

COLUMBUS MCKINNON CORP  
Form 10-Q  
October 24, 2014

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  
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: 0-27618

Columbus McKinnon Corporation  
(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction of incorporation or organization)

16-0547600  
(I.R.S. Employer  
Identification No.)

140 John James Audubon Parkway, Amherst, NY  
(Address of principal executive offices)

14228-1197  
(Zip code)

(716) 689-5400  
(Registrant's telephone number, including area code)

(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 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" and "smaller reporting company" in Rule 12b-2 of the 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). o  
Yes  No

The number of shares of common stock outstanding as of October 20, 2014 was: 19,961,752 shares.

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 COLUMBUS MCKINNON CORPORATION  
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## Part I. Financial Information

## Item 1. Condensed Consolidated Financial Statements (Unaudited)

COLUMBUS MCKINNON CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2014 (unaudited) (In thousands)	March 31, 2014
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$114,481	\$112,309
Trade accounts receivable	79,874	93,223
Inventories	100,062	97,576
Prepaid expenses and other	22,196	23,444
Total current assets	316,613	326,552
Property, plant, and equipment, net	76,122	78,687
Goodwill	116,978	119,303
Other intangibles, net	18,686	20,842
Marketable securities	22,149	21,941
Deferred taxes on income	20,909	23,406
Other assets	8,217	7,943
Total assets	\$579,674	\$598,674
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Trade accounts payable	\$26,007	\$35,359
Accrued liabilities	44,325	52,348
Current portion of long term debt	711	1,588
Total current liabilities	71,043	89,295
Senior debt, less current portion	1,628	2,020
Subordinated debt	148,822	148,685
Other non current liabilities	55,486	67,388
Total liabilities	276,979	307,388
Shareholders' equity:		
Voting common stock; 50,000,000 shares authorized; 19,960,947 and 19,806,300 shares issued and outstanding	200	198
Additional paid in capital	200,759	198,546
Retained earnings	150,354	133,820
ESOP debt guarantee	—	(142 )
Accumulated other comprehensive loss	(48,618 )	(41,136 )
Total shareholders' equity	302,695	291,286
Total liabilities and shareholders' equity	\$579,674	\$598,674

See accompanying notes.

COLUMBUS MCKINNON CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS  
 (UNAUDITED)

	Three Months Ended		Six Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(In thousands, except per share data)			
Net sales	\$146,991	\$138,852	\$289,923	\$277,743
Cost of products sold	99,835	94,592	197,202	189,992
Gross profit	47,156	44,260	92,721	87,751
Selling expenses	17,146	17,281	35,037	34,028
General and administrative expenses	13,300	14,167	27,379	27,017
Amortization of intangibles	576	526	1,165	985
	31,022	31,974	63,581	62,030
Income from operations	16,134	12,286	29,140	25,721
Interest and debt expense	3,264	3,372	6,633	6,743
Investment income	(465	) (276	) (667	) (492
Foreign currency exchange loss (gain)	(169	) 195	(212	) 420
Other expense (income), net	69	(1,261	) (108	) (1,172
Income before income tax expense	13,435	10,256	23,494	20,222
Income tax expense	2,836	3,134	6,162	6,080
Net income	10,599	7,122	17,332	14,142
Dividends declared of \$0.04 per share	(798	) —	(798	) —
Retained earnings - beginning of period	140,553	111,211	133,820	104,191
Retained earnings - end of period	\$150,354	\$118,333	\$150,354	\$118,333
Average basic shares outstanding	19,950	19,655	19,900	19,587
Average diluted shares outstanding	20,187	19,959	20,148	19,866
Basic income per share:				
Net income	\$0.53	\$0.36	\$0.87	\$0.72
Diluted income per share:				
Net income	\$0.53	\$0.36	\$0.86	\$0.71

See accompanying notes.

COLUMBUS McKINNON CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (UNAUDITED)

	Three Months Ended		Six Months Ended		
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	
	(In thousands)				
Net income	\$10,599	\$7,122	\$17,332	\$14,142	
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	(8,349	) 3,065	(8,018	) 2,935	
Change in derivatives qualifying as hedges, net of taxes of \$(45), \$(82), \$(116), and \$(108)	88	105	204	191	
Change in pension liability and postretirement obligation, net of taxes of \$(142), \$62, \$(143), \$65	263	(115	) 264	(120	)
Adjustments for unrealized (gain) loss on investments:					
Unrealized holding gain (loss) arising during the period, net of taxes of \$(3), \$(158), \$(152), and \$76	5	292	282	(142	)
Reclassification adjustment for gain included in net income, net of taxes of \$107, \$392, \$115, and \$518	(198	) (727	) (214	) (962	)
Net change in unrealized (gain) loss on investments	(193	) (435	) 68	(1,104	)
Total other comprehensive income (loss)	(8,191	) 2,620	(7,482	) 1,902	
Comprehensive income	\$2,408	\$9,742	\$9,850	\$16,044	

See accompanying notes.

COLUMBUS MCKINNON CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (UNAUDITED)

	Six Months Ended	
	September 30, 2014	September 30, 2013
	(In thousands)	
<b>OPERATING ACTIVITIES:</b>		
Net income	\$17,332	\$14,142
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,317	6,324
Deferred income taxes and related valuation allowance	(404	) (1,249
Net gain on sale of real estate, investments, and other	(350	) (1,543
Stock-based compensation	1,919	1,758
Amortization of deferred financing costs and discount on subordinated debt	434	436