

Commercial Vehicle Group, Inc.  
Form 10-Q  
August 07, 2017  
Table of Contents

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 June 30, 2017

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 001-34365

COMMERCIAL VEHICLE GROUP, INC.  
(Exact name of Registrant as specified in its charter)

Delaware 41-1990662  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
7800 Walton Parkway 43054  
New Albany, Ohio (Zip Code)  
(Address of principal executive offices)  
(614) 289-5360  
(Registrant’s telephone number, including area code)  
Not Applicable  
(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, 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 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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the ..  
extended transition period for complying with any new or revised financial accounting standards  
provided pursuant to Section 13(a) of the Exchange Act.

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 the Registrant's common stock, par value \$.01 per share, at August 7, 2017 was  
30,829,284 shares.

Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q

PART I FINANCIAL INFORMATION

<u>ITEM 1 – FINANCIAL STATEMENTS</u>	<u>1</u>
<u>CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)</u>	<u>1</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)</u>	<u>2</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)</u>	<u>3</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)</u>	<u>4</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)</u>	<u>5</u>
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	<u>6</u>
<u>ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>24</u>
<u>ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>32</u>
<u>ITEM 4 – CONTROLS AND PROCEDURES</u>	<u>32</u>
 <u>Part II OTHER ITEMS</u>	 <u>33</u>
 <u>ITEM 1 Legal Proceedings</u>	 <u>33</u>
<u>ITEM 1A Risk Factors</u>	<u>33</u>
<u>ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
<u>ITEM 3 Defaults Upon Senior Securities</u>	<u>34</u>
<u>ITEM 4 Mine Safety Disclosures</u>	<u>34</u>
<u>ITEM 5 Other Information</u>	<u>34</u>
<u>ITEM 6 Exhibits</u>	<u>35</u>
 <u>SIGNATURE</u>	 <u>36</u>

Table of Contents

ITEM 1 – FINANCIAL STATEMENTS  
COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	(Unaudited)	(Unaudited)
	(In thousands, except share and per share amounts)	
Assets		
Current Assets:		
Cash	\$ 51,602	\$ 130,160
Accounts receivable, net of allowances of \$3,998 and \$3,881, respectively	123,641	97,793
Inventories	80,702	71,054
Other current assets	15,088	9,941
Total current assets	271,033	308,948
Property, plant and equipment, net of accumulated depreciation of \$140,444 and \$137,879, respectively	65,291	66,041
Goodwill	7,972	7,703
Intangible assets, net of accumulated amortization of \$7,831 and \$7,048, respectively	15,136	15,511
Deferred income taxes	29,879	28,587
Other assets, net	2,481	1,975
Total assets	\$ 391,792	\$ 428,765
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 86,972	\$ 60,556
Accrued liabilities and other	40,616	45,699
Current portion of long-term debt	3,195	—
Total current liabilities	130,783	106,255
Long-term debt	165,449	233,154
Pension and other post-retirement benefits	19,519	18,938
Other long-term liabilities	3,547	2,728
Total liabilities	319,298	361,075
Stockholders' Equity:		
Preferred stock, \$0.01 par value (5,000,000 shares authorized; no shares issued and outstanding)	—	—
Common stock, \$0.01 par value (60,000,000 shares authorized; 29,873,953 and 29,871,354 shares issued and outstanding, respectively)	299	299
Treasury stock, at cost: 1,014,413 shares, as of June 2017 and December 2016	(7,753	) (7,753
Additional paid-in capital	238,617	237,367
Retained Deficit	(112,618	) (113,378
Accumulated other comprehensive loss	(46,051	) (48,845
Total stockholders' equity	72,494	67,690
Total liabilities and stockholders' equity	\$ 391,792	\$ 428,765
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.		

Table of ContentsCOMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended June	
	June 30,		30,	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
Revenues	\$ 195,127	\$ 178,251	\$ 368,543	\$ 358,543
Cost of Revenues	172,426	153,920	324,339	308,507
Gross Profit	22,701	24,331	44,204	50,036
Selling, General and Administrative Expenses	14,802	15,585	31,421	32,376
Amortization Expense	331	319	658	652
Operating Income	7,568	8,427	12,125	17,008
Interest and Other Expense	6,740	4,926	11,304	9,784
Income Before Provision for Income Taxes	828	3,501	821	7,224
Provision for Income Taxes	697	781	61	1,941
Net Income	\$ 131	\$ 2,720	\$ 760	\$ 5,283
Earnings per Common Share:				
Basic and Diluted	\$ 0.00	\$ 0.09	\$ 0.03	\$ 0.18
Weighted Average Shares Outstanding:				
Basic	29,874	29,449	29,873	29,449
Diluted	30,455	29,756	30,325	29,632

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of ContentsCOMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
	(In thousands)		(In thousands)	
Net income	\$ 131	\$ 2,720	\$ 760	\$ 5,283
Other comprehensive income (loss):				
Foreign currency exchange translation adjustments	2,256	(713 )	4,078	(408 )
Minimum pension liability, net of tax	(544 )	(1,143 )	(1,284 )	(1,034 )
Other comprehensive income (loss)	1,712	(1,856 )	2,794	(1,442 )
Comprehensive income	\$ 1,843	\$ 864	\$ 3,554	\$ 3,841

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of ContentsCOMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid In Capital	Retained Deficit	Accumulated Other Comp. Loss	Total CVG Stockholders' Equity
	(Unaudited)						
	(In thousands)						
BALANCE - December 31, 2016	29,871	\$ 299	\$(7,753)	\$ 237,367	\$ (113,378 )	\$ (48,845 )	\$ 67,690
Share-based compensation expense	3	—	—	1,250	—	—	1,250
Total comprehensive income	—	—	—	—	760	2,794	3,554
BALANCE - June 30, 2017	29,874	\$ 299	\$(7,753)	\$ 238,617	\$ (112,618 )	\$ (46,051 )	\$ 72,494

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of ContentsCOMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	(In thousands)	
Cash Flows from Operating Activities:		
Net Income	\$760	\$ 5,283
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization	7,803	8,409
Impairment of equipment held for sale	—	616
Provision for doubtful accounts and bad debt	1,998	3,200
Noncash amortization of debt financing costs and discount	523	420
Pension plan contribution	(1,461 )	(1,475 )
Shared-based compensation expense	1,250	1,381
Deferred income taxes	(1,004 )	1,258
Noncash gain on derivative contracts	(1,236 )	(467 )
Change in other operating items:		
Accounts receivable	(26,742 )	9,610
Inventories	(8,148 )	8,182
Prepaid expenses	(2,275 )	(1,680 )
Accounts payable	24,950	(2,631 )
Other operating activities, net	(290 )	5,476
Net cash (used in) provided by operating activities	(3,872 )	37,582
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(7,768 )	(4,961 )
Proceeds from disposal/sale of property, plant and equipment	254	—
Net cash used in investing activities	(7,514 )	(4,961 )
Cash Flows from Financing Activities:		
Borrowing of Term Loan Facility	175,000	—
Repayment of 7.875% notes	(235,000)	—
Prepayment charge for redemption of 7.875% notes	(1,543 )	—
Prepayment of Term Loan Facility discount	(3,500 )	—
Payment of debt issuance costs	(4,089 )	—
Net cash used in financing activities	(69,132 )	—
Effect of Foreign Currency Exchange Rate Changes on Cash	1,960	(430 )
Net (Decrease) Increase in Cash	(78,558 )	32,191
Cash:		
Beginning of period	130,160	92,194
End of period	51,602	124,385
Supplemental Cash Flow Information:		
Cash paid for interest	\$10,531	\$ 9,362
Cash paid for income taxes, net	\$1,352	\$ 779
Unpaid purchases of property and equipment included in accounts payable	\$75	\$ 275

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

5

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Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. Description of Business and Basis of Presentation

Commercial Vehicle Group, Inc. (and its subsidiaries) is a leading supplier of a full range of cab related products and systems for the global commercial vehicle market, including the medium- and heavy-duty truck ("MD/HD Truck") market, the medium- and heavy-duty construction vehicle market, and the bus, agriculture, military, specialty transportation, mining, industrial equipment and off-road recreational markets. References herein to the "Company", "we", "our", or "us" refer to Commercial Vehicle Group, Inc. and its subsidiaries.

We have manufacturing operations in the United States, Mexico, United Kingdom, Czech Republic, Ukraine, China, India and Australia. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

Our products include seats and seating systems ("Seats"); trim systems and components ("Trim"); cab structures, sleeper boxes, body panels and structural components; mirrors, wipers and controls; and electronic wire harness and panel assemblies designed for applications primarily in commercial vehicles.

We are differentiated from automotive industry suppliers by our ability to manufacture low volume, customized products on a sequenced basis to meet the requirements of our customers. We believe our products are used by a majority of the North American MD/HD Truck and certain leading global construction and agriculture original equipment manufacturers ("OEMs"), which we believe creates an opportunity to cross-sell our products.

We have prepared the unaudited condensed consolidated financial statements included herein pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The information furnished in the unaudited condensed consolidated financial statements includes normal recurring adjustments and reflects