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ENGLOBAL CORP
Form 8-K
May 07, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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) May 6, 2004

ENGLOBAL CORPORATION

(Exact name of registrant as specified in its chapter)

Nevada	001-14217	88-0322261
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Century Plaza Drive, Suite 140, Houston, Texas	77073-6033
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 281-821-3200

(Former name or former address, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

Number	Exhibit
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99.1	Press Release, dated May 6, 2004, of ENGlobal Corporation

Item 9. Regulation FD Disclosure

On May 6, 2004, ENGlobal Corporation issued a press release, a copy of which is set forth below. In accordance with General Instructions B.2. Form 8-K, the following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

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ENGLOBAL CORPORATION ANNOUNCES FIRST QUARTER RESULTS AND ALLIANCE RELATIONSHIP WITH A GLOBAL ENERGY COMPANY

HOUSTON, TX, MAY 6, 2004 - ENGlobal Corporation (AMEX: ENG), a leading provider of engineering services, today reported net income of \$0.02 per share for the quarter ended March 31, 2004, equivalent to results from the same period in 2003. ENGlobal also announced that it has been selected by a global energy company to become one of a very limited number of Preferred Service Providers for engineering services. ENGlobal expects this client to utilize its capabilities on a wide variety of upstream, midstream and downstream projects that will primarily be located on the Gulf Coast.

Revenue for the most recent quarter totaled \$31 million, an increase of approximately \$8 million, or 35%, compared to the prior year period. This increase in revenue was primarily due to the continuation of several significant projects that began in 2003 in the Company's engineering segment.

The Company's consolidated gross profit increased by \$234,000 for the first quarter 2004 compared to the first quarter 2003. Gross profits for ENGlobal's engineering segment increased in the first quarter of 2004 over the first quarter of 2003 by \$518,000, totaling \$3.6 million in the most recent quarter. This improvement is the result of higher revenues in the engineering segment as well as internal efforts to improve utilization of personnel.

Lower gross profit realized by ENGlobal's systems segment during the quarter partially offset the improvements in the engineering segment. However, the systems segment, as a whole, recorded significantly improved financial results late in the first quarter and was recently awarded two contracts valued at approximately \$2 million. The systems segment appears to be experiencing a general increase in activity, to varying degrees, as measured in terms of proposals, bookings and shipments. Based on these trends, the Company expects that operating results from its systems segment may improve over the remainder of this year.

Expenses related to selling, general and administrative, including depreciation and amortization increased \$427,000, or 14.8%, for the first quarter 2004 as compared to the same period in 2003. Much of the increase resulted from start-up expenses at ENGlobal Design Group, Inc., which began operations earlier this year. ENGlobal Design Group, Inc.'s financial results are consolidated into the Company's system segment.

The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 will be filed with the Securities and Exchange Commission on or about May 7, 2004 reflecting these results.

As previously reported, the Company's newest operation, ENGlobal Design Group, Inc., has relocated to new space at the Company's Tulsa office at CitiPlex Tower. This subsidiary provides engineering and related services to various government and public sector clients, with projects primarily related to automated fuel handling. This recent move is expected to provide these clients with greater access to the complete range of ENGlobal's resources, and improve the efficiency of the Company's Tulsa operations. Since beginning operations in January 2004, ENGlobal Design Group, Inc. has been awarded over ten projects valued at approximately \$5.5 million.

Michael L. Burrow, ENGlobal's Chairman and CEO, stated, "ENGlobal's core engineering segment continues to perform well, exceeding our budgetary expectations and also exceeding results from last year. Management is continuing to make decisions regarding the systems segment that we hope will allow this

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group to show improved financial results. We are encouraged by the trends we are seeing in this area, as well as by several new systems contracts that ENGlobal has been awarded. As a result, and based on current trends, management is optimistic that ENGlobal's financial results will improve over the remainder of this year."

FINANCIAL HIGHLIGHTS

(in thousands, except per share data)

	For the three months ended March 31	
	2004	2003*
Income Statement Data:		

Revenue	\$30,993	\$23,006
Net income per share (basic and diluted)	.02	.02
Weighted average number of shares outstanding (basic)	24,034	22,861
Weighted average number of shares outstanding (diluted)	24,487	23,290
As of		
	March 31, 2004	December 31, 2003
Balance Sheet Data:		

Working Capital	\$ 7,879	\$ 6,505
Property and Equipment, net	4,721	4,302
Total Assets	40,609	42,530
Long-term Debt	8,526	8,129
Capital Leases	14	18
Stockholders' Equity	18,646	18,175

* Income statement data for the three months ended March 31, 2003 does not take into account the conversion of the Company's Series A Preferred Stock that occurred in August 2003.

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About ENGlobal Corporation

ENGlobal Corporation provides engineering services and systems principally to the petroleum refining, petrochemical, pipeline, production, and process industries throughout the United States and internationally. ENGlobal's multi-disciplinary engineering services group develops projects from the initial planning stage through detailed design, procurement, and construction management. The systems group develops, manufactures, installs, and services control and instrumentation systems utilized in various energy and process-related industries, and provides services and products that support the advanced automation and environmental technology fields. The Company, with its subsidiaries, now employs over 1,000 employees and occupies over 250,000 square

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feet of office and manufacturing space. Further information about the Company and its subsidiaries is available at www.ENGlobal.com.

Safe Harbor for Forward-Looking Statements

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws and are subject to risks and uncertainties including, but not limited to, the Company's ability to achieve its business strategy while effectively managing costs and expenses. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors detailed from time to time in ENGlobal's filings with the Securities and Exchange Commission. Reference is hereby made to cautionary statements set forth in the Company's Form 10-K for the year ended December 31, 2003, Form 10-Q's for the quarters ended March 31, 2004, June 30, 2003 and September 30, 2003, current Forms 8-K, and other SEC filings. Among other matters, there can be no assurance that operating results from the systems segment will improve or that the Company will provide significant services under its new contract or that the provision of those services will be profitable. In addition, the information contained in this press release is also subject to the risk factors identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

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.

ENGlobal Corporation

Date: May 7, 2004

/s/ Natalie S. Hairston

Natalie S. Hairston, Investor Relations
Officer, Chief Governance Officer and
Corporate Secretary