

RICHARDSON ELECTRONICS LTD/DE

Form 8-K

July 24, 2002

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)	<i>July 18, 2002</i>
Exact name of registrant as specified in its charter	<i>Richardson Electronics, Ltd.</i>
State or other jurisdiction of incorporation	<i>Delaware</i>
Commission file Number	<i>0-12906</i>
IRS Employer Identification No.	<i>36-2096643</i>
Address of principal executive office	<i>40W267 Keslinger Road, P. O. Box 393, La Fox, IL</i>
Zip Code	<i>60147-0393</i>
Registrant's telephone number, including area code	<i>630-208-2386</i>

This Current Report on Form 8-K contains a total of 5 pages.

Item 5. Other.**Richardson Posts Sequential Revenue Growth in the Fourth Quarter And Reports Fiscal Year-end 2002 Results**

LaFox, IL, Thursday July 18, 2002: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the fourth quarter of fiscal 2002, which ended May 31, 2002. Revenues in the fourth quarter of 2002 were \$113.9 million, a sequential increase of 4.1% from fiscal third quarter, and 7% down from the previous year. Net earnings were \$1.2 million, or \$0.09 per share, before charges of \$10.3 million, compared to net earnings of \$3.7 million, or \$0.26 for the same quarter last year. The charges are primarily associated with a provision for inventory obsolescence driven by the industry wide decline in sales, a prolonged recovery period, and changes in the Company's mix of business toward higher technology products particularly in the telecom market. The charges also include a provision for uncollectable accounts receivable and severance due to recent management changes.

Including the charges, the Company reported a net loss of \$9.1 million, or \$0.66 per share, for the fourth quarter of fiscal 2002. For the year ended fiscal 2002, the Company recorded sales of \$443.5 million, compared to \$502.4 million in the prior year. Net earnings before the charges described above, and the one-time charges associated with the sale of the Medical Glassware Business in the fiscal third quarter, were \$1.9 million, or \$0.14 per share, compared to prior year net earnings of \$17.7 million, or \$1.21 per share. Including the fiscal fourth quarter charges and the third quarter one-time charges the Company net loss for the fiscal year ended 2002 was \$11.3 million, or \$0.83 per share. Edward J. Richardson, Chairman of the Board and Chief Executive Officer, said, "This has been one of the most challenging years in Company history. We are pleased with our ability to remain profitable (excluding fiscal fourth quarter and one-time charges) through proactive expense controls. Our engineered solutions model, combined with

our global presence and diverse product offering, continues to gain market share." "In addition, the Company took advantage of the depressed environment during fiscal 2002, making several key investments and expanding our strategic partnerships, to position ourselves more competitively than ever before." Richardson concluded, "Although May bookings were the strongest in 17 months, and our book to bill is above 1.0, visibility remains poor, however, our continued investment in our engineered solutions should produce more positive results throughout the year."

Conference Call Tomorrow, Friday July 19, 2002 at 9:00 a.m. CST, Richardson will host a conference call to discuss the fourth quarter earnings release. Joining Mr. Richardson will be Bruce Johnson, President and Chief Operating Officer, Greg Peloquin, Executive Vice President of the RF and Wireless Communications Group and Dario Sacomani, Senior Vice President and Chief Financial Officer. To listen to the call, please dial 800-450-0821 approximately five minutes prior to the start of the call. A replay of the call will be available from 12:30 p.m. on July 19, 2002 through October 18, 2002. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 644686. This release includes certain "forward looking" statements as defined by the SEC. Such statements are not guarantees of future performance since the company's operations involve risks and uncertainties and actual results may differ materially from predictions. Reference is made to the company's Form 10-Q's and 10-K's for a summary of some of the risks that may affect the company's performance.

About Richardson Electronics

Richardson Electronics, Ltd. is a global provider of "engineered solutions," serving the RF and wireless communications, industrial power conversion, security and display systems markets. The Company delivers engineered solutions for its customers' needs through product manufacturing, systems integration, prototype design and assembly, testing and logistics. Press announcements and other information about Richardson are available on the World Wide Web at <http://www.rell.com/investor.asp>

Richardson Electronics, Ltd. Consolidated Condensed Statements of Operations Fourth Quarter Fiscal 2002, Ended May 31, 2002 (in thousands, except per share amounts)

	Three Months		Twelve Months	
	2002	2001	2002	2001
Net sales	\$ 113,881	\$ 122,913	\$ 443,492	\$ 502,369
Cost of products sold	100,850	90,654	349,326	370,819
Gross margin	13,031	32,259	94,166	131,550
Selling, general and administrative expense	24,238	24,001	94,519	94,444
Operating (loss) income	(11,207)	8,258	(353)	37,106
Other expenses, net	2,972	2,812	17,256	10,716
(Loss) income before income taxes	(14,179)	5,446	(17,609)	(1) 26,390
Income (benefit) taxes	(5,104)	1,756	(6,339)	8,656
Net (loss) income	\$ (9,075)	\$ 3,690	\$ (11,270)	(1) \$ 17,734
Net (loss) income per share - basic:				(1)
Net (loss) income per share (Note 2)	\$ (.66)	\$.28	\$ (.83)	\$ 1.33

Average shares outstanding	13,684	13,395	13,617	13,333
Net (loss) income per share - diluted:				
Net (loss) income per share <i>(Note 2)</i>	\$ (.66)	\$.26	\$ (.83)	(1) \$ 1.21
Average shares outstanding	13,684	17,522	13,617	17,568
Dividends per common share	\$.04	\$.04	\$ (.16)	\$.16

Notes:

1. Previously reported quarterly results for the year ended May 31, 2002 have been revised to reflect adoption of FAS 133, "Accounting for Derivative Instruments and Hedging Activities" effective June 1, 2001. Certain revised Consolidated Condensed Statements of Operations amounts for each quarter are as follows:

	First Quarter	Second Quarter	Third Quarter
(Loss) income before taxes	\$ (555)	\$ 1,413	\$ (4,288)
Net (loss) income	(354)	902	(2,743)
Net (loss) income per share basic and diluted	(0.03)	0.07	(0.20)

2. Diluted earnings per share assumes the conversion of the Company's 7 1/4% and 8 1/4% convertible debentures when such assumption is dilutive. Such assumption is anti-dilutive in the three- and twelve-month periods ended May 31, 2002 and dilutive in the three- and twelve- month periods ended May 31, 2001.
3. Proforma net income reconciliation

	Three Months		Twelve Months	
	Net	EPS	Net	EPS
Reported loss	\$ (9,075)	\$ (.66)	\$ (11,270)	\$ (.83)
Loss on medical business	-	-	2,913	.21
Inventory obsolescence charge	9,780	.71	9,780	.72
Accounts Receivable and severance	509	.04	509	.04
Proforma net income	\$ 1,214	\$ 0.09	\$ 1,932	\$.14

Richardson Electronics, Ltd.
Sales and Gross Margin
Fourth Quarter Fiscal 2002, Ended May 31, 2002
(in thousands, unaudited)

By Business Unit:	Sales	Gross Margin
-------------------	-------	--------------

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 8-K

	FY 2002	FY 2001	% Change	FY 2002	GM% of Sales	FY 2001	GM% of Sales
Fourth Quarter							
Wireless	\$ 55,958	\$ 58,926	-5.0%	\$ 12,650	22.6%	\$ 15,156	25.7%
Industrial	19,558	21,996	-11.1%	6,151	31.5%	7,216	32.8%
Security	21,854	19,864	10.0%	5,244	24.0%	4,503	22.7%
Display	14,278	15,189	-6.0%	3,872	27.1%	4,219	27.8%
Medical	1,787	5,919	-69.8%	312	17.5%	1,040	17.6%
Corporate	446	1,019		(15,198)		125	
Total	\$113,881	\$122,913	-7.3%	\$ 13,031	11.4%	\$ 32,259	26.2%
Full Year							
Wireless	\$202,409	\$244,381	-17.2%	\$ 47,467	23.5%	\$ 63,593	26.0%
Industrial	74,578	89,053	-16.3%	24,356	32.7%	30,650	34.4%
Security	85,087	82,352	3.3%	20,080	23.6%	18,932	23.0%
Display	60,697	59,476	2.1%	15,864	26.1%	14,553	24.5%
Medical	17,278	23,289	-25.8%	3,317	19.2%	4,780	20.5%
Corporate	3,443	3,818		(16,918)		(958)	
Total	\$443,492	\$502,369	-11.7%	\$ 94,166	21.2%	\$ 131,550	26.2%

By Area:	Sales			Gross Margin			
	FY 2002	FY 2001	% Change	FY 2002	GM% of Sales	FY 2001	GM% of Sales
Fourth Quarter							
North America	\$ 61,148	\$ 71,841	-14.9%	\$ 15,435	25.2%	\$ 18,282	25.4%
Europe	23,971	25,979	-7.7%	6,106	25.5%	7,374	28.4%
Asia/Pacific	18,487	13,428	37.7%	4,064	22.0%	3,518	26.2%
Latin America	8,136	8,722	-6.7%	2,192	26.9%	2,435	27.9%
Other	1,693	1,924	-12.0%	432	25.5%	525	27.3%
Corporate	446	1,019		(15,198)		125	
Total	\$ 113,881	\$122,913	-7.3%	\$ 13,031	11.4%	\$ 32,259	26.2%
Full Year							
North America	\$ 246,105	\$ 310,211	-20.7%	\$ 62,422	25.4%	\$ 79,388	25.6%
Europe	92,351	99,215	-6.9%	24,261	26.3%	28,241	28.5%
Asia/Pacific	65,534	51,411	27.5%	14,906	22.7%	14,488	28.2%
Latin America	28,943	28,012	3.3%	7,736	26.7%	7,751	27.7%
Other	7,116	9,702	-26.7%	1,759	24.7%	2,640	27.2%
Corporate	3,443	3,818		(16,918)		(958)	
Total	\$ 443,492	\$ 502,369	-11.7%	\$ 94,166	21.2%	\$ 131,550	26.2%

Fiscal 2001 data has been restated to conform with the current presentation.
