

Manitex International, Inc.
Form 10-Q
November 02, 2018

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, 2018

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

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(Registrant's Telephone Number, Including Area Code)

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth 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.

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

The number of shares of the registrant's common stock, no par, outstanding at November 1, 2018 was 19,622,190

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Manitex International, Inc. speaks as of September 30, 2018 unless specifically noted otherwise. Unless otherwise indicated, Manitex International, Inc., together with its consolidated subsidiaries, is hereinafter referred to as “Manitex,” the “Registrant,” “us,” “we,” “our” or the “Company.”

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995). These statements relate to, among other things, the Company’s expectations, beliefs, intentions, future strategies, future events or future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, when included in this Quarterly Report or in documents incorporated herein by reference the words “may,” “expects,” “should,” “intends,” “anticipates,” “believes,” “plans,” “projects,” “estimates” and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, without limitation, those described below and in our 2017 Annual Report on Form 10-K for the fiscal year ended December 31, 2017, in the section entitled “Item 1A. Risk Factors”:

- a future substantial deterioration in economic conditions, especially in the United States and Europe;
- government spending, fluctuations in the construction industry, and capital expenditures in the oil and gas industry;
- our level of indebtedness and our ability to meet financial covenants required by our debt agreements;
- our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed;
- the cyclical nature of the markets we operate in;
- the impact that the restatement of our previously issued financial statements could have on our business reputation and relations with our customers and suppliers;
- increase in interest rates;
- our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally;
- our customers’ diminished liquidity and credit availability;
- the performance of our competitors;

shortages in supplies and raw materials or the increase in costs of materials;
potential losses under residual value guarantees;
product liability claims, intellectual property claims, and other liabilities;
the volatility of our stock price;
future sales of our common stock;
the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions;
currency transaction (foreign exchange) risks and the risk related to forward currency contracts;

1

- compliance with changing laws and regulations;
- a substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time;
- impairment in the carrying value of goodwill could negatively affect our operating results;
- difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change;
- a disruption or breach in our information technology systems;
- certain provisions of the Michigan Business Corporation Act and the Company's Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company's Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company;
- Potential negative effects related to the SEC investigation into our Company;
- other factors.

The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

MANITEX INTERNATIONAL, INC.

FORM 10-Q INDEX

TABLE OF CONTENTS

PART I: FINANCIAL INFORMATION

<u>ITEM 1: Financial Statements (Unaudited)</u>	4
<u>Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017</u>	4
<u>Condensed Consolidated Statements of Operations for the Three- and Nine-Month Periods Ended September 30, 2018 and 2017</u>	5
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three- and Nine-Month Periods Ended September 30, 2018 and 2017</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2018 and 2017</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
<u>ITEM 2: Management's Discussion And Analysis Of Financial Condition And Results Of Operations</u>	34
<u>ITEM 3: Quantitative And Qualitative Disclosures About Market Risk</u>	42
<u>ITEM 4: Controls And Procedures</u>	42
PART II: <u>OTHER INFORMATION</u>	
<u>ITEM 1: legal proceedings</u>	43
<u>ITEM 1A: Risk Factors</u>	43
<u>ITEM 2: Unregistered Sales Of Equity Securities And Use Of Proceeds</u>	43
<u>ITEM 3: Defaults Upon Senior Securities</u>	44
<u>ITEM 4: Mine Safety Disclosures</u>	44
<u>ITEM 5: Other Information</u>	44
<u>ITEM 6: Exhibits</u>	44

PART 1—FINANCIAL INFORMATION

Item 1—Financial Statements

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, December 31,	
	2018	2017
	Unaudited	Unaudited
ASSETS		
Current assets		
Cash	\$ 20,265	\$ 5,014
Cash - restricted	306	352
Marketable equity securities	5,346	—
Trade receivables (net)	42,073	46,633
Other receivables	2,747	1,946
Inventory (net)	67,480	54,360
Prepaid expense and other	2,017	2,017
Total current assets	140,234	110,322
Total fixed assets, net of accumulated depreciation of \$14,350 and \$12,921		
at September 30, 2018 and December 31, 2017, respectively	20,366	22,038
Intangible assets (net)	28,260	31,014
Goodwill	42,508	43,569
Equity investment in ASV Holdings, Inc.	—	14,931
Other long-term assets	1,234	1,475
Deferred tax asset	1,839	1,839
Total assets	\$ 234,441	\$ 225,188
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable	\$ 21,464	\$ 29,131
Current portion of capital lease obligations	409	378
Accounts payable	40,269	35,386
Accounts payable related parties	79	1,331
Accrued expenses	9,138	10,070
Customer deposits	1,777	2,242
Other current liabilities	—	890
Total current liabilities	73,136	79,428
Long-term liabilities		
Revolving term credit facilities	—	12,893
Notes payable (net)	26,651	26,656
Capital lease obligations (net of current portion)	5,173	5,483

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Convertible note related party (net)	7,119	7,005
Convertible note (net)	14,475	14,310
Deferred gain on sale of property	874	969
Deferred tax liability	3,789	3,384
Other long-term liabilities	3,910	4,215
Total long-term liabilities	61,991	74,915
Total liabilities	135,127	154,343
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at		
September 30, 2018 and December 31, 2017	—	—
Common Stock—no par value 25,000,000 shares authorized, 19,615,390 and 16,617,932		
shares issued and outstanding at September 30, 2018 and December 31, 2017,		
respectively	130,111	97,661
Paid in capital	2,773	2,802
Retained deficit	(30,913)	(28,583)
Accumulated other comprehensive loss	(2,657)	(1,035)
Total equity	99,314	70,845
Total liabilities and equity	\$ 234,441	\$ 225,188

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for share and per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Net revenues	\$60,938	\$ 56,464	\$181,517	\$148,634
Cost of sales	48,944	46,591	145,982	121,965
Gross profit	11,994	9,873	35,535	26,669
Operating expenses				
Research and development costs	801	619	2,179	1,902
Selling, general and administrative expenses	8,190	8,282	27,184	25,797
Total operating expenses	8,991	8,901	29,363	27,699
Operating income (loss)	3,003	972	6,172	(1,030)
Other (expense) income				
Interest expense	(1,294)	(1,716)	(4,350)	(4,498)
Interest income	68	—	95	—
Change in fair value of securities held	(907)	—	(2,308)	—
Foreign currency transaction loss	(410)	(799)	(635)	(1,138)
Other (expense) income	(3)	18	(355)	361
Total other expense	(2,546)	(2,497)	(7,553)	(5,275)
Income (loss) before income taxes and income (loss) in equity				
interest from continuing operations	457	(1,525)	(1,381)	(6,305)
Income tax expense from continuing operations	335			