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TOWER AUTOMOTIVE INC
Form 8-K
October 22, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (Date of earliest event reported): OCTOBER 18, 2001

TOWER AUTOMOTIVE, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

1-12733
(Commission File Number)

41-1746238
(I.R.S. Employer Identification No.)

4508 IDS CENTER, MINNEAPOLIS, MINNESOTA 55402
(Address of Principal Executive Offices) (Zip Code)

(612) 342-2310
(Registrant's Telephone Number, Including Area Code)

NOT APPLICABLE
(Former Name or Former Address, if Changed Since Last Report)

Item 9. Furnished Information

On October 18, 2001, the Registrant issued a press release announcing operating results for the third quarter and the nine months ended September 30, 2001 and fourth quarter restructuring activity. A copy of this press release follows below:

DATE: October 18, 2001

FROM:

FOR:

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Padilla Speer Beardsley Inc.
224 Franklin Avenue West
Minneapolis, Minnesota 55404

Tower Automotive, Inc.
5211 Cascade Road S.E., Suite 300
Grand Rapids, Michigan 49546

John Mackay (612) 871-8877

Anthony Barone (616) 802-1600

FOR IMMEDIATE RELEASE

TOWER AUTOMOTIVE ANNOUNCES OPERATING RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001; FOURTH QUARTER RESTRUCTURING ACTIVITY

GRAND RAPIDS, Mich., Oct. 18-- Tower Automotive, Inc. (NYSE: TWR), today announced operating results for the third quarter and nine months ended September 30, 2001.

For the third quarter of 2001, revenues were \$558 million, a 4 percent increase, compared with \$536 million in the 2000 period. Revenues for the third quarter of 2001 included revenues for our Asia operations of \$104 million, which were not consolidated in the 2000 period. Operating income declined 43 percent to \$16 million from \$28 million reported last year. Net loss for the third quarter of 2001 was \$1 million, or 3 cents per diluted share outstanding, versus net income of \$10 million, or 21 cents per diluted share, before extraordinary loss, in the comparable 2000 period. For the nine months ended September 30, 2001, revenues were \$1.8 billion, a 5 percent decrease, compared with \$1.9 billion in the same period for 2000. Revenues for the nine months ended September 30, 2001, included revenues for Asia operations of \$270 million, which were not included in the same period for 2000. Operating income declined 44 percent to \$98 million from \$175 million reported last year. Net income for the nine months ended September 30, 2001 was \$28 million, or 63 cents per diluted share outstanding, versus \$86 million, or \$1.54 per diluted share, before extraordinary loss, in the comparable 2000 period.

In commenting on third-quarter and nine-month results, Dug Campbell, president and chief executive officer of Tower Automotive, said, "This year has continued to prove to be the most difficult year in Tower Automotive's history. Our third quarter results were impacted by unplanned volume declines in our U.S. and Canada region and continued new product launch costs during the quarter. Third

quarter performance has further contributed to weak performance year-to-date when compared to the 2000 period. Excluding our Asia operations in Korea and China, which were not consolidated in 2000, sales for the third quarter 2001 and the nine-month period ended September 30, 2001, as compared to the same corresponding periods in 2000, were both down by approximately 15 percent.

"Despite the sales and earnings shortfall relative to 2000, we have continued to reduce debt through effective management of working capital and the successful completion of the \$40 million private placement of our common stock and the \$126 million operating lease financing for the Dodge Ram frame assembly completed during the quarter. Debt reduction during the third quarter and nine months of 2001 was \$106 million and \$270 million, respectively. We continue to remain in compliance with all debt covenants and will work to ensure that no debt covenant relief will be required."

The company also announced that it will be relocating stamping and assembly operations currently performed at its Sebewaing, Mich., facility to other Tower Automotive locations, resulting in the closing of the Sebewaing facility by

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March 2002. This restructuring activity will result in a fourth-quarter pre-tax charge of approximately \$95 million, which includes a cash portion of approximately \$23 million and a non-cash portion of approximately \$72 million. Based on prevailing economic conditions, the company will continue its evaluation for potential additional fourth-quarter restructuring activities and asset valuation issues.

"The closing of our Sebewaing facility is the result of a slowdown in sales volumes throughout the company. In consolidating our stamping operations, we can utilize our existing capacity more efficiently to enhance the value of the operations," said Campbell. "Although this is a necessary move for the company, it is a very difficult decision."

Tower Automotive, Inc., produces a broad range of assemblies and modules for vehicle structures and suspension systems for the automotive manufacturers, including Ford, DaimlerChrysler, GM, Honda, Toyota, Nissan, Auto Alliance, Fiat, Kia, Hyundai, BMW and Volkswagen. Products include body structural assemblies such as pillars and package trays, control arms, suspension links, engine cradles and full frame assemblies. The company is based in Grand Rapids, Mich., and has its corporate office in Minneapolis, Minn.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the anticipated results as a consequence of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which Tower Automotive operates, and other risks detailed from time to time in the company's Securities and Exchange Commission filings.

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS - UNAUDITED)

| | Three Months Ended September 30, | |
|--|-------------------------------------|------------|
| | 2001 | 2000 |
| Revenues | \$ 557,785 | \$ 536,210 |
| Cost of sales | 502,366 | 471,482 |
| Gross profit | 55,419 | 64,728 |
| Selling, general and administrative expenses | 33,002 | 31,535 |
| Amortization expense | 6,232 | 5,576 |
| Operating income | 16,185 | 27,617 |
| Interest expense, net | 19,082 | 16,405 |
| Income (loss) before provision for | | |

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| | | |
|--|------------|----------|
| income taxes | (2,897) | 11,212 |
| Provision for income taxes | (2,771) | 4,484 |
| | ----- | ----- |
| Income (loss) before equity in earnings of joint ventures and minority interest | (126) | 6,728 |
| Equity in earnings of joint ventures | 3,120 | 5,844 |
| Minority interest | (4,358) | (2,619) |
| | ----- | ----- |
| Income (loss) before extraordinary item | (1,364) | 9,953 |
| Extraordinary loss on early extinguishments of debt, net | - | 2,988 |
| | ----- | ----- |
| Net income (loss) | \$ (1,364) | \$ 6,965 |
| | ===== | ===== |
| Basic earnings (loss) per common share: | | |
| Income before extraordinary loss | \$ (0.03) | \$ 0.21 |
| Extraordinary loss | - | (0.06) |
| | ----- | ----- |
| Net income (loss) | \$ (0.03) | \$ 0.15 |
| | ===== | ===== |
| Basic shares outstanding | 45,784 | 47,986 |
| | ===== | ===== |
| Diluted earnings (loss) per common share: | | |
| Income before extraordinary loss | \$ (0.03) | \$ 0.21 |
| Extraordinary loss | - | (0.06) |
| | ----- | ----- |
| Net income (loss) | \$ (0.03) | \$ 0.15 |
| | ===== | ===== |
| Diluted shares outstanding | 45,784 | 48,411 |
| | ===== | ===== |

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

| Assets | September 30, 2001 (unaudited) | December 20 |
|--|--------------------------------------|----------------|
| ----- | ----- | ----- |
| Current assets: | | |
| Cash and cash equivalents | \$ 15,960 | \$ |
| Accounts receivable | 274,628 | 27 |
| Subordinated interest in accounts receivable | - | |
| Inventories | 115,445 | 13 |

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| | | |
|--|--------------|---------|
| Prepaid tooling and other | 116,632 | 22 |
| | ----- | ----- |
| Total current assets | 522,665 | 63 |
| | ----- | ----- |
| Property, plant and equipment, net | 1,190,306 | 1,11 |
| Investments in joint ventures | 287,331 | 26 |
| Goodwill and other assets, net | 881,944 | 87 |
| | ----- | ----- |
| | \$ 2,882,246 | \$ 2,89 |
| | ===== | ===== |
| Liabilities and Stockholders' Investment | | |
| Current liabilities: | | |
| Current maturities of long-term debt and capital lease obligations | \$ 165,548 | \$ 14 |
| Accounts payable | 352,476 | 24 |
| Accrued liabilities | 253,272 | 17 |
| | ----- | ----- |
| Total current liabilities | 771,296 | 57 |
| | ----- | ----- |
| Long-term debt, net of current maturities | 650,836 | 93 |
| Obligations under capital leases, net of current maturities | 5,325 | |
| Convertible subordinated notes | 200,000 | 20 |
| Deferred income taxes | 37,052 | 3 |
| Other noncurrent liabilities | 202,011 | 18 |
| | ----- | ----- |
| Total noncurrent liabilities | 1,095,224 | 1,36 |
| | ----- | ----- |
| Mandatorily redeemable trust convertible preferred securities | 258,750 | 25 |
| Stockholders' investment: | | |
| Preferred stock | - | |
| Common stock | 480 | |
| Additional paid-in capital | 456,615 | 45 |
| Retained earnings | 336,125 | 30 |
| Deferred compensation plans | (15,571) | (|
| Accumulated other comprehensive loss | (20,673) | (|
| Treasury stock, at cost | - | (4 |
| | ----- | ----- |
| Total stockholders' investment | 756,976 | 70 |
| | ----- | ----- |
| | \$ 2,882,246 | \$ 2,89 |
| | ===== | ===== |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

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TOWER AUTOMOTIVE, INC.

Date: October 18, 2001

By: /s/ Anthony A. Barone

Name: Anthony A. Barone

Title: Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)