

RICHARDSON ELECTRONICS LTD/DE
Form 8-K
June 22, 2004

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): **June 21, 2004**

RICHARDSON ELECTRONICS, LTD

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction

of Incorporation)

0-12906

(Commission

File Number)

36-2096643

(IRS Employer

Identification No.)

40W267 Keslinger Road, P.O. Box 393, La Fox, IL
(Address of Principal Executive Offices)

60147-0393
(Zip Code)

Registrant's telephone number, including area code: **(630) 208-2200**

Item 9. Regulation FD Disclosure

For Immediate Release

For Details Contact:

Ed Richardson

Chairman and Chief Executive Officer

Richardson Electronics, Ltd.

Phone: (630) 208-2340

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Dario Sacomani

Senior Vice President and

Chief Financial Officer

Richardson Electronics, Ltd.

Richardson Reports Record Sales for Fiscal 2004

LaFox, IL, Monday June 21, 2004: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for its fiscal fourth quarter and fiscal year ended May 29, 2004. The Company achieved record sales levels for both the fourth quarter and fiscal year while sales for all strategic business units reached record levels for the fiscal year.

Fourth Quarter Fiscal 2004 Results

Sales in the fourth quarter of fiscal 2004 were a record \$145.4 million, an increase of 22.2% from the prior year's fourth quarter and marked the eighth consecutive quarter of year over year growth. Net income was \$2.4 million, or \$0.17 per share, compared to a net loss of \$11.3 million, or \$0.81 per share, in the fourth quarter of fiscal 2003. The prior year's fourth quarter loss included after-tax charges of \$11.9 million principally related to inventory write-downs, restructuring charges and incremental tax provisions.

Sales in all strategic business units grew in the quarter over the prior year led by RF and Wireless Communications sales growth of 30.4% to \$67.9 million with strong growth in passive, interconnect, network access, and infrastructure sales, particularly in Asia/Pacific. Industrial Power Group sales grew 29.3% to \$31.5 million led by increased power component demand. Sales for the Security Systems Division reached \$25.4 million in the quarter, up 13.1% from the prior year's fourth quarter with strong growth in the United States. Display Systems Group sales increased 3.7% to \$18.7 million with particular strength in specialty display sales.

Asia/Pacific led all geographic areas for the Company with 53.6% sales growth in the quarter to \$32.9 million with exceptional wireless infrastructure growth. North America sales grew 19.6% to \$76.1 million led by increased passive and interconnect demand. Sales in Europe reached \$30.7 million in the quarter, up 11.0% from the prior year, with across the board growth as all strategic business units increased sales. Latin America sales declined 9.5% to \$5.0 million mostly due to the completion of a large broadcast project in the prior year.

Fiscal 2004 Results

For the full fiscal year, sales reached a record \$520.1 million, an increase of 12.0% from fiscal 2003. Net income was \$6.0 million, or \$0.42 per share, compared to a net loss of \$28.0 million, or \$2.03 per share, in fiscal 2003. The prior year's loss included the charges noted above for the fourth quarter and a cumulative effect of an accounting change of \$17.9 million, net of tax.

Sales for all strategic business units reached record levels for the year led by RF & Wireless Communications with sales of \$231.4 million, an increase of 13.2% from fiscal 2003 as passive, interconnect and network access sales experienced strong growth. Industrial Power Group sales grew 18.0% to \$112.7 million led by increased power component demand. Sales for the Security Systems Division exceeded \$100 million for the first time, up 10.7% from fiscal 2003 to \$102.0 million with strong growth in Canada and renewed growth in the United States, principally due to an increase in digital video recorder sales. Display Systems Group sales reached \$66.5 million in fiscal 2004, an increase of 3.5% over the prior year, with strength in the specialty display and

medical monitor businesses.

Geographically, the Company's sales in Asia/Pacific and Europe reached record levels for fiscal 2004. Asia/Pacific sales grew 33.2% over fiscal 2003 to \$104.1 million led by strong wireless infrastructure and network access sales growth. Sales in Europe reached \$116.8 million, an increase of 13.3% from the prior year, with increased network access and industrial power demand. North America sales grew to \$275.6 million, up 6.2% from fiscal 2003, led by security systems sales growth. Sales in Latin America declined 2.2% to \$20.1 million as decreased broadcast demand was partially offset by increased industrial power demand.

"We are extremely pleased with the record demand that we saw across all of our strategic business units, especially in the Asia/Pacific region which continued to be our strongest market and fastest growing region," said Edward J. Richardson, Chairman of the Board and Chief Executive Officer. "We look forward to building off fiscal 2004's record performance as we continue to pursue new sales levels and earnings growth utilizing our engineered solutions strategy."

On Tuesday, June 22, 2004 at 7:00 a.m. CDT, Mr. Edward J. Richardson, Chairman and Chief Executive Officer will host a conference call to discuss the release. A question and answer session will be included as part of the call's agenda. To listen to the call, please dial 888-273-9887 approximately five minutes prior to the start of the call. A replay of the call will be available from 10:30 a.m. on June 22, 2004 through September 23, 2004. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 735771.

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 manufacture, 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
Twelve Months Ended May 29, 2004
(in thousands, except per share amounts, unaudited)

	Three Months		Twelve Months	
	FY 2004	FY 2003	FY 2004	FY 2003
Net sales	\$ 145,374	\$ 118,935	\$ 520,069	\$ 464,517
Cost of products sold	109,015	104,114	392,117	365,427
Gross margin	36,359	14,821	127,952	99,090
Selling, general and administrative expense	30,104	26,594	108,545	100,749
Operating income (loss)	6,255	(11,773)	19,407	(1,659)
Other expenses, net	2,903	3,337	10,837	11,484
Income (loss) before income tax and cumulative effect of accounting change	3,352	(15,110)	8,570	(13,143)
Income tax provision (benefit)	916	(3,837)	2,537	(3,012)
Income (loss) before cumulative effect of accounting change	2,436	(11,273)	6,033	(10,131)
Cumulative effect of accounting change, net of tax (Note 1)	-	-	-	(17,862)
Net income (loss)	\$ 2,436	\$ (11,273)	\$ 6,033	\$ (27,993)

Income (loss) per share - basic:

Income (loss) per share before cumulative effect of accounting change	\$.17	\$ (.81)	\$.43	\$.72
Cumulative effect of accounting change, net of tax	-	-	-	(1.31)
Net income (loss) per share	\$.17	\$ (.81)	\$.43	\$ (2.03)
Average shares outstanding	14,153	13,860	14,040	13,809

Income (loss) per share - diluted:

Income (loss) per share before cumulative effect of accounting change	\$.17	\$ (.81)	\$.42	\$.73
Cumulative effect of accounting change, net of tax	-	-	-	(1.30)
Net income (loss) per share	\$.17	\$ (.81)	\$.42	\$ (2.03)
Average shares outstanding	14,553	13,860	14,418	13,809

Dividends per common share

\$.04	\$.04	\$.16	\$.16
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Notes: 1. Effective June 1, 2002, the Company adopted SFAS 142, "Goodwill and Other intangible Assets" and as result recorded a cumulative effect adjustment of \$17,862, net of taxes of \$3,725 to write-off impaired goodwill.

Richardson Electronics, Ltd.
Sales and Gross Margin
Fourth Quarter Fiscal 2004, Ended May 29, 2004
(in thousands, unaudited)

By Business Unit:	Sales			Gross Margin			
	FY 2004	FY 2003	% Change	FY 2004	GM% of Sales	FY 2003	GM% of Sales
Fourth Quarter							
RFWC	\$ 67,896	\$ 52,050	30.4%	\$ 15,150	22.3%	\$ 11,608	22.3%
IPG	31,505	24,359	29.3%	9,964	31.6%	7,287	29.9%
SSD	25,438	22,489	13.1%	6,626	26.0%	5,633	25.0%
DSG	18,696	18,022	3.7%	4,973	26.6%	4,241	23.5%
Other	1,839	2,015		(354)		(13,948)	
Total	\$145,374	\$118,935	22.2%	\$ 36,359	25.0%	\$ 14,821	12.5%
Fiscal Year To Date						\$ 45,687	22.3%
RFWC	\$231,389	\$204,427	13.2%	\$ 52,340	22.6%	29,523	30.9%
IPG	112,737	95,508	18.0%	34,694	30.8%	22,939	24.9%
SSD	101,979	92,090	10.7%	26,045	25.5%	16,218	25.3%
DSG	66,452	64,191	3.5%	17,105	25.7%	(15,277)	
Other	7,512	8,301		(2,232)			

Total	\$520,069	\$464,517	12.0%	\$ 127,952	24.6%	\$ 99,090	21.3%
By Area:							
	Sales			Gross Margin			
	FY 2004	FY 2003	% Change	FY 2004	GM% of Sales	FY 2003	GM% of Sales
Fourth Quarter							
North America	\$ 76,066	\$ 63,599	19.6%	\$ 19,562	25.7%	\$ 16,633	26.2%
Europe	30,715	27,676	11.0%	8,804	28.7%	7,679	27.7%
Asia/Pacific	32,948	21,456	53.6%	7,077	21.5%	4,695	21.9%
Latin America	4,968	5,490	-9.5%	1,324	26.7%	1,220	22.2%
Corporate	677	714		(408)		(15,406)	
Total	\$ 145,374	\$118,935	22.2%	\$ 36,359	25.0%	\$ 14,821	12.5%
Fiscal Year To Date							
North America	\$ 275,622	\$ 259,640	6.2%	\$ 71,894	26.1%	\$ 67,863	26.1%
Europe	116,820	103,129	13.3%	33,709	28.9%	28,387	27.5%
Asia/Pacific	104,068	78,146	33.2%	23,304	22.4%	17,895	22.9%
Latin America	20,074	20,523	-2.2%	4,869	24.3%	5,274	25.7%
Corporate	3,485	3,079		(5,824)		(20,329)	
Total	\$ 520,069	\$ 464,517	12.0%	\$ 127,952	24.6%	\$ 99,090	21.3%

Note: Fiscal 2003 data has been reclassified to conform with the fiscal 2004 presentation. The modifications include:
- reclassifying broadcast tubes from RF and Wireless Communication Group (RFGC) to Industrial Power Group; and
- reclassifying direct export and a portion of Corporate to identified geographic areas based on ship to location.
Europe includes Sales and Gross margins to Middle East and Africa.
Corporate consists of Freight and non-area specific Sales and Gross Margin.

Richardson Electronics, Ltd.
Consolidated Condensed Balance Sheets
(in thousands)

	(unaudited) May 29, 2004	May 31, 2003
ASSETS		
Current assets:		
Cash and equivalents	\$ 16,927	\$ 16,874
Accounts receivable, net	106,130	85,355
Inventories	92,297	95,896
Other	19,739	26,320
Total current assets	235,093	224,445
Property, plant and equipment, net	30,589	31,088
Goodwill and intangible assets	6,726	6,129

Other assets	13,309	3,269
Total assets	<u>\$ 285,717</u>	<u>\$ 264,931</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 33,473	\$ 23,660
Other accrued liabilities	18,663	16,880
Current portion of long-term debt	4,027	46
Total current liabilities	<u>56,163</u>	<u>40,586</u>
Long-term debt	133,813	138,396
Other liabilities	11,631	10,318
Total liabilities	<u>201,607</u>	<u>189,300</u>
Stockholders' equity	84,110	75,631
Total liabilities and equity	<u>\$ 285,717</u>	<u>\$ 264,931</u>

Note: May 31, 2003, data has been reclassified to conform with the May 29, 2004 presentation.

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.

Dated: June 21, 2004

RICHARDSON ELECTRONICS, LTD

By: /s/ DARIO SACOMANI

Name: Dario Sacomani
Title: Senior Vice President and
Chief Financial Officer