

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 QUARTER ENDED NOVEMBER 30, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NO. 1-11288

APPLIED POWER INC.

(Exact name of Registrant as specified in its charter)

WISCONSIN 39-0168610
(State of incorporation) (I.R.S. Employer Id. No.)

13000 WEST SILVER SPRING DRIVE
BUTLER, WISCONSIN 53007
MAILING ADDRESS: P. O. BOX 325, MILWAUKEE, WISCONSIN 53201
(Address of principal executive offices) (Zip Code)

(414) 781-6600
(Registrant's telephone number)

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 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 X NO

Number of outstanding shares of Class A Common Stock: 13,013,116 as of November 30, 1993.

The Exhibit Index appears on Page 11.

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APPLIED POWER INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

APPLIED POWER INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended November 30, 1993	1992
Net sales	\$91,097	\$91,721
Cost of products sold	57,248	57,032
	-----	-----
Gross profit	33,849	34,689
Operating expenses:		
Engineering	3,085	2,598
Selling and administrative	22,871	23,289
	-----	-----
Total	25,956	25,887
	-----	-----
Operating profit	7,893	8,802
Other expense (income):		
Interest expense	2,701	3,263
Amortization of intangible assets	1,094	1,060
Other - net	41	(906)
	-----	-----
Earnings before income tax expense	4,057	5,385
Income tax expense	1,477	2,078
	-----	-----
Earnings before accounting change	2,580	3,307
Cumulative effect of accounting change- postretirement benefits	-	(4,355)
	-----	-----
Net earnings (loss)	\$ 2,580	\$ (1,048)
	=====	=====
Net earnings (loss) per share:		
Earnings before accounting change	\$ 0.20	\$ 0.25
Cumulative effect of accounting change	-	(0.33)
	-----	-----
Net earnings (loss) per share	\$ 0.20	\$ (0.08)
	=====	=====
Weighted average shares outstanding	13,141	13,069
	=====	=====
Cash dividends paid per share	\$ 0.03	\$ 0.03
	=====	=====

<FN>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

November 30,

August 31,

<FN>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Applied Power Inc. and Subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For additional information, refer to the consolidated financial statements and footnotes thereto in the Company's 1993 Annual Report.

Operating results for the three month period ended November 30, 1992 have been restated to reflect the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", and SFAS No. 109, "Accounting for Income Taxes", effective September 1, 1992.

In the opinion of management, all adjustments considered necessary for a fair presentation have been made. Such adjustments consist of only those of a recurring nature. Operating results for the three month period ended November 30, 1993 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1994.

NOTE B - INVENTORY

It is not practical to segregate the amounts of raw materials, work-in-process and finished goods inventories at the respective balance sheet dates, because accounting systems at many of the Company's operating units have not been designed to capture this information due to the very short production cycle of their products and the minimal amount of work-in-process.

NOTE C - DISCONTINUED OPERATIONS

During the third quarter of fiscal 1992, a formal plan was authorized to offer for sale the Company's Wright Line business ("Wright Line"). The net assets of Wright Line are included in the accompanying Condensed Consolidated Balance Sheet under the caption "Net assets held for sale".

On October 8, 1993, the Company completed the sale of Wright Line's Datafile business ("Datafile") for approximately \$6,640 cash, plus future compensation. Proceeds from this transaction were used to reduce debt. Also during the quarter, an agreement was reached to sell the real estate at Wright Line's headquarters and manufacturing operations in Worcester, Massachusetts for \$7,500. This transaction is currently scheduled to close in the second quarter of fiscal 1994. Proceeds from this transaction will be used to reduce debt.

Excluding Datafile, Wright Line's net sales were \$12,507 during the three months ended November 30, 1993, compared to \$10,592 recorded in the comparable period last year.

Interest expense allocated to discontinued operations for the three month periods ended November 30, 1993 and 1992 totalled \$292 and \$477, respectively. Interest expense is allocated to discontinued operations based on an estimate of the ultimate reduction in the Company's debt upon the sale of such operations. Income tax expense allocated to discontinued operations for the three month periods ended November 30, 1993 and 1992 was \$1,172 and \$261, respectively.

NOTE D - ACQUISITIONS

Effective October 1, 1993, the Company completed the acquisition of certain assets of Palmer Industries, Inc. ("Palmer") for approximately \$1,534 in cash and a \$350 note. Approximately \$490 of the purchase price was assigned to

Goodwill. Palmer, based in Alexandria, Minnesota, is a leading manufacturer of plastic and metal staples, fasteners and straps. The operating results of Palmer subsequent to October 1, 1993 are included in the Condensed Consolidated Statement of Earnings.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF CONTINUING OPERATIONS

Net earnings for the first quarter were \$2,580, or \$.20 per share, compared to a loss of \$1,048, or \$.08 per share in the prior year, which included a \$4,355 charge for the cumulative effect of adopting a new accounting pronouncement for postretirement benefits. Earnings before accounting changes for the first quarter of fiscal 1994 were \$2,580, or \$.20 per share, compared to \$3,307, or \$.25 per share, for the same period last year.

Sales for the first quarter of fiscal 1994 were \$91,097, down slightly from \$91,721 reported in the same quarter last year. Due to poor economic conditions, results at the Company's operations in Europe and Japan were weak, with sales declines from last year of 11% and 2%, respectively. Sales in North America increased 4% over last year.

Sales increases were recorded at GB Electrical, Power-Packer, and APITECH of 15%, 8% and 100%, respectively. Due to poor economic conditions in Europe and Japan, Enerpac sales declined 7% from last year. First quarter sales at Barry Controls were lower than the comparable period last year due to reduced demand from aircraft manufacturers, as well as the sale of the helicopter product line in the second quarter of fiscal 1993.

The Company's overall gross profit margin declined from 37.8% in the first quarter of fiscal 1993 to 37.2% in the most recent quarter, reflecting an unfavorable shift in product mix.

Operating expenses for the first quarter of fiscal 1994 were approximately equal with those in the comparable period last year. Increased engineering costs related to product development and prototypes at Barry Controls and Power-Packer were offset by operating efficiencies realized as a result of fiscal 1993 restructuring of Barry Controls.

Interest expense declined from the first quarter of fiscal 1993 due to reductions in outstanding indebtedness and lower market interest rates.

Other-net operating expenses in fiscal 1993 included certain non-recurring gains.

A \$4,355 net charge was recorded in the quarter ended November 30, 1992 to reflect the Company's adoption of SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions".

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$1,546 at November 30, 1993 and \$939 at August 31, 1993. In order to minimize interest expense, the Company intentionally maintains low cash balances and uses available cash to reduce short-term bank borrowings.

After considering non-cash items and changes in operating assets and liabilities, the Company generated \$2,979 of cash in operating activities in the first three months of fiscal 1994, compared with \$(43) in the comparable prior year period. Earnings of \$2,580, coupled with non-cash items of \$4,014, generated \$6,594 of cash in the most recent quarter. However, income tax payments partially offset this cash generation.

The Company used \$3,771 of cash in investing activities in the first quarter of fiscal 1994, the majority of which was utilized for capital expenditures and the acquisition of Palmer Industries.

Debt was reduced from \$117,931 at August 31, 1993 to \$112,422 at November 30, 1993, primarily reflecting the application of the Datafile sale proceeds

against outstanding indebtedness.

The Company's revolving credit agreements expire within the next twelve months. Accordingly, all outstanding indebtedness under such agreements has been included in "Current maturities of long-term debt" in the Condensed Consolidated Balance Sheet. The Company anticipates either extending these agreements or entering into new facilities prior to their expiration.

The Company anticipates that funds generated from operations and available under short and long-term credit facilities will be adequate to meet anticipated requirements for the foreseeable future.

ACCOUNTING PRONOUNCEMENTS

In December 1992, the Financial Accounting Standards Board issued Statement No. 112, "Employers' Accounting for Postemployment Benefits", which requires accrual of postemployment benefits during the years an employee provides services. Although management is in the process of evaluating this new pronouncement, the adoption of it is not expected to have a significant impact on the Company's financial position or results of operations. The Company intends to adopt this new pronouncement on or prior to September 1, 1994.

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Index to Exhibits on page 11.
- (b) There were no reports on Form 8-K filed during the three months ended November 30, 1993 or thereafter through the date of this report.

SIGNATURE

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 thereunto duly authorized.

APPLIED POWER INC.
(Registrant)

Date: January 13, 1994

By: /s/ David L. Harbert
David L. Harbert
Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

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Exhibit 11

APPLIED POWER INC. AND SUBSIDIARIES
 COMPUTATION OF EARNINGS PER SHARE
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended November 30,	
	1993	1992
PRIMARY:		
Average shares outstanding . .	13,010	12,963
Net effect of dilutive options based on the treasury stock method using average market price.	131	106
	-----	-----
Total	13,141	13,069
	=====	=====
Net earnings (loss):		
Earnings before accounting change.	\$ 2,580	\$ 3,307
Cumulative effect of accounting change	-	(4,355)
	-----	-----
Total.	\$ 2,580	\$ (1,048)
	=====	=====
Primary earnings (loss) per share:		
Earnings before accounting change.	\$ 0.20	\$ 0.25
Cumulative effect of accounting change	-	(0.33)
	-----	-----
Total.	\$ 0.20	\$ (0.08)
	=====	=====
FULLY DILUTED:		
Average shares outstanding . .	13,010	12,963
Net effect of dilutive options based on the treasury stock method using period-end market price when it is greater than average market price.	131	107
	-----	-----
Total.	13,141	13,070
	=====	=====
Net earnings (loss):		
Earnings before accounting change.	\$ 2,580	\$ 3,307
Cumulative effect of accounting change	-	(4,355)
	-----	-----
Total.	\$ 2,580	\$ (1,048)
	=====	=====

Fully diluted earnings (loss)		
per share:		
Earnings before accounting		
change	\$ 0.20	\$ 0.25
Cumulative effect of		
accounting change	-	(0.33)
	-----	-----
Total	\$ 0.20	\$ (0.08)
	=====	=====

<FN>

NOTE: Fully diluted earnings per share are not presented in the Condensed Consolidated Statement of Earnings

as the dilution is less than 3%.