

STANDEX INTERNATIONAL CORP/DE/
Form 10-Q
April 30, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-7233

STANDEX INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

DELAWARE
(State of incorporation)

31-0596149
(IRS Employer Identification No.)

11 KEEWAYDIN DRIVE, SALEM, NEW HAMPSHIRE
(Address of principal executive offices)

03079
(Zip Code)

(603) 893-9701

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares of Registrant's Common Stock outstanding on April 27, 2019 was 12,651,101.

STANDEX INTERNATIONAL CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1

**STANDEX INTERNATIONAL CORPORATION
Condensed Consolidated Balance Sheets**

	March 31, 2019	June 30,
	(unaudited)	2018
(In thousands, except per share data)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 96,041	\$ 109,602
Accounts receivable, net of reserve for doubtful accounts of	115,782	119,783

\$1,777 and \$2,184 at March 31, 2019 and June 30, 2018

Inventories		103,383		104,300
Prepaid expenses and other current assets		27,115		10,255
Income taxes receivable		3,320		2,348
Current assets- Discontinued Operations		106,863		37,671
Total current assets		452,504		383,959
Property, plant, and equipment, net		139,432		136,934
Intangible assets, net		111,505		84,938
Goodwill		260,443		211,751
Deferred tax asset		9,645		7,447
Other non-current assets		29,812		29,749
Long-term assets-Discontinued Operations		-		62,159
Total non-current assets		550,837		532,978
Total assets	\$	1,003,341	\$	916,937

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$	61,358	\$	78,947
Accrued liabilities		61,147		57,679
Income taxes payable		4,762		6,050
Current liabilities-Discontinued Operations		2,561		18,665
Total current liabilities		129,828		161,341
Long-term debt		291,725		193,772
Accrued pension and other non-current liabilities		102,171		110,979
Non-current liabilities-Discontinued Operations		-		50
Total non-current liabilities		393,896		304,801
Stockholders' equity:				
Common stock, par value \$1.50 per share, 60,000,000 shares authorized, 27,984,278 issued, 12,531,735 and 12,705,562 outstanding at March 31, 2019 and June 30, 2018		41,976		41,976
Additional paid-in capital		63,774		61,328
Retained earnings		808,417		761,430
Accumulated other comprehensive loss		(124,417)		(121,859)
Treasury shares: 15,452,543 shares at March 31, 2019 and 15,278,716 shares at June 30, 2018		(310,133)		(292,080)
Total stockholders' equity		479,617		450,795
Total liabilities and stockholders' equity	\$	1,003,341	\$	916,937

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Operations

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Net sales	\$ 193,771	\$ 192,147	\$ 582,380	\$ 566,982
Cost of sales	131,981	126,035	384,402	371,882
Gross profit	61,790	66,112	197,978	195,100
Selling, general, and administrative expenses	45,390	44,979	136,555	131,830
Acquisition related costs	805	1,254	2,352	2,962
Restructuring costs	549	1,060	1,173	5,792
Total operating expenses	46,744	47,293	140,080	140,584
Income from operations	15,046	18,819	57,898	54,516
Interest expense	(3,230)	(2,286)	(8,598)	(5,800)
Other non-operating expense, net	(679)	(1,014)	(1,694)	(1,350)
Income from continuing operations before income taxes	11,137	15,519	47,606	47,366
Provision for income taxes	3,833	3,696	13,535	27,312
Net income from continuing operations	7,304	11,823	34,071	20,054
Income (loss) from discontinued operations, net of				
income taxes	18,965	977	21,450	3,940
Net income	\$ 26,269	\$ 12,800	\$ 55,521	\$ 23,994
Basic earnings per share:				
Continuing operations	\$ 0.58	\$ 0.93	\$ 2.70	\$ 1.58
Discontinued operations	1.51	0.08	1.70	0.31
Total	\$ 2.09	\$ 1.01	\$ 4.40	\$ 1.89
Diluted earnings per share:				
Continuing operations	\$ 0.58	\$ 0.92	\$ 2.69	\$ 1.57
Discontinued operations	1.51	0.08	1.69	0.31
Total	\$ 2.09	\$ 1.00	\$ 4.38	\$ 1.88
Cash dividends per share	\$ 0.20	\$ 0.18	\$ 0.58	\$ 0.52

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Comprehensive Income

(In thousands)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Net income	\$ 26,269	\$ 12,800	\$ 55,521	\$ 23,994
Other comprehensive income (loss):				
Defined benefit pension plans:				
Actuarial gains (losses) and other changes in unrecognized costs	\$ (30)	\$ (285)	\$ 250	\$ (623)
Amortization of unrecognized costs				