

SIFCO INDUSTRIES INC  
Form 10-Q  
February 16, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 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 1-5978

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

Ohio  
(State or other jurisdiction of  
incorporation or organization)

34-0553950  
(I.R.S. Employer  
Identification No.)

970 East 64th Street, Cleveland Ohio  
(Address of principal executive offices)  
(216) 881-8600  
(Registrant's telephone number, including area code)

44103  
(Zip 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 definition of "large accelerated filer", "accelerated filer", "non-accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  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

The number of the Registrant's Common Shares outstanding at December 31, 2015 was 5,456,123.

## Part I. Financial Information

## Item 1. Financial Statements

## SIFCO Industries, Inc. and Subsidiaries

## Consolidated Condensed Statements of Operations

(Unaudited)

(Amounts in thousands, except per share data)

	Three Months Ended	
	December 31,	
	2015	2014
Net sales	\$27,161	\$20,080
Cost of goods sold	25,053	17,081
Gross profit	2,108	2,999
Selling, general and administrative expenses	5,620	4,444
Amortization of intangible assets	714	520
Loss on disposal of operating assets	2	—
Operating loss	(4,228)	(1,965)
Interest income	(9)	(3)
Interest expense	408	60
Foreign currency exchange (gain) loss, net	14	(10)
Other income, net	(107)	(107)
Loss from continuing operations before income tax benefit	(4,534)	(1,905)
Income tax benefit	(1,936)	(560)
Loss from continuing operations	(2,598)	(1,345)
Loss from discontinued operations, net of tax	—	(63)
Net loss	\$(2,598)	\$(1,408)
Loss per share from continuing operations		
Basic	\$(0.48)	\$(0.25)
Diluted	\$(0.48)	\$(0.25)
Loss per share from discontinued operations, net of tax		
Basic	\$—	\$(0.01)
Diluted	\$—	\$(0.01)
Net loss per share		
Basic	\$(0.48)	\$(0.26)
Diluted	\$(0.48)	\$(0.26)
Weighted-average number of common shares (basic)	5,452	5,422
Weighted-average number of common shares (diluted)	5,452	5,447

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries  
 Consolidated Condensed Statements of Comprehensive Loss  
 (Unaudited)  
 (Amounts in thousands)

	Three Months Ended December 31,	
	2015	2014
Net loss	\$ (2,598	) \$ (1,408
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(447	) —
Retirement plan liability adjustment	193	129
Interest rate swap agreement adjustment	—	5
Comprehensive loss	\$ (2,852	) \$ (1,274
See notes to unaudited consolidated condensed financial statements.		

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SIFCO Industries, Inc. and Subsidiaries  
 Consolidated Condensed Balance Sheets  
 (Amounts in thousands, except per share data)

	December 31, 2015 (unaudited)	September 30, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$1,337	\$667
Receivables, net of allowance for doubtful accounts of \$716 and \$1,127, respectively	29,692	36,024
Inventories, net	26,533	27,943
Refundable income taxes	3,884	2,516
Deferred income taxes	2,745	2,785
Prepaid expenses and other current assets	1,447	1,600
Total current assets	65,638	71,535
Property, plant and equipment, net	52,706	54,865
Intangible assets, net	12,883	13,265
Goodwill	15,584	16,480
Other assets	490	544
Total assets	\$147,301	\$156,689
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$10,816	\$10,503
Accounts payable	15,286	14,201
Accrued liabilities	8,569	8,446
Total current liabilities	34,671	33,150
Long-term debt, net of current maturities	30,878	38,426
Deferred income taxes	4,161	4,849
Pension liability	6,602	6,743
Other long-term liabilities	453	452
Shareholders' equity:		
Serial preferred shares, no par value, authorized 1,000 shares	—	—
Common shares, par value \$1 per share, authorized 10,000 shares; issued and outstanding shares – 5,466 at December 31, 2015 and 5,468 at September 30, 2015	5,466	5,468
Additional paid-in capital	10,097	9,778
Retained earnings	67,215	