

STEWART & STEVENSON SERVICES INC

Form 10-Q

August 26, 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 July 31, 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

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(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 August 17, 2004:

Common Stock, without Par Value: 28,763,282 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 July 31, 2004 and January 31, 2004.

Consolidated Condensed Statements of Operations Three and Six Months Ended July 31, 2004 and August 2, 2003.

Consolidated Condensed Statements of Cash Flows Three and Six Months Ended July 31, 2004 and August 2, 2003.

Notes to Consolidated Condensed Financial Statements.

STEWART & STEVENSON SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share data)

	July 31, 2004 (Unaudited)	January 31, 2004
Assets		
Current Assets:		
Cash and cash equivalents	\$ 88,815	\$ 53,959
Short-term investments	10,935	7,745
Accounts receivable, net	144,999	163,324
Recoverable costs and accrued profits not yet billed	27,100	21,653
Inventories	159,451	166,315
Excess of current cost over LIFO values	(46,325)	(45,330)
Deferred income tax asset	20,699	23,591
Income tax receivable	6,985	25,846
Other current assets	12,846	17,310
Total assets of discontinued operations	4,719	8,059
Total Current Assets	430,224	442,472
Property, Plant and Equipment, net	123,875	136,165
Deferred Income Tax Asset	13,491	15,523
Intangibles and Other Assets, net	9,852	9,300
Total Assets	\$ 577,442	\$ 603,460
Liabilities and Shareholders' Equity		
Current Liabilities:		
Notes payable	\$ 1,823	\$ 1,932
Current portion of long-term debt	250	250
Accounts payable	71,367	72,028
Accrued payrolls and incentives	16,159	18,092
Billings in excess of incurred costs	31,903	69,376
Estimated losses on uncompleted contracts	18,669	16,306
Other current liabilities	46,588	43,049
Total liabilities of discontinued operations	3,124	1,908
Total Current Liabilities	189,883	222,941
Long-Term Debt, net of current portion	26,125	26,260
Accrued Postretirement Benefits and Pension	52,770	52,056
Other Long-Term Liabilities	4,035	4,720
Total Liabilities	272,813	305,977
Shareholders' Equity:		
Common stock, without par value, 100,000,000 shares authorized; 28,763,282 and 28,644,510 shares issued, respectively	58,484	57,056
Accumulated other comprehensive loss	(26,259)	(25,534)
Retained earnings	272,404	265,961
Total Shareholders' Equity	304,629	297,483
Total Liabilities and Shareholders' Equity	\$ 577,442	\$ 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)*

	Three Months Ended		Six Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
	(Unaudited)		(Unaudited)	
Sales	\$ 316,322	\$ 312,851	\$ 620,610	\$ 602,623
Cost of sales	275,752	271,134	539,808	519,046
Gross profit	40,570	41,717	80,802	83,577
Selling and administrative expenses	31,045	37,571	62,996	73,860
Pension curtailment expense				2,400
Other income, net	(2,072)	(564)	(2,678)	(476)
Operating profit	11,597	4,710	20,484	7,793
Interest expense	436	693		