

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, 1997

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 7, 1997 registrant had 53,728,304 shares of its Common Stock and 7,563,720 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q

MARCH 31, 1997

CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Consolidated Condensed Balance Sheets - March 31, 1997 and December 31, 1996	3-4
Consolidated Condensed Statements of Operations - Three Months Ended March 31, 1997 and 1996	5
Consolidated Condensed Statements of Cash Flows - Three Months Ended March 31, 1997 and 1996	6
Notes to Consolidated Condensed Financial Statements	7-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11

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

ASSETS	March 31 1997	December 31 1996
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$36,329	\$20,945
Accounts receivable	175,349	163,164
Inventories:		
Finished goods	164,671	182,722
Work in process	78,075	73,606
Raw materials	89,398	100,418
Prepaid expenses and other current assets	78,428	82,310
	-----	-----
TOTAL CURRENT ASSETS	622,250	623,165
PROPERTY AND EQUIPMENT - AT COST		
Land	41,283	43,705
Buildings and improvements	218,756	222,743
Machinery and equipment	690,852	695,084
Construction in progress	56,729	57,891
Allowance for depreciation	(315,038)	(308,761)
	-----	-----
	692,582	710,662
GOODWILL	194,509	201,574
OTHER ASSETS	19,099	20,646
	-----	-----
	\$1,528,440	\$1,556,047
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31 1997	December 31 1996
	-----	-----
CURRENT LIABILITIES		
Notes payable to banks	\$37,888	\$31,212
Trade accounts payable	37,253	33,930
Payroll and related expenses	38,441	35,973
Other accrued expenses	52,359	55,381
Income taxes	11,140	7,076
Current portion of long-term debt	25,761	25,394
	-----	-----
TOTAL CURRENT LIABILITIES	202,842	188,966
LONG-TERM DEBT	202,683	229,885
DEFERRED INCOME TAXES	33,124	33,113
DEFERRED INCOME	58,672	58,570
OTHER LIABILITIES	28,837	30,534
ACCRUED RETIREMENT COSTS	64,607	69,749
STOCKHOLDERS' EQUITY		
Common stock	5,373	5,373
Class B common stock	756	756
Capital in excess of par value	825,958	825,949
Retained earnings	127,420	107,762
Foreign currency translation adjustment	(18,428)	9,106
Unearned compensation	(335)	(370)

Pension adjustment	(3,069)	(3,346)
	-----	-----
	937,675	945,230
	-----	-----
	\$1,528,440	\$1,556,047
	=====	=====

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,	
	1997	1996
	-----	-----
Net sales	\$273,262	\$310,660
Costs of products sold	207,658	225,579
	-----	-----
GROSS PROFIT	65,604	85,081
Selling, general, and administrative expenses	33,919	40,374
Amortization of goodwill	1,517	1,632
	-----	-----
OPERATING INCOME	30,168	43,075
Other income (expense):		
Interest expense	(3,701)	(4,293)
Other	547	(158)
	-----	-----
	(3,154)	(4,451)
	-----	-----
EARNINGS BEFORE INCOME TAXES	27,014	38,624
Income taxes	7,356	10,583
	-----	-----
NET EARNINGS	\$19,658	\$28,041
	=====	=====
Net earnings per share	\$0.32	\$0.46
	=====	=====
Weighted average shares outstanding	61,292	61,282

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,	
	1997	1996
OPERATING ACTIVITIES		
Net earnings	\$19,658	\$28,041
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	19,650	19,345
Other	475	10,087
Changes in operating assets and liabilities	8,764	(30,757)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,547	26,716
INVESTING ACTIVITIES		
Purchases of property and equipment-net	(18,477)	(43,901)
NET CASH USED IN INVESTING ACTIVITIES	(18,477)	(43,901)
FINANCING ACTIVITIES		
Net (payments) proceeds on revolving credit	(17,728)	14,945
Proceeds from long-term borrowings	193	3,096
Payments on long-term borrowings	(3,979)	(3,072)
Net proceeds on short-term borrowings	9,322	4,487
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(12,192)	19,456
Effect of exchange rate changes on cash	(2,494)	(274)
INCREASE IN CASH AND CASH EQUIVALENTS	15,384	1,997
Cash and cash equivalents at beginning of period	20,945	19,584
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$36,329	\$21,581

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)
March 31, 1997

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, 1996.

Note 2: Earnings Per Share

Earnings per share amounts for all periods reflect a 5% stock dividend paid on June 7, 1996.

Note 3: Acquisitions

On April 25, 1997, the Company entered into agreements to acquire 65% of Lite-On Power Semiconductor Corporation, a Republic of China (Taiwan) company and a member of the Lite-On Group of the Republic of China ("LPSC"), for \$130 million and securities convertible into 1,625,000 shares of Vishay common stock at \$23 per share. LPSC produces diodes in the Far East with manufacturing plants in Taipei, Taiwan; Shanghai, China; and Lee's Summit, Missouri, USA. LPSC also owns approximately 40% of Diodes, Inc., located in Westlake, California, which is a public company traded on the American Stock Exchange.

Under the terms of the agreements, Vishay will initially purchase substantially all of the shares of LPSC for \$200 million from Silitek Corporation, Lite-On Technology Corporation, Dyna Investment Co., Ltd., and certain other shareholders, all Republic of China (Taiwan) companies and affiliates of the Lite-On Group or individuals who are or were employees of LPSC. Immediately thereafter, Vishay will contribute the shares of LPSC to a newly formed joint venture holding company and will sell 35% of the shares of that joint venture entity to a company ("Holdco.") formed and held by certain companies of the Lite-On Group and individual shareholders of LPSC who elected to reinvest in Holdco. for \$70 million. In consideration for entering into the joint venture, which will govern the relationship of the parties for the international manufacture, marketing and sales of discrete semiconductor components and certain other products, Vishay will grant Holdco. securities convertible into 1,625,000 shares of Vishay common stock at \$23.00 per share.

Diodes are discrete semiconductor components used to convert electrical currents from AC to DC and are used in all electronic equipment that requires conversion.

The cash portion of the purchase price will be funded from current availability under the Company's credit facilities. The agreements are subject to certain conditions including the completion of the Company's due diligence and receipt of governmental approvals in the Republic of China and the U.S. The closing of this transaction is expected to occur in mid-summer 1997.

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

Results of Operations

- - - - -

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

	Three Months Ended	
	March 31	
	1997	1996
	----	----
Costs of products sold	76.0 %	72.6%
Gross profit	24.0	27.4
Selling, general and administrative expenses	12.4	13.0
Operating income	11.0	13.9
Earnings before income taxes	9.9	12.4
Effective tax rate	27.2	27.4
Net earnings	7.2	9.0

Net sales for the quarter ended March 31, 1997 decreased \$37,398,000 or 12.0% from the comparable period of the prior year. The decrease in net sales is related to a number of factors including price reductions in the Company's "commodity" products (tantalum, ceramic and resistor chips). As a result of competitive pressures, prices of these products have been reduced between 10% and 20% in the past year. The decrease in net sales also relates to the continuing economic downturn in Germany, where a significant portion of the Company's products are sold. In addition, the strengthening of the U.S. dollar against foreign currencies for the quarter ended March 31, 1997 in comparison to the prior year's quarter, resulted in a decrease in reported sales of \$12,281,000.

Costs of products sold for the quarter ended March 31, 1997 was 76.0% of net sales, as compared to 72.6% for the comparable prior year period. Gross profit for the quarter ended March 31, 1997 was negatively affected by a difficult pricing environment, and an under absorption of overhead costs caused by a decrease of \$13,360,000 (net of foreign currency) in total inventory.

Israeli government grants, recorded as a reduction of costs of products sold, were \$2,624,000 for the quarter ended March 31, 1997 as compared to \$2,140,000 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, 1997 relating to Israeli government grants was \$58,672,000 as compared to \$58,570,000 at December 31, 1996.

Selling, general, and administrative expenses for the quarter ended March 31, 1997 were 12.4% of net sales, as compared to 13.0% for the comparable prior year period. Selling, general and administrative expenses decreased by \$6,455,000, as compared to the prior year period, as a result of the cost reduction program instituted in 1996.

Interest costs decreased by \$592,000 for the quarter ended March 31, 1997 from the comparable prior year period primarily as a result of reductions of bank indebtedness using cash generated from operating activities.

Other income (expense) increased by \$705,000 for the quarter ended March 31, 1997 as compared to the prior year period. The increase is due primarily to interest income of \$828,000 for the quarter ended March 31, 1997 as compared to \$191,000 for the comparable prior year period.

The effective tax rate for the quarter ended March 31, 1997 was 27.2% as compared to 27.4% for the comparable prior year period. The effective tax rate for calendar year 1996 was 25.2%.

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 \$1,520,000 and \$4,373,000 for the quarters ended March 31, 1997 and 1996, respectively. The more favorable Israeli tax rates are applied to specific approved projects and normally continue to be available for a period of ten years.

Financial Condition

- - - - -

Cash flows from operations were \$48,547,000 for the quarter ended March 31, 1997 compared to \$26,716,000 for the prior year's period. Net purchases of property and equipment for three months ended March 31, 1997 were \$18,477,000 compared to \$43,901,000 in the prior year's period. This decrease reflects the fact that the Company has substantially completed its current restructuring/expansion program. Net cash used by financing activities of \$12,192,000 for the three months ended March 31, 1997 includes \$21,514,000 used to pay down bank indebtedness.

The Company incurred a pretax restructuring charge of \$38,030,000 for the year ended December 31, 1996. Approximately \$28,953,000 of these charges relate to employee termination costs covering approximately 2,600 technical, production, administrative and support employees located in the United States, Canada, France and Germany. As of March 31, 1997, approximately 2,067 employees have been terminated and \$16,438,000 of the termination costs have been paid. The restructuring plan is expected to be completed by the end of 1997.

The Company's financial condition at March 31, 1997 is strong, with a current ratio of 3.07 to 1. The Company's ratio of long-term debt (less current portion) to stockholders' equity was .22 to 1 at March 31, 1997 and .24 to 1 at December 31, 1996.

As discussed in Note 3 to the financial statements, the Company intends to finance the cash portion (\$130 million) of the Lite-On acquisition from current availability under the Company's credit facilities.

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.

Safe Harbor Statement

- - - - -

From time to time, information provided by the Company, including but not limited to statements in this report, or other statements made by or on behalf of the Company, may contain "forward-looking" information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements involve a number of risks and uncertainties. The Company's actual results could differ materially from those discussed in the forward-looking statements. Factors that could result in such differences primarily include decline in demand for the Company's products, competitive pressures, recessionary trends, currency fluctuations, changes in laws, cancellation of government grants or tax benefits, labor unrest, factory under-utilization and capacity constraints. Please see the Company's December 31, 1996 Report on Form 10-K filed with the Securities and Exchange Commission for a more comprehensive list of these factors.

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
Executive Vice President, Treasurer
(Duly Authorized and Chief Financial Officer)

Date: May 8, 1997

5
1,000

3-MOS

DEC-31-1997

MAR-31-1997

36329

0

181927

(6578)

332144

622250

1007620

(315038)

1528440

202842

0

0

0

5373

932302

1528440

273262

273262

207658

207658

34889

0

3701

27014

7356

19658

0

0

0

19658

.32

.32