

SUPREME INDUSTRIES INC
Form 8-K
August 02, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-8183

SUPREME INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

 Delaware **75-1670945**

(State of Incorporation) *(IRS Employer Identification No.)*

P.O. Box 237, 2581 E. Kercher Road, Goshen, Indiana **46528**

(Address of principal executive offices) *(Zip Code)*

Gross profit as a percentage of revenues declined in both the quarter and six-month periods, primarily as the result of continuing material cost increases, including escalating steel, aluminum and wood costs. The Company implemented an aggregate seven percent price increase during the first half of 2004 (one percent in March and six percent in early April) to mitigate rising material costs. However, very little benefit from the price increase was realized in the second quarter of 2004 due to the sizeable backlog at March 27, 2004, of \$87.6 million. The Company anticipates benefiting from the price increase in the third quarter.

Additionally, direct labor as a percentage of revenues increased during the quarter as the result of extensive use of temporary labor services, delays in chassis arrivals and start-up and training costs at the Company's new Oregon manufacturing plant. However, overhead expenses as a percentage of revenues improved in the quarter and six-month periods partially offsetting increased material and labor costs. Thus, gross profit as a percentage of revenues was 10.7 percent for the three months ended June 26, 2004, a decrease of 2.6 percentage points from 13.3 percent for the three months ended June 28, 2003.

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Interest expense increased 2.5 percent from \$0.21 million in the second quarter of 2003 to \$0.22 million in the same period of 2004. For the first six months, interest expense decreased from \$0.44 million in 2003 to \$0.41 million in 2004. The increase in interest-bearing bank debt was offset by lower interest charges associated with improvements resulting from enhanced management of chassis under the Company's pool agreements with large original equipment manufacturers. Selling, general and administrative expenses fell as a percent of sales from 9.6 percent in the 2003 second quarter to 7.1 percent in the 2004 second quarter, and from 9.8 percent in the first six months of 2003 to 7.2 percent in the same period of 2004. This decline primarily relates to increased revenues in the quarter and six-month periods ended June 26, 2004.

Stockholders' equity improved to \$66.3 million, while working capital increased to \$47.4 million to support the Company's backlog of \$70.5 million as of June 26, 2004. The Company continues to aggressively manage its working capital assets.

Omer Kropf, president of Supreme Corporation, Supreme Industries' operating subsidiary, stated, "Fleet and leasing revenues more than doubled in the first six months of this year over 2003 results. Coupled with an increase in revenue in all the Company's principal products, overall revenue improved considerably in the quarter and six-month periods. Additionally, five of our six manufacturing locations showed significant increases in revenues, with the sixth location only beginning production in January of this year. We anticipate that continued strong order intake, a healthy backlog and low inventory levels in our distribution channels bode well for continued revenue improvement in the second half of 2004 over the second half of 2003."

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Supreme Industries, Inc. and Subsidiaries Consolidated Statements of Income**(Unaudited)**

		Three Months Ended			Six Months Ended			
		June 26,	June 28,		June 26,	June 28,		
		2004	2003		2004	2003		
Revenues		\$90,845,945	\$60,749,259		\$164,410,412	\$110,573,469		
Costs and expenses:								
Cost of sales		81,125,598	52,693,036		147,456,087	96,589,968		
Selling, general and administrative		6,461,329	5,839,919		11,900,623	10,855,990		
Interest		216,271	211,066		408,186	441,852		
		87,803,198	58,744,021		159,764,896	107,887,810		
Income before income taxes		3,042,747	2,005,238		4,645,516	2,685,659		
Income taxes		1,155,000	768,000		1,768,000	1,030,000		
Net income		\$1,887,747	\$1,237,238		\$2,877,516	\$1,655,659		
Earnings per share (a):								
Basic		\$.16	\$.10		\$.24	\$.14		
Diluted		.15	.10		.23	.14		

 	 	 	 	 	 	 	 	
Shares used in the computation of	 	 	 	 	 	 	 	
earnings per share (a):	 	 	 	 	 	 	 	
Basic	 	12,086,558	 	11,899,734	 	12,058,437	 	11,907,101
Diluted	 	12,504,790	 	12,046,443	 	12,497,473	 	12,030,422
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	

(a) 2003 share and per share data have been adjusted for a ten percent stock dividend paid in October 2003.

 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	 	 	 	

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Supreme Industries, Inc. and Subsidiaries Consolidated Balance Sheets

 	 	 	 	 	 	 	
 	 	 	 	 	 	 	
 	 	 	 	June 26,	 	December 27,	
 	 	 	 	2004*	 	2003	

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Assets	 	 	 	 	 	 	 	
Current assets	 	 	 	\$69,702,955	 	\$65,929,916	 	
Property, plant and equipment, net	 	 	 	42,086,505	 	37,444,901	 	
Intangible assets, net	 	 	 	790,852	 	816,622	 	
Other assets	 	 	 	2,438,801	 	2,459,841	 	
 	 	 	 	 	 	 	 	
Total assets	 	 	 	\$115,019,113	 	\$106,651,280	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
Liabilities	 	 	 	 	 	 	 	
Current liabilities	 	 	 	\$22,270,006	 	\$22,432,059	 	
Long-term debt	 	 	 	23,307,497	 	17,366,609	 	
Deferred income taxes	 	 	 	3,191,546	 	3,180,453	 	
Other long-term liabilities	 	 	 	0	 	29,190	 	
 	 	 	 	 	 	 	 	
Total liabilities	 	 	 	48,769,049	 	43,008,311	 	
Total stockholders' equity	 	 	 	66,250,064	 	63,642,969	 	
 	 	 	 	 	 	 	 	
Total liabilities and stockholders' equity	 	 	 	\$115,019,113	 	\$106,651,280	 	
 	 	 	 	 	 	 	 	
* Unaudited	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	

