

FOSTER L B CO
Form 10-Q
August 04, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 June 30, 2014

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: 0-10436

L.B. Foster Company

(Exact name of Registrant as specified in its charter)

Pennsylvania
(State of Incorporation)

25-1324733
(I. R. S. Employer

Identification No.)

415 Holiday Drive, Pittsburgh, Pennsylvania
(Address of principal executive offices)

15220
(Zip Code)

(412) 928-3400

(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 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 (section 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

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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. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by checkmark 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.

Class	Outstanding at July 25, 2014
Common Stock, Par Value \$.01	10,351,381 Shares

Table of Contents

L.B. FOSTER COMPANY AND SUBSIDIARIES

INDEX

	Page
<u>PART I. Financial Information</u>	
<u>Item 1. Financial Statements (unaudited):</u>	
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	6
<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>	23
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	33
<u>Item 4. Controls and Procedures</u>	33
<u>PART II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	34
<u>Item 1A. Risk Factors</u>	34
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
<u>Item 4. Mine Safety Disclosures</u>	34
<u>Item 6. Exhibits</u>	35
<u>Signature</u>	36
<u>Index to Exhibits</u>	37

Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements**

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 87,555	\$ 64,623
Accounts receivable - net	94,496	98,437
Inventories - net	84,617	76,956
Current deferred tax assets	461	461
Prepaid income tax	674	4,741
Other current assets	4,486	2,000
Current assets of discontinued operations	19	149
Total current assets	272,308	247,367
Property, plant, and equipment - net	53,979	50,109
Other assets:		
Goodwill	57,781	57,781
Other intangibles - net	49,556	51,846
Investments	4,896	5,090
Other assets	1,432	1,461
Total Assets	\$ 439,952	\$ 413,654
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 59,413	\$ 46,620
Deferred revenue	8,345	5,715
Accrued payroll and employee benefits	7,081	8,927
Accrued warranty	9,594	7,483
Current maturities of long-term debt	109	31
Current deferred tax liabilities	179	179
Other accrued liabilities	6,005	6,501
Liabilities of discontinued operations		26
Total current liabilities	90,726	75,482
Long-term debt	289	25
Deferred tax liabilities	11,404	11,798
Other long-term liabilities	9,815	9,952
Stockholders equity:		
Common stock, par value \$.01, authorized 20,000,000 shares; shares issued at June 30, 2014 and December 31, 2013, 11,115,779; shares outstanding at June 30, 2014 and December 31, 2013, 10,238,906 and 10,188,521	111	111
Paid-in capital	47,045	47,239
Retained earnings	308,252	298,361

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Treasury stock - at cost, common stock, shares at June 30, 2014 and December 31, 2013, 876,873 and 927,258	(23,242)	(24,731)
Accumulated other comprehensive loss	(4,448)	(4,583)
Total stockholders equity	327,718	316,397
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 439,952	\$ 413,654

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents

L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014 (Unaudited)	2013	2014 (Unaudited)	2013
Net sales	\$ 166,832	\$ 149,936	\$ 278,246	\$ 279,257
Cost of goods sold	136,132	120,761	223,419	225,234
Gross profit	30,700	29,175	54,827	54,023
Selling and administrative expenses	19,599	17,951	37,624	35,081
Amortization expense	1,172	700	2,313	1,401
Interest expense	126	125	249	258
Interest income	(147)	(139)	(291)	(345)
Equity in income of nonconsolidated investment	(142)	(420)	(346)	(596)
Other income	(115)	(137)	(250)	(315)
	20,493	18,080	39,299	35,484
Income from continuing operations before income taxes	10,207	11,095	15,528	18,539
Income tax expense	3,359	3,838	5,031	6,331
Income from continuing operations	6,848	7,257	10,497	12,208
Discontinued operations:				
Income from discontinued operations before income taxes	23	62	23	23
Income tax expense	9	24	9	9
Income from discontinued operations	14	38	14	14
Net income	\$ 6,862	\$ 7,295	\$ 10,511	\$ 12,222
Basic earnings per common share:				
From continuing operations	\$ 0.67	\$ 0.71	\$ 1.03	\$ 1.20
From discontinued operations	0.00	0.00	0.00	0.00
Basic earnings per common share	\$ 0.67	\$ 0.72	\$ 1.03	\$ 1.20
Diluted earnings per common share:				
From continuing operations	\$ 0.66	\$ 0.71	\$ 1.02	\$ 1.19
From discontinued operations	0.00	0.00	0.00	0.00
Diluted earnings per common share	\$ 0.67	\$ 0.71	\$ 1.02	\$ 1.19
Dividends paid per common share	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents

L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Net income	\$ 6,862	\$ 7,295	\$ 10,511	\$ 12,222
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	1,795	(1,447)	45	(3,270)
Reclassification of pension liability adjustments to earnings, net of tax expense of \$26, \$36 and \$47, \$72 *	49	70	90	139
Other comprehensive income (loss), net of tax	1,844	(1,377)	135	(3,131)