

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

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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) October 9, 2007

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 October 9, 2007, Del Global Technologies Corp., a New York corporation, (the "Company"), announced its results for the fourth quarter and year-ended July 28, 2007.

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 October 9, 2007 (announcing fiscal 2007 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: October 9, 2007

By: /s/ Mark A. Zorko

Mark A. Zorko
Chief Financial Officer

EXHIBIT INDEX

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DEL
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TECHNOLOGIES
CORP.

FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES REPORTS FISCAL 2007
FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS

Q4 FY 2007 HIGHLIGHTS VERSUS Q4 FY 2006

- o NET SALES UP 29.2% TO \$31.0 MILLION
- o NET INCOME ROSE TO \$2.2 MILLION FROM \$710,000
- o DILUTED EARNINGS PER SHARE OF \$0.09
- o CONSOLIDATED BACKLOG AT JULY 28, 2007 INCREASED 26.8% TO \$28.4 MILLION

FRANKLIN PARK, IL - OCTOBER 9, 2007 -- DEL GLOBAL TECHNOLOGIES CORP. (OTCBB: DGTC) ("Del Global" or "the Company") today announced financial results for its fiscal 2007 fourth quarter and year ended July 28, 2007.

Consolidated net sales for the fourth quarter of fiscal 2007 increased 29.2% to \$31.0 million from \$24.0 million in the fourth quarter of fiscal 2006, due to higher sales at the Medical Systems Group and the Power Conversion Group ("RFI"). Net sales at the Medical Systems Group rose 29.4% to \$27.3 million from \$21.9 million in the comparable prior year period. Sales were favorably impacted by growth in international markets for Del Global's Apollo product line. Sales at RFI rose 19.0% to \$3.7 million from \$3.1 million in the prior year period due to increased customer demand during the period.

Consolidated gross margin improved to 26.6% of sales during the fourth quarter of fiscal 2007 from 24.6% of sales in the fourth quarter of fiscal 2006, due to the impact of higher sales volume and better plant utilization. Gross margin at the Medical Systems Group during the fourth quarter of fiscal 2007 improved to 24.1% from 20.9% in the prior year's fourth quarter. Gross margin at RFI increased to 44.8% in the fiscal 2007 fourth quarter from 42.4% in the fiscal 2006 fourth quarter.

Total operating expenses declined to 15.0% of net sales from 17.4% of net sales in the same period one year ago. Selling, general and administrative expenses ("SG&A") for the fourth quarter of fiscal 2007 declined as a percentage of net sales to 13.3% from 14.8% of net sales in the prior year's fourth quarter, the result of an improved cost structure and leverage from the growth in the business. Research and development expenses in the fourth quarter of fiscal 2007 rose to \$0.5 million from \$0.4 million, reflecting continued investment in new product development.

Operating income for the fourth quarter of fiscal 2007 rose 107.9% to \$3.6 million from \$1.7 million in the comparable period last year. Operating income at the Medical Systems Group rose to \$3.0 million from \$1.5 million in the fourth quarter of fiscal 2006. RFI generated operating income of \$0.9 million as compared to \$0.8 million in the same period one year ago. Unallocated corporate expenses for the fourth quarter of fiscal 2007 totaled \$0.3 million as compared to \$0.7 million in the same period last year.

Del Global reported net income in the fourth quarter of fiscal 2007 of \$2.2 million, or \$.09 per diluted share on approximately 24.5 million weighted average common shares outstanding ("shares outstanding"), as compared to a net income of \$0.7 million, or \$.06 per diluted share, on approximately 12.2 million shares outstanding, in the fourth quarter of fiscal 2006. The higher number of outstanding shares in the fiscal 2007 fourth quarter was due primarily to the impact of shares issued in connection with Del Global's Rights Offering, which was completed on March 12, 2007. The Company sold approximately 12.0 million shares of its common stock at \$1.05 per share, generating total net proceeds of \$12.4 million.

BACKLOG

Consolidated backlog at July 28, 2007 rose 26.8% to approximately \$28.4 million from approximately \$22.4 million at July 29, 2006. Backlog at the Medical Systems Group increased by \$5.7 million, reflecting a strong ramp up in orders from international markets, while backlog at RFI increased \$0.3 million from the beginning of the fiscal year. Substantially all of the backlog should result in shipments within the next twelve months.

FINANCIAL CONDITION

Del Global's balance sheet at July 28, 2007 reflected working capital of \$25.0 million, which included \$7.9 million of cash and cash equivalents. As of July 28, 2007, Del Global had approximately \$9.0 million of excess borrowing availability under its domestic revolving credit facility compared to \$1.0 million at July 29, 2006. In addition, as of July 28, 2007, Del Global's Villa subsidiary had an aggregate of approximately \$11.0 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.

COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer commented, "Del Global generated more than \$100 million in annual sales, due in large part to our success in implementing steps to strengthen our management team and overall organization, investments in our operating infrastructure, increased efficiencies, and reinvigorated relationships with distributors and customers worldwide. During the year we introduced new digital systems for medical, veterinary, and chiropractic applications. Our ongoing investments in the digital arena expanded Del Global's portfolio of medical and dental systems which provide greater value, operating efficiencies and diagnostic quality for the customer. We ended a record year for the Company with a strong fourth quarter, highlighted by increases in sales, margins, and net income. Del Global's financial position at July 28, 2007 was among the strongest in its history, highlighted by positive operating cash flow for the fiscal 2007 year, a fortified cash position, improved debt profile, and increased backlog. Based on our improved operating results and strong investor support for our Rights Offering we currently have the financing capacity to supplement our internal growth plans with potential external opportunities. While 2007 represented a positive improvement in the overall business we recognize this coming year will offer many new challenges as the economy appears to be slowing and new domestic policies such as the Deficit Reduction Act potentially adversely impact radiologic exam reimbursements. Nonetheless, we remain confident in our ability to continue to make progress in repositioning the Company."

FISCAL 2007 OVERVIEW

Consolidated net sales increased by 25.5% to \$104.2 million for fiscal year 2007 from \$83.0 million in fiscal 2006, due to increased revenues at the Medical Systems Group and RFI. Sales at the Medical Systems Group rose 29.5% to \$91.0 million from \$70.3 million last year, due to higher international sales, strong dental sales and increased sales of higher priced digital products. Sales at RFI rose by 3.6% to \$13.2 million from \$12.7 million in fiscal 2006, primarily the result of improved sales in the transformer business.

Consolidated gross margin improved to 24.0% in fiscal 2007 from 23.3% in fiscal 2006. Gross margin at the Medical Systems Group rose to 22.1% from 21.1% in fiscal 2006, due to the reversal of warranty reserves as the warranty period on several items expired, offset by lower margins associated with increased sales of digital products. Generally digital products have a higher selling price and a higher cost than non-digital product offerings, resulting in lower gross margins. Higher sales at RFI resulted in a gross margin of 37.3% in fiscal 2007 as compared to 35.5% in fiscal 2006.

SG&A as a percentage of sales declined to 14.0% in fiscal 2007 from 16.4% in fiscal 2006.

Operating income for fiscal 2007 was \$8.4 million, an increase of 141.9% from operating income of \$3.5 million in fiscal 2006. The Medical Systems Group generated operating income of \$7.5 million in fiscal 2007 as compared to \$3.6 million in fiscal 2006, while operating profit at RFI remained stable at \$2.4 million. Unallocated Corporate costs were \$1.5 million for fiscal 2007, a decrease of 40.0% from \$2.5 million in fiscal 2006.

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Net income for fiscal 2007 was \$3.8 million, or \$0.23 per diluted share, on approximately 16.5 million shares outstanding, as compared to net income of \$0.1 million, or \$0.01 per diluted share, on approximately 12.1 million shares outstanding, last year.

INVESTOR CONFERENCE CALL

Del Global will host a conference call on October 10, 2007 at 11:30 AM Eastern Time / 10:30 AM Central Time to discuss these results. The telephone number to join this conference call is (888) 737-9832 (Domestic) or (706) 679-0770 (International). In addition, the conference call will be broadcast live over the Internet under the "Investor Relations" section of Del Global's web site at WWW.DELGLOBAL.COM; click on "Presentations & Webcasts." 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.

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 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.

DEL GLOBAL TECHNOLOGIES CORP.:
James A. Risher
Chief Executive Officer
(847) 288-7065

MEDIA RELATIONS: M. Thomas Boon VP
Global Sales and Marketing (847)
288-7023

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

	Three Months Ended		Twelve Months Ended	
	July 28, 2007	July 29, 2006	July 28, 2007	July 29, 2006
Net Sales	\$ 30,988	\$ 23,977	\$ 104,167	\$ 83,014
Cost of Sales	22,741	18,071	79,150	63,656
Gross Margin	8,247	5,906	25,017	19,358
Selling, General and Administrative	4,134	3,547	14,590	13,619
Research and Development	506	371	2,013	1,562
Litigation Settlement Costs	--	252	--	697
Total Operating Expenses	4,640	4,171	16,603	15,878
Operating Income	3,607	1,735	8,414	3,480
Interest Expense	(106)	(367)	(991)	(1,311)
Other Income/ (Expense)	7	211	(54)	(34)
Income from Continuing				
Operations Before Income Tax				
Provision and Minority Interest	3,508	1,579	7,369	2,135
Income Tax Provision	1,343	693	3,553	1,758
Income From Continuing				
Operations Before Minority Interest	2,165	885	3,816	377
Minority Interest	--	--	--	108
Income From Continuing Operations	2,165	885	3,816	269
Discontinued Operations	--	(175)	--	(175)
Net Income	\$ 2,165	\$ 710	\$ 3,816	\$ 94
INCOME (LOSS) PER COMMON SHARE- BASIC				
Continuing Operations	\$ 0.09	\$ 0.08	\$ 0.24	\$ 0.02
Discontinued Operations	--	(0.02)	--	(0.01)
Net Income Per Basic Share	\$ 0.09	\$ 0.06	0.24	\$ 0.01

INCOME (LOSS) PER COMMON SHARE-DILUTED				
Continuing Operations	\$ 0.09	\$ 0.07	\$ 0.23	\$ 0.02
Discontinued Operations	--	(0.01)	--	(0.01)
	-----	-----	-----	-----
Net Income Per Diluted Share	\$ 0.09	\$ 0.06	\$ 0.23	\$ 0.01
	=====	=====	=====	=====
Weighted Average Number of Common Shares				
Outstanding (In Thousands):				
Basic	24,090	11,636	16,155	11,244
	=====	=====	=====	=====
Diluted	24,499	12,209	16,481	12,076
	=====	=====	=====	=====

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
SELECTED BALANCE SHEET DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	JULY 28, 2007	JULY 29, 2006
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,860	\$ 333
Trade receivables	21,221	17,382
Inventories	21,930	16,436
Prepaid expenses and other current assets	1,180	808
	-----	-----
Total current assets	52,191	34,959
	-----	-----
NON-CURRENT ASSETS:		
Property plant and equipment, net	6,511	6,366
Deferred income taxes	1,011	1,159
Goodwill	6,437	6,437
Other assets	190	232
	-----	-----
Total non-current assets	14,149	14,194
	-----	-----
TOTAL ASSETS	\$66,340	\$49,153
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term credit facilities	\$ --	\$ 5,959
Current portion of long-term debt	1,086	3,557
Accounts payable - trade	17,125	11,037
Accrued expenses	7,432	7,444
Income taxes payable	1,570	27
	-----	-----
Total current liabilities	27,213	28,024
	-----	-----
NON-CURRENT LIABILITIES:		
Long-term debt, less current portion	5,398	5,133

Deferred income taxes	292	302
Other long-term liabilities	3,240	2,880
	-----	-----
Total non-current liabilities	8,930	8,315
	-----	-----
Total liabilities	36,017	36,339
	-----	-----
Total shareholders' equity	30,197	12,814
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$66,340	\$49,153
	=====	=====