

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period March 31, 1994.

OR

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 0-6430

OWENS & MINOR, INC.
(Exact name of registrant as specified in its charter)

VIRGINIA 54-0327460
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

4800 Cox Road, Glen Allen, Virginia 23060
(Address of principal executive offices) (Zip Code)

(804) 747-9794
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last
report.)

Indicate by check mark whether the registrant (1) has filed all report
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

The number of shares of the Company's Common Stock outstanding as of
May 2, 1994 was 20,424,417.

Owens & Minor, Inc. and Subsidiaries
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Part I. Financial Information

Item 1. Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Balance Sheets

(In thousands, except per share data)

	March 31, 1994	December 31 1993
Assets		
Current assets		
Cash and cash equivalents	\$ 2,042	\$ 2,048
Accounts and notes receivable, net	145,290	144,629
Merchandise inventories	145,924	124,848
Other current assets	11,258	10,638
Total current assets	304,514	282,163
Property and equipment, net	22,825	23,863
Excess of purchase price over net assets acquired, net	16,864	17,316
Other assets	10,580	10,980
Total Assets	\$ 354,783	\$ 334,322
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ 1,502	\$ 1,494
Accounts payable	123,691	120,699
Accrued payroll and related liabilities	5,332	5,768
Accrued income taxes	3,201	-
Other accrued liabilities	11,995	15,111
Total current liabilities	145,721	143,072
Long-term debt	62,312	50,768
Other liabilities	3,980	3,539
Total liabilities	212,013	197,379
Stockholders' equity		
Preferred stock, par value \$10.00; authorized - 1,000 shares; none issued	-	-
Series A Participating Cumulative Preferred stock, par value \$10.00; authorized - 300 shares; none issued	-	-
Common stock, par value \$2.00; authorized - 30,000 shares; issued - 20,382 and 20,285 shares	40,763	40,569
Paid-in capital	11,208	9,258
Retained earnings	90,799	87,116
Total stockholders' equity	142,770	136,943
Commitments and contingencies		
Total Liabilities and Stockholders' Equity	\$ 354,783	\$ 334,322

See Notes to Consolidated Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Income

(In thousands, except per share data)

	Three Months Ended	
	March 31, 1994	1993
Net sales	\$ 390,794	\$ 317,812
Cost of sales	351,668	284,178
Gross margin	39,126	33,634
Selling, general and administrative expenses	28,373	24,886
Depreciation and amortization	2,302	1,717
Interest expense, net	768	639
Total expenses	31,443	27,242
Income before income taxes	7,683	6,392

Provision for income taxes		2,927		2,566
Net income before cumulative effect of accounting change		4,756		3,826
Cumulative effect of change in accounting principle		-		706
Net income	\$	4,756	\$	4,532
Net income per share:				
Net income before cumulative effect of accounting change	\$	0.23	\$	0.19
Cumulative effect of change in accounting principle		-		0.03
Net income per share	\$	0.23	\$	0.22
Cash dividends per share	\$	0.053	\$	0.053
Weighted average common shares and common share equivalents				
		20,755		20,322

See Notes to Consolidated Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(In thousands)	Three Months Ended	
	March 31, 1994	1993
Operating Activities		
Net income and noncash charges		
Net income	\$ 4,756	\$ 4,532
Noncash charges (credits) to income		
Cumulative effect of change in accounting principle	-	(706)
Depreciation and amortization	2,302	1,717
Provision for losses on accounts and notes receivable	-	277
Provision for LIFO reserve	1,381	1,037
Other, net	243	215
Cash provided by net income and noncash charges	8,682	7,072
Changes in working capital		
Accounts and notes receivable	(661)	167
Merchandise inventories	(22,457)	(16,969)
Accounts payable	11,619	10,847
Net change in other current assets and current liabilities	1,198	3,786
Other, net	850	522
Cash provided by (used for) operating activities	(769)	5,425
Investing Activities		
Cash acquired from business acquisition	-	207
Additions to property and equipment	(662)	(987)
Other, net	(233)	(835)
Cash used for investing activities	(895)	(1,615)
Financing Activities		
Cash dividends paid	(1,073)	(1,034)
Additions to long-term debt	11,412	16,600
Reductions of long-term debt	(361)	(337)
Reductions of drafts payable	(8,627)	(20,839)
Exercise of options	307	121
Cash provided by (used for) financing activities	1,658	(5,489)
Net decrease in cash and cash equivalents	(6)	(1,679)
Cash and cash equivalents at beginning of year	2,048	7,068
Cash and cash equivalents at end of period	\$ 2,042	\$ 5,389

See Notes to Consolidated Financial Statements

Owens & Minor, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Accounting Policies

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (which are comprised of only normal recurring accruals and the use of estimates) necessary to present fairly the consolidated financial position of Owens & Minor, Inc. and subsidiaries as of March 31, 1994 and the results of operations and cash flows for the three month periods ended March 31, 1994 and 1993.

2. Interim Results of Operations

The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

3. Interim Gross Margin Reporting

In general, the Company uses estimated gross profit rates to determine the cost of sales during interim periods. To improve the accuracy of its estimated gross margins for interim reporting purposes, the Company takes physical inventories at selected distribution centers and reported earnings for the quarter reflect the results of such inventories, if materially different. Management will continue a program of interim physical inventories at selected distribution centers to the extent it deems appropriate to ensure the accuracy of interim reporting and to minimize year-end adjustments.

4. Business Combination

On December 22, 1993, the Company entered into an agreement with Stuart Medical, Inc. (Stuart), whereby the companies will combine their two businesses. In the proposed transaction, the Company will form a holding company that will own all of the currently outstanding capital stock of the Company and Stuart. Further details of the transaction were included in the Company's 1993 Annual Report and Proxy Statement/Prospectus dated April 6, 1994. The Company's shareholders will vote on the proposed transaction at the annual shareholders meeting with expected closing of the transaction to occur in the second quarter. Had this acquisition been completed on January 1, 1993, the Company would have shown the following results for the three months ended March 31, 1994 and 1993:

(In thousands, except
per share data)

	Three Months Ended March 31, 1994	Three Months Ended March 31, 1993
Sales	\$ 634,000	\$ 550,000
Net income before cumulative effect of accounting change	\$ 6,180	\$ 4,800
Net income per common share before cumulative effect of accounting change	\$ 0.24	\$ 0.17

The pro forma results are not necessarily indicative of what actually would have occurred if the combination had been in effect for the periods presented. In addition, they are not intended to be a projection of future results.

Item 2.

Owens & Minor, Inc. and Subsidiaries
Management's Discussion and Analysis of
Results of Operations and Financial Condition

First Quarter of 1994 Compared to 1993

Net Sales

Net sales increased 23.0% (21.3% same store sales) to \$390.8 million in 1994 from \$317.8 million in 1993. The sales increase is due primarily to market share improvement, account penetration and product line expansion.

Gross Margin

Gross margin as a percentage of net sales declined to 10.0% in 1994 from 10.6% in 1993. The decline is due to increased volume from large national customers which have lower than average margins.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of net sales decreased from 7.8% in 1993 to 7.3% in 1994. This decrease reflects the benefits derived from the Company's emphasis on training and technology development, allowing the Company to handle increased sales volume without corresponding increases in administrative expenses.

Depreciation and Amortization

Depreciation and amortization has increased from \$1.7 million in 1993 to \$2.3 million in 1994. The increase is due to continued investment in new and improved technology and the costs of opening new distribution centers.

Interest Expense, net

Interest expense, net of interest income, increased from \$.6 million in 1993 to \$.8 million in 1994. The increase is due to increased borrowings to finance two acquisitions during the second quarter of 1993, the opening of four new distribution centers during the last three quarters of 1993 and increased inventory from product line expansion.

Provision for Income Taxes

The effective tax rate decreased as a percentage of income before income taxes from 40.1% in 1993 to 38.1% in 1994. The rate decrease is due to the favorable resolution of several tax issues

during the first quarter of 1994.

Net Income

Net income increased by 24.3% from \$3.8 million, before the cumulative effect of an accounting change (SFAS 109), in 1993 to \$4.8 million in 1994. Net income per share before the cumulative effect of an accounting change (SFAS 109) increased by 21.1% from \$.19 per share in 1993 to \$.23 per share in 1994. The increases in net income and net income per share resulted primarily from increased sales.

Financial Condition

The Company's average receivable days outstanding improved from 34.2 at December 31, 1993 to 32.9 at March 31, 1994. The improvement is due to continued emphasis on accounts receivable controls. Average inventory turnover decreased from 11.5 turns at December 31, 1993 to 10.2 turns at March 31, 1994. The change is due to an expanded product line, an increase in custom products and cost effective buying opportunities. The inventory purchases were financed through the Company's long-term revolving credit facility, resulting in an increase in the Company's current ratio from 2.0 at December 31, 1993 to 2.1 at March 31, 1994 and an increase in the Company's capitalization ratio from 27.1% at December 31, 1993 to 30.4% at March 31, 1994.

Part II. Other Information

Item Exhibits and Reports on Form 8-K

(b) On January 6, 1994, the Company filed a Form 8-K, items 5 and 7, with respect to its execution of the Agreement of Exchange dated as of December 22, 1993, as amended and restated on March 31, 1994, by and among the Company, O&M Holding, Inc. (formerly OMI Holding, Inc.), Stuart Medical, Inc. (Stuart), and certain shareholders of Stuart.

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.

OWENS & MINOR, INC.

Date May 4, 1994 /s/ G. Gilmer Minor, III
G. Gilmer Minor, III
President and
Chief Executive Officer,
Director

Date May 4, 1994 /s/ Glenn J. Dozier
Glenn J. Dozier
Senior Vice President, Finance,
Chief Financial Officer

Date May 4, 1994 /s/ F. Thomas Smiley
F. Thomas Smiley
Vice President, Controller

