

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)

Tennessee **62-1566286**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

8503 Hilltop Drive
Ooltewah, Tennessee **37363**
(Address of principal executive offices) (Zip Code)

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

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

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

Yes No

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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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		
CURRENT ASSETS:		
Cash and temporary investments	\$ 35,971	\$ 39,597
Accounts receivable, net of allowance for doubtful accounts of \$1,844 and \$1,850 at June 30, 2015 and December 31, 2014, respectively	131,323	116,498
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:		
Accounts payable	\$ 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 11,302,530, outstanding at June 30, 2015 and December 31, 2014, respectively	113	113
Additional paid-in capital	150,294	149,917
Retained earnings	25,129	19,822
Accumulated other comprehensive income (loss)	(4,127)	(1,398)
Total Shareholders' equity	171,409	168,454
	\$ 277,381	\$ 262,355

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

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	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	\$ 0.30	\$ 0.79	\$ 0.51
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)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
net income	\$5,866	\$3,387	\$8,930	\$5,687
Other comprehensive income (loss):				
Foreign currency translation adjustment	(661)	(95)	(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	—	—	—	66
Comprehensive income attributable to Miller Industries, Inc.	\$5,205	\$3,429	\$6,201	\$6,153

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

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 INVESTMENTS	(1,644)	87
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