

COMPX INTERNATIONAL INC
Form 10-Q
August 06, 2013
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2013

Commission file number 1-13905

COMPX INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of

Incorporation or organization)

57-0981653
(IRS Employer

Identification No.)

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5430 LBJ Freeway, Suite 1700,

Three Lincoln Centre, Dallas, Texas
(Address of principal executive offices)

75240-2697
(Zip Code)

Registrant's telephone number, including area code (972) 448-1400

Indicate by checkmark:

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 a 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

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding on July 31, 2013:

Class A: 2,397,107

Class B: 10,000,000

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Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

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COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | December 31, 2012 | June 30, 2013 (unaudited) |
|-------------------------------|----------------------|---------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 63,777 | \$ 52,736 |
| Accounts receivable, net | 8,480 | 10,741 |
| Inventories, net | 11,223 | 12,257 |
| Deferred income taxes | 2,691 | 2,691 |
| Prepaid expenses and other | 4,424 | 476 |
| Total current assets | 90,595 | 78,901 |
| Other assets: | | |
| Goodwill | 23,742 | 23,742 |
| Other non-current | 2,119 | 510 |
| Total other assets | 25,861 | 24,252 |
| Property and equipment: | | |
| Land | 4,928 | 4,928 |
| Buildings | 20,521 | 20,521 |
| Equipment | 58,603 | 56,788 |
| Construction in progress | 1,442 | 2,003 |
| | 85,494 | 84,240 |
| Less accumulated depreciation | 51,767 | 50,748 |
| Net property and equipment | 33,727 | 33,492 |
| Total assets | \$ 150,183 | \$ 136,645 |

Table of Contents**COMPX INTERNATIONAL INC.****CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

(In thousands)

| | December 31, 2012 | June 30, 2013 (unaudited) |
|---|----------------------|---------------------------------|
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Current maturities of long-term debt | \$ 1,000 | \$ 1,000 |
| Accounts payable and accrued liabilities | 11,061 | 9,126 |
| Income taxes payable to affiliate | 12,197 | 160 |
| Other | 203 | 5 |
| Total current liabilities | 24,461 | 10,291 |
| Noncurrent liabilities: | | |
| Long-term debt | 17,480 | 16,980 |
| Deferred income taxes | 6,182 | 6,712 |
| Total noncurrent liabilities | 23,662 | 23,692 |
| Stockholders equity: | | |
| Preferred stock | | |
| Class A common stock | 24 | 24 |
| Class B common stock | 100 | 100 |
| Additional paid-in capital | 55,203 | 55,265 |
| Retained earnings | 46,733 | 47,273 |
| Total stockholders equity | 102,060 | 102,662 |
| Total liabilities and stockholders equity | \$ 150,183 | \$ 136,645 |
| Commitments and contingencies (Note 1) | | |

See accompanying Notes to Condensed Consolidated Financial Statements.

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COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|-----------|------------------------------|-----------|
| | 2012 | 2013 | 2012 | 2013 |
| | (unaudited) | | | |
| Net sales | \$ 22,147 | \$ 24,039 | \$ 42,575 | \$ 45,492 |
| Cost of goods sold | 15,638 | 16,429 | 30,054 | 31,862 |
| Gross profit | 6,509 | 7,610 | 12,521 | 13,630 |
| Selling, general and administrative expense | 4,351 | 4,667 | 8,780 | 9,253 |
| Operating income | 2,158 | 2,943 | 3,741 | 4,377 |
| Other non-operating income, net | | 11 | | 27 |
| Interest expense | (111) | (58) | (232) | (117) |
| Income from continuing operations before income taxes | 2,047 | 2,896 | 3,509 | 4,287 |
| Provision for income taxes | 843 | 1,082 | 1,442 | 1,578 |
| Income from continuing operations | 1,204 | 1,814 | 2,067 | 2,709 |
| Income from discontinued operations, net of tax | 889 | | 1,549 | |
| Net income | \$ 2,093 | \$ 1,814 | \$ 3,616 | \$ 2,709 |
| Basic and diluted income per common share: | | | | |
| Continuing operations | \$.10 | \$.15 | \$.17 | \$.22 |
| Discontinuing operations | .07 | | .12 | |
| Net income | \$.17 | \$.15 | \$.29 | \$.22 |
| Cash dividends per share | \$.125 | \$.050 | \$.250 | \$.175 |
| Shares used in the calculation of basic and diluted income per share | 12,388 | 12,394 | 12,387 | 12,393 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

| | Three months ended June 30, 2012 | | Six months ended June 30, 2012 | |
|--|--|----------|--------------------------------------|----------|
| | 2013 | 2013 | 2012 | 2013 |
| | (unaudited) | | | |
| Net income | \$ 2,093 | \$ 1,814 | \$ 3,616 | \$ 2,709 |
| Other comprehensive income (loss), net of tax: | | | | |
| Currency translation adjustment | (541) | | 30 | |
| Impact from cash flow hedges, net | (251) | | 43 | |
| Total other comprehensive income (loss), net | (792) | | 73 | |
| Total comprehensive income, net | \$ 1,301 | \$ 1,814 | \$ 3,689 | \$ 2,709 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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