

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

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: APRIL 30, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_

Commission file number: 0-3136

RAVEN INDUSTRIES, INC.  
(Exact name of registrant as specified in its charter)

SOUTH DAKOTA  
(State or other jurisdiction of  
incorporation or organization)

46-0246171  
(I.R.S. Employer Identification No.)

205 EAST 6TH STREET  
P.O. BOX 5107  
SIOUX FALLS, SD 57117-5107  
(Address of principal executive offices) (Zip code)

605-336-2750  
Registrant's telephone number, including area code

Indicate by check mark 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AS OF APRIL 30, 1997
- - - - -	-----
Common Stock	4,837,550 shares

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(Dollars in thousands)

	4/30/97	01/31/97	4/30/96
	-----	-----	-----
<b>ASSETS</b>			
Cash and cash equivalents .....	\$ 2,055	\$ 3,439	\$ 1,789
Accounts receivable, less allowance for doubtful accounts of \$342, \$340 and \$340 .....	23,001	25,637	18,556
Inventories:			
Materials .....	17,696	16,276	14,494
In process .....	4,783	4,574	5,286
Finished goods .....	5,864	4,275	5,829
	-----	-----	-----
Total inventories .....	28,343	25,125	25,609
Prepaid expenses and other current assets .....	328	431	333
Deferred income taxes .....	2,064	2,064	1,579
	-----	-----	-----
Total current assets .....	55,791	56,696	47,866
	-----	-----	-----
Property, plant and equipment .....	49,588	48,315	46,188
Less: accumulated depreciation .....	31,183	30,173	27,934
	-----	-----	-----
Net property, plant and equipment .....	18,405	18,142	18,254
Other assets, net .....	5,852	5,824	3,752
	-----	-----	-----
<b>TOTAL ASSETS .....</b>	<b>\$80,048</b>	<b>\$80,662</b>	<b>\$69,872</b>
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current portion of long-term debt .....	\$ 1,766	\$ 1,366	\$ 813
Accounts payable .....	6,526	7,849	5,911
Accrued liabilities and customer advances .....	10,125	10,801	9,189
	-----	-----	-----
Total current liabilities .....	18,417	20,016	15,913
Long-term debt, less current portion .....	2,639	3,181	2,746
Deferred income taxes .....	736	736	815
	-----	-----	-----
Stockholders' equity			
Common stock, \$1 par value, authorized shares: 100,000,000; issued: 5,189,953; 5,187,961 and 5,068,905 shares .....	5,190	5,188	5,069
Paid in capital .....	2,693	2,673	540
Retained earnings .....	53,283	51,778	47,699
	-----	-----	-----
Total stockholders' equity .....	61,166	59,639	53,308
Less treasury stock, at cost:			
352,403 shares .....	2,910	2,910	2,910
	-----	-----	-----
Total stockholders' equity .....	58,256	56,729	50,398
	-----	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....</b>	<b>\$80,048</b>	<b>\$80,662</b>	<b>\$69,872</b>
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PART I - FINANCIAL INFORMATION

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
(Dollars in thousands except per-share data)

	FOR THE THREE MONTHS ENDED:	
	4/30/97	4/30/96
Net sales .....	\$ 35,666	\$ 30,875
Cost of goods sold .....	28,839	24,789
Gross profit .....	6,827	6,086
Operating expenses		
Selling .....	1,936	1,754
Administrative .....	1,603	1,506
Operating income .....	3,288	2,826
Interest expense .....	(88)	(69)
Other income, net .....	134	40
Income before income taxes	3,334	2,797
Income taxes .....	1,200	989
Net income .....	\$ 2,134	\$ 1,808
Average number of common and common-equivalent shares outstanding .....	4,865,520	4,744,685
Net income per common and common-equivalent share ...	\$ 0.44	\$ 0.38
Cash dividends paid per share	\$ 0.130	\$ 0.120

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PART I - FINANCIAL INFORMATION

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(Dollars in thousands)

	FOR THE THREE MONTHS ENDED:	
	4/30/97	4/30/96
Cash flows from operating activities:		
Net income .....	\$ 2,134	\$ 1,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	1,325	1,182
Provision for losses on accounts receivable .....	34	36
Equity in earnings of affiliate, net of dividends (Increase) decrease in accounts receivable .....	(100)	0
(Increase) decrease in inventories .....	2,602	(2,590)
(Increase) decrease in other current assets .....	(3,218)	(1,712)
Increase (decrease) in operating liabilities ....	103	80
Other .....	(1,999)	1,142
	25	(3)
Net cash provided by (used in) operating activities .	906	(57)
Cash flows from investing activities:		
Capital expenditures .....	(1,539)	(1,322)
Intangible asset expenditures and other .....	(2)	(5)
Net cash provided by (used in) investing activities .	(1,541)	(1,327)
Cash flows from financing activities:		
Long-term debt principal payments .....	(142)	(70)
Proceeds from exercise of stock options .....	22	5
Dividends paid .....	(629)	(566)
Net cash provided by (used in) financing activities .	(749)	(631)
Net increase (decrease) in cash and equivalents .....	(1,384)	(2,015)
Cash and cash equivalents at beginning of period .....	3,439	3,804
Cash and cash equivalents at end of period .....	\$ 2,055	\$ 1,789
Cash paid during the period for:		
Interest .....	\$ 95	\$ 74
Income taxes .....	\$ 320	\$ 35

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PART I - FINANCIAL INFORMATION

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended April 30, 1997 are not necessarily indicative of the results that may be expected for the year ending January 31, 1998. For further information, refer to the consolidated financial statements and notes thereto included in the

Company's annual report on Form 10-K for the year ended January 31, 1997.

2. In March 1997, the Financial Accounting Standards Board issued Statement No. 128 "Earnings per Share," which the Company will adopt effective for its fiscal 1998 year end reporting. The Company will be required to report basic net income per share based on weighted average common shares outstanding, without considering common equivalent shares, and diluted net income per share based on weighted average common and common equivalent shares outstanding. Diluted net income per share would be equivalent to the Company's current reporting of net income per common and common-equivalent share.

PART I - FINANCIAL INFORMATION

RAVEN INDUSTRIES, INC. AND SUBSIDIARIES  
 COMPUTATIONS OF EARNINGS PER COMMON SHARE (UNAUDITED)  
 (Dollars in thousands except per-share data)

	FOR THE THREE MONTHS ENDED:	
	4/30/97	4/30/96
Net income .....	\$ 2,134	\$ 1,808
Earnings per common share		
- Primary .....	\$ 0.44	\$ 0.38
Earnings per common share		
- Fully diluted (1) .....	\$ 0.44	\$ 0.38
Average number of common and common equivalent shares:		
Primary:		
Weighted average common shares outstanding .....	4,836,975	4,716,185
Dilutive effect of exercise of certain stock options .....	28,545	28,500
Average common shares		
- Primary .....	4,865,520	4,744,685
Fully diluted (1):		
Weighted average common shares outstanding .....	4,836,975	4,716,185
Dilutive effect of exercise of certain stock options .....	28,545	28,500
Average common shares		
- Fully diluted .....	4,865,520	4,744,685

(1) THIS CALCULATION IS SUBMITTED IN ACCORDANCE WITH REGULATION S-K ITEM

601(B)(11) ALTHOUGH NOT REQUIRED BY FOOTNOTE 2 TO PARAGRAPH 14 OF APB OPINION NO. 15 BECAUSE IT RESULTS IN DILUTION OF LESS THAN 3%.

## PART I - FINANCIAL INFORMATION

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

#### FINANCIAL CONDITION

The company's cash balance was \$2.1 million at April 30, 1997 and was \$266,000 higher than one year earlier. For the first three months of the current fiscal year the company's cash flow from operations was \$906,000; a \$963,000 improvement over the comparable period in the prior year. Higher earnings and collection of year-end accounts receivable balances accounted for much of the improvement. Accounts receivable balances at April 30, 1997 were \$4.4 million higher than one year earlier due primarily to the higher sales level. The company's capital resources continue to be sufficient to fund all operating and investing activities.

#### RESULTS OF OPERATIONS

First quarter records were set for sales and net income during the quarter ended April 30, 1997. Sales increased by 16 percent over the previous record set one year earlier and totaled \$35.7 million. Net income of \$2.1 million was 18 percent higher than the comparable period of the prior year. Earnings per share of \$.44 increased 16 percent. The number of average shares outstanding increased by 121,000 due primarily to the issuance of shares in connection with the purchase of Norcore Plastics, Inc. in January 1997. Sales and operating income increased in every business segment.

Electronics segment sales of \$12.2 million in the first quarter were up one percent over the first quarter of the prior year. Sales of flow control devices for precision farming increased slightly, but were nearly \$1 million below management expectations as new product introductions did not result in additional sales. Feedmill automation and contract manufacturing revenues were relatively flat. First quarter Electronics segment operating income of \$2.0 million was 13 percent higher than the comparable period of the prior year. Operating income for the quarter ended April 30, 1996 was reduced by start-up costs related to product introductions and new contract manufacturing customers.

Plastics segment sales were \$17.9 million in the quarter ended April 30, 1997, compared to \$14.0 million one year earlier. The acquisition of Norcore Plastics, Inc. in January 1997 contributed \$2.7 million to revenues. Sales of plastic tanks, flexible films and pickup-truck toppers all increased. Operating income in this segment was \$987,000 in the first quarter, a one percent increase over the prior year's first quarter. The impact of higher sales was substantially offset by business integration costs and production inefficiencies, resulting in a lower gross profit rate.

Sewn Products segment sales of \$5.6 million in the first quarter were at their seasonal low point and were 14 percent higher than the comparable period of the prior year. The higher sales and production efficiencies raised operating income from \$85,000 last year in the first quarter to \$306,000 this year.

Consolidated gross profits increased by 12 percent over the first quarter of the prior year. Gross profit rate increases in the Electronics and Sewn Products segments were offset by a decline in the Plastics segment. The first quarter consolidated gross profit rate was 19.7 percent last year and 19.1 percent this year. Selling and administrative expenses declined from 10.6 percent of sales to 9.9 percent. The profit impact of higher sales increased first quarter operating and net income by 16 and 18 percent, respectively, when compared to the first quarter of the prior year.

#### PART II-OTHER INFORMATION

Item 1. Legal Proceedings: None

- Item 2. Changes in Securities: None
- Item 3. Defaults upon Senior Securities: None
- Item 4. Submission of Matters to a Vote of Security Holders: None.
- Item 5. Other Information: None
- Item 6. (a) Exhibits Filed: Exh. 27-Financial Data schedule (for SEC only).  
(See Part 1, page 7 for Earnings Per Share computation)
- (b) Reports on Form 8-K: None

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.

RAVEN INDUSTRIES, INC.

/s/ Arnold J. Thue

-----  
Arnold J. Thue  
Vice President, Finance, Secretary  
and Treasurer (Principal Financial  
and Accounting Officer)

DATE: JUNE 9, 1997

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