

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 January 31, 1995

or

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 0-6050

POWELL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

88-0106100
(I.R.S. Employer
Identification No.)

8550 MOSLEY DRIVE, HOUSTON, TEXAS
(Address of principal executive offices)

77075-1180
(Zip Code)

Registrant's telephone number, including area code (713) 944-6900

Indicate by "X" 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 /X/ No / /

Common Stock, par value \$.01 per share; 10,517,704 shares outstanding on January 31, 1995.

POWELL INDUSTRIES, INC.

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Powell Industries, Inc. and Subsidiaries
Consolidated Balance Sheets
(In Thousands, Except Share Data)

	January 31, 1995	October 31, 1994
	-----	-----
Assets		
Current Assets:	(unaudited)	
Cash and cash equivalents	\$ 2,732	\$ 7,598
Accounts receivable, less allowance for doubtful accounts of \$1,071 and \$1,061, respectively	36,709	33,976
Costs and estimated earnings in excess of billings	8,973	7,338
Inventories	17,478	14,899
Deferred income taxes	2,019	2,134
Prepaid expenses and other current assets	1,845	1,327
	-----	-----
Total Current Assets	69,756	67,272
Property, plant and equipment, net	15,585	15,659
Deferred income taxes, noncurrent	1,524	1,390
Other assets	6,290	6,423
	-----	-----
Total Assets	\$ 93,155	\$ 90,744
	=====	=====
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts and income taxes payable	\$ 10,513	\$ 9,217
Accrued salaries, bonuses and commissions	3,344	4,612
Accrued product warranty	3,524	3,679
Other accrued expenses	3,968	5,372
Billings in excess of costs and estimated earnings	5,312	2,350
Notes payable and current maturities of long-term debt	2,813	2,813
	-----	-----
Total Current Liabilities	29,474	28,043
Long-term debt	6,563	6,563
Deferred compensation expense	1,951	1,887
Postretirement benefits liability	2,571	2,595
Stockholders' Equity:		
Preferred stock, 5,000,000 shares authorized; none issued		
Common stock, par value \$.01 a share; 15,000,000 shares authorized; 10,517,704 and 10,492,704 shares issued and outstanding	105	105
Additional paid-in capital	4,906	4,906
Retained earnings	51,290	50,485
Deferred compensation-ESOP	(3,705)	(3,840)
	-----	-----
Total Stockholders' Equity	52,596	51,656
	-----	-----
Total Liabilities and Stockholders' Equity .	\$ 93,155	\$ 90,744
	=====	=====

The accompanying notes are an integral part
of these consolidated financial statements.

Powell Industries, Inc. and Subsidiaries
 Consolidated Statements of Operations (unaudited)
 (In Thousands, Except Per Share Data)

	Three Months Ended January 31,	
	1995	1994
Revenues	\$36,589	\$34,342
Cost of goods sold	28,998	26,993
Gross profit	7,591	7,349
Selling, general and administrative expenses ...	6,337	6,269
Earnings from operations	1,254	1,080
Interest, net	122	203
Net earnings before income taxes	1,132	877
Income tax provision	329	249
Net earnings	\$803	\$628
	=====	=====
Net earnings per common share	\$0.08	\$0.06
	=====	=====
Weighted average number of common shares outstanding	10,517,704	10,492,704
	=====	=====

The accompanying notes are an integral part
of these consolidated financial statements.

Powell Industries, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)
(In Thousands)

	Three Months Ended January 31,	
	1995	1994
	-----	-----
Operating Activities:		
Net earnings	\$ 803	\$ 628
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	851	821
Deferred income taxes	(19)	(732)
Postretirement benefit liability	(24)	412
Changes in operating assets and liabilities:		
Accounts receivable	(2,733)	(1,907)
Costs and estimated earnings in excess of billings	(1,635)	2,751
Inventories	(2,579)	(2,343)
Prepaid expenses and other current assets ...	(518)	(659)
Other assets	(12)	137
Accounts and income taxes payable	1,296	(1,845)
Accrued liabilities	(2,626)	(521)
Billings in excess of costs and estimated earnings	2,962	(512)
	-----	-----
Net cash used in operating activities	(4,234)	(3,770)
	-----	-----
Investing Activities:		
Purchases of property, plant, and equipment	(632)	(546)
Acquisition of Transdyn Controls, Inc.	--	(1,539)
	-----	-----
Net cash used in investing activities	(632)	(2,085)
	-----	-----
Net decrease in cash and cash equivalents	(4,866)	(5,855)
Cash and cash equivalents at beginning of period ..	7,598	13,118
	-----	-----
Cash and cash equivalents at end of period	\$ 2,732	\$ 7,263
	=====	=====

The accompanying notes are an integral part
of these consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, reflect all adjustments which are of a normal recurring nature necessary for a fair presentation of financial position, results of operations, and statements of cash flows. Certain reclassifications of prior year amounts were made to conform to the classifications used in fiscal 1995.

B. INVENTORY

	January 31, 1995 (unaudited) -----	October 31, 1994 -----
The components of inventory are summarized below (in thousands):		
Raw materials and subassemblies	\$10,719	\$ 9,392
Work-in-process	6,759	5,507
	-----	-----
Total inventories	\$17,478 =====	\$14,899 =====

C. PROPERTY, PLANT AND EQUIPMENT

	January 31, 1995 (unaudited) -----	October 31, 1994 -----
Property, plant and equipment is summarized below (in thousands):		
Land	\$ 2,514	\$ 2,514
Buildings and improvements	14,329	14,282
Machinery and equipment	22,159	21,863
Furniture & fixtures	3,053	3,076
Construction in process	482	247
	-----	-----
	42,537	41,982
Less-accumulated depreciation	26,952	26,323
	-----	-----
Total property, plant and equipment, net	\$15,585 =====	\$15,659 =====

D. OTHER FINANCIAL INFORMATION

	Quarter Ended January 31,	
	1995	1994
	-----	-----
Supplemental disclosure of cash flow information (in thousands):		
Cash paid during the quarter for:		
Interest	\$488	\$640
	=====	=====
Income taxes	\$275	\$ 0
	=====	=====

E. PRODUCTION CONTRACTS

For contracts in which the percentage-of-completion method is used, costs and estimated earnings in excess of billings are shown as a current asset and billings in excess of costs and estimated earnings are shown as a current liability.

	January 31, 1995 (unaudited)	October 31, 1994
	-----	-----
The components of these contracts are as follows (in thousands):		
Costs and estimated earnings	\$ 23,185	\$ 33,258
Progress billings	(14,212)	(25,920)
	-----	-----
Total costs and estimated earnings in excess of billings	\$ 8,973	\$ 7,338
	=====	=====
Progress billings	\$ 28,812	\$ 12,556
Costs and estimated earnings	(23,500)	(10,206)
	-----	-----
Total billings in excess of costs and estimated earnings	\$ 5,312	\$ 2,350
	=====	=====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND QUARTERLY RESULTS
OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

During 1990, the Company concluded a private placement of \$15,000,000 in term notes, of which \$9,376,000 was outstanding as of January 31, 1995. These notes are unsecured with a fixed interest rate of 10.4 percent. The notes mature through June 1997, with the next payment of \$2,813,000 due in June 1995.

The Company also has a revolving line of credit, with a major domestic bank, of \$10,000,000, which was amended in April 1994, to extend the maturity date to November 1, 1995. As of January 31, 1995 and October 31, 1994, none of this line was outstanding.

The Company's ability to satisfy its cash requirements is evaluated by analyzing key measures of liquidity applicable to the Company. The following table is a summary of the measures which are significant to management:

	January 31, 1995	October 31, 1994	January 31, 1994
Working Capital.....	\$40,282,000	\$39,229,000	\$40,432,000
Current Ratio.....	2.37 to 1	2.40 to 1	2.64 to 1
Debt to Capitalization..	.15 to 1	.15 to 1	.21 to 1

The consolidated statements of cash flows show that approximately \$4,866,000 of cash was used during the quarter ended January 31, 1995. The increases in accounts receivables and inventories were due to the increased volume of business and were the major uses of cash along with the reduction of accrued liabilities for incentive compensation, legal and insurance. Billings in excess of costs and estimated earnings increased and had a positive effect on the Company's cash flow during the quarter. The increase in this account reflects the increase in the amount of progress billings in advance of costs incurred during the period. The use of cash for capital expenditures during the quarter was \$632,000 which, was mainly invested in machinery and equipment.

The Company's fiscal 1995 asset management program will continue to focus on the collection of receivables and reduction in inventories. The Company plans to satisfy its fiscal 1995 capital requirements and operating needs primarily with funds available in cash and cash equivalents of \$2,732,000, funds generated from operating activities and funds available under its existing revolving credit line.

RESULTS OF OPERATIONS

The following table sets forth, as a percentage of revenues, certain items from the Consolidated Statements of Operations.

Quarters Ended January 31	1995	1994
Revenues	100.0%	100.0%
Gross Profit	20.7	21.4
Selling, general and administration expenses	17.3	18.3
Interest, net3	.6
Net earnings before income tax	3.1	2.6
Income tax provision9	.8
Net earnings	2.2	1.8

REVENUES for the quarter ended January 31, 1995 were up seven percent to \$36,589,000 from \$34,342,000 in the first quarter of last year. This increase in volume was due to higher electrical distribution equipment product line revenues which were partially offset by lower revenues from process control product lines.

GROSS PROFIT, as a percentage of revenues, was 20.7 percent and 21.4 percent for the quarters ended January 31, 1995 and 1994. The lower percent in 1995 was due to change in product mix shipped during 1995.

SELLING, GENERAL AND ADMINISTRATION EXPENSE as a percentage of revenues was 17.3% and 18.3% for the quarters ended January 31, 1995 and 1994. The change in percent shows the effect of higher revenue volume without corresponding increases in expense.

INTEREST, NET is lower in 1995 than in 1994 due to the reduction in outstanding debt.

INCOME TAX PROVISION The effective tax rate was 29.0% and 28.4% for the quarters ended January 31, 1995 and 1994. The lower than statutory rates are due to foreign sales corporation credits.

NET EARNINGS were \$803,000 or \$.08 per share for the first three months of fiscal 1995, an increase of 28 percent from \$628,000 or \$.06 per share for the same period last year. This increase was due to the higher volume and lower interest expense. The interest expense improvement was due to lower debt.

The order backlog at January 31, 1995 was \$102,200,000 compared to \$113,200,000 at October 31, 1994. The decrease was primarily the result of a cancellation of a large order for a gas turbine package.

OTHER INFORMATION

- ITEM 1. Legal Proceedings
- As previously reported in the Company's Form 10-K filed for the fiscal year ended October 31, 1994, on January 4, 1995 a Stay of proceedings in the lawsuit filed by National Westminster Bank Plc ("Natwest") against the Company, Empire Energy Management Systems, Inc., and others, was granted until 30 days after delivery to the court of a copy of the decision of the Armed Services Board of Contract Appeals on Empire Energy's motion for summary judgment in its proceeding against the Air Force for breach of contract and wrongful termination, but not longer than June 13, 1995. This lawsuit was filed in federal district court, Southern District of New York, was served on the Company on August 5, 1993, alleges that the Company defaulted on a Construction Guaranty provided to NatWest in 1992 in connection with a project at MacDill Air Force Base, and seeks damages in excess of \$20 million. The Company has denied the substantive allegations of the lawsuit and has filed counterclaims for damages against NatWest alleging bad faith and failure to preserve and protect its collateral, and seeking a declaratory judgment that the Company is not in default of the Construction Guaranty.
- ITEM 2. Changes in Securities
None
- ITEM 3. Defaults Upon Senior Securities
Not applicable
- ITEM 4. Submission of Matters to a Vote of Security Holders
None
- ITEM 5. Other Information
None
- ITEM 6. Exhibits and Reports on Form 8-K
 Exhibit 27.0 Financial Data Schedule

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 thereunto duly authorized.

POWELL INDUSTRIES, INC.
Registrant

MARCH 15, 1995
Date

THOMAS W. POWELL
Thomas W. Powell
President and Chief Executive Officer
(Principal Executive Officer)

MARCH 15, 1995
Date

J.F. AHART
J.F. Ahart
Vice President,
Secretary-Treasurer
Chief Financial Officer
(Principal Financial and Accounting Officer)

The Schedule contains summary financial information extracted from the Company's unaudited pro forma condensed consolidated financial statements for the quarter ended January 31, 1995 and is qualified in its entirety by reference to such financial statements.

1,000

	3-MOS	OCT-31-1994	JAN-31-1995
			2,732
		0	
		37,780	
		1,071	
		17,478	
		69,756	
			42,537
		26,952	
		93,155	
	29,474		
			0
			105
	0		
			0
			52,491
	93,155		
			36,589
		36,589	
			28,998
		28,998	
		6,337	
		0	
		122	
		1,132	
			329
		0	
			0
			0
			0
			0
			803
			0.08
			0