

DUCOMMUN INC /DE/
Form 10-Q
November 03, 2016
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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
^x 1934

For the quarterly period ended October 1, 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 1-8174

DUCOMMUN INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	95-0693330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

23301 Wilmington Avenue, Carson, California 90745-6209
(Address of principal executive offices) (Zip code)
Registrant's telephone number, including area code: (310) 513-7200

(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

As of October 25, 2016, the registrant had 11,173,659 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Ducommun Incorporated and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except share and per share data)

	October 1, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	\$9,466	\$ 5,454
Accounts receivable, net of allowance for doubtful accounts of \$358 and \$359 at October 1, 2016 and December 31, 2015, respectively	73,820	77,089
Inventories	129,769	115,404
Production cost of contracts	11,095	10,290
Other current assets	8,658	13,389
Assets held for sale	—	41,636
Total Current Assets	232,808	263,262
Property and equipment, net of accumulated depreciation of \$138,333 and \$128,533 at October 1, 2016 and December 31, 2015, respectively	98,586	96,551
Goodwill	82,554	82,554
Intangibles, net	103,835	110,621
Non-current deferred income taxes	212	324
Other assets	2,987	3,769
Total Assets	\$520,982	\$ 557,081
Liabilities and Shareholders' Equity		
Current Liabilities		
Current portion of long-term debt	\$5	\$ 26
Accounts payable	60,173	40,343
Accrued liabilities	30,510	36,458
Liabilities held for sale	—	6,780
Total Current Liabilities	90,688	83,607
Long-term debt, less current portion	176,618	240,661
Non-current deferred income taxes	25,871	26,528
Other long-term liabilities	16,763	18,954
Total Liabilities	309,940	369,750
Commitments and contingencies (Notes 11, 13)		
Shareholders' Equity		
Common stock - \$0.01 par value; 35,000,000 shares authorized; 11,173,659 and 11,084,318 issued at October 1, 2016 and December 31, 2015, respectively	112	111
Additional paid-in capital	76,681	75,200
Retained earnings	140,048	117,623
Accumulated other comprehensive loss	(5,799)	(5,603)
Total Shareholders' Equity	211,042	187,331
Total Liabilities and Shareholders' Equity	\$520,982	\$ 557,081
See accompanying notes to Condensed Consolidated Financial Statements.		

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Ducommun Incorporated and Subsidiaries
 Condensed Consolidated Statements of Operations
 (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Net Revenues	\$132,571	\$161,670	\$408,156	\$509,435
Cost of Sales	107,348	141,642	329,749	431,439
Gross Profit	25,223	20,028	78,407	77,996
Selling, General and Administrative Expenses	17,171	21,205	58,796	64,707
Operating Income (Loss)	8,052	(1,177)	19,611	13,289
Interest Expense	(1,945)	(3,392)	(6,279)	(16,499)