

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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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) March 17, 2005

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 ----- (Address of Principal Executive Offices)	10595 ----- (Zip Code)
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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 March 17, 2005, Del Global Technologies Corp., a New York corporation

(the "Company") announced its results for the fiscal 2005 second quarter and first half. 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 March 17, 2005.

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: March 17, 2005

By: /s/ Mark A. Koch

Mark A. Koch
Principal Accounting Officer and
Treasurer

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
99.01	Press Release dated March 17, 2005

DEL GLOBAL TECHNOLOGIES ANNOUNCES

FISCAL 2005 SECOND QUARTER RESULTS

VALHALLA, N.Y. - March 17, 2005 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC)

Q2 FY 2005 HIGHLIGHTS

- o Net Income of \$368,000, or \$0.04 Per Basic and \$0.03 Per Diluted Share, Versus Net Loss of \$12.4 Million, or \$1.20 Per Basic and Diluted Share
- o Operating Income Improves to \$1.8 Million from an Operating Loss of \$1.9 Million
- o Consolidated Gross Margins Increase to 26.2% from 24.2%
- o Company Receives Court Approval for its Previously Announced RFI Settlement

Del Global Technologies Corp. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2005 second quarter and six months ended January 29, 2005, as well as summary balance sheet data (see attached tables). These results, except for net income and earnings per share, are for continuing operations and exclude the results of the Del High Voltage ("DHV") division, which was sold on October 1, 2004.

FISCAL 2005 SECOND QUARTER RESULTS

Consolidated net sales for the second quarter of fiscal 2005 were \$26.6 million versus the \$26.9 million reported in the same period last year.

Sales at the Medical Systems Group were \$22.9 million in the second quarter of fiscal 2005, as compared to \$23.8 million in the same period last year. The Medical Systems Group's Italian subsidiary experienced lower sales during the period because the increased strength of the Euro resulted in less attractive pricing for their products in non-Euro denominated markets. This decrease was offset by increased shipments of digital units domestically. Fiscal 2005 second quarter sales at the Power Conversion Group increased 18.9% to \$3.7 million from \$3.1 million in the second quarter of fiscal 2004 due to stronger government sales.

Consolidated gross margin improved to 26.2% in the fiscal 2005 second quarter from 24.2% in same period last year. Continued improvements in procurement, decreased material costs as a percent of sales and lower scrap levels resulted in a 31.7% gross margin at RFI Corporation ("RFI"), the remaining component of the Power Conversion Group in the fiscal 2005 second quarter versus 26.5% in the prior year period. Second quarter gross margin at the Medical Systems Group increased to 25.3% from 23.9% in the prior year's second quarter, primarily reflecting lower margins on a large tender order in the prior year.

Selling, general and administrative expenses ("SG&A") during the second quarter of fiscal 2005 declined to 16.5% of sales from 17.9% of sales during the same period last year, and from 17.5% during the first quarter of fiscal 2005. These decreases reflected headcount reductions, offset by increased corporate legal and accounting costs related to the previously disclosed strategic alternatives program.

Operating income for the second quarter of fiscal 2005 increased to \$1.8 million from an operating loss of \$1.9 million in the same period last year. This was largely due to an increase in consolidated gross margins, lower SG&A expenses and the Company incurring litigation settlement costs of approximately \$3.2 million in the second quarter of 2004 related to the RFI settlement versus \$0.3 million of cost in the second quarter of fiscal 2005.

The Medical Systems Group posted operating income of \$2.9 million in the second quarter of fiscal 2005, a 45% increase from operating income of \$2.0 million in the same period last year. The Power Conversion Group had operating income of \$0.3 million for the second quarter of fiscal 2005, versus an operating loss of \$2.9 million in the comparable prior year period.

Net income for the fiscal 2005 second quarter improved to \$368,000, or \$0.03 per diluted share, from a net loss of \$12.4 million, or \$1.20 per basic and diluted share. The net loss for the fiscal 2004 second quarter included an income tax valuation adjustment of \$7.2 million, litigation settlement costs of \$3.2 million and a loss from discontinued operations of \$2.5 million, or \$0.24 per diluted share.

RFI SETTLEMENT RECEIVES COURT APPROVAL

On March 15th sentencing occurred regarding the previously announced RFI settlement. At sentencing the Court imposed an additional fine of \$0.3 million to be paid within 30 days. Other terms of the settlement remain unchanged.

BACKLOG

Consolidated backlog at January 29, 2005 was \$18.2 million versus backlog at July 31, 2004 of approximately \$25.9 million. The backlog in the Company's Power Conversion Group decreased by \$1.1 million from levels at beginning of the current fiscal year. There was a \$6.6 million decrease in the backlog at its Medical Systems Segment, which reflects a decline due to \$8.8 million in shipments under large tender orders at its international location and a decrease in incoming order rates due to the strong Euro. This decrease was partially offset by increased bookings at our domestic operations. Substantially all of the backlog should result in shipments within the next 12 months.

FINANCIAL CONDITION

Del Global's balance sheet at January 29, 2005 reflected working capital of \$9.2 million, shareholders' equity of \$9.0 million and a stated book value of \$.85 per share. As of January 29, 2005, the Company had approximately \$2.9 million of excess borrowing capacity under its domestic revolving line of credit.

COMPANY PROVIDES UPDATE ON STRATEGIC ALTERNATIVES

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. On October 4, 2004, the Company announced that it had entered into non-binding letters of intent for the sale of both the Medical Systems Group Segment and RFI Corporation ("RFI"), the remainder of the Power Conversion Group Segment. After continued negotiations regarding the sale, on January 18, 2005 the Company signed a new letter of intent for the Medical Systems Group with the same potential buyer. This new letter of intent included a \$1.0 million breakup fee, payable by the Company in the event that no later than March 4, 2005 the

buyer was ready, willing and able to enter into a definitive purchase agreement that was based on the terms of the letter of intent and contained reasonable and customary representations, warranties, terms and conditions relating to the transactions, and the Company elected not to enter into such purchase agreement. While no definitive purchase agreement for the sale of Medical Systems Group has yet been executed by them, the parties continue to negotiate. Although there can be no assurance a breakup fee will not have to be paid, the Company believes that no such fee is payable under the terms of the letter of intent.

The Company intends to call a meeting of its shareholders to seek shareholder approval under New York law for a plan of sale and liquidation of the Company in the event definitive agreements are entered into for either the sale of the Medical Systems Group and RFI or only for the sale of the Medical Systems Group. However, the Board of Directors of the Company has not yet approved any plan of liquidation.

In the event that the Company is unable to secure a definitive agreement for the sale of the Medical Systems Group, it presently intends not to sell RFI. The Company may, however, enter into a definitive agreement to sell the Medical Systems Group without such an agreement with respect to RFI which would then be remarketed as part of the plan of sale and liquidation. The Company's present intent is that without the approval by the Company's shareholders of a plan of sale and liquidation, neither the Medical Systems Group nor RFI will be sold.

There can be no assurance that these non-binding letters of intent will result in definitive agreements or the actual sale of these segments, or that the strategic alternatives process initiated by the Company will lead to any other transactions. Any proceeds that may be received by stockholders of the Company as a result of any plan of liquidation may be more 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 Monday, March 21, 2005 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 (International). A taped replay of the call will be available through 5:00 P.M. Eastern Time on March 28, 2005. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 4822845 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 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

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capital facilities; favorable determinations in various legal and regulatory matters; a settlement of the Department of Defense matter; that does not include 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.

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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		Si
	January 29, 2005	January 31, 2004	Januar 200
	-----	-----	----
NET SALES	\$ 26,609	\$ 26,946	\$ 45
COST OF SALES	19,641	20,415	33
	-----	-----	----
GROSS MARGIN	6,968	6,531	11
Selling, general and administrative	4,396	4,818	7
Research and development	449	425	
Litigation settlement costs	300	3,199	
	-----	-----	----
Total operating expenses	5,145	8,442	8
OPERATING INCOME (LOSS)	1,823	(1,911)	2
Interest expense	(259)	(327)	
Other (expense) income	(26)	(16)	
	-----	-----	----

INCOME (LOSS) FROM CONTINUING OPERATION BEFORE INCOME TAXES AND MINORITY INTEREST	1,538	(2,254)	2
INCOME TAX PROVISION	932	7,356	1
	-----	-----	----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	606	(9,610)	
MINORITY INTEREST	238	279	
	-----	-----	----
INCOME (LOSS) FROM CONTINUING OPERATIONS	368	(9,889)	
Discontinued operations	--	(2,465)	
	-----	-----	----
NET INCOME (LOSS)	\$ 368	\$(12,354)	\$
	=====	=====	=====
NET INCOME (LOSS) PER COMMON SHARE- DILUTED			
Continued operations	\$ 0.03	\$ (0.96)	\$
	-----	-----	----
Discontinued operations	\$ --	\$ (0.24)	\$
	-----	-----	----
Basic and diluted, net	\$ 0.03	\$ (1.20)	\$
	=====	=====	=====
Weighted average number of common shares outstanding:			
Basic	10,477	10,333	10
Diluted	11,416	10,333	11

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONSOLIDATED SUMMARY BALANCE SHEETS
(Dollars in Thousands, except per share data)
(Unaudited)

	January 29, 2005	July 31, 2004
	-----	-----
Current Assets	\$34,324	\$38,214
Total Assets	\$45,662	\$49,261
Current Liabilities	\$25,102	\$30,450
Total Liabilities	\$35,041	\$40,097
Minority Interest in Subsidiary	\$ 1,369	\$ 1,389
Shareholders' Equity	\$ 8,952	\$ 7,775
Common Shares Outstanding End of Period	10,508	10,335

Book Value Per Share

\$.85

\$ 0.75

CONTACT:

Del Global Technologies Corp.
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

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