

SL INDUSTRIES INC  
Form 10-Q  
May 01, 2013  
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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 March 31, 2013**

OR

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

Commission file number 1-4987

**SL INDUSTRIES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**New Jersey**

(State or other jurisdiction of incorporation or organization)

**21-0682685**

(I.R.S. Employer Identification No.)

**520 Fellowship Road, Suite A114, Mt. Laurel, NJ**

(Address of principal executive offices)

**08054**

(Zip Code)

Registrant's telephone number, including area code:

**856-727-1500**

N/A

(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 (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).

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Yes X 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 [ ] Smaller reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes \_\_\_ No X

The number of shares of common stock outstanding as of April 18, 2013 was 4,161,000.

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## SL INDUSTRIES, INC.

## CONSOLIDATED BALANCE SHEETS

	March 31, 2013	December 31, 2012
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,391,000	\$ 3,196,000
Receivables, net	30,846,000	30,306,000
Inventories, net	23,046,000	22,102,000
Other current assets	2,542,000	2,098,000
Deferred income taxes, net	3,421,000	3,415,000
<b>Total current assets</b>	<b>63,246,000</b>	<b>61,117,000</b>
Property, plant and equipment, net	9,634,000	9,593,000
Deferred income taxes, net	9,650,000	9,719,000
Goodwill	22,732,000	22,735,000
Other intangible assets, net	2,560,000	2,670,000
Other assets and deferred charges, net	1,288,000	1,303,000
<b>Total assets</b>	<b>\$ 109,110,000</b>	<b>\$ 107,137,000</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 17,907,000	\$ 18,838,000
Accrued income taxes	403,000	429,000
Accrued liabilities:		
Payroll and related costs	4,454,000	4,955,000
Other	10,766,000	10,586,000
<b>Total current liabilities</b>	<b>33,530,000</b>	<b>34,808,000</b>
Deferred compensation and supplemental retirement benefits	1,833,000	1,930,000
Other long-term liabilities	20,351,000	19,967,000
<b>Total liabilities</b>	<b>55,714,000</b>	<b>56,705,000</b>
<b>Commitments and contingencies</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, no par value; authorized, 6,000,000 shares; none issued	-	-
Common stock, \$.20 par value; authorized, 25,000,000 shares; issued, 6,656,000 and 6,656,000 shares, respectively	1,331,000	1,331,000

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Capital in excess of par value	21,700,000	21,578,000
Retained earnings	55,046,000	52,280,000
Accumulated other comprehensive (loss)	(376,000)	(452,000)
Treasury stock at cost, 2,517,000 and 2,517,000 shares, respectively	(24,305,000)	(24,305,000)
<b>Total shareholders' equity</b>	<b>53,396,000</b>	<b>50,432,000</b>
Total liabilities and shareholders' equity	\$ 109,110,000	\$ 107,137,000

See accompanying notes to consolidated financial statements.

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## SL INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended	
	2013	2012
		March 31,
Net sales	\$ 49,095,000	\$ 49,340,000
Cost and expenses:		
Cost of products sold	32,199,000	33,771,000
Engineering and product development	3,503,000	3,021,000
Selling, general and administrative	8,807,000	9,511,000
Depreciation and amortization	600,000	665,000
<b>Total cost and expenses</b>	<b>45,109,000</b>	<b>46,968,000</b>
Income from operations	3,986,000	2,372,000
Other income (expense):		
Amortization of deferred financing costs	(19,000)	(33,000)
Interest income	1,000	1,000
Interest expense	(35,000)	(22,000)
Other gain (loss), net	(26,000)	(8,000)
Income from continuing operations before income taxes	3,907,000	2,310,000
Income tax provision	923,000	866,000
Income from continuing operations	2,984,000	1,444,000
(Loss) from discontinued operations, net of tax	(218,000)	(194,000)
Net income	\$ 2,766,000	\$ 1,250,000
<b>Basic net income (loss) per common share</b>		
Income from continuing operations	\$ 0.72	\$ 0.31
(Loss) from discontinued operations, net of tax	(0.05)	(0.04)
Net income	\$ 0.67	\$ 0.27
<b>Diluted net income (loss) per common share</b>		
Income from continuing operations	\$ 0.71	\$ 0.31
(Loss) from discontinued operations, net of tax	(0.05)	(0.04)
Net income	\$ 0.66	\$ 0.27
Shares used in computing basic net income (loss) per common share	4,139,000	4,559,000

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Shares used in computing diluted net income (loss) per common share SL INDUSTRIES, INC.	4,172,000	4,580,000
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended	
	March 31, 2013	2012
Net income	\$ 2,766,000	\$ 1,250,000
Other comprehensive income, net of tax:		
Foreign currency translation	76,000	19,000
Comprehensive income	\$ 2,842,000	\$ 1,269,000

See accompanying notes to consolidated financial statements.

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## SL INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

	2013	2012
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 2,766,000	\$ 1,250,000
Adjustment for losses from discontinued operations	218,000	194,000
Income from continuing operations	2,984,000	1,444,000
Adjustments to reconcile income from continuing operations to net cash provided by (used in) operating activities:		
Depreciation	453,000	432,000
Amortization	147,000	233,000
Amortization of deferred financing costs	19,000	33,000
Stock-based compensation	122,000	149,000
Loss on foreign exchange contracts	26,000	8,000
Provisions for losses on accounts receivable	27,000	28,000
Deferred compensation and supplemental retirement benefits	42,000	100,000
Deferred compensation and supplemental retirement benefit payments	(135,000)	(134,000)
Deferred income taxes	62,000	217,000
Loss on sale of equipment	-	11,000
Changes in operating assets and liabilities, excluding effects of business combinations:		
Accounts receivable	(552,000)	(2,408,000)
Inventories	(927,000)	(388,000)
Other assets	(464,000)	(568,000)
Accounts payable	(960,000)	(452,000)
Other accrued liabilities	159,000	(855,000)
Accrued income taxes	(30,000)	87,000
Net cash provided by (used in) operating activities from continuing operations	973,000	(2,063,000)
Net cash (used in) operating activities from discontinued operations	(348,000)	(237,000)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>625,000</b>	<b>(2,300,000)</b>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(419,000)	(443,000)
Acquisition of a business, net of cash acquired	-	(756,000)
Purchases of other assets	(15,000)	(119,000)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(434,000)</b>	<b>(1,318,000)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from Senior Revolving Credit Facility	3,460,000	-
Payments of Senior Revolving Credit Facility	(3,460,000)	-



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Payments of deferred financing costs	(13,000)	-
Treasury stock purchases	-	(436,000)
NET CASH (USED IN) FINANCING ACTIVITIES	(13,000)	(436,000)
Effect of exchange rate changes on cash	17,000	