

FOSTER L B CO
Form 10-Q
November 04, 2014
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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 September 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 October 27, 2014
Common Stock, Par Value \$.01	10,351,381 Shares

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L.B. FOSTER COMPANY AND SUBSIDIARIES

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

(In thousands, except share data)

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 86,516	\$ 64,623
Accounts receivable - net	91,178	98,437
Inventories - net	90,795	76,956
Current deferred tax assets	461	461
Prepaid income tax	233	4,741
Other current assets	3,556	2,000
Current assets of discontinued operations	14	149
Total current assets	272,753	247,367
Property, plant, and equipment - net	63,105	50,109
Other assets:		
Goodwill	59,603	57,781
Other intangibles - net	49,789	51,846
Investments	5,365	5,090
Other assets	1,750	1,461
Total Assets	\$ 452,365	\$ 413,654
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 60,229	\$ 46,620
Deferred revenue	9,810	5,715
Accrued payroll and employee benefits	9,333	8,927
Accrued warranty	8,610	7,483
Current maturities of long-term debt	104	31
Current deferred tax liabilities	179	179
Other accrued liabilities	8,885	6,501
Liabilities of discontinued operations		26
Total current liabilities	97,150	75,482
Long-term debt	270	25
Deferred tax liabilities	11,086	11,798
Other long-term liabilities	9,378	9,952
Stockholders equity:		
Common stock, par value \$.01, authorized 20,000,000 shares; shares issued at September 30, 2014 and December 31, 2013, 11,115,779; shares outstanding at September 30, 2014 and December 31, 2013, 10,238,906 and 10,188,521	111	111
Paid-in capital	47,649	47,239
Retained earnings	317,057	298,361

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Treasury stock - at cost, common stock, shares at September 30, 2014 and December 31, 2013, 876,873 and 927,258	(23,242)	(24,731)
Accumulated other comprehensive loss	(7,094)	(4,583)
Total stockholders equity	334,481	316,397
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 452,365	\$ 413,654

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

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L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014 (Unaudited)	2013	2014 (Unaudited)	2013
Net sales	\$ 167,797	\$ 162,248	\$ 446,043	\$ 441,505
Cost of goods sold	132,638	130,943	356,057	356,177
Gross profit	35,159	31,305	89,986	85,328
Selling and administrative expenses	20,644	17,547	58,268	52,628
Amortization expense	1,191	701	3,504	2,102
Interest expense	126	118	375	376
Interest income	(140)	(149)	(431)	(494)
Equity in income of nonconsolidated investments	(477)	(296)	(823)	(892)
Other income	(47)	(638)	(297)	(953)
	21,297	17,283	60,596	52,767
Income from continuing operations before income taxes	13,862	14,022	29,390	32,561
Income tax expense	4,743	4,229	9,774	10,560
Income from continuing operations	9,119	9,793	19,616	22,001
Discontinued operations:				
(Loss) Income from discontinued operations before income taxes	(5)		18	23
Income tax (benefit) expense	(2)		7	9
(Loss) Income from discontinued operations	(3)		11	14
Net income	\$ 9,116	\$ 9,793	\$ 19,627	\$ 22,015
Basic earnings per common share:				
From continuing operations	\$ 0.89	\$ 0.96	\$ 1.92	\$ 2.16
From discontinued operations	(0.00)		0.00	0.00
Basic earnings per common share	\$ 0.89	\$ 0.96	\$ 1.92	\$ 2.16
Diluted earnings per common share:				
From continuing operations	\$ 0.88	\$ 0.95	\$ 1.90	\$ 2.15
From discontinued operations	(0.00)		0.00	0.00
Diluted earnings per common share	\$ 0.88	\$ 0.95	\$ 1.90	\$ 2.15
Dividends paid per common share	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.09

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

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L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended September 30, 2014 2013 (Unaudited)		Nine Months Ended September 30, 2014 2013 (Unaudited)	
Net income	\$ 9,116	\$ 9,793	\$ 19,627	\$ 22,015
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment	(2,693)	1,480	(2,648)	(1,790)
Reclassification of pension liability adjustments to earnings, net of tax expense of \$24, \$36 and \$71, \$109 *	47	72	137	211
Other comprehensive (loss) income, net of tax	(2,646)	1,552	(2,511)	(1,579)