

SYPRIS SOLUTIONS INC
Form 10-Q
May 14, 2013
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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 ended March 31, 2013

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: 0-24020

SYPRIS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222
(Address of principal executive offices)
(Zip code)

61-1321992
(I.R.S. Employer
Identification No.)
(502) 329-2000
(Registrant's telephone number,
including area code)

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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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such reports). 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

As of May 3, 2013, the Registrant had 20,334,767 shares of common stock outstanding.

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	Three Months Ended	
	March 31,	April 1,
	2013	2012
	(Unaudited)	
Net revenue:		
Outsourced services	\$ 72,083	\$ 81,282
Products	6,328	15,181
Total net revenue	78,411	96,463
Cost of sales:		
Outsourced services	65,210	72,014
Products	5,125	11,935
Total cost of sales	70,335	83,949
Gross profit	8,076	12,514
Selling, general and administrative	7,158	7,595
Research and development	877	394
Amortization of intangible assets	22	22
Impairment of goodwill	6,900	0
Operating (loss) income	(6,881)	4,503
Interest expense, net	146	117
Other (income), net	(1,195)	(2,074)
(Loss) income from continuing operations, before taxes	(5,832)	6,460
Income tax expense	627	949
(Loss) income from continuing operations	(6,459)	5,511
Loss from discontinued operations, net of tax	0	(223)
Net (loss) income	\$ (6,459)	\$ 5,288
Basic (loss) income per share:		
(Loss) income per share from continuing operations	\$ (0.34)	\$ 0.28
Loss per share from discontinued operations	0.00	(0.01)
Net (loss) income per share	\$ (0.34)	\$ 0.27
Diluted (loss) income per share:		
(Loss) income per share from continuing operations	\$ (0.34)	\$ 0.28
Loss per share from discontinued operations	0.00	(0.01)

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Net (loss) income per share	\$ (0.34)	\$ 0.27
Weighted average shares outstanding:		
Basic	19,151	18,938
Diluted	19,151	19,148
Dividends declared per common share	\$ 0.02	\$ 0.02

The accompanying notes are an integral part of the consolidated financial statements.

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SYPRIS SOLUTIONS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Three Months Ended	
	March 31,	April 1,
	2013	2012
	(Unaudited)	
Net (loss) income	\$ (6,459)	\$ 5,288
Other comprehensive income:		
Foreign currency translation adjustments, net of tax	1,716	2,337
Unrealized gain on available-for-sale securities, net of tax	0	482
Other comprehensive income, net of tax	1,716	2,819
Comprehensive (loss) income	\$ (4,743)	\$ 8,107

The accompanying notes are an integral part of the consolidated financial statements.

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SYPRIS SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except for share data)

	March 31, 2013	December 31, 2012
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,488	\$ 18,664
Accounts receivable, net	52,855	38,530
Inventory, net	36,477	33,958
Other current assets	4,759	4,946
Total current assets	112,579	96,098
Property, plant and equipment, net	51,188	53,050
Goodwill	0	6,900
Other assets	5,038	4,920
Total assets	\$ 168,805	\$ 160,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 53,565	\$ 36,267
Accrued liabilities	21,518	21,988
Total current liabilities	75,083	58,255
Long-term debt	17,500	19,000
Other liabilities	18,490	20,780
Total liabilities	111,073	98,035
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued		
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued		
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued		
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 20,082,204 shares issued and 20,005,839 outstanding in 2013 and 20,190,116 shares issued and 20,155,268 outstanding in 2012	201	202
Additional paid-in capital	149,514	149,576
Retained deficit	(72,136)	(65,282)
Accumulated other comprehensive loss	(19,846)	(21,562)
Treasury stock, 76,365 and 34,848 shares in 2013 and 2012, respectively	(1)	(1)
Total stockholders' equity	57,732	62,933
Total liabilities and stockholders' equity	\$ 168,805	\$ 160,968

The accompanying notes are an integral part of the consolidated financial statements.

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SYPRIS SOLUTIONS, INC.

CONSOLIDATED CASH FLOW STATEMENTS

(in thousands)

	Three Months Ended	
	March 31, 2013	April 1, 2012
	(Unaudited)	
Cash flows from operating activities:		
Net (loss) income	\$ (6,459)	\$ 5,288
Loss from discontinued operations	0	(223)
(Loss) income from continuing operations	(6,459)	5,511
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,073	3,073
Stock-based compensation expense	388	439
Deferred revenue recognized	(2,000)	(1,973)
Deferred loan costs recognized	19	19
Gain on sale of assets	(1,665)	(2,612)
Provision for excess and obsolete inventory	280	409
Goodwill impairment	6,900	0
Other noncash items	812	901
Contributions to pension plans	(11)	(446)
Changes in operating assets and liabilities:		
Accounts receivable	(14,344)	(17,719)
Inventory	(2,799)	(5,649)
Other current assets	202	(554)
Accounts payable	17,545	12,193
Accrued and other liabilities	(1,362)	5,928
Net cash provided by (used in) operating activities	579	(480)
Cash flows from investing activities:		
Capital expenditures, net	(945)	(1,444)
Proceeds from sale of assets	2,141	4,481
Other	0	(90)
Net cash provided by investing activities	1,196	2,947
Cash flows from financing activities:		
Net chan		