

FOSTER L B CO

Form 10-Q

November 02, 2018

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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 September 30, 2018

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: 000-10436

L.B. Foster Company

(Exact name of Registrant as specified in its charter)

Pennsylvania 25-1324733

(State of
Incorporation)

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

**415 Holiday
Drive,
Pittsburgh,
Pennsylvania**

15220

(Address of principal executive offices) (Zip Code)

(412) 928-3400

(Registrant's telephone number, including area 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 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer 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 checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of October 31, 2018
Common Stock, Par Value \$0.01	10,562,832 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES
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L.B. FOSTER COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except share data)

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,586	\$ 37,678
Accounts receivable - net	85,615	76,582
Inventories - net	107,200	97,543
Prepaid income tax	725	188
Other current assets	7,402	9,120
Total current assets	210,528	221,111
Property, plant, and equipment - net	87,894	96,096
Other assets:		
Goodwill	19,449	19,785
Other intangibles - net	51,801	57,440
Investments	155	162
Other assets	719	1,962
TOTAL ASSETS	\$ 370,546	\$ 396,556
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 72,355	\$ 52,404
Deferred revenue	12,384	10,136
Accrued payroll and employee benefits	11,052	11,888
Accrued warranty	9,363	8,682
Current maturities of long-term debt	630	656
Other accrued liabilities	9,157	9,764
Total current liabilities	114,941	93,530
Long-term debt	75,840	129,310
Deferred tax liabilities	7,864	9,744

Other long-term liabilities	16,813	17,493
Stockholders' equity:		
Common stock, par value \$0.01, authorized 20,000,000 shares; shares issued at September 30, 2018 and December 31, 2017, 11,115,779;	111	111
shares outstanding at September 30, 2018 and December 31, 2017, 10,366,007 and 10,340,576, respectively		
Paid-in capital	47,042	45,017
Retained earnings	145,364	137,780
Treasury stock - at cost, 749,772 and 775,203 common stock shares at September 30, 2018 and December 31, 2017, respectively	(18,165)	(18,662)
Accumulated other comprehensive loss	(19,264)	(17,767)
Total stockholders' equity	155,088	146,479
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 370,546	\$ 396,556

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended September 30, 2018 (Unaudited)	2017	2018	Nine Months Ended September 30, 2017 (Unaudited)
Sales of goods	\$ 120,272	\$ 103,058	\$ 339,176	\$ 318,414
Sales of services	46,822	28,434	123,262	76,640
Total net sales	167,094	131,492	462,438	395,054
Cost of goods sold	100,746	82,460	281,892	256,152
Cost of services sold	36,746	22,667	96,402	63,549
Total cost of sales	137,492	105,127	378,294	319,701
Gross profit	29,602	26,365	84,144	75,353
Selling and administrative expenses	21,662	20,218	65,488	60,023
Amortization expense	1,762	1,764	5,322	5,218
Interest expense	1,367	2,026	4,979	6,315
Interest income	(71)	(56)	(166)	(166)
Equity in loss (income) of nonconsolidated investments	4	(50)	7	5
Other expense (income)	153	(551)	(327)	(564)
Total expenses	24,877	23,351	75,303	70,831
Income before income taxes	4,725	3,014	8,841	4,522
Income tax (benefit) expense	(246)	(208)	952	698
Net income	\$ 4,971	\$ 3,222	\$ 7,889	\$ 3,824
Basic earnings per common share	\$ 0.48	\$ 0.31	\$ 0.76	\$ 0.37
Diluted earnings per common share	\$ 0.47	\$ 0.31	\$ 0.75	\$ 0.37

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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L.B. FOSTER COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,	
	2018	2017	2018	2017	
	(Unaudited)			(Unaudited)	
Net income	\$ 4,971	\$ 3,222	\$ 7,889	\$ 3,824	
Other comprehensive (loss) income, net of tax:					
Foreign currency translation adjustment	(371)	2,412	(3,132)	5,528	
Unrealized gain (loss) on cash flow hedges, net of tax expense of \$0 for all periods	207				