

STEWART & STEVENSON SERVICES INC

Form 10-Q

May 26, 2005

**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 April 30, 2005

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 May 20, 2005:

Common Stock, without Par Value: 29,022,914 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 April 30, 2005 and January 31, 2005.

Consolidated Condensed Statements of Operations Three Months Ended April 30, 2005 and May 1, 2004.

Consolidated Condensed Statements of Cash Flows Three Months Ended April 30, 2005 and May 1, 2004.

Notes to Consolidated Condensed Financial Statements.

STEWART & STEVENSON SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share data)

	April 30, 2005 (Unaudited)	January 31, 2005
Assets		
Current Assets:		
Cash and cash equivalents	\$ 102,761	\$ 130,447
Short-term investments	10,775	2,480
Accounts receivable, net	129,790	143,600
Recoverable costs and accrued profits not yet billed	24,750	26,544
Inventories	128,809	112,889
Excess of current cost over LIFO values	(35,667)	(35,168)
Deferred income tax asset	5,750	5,647
Income tax receivable	6,471	7,223
Other current assets	5,685	4,987
Total assets of discontinued operations	46,636	68,186
Total Current Assets	425,760	466,835
Property, Plant and Equipment, net	113,545	115,568
Deferred Income Tax Asset	18,784	20,874
Intangibles and Other Assets, net	52,648	10,065
Total Assets	\$ 610,737	\$ 613,342
Liabilities and Shareholders' Equity		
Current Liabilities:		
Notes payable	\$ 3,783	\$ 1,671
Accounts payable	89,782	81,716
Accrued payrolls and incentives	20,818	22,941
Billings in excess of incurred costs	45,227	59,894
Other current liabilities	43,684	36,691
Total liabilities of discontinued operations	28,268	38,770
Total Current Liabilities	231,562	241,683
Long-Term Debt, net of current portion	25,069	25,000
Accrued Postretirement Benefits and Pension	58,005	57,621
Other Long-Term Liabilities	3,827	4,318
Total Liabilities	318,463	328,622
Shareholders' Equity:		
Common stock, without par value, 100,000,000 shares authorized; 29,009,789 and 28,865,070 shares issued, respectively	62,138	59,616
Accumulated other comprehensive loss	(36,255)	(36,048)
Retained earnings	266,391	261,152
Total Shareholders' Equity	292,274	284,720
Total Liabilities and Shareholders' Equity	\$ 610,737	\$ 613,342

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	
	April 30, 2005	May 1, 2004
	(Unaudited)	
Sales	\$ 311,562	\$ 262,350
Cost of sales	274,909	225,760
Gross profit	36,653	36,590
Selling and administrative expenses	23,070	23,241
Other income, net	(739)	(587)
Operating profit	14,322	13,936
Interest expense	525	517
Interest income	(760)	(254)
Earnings from continuing operations before income taxes	14,557	13,673
Income tax expense	5,224	4,866
Net earnings from continuing operations	9,333	8,807
Loss from discontinued operations, net of tax of (\$417) and (\$1,784)	(1,641)	(3,365)
Net earnings	\$ 7,692	\$ 5,442