

TAT TECHNOLOGIES LTD
Form 6-K
March 07, 2017

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2017

TAT TECHNOLOGIES LTD.
(Name of Registrant)

P.O.BOX 80, Gedera 70750 Israel
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

TAT Technologies Ltd.

6-K Items

1. Press Release dated March 7, 2017 re TAT Technologies Ltd. Reports Fourth Quarter and Full Year 2016 Results.

2

ITEM 1

Press Release Source: TAT Technologies Limited

TAT Technologies Reports Fourth Quarter and Full Year 2016 Results

GEDERA, Israel, March 7, 2017 - TAT Technologies Ltd. (NASDAQ: TATT - News) ("TAT" or the "Company"), a leading provider of products and services to the commercial and military aerospace and ground defense industries, reported today its unaudited results for the year ended December 31, 2016.

Financial Highlights for the fourth quarter of 2016 (unaudited):

- Total Revenue: \$ 25 million compared to \$ 21.7 million in the fourth quarter of 2015, growth of 15.2% in revenues compared to the fourth quarter of 2015.

Adjusted EBITDA: \$ 3.1 million compared to negative adjusted EBITDA of \$ (1) million in the fourth quarter of 2015.

Net income: \$ 1.6 million compared to \$ 3 million in the fourth quarter of 2015

Net income / Loss (Non-GAAP): \$ 1.8 million compared to net loss of \$ (1) million in the fourth quarter of 2015. The net income (Non GAAP) of the fourth quarter of 2015 includes several adjustments, as detailed in the appendix in page 9 below, including \$ 4.8 million gain on bargain purchase.

Earnings per share basic and diluted: \$ 0.18 per share compared to \$ 0.34 per share in the fourth quarter of 2015.

Earnings (loss) per share basic and diluted (Non-GAAP): \$ 0.20 per share compared to a loss of \$ (0.11) in the fourth quarter of 2015.

Net cash provided by operating activities: \$ 4.8 million compared to \$ 0.9 million in the fourth quarter of 2015.

Financial Highlights for 2016 (unaudited):

Total Revenue: \$ 95.8 million compared to \$ 85.6 million in 2015, growth of 11.9% in revenues compared to fiscal year 2015.

Adjusted EBITDA: \$ 7.9 million compared to \$ 3.6 million in 2015.

Net income: \$ 0.1 million compared to \$ 5.8 million in 2015.

Net Income (Non-GAAP): \$ 2.8 million compare to \$ 0.4 million in 2015.

The net income (Non GAAP) for 2015 includes several adjustments, as detailed in the appendix in page 9 below, including \$ 4.8 million gain on bargain purchase.

Taxes on income: include \$ 2.7 million related to a deferred tax liability due to actual distribution of earnings from foreign subsidiaries of the Company and due to the possibility of future distribution of earnings from such foreign subsidiaries.

Earnings per share basic and diluted: \$ 0.01 per share compared to \$ 0.66 per share in 2015.

Earnings per share basic and diluted (Non-GAAP): \$ 0.32 per share compared to \$ 0.04 in 2015.

Net cash provided by operating activities: \$ 5.5 million compared to \$ 0.7 million in 2015.

Dividend distribution: During August 2016, the company distributed to shareholders a cash dividend in the total amount of \$3.0 million.

Mr. Igal Zamir, TAT's President and CEO commented on the results: "Our fourth quarter 2016 results reflect the impact of our operational efficiency and cost cutting measures, with another consecutive improvement in profitability. Relatively strong sales of heat exchangers contributed to the growth in revenues in the current quarter. We continue to implement operational efficiency and cost cutting measures. Our strong balance sheet and cash position allowed us to pay a \$3 million dividend in 2016 and will enable us to pursue business opportunities as part of our ongoing efforts to strengthen our business".

Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with GAAP, the Company also presents a Non-GAAP presentation of Net Income and Adjusted EBITDA. The adjustments to the Company's GAAP results are made with the intent of providing both management and investors a more complete understanding of the Company's underlying operational results, trends and performance. Non-GAAP Net Income excludes changes, income or losses, as applicable, related to one or more of the following: (1) share-based compensation expenses and/or (2) certain tax impact and/or (3) acquisition related expenses and/or (4) share in results of equity investment of affiliated companies. Adjusted EBITDA is calculated as net income before the Company's share in results and sale of equity investment of affiliated companies, share-based compensation, taxes on income, financial (expenses) income, net, and depreciation and amortization. Non-GAAP Net Income and Adjusted EBITDA, however, should not be considered as alternatives to net income and operating income for the period and may not be indicative of the historic operating results of the Company; nor they are meant to be predictive of potential future results. Non-GAAP Net Income and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. See reconciliation of GAAP Net Income to Non-GAAP Net Income and Adjusted EBITDA in pages 9 and 13 below.

About TAT Technologies LTD

TAT Technologies Ltd. is a leading provider of products and services to the commercial and military aerospace and ground defense industries. TAT operates under four segments: (i) Original Equipment Manufacturing or "OEM" of Heat Management Solutions (ii) Heat Transfer Services and Products (iii) Maintenance, Repair and Overhaul or "MRO" services of Aviation Components; and (iv) overhaul and coating of jet engine blades and components

TAT's activities in the area of OEM Heat Management Solutions are focused on the design, development, manufacture, and sale of the following: (i) a broad range of heat transfer components including heat exchangers, pre-coolers and oil/fuel hydraulic coolers used in mechanical and electronic systems on-board commercial, military and business aircraft; (ii) environmental control and cooling systems on board aircraft and for ground applications; and (iii) a variety of other electronic and mechanical aircraft accessories and systems such as pumps, valves, power systems and turbines.

TAT's activities in the area of Heat Transfer Services and Products include the maintenance, repair and overhaul of heat transfer equipment and to a lesser extent, the manufacture of certain heat transfer product parts. TAT's Limco subsidiary operates an FAA certified repair station, which provides heat transfer MRO services and products for airlines, air cargo carriers, maintenance service centers and the military.

TAT's activities in the area of MRO services for Aviation Components include the maintenance, repair and overhaul of APUs, Landing Gears and other aircraft components. TAT's Piedmont subsidiary operates an FAA certified repair station, which provides aircraft component MRO services for airlines, air cargo carriers, maintenance service centers and the military.

TAT's activities in the area of jet engine overhaul includes the overhaul and coating of jet engine components such as turbine vanes and blades, fan blades, variable inlet guide vanes, afterburner flaps and other components.

For more information of TAT Technologies Ltd., please visit our web-site:

www.tat-technologies.com

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Safe Harbor for Forward-Looking Statements

This press release contains forward-looking statements which include, without limitation, statements regarding possible or assumed future operation results. These statements are hereby identified as "forward-looking statements" for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that could cause our results to differ materially from management's current expectations. Actual results and performance can also be influenced by other risks that we face in running our operations including, but are not limited to, general business conditions in the airline industry, changes in demand for our services and products, the timing and amount or cancellation of orders, the price and continuity of supply of component parts used in our operations, the change of control that will occur on the sale by the receiver of the Company's shares held by our previously controlling stockholders, and other risks detailed from time to time in the Company's filings with the Securities Exchange Commission, including, its annual report on form 20-F and its periodic reports on form 6-K. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands)

| | December 31, 2016 (unaudited) | December 31, 2015 (audited) |
|---|-------------------------------------|-----------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 21,433 | \$ 18,688 |
| Short-term bank deposits | 964 | 8,122 |
| Accounts receivable, net | 21,572 | 19,151 |
| Other current assets and prepaid expenses | 1,687 | 3,025 |
| Inventory, net | 39,269 | 36,664 |
| Total current assets | 84,925 | 85,650 |
| NON-CURRENT ASSETS: | | |
| Investment in affiliates | 1,019 | 169 |
| Funds in respect of employee rights upon retirement | 2,660 | 2,626 |
| Deferred income taxes | 896 | 890 |
| Intangible assets, net | 1,179 | 1,314 |
| Property, plant and equipment, net | 21,298 | 18,934 |
| Total non-current assets | 27,052 | 23,933 |
| Total assets | \$ 111,977 | \$ 109,583 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 8,406 | 7,022 |
| Accrued expenses | 9,836 | 7,815 |
| Total current liabilities | 18,242 | 14,837 |
| NON CURRENT LIABILITIES: | | |
| Other long-term liabilities | 151 | 189 |
| Liability in respect of employee rights upon retirement | 2,994 | 2,871 |
| Deferred income taxes | 1,938 | 262 |
| Total non-current liabilities | 5,083 | 3,322 |
| Total liabilities | 23,325 | 18,159 |
| EQUITY: | | |
| Share capital | 2,797 | 2,793 |
| Additional paid-in capital | 64,760 | 64,529 |
| Treasury stock at cost | (2,088 |) (2,088 |
| Accumulated other comprehensive loss | (73 |) (4 |

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| | | |
|--|------------|------------|
| Retained earnings | 23,256 | 26,194 |
| Total shareholders' equity | 88,652 | 91,424 |
| Total liabilities and shareholders' equity | \$ 111,977 | \$ 109,583 |

6

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)

| | Three months ended December 31, | | Twelve months ended | |
|--|------------------------------------|---------------------|---------------------|-------------------|
| | 2016 (Unaudited) | 2015 (Unaudited) | 2016 (Unaudited) | 2015 (Audited) |
| Revenues: | | | | |
| Products | \$7,481 | \$8,359 | \$30,431 | \$31,339 |
| Services | 17,504 | 13,344 | 65,363 | 54,268 |
| | 24,985 | 21,703 | 95,794 | 85,607 |
| Cost of goods: | | | | |
| Products | 5,609 | 5,875 | 23,788 | 24,466 |
| Services | 13,562 | 13,530 | 52,969 | 47,476 |
| | 19,171 | 19,405 | 76,757 | 71,942 |
| Gross Profit | 5,814 | 2,298 | 19,037 | 13,665 |
| Operating expenses: | | | | |
| Research and development, net | 189 | 320 | 1,140 | 890 |
| Selling and marketing | 1,008 | 773 | 3,876 | 2,903 |
| General and administrative | 2,631 | 2,488 | 10,023 | 8,469 |
| Other loss (income) | (117) | 631 | (138) | 631 |
| Gain on bargain purchase | - | (4,833) | - | (4,833) |
| | 3,711 | (621) | 14,901 | 8,060 |
| Operating income | 2,103 | 2,919 | 4,136 | 5,605 |
| Financial expenses, net | (62) | (117) | (154) | (349) |
| Income before taxes on income | 2,041 | 2,802 | 3,982 | 5,256 |
| Taxes on income | 420 | (455) | 3,865 | 644 |
| Income before equity investment | 1,621 | 3,257 | 117 | 4,612 |
| Share in results and sale of equity investment of affiliated companies | (4) | (254) | (55) | 1,237 |
| Net income | \$1,617 | \$3,003 | \$62 | \$5,849 |
| Basic and diluted income per share | | | | |
| Net income per share | \$0.18 | \$0.34 | \$0.01 | \$0.66 |
| Weighted average number of shares outstanding | | | | |
| Basic | 8,828,444 | 8,808,344 | 8,828,444 | 8,808,344 |
| Diluted | 8,833,226 | 8,813,533 | 8,830,764 | 8,810,689 |

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

| | Three months ended | | Twelve months ended | |
|---|----------------------|-------------|---------------------|-----------|
| | December 31, 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Net income | \$1,617 | \$ 3,003 | \$ 62 | \$ 5,849 |
| Other comprehensive income | | | | |
| Net unrealized gains (losses) from derivatives | (199) | - | 174 | - |
| Reclassification adjustments for gains included in net income and inventory | (29) | (4) | (243) | (4) |
| Total other comprehensive income (loss) | \$1,389 | \$ 2,999 | \$ (7) | \$ 5,845 |

8

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS (UNAUDITED)

(In thousands, except share and per share data)

| | Three months ended December 31, | | Twelve months ended | |
|---|------------------------------------|------------|---------------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| Reported net income on GAAP basis | \$1,617 | \$3,003 | \$62 | \$5,849 |
| Adjustments: | | | | |
| Gain on bargain purchase | - | (4,833) | - | (4,833) |
| Tax adjustments re non-GAAP adjustments (1) | 198 | - | 2,685 | - |
| Other expenses (Acquisition related expenses) | (105) | 553 | (105) | 553 |
| Share in results of equity investment of affiliated company | 4 | 254 | 55 | (1,237) |
| Share based compensation | 41 | 12 | 105 | 38 |
| Non-GAAP net income (loss) | \$1,755 | \$(1,011) | \$2,802 | \$370 |
| Non-GAAP net income (loss) per share | \$0.20 | \$(0.11) | \$0.32 | \$0.04 |
| Weighted average number of shares outstanding | | | | |
| Basic | 8,828,444 | 8,808,344 | 8,828,444 | 8,808,344 |
| Diluted | 8,833,226 | 8,813,533 | 8,830,764 | 8,810,689 |

During 2016 the Company distributed dividend from its foreign subsidiaries earnings. As a result the company (1) accrued deferred tax liability due to actual distribution of earnings from foreign subsidiaries of the Company and due to the possibility of future distribution of earnings from such foreign subsidiaries.

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands, except share data)

| | TAT Technologies Ltd. Shareholders | | | | | | | |
|---|--|----------|----------------------------------|---|--------------------|----------------------|-----------------------------|-----------------|
| | Share capital Number of shares issued | Amount | Additional paid-in capital | Accumulated other comprehensive income (loss) | Treasury shares | Retained earnings | Non-controlling interest | Total equity |
| BALANCE AT DECEMBER 31, 2013 (audited) | 9,079,709 | \$ 2,792 | \$ 64,454 | \$ (429) | \$(2,088) | \$ 20,913 | \$ 1,961 | \$ 87,603 |
| CHANGES DURING THE YEAR ENDED DECEMBER 31, 2014 (audited): | | | | | | | | |
| Comprehensive income | - | - | - | 429 | - | 1,432 | - | 1,861 |
| Share based compensation expenses | - | - | 38 | - | - | - | - | 38 |
| Exercise of option | 3,108 | 1 | (1) | - | - | - | - | - |
| Dividend distributed | - | - | - | - | - | (2,000) | - | (2,000) |
| Sale of subsidiary | - | - | - | - | - | - | (1,961) | (1,961) |
| BALANCE AT DECEMBER 31, 2014 (audited) | 9,082,817 | \$ 2,793 | \$ 64,491 | \$ - | \$(2,088) | \$ 20,345 | \$ - | \$ 85,541 |
| CHANGES DURING THE YEAR ENDED DECEMBER 31, 2015 (audited): | | | | | | | | |
| Comprehensive income (loss) | - | - | - | (4) | - | 5,849 | - | 5,845 |
| Share based compensation expenses | - | - | 38 | - | - | - | - | 38 |
| BALANCE AT DECEMBER 31, 2015 (audited) | 9,082,817 | \$ 2,793 | \$ 64,529 | \$ (4) | \$(2,088) | \$ 26,194 | \$ - | \$ 91,424 |
| CHANGES DURING THE YEAR ENDED DECEMBER 31, 2016 (unaudited): | | | | | | | | |
| Comprehensive income (loss) | - | - | - | (69) | - | 62 | - | (7) |
| Share based compensation expenses | - | - | 105 | - | - | - | - | 105 |
| Exercise of option | 20,100 | 4 | 126 | - | - | - | - | 130 |
| Dividend distributed | - | - | - | - | - | (3,000) | - | (3,000) |
| | 9,102,917 | \$ 2,797 | \$ 64,760 | \$ (73) | \$(2,088) | \$ 23,256 | \$ - | \$ 88,652 |

BALANCE AT
DECEMBER 31, 2016
(unaudited)

10

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

| | Three months ended December 31, | | Twelve months ended | |
|--|------------------------------------|-------------|---------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income | \$ 1,617 | \$ 3,003 | \$ 62 | \$ 5,849 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 976 | 891 | 3,636 | 2,781 |
| Loss on sale of property, plant and equipment | 30 | - | 12 | - |
| Interest from short-term bank deposits and restricted deposits | (13) | (13) | (24) | (33) |
| Loss (gain) from change in fair value of derivatives | 18 | 10 | (152) | 10 |
| Provision for doubtful accounts | (82) | 62 | (29) | 206 |
| Share in results and sale of equity investment of affiliated Company | 4 | 254 | 55 | (1,237) |
| Share based compensation | 41 | 12 | 105 | 38 |
| Gain on bargain purchase | - | (4,833) | - | (4,833) |
| Liability in respect of employee rights upon retirement | 63 | (25) | 123 | 28 |
| Deferred income taxes, net | (143) | (693) | 1,670 | (21) |
| Changes in operating assets and liabilities: | | | | |
| Decrease (increase) in trade accounts receivable | 1,149 | 1,528 | (2,392) | (2,375) |
| Decrease (increase) in other current assets and prepaid expenses | 1,456 | 191 | 1,487 | (85) |
| Increase in inventory | (1,340) | (153) | (2,707) | (571) |
| Increase (decrease) in trade accounts payable | (187) | 1,237 | 1,192 | 436 |
| Increase (decrease) in accrued expenses | 1,163 | (527) | 2,521 | 525 |
| Increase (decrease) in other long-term liabilities | 85 | (10) | (38) | 15 |
| Net cash provided by operating activities | \$ 4,837 | \$ 934 | \$ 5,521 | \$ 733 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Acquisitions of subsidiary, net of cash acquired | - | (1,796) | - | (1,796) |
| Investment in affiliated company | (516) | - | (905) | - |
| Proceeds from sale of equity investment of affiliated Company | - | - | - | 3,624 |
| Funds in respect of employee rights upon retirement | (73) | 69 | 2 | 8 |
| Proceeds from sale of property and equipment | (1) | - | 17 | 9 |
| Purchase of property and equipment | (1,041) | (871) | (5,702) | (3,315) |
| Maturities of short-term deposits | - | - | 7,182 | - |
| Investments in short-term deposits | - | (3,000) | - | (3,000) |
| Cash flows provided by (used in) investing activities | \$ (1,631) | \$ (5,598) | \$ 594 | \$ (4,470) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Repayments of short-term loans | - | (469) | - | (469) |
| Realization of contingency | - | - | (500) | - |
| Payment of cash dividend | - | - | (3,000) | - |

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| | | | | |
|--|----------|-----------|-------------|-------------|
| Exercise of options | - | - | 130 | - |
| Cash flows used in financing activities | \$- | \$ (469 |) \$ (3,370 |) \$ (469) |
| Net increase (decrease) in cash and cash equivalents | 3,206 | (5,133 |) 2,745 | (4,206) |
| Cash and cash equivalents at beginning of period | 18,227 | 23,821 | 18,688 | 22,894 |
| Cash and cash equivalents at end of period | \$21,433 | \$ 18,688 | \$ 21,433 | \$ 18,688 |

11

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA (NON-GAAP) (UNAUDITED)

(In thousands)

| | Three months ended | | Twelve months ended | |
|--|--------------------|-----------|---------------------|----------|
| | December 31, 2016 | 2015 | 2016 | 2015 |
| Net income | \$1,617 | \$3,003 | \$ 62 | \$ 5,849 |
| Adjustments: | | | | |
| Share in results and sale of equity investment of affiliated companies | 4 | 254 | 55 | (1,237) |
| Taxes on income | 420 | (455) | 3,865 | 644 |
| Financial expenses, net | 62 | 117 | 154 | 349 |
| Gain on bargain purchase | - | (4,833) | - | (4,833) |
| Depreciation and amortization | 976 | 891 | 3,636 | 2,781 |
| Share based compensation | 41 | 12 | 105 | 38 |
| Adjusted EBITDA | \$3,120 | \$(1,011) | \$ 7,877 | \$ 3,591 |

12

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAT TECHNOLOGIES
LTD.

(Registrant)

By: /s/ Guy Nathanzon
Guy Nathanzon
Chief Financial Officer

Date: March 7, 2017

13
