

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, 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.)
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8550 MOSLEY DRIVE, HOUSTON, TEXAS (Address of principal executive offices)	77075-1180 (Zip Code)
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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  No

Common Stock, par value \$.01 per share; 10,542,704 shares outstanding on July 31, 1995.

POWELL INDUSTRIES, INC.

PART I - Financial Information

Item 1. Financial Statements .....	3-8
Item 2. Management's Discussion and Analysis of Financial Condition and Quarterly Results of Operations.....	9-10

PART II - Other Information and Signatures ..... 11-12

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

	July 31, 1995	October 31, 1994
	(unaudited)	
	-----	-----
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents .....	\$ 3,578	\$ 7,598
Accounts receivable, less allowance for doubtful accounts of \$801 and \$1,061, respectively .....	34,659	33,976
Costs and estimated earnings in excess of billings .....	11,610	7,338
Inventories .....	19,997	14,899
Deferred income taxes .....	2,313	2,134
Prepaid expenses and other current assets .....	1,738	1,327
	-----	-----
Total Current Assets .....	73,895	67,272
Property, plant and equipment, net .....	16,120	15,659
Deferred income taxes, noncurrent .....	955	1,390
Other assets .....	4,470	6,423
	-----	-----
Total Assets .....	\$ 95,440	\$ 90,744
	=====	=====

Liabilities and Stockholders' Equity

Current Liabilities:		
Accounts and income taxes payable .....	\$ 11,450	\$ 9,217
Accrued salaries, bonuses and commissions .....	4,013	4,612
Accrued product warranty .....	2,735	3,679
Other accrued expenses .....	3,789	5,372
Billings in excess of costs and estimated earnings .....	4,820	2,350
Current maturities of long-term debt .....	2,813	2,813
	-----	-----
Total Current Liabilities .....	29,620	28,043
Long-term debt .....	5,350	6,563
Deferred compensation expense .....	2,009	1,887
Postretirement benefits liability .....	2,524	2,595
Stockholders' Equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; none issued Common stock, \$.01 par value; 15,000,000 shares authorized; 10,542,704 and 10,517,704, respectively, shares issued and outstanding .....	105	105
Additional paid-in capital .....	5,062	4,906
Retained earnings .....	54,184	50,485
Deferred compensation-ESOP .....	(3,414)	(3,840)
	-----	-----
Total Stockholders' Equity .....	55,937	51,656
	-----	-----
Total Liabilities and Stockholders' Equity .....	\$ 95,440	\$ 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 July 31,	
	1995	1994
Revenues .....	\$ 40,341	\$ 36,255
Cost of goods sold .....	31,608	28,224
Gross profit .....	8,733	8,031
Selling, general and administrative expenses .....	6,824	6,340
Earnings from operations .....	1,909	1,691
Interest, net .....	179	168
Earnings before income taxes .....	1,730	1,523
Income tax provision .....	292	281
Net earnings .....	\$ 1,438	\$ 1,242
Net earnings per common share .....	\$ 0.14	\$ 0.12
Weighted average number of common shares outstanding .....	10,542,704	10,517,704

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)

	Nine Months Ended July 31,	
	1995	1994
Revenues .....	\$ 118,328	\$ 109,975
Cost of goods sold .....	93,065	85,788
Gross profit .....	25,263	24,187
Selling, general and administrative expenses .....	19,776	19,298
Earnings from operations .....	5,487	4,889
Interest, net .....	447	550
Earnings before income taxes .....	5,040	4,339
Income tax provision .....	1,341	1,175
Net earnings .....	\$ 3,699	\$ 3,164
Net earnings per common share .....	\$ 0.35	\$ 0.30
Weighted average number of common shares outstanding	10,531,593	10,506,593

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)

	Nine Months Ended July 31,	
	1995	1994
<b>Operating Activities:</b>		
Net earnings .....	\$ 3,699	\$ 3,164
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization .....	2,579	2,499
Deferred income taxes .....	256	(852)
Postretirement benefit liability .....	71	489
Changes in operating assets and liabilities:		
Accounts receivable .....	(683)	619
Costs and estimated earnings in excess of billings .....	(4,272)	786
Inventories .....	(5,098)	(3,405)
Prepaid expenses and other current assets .....	(411)	(984)
Other assets .....	997	470
Accounts payable and income taxes payable .....	2,233	(2,713)
Accrued liabilities .....	(3,127)	845
Billings in excess of costs and estimated earnings .....	2,470	(1,733)
Other long-term liabilities .....	563	167
	(723)	(648)
Net cash provided by (used in) operating activities .....		
<b>Investing Activities:</b>		
Purchases of property, plant, and equipment .....	(2,084)	(1,510)
Acquisition of Transdyn Controls, Inc. ....	--	(1,539)
Net cash used in investing activities .....	(2,084)	(3,049)
<b>Financing Activities:</b>		
Net proceeds from revolving line of credit .....	1,600	--
Repayments of matured indebtedness .....	(2,813)	(3,331)
Exercise of stock grants .....	--	178
Net cash used in financing activities .....	(1,213)	(3,153)
Net increase (decrease) in cash and cash equivalents .....	(4,020)	(6,850)
Cash and cash equivalents at beginning of period .....	7,598	13,118
Cash and cash equivalents at end of period .....	\$ 3,578	\$ 6,268

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 positions, results of operations, and statements of cash flows. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the company's latest annual report. Certain reclassifications of prior year amounts were made to conform to the current financial statement presentation.

B. INVENTORY

	July 31, 1995 (unaudited) -----	October 31, 1994 -----
The components of inventory are summarized below (in thousands):		
Raw materials and subassemblies .....	\$14,332	\$ 9,392
Work-in-process .....	5,665	5,507
	-----	-----
Total inventories .....	\$19,997 =====	\$14,899 =====

C. PROPERTY, PLANT AND EQUIPMENT

	July 31, 1995 (unaudited) -----	October 31, 1994 -----
Property, plant and equipment is summarized below (in thousands):		
Land .....	\$ 2,514	\$ 2,514
Buildings and improvements .....	14,610	14,282
Machinery and equipment .....	22,885	21,863
Furniture & fixtures .....	3,981	3,076
Construction in process .....	733	247
	-----	-----
	44,723	41,982
Less-accumulated depreciation .....	(28,603)	(26,323)
	-----	-----
Total property, plant and equipment, net .....	\$ 16,120 =====	\$ 15,659 =====

D. Other Financial Information (unaudited)

	Nine Months Ended July 31,	
	1995	1994
Supplemental disclosure of cash flow information (in thousands): Cash paid during the period for:		
Interest .....	\$1,012	\$1,300
	=====	=====
Income taxes .....	\$1,655	\$1,610
	=====	=====

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.

The components of these contracts are as follows (in thousands):

	July 31, 1995 (unaudited)	October 31, 1994
Costs and estimated earnings .....	\$ 48,895	\$ 33,258
Progress billings .....	(37,285)	(25,920)
Total costs and estimated earnings in excess of billings .....	\$ 11,610	\$ 7,338
	=====	=====
Progress billings .....	\$ 29,020	\$ 12,556
Costs and estimated earnings .....	(24,200)	(10,206)
Total billings in excess of costs and estimated earnings .....	\$ 4,820	\$ 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 \$6,563,000 was outstanding as of July 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 1996.

The Company also has a revolving line of credit, with a major domestic bank, of \$10,000,000, which was amended in April 1995, to extend the maturity date to May 1, 1997. As of July 31, 1995 a total of \$1,600,000 of this line was borrowed leaving an available balance of \$8,400,000.

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:

	July 1995	October 31, 1994	July 31, 1994
	-----	-----	-----
Working Capital .....	\$44,275,000	\$39,229,000	\$38,173,000
Current Ratio .....	2.49 to 1	2.40 to 1	2.41 to 1
Debt to Capitalization .....	.13 to 1	.15 to 1	.16 to 1

The consolidated statements of cash flows show that approximately \$4,020,000 of cash was used during the nine months ended July 31, 1995. The increases in costs and estimated earnings in excess of billings and inventories requiring the use of cash were due to the increased volume of business, product shipment delays and advance purchase of inventory. Another major use of cash was the reduction of accrued liabilities for incentive compensation, legal expenses 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 nine months of 1995 was \$2,084,000 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 \$3,578,000, 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.

	JULY 31,			
	1995		1994	
	three months ended	nine months ended	three months ended	nine months ended
	-----	-----	-----	-----
Revenues .....	100.0%	100.0%	100.0%	100.0%
Gross Profit .....	21.7	21.4	22.2	22.0
Selling, general and administrative expenses .....	16.9	16.7	17.5	17.6
Interest, net .....	.4	.4	.5	.5
Net earnings before income tax .....	4.3	4.3	4.2	4.0
Income tax provision .....	.7	1.1	.8	1.1
Net earnings .....	3.6	3.1	3.4	2.9

REVENUES for the quarter ended July 31, 1995 were up 11% to \$40,341,000 from \$36,255,000 for the third quarter of last year. This increase in volume was due to higher electrical distribution equipment product line revenues. Revenues for the nine months ended July 31, 1995 were up eight percent to \$118,328,000 from \$109,975,000 in the first nine months 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 21.7% and 22.2% for the quarters ended July 31, 1995 and 1994. The gross profit percentage for the nine months ended July 31, 1995 and 1994 was 21.4% and 22.0%, respectively. The lower percentages in 1995 were due to changes in product mix shipped during 1995.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE as a percentage of revenues was 16.9% and 17.5% for the quarters ended July 31, 1995 and 1994. The comparable percentages of revenues for the nine months ending July 31, 1995 and 1994 are 16.7% and 17.6%, respectively. The lower percentages in 1995 were due to the effect of increased 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 had effective tax rates of 16.9% and 18.4% for the quarters ended July 31, 1995 and 1994. For the nine months ended July 31, 1995 and 1994 the effective tax rate was 26.6% and 27.1% respectively. The lower than statutory rates are due to foreign sales corporation credits.

NET EARNINGS were \$1,438,000 or \$.14 per share for the third quarter of fiscal 1995, an increase of 16% from \$1,242,000 or \$.12 per share for the same period last year. The net earnings for the nine months ended July 31, 1995 were \$3,699,000, or \$.35 per share, compared with \$3,164,000, or \$.30 per share for the first nine months of fiscal 1994, an increase of eight percent. The increase in both 1995 periods reported were mainly due to the higher revenue volume and lower interest expense.

The order backlog at July 31, 1995 was \$115,500,000 compared to \$106,700,000 at October 31, 1994. The October 31, 1994, backlog has been adjusted for a large turbine package order canceled in January 1995, as previously reported, when a customer terminated a cogeneration project.

Part II

OTHER INFORMATION

- ITEM 1. Legal Proceedings  
No material developments in litigation previously reported.
- 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
- a. Exhibits  
27.0 Financial Data Schedule (electronic format only)
  - b. Reports on Form 8-K  
No reports on Form 8-K were filed during period ended July 31, 1995

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

September 11, 1995  
-----  
Date

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

September 11, 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 JULY 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	3-MOS	
OCT-31-1995		
JUL-31-1995		
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	35,460	
	801	
	19,997	
	73,895	
		44,723
	28,603	
	95,440	
29,620		
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		105
0		
	0	
	55,937	
95,440		
		40,341
	40,341	
		31,608
	31,608	
	6,824	
	0	
	179	
	1,730	
		292
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		0
	1,438	
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