MILLER INDUSTRIES INC /TN/ Form 10-Q August 05, 2015

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 June 30, 2015

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 001-14124

MILLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Tennessee62-1566286(State or other jurisdiction of incorporation or
organization)(I.R.S. Employer Identification No.)

8503 Hilltop Drive37363Ooltewah, Tennessee37363(Address of principal executive offices)(Zip Code)

(423) 238-4171 (Registrant's telephone number, including area code)

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Not Applicable

(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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

No

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

Yes

The number of shares outstanding of the registrant's common stock, par value \$.01 per share, as of July 30, 2015 was 11,340,150.

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FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, including but not limited to statements made in Part I, Item 2-"Management's Discussion and Analysis of Financial Condition and Results of Operations," statements made with respect to future operating results, expectations of future customer orders and the availability of resources necessary for our business may be deemed to be forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "could," "continue," "future," "potential," "believe," "project," "plan," "intend," "seek," "estimate," "predict," "expect," "antic expressions, or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. Such forward-looking statements are made based on our management's beliefs as well as assumptions made by, and information currently available to, our management. These forward-looking statements are subject to a number of risks and uncertainties, including, the cyclical nature of our industry and changes in consumer confidence; economic and market conditions; our customers' access to capital and credit to fund purchases, including the ability of our customers to secure floor plan financing; our dependence on outside suppliers of raw materials; changes in the cost of aluminum, steel and related raw materials; changes in fuel and other transportation costs, insurance costs and weather conditions; changes in government regulation; foreign currency fluctuation; competitors could impede our ability to attract or retain customers; our ability to develop or acquire proprietary products and technology; assertions against us relating to intellectual property rights; problems hiring or retaining skilled labor; the effects of new regulation relating to conflict minerals; the catastrophic loss of one of our manufacturing facilities; environmental and health and safety liabilities and requirements; loss of the services of our key executives; product warranty or product liability claims in excess of our insurance coverage; a disruption in our information technology systems; an inability to acquire insurance at commercially reasonable rates; and those other risks referenced herein, including those risks referred to in Part II, Item 1A-"Risk Factors" and those risks discussed in our other filings with the Securities and Exchange Commission, including those risks discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for fiscal 2014, which discussion is incorporated herein by this reference. Such factors are not exclusive. We do not undertake to update any forward-looking statement that may be made from time to time by, or on behalf of, our company.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MILLER INDUSTRIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS CUDDENT ASSETS:		
CURRENT ASSETS:	¢ 25 071	¢ 20 507
	\$ 35,971	\$ 39,597
Accounts receivable, net of allowance for doubtful accounts of \$1,844 and \$1,850	131,323	116,498
at June 30, 2015 and December 31, 2014, respectively	57 55 4	56 460
Inventories	57,554	56,460
Prepaid expenses	3,319	1,792
Current deferred income taxes	4,065	4,083
Total current assets	232,232	218,430
PROPERTY, PLANT, AND EQUIPMENT, net	32,975	32,050
GOODWILL	11,619	11,619
OTHER ASSETS	555	256
	\$ 277,381	\$ 262,355
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:	4 01 00 0	• • • • • • • • • • • • • • • • • •
1 5	\$ 81,802	\$ 70,618
Accrued liabilities	21,986	21,099
Total current liabilities	103,788	91,717
DEFERRED INCOME TAX LIABILITIES	2,184	2,184
COMMITMENTS AND CONTINGENCIES (Notes 6 and 8)		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized, none issued or outstanding		
Common stock, \$.01 par value; 100,000,000 shares authorized, 11,340,150 and	113	113
11,302,530, outstanding at June 30, 2015 and December 31, 2014, respectively		
Additional paid-in capital	150,294	149,917
Retained earnings	25,129	19,822
Accumulated other comprehensive income (loss)	(4,127)	
Total Shareholders' equity	171,409	168,454
	\$ 277,381	\$ 262,355

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The accompanying notes are an integral part of these financial statements.

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MILLER INDUSTRIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended June 30 2015 2014		Six Months Ended June 30 2015 2014	
	2013	2014	2013	2014
NET SALES	\$151,537	\$122,432	\$278,325	\$226,600
COSTS OF OPERATIONS	133,996	109,922	248,832	203,152
GROSS PROFIT	17,541	12,510	29,493	23,448
OPERATING EXPENSES:				
Selling, general and administrative expenses	7,648	6,964	15,088	14,130
Interest expense, net	245	126	408	196
Other (income) expense, net	265	55	321	117
Total operating expenses	8,158	7,145	15,817	14,443
INCOME BEFORE INCOME TAXES	9,383	5,365	13,676	9,005
INCOME TAX PROVISION	3,517	1,978	4,746	3,318
NET INCOME	5,866	3,387	8,930	5,687
NET LOSS ATTRIBUTABLE TO				
NONCONTROLLING INTERESTS			_	66
NET INCOME ATTRIBUTABLE TO MILLER INDUSTRIES, INC.	\$5,866	\$3,387	\$8,930	\$5,753
BASIC INCOME PER COMMON SHARE	\$0.52	\$0.30	\$0.79	\$0.51
DILUTED INCOME PER COMMON SHARE	\$0.52 \$0.52	\$0.30 \$0.30	\$0.79 \$0.79	\$0.51 \$0.51
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CASH DIVIDENDS DECLARED PER COMMON SHARE	\$0.16	\$0.15	\$0.32	\$0.30
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	11,331	11,301	11,323	11,293
Diluted	11,366	11,354	11,367	11,354

The accompanying notes are an integral part of these financial statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands) (Unaudited)

net income	Three M Ended June 30 2015 \$5,866		Six Mon Ended June 30 2015 \$8,930	2014 \$5,687
	φ2,000	Φ3,307	ψ0,250	<i>\$5,007</i>
Other comprehensive income (loss):				
Foreign currency translation adjustment	(661)	. ,	(2,729)	165
Derivative instrument and hedging activities		48	—	75
Reclassification from accumulated other comprehensive income (loss)	—	89		160
Total other comprehensive income (loss)	(661)	42	(2,729)	400
comprehensive income	5,205	3,429	6,201	6,087
Net loss attributable TO noncontrolling interests Comprehensive income attributable	_	_	_	66
to Miller Industries, Inc.	\$5,205	\$3,429	\$6,201	\$6,153

The accompanying notes are an integral part of these financial statements.

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MILLER INDUSTRIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	Six Months Ended June 30	
	2015	2014
OPERATING ACTIVITIES:		
Net income	\$8,930	\$5,687
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,031	1,873
Loss on deconsolidation of subsidiary		83
Provision for doubtful accounts	101	95
Excess tax benefit from stock-based compensation	(101) (22)
Issuance of non-employee director shares	96	96
Deferred income tax provision	(18) (124)
Changes in operating assets and liabilities:		
Accounts receivable	(15,901)) (15,356)
Inventories	(2,067) (744)
Prepaid expenses	(1,628) (1,770)
Other assets	(299) —
Accounts payable	11,939	10,438
Accrued liabilities	1,348	1,023
Net cash flows from operating activities	4,431	1,279
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(3,072) (2,012)
Payments received on notes receivable	1	19
Net cash flows from investing activities	(3,071) (1,993)
FINANCING ACTIVITIES:		
Payments of cash dividends	(3,624) (3,387)
Proceeds from stock option exercises	181	180
Excess tax benefit from stock-based compensation	101	22
Net cash flows from financing activities	(3,342) (3,185)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND TEMPORARY	(1,644) 87
INVESTMENTS		
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS	(3,626) (3,812)
CASH AND TEMPORARY INVESTMENTS, beginning of period	39,597	42,864
CASH AND TEMPORARY INVESTMENTS, end of period	\$35,971	\$39,052
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	\$661	\$485
Cash payments for income taxes, net of refunds	\$3,352	\$3,090