

## Jinpan International Reports First Quarter 2010 Financial Results

-- Company Reiterates Comfort with FY10 Financial Forecast --



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CARLSTADT, N.J., May 12 /PRNewswire-FirstCall/ -- Jinpan International Ltd (Nasdaq:JST - [News](#)), a leading designer, manufacturer and distributor of cast resin transformers for high voltage distribution equipment, today announced unaudited consolidated financial results for the first quarter ended March 31, 2010.

Net sales for the first quarter were \$19.6 million, a 39.5% decrease from \$32.4 million in the same period last year. The decrease in sales was the result of lower domestic sales and fewer shipments made. In the first quarter, domestic sales accounted for \$17.3 million, or 88.3% of net sales, compared to \$24.4 million, or 75.3% of net sales in the same period last year. Net sales outside of China decreased 71.3% to \$2.3 million, or 11.7% of net sales, compared to \$8.0 million, or 24.7% of net sales in the same period last year. The decrease in international sales was primarily the result of fewer shipments compared to relatively strong international sales in the same period last year.

Cast resin transformers (excluding those for wind power applications), switch gears and unit substations represented \$15.8 million, or 80.6% of net sales in the first quarter, while wind energy products represented \$3.8 million, or 19.4% of net sales in the first quarter.

Gross profit in the first quarter decreased 39.0% year over year to \$7.2 million from \$11.7 million, and gross profit margin increased 30 basis points year over year to 36.5% from 36.2%. In spite of lower unit sales pricing, the Company benefited from a lower cost of sales on an absolute basis and maintained favorable profit margins.

Selling and administrative expenses in the first quarter were \$6.4 million, or 32.7% of net sales, compared to \$6.2 million, or 19.2% of net sales in the same period last year. Selling and administrative expenses increased primarily due to additional overhead costs at the Company's Shanghai facility, which was not operational in the first half of 2009.

Operating income decreased 86.3% to \$0.8 million, or 3.9% of net sales, from \$5.5 million, or 16.9% of net sales in the same period last year.

Net income for the first quarter decreased 75.5% to \$1.1 million, or \$0.07 per diluted share, from \$4.7 million, or \$0.29 per diluted share in the same period last year. First quarter net income as a percentage of net sales was 5.8%, compared to 14.4% in the same period last year.

As of May 7, 2010, the Company had a backlog of approximately \$52 million, a 30% increase from December 31, 2009.