

RICHARDSON ELECTRONICS LTD/DE

Form 8-K

December 20, 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>December 17, 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>630-208-2200</i>

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

Item 9. Regulation FD Disclosure**Richardson Reports Sales Increased 9.5% Sequentially in the Second Quarter**

LaFox, IL, Tuesday December 17, 2002: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the second quarter of fiscal 2003, which ended November 30, 2002. Revenues in the second quarter of 2003 were \$119.0 million, an increase of 9.5% from the previous quarter. Revenues from continuing operations, excluding the Medical Glassware Business sold in February 2002, increased 6.5% from the prior year. Net earnings were \$1.2 million, or \$0.09 per share, compared to net earnings of \$0.9 million, or \$0.07 per share for the same quarter last year.

The Company's three largest business units, RF & Wireless Communications, Security Systems, and Industrial Products, and three largest regions, North America, Europe and Asia Pacific, all recorded revenue growth over the same quarter and six-month period last year.

Edward J. Richardson, Chairman of the Board and Chief Executive Officer, said, "The strong broad based growth achieved across our largest strategic business units we believe demonstrates the global demand for our engineered solutions strategy."

For the six-month period, revenues from continuing operations in the six months increased 6.9% from the prior year. Overall revenues were \$227.6 million, an increase of 3.4% from the six-month period a year ago. Net earnings, before cumulative effect of change in accounting principle, in the six months were \$1.5 million, or \$0.11 per share, compared to \$0.5 million, or \$0.04 per share a year ago.

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets", effective June 1, 2002. In accordance with the transitional rules for this pronouncement, the Company completed its evaluation of the carrying value of goodwill and determined that the carrying value exceeded the fair value in certain instances. As a result of this new pronouncement, Richardson recorded an impairment charge of \$17.9 million net of tax, or \$1.28 per share, which has been recorded as a cumulative effect of accounting change in the first quarter of fiscal 2003.

"This was the second consecutive quarter of growth compared to the declines we experienced last year," added Mr. Richardson. "This improvement combined with the strong bookings that we have experienced so far suggests that the worst is behind us, and we are returning to normal market conditions. "

Mr. Richardson concluded, "Bookings were up 17% sequentially in the quarter with all four business units growing. We have solid momentum going into the second half of our fiscal year to continue market share gains and year-over-year growth in an otherwise non-eventful economy."

On Wednesday, December 18, 2002 at 9:00 a.m. CST, 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 800-553-0272 approximately five minutes prior to the start of the call. A replay of the call will be available from 12:30 p.m. on December 18, 2002 through March 25, 2003. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 663870.

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
Second Quarter Fiscal 2003, Ended November 30, 2002
(in thousands, except per share amounts)

	Three Months		Six Months	
	FY 2003	FY 2002	FY 2003	FY 2002
Net sales	\$ 118,958	\$ 115,499	\$ 227,572	\$ 220,180
Cost of products sold	90,045	87,118	171,505	165,325
Gross margin	28,913	28,381	56,067	54,855
Selling, general and administrative expense	24,458	23,312	48,704	46,854
Operating income	4,455	5,069	7,363	8,001

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

Other expenses, net	2,595	3,656	5,059	7,144
Income before income taxes and cumulative effect of accounting change	1,860	1,413	2,304	857
Income taxes	670	511	830	309
Net income before cumulative effect of accounting change	1,190	902	1,474	548
Cumulative effect of accounting change, net of tax (Note 1)	-	-	(17,862)	-
Net income (loss)	\$ 1,190	\$ 902	\$ (16,388)	\$ 548
Net income (loss) per share - basic:				
Net income per share before cumulative effect of accounting change	\$.09	\$.07	\$.11	\$.04
Cumulative effect of accounting change, net of tax	-	-	(1.30)	-
Net income(loss) per share	\$.09	\$.07	\$ (1.19)	\$.04
Average shares outstanding	13,789	13,614	13,785	13,570
Net income (loss) per share - diluted:				
Net income per share before cumulative effect of accounting change	\$.09	\$.07	\$.11	\$.04
Cumulative effect of accounting change, net of tax	-	-	(1.28)	-
Net income(loss) per share	\$.09	\$.07	\$ (1.17)	\$.04
Average shares outstanding	13,871	13,806	14,004	13,883

Notes:

1. During the quarter ended November 30, 2002, the Company adopted SFAS 142, "Goodwill and Other intangible Assets" effective June 1, 2002 and as result recorded a cumulative effect adjustment of \$17,862, net of taxes of \$3,725 to write-off impaired goodwill. Previously reported quarterly results for the quarter ended August 31, 2002 have been revised to reflect adoption of SFAS 142, "Goodwill and Other Intangible Assets" effective June 1, 2002. First quarter Consolidated Condensed Statements of Operations amounts are as follows:

	First Quarter
Net income as previously reported	\$ 284
Cumulative effect of accounting change, net of tax	(17,862)
Net loss as revised	(17,578)
Net income per share - basic as previously reported	\$ 0.02
Cumulative effect of accounting change, net of tax	(1.30)

Net loss per share - basic as revised	(1.28)
Net income per share - diluted as previously reported	\$ 0.02
Cumulative effect of accounting change, net of tax	(1.26)
Net loss per share - diluted as revised	(1.24)

Richardson Electronics, Ltd.
Sales and Gross Margin
Second Quarter Fiscal 2003, Ended November 30, 2002
(in thousands, unaudited)

By Business Unit:	Sales			Gross Margin			
	FY 2003	FY 2002	% Change	FY 2003	GM% of Sales	FY 2002	GM% of Sales
Second Quarter							
RFWC	\$ 58,386	\$ 53,077	10.0%	\$ 13,091	22.4%	\$ 12,546	23.6%
IPG	19,707	18,750	5.1%	6,480	32.9%	6,164	32.9%
SSD	23,989	21,491	11.6%	6,013	25.1%	5,084	23.7%
DSG	14,833	15,839	-6.4%	3,993	26.9%	4,001	25.3%
MSG	245	3,981	-93.8%	31	12.7%	818	20.5%
Corporate	1,798	2,361		(695)		(232)	
Total	\$118,958	\$115,499	3.0%	\$ 28,913	24.3%	\$ 28,381	24.6%
Excluding MSG	\$118,713	\$111,518	6.5%	\$ 28,882	24.3%	\$ 27,563	24.7%
Full Year							
RFWC	\$110,187	\$97,540	13.0%	\$ 24,975	22.7%	\$ 23,736	24.3%
IPG	38,469	37,534	2.5%	12,891	33.5%	12,561	33.5%
SSD	46,396	41,880	10.8%	11,447	24.7%	9,869	23.6%
DSG	28,122	30,701	-8.4%	7,596	27.0%	7,709	25.1%
MSG	844	8,057	-89.5%	187	22.2%	1,751	21.7%
Corporate	3,554	4,468		(1,029)		(771)	
Total	\$227,572	\$220,180	3.4%	\$ 56,067	24.6%	\$ 54,855	24.9%