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MAGAL SECURITY SYSTEMS LTD

Form 6-K

April 28, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR  
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2004

MAGAL SECURITY SYSTEMS LTD.  
(Name of Registrant)

P.O. Box 70, Industrial Zone, Yahud 56100 Israel  
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

This Report on Form 6-K is incorporated by reference into the Registrant's Form F-3 Registration Statement File No. 333-9050.

Magal Security Systems Ltd.

6-K Items

1. Press Release re Magal Security Systems Ltd. Announces 2004 First Quarter Results dated April 28, 2004.

Press Release

Source: Magal Security Systems Ltd.

Magal Security Systems Ltd. Announces 2004 First Quarter Results

Wednesday April 28, 9:04 am ET

- Net Income increases 29% compared with the first quarter of 2003 and 30% compared with the fourth quarter of 2003 -

YAHUD, Israel, April 28 /PRNewswire-FirstCall/ -- Security Systems Ltd. (Nasdaq: MAGS; TASE: MAGS) today announced its consolidated financial results for the three-month period ended March 31, 2004.

Revenues for the first quarter of 2004 reached US\$14.2 million, an increase of 11 percent compared with the first quarter of 2003. Operating income reached US\$1.2 million and net income reached US\$687,000, an increase of 14 percent and 29 percent respectively compared with the first quarter of 2003.

Compared with the fourth quarter of 2003, revenues decreased by 20 percent, operating income increased by 12 percent and net income increased by 30 percent.

Operating expenses for the first quarter of 2004 reached US\$5.1 million, an increase of 17 percent compared with the same period of last year and a decrease of 26 percent compared with the fourth quarter of 2003.

Diluted earnings per share for the first quarter reached US\$0.08, an increase of 14 percent compared with the same period of last year.

Commenting on the results, Mr. Jacob Even-Ezra, Chairman of Magal, said: "Usually, our first quarter of the year is the weakest quarter, as outdoor installations are harder during the winter months. We remain pleased with the organic growth in our business and the growth in the operating income, income before tax and net income compared to the first and fourth quarters of 2003."

Mr. Even-Ezra added: " During this quarter, we launched three new products. These were the Fortis Integrated Command and Control System, the PipeGuard Pipeline Security System and the DreamBox, the All-in-One CCTV solution. Management believes that the sales of Fortis and DreamBox will start during the year 2004. Sales of the PipeGuard, we expect will start in the year 2005 due to the long trial periods associated with this product."

Mr. Even-Ezra concluded: " Based on the first quarter results, the current backlog and increased interest in our security products, we have every reason to believe that our results in the year 2004 will be better than those of 2003".

The Company will be hosting its quarterly conference call at 11:00am EDT. On the call, Mr. Jacob Even-Ezra, Chairman of the Board & CEO, and Ms. Raya Asher, V.P. Finance & CFO, will review and discuss the first quarter 2004 results. They will then be available to answer questions.

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To participate, you may listen to the webcast by accessing the link from Magal's web-site at: [www.magal-ssl.com](http://www.magal-ssl.com). Alternatively, you may call one of the teleconferencing numbers that follows.

Please place your calls 5-10 minutes before the conference call commences. If you are unable to connect using one of the toll-free numbers, please try the international dial-in number or the webcast.

US Dial-in Number: 1-866-860-9642  
Canada Dial-in Number: 1-866-485-2399  
ISRAEL Dial-in Number: 03-9180610  
INTERNATIONAL Dial-in Number: +972 3 9180610

At:  
11:00am Eastern Time, 8:00am Pacific Time, 6:00pm Israel Time

About Magal Security Systems, Ltd.:

Magal Security Systems Ltd. (Magal) is engaged in the development, manufacturing and marketing of computerized security systems, which automatically detect, locate and identify the nature of unauthorized intrusions. Magal also supplies video monitoring services through Smart Interactive Systems, Inc., a subsidiary established in the U.S. in June 2001. The Company's products are currently used in more than 70 countries worldwide to protect national borders, airports, correctional facilities, nuclear power stations and other sensitive facilities from terrorism, theft and other threats. Israeli-based Magal has subsidiaries in the U.S., Canada, the U.K., Germany, Romania, Mexico and an office in China.

Revenues for fiscal year 2003 were US\$59 million, with net income of US\$2.4 million.

Magal trades under the symbol MAGS in the U.S. on the Nasdaq National Market since 1993 and in Israel on the Tel-Aviv Stock Exchange (TASE) since July 2001.

This press release contains forward-looking statements, which are subject to risks and uncertainties. Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ from the results discussed in the forward-looking statements. A number of these risks and other factors that might cause differences, some of which could be material, along with additional discussion of forward-looking statements, are set forth in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission.

Contacts:

|  |  |
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(All numbers except EPS expressed in thousands of US\$)

|  | Quarter ended<br>March 31 |        |          |
|--|---------------------------|--------|----------|
|  | 2004                      | 2003   | % change |
| Revenues   | 14,215                    | 12,801 | 11%      |
| Cost of revenues   | 7,945                     | 7,400  | 7%       |
| Gross Profit   | 6,270                     | 5,401  | 16%      |
| Operating expenses:  |                           |        |          |
| Research & development, net  | 1,131                     | 1,084  | 4%       |
| Selling & marketing, net   | 2,621                     | 1,930  | 36%      |
| General & administrative   | 1,301                     | 1,320  | -1%      |
|  | 5,053                     | 4,334  | 17%      |
| Operating income   | 1,217                     | 1,067  | 14%      |
| Financial expenses, net  | 93                        | 331    |          |
| Income before taxes on income  | 1,124                     | 736    | 53%      |
| Taxes on income  | 437                       | 204    |          |
| Net income   | 687                       | 532    | 29%      |
| Basic net earnings per share   | 0.09                      | 0.07   | 29%      |
| Diluted net earnings per share   | 0.08                      | 0.07   | 14%      |
| Weighted average ordinary shares<br>outstanding (in thousands)                       | 8,065                     | 7,897  |          |
| Weighted average ordinary shares<br>outstanding, assuming dilution<br>(in thousands) | 8,186                     | 7,985  |          |

|  | Quarter Ended March 31, |       |
|--|-------------------------|-------|
|  | 2004                    | 2003  |
| Gross Margin (%)                                 | 44.1                    | 42.2  |
| Research & development net as<br>a % of Revenues | 8.0                     | 8.5   |
| Selling & Marketing as a %<br>of Revenues        | 18.4                    | 15.1  |
| General & Administrative<br>as a % of Revenues   | 9.2                     | 10.3  |
| Operating margin (%)                             | 8.6                     | 8.3   |
| Net income margin (%)                            | 4.8                     | 4.2   |
| Total Bank Debt to<br>Total Capitalization       | 0.46                    | *0.47 |
| Current Ratio                                    | 2.06                    | *1.76 |

\* As of December 31, 2003

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MAGAL SECURITY SYSTEMS LTD.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(All numbers expressed in thousands of US\$)

|  | March 31,<br>2004<br>Unaudited | December 31,<br>2003<br>Audited |
|--|--------------------------------|---------------------------------|
| CURRENT ASSETS:                                      |                                |                                 |
| Cash and cash equivalents                            | 5,425                          | 4,389                           |
| Short-term bank deposits                             | 9,084                          | 9,000                           |
| Trade receivables:                                   | 13,290                         | 14,885                          |
| Unbilled accounts receivable                         | 4,808                          | 5,072                           |
| Other accounts receivable                            | 3,145                          | 3,332                           |
| Inventories  | 11,416                         | 11,777                          |
| Deferred income taxes                                | 931                            | 979                             |
| Total current assets                                 | 48,099                         | 49,434                          |
| Long term investments and trade receivables:         |                                |                                 |
| Long-term trade receivables                          | 105                            | 300                             |
| Long-term bank deposits                              | 3,075                          | 3,051                           |
| Severance pay fund                                   | 1,895                          | 1,960                           |
| Total long term investments<br>and trade receivables | 5,075                          | 5,311                           |
| PROPERTY AND EQUIPMENT, NET                          | 12,137                         | 11,505                          |
| OTHER ASSETS, NET                                    | 5,159                          | 5,193                           |
| Total assets   | 70,470                         | 71,443                          |
| CURRENT LIABILITIES:                                 |                                |                                 |
| Short-term bank credit                               | 12,861                         | 12,597                          |
| Current maturities of long-term bank loans           | 1,348                          | 3,841                           |
| Trade payables                                       | 3,005                          | 5,077                           |
| Other accounts payable and accrued expenses          | 6,116                          | 6,518                           |
| Total current liabilities                            | 23,330                         | 28,033                          |
| LONG-TERM LOANS                                      | 4,342                          | 1,873                           |
| ACCRUED SEVERANCE PAY                                | 1,926                          | 1,992                           |
| UNREALIZED LOSSES ON FORWARD CONTRATCS               | 365                            | 561                             |
| SHAREHOLDERS' EQUITY:                                |                                |                                 |
| Share capital  | 2,717                          | 2,683                           |
| Additional paid-in capital                           | 24,820                         | 24,098                          |
| Unrealized losses on forward contracts, net          | (556)                          | (807)                           |
| Accumulated other comprehensive income               | 1,115                          | 1,286                           |
| Retained earnings                                    | 12,411                         | 11,724                          |
| Total shareholders' equity                           | 40,507                         | 38,984                          |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY             | 70,470                         | 71,443                          |

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.

MAGAL SECURITY SYSTEMS LTD.  
(Registrant)

By: /s/Jacob Even-Ezra

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Jacob Even-Ezra  
Chairman of the Board and  
Chief Executive Officer

Date: April 28, 2004