

STEWART & STEVENSON SERVICES INC

Form 10-Q

December 07, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**



# FORM 10-Q



(Mark One)

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

For the quarterly period ended October 30, 2004

OR

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

For the transition period from                      to

Commission file number 0-8493

**STEWART & STEVENSON SERVICES, INC.**

(Exact name of registrant as specified in its charter)

Texas

74-1051605

Edgar Filing: STEWART & STEVENSON SERVICES INC - Form 10-Q

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**2707 North Loop West, Houston, Texas**  
(Address of principal executive offices)

**77008**  
(Zip Code)

**(713) 868-7700**

(Registrant's telephone number, including area code)

**not applicable**

(Former name, former address and former fiscal year,  
if changed since last report)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of each of the registrant's classes of common stock, as of November 29, 2004:

**Common Stock, without Par Value: 28,786,398 Shares**

---

**PART I. FINANCIAL INFORMATION**





**Item 1. Financial Statements**

The following information required by Rule 10-01 of Regulation S-X is provided herein for Stewart & Stevenson Services, Inc. and Subsidiaries (collectively, the Company ):

Consolidated Condensed Balance Sheets October 30, 2004 and January 31, 2004.

Consolidated Condensed Statements of Operations Three and Nine Months Ended October 30, 2004 and November 1, 2003.

Consolidated Condensed Statements of Cash Flows Three and Nine Months Ended October 30, 2004 and November 1, 2003.

Notes to Consolidated Condensed Financial Statements.

## STEWART &amp; STEVENSON SERVICES, INC. AND SUBSIDIARIES

## CONSOLIDATED CONDENSED BALANCE SHEETS

*(In thousands, except share data)*

	October 30, 2004 (Unaudited)	January 31, 2004
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 75,599	\$ 53,959
Short-term investments	7,430	7,745
Accounts receivable, net	130,086	150,102
Recoverable costs and accrued profits not yet billed	25,863	21,653
Inventories	140,185	146,277
Excess of current cost over LIFO values	(42,546)	(41,311)
Deferred income tax asset	23,548	20,349
Income tax receivable	8,594	25,846
Other current assets	6,250	17,240
Total assets of discontinued operations	69,373	44,715
Total Current Assets	444,382	446,575
Property, Plant and Equipment, net	124,382	135,417
Deferred Income Tax Asset	5,533	12,205
Intangibles and Other Assets, net	9,411	9,263
Total Assets	\$ 583,708	\$ 603,460
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Notes payable	\$ 1,512	\$ 1,932
Current portion of long-term debt	250	250
Accounts payable	66,337	67,996
Accrued payrolls and incentives	21,791	17,445
Billings in excess of incurred costs	35,173	69,376
Estimated losses on uncompleted contracts	6,611	16,306
Other current liabilities	47,645	41,164
Total liabilities of discontinued operations	27,578	8,472
Total Current Liabilities	206,897	222,941
Long-Term Debt, net of current portion	25,883	26,260
Accrued Postretirement Benefits and Pension	42,622	52,056
Other Long-Term Liabilities	3,724	4,720
Total Liabilities	279,126	305,977
<b>Shareholders' Equity:</b>		
Common stock, without par value, 100,000,000 shares authorized; 28,780,273 and 28,644,510 shares issued, respectively	58,733	57,056
Accumulated other comprehensive loss	(26,173)	(25,534)
Retained earnings	272,022	265,961
Total Shareholders' Equity	304,582	297,483
Total Liabilities and Shareholders' Equity	\$ 583,708	\$ 603,460

*See accompanying notes to consolidated condensed financial statements.*



**STEWART & STEVENSON SERVICES, INC. AND SUBSIDIARIES**

**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**

*(In thousands, except per share data)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>October 30, 2004</b>	<b>November 1, 2003</b>	<b>October 30, 2004</b>	<b>November 1, 2003</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Sales	\$ 291,160	\$ 275,660	\$ 864,961	\$ 845,687
Cost of sales	254,686	255,625	755,349	747,717
Gross profit	36,474	20,035	109,612	97,970
Selling and administrative expenses	25,966	38,072	80,813	103,809
Pension curtailment expense				2,400
Other income, net	(1,270)	(51)	(3,944)	