

ASTEC INDUSTRIES INC
Form 10-Q
November 03, 2015
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 September 30, 2015
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 001-11595

Astec Industries, Inc.
(Exact name of registrant as specified in its charter)

Tennessee 62-0873631
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1725 Shepherd Road, 37421
Chattanooga, Tennessee
(Address of principal executive (Zip Code)
offices)

(423) 899-5898
(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 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" 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 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.

Class	Outstanding at October 25, 2015
Common Stock, par value \$0.20	22,987,338

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

Astec Industries, Inc.

Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,985	\$ 13,023
Investments	1,834	1,916
Trade receivables	103,629	105,743
Other receivables	1,597	1,558
Inventories	384,531	387,835
Prepaid expenses and other	34,161	28,299
Deferred income tax assets	16,237	14,817
Total current assets	555,974	553,191
Property and equipment, net	170,508	187,610
Investments	11,814	11,393
Goodwill	31,280	31,995
Other long-term assets	17,711	21,276
Total assets	\$ 787,287	\$ 805,465
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 4,819	\$ 3,841
Accounts payable	46,406	60,987
Income taxes payable	881	2,418
Accrued product warranty	10,064	10,032
Customer deposits	32,563	45,086
Accrued payroll and related liabilities	19,893	17,265
Accrued loss reserves	3,037	3,050
Other current liabilities	20,311	18,450
Total current liabilities	137,974	161,129
Long-term debt	4,394	7,061
Deferred income tax liabilities	13,194	16,836
Other long-term liabilities	19,331	21,087
Total liabilities	174,893	206,113
Shareholders' equity	610,392	595,166
Non-controlling interest	2,002	4,186
Total equity	612,394	599,352
Total liabilities and equity	\$ 787,287	\$ 805,465

See Notes to Unaudited Condensed Consolidated Financial Statements

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Astec Industries, Inc.
 Condensed Consolidated Statements of Income
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net sales	\$211,350	\$220,157	\$768,141	\$736,086
Cost of sales	166,212	176,896	594,724	573,890
Gross profit	45,138	43,261	173,417	162,196
Selling, general, administrative and engineering expenses	41,023	38,867	128,136	122,539
Income from operations	4,115	4,394	45,281	39,657
Interest expense	505	193	1,222	375
Other income, net of expenses	510	710	2,543	2,254
Income from operations before income taxes	4,120	4,911	46,602	41,536
Income taxes	2,162	3,145	18,070	15,734
Net income	1,958	1,766	28,532	25,802
Net loss attributable to non-controlling interest	(334)	(150)	(669)	(156)
Net income attributable to controlling interest	\$2,292	\$1,916	\$29,201	\$25,958
Earnings per common share				
Net income attributable to controlling interest:				
Basic	\$0.10	\$0.08	\$1.27	\$1.14
Diluted	\$0.10	\$0.08	\$1.26	\$1.12
Weighted average number of common shares outstanding:				
Basic	22,943	22,830	22,930	22,813
Diluted	23,121	23,109	23,118	23,103
Dividends declared per common share	\$0.10	\$0.10	\$0.30	\$0.30

See Notes to Unaudited Condensed Consolidated Financial Statements

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Astec Industries, Inc.
 Condensed Consolidated Statements of Comprehensive Income (Loss)
 (in thousands)
 (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$1,958	\$1,766	\$28,532	\$25,802
Other comprehensive income:				
Change in unrecognized pension and post-retirement benefit costs	-	-	28	-
Income tax (provision) benefit on change in unrecognized pension and post-retirement benefit costs	(30)	13	(21)	(3)
Foreign currency translation adjustments	(7,003)	(5,602)	(10,721)	(3,475)
Income tax benefit on foreign currency translation adjustments	868	484	808	547
Other comprehensive loss	(6,165)	(5,105)	(9,906)	(2,931)
Comprehensive income (loss)	(4,207)	(3,339)	18,626	22,871
Comprehensive loss attributable to non-controlling interest	(607)	(472)	(1,285)	(281)
Comprehensive income (loss) attributable to controlling interest	\$(3,600)	\$(2,867)	\$19,911	\$23,152

See Notes to Unaudited Condensed Consolidated Financial Statements

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Astec Industries, Inc.
 Condensed Consolidated Statements of Cash Flows
 (in thousands)
 (unaudited)

	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities:		
Net income	\$ 28,532	\$ 25,802
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,042	18,149
Provision (benefit) for doubtful accounts	(161)	418
Provision for warranties	11,723	12,436
Deferred compensation provision	(206)	(243)
Stock-based compensation	951	972
Tax benefit from stock incentive plans	(348)	(585)
Deferred income tax benefit	(3,959)	(4,124)
Gain on disposition of fixed assets	(234)	(164)
Distributions to SERP participants	(2,649)	-
Change in operating assets and liabilities:		
(Purchase) sale of trading securities, net	(698)	(434)
Trade and other receivables	2,504	(8,432)
Inventories	3,628	(19,456)
Prepaid expenses	4,080	667
Other assets	(247)	(3,294)
Accounts payable	(14,581)	1,855
Accrued product warranty	(11,499)	(12,051)
Customer deposits	(12,523)	(1,178)
Prepaid and income taxes payable, net	(1,792)	250
Other	1,581	2,257

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Net cash provided by operating activities	22,144	12,845
Cash flows from investing activities:		
Expenditures for property and equipment	(15,483)	(18,445)
Business acquisition, net of cash acquired	178	(34,965)
Sale of investments	113	16,249
Proceeds from life insurance cash surrender value	416	-
Proceeds from sale of property and equipment	378	551
Net cash used by investing activities	(14,398)	(36,610)
Cash flows from financing activities:		
Payment of dividends	(6,893)	(6,874)
Borrowings under bank loans	3,661	7,782
Repayments of bank loans	(3,507)	-
Tax benefit from stock issued under incentive plans	348	585
Sale (purchase) of Company shares held by SERP, net	2,053	(99)
Withholding tax paid upon vesting of restricted stock units	(600)	(953)
Proceeds from exercise of stock options	72	282
Sale (purchase) of subsidiaries shares to/from minority shareholders, net	(653)	1,585
Net cash provided (used) by financing activities	(5,519)	2,308
Effect of exchange rates on cash	(1,265)	(287)
Net increase (decrease) in cash and cash equivalents	962	(21,744)
Cash and cash equivalents,	13,023	35,564

beginning of period

Cash and cash

equivalents, end of

period

\$ 13,985

\$ 13,820

See Notes to Unaudited Condensed Consolidated Financial Statements

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Astec Industries, Inc.
 Condensed Consolidated Statement of Equity
 For the Nine Months Ended September 30, 2015
 (in thousands)
 (unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in- Capital	Accum- ulated Other Compre- hensive Loss	Company Shares Held by SERP	Retained Earnings	Non- controlling Interest	Total Equity
Balance, December 31, 2014	22,930	\$4,586	\$ 135,887	\$(12,915)	\$(2,929)	\$470,537	\$ 4,186	\$599,352
Net income	-	-	461203101					

Item 3.

**If this statement is filed
 pursuant to §§
 240.13d-1(b) or
 240.13d-2(b) or (c), check
 whether the person filing
 is a:**

- (a) Broker or dealer registered under section 15 of the Act.
- (b) Bank as defined in section 3(a)(6) of the Act.
- (c) Insurance company as defined in section 3(a)(19) of the Act.
- (d) Investment company registered under section 8 of the Investment Company Act of 1940.
- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E).
- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F).
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G).
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act.

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- (i) " A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940.
- (j) " Group, in accordance with § 240.13d-1(b)(1)(ii)(J).

** SEE INSTRUCTION BEFORE FILLING OUT **

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Item 4. Ownership

(a) Amount Beneficially Owned

WA, acting as an investment adviser to its client, is deemed to be the beneficial owner of 1,788,536 shares of

Common Stock of the Company's Amended.

WCAA, is deemed to beneficially own 550,617 shares of Common Stock of the company.

WCAP is deemed to beneficially own 550,617 shares of Common Stock as a result of its indirect ownership of

Convertible Bonds of the company

WCCAFLP is deemed to beneficially own 550,617 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

WCCAFLTD is deemed to beneficially own 550,617 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

WCA, is deemed to beneficially own 854,399 shares of Common Stock of the company.

WCP is deemed to beneficially own 854,399 shares of Common Stock as a result of its indirect ownership of

Convertible Bonds of the company

WMSFLP is deemed to beneficially own 854,399 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

WMSFLTD is deemed to beneficially own 854,399 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

WDCAA, is deemed to beneficially own 19,360 shares of Common Stock of the company.

WDCAP is deemed to beneficially own 19,360 shares of Common Stock as a result of its indirect ownership of

Convertible Bonds of the company

WDCAFLP is deemed to beneficially own 19,360 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

WDCAFLTD is deemed to beneficially own 19,360 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

PSA, is deemed to beneficially own 201,662 shares of Common Stock of the company.

PSP is deemed to beneficially own 201,662 shares of Common Stock as a result of its indirect ownership of

Convertible Bonds of the company

PSFLP is deemed to beneficially own 201,662 shares of Common Stock as a result of its indirect ownership of

Convertible Bonds of the company

PSFLTD is deemed to beneficially own 201,662 shares of Common Stock as a result of its indirect ownership of Convertible Bonds of the company

HFR is deemed to beneficially own 40,332 Shares of Common Stock of the company

IAM is deemed to beneficially own 122,167 Shares of Common Stock of the company

As a result of the relationship described in this statement, each of WA, WCAA, WCCAFLP, WCCAFLTD, WCA, WMSFLP, WMSFLTD, WDCAA, WDCAFLP, WDCAFLTD, PSA, PSFLP, and PSFLTD may be deemed to possess indirect beneficial ownership of the shares of Common Stock beneficially owned by each of WCAP, WCP, WDCAP, PSP, HFR, and IAM. WA, WCAA, WCCAFLP, WCAFLP, WCA, WMSFLP, WMSFLTD, WDCAA, WDCAFLP, WDCAFLTD, PSA, PSFLP, and PSFLTD each disclaim indirect beneficial ownership of the shares of Common Stock except to the extent of their pecuniary interest in such shares.*

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Based on the relationships described herein, these entities may be deemed to constitute a group within the meaning Of Rule 13d-5(b)(1) under the Securities Exchange Act of 1934. The filing of this statement shall not be construed as an admission that WA, WCAA, WCAP, WCCAFLP, WCCAFLTD, WCA, WCP, WMSFLP, WMSFLTD, WDCAA, WDCAP, WDCAFLP, WDCAFLTD, PSA, PSP, PSFLP, PSFLTD, HFR, and IAM are a group, Or have agreed to act as a group.*

(b) Percent of Class

WA beneficially owns 5.4 % of the company s Common Stock.*

WCAA is deemed to beneficially own 1.7 % of the company s Common Stock

WCAP is deemed to beneficially own 1.7 % of the company s Common Stock

WCCAFLP is deemed to beneficially own 1.7 % of the company s Common Stock

WCCAFLTD is deemed to beneficially own 1.7 % of the company s Common Stock

WCA is deemed to beneficially own 2.6 % of the company s Common Stock

WCP is deemed to beneficially own 2.6 % of the company s Common Stock

WMSFLP is deemed to beneficially own 2.6 % of the company s Common Stock

WMSFLTD is deemed to beneficially own 2.6 % of the company s Common Stock

WDCAA is deemed to beneficially own 0.1 % of the company s Common Stock

WDCAP is deemed to beneficially own 0.1 % of the company s Common Stock

WDCAFLP is deemed to beneficially own 0.1 % of the company s Common Stock

WDCAFLTD is deemed to beneficially own 0.1 % of the company s Common Stock

PSA is deemed to beneficially own 0.6 % of the company s Common Stock

PSP is deemed to beneficially own 0.6 % of the company s Common Stock

PSFLP is deemed to beneficially own 0.6 % of the company s Common Stock

PSFLTD is deemed to beneficially own 0.6 % of the company s Common Stock

HFR beneficially owns 0.1 % of the company s Common Stock.*

IAM beneficially owns 0.4 % of the company s Common Stock.*

The percentage of Common Stock reportedly owned by each entity herein is based on 31,195,000 shares of outstanding Common Stock of the Company, which is the total number of shares issued and outstanding on November 4, 2009.

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

0

(ii) Shared power to vote or to direct the vote

WA has shared voting power with respect to 1,788,536 shares of the Issuer s Common Stock.

WCAA, WCAP, WCCAFLP, and WCCAFLTD have shared voting power with respect to 550,617 shares

of the Company s Common Stock.

WCA, WCP, WMSFLP, and WMSFLTD have shared voting power with respect to 854,399 shares of the Company s Common Stock.

WDCAA, WDCAP, WDCAFLP, and WDCAFLTD have shared voting power with respect to 19,360 shares of the Company s Common Stock.

PSA, PSP, PSFLP, and PSFLTD have shared voting power with respect to 201,662 shares of the

Company s Common Stock.

(iii) Sole power to dispose or to direct the disposition of

0

(iv) Shared power to dispose or to direct the disposition of

WA has shared voting power with respect to 1,788,536 shares of the Issuer's Common Stock.

WCAA, WCAP, WCCAFLP, and WCCAFLTD have shared voting power with respect to 550,617 shares

of the Company's Common Stock.

WCA, WCP, WMSFLP, and WMSFLTD have shared voting power with respect to 854,399 shares of the Company's Common Stock.

WDCAA, WDCAP, WDCAFLP, and WDCAFLTD have shared voting power with respect to 19,360 shares of the Company's Common Stock.

PSA, PSP, PSFLP, and PSFLTD have shared voting power with respect to 201,662 shares of the

Company's Common Stock.

Instruction. For computations regarding securities which represent a right to acquire an underlying security *see* §240.13d3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following **.

Instruction. Dissolution of a group requires a response to this item.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

Not Applicable

Item 8. Identification and Classification of Members of the Group

See Item 2

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

** SEE INSTRUCTION BEFORE FILLING OUT **

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 9, 2010
Date

/s/ JONATHAN D. WOOD
Signature

Jonathan D. Wood

as Chief Financial Officer of Whitebox Advisors, LLC.
Name/Title

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties for whom copies are to be sent.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

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**** SEE INSTRUCTION BEFORE FILLING OUT ****

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