

MAGNETEK, INC.
Form 10-Q
February 08, 2008

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: **December 30, 2007**

OR

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

For the transition period from

Commission file number 1-10233

MAGNETEK, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

95-3917584
(I.R.S. Employer
Identification Number)

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N49 W13650 Campbell Drive

Menomonee Falls, Wisconsin 53051

(Address of principal executive offices)

(262) 783-3500

(Registrant's telephone number, including area code)

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 outstanding of Registrant's Common Stock, as of January 31, 2008, was 30,394,371 shares.

2008 MAGNETEK FORM 10-Q

TABLE OF CONTENTS FOR THE QUARTERLY REPORT ON FORM 10Q
FOR THE FISCAL QUARTER ENDED DECEMBER 30, 2007

MAGNETEK, INC.

Part I. **Financial Information**

- Item 1. Financial Statements
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 3. Quantitative and Qualitative Disclosures about Market Risk
- Item 4. Controls and Procedures

Part II. **Other Information**

- Item 1. Legal Proceedings
- Item 1A. Risk Factors
- Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
- Item 3. Defaults upon Senior Securities
- Item 4. Submission of Matters to a Vote of Security Holders
- Item 5. Other Information
- Item 6. Exhibits

Signatures

PART I. FINANCIAL INFORMATION**Item 1 Financial Statements**

MAGNETEK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data, unaudited)

	Three Months Ended	
	(13 Weeks) December 30, 2007	(13 Weeks) December 31, 2006
Net sales	\$ 28,968	\$ 27,578
Cost of sales	21,811	20,519
Gross profit	7,157	7,059
Operating expenses:		
Research and development	921	1,588
Selling, general and administrative	4,795	9,189
Income (loss) from operations	1,441	(3,718)
Non operating expense (income):		
Interest expense	117	1,057
Interest income	(316)	(905)
Other expense		325
Income (loss) from continuing operations before provision for income taxes	1,640	(4,195)
Provision for income taxes	219	373
Income (loss) from continuing operations	1,421	(4,568)
Income (loss) from discontinued operations, net of tax	1,159	(1,647)
Net income (loss)	\$ 2,580	\$ (6,215)
<u>Income (loss) per common share</u>		
Income (loss) from continuing operations - basic and diluted	\$ 0.05	\$ (0.16)
Income (loss) from discontinued operations - basic and diluted	\$ 0.04	\$ (0.06)
Net income (loss) - basic	\$ 0.09	\$ (0.21)
Net income (loss) - diluted	\$ 0.08	\$ (0.21)
Weighted average shares outstanding:		
Basic	30,270	29,264
Diluted	30,474	29,264

See accompanying notes

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MAGNETEK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data, unaudited)

	Six Months Ended	
	(26 Weeks) December 30, 2007	(26 Weeks) December 31, 2006
Net sales	\$ 55,078	\$ 53,533
Cost of sales	40,638	39,054
Gross profit	14,440	14,479
Operating expenses:		
Research and development	1,764	2,807
Selling, general and administrative	10,311	16,586
Income (loss) from operations	2,365	(4,914)
Non operating expense (income):		
Interest expense	260	2,133
Interest income	(672)	(1,193)
Other expense		325
Income (loss) from continuing operations before provision for income taxes	2,777	(6,179)
Provision for income taxes	523	649
Income (loss) from continuing operations	2,254	(6,828)
Income (loss) from discontinued operations, net of tax	825	(2,581)
Net income (loss)	\$ 3,079	\$ (9,409)
<u>Earnings (loss) per common share</u>		
Basic and diluted:		
Income (loss) from continuing operations	\$ 0.07	\$ (0.23)
Income (loss) from discontinued operations	\$ 0.03	\$ (0.09)
Net income (loss)	\$ 0.10	\$ (0.32)
<u>Weighted average shares outstanding:</u>		
Basic	30,302	29,138
Diluted	30,521	29,138

See accompanying notes

MAGNETEK, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

<u>ASSETS</u>	December 30, 2007 (Unaudited)	July 1, 2007
Current assets:		
Cash	\$ 5,270	\$ 5,404
Restricted cash	22,259	22,852
Accounts receivable, net	18,227	18,104
Inventories	17,424	16,201
Prepaid expenses and other current assets	4,132	1,900
Total current assets	67,312	64,461
Property, plant and equipment	20,560	19,772
Less-accumulated depreciation	16,168	15,470
Net property, plant and equipment	4,392	4,302
Goodwill	28,254	28,187
Other assets	6,822	7,788
Total Assets	\$ 106,780	\$ 104,738
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 11,088	\$ 12,238
Accrued liabilities	5,945	7,639
Accrued arbitration award	22,602	22,602
Current portion of long-term debt	11	11
Total current liabilities	39,646	42,490
Long-term debt, net of current portion	15	21
Pension benefit obligations, net	14,368	15,965
Other long term obligations	1,688	1,709
Deferred income taxes	3,530	3,080
Commitments and contingencies		
Stockholders' equity		
Common stock	304	301
Paid in capital in excess of par value	135,504	134,449
Accumulated deficit	(11,744)	(14,823)
Accumulated other comprehensive loss	(76,531)	(78,454)
Total stockholders' equity	47,533	41,473
Total Liabilities and Stockholders' Equity	\$ 106,780	\$ 104,738

See accompanying notes

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MAGNETEK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Amounts in thousands, unaudited)

	Six Months Ended	
	(26 Weeks) December 30, 2007	(26 Weeks) December 31, 2006
Cash flows from continuing operating activities:		
Income (loss) from continuing operations	\$ 2,254	\$ (6,828)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	870	1,056
Stock based compensation expense	245	1,314
Pension expense	94	1,662
Write-off of deferred financing		670
Cash contribution to pension fund		(30,000)
Changes in operating assets and liabilities	(3,201)	(1,602)
Total adjustments	(1,992)	(26,900)
Net cash provided by (used in) continuing operating activities	262	(33,728)
Cash flows from investing activities:		
Proceeds from sale of business, net of transaction costs		