



**Item 7.01 Regulation FD Disclosure**

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## ***For Immediate Release***

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## **Richardson Reports Fiscal Third Quarter Sales of \$141.7 Million, up 11% from the Prior Year**

**LaFox, IL, Wednesday March 23, 2005:** Richardson Electronics, Ltd. (NASDAQ: RELL) today reported results for the third quarter of fiscal 2005, which ended February 26, 2005. Sales in the quarter were \$141.7 million, an increase of 11.3% from the third quarter of fiscal 2004. Net loss was \$2.1 million, or \$0.12 per share, in the quarter, which included restructuring, incremental tax provisions and other charges of \$2.9 million after-tax (\$4.2 million pre-tax). Net income in the third quarter of fiscal 2004 was \$1.0 million, or \$0.07 per share.

The Company implemented restructuring actions at the end of the third quarter of fiscal 2005, which included changes in management and a reduction in workforce, to accelerate the alignment of operations with the Company's engineered solutions strategy and improve operating efficiency. Severance charges of \$2.2 million and inventory write-down charges of \$0.9 million were recorded in the quarter primarily related to the restructuring actions, which included de-emphasizing certain product lines. The Company also recorded charges of \$0.8 million associated with previously capitalized freight, which will now be reported as a period expense, and an incremental bad debt provision of \$0.3 million. The severance and bad debt charges were recorded to selling, general and administrative expense. Incremental tax provisions of \$0.2 million were taken in the quarter related to foreign tax exposures and assessments.

Product margin (sales less direct product cost) increased to 26.5% of sales in the third quarter of fiscal 2005 compared to 26.0% of sales in the third quarter of fiscal 2004. Gross margin declined to 23.8% of sales in the quarter from 24.8% in the prior year quarter primarily due to the restructuring which included write-downs of inventory and previously capitalized freight as stated above.

### *Sales Highlights - Third Quarter Fiscal 2005 Compared to Third Quarter Fiscal 2004*

The Company recorded its eleventh consecutive quarter of year over year sales growth as all four strategic business units and all four geographic areas increased sales over the prior year. RF/Wireless Communications sales grew 16.6% led by continued strength in infrastructure and network access demand, particularly in Asia. Sales in the Display Systems Group increased 16.0% with continued growth in custom display sales to the financial market. Industrial Power Group sales

grew 7.8% led by increased demand in the United States for both power component and tube products. Sales in the Security Systems Division were up 1.4% on higher private label sales.

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Geographically, the Company's sales in Asia/Pacific were up 29.7% with strong growth continuing in China for wireless and industrial power products. Sales in North America grew 7.4% led by increased demand for security systems in Canada and display systems in the United States. Sales in Europe were up 6.8% with continued growth in wireless sales, particularly in France, Israel and Spain. Sales in Latin America increased 2.1% with growth in wireless demand.

“Demand for our products and engineered solutions continues to grow worldwide,” said Edward J. Richardson, Chairman of the Board and Chief Executive Officer. “The restructuring actions taken in the third quarter will accelerate our ability to better serve our customers and sustain earnings growth through engineered solutions.”

On Thursday, March 24, 2005 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 800-553-0329 approximately five minutes prior to the start of the call. A replay of the call will be available from 12:30 p.m. on March 24, 2005 through June 30, 2005. The telephone numbers for the replay are (USA) 800-475-6701 and (International) 320-365-3844; access code 774694.

This release includes certain “forward-looking” statements as defined by the SEC. Statements in this press release regarding the Company's business which are not historical facts represent “forward-looking statements” that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company's annual report on form 10-K. The Company assumes no responsibility to update the forward-looking statements in this release as a result of new information, future events, or otherwise.

### **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**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS**  
**ENDED FEBRUARY 26, 2005 AND FEBRUARY 28, 2004**  
(In thousands, except per share amounts, unaudited)

|   | Three months ended      |                         | Nine months ended       |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | February<br>26,<br>2005 | February<br>28,<br>2004 | February<br>26,<br>2005 | February<br>28,<br>2004 |
| <b>Net sales</b>                              | \$ 141,700              | \$ 127,267              | \$ 431,421              | \$ 374,523              |
| Cost of products sold                         | <u>108,033</u>          | <u>95,802</u>           | <u>327,271</u>          | <u>283,102</u>          |
| <b>Gross margin</b>                           | 33,667                  | 31,465                  | 104,150                 | 91,421                  |
| Selling, general and administrative expenses  | <u>34,009</u>           | <u>27,030</u>           | <u>95,273</u>           | <u>78,269</u>           |
| <b>Operating (loss) income</b>                | (342)                   | 4,435                   | 8,877                   | 13,152                  |
| Other expenses, net                           | <u>2,404</u>            | <u>2,942</u>            | <u>7,499</u>            | <u>7,934</u>            |
| (Loss) income before income taxes             | (2,746)                 | 1,493                   | 1,378                   | 5,218                   |
| Income tax provision                          | <u>(688)</u>            | <u>493</u>              | <u>526</u>              | <u>1,621</u>            |
| <b>Net (loss) income</b>                      | <u>\$ (2,058)</u>       | <u>\$ 1,000</u>         | <u>\$ 852</u>           | <u>\$ 3,597</u>         |
| <b>Net (loss) income per share - basic:</b>   |                         |                         |                         |                         |
| Net (loss) income per share                   | <u>\$ (0.12)</u>        | <u>\$ 0.07</u>          | <u>\$ 0.05</u>          | <u>\$ 0.26</u>          |
| Average shares outstanding                    | <u>17,299</u>           | <u>14,102</u>           | <u>16,818</u>           | <u>14,002</u>           |
| <b>Net (loss) income per share - diluted:</b> |                         |                         |                         |                         |
| Net (loss) income per share                   | <u>\$ (0.12)</u>        | <u>\$ 0.07</u>          | <u>\$ 0.05</u>          | <u>\$ 0.25</u>          |
| Average shares outstanding                    | <u>17,299</u>           | <u>14,560</u>           | <u>17,085</u>           | <u>14,374</u>           |
| <b>Dividends per common share</b>             | <u>\$ 0.04</u>          | <u>\$ 0.04</u>          | <u>\$ 0.12</u>          | <u>\$ 0.12</u>          |

**RICHARDSON ELECTRONICS, LTD**  
**SALES AND GROSS MARGIN**  
**FOR THIRD QUARTER FISCAL 2005 AND 2004**  
**ENDED FEBRUARY 26, 2005 AND FEBRUARY 28, 2004**  
(In thousands, unaudited)

**By Business Unit:**

|                            | SALES             |                   |              | GROSS MARGIN      |              |                  |              |
|----------------------------|-------------------|-------------------|--------------|-------------------|--------------|------------------|--------------|
|                            | FY 2005           | FY 2004           | % Change     | FY 2005           | % of Sales   | FY 2004          | % of Sales   |
| <b>Third Quarter</b>       |                   |                   |              |                   |              |                  |              |
| RFWC                       | \$ 65,268         | \$ 55,973         | 16.6%        | \$ 13,533         | 20.7%        | \$ 13,162        | 23.5%        |
| IPG                        | 29,657            | 27,514            | 7.8%         | 8,891             | 30.0%        | 8,383            | 30.5%        |
| SSD                        | 25,607            | 25,260            | 1.4%         | 6,260             | 24.4%        | 6,394            | 25.3%        |
| DSG                        | 19,498            | 16,813            | 16.0%        | 4,097             | 21.0%        | 4,146            | 24.7%        |
| Other                      | 1,670             | 1,707             |              | 886               |              | (620)            |              |
| Total                      | <u>\$ 141,700</u> | <u>\$ 127,267</u> | <u>11.3%</u> | <u>\$ 33,667</u>  | <u>23.8%</u> | <u>\$ 31,465</u> | <u>24.7%</u> |
| <b>Fiscal Year to Date</b> |                   |                   |              |                   |              |                  |              |
| RFWC                       | \$ 197,053        | \$ 163,493        | 20.5%        | \$ 43,864         | 22.3%        | \$ 37,190        | 22.7%        |
| IPG                        | 90,608            | 81,232            | 11.5%        | 27,525            | 30.4%        | 27,730           | 30.4%        |
| SSD                        | 78,728            | 76,541            | 2.9%         | 20,062            | 25.5%        | 19,419           | 25.4%        |
| DSG                        | 60,040            | 47,756            | 25.7%        | 13,528            | 22.5%        | 12,132           | 25.4%        |
| Other                      | 4,992             | 5,501             |              | (829)             |              | (2,050)          |              |
| Total                      | <u>\$ 431,421</u> | <u>\$ 374,523</u> | <u>15.2%</u> | <u>\$ 104,150</u> | <u>24.1%</u> | <u>\$ 91,421</u> | <u>24.4%</u> |

**By Geographic Area:**

|                            | SALES             |                   |              | GROSS MARGIN     |              |                  |              |
|----------------------------|-------------------|-------------------|--------------|------------------|--------------|------------------|--------------|
|                            | FY 2005           | FY 2004           | % Change     | FY 2005          | % of Sales   | FY 2004          | % of Sales   |
| <b>Third Quarter</b>       |                   |                   |              |                  |              |                  |              |
| North America              | \$ 73,443         | \$ 68,392         | 7.4%         | \$ 19,047        | 25.9%        | \$ 17,681        | 25.9%        |
| Europe                     | 31,118            | 29,124            | 6.8%         | 9,425            | 30.3%        | 8,480            | 29.1%        |
| Asia/Pacific               | 30,652            | 23,630            | 29.7%        | 7,104            | 23.2%        | 5,640            | 23.9%        |
| Latin America              | 5,544             | 5,428             | 2.1%         | 1,458            | 26.3%        | 1,243            | 22.9%        |
| Corporate                  | 943               | 693               |              | (3,367)          |              | (1,579)          |              |
| Total                      | <u>\$ 141,700</u> | <u>\$ 127,267</u> | <u>11.3%</u> | <u>\$ 33,667</u> | <u>23.8%</u> | <u>\$ 31,465</u> | <u>24.7%</u> |
| <b>Fiscal Year to Date</b> |                   |                   |              |                  |              |                  |              |

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|               |                   |                   |              |                   |              |                  |              |
|---------------|-------------------|-------------------|--------------|-------------------|--------------|------------------|--------------|
| North America | \$ 227,548        | \$ 199,468        | 14.1%        | \$ 58,783         | 25.8%        | \$ 52,244        | 26.2%        |
| Europe        | 94,284            | 86,025            | 9.6%         | 27,047            | 28.7%        | 24,825           | 28.9%        |
| Asia/Pacific  | 91,217            | 71,120            | 28.3%        | 21,560            | 23.6%        | 16,227           | 22.8%        |
| Latin America | 15,392            | 15,102            | 1.9%         | 4,184             | 27.2%        | 3,541            | 23.4%        |
| Corporate     | 2,980             | 2,808             |              | (7,424)           |              | (5,416)          |              |
| <b>Total</b>  | <b>\$ 431,421</b> | <b>\$ 374,523</b> | <b>15.2%</b> | <b>\$ 104,150</b> | <b>24.1%</b> | <b>\$ 91,421</b> | <b>24.4%</b> |

Note: Fiscal 2004 data has been reclassified to conform with the fiscal 2005 presentation. Direct Export and a portion of Corporate have been reclassified to the identified geographic areas based on ship to location. Europe includes sales and gross margins to Middle East and Africa. Corporate consists of freight and other non-area specific sales and gross margins.

**RICHARDSON ELECTRONICS, LTD**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

|   | As of                |                   |
|---|----------------------|-------------------|
|   | February 26,<br>2005 | May 29,<br>2004   |
| (unaudited)                                       |                      |                   |
| <b>ASSETS</b>                                     |                      |                   |
| <b>Current Assets</b>                             |                      |                   |
| Cash  | \$ 22,737            | \$ 16,927         |
| Account receivable, net                           | 109,920              | 106,130           |
| Inventories                                       | 107,116              | 92,297            |
| Other   | 18,265               | 19,739            |
| <b>Total current assets</b>                       | <b>258,038</b>       | <b>235,093</b>    |
| Property, plant and equipment, net                | 33,541               | 30,589            |
| Goodwill and intangible assets                    | 7,218                | 6,726             |
| Other assets                                      | 10,628               | 6,806             |
| <b>Total assets</b>                               | <b>\$ 309,425</b>    | <b>\$ 279,214</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                      |                   |
| <b>Current Liabilities</b>                        |                      |                   |
| Accounts payable                                  | \$ 37,439            | \$ 33,473         |
| Accrued liabilities                               | 19,464               | 23,224            |
| Current portion of long-term debt                 | 12                   | 4,027             |
| <b>Total current liabilities</b>                  | <b>56,915</b>        | <b>60,724</b>     |
| Long-term debt, less current portion              | 134,042              | 133,813           |
| Other non-current liabilities                     | 1,117                | 241               |
| <b>Total liabilities</b>                          | <b>192,074</b>       | <b>194,778</b>    |
| Stockholders' Equity                              | 117,351              | 84,436            |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 309,425</b>    | <b>\$ 279,214</b> |

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**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.

**RICHARDSON ELECTRONICS, LTD.**

Date: March 23, 2005

By: /s/ DARIO SACROMANI

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

