

# DGT HOLDINGS CORP.

## FORM 8-K (Current report filing)

Filed 11/26/08 for the Period Ending 11/26/08

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): November 26, 2008

**DEL GLOBAL TECHNOLOGIES CORP.**

(Exact name of registrant as specified in its 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 26, 2008, Del Global Technologies Corp., a New York corporation, (the "Company"), announced its results for the fiscal 2009 first quarter ended November 1, 2008.

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 26, 2008 (announcing fiscal 2009 first quarter 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 26, 2008

By: /s/ Mark A. Zorko

Mark A. Zorko  
Chief Financial Officer

---

## EXHIBIT INDEX

<u>Exhibit No .</u>	<u>Description</u>
99.1	Press Release dated November 26, 2008 (announcing fiscal 2009 first quarter financial results).



**FOR IMMEDIATE RELEASE**

**DEL GLOBAL TECHNOLOGIES REPORTS FISCAL 2009 FIRST QUARTER FINANCIAL RESULTS**

**Q1 FY 2009 Highlights**

- **Net sales of \$22.3 million**
- **Operating Income of \$1.0 million**
- **Diluted earnings per share of \$0.02**
- **New digital product line launches**

**Franklin Park, IL – November 26, 2008 -- Del Global Technologies Corp. (OTCBB: DGTC)** (“Del Global” or “the Company”) today announced financial results for its fiscal 2009 first quarter ended November 1, 2008.

Consolidated net sales for the first quarter of fiscal 2009 decreased 16.6% to \$22.3 million from \$26.7 million in the first quarter of fiscal 2008, due to lower sales at the Medical Systems Group. Net sales at the Medical Systems Group declined 18.8% to \$19.6 million from the comparable prior year period, due to decreased international sales volume attributable to an unusually favorable prior year shipment level on an international contract that was satisfied in full during the second quarter of fiscal 2008, partially offset by increased domestic medical equipment shipments. Sales at the Power Conversion Group (“RFI”) during the first quarter of fiscal 2009 were \$2.7 million, roughly equivalent to sales in the same period last year.

Despite a decline in sales volume, consolidated gross margin remained relatively stable quarter-overquarter at 23.8% of sales during the first quarter of fiscal 2009 as compared to 24.1 % of sales in the first quarter of fiscal 2008. Gross margin at the Medical Systems Group during the first quarter of fiscal 2009 was 22.1% as compared to 22.7% in the prior year’s first quarter, attributable to reduced international shipments, partially offset by increased margin on domestic shipments. Gross margin at RFI declined slightly to 35.7% from 36.5% in the first quarter of fiscal 2008.

Total operating expenses for the first quarter of fiscal 2009 were essentially unchanged from the prior year period, but did include approximately \$0.1 million of restructuring costs and travel expenses related to developing sourcing alliances in the far east. Research and development expenses in the first quarter of fiscal 2009 of \$0.5 million was equal to research and development expense in the same period last year, reflecting Del Global’s continued investment in new product development.

Operating income for the first quarter of fiscal 2009 declined to \$1.0 million from \$2.2 million in the comparable period last year. Operating income at the Medical Systems Group declined to \$0.9 million from \$2.2 million in the first quarter of fiscal 2008 related to the volume reduction from international shipments and increased income from domestic operations. RFI generated operating income of \$0.4 million, equivalent to operating income in the same period last year. Unallocated corporate expenses for the first quarter of fiscal 2009 totaled \$0.3 million as compared to \$0.4 million in the same period last year.

---

Net income in the first quarter of fiscal 2009 declined to \$0.6 million, or \$0.02 per diluted share, from \$1.1 million, or \$0.04 per diluted share. For the first quarter of fiscal 2009, there were approximately 24.3 million weighted average common shares diluted outstanding (“shares outstanding”) as compared to 24.7 million shares outstanding diluted in the first quarter of fiscal 2008. The decrease in diluted shares outstanding was due to the impact of dilutive warrants that expired August 2, 2008 and the expiration of unexercised employee stock options.

### **BACKLOG**

Consolidated backlog at November 1, 2008 was \$23.4 million as compared to \$25.7 million at October 27, 2007. Backlog at the Medical Systems Group increased \$0.1 million from August 2, 2008. Backlog at RFI increased \$0.6 million to \$6.0 million from levels at the beginning of the fiscal year. Substantially all of the backlog should result in shipments within the next 12 to 15 months.

### **FINANCIAL CONDITION**

Del Global’s balance sheet at November 1, 2008 reflected working capital of \$29.4 million, which included \$9.6 million of cash and cash equivalents. As of November 1, 2008, Del Global did not have any outstanding borrowings under its U.S. or Italian revolving credit facilities. In the aggregate, Del Global had approximately \$18.1 million of borrowing availability under its domestic and Italian revolving credit facilities.

### **COMMENTS**

James A. Risher, Del Global’s President and Chief Executive Officer commented, “We are very pleased with our operating results for the first quarter, and continue to believe that we are making the necessary investments in our customer relationships, product portfolio, and operating infrastructure to facilitate continued progress during fiscal 2009. We are excited about our new digital family of products and digital flat panel fluoroscopy that will be showcased at the upcoming RSNA Conference in Chicago. The Del Titan Series of Digital Radiographic products and the Apollo DRF Digital Multi-function R/F system will be highlighted at our booth. We will be introducing additional digital products throughout 2009 that will offer higher image quality at competitive pricing.”

“We recognize, however, that 2009 could be a challenging year as an anticipated deceleration in overall U.S. economic growth combines with new domestic healthcare policies that could adversely affect purchasing behavior. However, the majority of our sales are to international customers, who operate in countries with national healthcare systems, which limits the dependency on U.S. market changes.

“Our financial position is very strong, and we believe that we have ample liquidity to pursue our growth initiatives, which includes strategic acquisitions, as well as fund the previously announced stock buyback program.”

### **ANNUAL MEETING OF SHAREHOLDERS**

Del Global is scheduled to hold its Annual Meeting of Shareholders on December 16, 2008 at 3:00 PM Central Time. The meeting will be held at the Talbott Hotel, 20 E. Delaware Place, Chicago IL, USA.

---

## **INVESTOR CONFERENCE CALL**

Del Global will host a conference call on December 5, 2008 at 11:00 AM Eastern Time / 10:00 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](http://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 30 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](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.

## **DEL GLOBAL TECHNOLOGIES CORP.:**

James A. Risher  
Chief Executive Officer  
(847) 288-7065

Mark A. Zorko  
Chief Financial Officer  
(847) 288-7003

---

**DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In thousands, except per share data)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>November 1, 2008</b>	<b>October 27 2007</b>
Net Sales	\$ 22,291	\$ 26,716
Cost of Sales	16,984	20,285
Gross Margin	<u>5,307</u>	<u>6,431</u>
Selling, General and Administrative	3,843	3,740
Research and Development	489	481
Total Operating Expenses	<u>4,332</u>	<u>4,221</u>
Operating Income	975	2,210
Interest Expense	(55)	(70)
Other Income/ (Expense)	67	(7)
Income from Continuing Operations Before Income Tax Provision	987	2,133
Income Tax Provision	<u>396</u>	<u>1,026</u>
Net Income	<u>591</u>	<u>1,107</u>
Income Per Common Share-Basic	<u>\$ 0.02</u>	<u>\$ 0.05</u>
Weighted Average Shares Outstanding	<u>24,243,259</u>	<u>24,161,407</u>
Income Per Common Share-Diluted	<u>\$ 0.02</u>	<u>\$ 0.04</u>
Weighted Average Shares Outstanding	24,300,277	24,722,392

---

**DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**SELECTED BALANCE SHEET DATA**  
**(In thousands, except per share data)**  
**(Unaudited)**

	<b>November 1, 2008</b>	<b>August 2, 2008</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 9,583	\$ 7,828
Trade receivables	21,199	25,218
Inventories	17,602	18,439
Prepaid expenses and other current assets	1,765	2,085
Total current assets	<u>50,149</u>	<u>53,570</u>
<b>NON-CURRENT ASSETS:</b>		
Property plant and equipment, net	6,703	7,377
Deferred income taxes	660	770
Goodwill	4,526	4,526
Other assets	96	110
Total non-current assets	<u>11,985</u>	<u>12,783</u>
<b>TOTAL ASSETS</b>	<u>\$ 62,134</u>	<u>\$ 66,353</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	1,643	1,797
Accounts payable - trade	10,944	12,191
Accrued expenses	8,128	8,378
Total current liabilities	<u>20,715</u>	<u>22,366</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt, less current portion	3,592	4,504
Other long-term liabilities	2,762	3,320
Total non-current liabilities	<u>6,354</u>	<u>7,824</u>
Total liabilities	<u>27,069</u>	<u>30,190</u>
Total shareholders' equity	<u>35,065</u>	<u>36,163</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 62,134</u>	<u>\$ 66,353</u>