M. Hopgood, Walter F. Schneider and Thomas V. Gilboy will host a conference call on Thursday, June 17, 2004 at 4:30 P.M. Eastern Time to discuss this news release. The telephone number to join this conference call is (800) 915-4836. A taped replay of the call will be available through 5:00 P.M. Eastern Time on June 24, 2004. Please dial (800) 428-6051 (Domestic) or (973) 709 - 2089 (International) and enter the number 360472 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. Industrial applications for which Del Global supplies power subsystems include airport explosives detection, analytical instrumentation, semiconductor capital equipment and energy exploration.

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; the ability of Del Global to meet its obligations under the agreement in principle with the US Government regarding the proposed settlement of 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:

Del Global Technologies Corp.
 Walter F. Schneider, President
 & Chief Executive Officer
 Thomas V. Gilboy, Chief Financial Officer
 (914) 686-3600

INVESTOR RELATIONS:

The Equity Group Inc.
 Devin Sullivan (212) 836-9608
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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		NINE MONTHS ENDED	
	MAY 1, 2004	MAY 3, 2003	MAY 1, 2004	MAY 3, 2003
	-----	-----	-----	-----
NET SALES	\$ 24,413	\$ 23,039	\$ 75,958	\$ 74,907
COST OF SALES	18,372	17,911	59,129	59,015
	-----	-----	-----	-----
GROSS MARGIN	6,041	5,128	16,829	15,892

Selling, general and administrative	3,976	5,478	13,865	16,458
Research and development	413	702	1,144	1,748
Litigation settlement costs	--	2,126	3,199	2,126
Impairment of goodwill and other intangible assets	--	--	1,453	--
Facilities reorganization costs	--	253	--	706
	-----	-----	-----	-----
Total operating expenses	4,389	8,559	19,661	21,038
OPERATING INCOME (LOSS)	1,652	(3,431)	(2,832)	(5,146)
Interest expense	915	315	1,562	1,028
Other (income) expense	(52)	35	(104)	(437)
	-----	-----	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	789	(3,781)	(4,290)	(5,737)
INCOME TAX PROVISION	940	156	8,479	4,944
	-----	-----	-----	-----
LOSS BEFORE MINORITY INTEREST	(151)	(3,937)	(12,769)	(10,681)
MINORITY INTEREST	138	(11)	484	106
	-----	-----	-----	-----
NET LOSS	\$ (289)	\$ (3,926)	\$ (13,253)	\$ (10,787)
	=====	=====	=====	=====
LOSS PER SHARE, BASIC AND DILUTED	\$ (0.03)	\$ (0.38)	\$ (1.28)	\$ (1.04)
	=====	=====	=====	=====
Weighted average number of common shares outstanding, basic and diluted	10,333	10,338	10,333	10,344
	=====	=====	=====	=====

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

	May 1, 2004	August 2, 2003
	-----	-----
Current Assets	\$42,098	\$40,213
Total Assets	\$55,006	\$60,492
Current Liabilities	\$33,864	\$26,615
Total Liabilities	\$43,633	\$36,260
Minority Interest in Subsidiary	\$ 1,326	\$ 1,253
Shareholders' Equity	\$10,047	\$22,979

Common Shares Outstanding End of Period	10,333	10,333
Book Value Per Share	\$ 0.97	\$ 2.22