

Manitex International, Inc.
Form 10-Q
November 09, 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 September 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 November 1, 2016 was 16,180,111

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)

	September 30, December 31,	
	2016	2015
	Unaudited	Unaudited
ASSETS		
Current assets		
Cash	\$ 6,019	\$ 8,578
Trade receivables (net)	67,696	58,371
Accounts receivable from related party	770	388
Other receivables	4,575	3,158
Inventory (net)	106,992	106,544
Deferred tax asset	2,951	2,951
Prepaid expense and other	3,823	4,693
Current assets of discontinued operations	—	18,017
Total current assets	192,826	202,700
Total fixed assets (net)	39,853	41,858
Intangible assets (net)	63,645	67,564
Goodwill	77,186	76,402
Other long-term assets	1,837	3,003
Non-marketable equity investment	—	5,752
Long-term assets of discontinued operations	—	6,879
Total assets	\$ 375,347	\$ 404,158
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable—short term	\$ 42,175	\$ 30,323
Current portion of capital lease obligations	831	1,004
Accounts payable	54,160	60,415
Accounts payable related parties	3,744	1,611
Accrued expenses	17,830	20,598
Other current liabilities	4,573	2,113
Current liabilities of discontinued operations	—	3,972
Total current liabilities	123,313	120,036
Long-term liabilities		
Revolving term credit facilities	36,753	38,872
Notes payable (net)	60,500	67,639
Capital lease obligations	5,606	5,850
Convertible note related party (net)	6,829	6,737
Convertible note (net)	14,048	13,923
Deferred gain on sale of property	1,087	1,288

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Deferred tax liability	4,438	4,525
Other long-term liabilities	6,776	7,763
Long-term liabilities of discontinued operations	—	7,225
Total long-term liabilities	136,037	153,822
Total liabilities	259,350	273,858
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at September 30, 2016 and		
December 31, 2015	—	—
Common Stock—no par value 25,000,000 shares authorized, 16,138,163 and 16,072,100 shares issued and		
outstanding at September 30, 2016 and December 31, 2015, respectively	93,775	93,186
Paid in capital	3,036	2,630
Retained (earnings) deficit	(4,296)	16,588
Accumulated other comprehensive loss	(2,823)	(5,392)
Equity attributable to shareholders of Manitex International, Inc.	89,692	107,012
Equity attributable to noncontrolling interests	26,305	23,288
Total equity	115,997	130,300
Total liabilities and equity	\$ 375,347	\$ 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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
Net revenues	\$74,131	\$84,476	\$260,706	\$276,812
Cost of sales	62,476	68,660	216,953	225,454
Gross profit	11,655	15,816	43,753	51,358
Operating expenses				
Research and development costs	1,238	1,109	3,911	3,935
Selling, general and administrative expenses	11,378	12,749	37,778	38,936
Total operating expenses	12,616	13,858	41,689	42,871
Operating (loss) income	(961)	1,958	2,064	8,487
Other income (expense)				
Interest expense:				
Interest expense	(2,667)	(2,553)	(8,719)	(8,871)
Interest expense related to write off of debt issuance costs (Note 13)	—	—	(1,439)	—
Foreign currency transaction (loss) gain	(103)	(97)	(792)	190
Other income (expense)	2	(59)	3,109	(66)
Total other expense	(2,768)	(2,709)	(7,841)	(8,747)
(Loss) before income taxes and loss in non-marketable equity interest from				
continuing operations	(3,729)	(751)	(5,777)	(260)
Income tax (benefit) expense from continuing operations	(3,813)	(175)	453	(65)
Loss in non-marketable equity interest, net of taxes	(5,673)	(40)	(5,752)	(119)
Net loss from continuing operations	(5,589)	(616)	(11,982)	(314)
Discontinued operations				
(Loss) income from operations of discontinued operations (Note 19)	(9,987)	1,092	(8,522)	1,234
Income tax expense (benefit)	4,688	228	(186)	302
(Loss) income on discontinued operations	(14,675)	864	(8,336)	932
Net (loss) income	(20,264)	248	(20,318)	618
Net income attributable to noncontrolling interests	(294)	(23)	(566)	(495)
Net (loss) income attributable to shareholders of Manitex International, Inc.:	\$ (20,558)	\$ 225	\$ (20,884)	\$ 123
Earnings (loss) Per Share				
Basic				
Loss from continuing operations attributable to shareholders of	\$ (0.36)	\$ (0.04)	\$ (0.78)	\$ (0.05)

Manitex International, Inc.				
(Loss) earnings from discontinued operations attributable to				
shareholders of Manitex International, Inc.	\$ (0.91	) \$ 0.05	\$ (0.52	) \$ 0.06
(Loss) earnings attributable to shareholders of Manitex				
International, Inc.	\$ (1.27	) \$ 0.01	\$ (1.30	) \$ 0.01
Diluted				
Loss from continuing operations attributable to shareholders of				
Manitex International, Inc.	\$ (0.36	) \$ (0.04	) \$ (0.78	) \$ (0.05
(Loss) income from discontinued operations attributable to				
shareholders of Manitex International, Inc.	\$ (0.91	) \$ 0.05	\$ (0.52	) \$ 0.06
(Loss) earnings attributable to shareholders of Manitex				
International, Inc.	\$ (1.27	) \$ 0.01	\$ (1.30	) \$ 0.01
Weighted average common shares outstanding				
Basic	16,127,346	16,014,594	16,119,578	15,955,025
Diluted	16,127,346	16,014,594	16,119,578	15,955,025

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
Net (loss) income:	\$ (20,264)	\$ 248	\$ (20,318)	\$ 618
Other comprehensive income (loss)				
Foreign currency translation adjustments	1,481	(348)	2,569	(2,888)
Comprehensive (loss)	(18,783)	(100)	(17,749)	(2,270)
Comprehensive (income) attributable to noncontrolling interests	(294)	(23)	(566)	(495)
Total comprehensive (loss) attributable to shareholders of Manitex International, Inc.	\$ (19,077)	\$ (123)	\$ (18,315)	\$ (2,765)

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended	
	September 30,	
	2016	2015
	Unaudited	Unaudited
Cash flows from operating activities:		
Net (loss) income	\$ (20,318)	\$ 618
Adjustments to reconcile net (loss) income to cash used for operating activities:		
Depreciation and amortization	8,886	8,972
Loss on sale of discontinued operation	9,050	—
Changes in allowances for doubtful accounts	117	1
Changes in inventory reserves	920	631
Revaluation of contingent acquisition liability	(915)	—
Write down of goodwill	275	—
Deferred income taxes	(193)	(52)
Amortization and write off of deferred debt issuance costs (Note 13)	2,333	777
Amortization of debt discount	405	510
Change in value of interest rate swaps	(778)	(730)
Loss in non-marketable equity interest	5,752	119
Share-based compensation	900	1,167
Adjustment to deferred gain on sales and lease back	(124)	—
Gain on disposal of assets	(2,236)	(115)
Reserves for uncertain tax provisions	48	18
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,622)	