

Manitex International, Inc.
Form 10-Q
August 05, 2016

UNITED STATES

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 the quarterly period ended June 30, 2016

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: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan

(State or Other Jurisdiction of
Incorporation or Organization)

9725 Industrial Drive, Bridgeview, Illinois
(Address of Principal Executive Offices)

42-1628978
(I.R.S.
Employer

Identification
Number)

60455
(Zip Code)

(708) 430-7500

(Registrant's Telephone Number, Including Area Code)

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(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No

The number of shares of the registrant’s common stock, no par, outstanding at August 1, 2016 was 16,126,106

MANITEX INTERNATIONAL, INC.

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PART 1—FINANCIAL INFORMATION

Item 1—Financial Statements

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	June 30, 2016 Unaudited	December 31, 2015 Unaudited
ASSETS		
Current assets		
Cash	\$ 9,896	\$ 8,578
Trade receivables (net)	74,973	63,388
Accounts receivable from related party	461	388
Other receivables	3,824	3,254
Inventory (net)	114,977	119,269
Deferred tax asset	2,951	2,951
Prepaid expense and other	5,139	4,872
Total current assets	212,221	202,700
Total fixed assets (net)	40,627	41,985
Intangible assets (net)	67,560	70,629
Goodwill	80,298	80,089
Other long-term assets	1,444	3,003
Non-marketable equity investment	5,673	5,752
Total assets	\$ 407,823	\$ 404,158
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable—short term	\$ 39,174	\$ 30,323
Revolving credit facilities	1,527	1,795
Current portion of capital lease obligations	848	1,004
Accounts payable	60,539	62,137
Accounts payable related parties	1,965	1,611
Accrued expenses	19,652	21,053
Other current liabilities	3,032	2,113
Total current liabilities	126,737	120,036
Long-term liabilities		
Revolving term credit facilities	47,706	46,097
Notes payable (net)	60,237	67,639
Capital lease obligations	5,684	5,850
Convertible note related party (net)	6,802	6,737
Convertible note (net)	14,022	13,923
Deferred gain on sale of property	1,116	1,288
Deferred tax liability	4,270	4,525
Other long-term liabilities	6,792	7,763

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Total long-term liabilities	146,629	153,822
Total liabilities	273,366	273,858
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at		
June 30, 2016 and December 31, 2015	—	—
Common Stock—no par value 25,000,000 shares authorized, 16,126,106 and 16,072,100 shares issued and		
outstanding at June 30, 2016 and December 31, 2015, respectively	93,683	93,186
Paid in capital	2,805	2,630
Retained earnings	16,262	16,588
Accumulated other comprehensive loss	(4,304)	(5,392)
Equity attributable to shareholders of Manitex International, Inc.	108,446	107,012
Equity attributable to noncontrolling interests	26,011	23,288
Total equity	134,457	130,300
Total liabilities and equity	\$ 407,823	\$ 404,158

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2016 Unaudited	2015 Unaudited	June 30, 2016 Unaudited	2015 Unaudited
Net revenues	\$96,277	\$100,513	\$198,638	\$201,555
Cost of sales	79,432	81,603	163,348	164,643
Gross profit	16,845	18,910	35,290	36,912
Operating expenses				
Research and development costs	1,364	1,901	2,853	3,002
Selling, general and administrative expenses	13,597	12,501	27,196	27,352
Total operating expenses	14,961	14,402	30,049	30,354
Operating income	1,884	4,508	5,241	6,558
Other income (expense)				
Interest expense:				
Interest expense	(3,627)	(3,814)	(6,740)	(6,658)
Interest expense related to write off of debt issuance costs				
(Note 13)	(1,439)	—	(1,439)	—
Foreign currency transaction gain (loss)	60	(266)	(477)	679
Other (expense) income	650	11	2,832	(7)
Total other expense	(4,356)	(4,069)	(5,824)	(5,986)
(Loss) income before income taxes and loss in non-marketable				
equity interest from continuing operations	(2,472)	439	(583)	572
Income tax (benefit) expense from continuing operations	(1,125)	121	(608)	152
Loss in non-marketable equity interest, net of taxes	(40)	(40)	(79)	(79)
Net (loss) income from continuing operations	(1,387)	278	(54)	341
Discontinued operations				
Income from operations of discontinued operations	—	51	—	61
Income tax expense	—	13	—	16
Income on discontinued operations	—	38	—	45
Net (loss) income	(1,387)	316	(54)	386
Net (income) attributable to noncontrolling interests	(399)	(178)	(272)	(472)
Net (loss) income attributable to shareholders of Manitex				
International, Inc.	\$(1,786)	\$138	\$(326)	\$(86)
Earnings (loss) Per Share				
Basic				
(Loss) earnings from continuing operations attributable to				
shareholders of Manitex International, Inc.	\$(0.11)	\$0.01	\$(0.02)	\$(0.01)

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Income (loss) from discontinued operations attributable to

shareholders of Manitex International, Inc.	\$—	\$—	\$—	\$—
(Loss) earnings attributable to shareholders of Manitex International, Inc.	\$ (0.11)	\$ 0.01	\$ (0.02)	\$ (0.01)

Diluted

(Loss) earnings from continuing operations attributable to

shareholders of Manitex International, Inc.	\$ (0.11)	\$ 0.01	\$ (0.02)	\$ (0.01)
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Income (loss) from discontinued operations attributable to

shareholders of Manitex International, Inc.	\$—	\$—	\$—	\$—
(Loss) earnings attributable to shareholders of Manitex International, Inc.	\$ (0.11)	\$ 0.01	\$ (0.02)	\$ (0.01)

Weighted average common shares outstanding

Basic	16,125,788	16,014,059	16,115,695	15,925,241
Diluted	16,125,788	16,031,011	16,115,695	15,925,241

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
Net (loss) income:	\$(1,387)	\$ 316	\$(54)	\$ 386
Other comprehensive (loss) income				
Foreign currency translation adjustments	(981)	1,503	1,088	(2,540)
Total other comprehensive (loss) income	(981)	1,503	1,088	(2,540)
Comprehensive (loss) income	(2,368)	1,819	1,034	(2,154)
Comprehensive loss (income) attributable to noncontrolling interests	(399)	(178)	(272)	(472)
Total comprehensive (loss) income attributable to shareholders of Manitex International, Inc.	\$(2,767)	\$ 1,641	\$762	\$ (2,626)

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended	
	June 30,	June 30,
	2016	2015
	Unaudited	Unaudited
Cash flows from operating activities:		
Net (loss) income	\$(54)	\$ 386
Adjustments to reconcile net income to cash used for operating activities:		
Depreciation and amortization	6,243	5,812
Changes in allowances for doubtful accounts	118	(94)
Changes in inventory reserves	655	204
Revaluation of contingent acquisition liability	(915)	—
Write down of goodwill	275	—
Deferred income taxes	(283)	71
Amortization and write off of deferred debt issuance costs (Note 13)	2,105	614
Amortization of debt discount	286	341
Change in value of interest rate swaps	(373)	(357)
Loss in non-marketable equity interest	79	79
Share-based compensation	565	866
Adjustment to deferred gain on sales and lease back	(118)	—
Gain on disposal of assets	(2,244)	(98)
Reserves for uncertain tax provisions	32	8
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,678)	11,387
(Increase) decrease in inventory	862	(6,931)
(Increase) decrease in prepaid expenses	(250)	(3,229)
(Increase) decrease in other assets	182	(25)
Increase (decrease) in accounts payable	(1,882)	608
Increase (decrease) in accrued expense	(1,593)	(2,956)
Increase (decrease) in income tax payable on ASV conversion	—	(16,500)
Increase (decrease) in other current liabilities	894	1,252
Increase (decrease) in other long-term liabilities	(157)	1,004
Discontinued operations - cash used for operating activities	—	(851)
Net cash used for operating activities	(7,251)	(8,409)
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	—	(13,747)
Proceeds from the sale of fixed assets	187	167
Proceeds from the sale of intellectual property (Note 17)	2,205	—
Purchase of property and equipment	(1,275)	(1,351)
Investment in intangibles other than goodwill	(55)	(173)
Investment received from noncontrolling interest (Note 17)	2,450	—

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Discontinued operations - cash used for investing activities	—	(33)
Net cash provided by (used for) investing activities	3,512	(15,137)
Cash flows from financing activities:		
Borrowing on revolving term credit facilities	698	6,594
Net borrowings on working capital facilities	9,996	(2,941)
New borrowings—convertible notes	—	15,000
New borrowings—term loan	—	14,000
New borrowings—other	749	4,667
Debt issuance costs incurred	(501)	(1,074)
Note payments	(9,924)	(8,853)
Shares repurchased for income tax withholding on share-based compensation	(43)	(3)
Proceeds from sale and lease back (Note 13)	4,080	—
Payments on capital lease obligations	(322)	(1,011)
Discontinued operations - cash used for financing activities	—	(59)
Net cash provided by financing activities	4,733	26,320
Net increase (decrease) in cash and cash equivalents	994	2,774
Effect of exchange rate changes on cash	324	(836)
Cash and cash equivalents at the beginning of the year	8,578	4,370
Cash and cash equivalents at end of period	\$9,896	\$