

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For three months ended March 31, 1995

Commission File No. 1-4018

DOVER CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation) 53-0257888  
(I.R.S. Employer Identification No.)

280 Park Avenue, New York, NY 10017  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 922-1640

Indicate by checkmark 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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No  
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The number of shares outstanding of the Registrant's common stock as of the close of the period covered by this report was 56,692,396.

Part. I. FINANCIAL INFORMATION

Item 1. Financial Statements

DOVER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF EARNINGS  
THREE MONTHS ENDED MARCH 31, 1995 AND 1994  
(000'S OMITTED)

	1995	1994
	-----	-----
Net sales	\$ 854,129	\$ 680,727
Cost of sales	584,093	469,795
	-----	-----
Gross profit	270,036	210,932
Selling and administrative expenses	176,002	142,491
	-----	-----
Operating profit	94,035	68,441
	-----	-----
Other deductions (income):		
Interest expense	8,854	6,580
Interest income	(6,216)	(6,625)
Foreign exchange	396	(27)
All other	(1,019)	522
	-----	-----
	2,015	450
	-----	-----
Earnings before taxes on income	92,019	67,991
Federal and other taxes on income	32,220	25,418
	-----	-----
Net earnings	\$ 59,799	\$ 42,573
	=====	=====

Weighted average number of common shares outstanding

during the period	56,679	57,176
	=====	=====
Net earnings per common share	\$ 1.06	\$ .74
	=====	=====

DOVER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
THREE MONTHS ENDED MARCH 31, 1995 AND 1994  
(000'S OMITTED)

	1995	1994
	-----	-----
Balance at beginning of period	\$1,268,114	\$1,121,817
Net earnings	59,799	42,573
	-----	-----
	1,327,913	1,164,390
Deduct common stock cash dividends of \$.26 per share (\$.23 in 1994)	14,739	13,152
	-----	-----
Balance at end of period	\$1,313,174	\$1,151,238
	=====	=====

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DOVER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(000'S OMITTED)

	MARCH 31, 1995	DECEMBER 31, 1994
	-----	-----
Assets		
Current Assets:		
Cash and cash equivalents	\$ 84,809	\$ 90,304
Marketable securities	56,814	54,583
Receivables, net of allowance for doubtful accounts	601,827	576,628
Inventories at cost (determined principally on the last-in, first-out basis, which is less than market value)	389,303	364,604
Prepaid expenses	53,820	47,020
	-----	-----
Total current assets	1,186,573	1,133,139
	-----	-----
Property, plant & equipment, at cost	842,972	812,175
Accumulated depreciation	(484,149)	(469,490)
	-----	-----
Net property, plant & Equipment	358,823	342,685
	-----	-----
Intangible assets, net of amortization	574,212	564,420
Other intangible assets	10,258	10,258
Deferred charges and other assets	20,398	20,135
	-----	-----
	\$ 2,150,264	\$ 2,070,637
	=====	=====
Liabilities		
Current liabilities:		
Notes payable	\$ 249,350	\$ 263,605
Current maturities of long-term debt	388	455
Accounts payable	163,975	155,186
Accrued compensation & employee benefits	72,687	88,235
Accrued insurance	100,701	98,712
Other accrued expenses	161,776	147,585
Income taxes	48,396	18,445
	-----	-----
Total current liabilities	797,273	772,223
Long-term debt	253,345	253,587
Deferred taxes	1,277	2,545
Deferred compensation	46,645	46,423
Stockholders' Equity:		
Preferred stock	--	--
Common stock	66,480	66,441
Additional paid-in surplus	19,047	17,676
Cumulative translation adjustments	5,689	(8,206)
Unrealized holding gains (losses)	(940)	(550)

Retained earnings	1,313,174	1,268,114
	-----	-----
	1,403,450	1,343,475
Less: treasury stock	351,726	347,616
	-----	-----
	1,051,724	995,859
	-----	-----
	\$ 2,150,264	\$ 2,070,637
	=====	=====

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DOVER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
THREE MONTHS ENDED MARCH 31, 1995 AND 1994  
(000'S OMITTED)

	1995	1994
	-----	-----
Cash flows from operating activities:		
Net income	\$ 59,799	\$ 42,573
	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	16,012	12,914
Amortization	8,386	8,486
Net increase (decrease) in deferred taxes	(1,268)	779
Net increase (decrease) in LIFO reserves	291	(19)
Increase (decrease) in deferred compensation	221	(164)
Other, net	(7,026)	15,037
Changes in assets and liabilities (excluding acquisitions):		
Decrease (increase) in accounts receivable	(25,199)	(14,671)
Decrease (increase) in inventories, excluding LIFO reserve	(24,989)	(25,731)
Decrease (increase) in prepaid expenses	(6,800)	(2,604)
Increase (decrease) in accounts payable	8,789	(1,315)
Increase (decrease) in accrued expenses	15,129	6,393
Increase (decrease) in federal and other taxes on income	29,951	17,107
	-----	-----
Total adjustments	13,497	16,212
	-----	-----
Net cash provided by operating activities	73,296	58,785
	-----	-----
Cash flows from (used in) investing activities:		
Net sale (purchase) of marketable securities	(2,231)	(18,823)
Additions to property, plant & equipment	(28,056)	(16,540)
Acquisitions	(16,240)	(104,358)
Purchase of treasury stock	(4,110)	(58)
	-----	-----
Net cash from (used in) investing activities	(50,637)	(139,779)
	-----	-----
Cash flows from (used in) financing activities:		
Increase (decrease) in notes payable	(14,256)	87,166
Reduction of long-term debt	(242)	(108)
Proceeds from exercise of stock options	1,083	992
Cash dividends to stockholders	(14,739)	(13,152)
	-----	-----
Net cash from (used in) financing activities	(28,154)	74,898
	-----	-----
Net increase (decrease) in cash and cash equivalents	(5,495)	(6,096)
Cash and cash equivalents at beginning of period	90,304	63,685
	-----	-----
Cash and cash equivalents at end of period	\$ 84,809	\$ 57,589
	=====	=====

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DOVER CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 1995

NOTE A - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles. In the opinion of the Company, all adjustments, consisting only of normal recurring items necessary for a fair presentation of the operating results have been made. The results of operations of any interim period are subject to year-end audit and adjustments, and are not necessarily indicative of the results of operations for the fiscal year.

NOTE B - Inventory

Inventories, by components, are summarized as follows:

	MARCH 31, 1995	DECEMBER 31, 1994
Raw materials	\$124,960	\$116,829
Work in progress	176,668	167,251
Finished goods	129,269	121,828
Total	430,897	405,908
Less LIFO reserve	41,594	41,304
Net amount per balance sheet	\$389,303	\$364,604

NOTE C - Additional Information

For a more adequate understanding of the Company's financial position operating results, business properties and other matters, reference is made to the Company's annual form 10-K which was filed with the Securities and Exchange Commission in March 1995.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) MATERIAL CHANGES IN CONSOLIDATED FINANCIAL CONDITION:

The Company's liquidity increased during the first quarter of 1995 as compared to the position at December 31, 1994.

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Working capital increased from \$360.9 million at the end of last year to \$389.3 million at March 31, 1995, an increase of 8%.

Dover completed two acquisitions in the first quarter involving an expenditure of \$16 million. Civacon (Dover Resources) purchased Knappco, Inc. of Kansas City, a maker of valves and manhole covers for tank trailers (Heil is an important Knappco customer), which business will expand Civacon's product line. Hill Phoenix (Dover Diversified) completed the previously announced purchase of the assets of Margaux, Inc. which is located near Phoenix's Conyers, Georgia, facility and makes similar products. Dover is actively reviewing other acquisitions of the "add-on" and "stand alone" types, but completion of transactions is unpredictable. Internal cash flow funded the \$16 million of acquisitions and \$ 4 million of stock repurchases as well as a \$12 million decrease in net debt to \$361 million (25% of total debt and equity capital). The implied "free cash flow" of \$32 million, only 4% of first quarter sales, is below Dover's long-term average, as is expected in a period of rapid internal growth.

(2) MATERIAL CHANGES IN RESULTS OF OPERATIONS:

The Company earned \$1.06 per share in its first quarter ended March 31, an increase of 43% from the \$.74 reported last year. This was a Dover earnings record for any quarter. Sales of \$854 million were 25% above the prior year's quarter and were also a record for any quarter.

The EPS improvement was driven by a 34% gain in the combined profits of Dover's five Operating Subsidiaries of which four achieved gains. Additionally, Dover's tax rate was 35% in the quarter compared with 37.4% in the first quarter of 1994 and 34.1% for 1994 as a whole. Average shares outstanding were about 1% lower due to repurchases made primarily in late 1994. In the first quarter of 1995, Dover re-purchased 77,000 shares at an average price of \$53.

Business conditions in the first quarter were generally strong as total Dover orders were 37% higher than last year and backlog expanded 14% during the quarter. March was an unusually strong month with shipments of \$319 million that produced record profits and a quarter that exceeded Dover's expectations.

This segment achieved a 27% earnings gain on a 19% sales gain as 11 of 16 businesses had higher earnings than last year. De-Sta-Co, OPW Fueling Components, Blackmer and Midland had earnings gains of more than 25% and produced more than half of Resources' profits in the quarter. De-Sta-Co has improved its position for automotive air conditioning valves in a continuing strong market and has seen some upturn in its European operations. OPW Fueling Components and Blackmer continue to grow in gasoline vapor recovery applications and received final approvals on their Vapor E-Z system. Midland increased shipments to the rail tank car market. Profits from Resources' three companies serving the oil/gas production market improved modestly, helped by exports, but continue to represent less than 20% of total profits in this segment. Most of Resources' 19% year-over-year sales growth was internally generated with a small contribution from Tarby (acquired by Blackmer in 1994) and from Knappco (acquired by Civacon in early 1995). Bookings exceeded shipments in the first quarter by 7% with all non-oil field companies showing gains over last year.

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#### DOVER INDUSTRIES

Dover Industries achieved a 63% earnings gain on a 26% sales increase and, as expected, became Dover's largest earnings segment. Ten of twelve companies had higher earnings than last year with 9 of these gains in excess of 20%. The largest increases were at Heil, where profits gained more than 50%, and at Tipper Tie where profits more than doubled. Heil's shipments of refuse trucks increased modestly due to stronger national account business while tank trailer sales jumped 41% to a record level as expanded capacity came on stream. Tipper Tie was helped by last year's acquisition of Technopack (Germany). Despite the increased trailer production, backlog has continued to grow as first quarter orders were almost double shipments. All Dover Industries' companies had higher first quarter sales than last year and all but one had higher orders. Total orders gained 34% for the quarter with almost half of the dollar gain at Heil. Backlogs and order rates are strong for most companies with production capacity a near-term constraint at Heil Trailers, Davenport, and Texas Hydraulics.

#### DOVER TECHNOLOGIES

Dover Technologies achieved a 95% earnings gain on a 40% sales increase. While 6 of the 7 companies in this segment achieved profit gains, most of the \$12.1 million increase in profits was attributable to Universal Instruments where earnings more than doubled on a 43% shipment gain. All of Universal's businesses (thru-hole equipment, surface mount equipment, rebuilt machines and parts/service) showed improved sales and earnings relative to prior year. Book-to-bill at Universal was a very strong 1.29 despite the shipments gain. New equipment shipments of each type were more than 50% ahead of last year in the first quarter with bookings for each greater than shipments, particularly for surface mount. Universal's product line was well received at the important Nepcon-West show with the GSM-1 surface mount machine emerging as the new industry standard for flexible placement machines. Orders were also higher for DEK's and Soltec's production equipment, but both of these companies are experiencing margin pressure. All of Technologies' components-related businesses (about 15% of sales in first quarter) had stronger earnings and bookings than in the prior year. Dover Technologies' overall book-to-bill in the first quarter was 1.19. Backlog is in place, especially at Universal, for Technologies to have an excellent second quarter, but profit gains will be limited in the near term by Universal's ability to increase production. Their first quarter shipments were a record (having more than doubled in 2 years) and the strain on people, facilities and vendors is a challenge.

#### DOVER DIVERSIFIED

Profits at Dover Diversified improved 33% on a 72% sales increase. The acquisition of HTT/Reheat (by Tranter) and of Hill (by Phoenix Refrigeration) subsequent to last year's first quarter, and of Margaux this year, provided 50 points of the sales gain but no earnings. This reflects acquisition write-offs, a seasonally weak period at Hill, and costs of combining Hill, Phoenix and Margaux while constructing a new plant for refrigerated case production. Dean Flatt, previously President of Hill, was named President of the combined Hill Phoenix/Margaux operations, following the death of Grant Brown in a plane crash late in 1994. Profits advanced strongly at Belvac, Tranter, and Pathway but lagged last year at A-C Compressor where costs are under absorbed due to a slow shipment schedule for the early part of 1995. A-C's bookings in the quarter were more than double sales and March 31 backlog is 28% ahead of prior year; so, recovery is expected. Belvac continued its strong shipments/earnings results but

orders were 163% of shipments, pushing backlog to almost triple a year ago. The Company plans a plant expansion in the second quarter to permit higher production of necker machines. The

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Diversified segment recorded \$2.1 million of profit on a 1993 contract settlement between Sargent Controls and Electric Boat as operating milestones were reached in the first quarter, triggering further cash receipts. An additional \$2.3 million is expected to be collected in the course of 1995. Diversified's bookings were 126% of shipments in first quarter which raised backlog 81% above last year (including acquisition impact). Profit should improve as A-C catches up and Hill Phoenix begins to realize its potential.

#### DOVER ELEVATOR

Dover Elevator International's profits fell sharply on flat sales that were below expectation. Despite a strong backlog, actual releases for domestic manufacture of new elevators were soft in the quarter with an unfavorable product mix. Additionally, profit declined in Europe and launch costs were absorbed for the new Dover Accessibility product line. While the elevator segment had not expected to equal last year's best earnings quarter, the actual result was disappointing. The market for new elevators continues depressed. First quarter bookings were 6% higher than last year, leaving backlog at March 31, 4% below a year ago although actually higher than last year for manufacturing operations due to the slow releases. Lower new elevator production/construction added to losses in this area, while competitive pricing prevented profit gains in service. The downsized and re-structured General Elevator Company performed ahead of its recovery plan but net gains from the broader North American re-organization are being realized more slowly due to implementation costs. Dover Elevator expects profits to improve as the year progresses with favorable year-over-year earnings comparisons in the second half.

#### OUTLOOK

Given the strong start to 1995 the Company believes that an earnings gain of 20% or more for the year is now likely, rather than just possible. If achieved, this would be Dover's third consecutive year with earnings growth exceeding 20%.

#### PART II OTHER INFORMATION

##### Item 6. Exhibits and Reports on Form 8-K

No report on Form 8-K was filed during the quarter for which this report is filed.

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#### 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.

DOVER CORPORATION

Date: 4/21/95

/s/ John F. McNiff

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John F. McNiff, Vice President  
and Treasurer

Date: 4/21/95

/s/ Alfred Suesser

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EXHIBIT INDEX

Exhibit 27 - Financial Data Schedule

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