DRS TECHNOLOGIES INC Form 10-Q August 08, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended June 30, 2005TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934For the transition period fromto

Commission file number 1-8533

DRS Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 13-2632319 (IRS Employer Identification No.)

5 Sylvan Way, Parsippany, New Jersey 07054 (Address of principal executive offices)

(973) 898-1500

(Registrant s telephone number, including area code)

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 and 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 x No o

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

As of August 4, 2005, 27,893,503 shares of DRS Technologies, Inc. \$0.01 par value common stock were outstanding.

DRS TECHNOLOGIES, INC. AND SUBSIDIARIES

Index to Quarterly Report on Form 10-Q For the Quarter Ended June 30, 2005

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

DRS TECHNOLOGIES, INC. AND SUBSIDIARIES Consolidated Balance Sheets (in thousands, except share data)

(Unaudited)

Cash and cash equivalents \$ 223,652 \$ 306,852 Accounts receivable, net of allowances for doubtful accounts of \$2.933 and \$2,659 as of		June 30, 2005	March 31, 2005
Cash and cash equivalents \$ 223,652 \$ 306,852 Accounts receivable, net of allowances for doubtful accounts of \$2.933 and \$2,659 as of	Assets		
Accounts receivable, net of allowances for doubtful accounts of \$2,933 and \$2,659 as of 244,685 237,912 June 30, 2005 and March 31, 2005, respectively 221,447 208,141 Prepaid expenses, deferred income taxes and other current assets 48,798 42,134 Total current assets 78,582 795.099 Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at 142,137 143,264 Acquired intangible assets, net 105,478 100,030 Goodwill 851,536 815,407 Other noncurrent assets 32,281 32,901 Total sects 32,281 32,901 Current liabilities and Stockholders Equity 112,222 Accounts payable 123,542 111,222 Accourde sepenses and other current liabilities 35,832 45,235 Current liabilities 385,832 415,235 Current liabilities 36,600 72,361 Total current liabilities 76,620 72,361 Conder sequity 1,179,150 1,215,213 Conter liabilities 76,620 72,367 Total current liabilitites 76,620 72,367	Current assets		
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Inventories, net 221,447 208,141 Prepaid expenses, deferred income taxes and other current assets 48,798 42,134 Total current assets 738,582 795,039 Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at 142,137 143,264 Acquired intangible assets, net 105,478 100,030 Goodwill Goodwill 851,536 815,407 100,030 Other noncurrent assets 32,281 32,901 \$1,870,014 \$1,886,641 Current liabilities and Stockholders Equity Current installments of long-term debt \$ 2,606 \$ 2,652 Accruced expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 704 liabilities Total account pay able 1,179,150 1,215,213 100 Other liabilities 7,79,694 72,661 72,667 Total current liabilities 7,79,70	Accounts receivable, net of allowances for doubtful accounts of \$2,933 and \$2,659 as of		
Prepaid expenses, deferred income taxes and other current assets 48,798 42,134 Total current assets 738,582 795,039 Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at 142,137 143,264 Acquired intangible assets, net 105,478 100,030 600,030 Goodwill 851,536 815,407 000,030 Other noncurrent assets 32,281 32,901 32,801 Total assets \$1,870,014 \$1,886,641 102,912 Current liabilities and Stockholders Equity 111,222 42,666 \$2,652 Current installments of long-term debt \$2,606 \$2,652 42,535 45,235 Courrent liabilities 385,832 415,235 45,235 45,235 Long-term debt, excluding current installments 716,698 72,611 72,611 Other install contingencies (Notes 2, 7 and 14) 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) 51,252,132 52,0694 32,005 Total labilities 77,70 75 7 <td< td=""><td>June 30, 2005 and March 31, 2005, respectively</td><td>244,685</td><td>237,912</td></td<>	June 30, 2005 and March 31, 2005, respectively	244,685	237,912
Total current assets 738,582 795,039 Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at 142,137 143,264 Acquired intangible assets, net 105,478 100,030 Goodwill \$51,536 \$15,407 Other noncurrent assets 32,281 32,901 Total assets \$1,870,014 \$1,886,641 Current liabilities and Stockholders Equity \$1,870,014 \$1,886,641 Current liabilities \$2,606 \$2,652 Accounts payable 123,542 111,222 Accoured expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 76,620 72,367 Total liabilities 71,9150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) 52 52 Stockholders equity 277 275 Additional paid-in capital 474,310 467,027 Retained earnings 213,113	Inventories, net	221,447	208,141
Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at 142,137 143,264 Acquired intangible assets, net 105,478 100,030 Goodwill 851,536 815,407 Other noncurrent assets 32,281 32,901 Total assets 32,281 32,901 Current inabilities and Stockholders Equity \$1,870,014 \$1,886,641 Current inabilities 123,542 111,222 Current installments of long-term debt \$ 2,606 \$ 2,652 Accounts payable 123,542 111,222 Accrued expenses and other current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 76,620 72,367 Total liabilities 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) 5 5 Stockholders equity 275 Additional paid-in capital 474,310 467,027 Z1729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively 277 275 <	Prepaid expenses, deferred income taxes and other current assets	48,798	42,134
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Acquired intangible assets, net 105,478 100,030 Goodwill 851,536 815,407 Other noncurrent assets 32,281 32,901 Total assets \$1,870,014 \$1,886,641 Liabilities and Stockholders Equity Current liabilities \$2,606 \$2,652 Accoud spayable 123,542 111,222 Accrued expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 72,000,000 shares; none issued at June 30, 2005 30,205 and March 31, 2005 277 275 Additional paid-in capital 474,310 467,027 Accuru dary,472,495 shares at June 30, 2005 and March 31, 2005, re	Property, plant and equipment, less accumulated depreciation of \$109,189 and \$101,335 at		
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Other noncurrent assets 32,281 32,901 Total assets \$1,870,014 \$1,886,641 Liabilities and Stockholders Equity Current liabilities 2,606 \$2,652 Accounts payable 123,542 111,222 Accrued expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) 5 5 Stockholders equity 77 275 Preferred stock, no par value. Authorized 50,000,000 shares; issued 213,113 199,924 Additional paid-in capital 474,310 467,027 Additional paid-in capital 4,840 6,198 Aucumulated other comprehensive earnings 4,840 6,198 Accumulated other compensation (1,676 (1,996)	Acquired intangible assets, net	105,478	100,030
Total assets \$ 1,870,014 \$ 1,886,641 Liabilities and Stockholders Equity Current liabilities \$ 2,606 \$ 2,652 Accounts payable 123,542 111,222 Accrued expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) Yer Yer Stockholders equity Yer 75 Yer Preferred stock, no par value. Authorized 2,000,000 shares; isoued 277 275 Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; isoued 277, 279,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively 277 275 Additional paid-in capital 467,027 467,027 245 Retained earnings 213,113 199,924 45,007 Retained earnings 4,840 6,198 10,1996) Unamortized stock compensation (1,676 (1,996 <td>Goodwill</td> <td>851,536</td> <td>815,407</td>	Goodwill	851,536	815,407
Liabilities and Stockholders EquityCurrent liabilitiesCurrent installments of long-term debt\$ 2,606\$ 2,652Accounts payable123,542111,222Accrued expenses and other current liabilities259,684301,361Total current liabilities385,832415,235Long-term debt, excluding current installments716,698727,611Other liabilities76,62072,367Total liabilities76,62072,367Total liabilities1,179,1501,215,213Commitments and contingencies (Notes 2, 7 and 14)Stockholders equityPreferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005Preferred stock, no par value per share. Authorized 50,000,000 shares; issued277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676(1,996)Total stockholders equity690,864671,428	Other noncurrent assets	32,281	32,901
Current liabilities \$ 2,606 \$ 2,652 Accounts payable 123,542 111,222 Accrued expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) Stockholders equity Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005 277 275 Additional paid-in capital 474,310 467,027 Accurulated other comprehensive earnings 213,113 199,924 Accurulated other comprehensive earnings 4,840 6,198 Unamortized stock compensation (1,676 (1,996) Total stockholders equity 670,428 670,428	Total assets	\$ 1,870,014	\$ 1,886,641
Current installments of long-term debt \$ 2,606 \$ 2,652 Accounts payable 123,542 111,222 Accrued expenses and other current liabilities 259,684 301,361 Total current liabilities 385,832 415,235 Long-term debt, excluding current installments 716,698 727,611 Other liabilities 76,620 72,367 Total liabilities 1,179,150 1,215,213 Commitments and contingencies (Notes 2, 7 and 14) 50 1,179,150 1,215,213 Stockholders equity 77 275 Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005 277 275 Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued 213,113 199,924 Additional paid-in capital 474,310 467,027 Retained earnings 213,113 199,924 Accumulated other comprehensive earnings 4,840 6,198 Unamortized stock compensation (1,676 (1,996) Total stockholders equity 690,864 671,428	Liabilities and Stockholders Equity		
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Total current liabilities385,832415,235Long-term debt, excluding current installments716,698727,611Other liabilities76,62072,367Total liabilities1,179,1501,215,213Commitments and contingencies (Notes 2, 7 and 14)11Stockholders equity11Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 200511and March 31, 2005111Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676(1,996Total stockholders equity690,864671,428	Accounts payable	123,542	111,222
Long-term debt, excluding current installments716,698727,611Other liabilities76,62072,367Total liabilities1,179,1501,215,213Commitments and contingencies (Notes 2, 7 and 14)11Stockholders equity11Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 200511and March 31, 2005277275Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676)(1,996Total stockholders equity690,864671,428	Accrued expenses and other current liabilities	259,684	301,361
Other liabilities76,62072,367Total liabilities1,179,1501,215,213Commitments and contingencies (Notes 2, 7 and 14)11Stockholders equity511Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 200511and March 31, 2005277275Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676)(1,996Total stockholders equity690,864671,428	Total current liabilities	385,832	415,235
Total liabilities1,179,1501,215,213Commitments and contingencies (Notes 2, 7 and 14)11,215,213Stockholders equityPreferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 20051and March 31, 2005277275Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676)(1,996Total stockholders equity690,864671,428	Long-term debt, excluding current installments	716,698	727,611
Commitments and contingencies (Notes 2, 7 and 14)Stockholders equityPreferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005and March 31, 2005Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued27,729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively277275Additional paid-in capitalRetained earnings213,113199,924Accumulated other comprehensive earningsUnamortized stock compensation(1,676)(1,996)Total stockholders equity	Other liabilities	76,620	72,367
Stockholders equityPreferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005 and March 31, 2005Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued27,729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively277275Additional paid-in capital474,310Retained earnings213,113Accumulated other comprehensive earnings4,840Unamortized stock compensation(1,676Total stockholders equity690,864671,428	Total liabilities	1,179,150	1,215,213
Preferred stock, no par value. Authorized 2,000,000 shares; none issued at June 30, 2005 and March 31, 2005Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued27,729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively277275Additional paid-in capital474,310467,027Retained earnings213,113199,924Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676)(1,996Total stockholders equity690,864671,428	Commitments and contingencies (Notes 2, 7 and 14)		
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27,729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively 277 275 Additional paid-in capital 474,310 467,027 Retained earnings 213,113 199,924 Accumulated other comprehensive earnings 4,840 6,198 Unamortized stock compensation (1,676) (1,996) Total stockholders equity 690,864 671,428	and March 31, 2005		
Additional paid-in capital 474,310 467,027 Retained earnings 213,113 199,924 Accumulated other comprehensive earnings 4,840 6,198 Unamortized stock compensation (1,676) (1,996) Total stockholders equity 690,864 671,428	Common Stock, \$.01 par value per share. Authorized 50,000,000 shares; issued		
Retained earnings 213,113 199,924 Accumulated other comprehensive earnings 4,840 6,198 Unamortized stock compensation (1,676) (1,996) Total stockholders equity 690,864 671,428	27,729,694 and 27,472,495 shares at June 30, 2005 and March 31, 2005, respectively	277	275
Accumulated other comprehensive earnings4,8406,198Unamortized stock compensation(1,676)(1,996)Total stockholders equity690,864671,428	Additional paid-in capital	474,310	467,027
Unamortized stock compensation (1,676) (1,996) Total stockholders equity 690,864 671,428	Retained earnings	213,113	199,924
Total stockholdersequity690,864671,428	Accumulated other comprehensive earnings	4,840	,
	Unamortized stock compensation	(1,676)	(1,996)
Total liabilities and stockholdersequity\$ 1,870,014\$ 1,886,641	Total stockholders equity	690,864	671,428
	Total liabilities and stockholders equity	\$ 1,870,014	\$ 1,886,641

See accompanying Notes to the Consolidated Financial Statements.

DRS TECHNOLOGIES, INC. AND SUBSIDIARIES Consolidated Statements of Earnings (in thousands, except per-share data) (Unaudited)

	Three Months En June 30,	Three Months Ended June 30,	
	2005	2004	
Revenues	\$ 338,459	\$ 291,151	
Costs and expenses	303,401	262,651	
Operating income	35,058	28,500	
Interest income	1,877	129	
Interest and related expenses	12,211	8,994	
Other income (expense), net			