

PARK OHIO HOLDINGS CORP

Form 10-Q

May 09, 2014

Table of Contents

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, 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: 000-03134

Park-Ohio Holdings Corp.

(Exact name of registrant as specified in its charter)

Ohio

34-1867219

(State or other jurisdiction of incorporation or organization)

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

6065 Parkland Boulevard, Cleveland, Ohio

44124

(Address of principal executive offices)

(Zip Code)

(440) 947-2000

(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 twelve 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

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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.

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

Number of shares outstanding of registrant's Common Stock, par value \$1.00 per share, as of April 30, 2014, 12,429,788 shares of the registrant's common stock, \$1 par value, were outstanding.

The Exhibit Index is located on page 31.

Table of Contents

Park-Ohio Holdings Corp. and Subsidiaries

Index

	Page
<u>Part I. Financial Information</u>	
Item 1. <u>Financial Statements</u>	<u>3</u>
<u>Condensed consolidated balance sheets — March 31, 2014 and December 31, 2013</u>	<u>3</u>
<u>Condensed consolidated statements of income — Three months ended March 31, 2014 and 2013</u>	<u>4</u>
<u>Condensed consolidated statements of comprehensive income (loss) — Three months ended March 31, 2014 and 2013</u>	<u>5</u>
<u>Condensed consolidated statement of shareholders' equity — Three months ended March 31, 2014</u>	<u>6</u>
<u>Condensed consolidated statements of cash flows — Three months ended March 31, 2014 and 2013</u>	<u>7</u>
<u>Notes to unaudited condensed consolidated financial statements — March 31, 2014</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
Item 3. <u>Quantitative and Qualitative Disclosure About Market Risk</u>	<u>26</u>
Item 4. <u>Controls and Procedures</u>	<u>26</u>
<u>Part II. Other Information</u>	
Item 1. <u>Legal Proceedings</u>	<u>27</u>
Item 1A. <u>Risk Factors</u>	<u>28</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>29</u>
Item 6. <u>Exhibits</u>	<u>29</u>
<u>Signatures</u>	<u>30</u>
<u>Exhibit Index</u>	<u>31</u>

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

Park-Ohio Holdings Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

	(Unaudited)	
	March 31, 2014	December 31, 2013
	(In millions, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$59.0	\$55.2
Accounts receivable, less allowances for doubtful accounts of \$3.5 million at March 31, 2014 and \$3.7 million at December 31, 2013	184.5	165.7
Inventories, net	227.5	221.4
Deferred tax assets	26.3	25.2
Unbilled contract revenue	9.4	8.7
Other current assets	18.1	20.1
Total current assets	524.8	496.3
Property, plant and equipment, net	114.6	115.4
Goodwill	60.4	60.4
Intangible assets, net	65.2	66.2
Other long-term assets	82.2	80.4
Total assets	\$847.2	\$818.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$121.5	\$112.0
Accrued expenses and other	84.7	79.9
Current portion of long-term debt	4.5	4.4
Current portion of other postretirement benefits	1.7	1.7
Total current liabilities	212.4	198.0
Long-term liabilities, less current portion:		
Senior Notes	250.0	250.0
Credit facility	128.7	126.2
Other long-term debt	2.9	3.0
Deferred tax liabilities	46.3	45.3
Other postretirement benefits and other long-term liabilities	31.5	32.2
Total long-term liabilities	459.4	456.7
Park-Ohio Holdings Corp. and Subsidiaries shareholders' equity:		
Capital stock, par value \$1 a share		
Serial preferred stock: Authorized -- 632,470 shares: Issued and outstanding -- none	—	—
Common stock: Authorized -- 40,000,000 shares; Issued -- 14,379,405 shares in 2014 and 14,364,239 in 2013	14.4	14.4
Additional paid-in capital	84.8	82.4
Retained earnings	95.7	85.6
Treasury stock, at cost, 1,949,617 shares in 2014 and 1,934,959 shares in 2013	(27.6) (26.8
Accumulated other comprehensive income	2.9	3.4
Total Park-Ohio Holdings Corp. and Subsidiaries shareholders' equity	170.2	159.0

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Noncontrolling interest	5.2	5.0
Total equity	175.4	164.0
Total liabilities and shareholders' equity	\$847.2	\$818.7

Note: The balance sheet at December 31, 2013 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

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

3

Table of ContentsPark-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended March 31,	
	2014	Adjusted ⁽¹⁾ 2013
	(In millions, except earnings per share data)	
Net sales	\$317.8	\$283.0
Cost of sales	261.8	231.4
Gross profit	56.0	51.6
Selling, general and administrative expenses	33.1	28.4
Operating income	22.9	23.2
Interest expense	7.0	6.5
Income from continuing operations before income taxes	15.9	16.7
Income tax expense	5.6	6.0
Net income from continuing operations	10.3	10.7
Loss from discontinued operations, net of taxes	—	(0.4)
Net income	10.3	10.3
Net income attributable to noncontrolling interest	(0.2)	—
Net income attributable to ParkOhio common shareholders	\$10.1	\$10.3
Earnings (loss) per common share attributable to ParkOhio common shareholders - Basic:		
Continuing operations	\$0.84	\$0.90
Discontinued operations	—	(0.03)
Total	\$0.84	\$0.87
Earnings (loss) per common share attributable to ParkOhio common shareholders - Diluted:		
Continuing operations	\$0.82	