

DUCOMMUN INC /DE/
Form 10-Q
August 09, 2011

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 July 2, 2011

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 1-8174

DUCOMMUN INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-0693330
(I.R.S. Employer

Identification No.)

23301 Wilmington Avenue, Carson, California 90745-6209

(Address of principal executive offices) (Zip Code)

(310) 513-7200

(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

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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 or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, non-accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non accelerated filer 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of July 2, 2011, there were outstanding 10,536,925 shares of common stock.

DUCOMMUN INCORPORATED

FORM 10-Q

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Item 1. Financial Statements

DUCOMMUN INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

	(Unaudited)	
	July 2, 2011	December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 31,350	\$ 10,268
Accounts receivable	105,240	47,949
Unbilled receivables	3,477	3,856
Inventories	161,784	72,597
Production cost of contracts	15,286	16,889
Deferred income taxes	12,731	5,085
Other current assets	16,628	4,748
Total Current Assets	346,496	161,392
Property and Equipment, Net	97,880	59,461
Goodwill	216,897	100,442
Intangibles	193,530	21,992
Other Assets	18,116	2,165
	\$ 872,919	\$ 345,452
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 2,191	\$ 187
Accounts payable	73,439	39,925
Accrued liabilities	58,113	31,174
Total Current Liabilities	133,743	71,286
Long-Term Debt, Less Current Portion	391,164	3,093
Deferred Income Taxes	81,067	7,691
Other Long-Term Liabilities	11,844	9,197
Total Liabilities	617,818	91,267
Commitments and Contingencies		
Shareholders' Equity:		
Common stock	107	106
Treasury stock	(1,924)	(1,924)
Additional paid-in capital	63,439	61,684
Retained earnings	196,581	197,421
Accumulated other comprehensive loss	(3,102)	(3,102)
Total Shareholders' Equity	255,101	254,185
	\$ 872,919	\$ 345,452

See accompanying notes to consolidated financial statements.

DUCOMMUN INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended	
	July 2, 2011	July 3, 2010
Sales and Service Revenues:		
Product sales	\$ 100,945	\$ 92,294
Service revenues	7,098	10,643
Net Sales	108,043	102,937
Operating Costs and Expenses:		
Cost of product sales	81,542	72,066
Cost of service revenues	5,497	8,528
Selling, general and administrative expenses	23,597	13,316
Total Operating Costs and Expenses	110,636	93,910
Operating (Loss)/Income	(2,593)	9,027
Interest Expense, Net	(1,531)	(596)
(Loss)/Income Before Taxes	(4,124)	8,431
Income Tax Expense, Net	1,151	(2,778)
Net (Loss)/Income	\$ (2,973)	\$ 5,653
(Loss)/Earnings Per Share:		
Basic (loss)/earnings per share	\$ (0.28)	\$ 0.54
Diluted (loss)/earnings per share	\$ (0.28)	\$ 0.53
Weighted Average Number of Common Shares Outstanding:		
Basic	10,536	10,485
Diluted	10,696	10,576

See accompanying notes to consolidated financial statements.

DUCOMMUN INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Six Months Ended	
	July 2, 2011	July 3, 2010
Sales and Service Revenues:		
Product sales	\$ 192,278	\$ 184,682
Service revenues	15,318	22,511
Net Sales	207,596	207,193
Operating Costs and Expenses:		
Cost of product sales	156,381	147,667
Cost of service revenues	11,803	17,865
Selling, general and administrative expenses	37,746	25,779
Total Operating Costs and Expenses	205,930	191,311
Operating Income	1,666	15,882
Interest Expense, Net	(1,791)	(1,148)
(Loss)/Income Before Taxes	(125)	14,734
Income Tax Expense, Net	75	(4,858)
Net (Loss)/Income	\$ (50)	\$ 9,876
Earnings Per Share:		
Basic earnings per share	\$	\$ 0.94
Diluted earnings per share	\$	\$ 0.94
Weighted Average Number of Common Shares Outstanding:		
Basic	10,531	10,475
Diluted	10,656	10,546

See accompanying notes to consolidated financial statements.

DUCOMMUN INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended	
	July 2, 2011	July 3, 2010
Cash Flows from Operating Activities:		
Net (Loss)/Income	\$ (50)	\$ 9,876
Adjustments to Reconcile Net(Loss)/Income to Net		
Cash Used in Operating Activities:		
Depreciation and amortization	7,017	6,840
Stock-based compensation expense	1,464	969
Deferred income tax (liability)/benefit	(1,492)	550
Income tax benefit from stock-based compensation	274	290
Excess tax benefit from stock-based compensation		(9)
Recovery of doubtful accounts	31	
Net reduction in contract cost overruns	(161)	
Gain on sale of assets	(303)	
Other - decrease/(increase)	942	(121)
Changes in Assets and Liabilities:		
Accounts receivable - (increase)	(13,090)	(5,313)
Unbilled receivables - decrease/(increase)	379	(343)
Inventories - (increase)	(12,109)	(6,328)
Production cost of contracts - decrease/(increase)	815	(2,305)
Other assets - (increase)/decrease	(3,827)	869
Accounts payable - increase/(decrease)	441	(5,541)
Accrued and other liabilities - (decrease)	(3,212)	(8,764)
Net Cash Used in Operating Activities	(22,881)	(9,330)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(5,803)	(3,781)
Acquisition of Businesses, net of cash acquired	(325,715)	
Proceeds from the sale of assets	448	2
Net Cash Used in Investing Activities	(331,070)	(3,779)
Cash Flows from Financing Activities:		