

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1996

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 1-7416

VISHAY INTERTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

38-1686453

(State or other jurisdiction (I.R.S. Employer Identification
of incorporation or organization) Number)

63 Lincoln Highway, Malvern, Pennsylvania
(Address of principal executive offices)

19355
(Zip Code)

Registrant's telephone number, including area code (610) 644-1300

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

As of May 3, 1996 registrant had 51,161,076 shares of its Common Stock and 7,222,035 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q

MARCH 31, 1996

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VISHAY INTERTECHNOLOGY, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(Unaudited - In thousands)

ASSETS	March 31 1996 -----	December 31 1995 -----
CURRENT ASSETS		
Cash and cash equivalents	\$21,581	\$19,584
Accounts receivable	190,088	180,383
Inventories:		
Finished goods	168,549	148,846
Work in process	85,320	92,166
Raw materials	127,211	121,180
Prepaid expenses and other current assets	73,917	78,039
	-----	-----
TOTAL CURRENT ASSETS	666,666	640,198
PROPERTY AND EQUIPMENT - AT COST		
Land	45,530	46,073
Buildings and improvements	205,723	197,164
Machinery and equipment	622,753	603,175
Construction in progress	82,943	76,564
Allowance for depreciation	(266,580)	(253,748)
	-----	-----
	690,369	669,228
GOODWILL		
	215,059	218,102
OTHER ASSETS		
	14,752	15,803
	-----	-----
	\$1,586,846	\$1,543,331
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31 1996 -----	December 31 1995 -----
CURRENT LIABILITIES		
Notes payable to banks	\$26,486	\$22,174
Trade accounts payable	53,502	66,942
Payroll and related expenses	47,169	43,790
Other accrued expenses	51,644	51,102
Income taxes	14,784	7,083
Current portion of long-term debt	37,855	37,821
	-----	-----
TOTAL CURRENT LIABILITIES	231,440	228,912
LONG-TERM DEBT	241,703	228,610
DEFERRED INCOME TAXES	41,574	42,044
OTHER LIABILITIES	67,619	59,866
ACCRUED RETIREMENT COSTS	74,636	76,046
STOCKHOLDERS' EQUITY		
Common stock	5,115	5,114
Class B common stock	722	722
Capital in excess of par value	734,668	734,316
Retained earnings	174,411	146,370
Foreign currency translation adjustment	21,990	28,487
Unearned compensation	(398)	(364)
Pension adjustment	(6,634)	(6,792)
	-----	-----
	929,874	907,853
	-----	-----
	\$1,586,846	\$1,543,331
	=====	=====

See notes to consolidated condensed financial statements.

VISHAY INTERTECHNOLOGY, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
(Unaudited - In thousands except earnings per share)

	Three Months Ended March 31	
	1996	1995
	-----	-----
Net sales	\$310,660	\$310,284
Costs of products sold	225,579	231,019
	-----	-----
GROSS PROFIT	85,081	79,265
Selling, general, and administrative expenses	40,374	41,120
Amortization of goodwill	1,632	1,600
	-----	-----
OPERATING INCOME	43,075	36,545
Other income (expense):		
Interest expense	(4,293)	(8,319)
Other	(158)	(13)
	-----	-----
	(4,451)	(8,332)
	-----	-----
EARNINGS BEFORE INCOME TAXES	38,624	28,213
Income taxes	10,583	6,179
	-----	-----
NET EARNINGS	\$28,041	\$22,034
	=====	=====
Net earnings per share	\$0.48	\$0.42
	=====	=====
Weighted average shares outstanding	58,364	52,702

See notes to consolidated condensed financial statements

VISHAY INTERTECHNOLOGY, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(Unaudited - In thousands)

	Three Months Ended March 31	
	1996	1995
	-----	-----
OPERATING ACTIVITIES		
Net earnings	\$28,041	\$22,034
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	19,345	16,871
Other	10,087	5,492
Changes in operating assets and liabilities	(30,757)	(35,114)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	26,716	9,283
INVESTING ACTIVITIES		
Purchases of property and equipment-net	(43,901)	(36,645)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(43,901)	(36,645)
FINANCING ACTIVITIES		
Net proceeds from revolving credit lines	14,945	29,500
Proceeds from long-term borrowings	3,096	21
Payments on long-term borrowings	(3,072)	(3,942)
Net proceeds (payments) on short-term borrowings	4,487	(1,607)
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	19,456	23,972
Effect of exchange rate changes on cash	(274)	1,276
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,997	(2,114)
Cash and cash equivalents at beginning of period	19,584	26,857
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$21,581	\$24,743
	=====	=====

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)
March 31, 1996

Note 1: Basis of Presentation

The accompanying unaudited consolidated condensed 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 presentation of financial position, results of operations, and cash flows required by generally accepted accounting principles for complete financial statements. The information furnished reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations and cash flows for the interim periods presented. The financial statements should be read in conjunction with the financial statements and notes thereto filed with Form 10-K for the year ended December 31, 1995.

Note 2: Earnings Per Share

Earnings per share amounts for all periods reflect a 2-for-1 stock split distributed on June 16, 1995. Earnings per share for the three month period ended March 31, 1996 reflect the issuance of 5.75 million shares of common stock in September 1995.

Note 3: Reclassifications

Certain prior year amounts have been reclassified to conform with the current presentation.

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

Results of Operations

Net sales for the quarter ended March 31, 1996 were \$310,660,000 compared to \$310,284,000 from the comparable period of the prior year. The flat net sales are indicative of the general slowdown in the European economy and the abrupt worldwide drop in the personal computer and telecommunications markets which started at the end of last year.

The weakening of the U.S. dollar against foreign currencies in the first quarter of 1996 in comparison to the prior year's quarter resulted in an increase in reported sales of \$1,478,000.

Income statement captions as a percentage of sales and the effective tax rates were as follows:

	Three Months Ended	
	March 31	
	1996	1995
Costs of products sold	72.6 %	74.5 %
Gross profit	27.4	25.5
Selling, general and administrative expenses	13.0	13.3
Operating income	13.9	11.8
Earnings before income taxes	12.4	9.1
Effective tax rate	27.4	21.9
Net earnings	9.0	7.1

Costs of products sold for the quarter ended March 31, 1996 were 72.6% of net sales, as compared to 74.5% for the comparable prior year period. This decrease reflects an increase in production in Israel where labor costs are lower than in most other regions in which Vishay manufactures and the continued shift to higher margin products.

Israeli government grants, recorded as a reduction of costs of goods sold, were \$2,140,000 for the quarter ended March 31, 1996 as compared to \$2,589,000 for the comparable prior year period. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of the Company's employees in Israel. Deferred income at March 31, 1996 relating to Israeli government grants was \$39,317,000 as compared to \$30,849,000 at December 31, 1995.

Selling, general, and administrative expenses for the quarter ended March 31, 1996 were 13.0% of net sales, as compared to 13.3% for the comparable prior year period. While management believes these percentages to be acceptable, management continues to explore additional cost saving opportunities.

Interest costs decreased by \$4,026,000 for the quarter ended March 31, 1996 over the comparable prior year period primarily as a result of the net proceeds of \$230,279,000 from a common stock offering completed in September 1995 which were used to prepay bank indebtedness.

The effective tax rate for the quarter ended March 31, 1996 was 27.4% compared to 21.9% for the comparable prior year period. The effective tax rate for calendar year 1995 was 24.6%. The higher tax rate for the quarter ended March 31, 1996 reflects increased earnings in higher tax rate countries.

The continuing effect of low tax rates in Israel (as compared to the statutory rate in the United States) has been to increase net earnings by \$4,373,000 and \$4,072,000 for the quarter ended March 31, 1996 and 1995, respectively. This period to period increase is primarily a result of increased earnings for the Israeli operations. The more favorable Israeli tax rates are applied to specific approved projects and normally continue to be available for a period of ten years. New projects are continually being introduced.

Financial Condition

Cash flows from operations were \$26,716,000 for the quarter ended March 31, 1996 compared to \$9,283,000 for the prior year's period. Included in net cash provided by operating activities is \$3,857,000 and \$3,778,000 of cash payments made in the first quarter of 1996 and 1995, respectively,

for accruals the Company established in connection with acquisitions. Net purchases of property and equipment for the quarter ended March 31, 1996 were \$43,901,000 compared to \$36,645,000 in the prior year's period. This increase reflects the Company's on-going program to purchase additional equipment to meet anticipated customer demand for surface mount components. Net cash provided by financing activities of \$19,456,000 for the quarter ended March 31, 1996 includes increased borrowings used primarily to finance the additions to property and equipment.

The Company has established accruals relating to the Vitramon acquisition of \$11,735,000. These accruals, which are included in other accrued expenses, will not affect future earnings but will require cash expenditures over the next twelve months.

The Company's financial condition at March 31, 1996 is strong, with a current ratio of 2.9 to 1. The Company's ratio of long-term debt (less current portion) to stockholders' equity was .26 to 1 at March 31, 1996 and .25 to 1 at December 31, 1995.

Management believes that available sources of credit, together with cash expected to be generated from operations, will be sufficient to satisfy the Company's anticipated financing needs for working capital and capital expenditures during the next twelve months.

Inflation

Normally, inflation does not have a significant impact on the Company's operations. The Company's products are not generally sold on long-term contracts. Consequently, selling prices, to the extent permitted by competition, can be adjusted to reflect cost increases caused by inflation.

VISHAY INTERTECHNOLOGY, INC.
PART II - OTHER INFORMATION

- Item 1. Legal Proceedings
Not applicable
- Item 2. Changes in Securities
Not applicable
- Item 3. Defaults Upon Senior Securities
Not applicable
- Item 4. Submission of Matters to a Vote of Security Holders
Not applicable
- Item 5. Other Information
Not applicable
- Item 6. Exhibits and Reports on Form 8-K
 - (a) Exhibits
Not applicable
 - (b) Reports on Form 8-K
Not applicable

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.

VISHAY INTERTECHNOLOGY, INC.

/s/ Richard N. Grubb

Richard N. Grubb
Vice President, Treasurer
(Duly Authorized and Chief Financial
Officer)

Date: May 3, 1996

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