

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

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Sector	Healthcare
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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) November 6, 2006

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.)

11550 West King Street, Franklin Park, IL

60131

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (847) 288-7000

(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 6, 2006, Del Global Technologies Corp., a New York corporation, (the "Company"), announced its results for the fiscal 2006 fourth quarter and fiscal year 2006.

A copy of the press release is furnished as Exhibit 99.1 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 liabilities of that 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.

(d) EXHIBITS

Exhibit No. -----	Exhibits -----
99.1	Press Release dated November 6, 2006 (announcing 2006 fourth quarter and full year financial results).

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 9, 2006

By: /s/ Mark A. Zorko

Mark A. Zorko
Chief Financial Officer

EXHIBIT INDEX

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year financial results).

DEL GLOBAL TECHNOLOGIES ANNOUNCES PROFITABLE FISCAL 2006
FOURTH QUARTER AND FULL YEAR FINANCIAL RESULTS
Monday November 6, 5:20 pm ET

Q4 FY 2006 HIGHLIGHTS VERSUS Q4 FY 2005

- SALES ROSE 16.3% TO \$24.0 MILLION
- OPERATING INCOME INCREASED TO \$1.7 MILLION
- SHAREHOLDERS' EQUITY UP 38.9% TO \$12.8 MILLION
- BACKLOG AT JULY 29, 2006 ROSE 53.4% TO \$22.4 MILLION

FRANKLIN PARK, Ill.--(BUSINESS WIRE)--Del Global Technologies Corp. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2006 fourth quarter and fiscal year ended July 29, 2006, as well as summary balance sheet data (see attached tables).

FISCAL 2006 FOURTH QUARTER RESULTS

Consolidated net sales for the fourth quarter of fiscal 2006 rose 16.3% to \$24.0 million from \$20.6 million in the same period last year. Sales at the Medical Systems Group increased 21.7% to \$20.9 million from \$17.1 million in the same period one year ago due to higher international sales, which offset lower U.S. sales. As previously announced, U.S. sales have been impacted by consolidation and subsequent reorganization of two national medical distributors; each distributor was a pre-consolidation customer of Del Global. The Medical Systems Group sales team is addressing the impact of this consolidation through a variety of measures, including focusing on national and regional purchasing agreements in the U.S and through increased international marketing efforts. Fiscal 2006 fourth quarter sales at the Power Conversion Business ("RFI") decreased to \$3.1 million from \$3.5 million in the fourth quarter of fiscal 2005 due to decreased demands from an OEM customer.

Consolidated gross margin declined to 24.6% in the fiscal 2006 fourth quarter from 28.9% in same period last year. While gross margin at the Medical Systems Group improved to 22.0% from 21.6%, gross margin at RFI declined to 42.5% from 65.0% in the same period one year ago due to reduced volume.

Selling, general and administrative expenses ("SG&A") during the fourth quarter of fiscal 2006 declined to \$3.5 million, or 14.8% of sales, from \$3.9 million, or 18.9% of sales, in the same period last year. This decline was attributable to reduced legal, accounting and corporate expenses, and RFI's success at maintaining a lower selling cost structure.

Consolidated operating income for the fourth quarter of fiscal 2006 improved by \$0.1 million to \$1.7 million from the same period one year ago. Operating income at the Medical Systems Group improved 26% to \$1.5 million from \$1.2 million in the fourth quarter of fiscal 2005. This offset a decline in operating income at RFI, which posted operating income of \$0.8 million from \$1.4 million in the comparable prior year period. Corporate costs declined to \$0.5 million from \$0.9 million in the fourth quarter of fiscal 2006.

The Company did not provide for a U.S. domestic income tax benefit in the fiscal 2006 fourth quarter due to its domestic net operating loss carry forwards. The tax provision recorded is related to the income of Villa, Del Global's Italian subsidiary.

Net income for the fourth quarter of fiscal 2006 was \$0.7 million, or

\$0.06 per diluted share on approximately 12.2 million weighted average common shares outstanding, from \$0.8 million, or \$0.07 per diluted share on approximately 11.5 million weighted average common shares outstanding, in the same period last year. Net income for the fourth quarter of fiscal 2006 included a loss from discontinued operations of \$0.2 million, or \$0.01 per diluted share.

FISCAL 2006 OVERVIEW

Consolidated net sales declined to \$83.0 million for fiscal year 2006 from \$84.9 million in fiscal 2005. Sales at the Medical Systems Group declined to \$70.3 million from \$70.8 million last year, as higher international sales were offset by lower domestic sales. Of note, international sales in fiscal 2005 included shipments of \$8.8 million under an international Romanian tender order; no such sales were recorded in fiscal 2006. Sales at RFI decreased to \$12.7 million from \$14.1 million in fiscal 2005. Sales at RFI were impacted by catch-ups of late orders from fiscal 2004 during fiscal 2005, and decreased demands from an OEM customer in fiscal 2006 due to a planned move of this production to a customer owned facility.

Consolidated gross margin was 23.3% in fiscal 2006 as compared to 26.3% in fiscal 2005. Lower sales at RFI resulted in a gross margin of 35.5% in fiscal 2006 as compared to 41.0% in fiscal 2005. At the Medical Systems Group, fiscal 2006 gross margins declined to 21.1% from 23.3% in the prior year due to lower domestic and international sales resulting from the effect of product mix and pricing pressure.

SG&A for fiscal 2006 declined to \$13.6 million, or 16.4% of sales, from \$16.5 million, or 19.4% of sales, last year. The decrease was the result of reduced corporate legal and accounting costs, reduced selling costs at both RFI and the Medical Systems Group, as well as higher costs in fiscal 2005 related to a review of strategic alternatives.

Fiscal 2006 operating income was \$3.5 million as compared to operating income of \$3.9 million in fiscal 2005. The Medical Systems Group generated an operating profit of \$3.6 million in fiscal 2006 as compared to an operating profit of \$5.6 million in fiscal 2005, and RFI achieved an operating profit of \$2.4 million in fiscal 2006 as compared to an operating profit of \$2.8 million in fiscal 2005. Unallocated corporate costs declined to \$2.5 million in fiscal 2006 from \$4.6 million last year. Operating income in fiscal 2006 included \$0.5 million of costs related primarily to the previously disclosed settlement of litigation filed during fiscal 2005 by the potential buyers of the Medical Systems Group. Litigation settlement costs were \$0.3 million in fiscal 2005.

The Company has not provided for a U.S. domestic income tax benefit in fiscal 2006 due to its domestic net operating loss carry forwards. The tax provisions recorded are related to the profits of Villa, Del Global's Italian subsidiary.

Net income for fiscal 2006 was \$0.1 million, or \$0.01 per diluted share on approximately 12.1 million weighted average common shares outstanding, as compared to net income of \$0.4 million, or \$0.03 per diluted share on approximately 11.5 million weighted average common shares outstanding, last year. Net income for fiscal 2006 included a loss from discontinued operations of \$0.2 million, or \$0.01 per diluted share. Net income for fiscal 2005 included a gain from discontinued operations of \$0.2 million, or \$0.02 per diluted share.

BACKLOG

Consolidated backlog at July 29, 2006 rose 53.4% to approximately \$22.4 million from approximately \$14.6 million at July 30, 2005. Backlog at RFI increased \$0.2 million from levels at the beginning of the fiscal year, and there was a \$7.5 million increase in the backlog at the Medical Systems Group reflecting domestic increases of \$0.9 million and international increases of

\$7.4 million due to higher bookings during the fiscal 2006 period. Substantially all of the backlog should result in shipments within the next twelve months.

COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer commented, "Del Global Technologies has identified several business challenges during the last year and is developing plans for future growth. The Company's Medical Systems Group operates in a number of growing markets. The management team's challenge in 2007 is to better position the business for the transition from analog products to digital systems with sufficient value added content to grow operating margins. We will be in a better position to share our vision with you later this year. The Company's RFI business continues to serve a niche market for highly engineered power supply components."

FINANCIAL CONDITION

Del Global's balance sheet at July 29, 2006 reflected working capital of \$6.9 million, shareholders' equity of \$12.8 million, and a net book value of \$1.10 per share. As of July 29, 2006, Del Global had approximately \$1.0 million of excess borrowing availability under its domestic revolving credit facility compared to \$0.5 million at July 30, 2005. In addition, as of July 29, 2006, Del Global's Villa subsidiary had an aggregate of approximately \$4.4 million of excess borrowing availability under its various short-term credit facilities. Terms of the Italian credit facilities do not permit the use of borrowing availability to directly finance operating activities at Del Global's U.S. subsidiaries.

ABOUT DEL GLOBAL TECHNOLOGIES

Del Global Technologies Corp. is primarily engaged in the design, manufacture and marketing of high performance diagnostic imaging systems for medical, dental and veterinary applications through the Del Medical Systems Group. Through its U.S. based Del Medical Imaging Corp. and Milan, Italy based Villa Sistemi Medicali S.p.A. subsidiaries the Company offers a broad portfolio of general radiographic, radiographic/fluoroscopic, portable x-ray and digital radiographic systems to the global marketplace. Through its RFI subsidiary, Del Global manufactures proprietary high-voltage power conversion subsystems including 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. The company's web site is <http://www.delglobal.com>.

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 matters; 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.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)
(unaudited)

	Three Months Ended		Twelve Months Ended	
	July 29, 2006	July 30, 2005	July 29, 2006	July 30, 2005
Net Sales	\$ 23,977	\$ 20,613	\$ 83,014	\$ 84,872
Cost of Sales	18,071	14,654	63,656	62,591
Gross Margin	5,906	5,959	19,358	22,281
Selling, General and Administrative	3,548	3,906	13,619	16,452
Research and Development	371	368	1,562	1,636
Litigation Settlement Costs	252	-	697	300
Total Operating Expenses	4,171	4,274	15,878	18,388
Operating Income	1,735	1,685	3,480	3,893
Interest Expense	(368)	(372)	(1,311)	(1,350)
Other Income/ (Expense)	212	63	(34)	97
Income from Continuing Operations Before Income Tax Provision and Minority Interest	1,579	1,376	2,135	2,640
Income Tax Provision	694	497	1,758	2,054
Income From Continuing Operations Before Minority Interest	885	879	377	586
Minority Interest	-	71	108	393
Income From Continuing Operations	885	808	269	193
Discontinued Operations	(175)	-	(175)	199
Net Income	\$ 710	\$ 808	\$ 94	\$ 392
Income (Loss) Per Common Share- Basic				
Continuing Operations	\$ 0.08	\$ 0.08	\$ 0.02	\$ 0.02
Discontinued Operations	(0.02)	-	(0.01)	0.02
Net Income Per Basic Share	\$ 0.06	\$ 0.08	\$ 0.01	\$ 0.04

Income (Loss) Per Common Share-Diluted				
Continuing Operations	\$ 0.07	\$ 0.07	\$ 0.02	\$ 0.01
Discontinued Operations	(0.01)	-	(0.01)	0.02
Net Income Per Diluted Share	\$ 0.06	\$ 0.07	\$ 0.01	\$ 0.03
Weighted Average Number of Common Shares Outstanding (In Thousands):				
Basic	11,636	10,613	11,244	10,490
Diluted	12,209	11,541	12,076	11,465

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

	July 29, 2006	July 30, 2005
Current Assets	\$ 34,959	\$ 31,260
Total Assets	\$ 49,153	\$ 40,776
Current Liabilities	\$ 28,024	\$ 21,138
Total Liabilities	\$ 36,339	\$ 30,275
Minority Interest in Subsidiary	\$ --	\$ 1,273
Shareholders' Equity	\$ 12,814	\$ 9,228
Common Shares Outstanding at the End of the Period	11,636	10,630
Book Value Per Share	\$ 1.10	\$ 0.87

CONTACT:

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Source: Del Global Technologies Corp.