

KAMAN Corp
Form 10-Q
May 07, 2018

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 OF 1934

For the quarterly period ended March 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: 001-35419

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut 06-0613548
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1332 Blue Hills Avenue
Bloomfield, Connecticut 06002
(Address of principal executive offices) (Zip Code)
(860) 243-7100
(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 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).

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.

Edgar Filing: KAMAN Corp - Form 10-Q

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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At April 27, 2018, there were 27,915,465 shares of Common Stock outstanding.

PART I

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except share and per share amounts) (Unaudited)

	March 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,050	\$ 36,904
Accounts receivable, net	290,564	313,451
Contract assets	108,114	—
Contract costs, current portion	3,271	—
Inventories	296,622	367,437
Income tax refunds receivable	—	2,889
Other current assets	33,035	27,188
Total current assets	761,656	747,869
Property, plant and equipment, net of accumulated depreciation of \$259,827 and \$252,611, respectively	186,668	185,452
Goodwill	355,106	351,717
Other intangible assets, net	114,851	117,118
Deferred income taxes	28,819	27,603
Contract costs, noncurrent portion	12,630	—
Other assets	26,031	25,693
Total assets	\$1,485,761	\$ 1,455,452
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 7,500	\$ 7,500
Accounts payable – trade	139,159	127,591
Accrued salaries and wages	38,710	48,352
Contract liabilities, current portion	5,670	—
Advances on contracts	—	8,527
Income taxes payable	1,257	1,517
Other current liabilities	56,245	52,812
Total current liabilities	248,541	246,299
Long-term debt, excluding current portion, net of debt issuance costs	341,591	391,651
Deferred income taxes	8,213	8,024
Underfunded pension	112,140	126,924
Contract liabilities, noncurrent portion	81,708	—
Other long-term liabilities	51,239	46,898
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Preferred stock, \$1 par value, 200,000 shares authorized; none outstanding	—	—
Common stock, \$1 par value, 50,000,000 shares authorized; voting; 29,308,962 and 29,141,467 shares issued, respectively	29,309	29,141
Additional paid-in capital	190,057	185,332
Retained earnings	586,778	587,877
Accumulated other comprehensive income (loss)	(107,583)	(115,814)
Less 1,415,048 and 1,325,975 shares of common stock, respectively, held in treasury, at cost	(56,232)	(50,880)

Edgar Filing: KAMAN Corp - Form 10-Q

Total shareholders' equity	642,329	635,656
Total liabilities and shareholders' equity	\$1,485,761	\$1,455,452
See accompanying notes to condensed consolidated financial statements.		

2

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except per share amounts) (Unaudited)

	For the Three Months Ended	
	March 30, 2018	March 31, 2017
Net sales	\$463,327	\$435,941
Cost of sales	329,220	311,595
Gross profit	134,107	124,346
Selling, general and administrative expenses	111,753	110,877
Restructuring costs	1,693	—
Net gain on sale of assets	(63) (20
Operating income	20,724	13,489
Interest expense, net	5,352	4,160
Non-service pension and post retirement benefit cost (income)	(3,029) (719
Other expense (income), net	(342) (159
Earnings before income taxes	18,743	10,207
Income tax expense	4,677	3,916
Net earnings	\$14,066	\$6,291
Earnings per share:		
Basic earnings per share	\$0.51	\$0.23
Diluted earnings per share	\$0.50	\$0.22
Average shares outstanding:		
Basic	27,851	27,144
Diluted	28,168	28,897
Dividends declared per share	\$0.20	\$0.20

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
KAMAN CORPORATION AND SUBSIDIARIES

(In thousands) (Unaudited)

	For the Three Months Ended	
	March 30,	March 31,
	2018	2017
Net earnings	\$ 14,066	\$ 6,291
Other comprehensive income, net of tax:		