

AZZ INC
Form 10-Q/A
April 19, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-12777

AZZ Inc.

(Exact name of registrant as specified in its charter)

TEXAS

(State or other jurisdiction of incorporation or organization)

75-0948250

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

One Museum Place, Suite 500

3100 West 7th Street

Fort Worth, Texas

(Address of principal executive offices)

(817) 810-0095

76107

(Zip Code)

Registrant's telephone number, including area code:

NONE

(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", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Title of each class:	Outstanding at May 31, 2017:
Common Stock, \$1.00 par value per share	25,994,263

Explanatory Note

Amendment No. 1 on Form 10-Q/A (this "Form 10-Q/A") amends and restates certain items noted below in the Quarterly Report on Form 10-Q of AZZ Inc. (the "Company") for the quarter ended May 31, 2017, as originally filed with the Securities and Exchange Commission on July 6, 2017 (the "Original Filing"). This Form 10-Q/A amends the Original Filing to reflect the correction of an error in the previously reported financial statements related to the Company's revenue recognition practices within its Energy segment. See Note 2 to the Condensed Consolidated Financial Statements included in Item 1 for additional information and a reconciliation of the previously reported amounts to the restated amounts.

For the convenience of the reader, this form 10-Q/A sets forth the Original Filing, as amended, in its entirety; however, this Form 10-Q/A amends and restates only the following financial statements and disclosures that were impacted from the correction of the error:

Part I, Item 1 - Financial Statements

Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I, Item 4 - Controls and Procedures

Part II, Item 6 - Exhibits

Signatures

This Form 10-Q/A also amends Part II, Item 1 - Legal Proceedings to reflect updated legal matters. In addition, the Company's Chief Executive Officer and Chief Financial Officer have provided new certifications dated as of the date of this filing in connection with this Form 10-Q/A (Exhibits 31.1, 31.2, 32.1 and 32.2), and the Company has provided its revised audited consolidated financial statements formatted in Extensible Business Reporting Language (XBRL) in Exhibit 101.

Except as described above, no other changes have been made to the Original Filing. This Form 10-Q/A speaks as of the date of the Original Filing and does not reflect events that may have occurred after the date of the Original Filing, or modify or update any disclosures that may have been affected by subsequent events.

The Company is also concurrently filing an amended Annual Report for the fiscal year ended February 28, 2017 and an amended Quarterly Report for the quarterly period ended August 31, 2017 to restate the previously issued annual and interim financial statements due to the accounting error described above.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

(Unaudited)

	May 31, 2017 (Restated)	February 28, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$6,337	\$ 11,302
Accounts receivable (net of allowance for doubtful accounts of \$412 as of May 31, 2017 and \$347 as of February 28, 2017)	152,545	138,470
Inventories:		
Raw material	84,967	80,169
Work-in-process	8,956	6,832
Finished goods	7,103	7,006
Costs and estimated earnings in excess of billings on uncompleted contracts	57,198	50,262
Deferred income taxes	—	249
Prepaid expenses and other	8,380	2,762
Total current assets	325,486	297,052
Deferred income taxes	208	—
Property, plant and equipment, net	230,127	228,610
Goodwill	306,031	306,579
Intangibles and other assets, net	142,888	146,113
	\$ 1,004,740	\$ 978,354
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$47,484	\$ 49,816
Income tax payable	524	778
Accrued salaries and wages	14,811	23,429
Other accrued liabilities	25,375	24,042
Customer deposits	1,711	1,459
Billings in excess of costs and estimated earnings on uncompleted contracts	22,539	20,617
Debt due within one year	14,286	16,629
Total current liabilities	126,730	136,770
Debt due after one year, net	285,478	254,800
Deferred income taxes	53,823	53,648
Total liabilities	466,031	445,218
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$1 par, shares authorized 100,000; 25,994 shares issued and outstanding at May 31, 2017 and 25,964 shares issued and outstanding at February 28, 2017	25,994	25,964
Capital in excess of par value	36,654	37,739
Retained earnings	506,166	498,527
Accumulated other comprehensive loss	(30,105) (29,094)

Total shareholders' equity	538,709	533,136
	\$1,004,740	\$ 978,354

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	May 31,	
	2017	2016
	(Restated)	(Restated)
Net sales	\$205,283	\$ 250,366
Cost of sales	157,901	185,238
Gross margin	47,382	65,128
Selling, general and administrative	27,359	28,819