

DOUGLAS DYNAMICS, INC
Form S-1/A
March 08, 2010

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Table of Contents](#)

As filed with the Securities and Exchange Commission on March 8, 2010

Registration Number 333-164590

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

DOUGLAS DYNAMICS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3531
(Primary Standard Industrial
Classification Code Number)
7777 North 73rd Street
Milwaukee, Wisconsin 53233
(414) 354-2310

134275891
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including
area code, of registrant's of principal executive offices)

James L. Janik
President and Chief Executive Officer
Douglas Dynamics, Inc.
7777 North 73rd Street
Milwaukee, Wisconsin 53233
(414) 354-2310

(Name, address and telephone number, including area code, of agent for service)

Copies to:

Bruce D. Meyer
Ari B. Lanin

Gregg A. Noel
Skadden, Arps, Slate, Meagher & Flom LLP

Edgar Filing: DOUGLAS DYNAMICS, INC - Form S-1/A

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, CA 90071
(213) 229-7000

300 South Grand Avenue
Los Angeles, CA 90071
(213) 687-5000

As soon as practicable after this Registration Statement becomes effective.

(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, \$.01 par value	\$150,000,000	\$10,695(3)

(1) Estimated solely for the purpose of computing the amount of the registration fee, in accordance with Rule 457(o) promulgated under the Securities Act of 1933.

(2) Includes offering price of additional shares that the underwriters have the option to purchase. See "Underwriting."

(3) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Table of Contents

The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2010

Shares

Douglas Dynamics, Inc.

Common Stock

This is the initial public offering of our common stock. We are selling _____ shares of common stock and the selling stockholders are selling _____ shares of common stock. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. Prior to this offering there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between \$ _____ and \$ _____ per share. We have applied to list our common stock on the New York Stock Exchange under the symbol "PLOW."

The underwriters have a 30-day option to purchase on a pro rata basis an aggregate of _____ additional outstanding shares from the selling stockholders to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 14.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Douglas Dynamics Holdings, Inc.	Proceeds to to Selling Stockholders
Per Share	\$	\$	\$	\$
Total	\$	\$	\$	\$

Delivery of the shares of our common stock will be made on or about _____, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

Oppenheimer & Co.

Baird

Piper Jaffray

The date of this prospectus is _____, 2010.

Table of Contents

Table of Contents

TABLE OF CONTENTS

	Page
<u>PROSPECTUS SUMMARY</u>	<u>1</u>
<u>SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA</u>	<u>11</u>
<u>RISK FACTORS</u>	<u>14</u>
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>27</u>
<u>INDUSTRY INFORMATION</u>	<u>27</u>
<u>USE OF PROCEEDS</u>	<u>28</u>
<u>DIVIDEND POLICY AND RESTRICTIONS</u>	<u>29</u>
<u>CAPITALIZATION</u>	<u>31</u>
<u>DILUTION</u>	<u>33</u>
<u>SELECTED CONSOLIDATED FINANCIAL DATA</u>	<u>35</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>37</u>
<u>BUSINESS</u>	<u>56</u>
<u>MANAGEMENT AND BOARD OF DIRECTORS</u>	<u>73</u>
<u>EXECUTIVE COMPENSATION</u>	<u>81</u>
<u>PRINCIPAL AND SELLING STOCKHOLDERS</u>	<u>100</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	<u>104</u>
<u>DESCRIPTION OF INDEBTEDNESS</u>	<u>110</u>
<u>DESCRIPTION OF CAPITAL STOCK</u>	<u>112</u>
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	<u>115</u>
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	<u>117</u>
<u>UNDERWRITING</u>	<u>121</u>
<u>NOTICE TO CANADIAN RESIDENTS</u>	<u>125</u>
<u>LEGAL MATTERS</u>	<u>126</u>
<u>EXPERTS</u>	<u>126</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>126</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F-1</u>

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. The information in this prospectus may only be accurate as of the date on the front cover of this prospectus. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

Dealer Prospectus Delivery Obligation

Until _____, 2010 (25 days after the commencement of this offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

Table of Contents

PROSPECTUS SUMMARY

The following summary should be read together with, and is qualified in its entirety by, the more detailed information and financial statements and related notes included elsewhere in this prospectus. The following summary does not contain all of the information you should consider before investing in our common stock. For a more complete understanding of this offering, we encourage you to read this entire prospectus, including the "Risk Factors" section, before making an investment in our common stock.

In this prospectus, unless the context indicates otherwise: "Douglas Dynamics," the "Company," "we," "our," "ours" or "us" refer to Douglas Dynamics, Inc. (formerly known as Douglas Dynamics Holdings, Inc.) and its subsidiaries and "Douglas Holdings" refers to Douglas Dynamics, Inc. exclusive of its subsidiaries. Douglas Dynamics, Inc. is a Delaware corporation and the issuer of the common stock offered hereby.

Our Company

We are the North American leader in the design, manufacture and sale of snow and ice control equipment for light trucks, which consists of snowplows and sand and salt spreaders, and related parts and accessories. We sell our products under the WESTERN®, FISHER® and BLIZZARD® brands which are among the most established and recognized in the industry. We believe that in 2009 our share of the light truck snow and ice control equipment market was greater than 50%. In 2009, we generated net sales, Adjusted EBITDA (as defined in " Summary Historical Consolidated Financial and Operating Data") and net income of \$174.3 million, \$45.2 million and \$9.8 million, respectively, as compared to net sales, Adjusted EBITDA and net income of \$180.1 million, \$47.7 million and \$11.5 million, respectively, for 2008. See " Summary Historical Consolidated Financial and Operating Data" for a discussion of why management uses Adjusted EBITDA to measure our financial performance, and a reconciliation of net income to Adjusted EBITDA.

We offer the broadest and most complete product line of snowplows and sand and salt spreaders for light trucks in the U.S. and Canadian markets. We also provide a full range of related parts and accessories, which generates an ancillary revenue stream throughout the lifecycle of our snow and ice control equipment. The following charts highlight our net sales by product type and brand for the year ended December 31, 2009:

Net Sales by Product Type

Net Sales by Brand

We sell our products through a distributor network primarily to professional snowplowers who are contracted to remove snow and ice from commercial, municipal and residential areas. Because of the short snow season (which we consider to run from October 1 through March 31), unpredictability of snowfall events and the difficult weather conditions under which our end-users operate, our end-users have a fairly limited time frame in which to generate income. Accordingly, our end-users demand a high degree of quality, reliability and service. Over the last 50 years, we have engendered exceptional customer loyalty for our products because of our ability to satisfy the stringent demands of our customers. As a result, we believe our installed base is the largest in the industry with over 500,000 snowplows and sand and salt spreaders in service. Because sales of snowplows and sand and salt spreaders are primarily driven by the need of our core end-user base to replace worn existing

Table of Contents

equipment, we believe our substantial installed base provides us with a high degree of predictable sales over any extended period of time.

We believe we have the industry's most extensive North American distributor network, which primarily consists of over 720 truck equipment distributors who purchase directly from us and are located throughout the snowbelt regions in North America (primarily the Midwest, East and Northeast regions of the United States as well as all provinces of Canada). Beginning in 2005, we began to extend our reach to international markets, establishing distribution relationships in Northern Europe and Asia, where we believe meaningful growth opportunities exist. A breakdown of our distributor base is reflected in the table below:

Distributors by Region

Note:

Distribution not represented on map includes China (1), Finland (2), South Korea (1), Scotland (1), Northern Ireland (1), and Australia (1).

We believe we are the industry's most operationally efficient manufacturer due to our vertical integration, highly variable cost structure and intense focus on lean manufacturing. We continually seek to use lean principles to reduce costs and increase the efficiency of our manufacturing operations. Our manufacturing efficiencies have contributed to the increase of our gross profit per unit by approximately 3.0% per annum, compounded annually, from 2000 to 2009. While we currently manufacture our products in three facilities that we own in Milwaukee, Wisconsin, Rockland, Maine and Johnson City, Tennessee, we have improved our manufacturing efficiency to the point that we will be closing our Johnson City, Tennessee facility effective mid-2010. We expect that the closing of this facility will yield estimated cost savings of approximately \$4 million annually, with no anticipated reduction in production capacity. Furthermore, our manufacturing efficiency allows us to deliver desired products quickly to our customers during times of sudden and unpredictable snowfall events, when our customers need our products immediately. Our ability to deliver products on a rapid and efficient basis through lean manufacturing allows us to both better serve our existing customer base and capture new customers from competitors who we believe cannot service their customers' needs with the same speed and reliability.

Table of Contents

Our Industry

The light truck snow and ice control equipment industry in North America consists predominantly of domestic participants that manufacture their products in North America. Snowplow sales account for a significant portion of snow and ice control equipment sales for light trucks, with sand and salt spreader sales accounting for a lesser portion. The annual demand for snow and ice control equipment is driven primarily by the replacement cycle of the existing installed base, which is predominantly a function of the average life of a snowplow or spreader and is driven by usage and maintenance practices of the end-user. We believe actively-used snowplows are typically replaced, on average, every 7 to 8 years.

The primary factor influencing the replacement cycle for snow and ice control equipment is the level, timing and location of snowfall. Sales of snow and ice control equipment in any given year and region are most heavily influenced by local snowfall levels in the prior snow season. Heavy snowfall during a given winter causes equipment usage to increase, resulting in greater wear and tear and shortened life cycles, thereby creating a need for replacement equipment and additional parts and accessories. Moreover, in our experience, the timing of snowfall in a given winter also influences our end-users' decision-making process. Because an early snowfall can be viewed as a sign of a heavy upcoming snow season, our end-users may respond to an early snowfall by purchasing replacement snow and ice control equipment earlier than they otherwise might have. Alternatively, light snowfall during a given winter season may cause equipment usage to decrease, thereby extending its useful life and delaying replacement equipment purchases.

While snowfall levels vary within a given year and from year-to-year, snowfall, and the corresponding replacement cycle of snow and ice control equipment, is relatively consistent over multi-year periods. The following chart depicts aggregate annual and eight-year (based on the typical life of our snowplows) rolling average of the aggregate snowfall levels in 66 cities in 26 snowbelt states across the Northeast, East, Midwest and Western United States where we monitor snowfall levels) from 1980 to 2009. As the chart indicates, since 1982 aggregate snowfall levels in any given rolling eight-year period have been fairly consistent, ranging from 2,742 to 3,295 inches.

Snowfall in Snowbelt States (inches)

(for October 1 through March 31)

Note: The 8-year rolling average snowfall is not presented prior to 1982 for purposes of the calculation due to lack of snowfall data prior to 1975.

Source: National Oceanic and Atmospheric Administration's National Weather Service.

The demand for snow and ice control equipment can also be influenced by general economic conditions in the United States, as well as local economic conditions in the snowbelt regions in North America. In stronger economic conditions, our end-users may choose to replace or upgrade existing equipment before its useful life has ended, while in weak economic conditions, our end-users may seek to extend the useful life of equipment, thereby increasing the sales of parts and accessories. However, since snow and ice control management is a non-discretionary service necessary to ensure public safety and continued personal and commercial mobility in populated areas that receive snowfall, end-users

Table of Contents

cannot extend the useful life of snow and ice control equipment indefinitely and must replace equipment that has become too worn, unsafe or unreliable, regardless of economic conditions.

Sales of parts and accessories for 2008 and 2009, respectively, were approximately 69.4% and 55.7% higher than average annual parts and accessories sales over the preceding ten years, which management believes is largely a result of the deferral of new equipment purchases due to the recent economic downturn. Although sales of snow and ice control units increased in 2008 and 2009 as compared to 2007, management believes that absent the recent economic downturn, equipment sales in 2008 and 2009 would have been considerably higher due to the high levels of snowfall during these years, as equipment unit sales in 2008 and 2009 remained below the ten-year average, while snowfall levels in 2008 and 2009 were considerably above the ten-year average. Management believes this deferral of new equipment purchases could result in an elevated multi-year replacement cycle as the economy recovers.

Long-term growth in the overall snow and ice control equipment market also results from geographic expansion of developed areas in the snowbelt regions of North America, as well as consumer demand for technological enhancements in snow and ice control equipment and related parts and accessories that improves efficiency and reliability. Continued construction in the snowbelt regions in North America increases the aggregate area requiring snow and ice removal, thereby growing the market for snow and ice control equipment. In addition, the development and sale of more reliable, more efficient and more sophisticated products have contributed to an approximate 2% to 4% average unit price increase in each of the past five years.

Our Competitive Strengths

We compete solely with other North American manufacturers who do not benefit from our extensive distributor network, manufacturing efficiencies and depth and breadth of products. As the market leader in snow and ice control equipment for light trucks, we enjoy a set of competitive advantages versus smaller, more regionally-focused equipment providers, which allows us to generate robust cash flows in all snowfall environments and to support continued investment in our products, distribution capabilities and brand regardless of annual volume fluctuations. We believe these advantages are rooted in the following competitive strengths and reinforces our industry leadership over time.

Exceptional Customer Loyalty and Brand Equity. Our brands enjoy exceptional customer loyalty and brand equity in the snow and ice control equipment industry with both end-users and distributors which have been developed through over 50 years of superior innovation, productivity, reliability and support, consistently delivered season after season. We believe many of our end-users are second and third generation owners of our snow and ice control equipment. Our surveys have found that past brand experience, rather than price, is the key factor impacting snowplow purchasing decisions. Because a professional snowplower can typically recoup the cost of a plow within a very short period of time, and in some cases, as a result of one major snowfall event, we believe quality, reliability and functionality are more important factors in our end-users' purchasing decisions than price.

Broadest and Most Innovative Product Offering. We provide the industry's broadest product offering with a full range of snowplows, sand and salt spreaders and related parts and accessories. We believe we maintain the industry's largest and most advanced in-house new product development program, historically introducing several new and redesigned products each year. Our broad product offering and commitment to new product development is essential to maintaining and growing our leading market share position as well as continuing to increase the profitability of our business. We believe we have introduced or redesigned more efficient and productive products over the last five years (including the redesigned Fisher and Western V Plows in 2006 and the Fisher and Western Power Plows in 2007) than any of our competitors, driving increased value for our customers. Our products are covered by over 40

Table of Contents

issued or pending U.S. and Canadian patents related to snow and ice control equipment technologies and other important product features and designs.

Extensive North American Distributor Network. With over 720 direct distributors, we benefit from having the most extensive North American direct distributor network in the industry, providing a significant competitive advantage over our peers. Our distributors function not only as sales and support agents (providing access to parts and service), but also as industry partners providing real-time end-user information, such as retail inventory levels, changing consumer preferences or desired functionality enhancements, which we use as the basis for our product development efforts. We believe a majority of our distributors choose to sell our products exclusively, even though few are contractually required to do so. Despite the importance of our distributor network as a whole, no one distributor represents more than 5% of our net sales.

Leader in Operational Efficiency. We believe we are a leader in operational efficiency in our industry, resulting from our application of lean manufacturing principles and a highly variable cost structure. By utilizing lean principles, we are able to adjust production levels easily to meet fluctuating demand, while controlling costs in slower periods. This operational efficiency is supplemented by our highly variable cost structure, driven in part by our access to a sizable temporary workforce (comprising approximately 10-15% of our total workforce), which we can quickly adjust, as needed. Due in substantial part to our operational efficiency, we have increased our gross profit per unit by approximately 3.0% per annum, compounded annually, from 2000 to 2009. The upcoming closure of our Johnson City, Tennessee manufacturing facility demonstrates the success of our lean initiatives. These manufacturing efficiencies enable us to respond rapidly to urgent customer demand during times of sudden and unpredictable snowfalls, allowing us to provide exceptional service to our existing customer base and capture new customers from competitors that we believe cannot service their customers' needs with the same speed and reliability.

Strong Cash Flow Generation. We are able to generate significant cash flow as a result of relatively consistent high profitability (Adjusted EBITDA Margins averaged 25.4% from 2007 to 2009), low capital spending requirements and predictable timing of our working capital requirements. We have historically been able to pass through increases in operational costs and raw material prices, including steel surcharges when necessary, to maintain our profitability. Our cash flow results will also benefit substantially from approximately \$18 million of annual tax-deductible intangible and goodwill expense over the next ten years, which has the impact of reducing our corporate taxes owed by approximately \$6.7 million on an annual basis during this period, in the event we have sufficient taxable income to utilize such benefit. Our significant cash flow has allowed us to reinvest in our business, reduce long term debt and pay substantial dividends to our stockholders.

Experienced Management Team. We believe our business benefits from an exceptional management team that is responsible for establishing our leadership in the snow and ice control equipment industry for light trucks. Our senior management team, consisting of four officers, has an average of approximately 19 years of weather-related industry experience and an average of over nine years with our company. James Janik, our President and Chief Executive Officer, has been with us for over 16 years and in his current role since 2000, and through his strategic vision, we have been able to expand our distributor network and grow our market leading position.

Our Business Strategy

Our business strategy is to capitalize on our competitive strengths to maximize cash flow to pay dividends, reduce indebtedness and reinvest in our business to create stockholder value. The building blocks of our strategy are:

Table of Contents

Continuous Product Innovation. We believe new product innovation plays an essential role in maintaining and growing our market-leading position in the snow and ice control equipment industry. We will continue to focus on developing innovative solutions to increase productivity, ease of use, reliability, durability and serviceability of our products. In addition, we have incorporated and will continue to incorporate lean manufacturing concepts into our product development process, which has allowed us to reduce the overall cost of development and, more importantly, to reduce our time-to-market by nearly one-half. As a result of these efforts, approximately \$73.0 million or 50% of our 2009 equipment sales came from products introduced or redesigned in the last five years.

Distributor Network Optimization. We will continually seek opportunities to optimize our portfolio of over 720 direct distributors by opportunistically adding high-quality, well-capitalized distributors in select geographic areas and by cross-selling our industry-leading brands within our distribution network to ensure we maximize our ability to generate revenue while protecting our industry leading reputation, customer loyalty and brands. We also focus on optimizing this network by providing in-depth training, valuable distributor support and attractive promotional and incentive opportunities. As a result of these efforts, we believe a majority of our distributors choose to sell our products exclusively. Over the last ten years, we have grown our network by over 250 distributors. We believe this sizable high quality network is unique in the industry, providing us with valuable insight into purchasing trends and customer preferences, and would be very difficult to replicate.

Aggressive Asset Management and Profit Focus. We will continue to aggressively manage our assets in order to maximize our cash flow generation despite seasonal and annual variability in snowfall levels. We believe our ability is unique in our industry and enables us to achieve attractive margins in all snowfall environments. Key elements of our asset management and profit focus strategies include:

employment of a highly variable cost structure, which allows us to quickly adjust costs in response to real-time changes in demand;

use of enterprise-wide lean principles, which allow us to easily adjust production levels up or down to meet demand;

implementation of a pre-season order program, which incentivizes distributors to place orders prior to the retail selling season and thereby enables us to more efficiently utilize our assets; and

development of a vertically integrated business model, which we believe provides us cost advantages over our competition.

Additionally, although modest, our capital expenditure requirements and operating expenses can be temporarily reduced in response to anticipated or actual lower sales in a particular year to maximize cash flow.

Flexible, Lean Enterprise Platform. We will continue to utilize lean principles to maximize the flexibility, efficiency and productivity of our manufacturing operations while reducing the associated costs, enabling us to increase distributor and end-user satisfaction. For example, in an environment where shorter lead times and near-perfect order fulfillment are important to our distributors, our lean processes have helped us to build a reputation for providing industry leading shipping performance. In 2009, we fulfilled 98.2% of our orders on or before the requested ship date, without error in content, packaging or delivery.

Our cost reduction efforts also include the rationalization of our supply base and implementation of a global sourcing strategy, resulting in approximately \$2.6 million of cumulative annualized cost savings from 2006 to 2009. Since 2006, we have reduced our supply base by 36% from over 450 suppliers to approximately 288 today. In January 2009, we opened a sourcing office in China, which will become our central focus for specific component purchases and will provide a majority of our procurement cost savings in the future.

Table of Contents

Our Growth Opportunities

Increase Our Industry Leading Market Share. We plan to leverage our industry leading position, distribution network and new product innovation capabilities to capture market share in the North American snow and ice control equipment market, focusing our primary efforts on increasing penetration in those North American markets where we believe our overall market share is less than 50%. We also plan to continue growing our presence in the snow and ice control equipment market outside of North America, particularly in Asia and Europe, which we believe could provide significant growth opportunities in the future.

Opportunistically Seek New Products and New Markets. We will consider external growth opportunities within the snow and ice control industry and other equipment or component markets. We plan to continue to evaluate acquisition opportunities within our industry that can help us expand our distribution reach, enhance our technology and as a consequence improve the breadth and depth of our product lines. We also consider diversification opportunities in adjacent markets that complement our business model and could offer us the ability to leverage our core competencies to create stockholder value.

Summary Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully consider the risks summarized below, the risks described under "Risk Factors," and the other information contained in this prospectus, including our consolidated financial statements and the related notes, before deciding to purchase any shares of our common stock:

our results of operations depend primarily on the level, timing and location of snowfall in the regions in which we offer our products;

the seasonality and year-to-year variability of our business can cause our results of operations and financial condition to be materially different from quarter-to-quarter and from year-to-year;

if economic conditions in the United States continue to remain weak or deteriorate further, our results of operations and ability to pay dividends may be adversely affected;

our failure to maintain good relationships with our distributors, the loss or consolidation of our distributor base or the actions or inactions of our distributors could have an adverse effect on our results of operations and ability to pay dividends;

if we are unable to develop new products or improve upon our existing products on a timely basis, our business and financial condition could be adversely affected;

if our costs of labor or the price of steel or other components of our products increase, our gross margins could decline;

you may not receive the level of dividends provided for in the dividend policy that our Board of Directors will adopt or any dividends at all; and

satisfying our debt service obligations and paying dividends may leave us with insufficient cash to fund unexpected cash needs and growth.

Contemplated Financing Transactions in Connection with this Offering

Edgar Filing: DOUGLAS DYNAMICS, INC - Form S-1/A

In connection with this offering, we intend to increase our existing term loan facility by \$ million. We plan to use the proceeds from this offering together with an increase in our term loan facility to redeem the outstanding 7³/₄% Senior Notes due 2012, which we refer to in this prospectus as our senior notes, issued by our direct wholly-owned subsidiaries, Douglas Dynamics, L.L.C. which we refer to in this prospectus as Douglas LLC, and Douglas Dynamics Finance

Table of Contents

Company, which we refer to in this prospectus as Douglas Finance. The total redemption amount is expected to be approximately \$ million, which amount includes accrued and unpaid interest and the associated redemption premium. Prior to the consummation of this offering, we also intend to amend our existing senior credit facilities to permit the redemption of our senior notes.

Company Information

Douglas Holdings is a holding corporation that was formed and capitalized by Aurora Equity Partners II L.P., a Delaware limited partnership, and Aurora Overseas Equity Partners II, L.P., a Cayman Islands exempt limited partnership, which we collectively refer to in this prospectus as the "Aurora Entities." Douglas Holdings was formed for the purpose of effectuating the acquisition of our business in March 2004 from AK Steel Corporation, which we refer to in this prospectus as the Acquisition. Douglas Holdings owns all of the issued and outstanding limited liability company interests of Douglas LLC, our operating company, together with its subsidiaries.

We maintain our principal executive offices at 7777 North 73rd Street, Milwaukee, Wisconsin 53223, and our telephone number is (414) 354-2310. We maintain a website at www.ourcompany.com. Information contained on our website is not a part of, and is not incorporated by reference into, this prospectus.

"WESTERN," "FISHER" and "BLIZZARD" and their respective logos are trademarks. Solely for convenience, from time to time we refer to our trademarks in this prospectus without the ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks.

Table of Contents**The Offering**

Issuer	Douglas Dynamics, Inc.
Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Over-allotment option	The selling stockholders have granted the underwriters a 30-day option to purchase up to additional outstanding shares of common stock from the selling stockholders at the initial public offering price less underwriting discounts and commissions. The option may be exercised only to cover any over-allotments.
Common stock outstanding after this offering	shares.
Use of proceeds	We intend to use the net proceeds from this offering together with an increase in our term loan facility to redeem our senior notes, including accrued and unpaid interest and the related redemption premium, for an estimated total of \$ million. We will not receive any proceeds from the sale of shares by the selling stockholders, including any shares sold pursuant to the underwriters' over-allotment option. See "Use of Proceeds."
Dividend policy	Our Board of Directors will adopt a dividend policy, effective upon the consummation of this offering, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend, commencing with the first full fiscal quarter following the consummation of this offering, at an initial quarterly rate of \$ per share. The declaration and payment of these dividends will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition and earnings, legal requirements, taxes, the terms of our indebtedness and other factors our Board of Directors may deem to be relevant. See "Dividend Policy and Restrictions."
Risk factors	See "Risk Factors" beginning on page 14 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed NYSE symbol	PLOW

Table of Contents

Unless otherwise noted, all information in this prospectus assumes:

no exercise of the underwriters' over-allotment option;

the repurchase, after the consummation of this offering, of all of our senior notes, including accrued and unpaid interest through the anticipated redemption date of _____, 2010 (30 days following the consummation of this offering) and the associated redemption premium for a total of \$ _____ million;

a _____-for-one stock split of our common stock that will occur prior to the consummation of this offering; and

a public offering price of \$ _____ per share of our common stock, which is the mid-point of the range set forth on the front cover of this prospectus.

Table of Contents**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following summary consolidated financial information as of and for the years ended December 31, 2007, 2008 and 2009 are derived from our audited consolidated financial statements which are included elsewhere in this prospectus.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should read this information together with "Selected Consolidated Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	For the year ended December 31		
	2007	2008	2009
	(in thousands)		
Consolidated Statement of Operations Data			
Equipment sales	\$ 122,091	\$ 151,450	\$ 147,478
Parts and accessories sales	17,974	28,658	26,864
Net sales	140,065	180,108	174,342
Cost of sales	97,249	117,911	117,264
Gross profit	42,816	62,197	57,078
Selling, general and administrative expense	22,180	26,561	27,639
Income from operations	20,636	35,636	29,439
Interest expense, net	(19,622)	(17,299)	(15,520)
Loss on extinguishment of debt	(2,733)		
Other income (expense), net	(87)	(73)	(90)
Income (loss) before taxes	(1,806)	18,264	13,829
Income tax expense (benefit)	(749)	6,793	3,986
Net income (loss)	\$ (1,057)	\$ 11,471	\$ 9,843
Cash Flow			
Net cash provided by operating activities	\$ 20,040	\$ 23,411	\$ 25,571
Net cash used in investing activities	(1,045)	(3,113)	(8,200)
Net cash provided by (used in) financing activities	\$ 4,083	\$ (2,265)	\$ (1,850)
Other Data			
Adjusted EBITDA	\$ 32,745	\$ 47,742	\$ 45,180
Capital expenditures(1)	\$ 1,049	\$ 3,160	\$ 8,200

	As of December 31,		
	2007	2008	2009
	(in thousands)		

Selected Balance Sheet Data

Cash and cash equival