

ACME UNITED CORP
Form 10-Q
August 15, 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 001-07698

ACME UNITED CORPORATION

(Exact name of registrant as specified in its charter)

CONNECTICUT
(State or other jurisdiction of incorporation or organization)

06-0236700

(I.R.S. Employer Identification No.)

55 WALLS DRIVE, Fairfield, Connecticut
(Address of principal executive offices)

06824

(Zip Code)

Registrant's telephone number, including area code: (203) 254-6060

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 (Sec. 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 (Check one).

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

As of August 3, 2016 the registrant had outstanding 3,322,950 shares of its \$2.50 par value Common Stock.

ACME UNITED CORPORATION

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(all amounts in thousands)

	June 30, 2016 (unaudited)	December 31, 2015 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,087	\$ 2,426
Accounts receivable, less allowance	34,646	19,565
Inventories:		
Finished goods	33,652	29,803
Work in process	295	170
Raw materials and supplies	4,469	5,535
	38,416	35,508
Prepaid expenses and other current assets	2,424	2,135
Total current assets	77,573	59,634
Property, plant and equipment:		
Land	419	417
Buildings	5,464	5,418
Machinery and equipment	12,737	10,254
	18,620	16,089
Less accumulated depreciation	10,916	8,688
	7,704	7,401
Goodwill	4,816	1,406
Intangible assets, less amortization	13,596	11,951
Other assets	1,039	1,029
Total assets	\$ 104,728	\$ 81,421

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

(all amounts in thousands, except share amounts)

	June 30, 2016 (unaudited)	December 31, 2015 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 11,573	\$ 6,664
Other accrued liabilities	6,453	5,273
Total current liabilities	18,026	11,937
Long-term debt	40,822	25,913
Other	355	388
Total liabilities	59,202	38,238
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value \$2.50: authorized 8,000,000 shares; issued - 4,786,960 shares in 2016 and 4,751,060 shares in 2015, including treasury stock		
	11,967	11,877
Additional paid-in capital	9,262	9,460
Retained earnings	40,504	37,340
Treasury stock, at cost - 1,464,010 shares in 2016 and 1,402,517 shares in 2015	(13,870)	(12,963)
Accumulated other comprehensive loss:		
Minimum pension liability	(948)	(948)
Translation adjustment	(1,389)	(1,583)
	(2,337)	(2,531)
Total stockholders' equity	45,526	43,183
Total liabilities and stockholders' equity	\$ 104,728	\$ 81,421

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(all amounts in thousands)

	Three Months Ended		Six Months Ended	
	June 30 2016	2015	June 30 2016	2015
Net sales	\$40,997	\$33,954	\$66,285	\$56,791
Cost of goods sold	26,303	21,419	42,406	35,821
Gross profit	14,694	12,535	23,879	20,970
Selling, general and administrative expenses	10,054	8,660	18,284	16,269
Operating income	4,640	3,875	5,595	4,701
Non-operating items:				
Interest expense, net	211	141	395	271
Other expense (income), net	11	(20)	(27)	56
Total other expense, net	222	121	368	327
Income before income taxes	4,418	3,754	5,227	4,374
Income tax expense	1,151	1,044	1,395	1,228
Net income	\$3,267	\$2,710	\$3,832	\$3,146
Basic earnings per share	\$0.98	\$0.82	\$1.15	\$0.95
Diluted earnings per share	\$0.91	\$0.74	\$1.08	\$0.85
Weighted average number of common shares outstanding- denominator used for basic per share computations	3,323	3,300	3,331	3,315
Weighted average number of dilutive stock options outstanding	260	381	229	391
Denominator used for diluted per share computations	3,583	3,681	3,560	3,706
Dividends declared per share	\$0.10	\$0.09	\$0.20	\$0.18

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(all amounts in thousands)

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2015	
	2016	2015	2016	2015
Net income	\$3,267	\$2,710	\$3,832	\$3,146
Other comprehensive (loss) / income -				
Foreign currency translation	(58)	91	194	(462)
Comprehensive income	\$3,209	\$2,801	\$4,026	\$2,684

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(all amounts in thousands)