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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.

Large Accelerated Filer	Accelerated Filer
Non-Accelerated Filer	(Do not check if a small reporting company) 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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, \$.10 Par Value—30,324,493 shares as of July 30, 2018.

AMERICAN VANGUARD CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	For the Three Months		For the Six Months	
	Ended June 30, 2018	2017	Ended June 30, 2018	2017
Net sales	\$107,046	\$77,905	\$211,154	\$148,578
Cost of sales	63,749	43,570	126,806	84,159
Gross profit	43,297	34,335	84,348	64,419
Operating expenses	34,718	27,654	68,418	52,605
Operating income	8,579	6,681	15,930	11,814
Interest expense, net	966	400	1,803	698
Income before provision for income taxes and loss on equity method investments	7,613	6,281	14,127	11,116
Income tax expense	1,748	1,681	3,440	3,061
Income before loss on equity method investments	5,865	4,600	10,687	8,055
Loss from equity method investments	301	69	518	111
Net income	5,564	4,531	10,169	7,944
Net loss (income) attributable to non-controlling interest	35	(227)	85	(188)
Net income attributable to American Vanguard	\$5,599	\$4,304	\$10,254	\$7,756
Earnings per common share—basic	\$.19	\$.15	\$.35	\$.27
Earnings per common share—assuming dilution	\$.19	\$.15	\$.34	\$.26
Weighted average shares outstanding—basic	29,330	29,050	29,309	28,999
Weighted average shares outstanding—assuming dilution	30,190	29,605	30,113	29,561

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	For the Three Months		For the Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
Net income	\$5,564	\$4,531	\$10,169	\$7,944
Comprehensive income:				
Foreign currency translation adjustment	(898)	280	(226)	1,037
Comprehensive income	4,666	4,811	9,943	8,981
Net loss (income) attributable to non-controlling interest	35	(227)	85	(188)
Comprehensive income attributable to American Vanguard	\$4,701	\$4,584	\$10,028	\$8,793

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

ASSETS

	June 30,	Dec. 31,
	2018	2017
Current assets:		
Cash and cash equivalents	\$7,099	\$11,337
Receivables:		
Trade, net of allowance for doubtful accounts of \$259 and \$46, respectively	94,933	102,534
Other	12,011	7,071
Total receivables, net	106,944	109,605
Inventories	163,180	123,124
Prepaid expenses	11,290	10,817
Total current assets	288,513	254,883
Property, plant and equipment, net	48,399	49,321
Intangible assets, net of applicable amortization	177,512	180,950
Goodwill	21,837	22,184
Other assets	25,753	28,254
Total assets	\$562,014	\$535,592

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current installments of other liabilities	\$3,534	\$5,395
Accounts payable	64,842	53,748
Deferred revenue	7,320	14,574
Accrued Program costs	54,093	39,054
Accrued expenses and other payables	9,786	12,061
Income taxes payable	1,085	1,370
Total current liabilities	140,660	126,202
Long-term debt, net of deferred loan fees	74,258	77,486
Other liabilities, excluding current installments	9,641	10,306
Deferred income tax liabilities	17,224	16,284
Total liabilities	241,783	230,278
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued	—	—
Common stock, \$.10 par value per share; authorized 40,000,000 shares; issued	3,275	3,225

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32,743,504 shares at June 30, 2018 and 32,241,866 shares at December 31, 2017

Additional paid-in capital	79,721	75,658
Accumulated other comprehensive loss	(4,733)	(4,507)
Retained earnings	250,068	238,953
	328,331	313,329
Less treasury stock at cost, 2,450,634 shares at June 30, 2018 and		
December 31, 2017	(8,269)	(8,269)
American Vanguard Corporation stockholders' equity	320,062	305,060
Non-controlling interest	169	254
Total stockholders' equity	320,231	305,314
Total liabilities and stockholders' equity	\$562,014	\$535,592

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For The Three and Six Months Ended June 30, 2018

(In thousands, except share data)

(Unaudited)

	Accumulated									
	Common Stock		Additional	Other	Retained	Treasury Stock		AVD	Non-	
	Shares	Amount	Paid-in Capital	Comprehensive Loss	Earnings	Shares	Amount	Total	Controlling Interest	Total
Balance, December 31, 2017	32,241,866	\$3,225	\$75,658	\$(4,507)	\$238,953	2,450,634	\$(8,269)	\$305,060	\$254	\$305,314
Adjustment to recognize new revenue recognition standard, net of tax	—	—	—	—	2,214	—	—	2,214	—	2,214
Adjustment to recognize new standard on taxes on foreign asset transfers	—	—	—	—	(180)	—	—	(180)	—	(180)
Common stock issued under ESPP	17,078	1	298	—	—	—	—	299	—	299
Cash dividends on common stock (\$0.02 per share)	—	—	—	—	(586)	—	—	(586)	—	(586)
Foreign currency translation	—	—	—	672	—	—	—	672	—	672

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adjustment, net										
Stock based compensation	—	—	1,309	—	—	—	—	1,309	—	1,309
Stock options exercised; grants and vesting										
of restricted stock units	409,979	41	470	—	—	—	—	511	—	511
Net income	—	—	—	—	4,655	—	—	4,655	(50)	4,605
Balance, March 31, 2018	32,668,923	3,267	77,735	(3,835)	245,056	2,450,634	(8,269)	313,954	204	314,158
Cash dividends on common stock (\$0.02 per share)	—	—	—	—	(587)	—	—	(587)	—	(587)
Foreign currency translation adjustment, net	—	—	—	(898)	—	—	—	(898)	—	(898)
Stock based compensation	—	—	1,469	—	—	—	—	1,469	—	1,469
Stock options exercised; grants and vesting										
of restricted stock units	74,581	8	517	—	—	—	—	525	—	525
Net income	—	—	—	—	5,599	—	—	5,599	(35)	5,564
Balance, June 30, 2018	32,743,504	\$3,275	\$79,721	\$(4,733)	\$250,068	2,450,634	\$(8,269)	\$320,062	\$169	\$320,231

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$10,169	\$7,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed and intangible assets	9,516	8,094
Amortization of other long term assets	2,313	2,777
Amortization of discounted liabilities	202	13
Stock-based compensation	2,778	2,322
Change in deferred income taxes	(26)	7
Loss from equity method investments	518	111
Changes in assets and liabilities associated with operations:		
Decrease in net receivables	5,478	20,749
Increase in inventories	(40,194)	(5,506)
Increase in prepaid expenses and other assets	(707)	(2,658)
(Increase) in income tax receivable/payable, net	(271)	(12,752)
Increase in accounts payable	11,309	579
Decrease in deferred revenue	(7,254)	(2,126)
Increase in accrued Program costs	15,039	18,819
Decrease in other payables and accrued expenses	(5,151)	(4,256)
Net cash provided by operating activities	3,719	34,117
Cash flows from investing activities:		
Capital expenditures	(3,230)	(4,155)
Investment	—	(950)
Acquisition of other intangible assets and businesses	(1,631)	(13,400)
Net cash used in investing activities	(4,861)	(18,505)
Cash flows from financing activities:		
Payments under line of credit agreement	(62,125)	(59,025)
Borrowings under line of credit agreement	58,800	45,000
Payments on other long-term liabilities	—	(26)
Net receipts from the issuance of common stock (sale of stock under ESPP, exercise of stock options, and shares purchased for tax withholding)		
	1,335	(1,214)
Payment of cash dividends	(1,024)	(724)
Net cash used by financing activities	(3,014)	(15,989)
Net decrease in cash and cash equivalents	(4,156)	(377)

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Effect of exchange rate changes on cash and cash equivalents	(82)	105
Cash and cash equivalents at beginning of period	11,337	7,869
Cash and cash equivalents at end of period	\$7,099	\$7,597

See notes to the condensed consolidated financial statements.

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(In thousands, except share data)

(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements of American Vanguard Corporation and Subsidiaries (“AVD”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

2. Revenue Recognition—The Company recognizes revenue from the sale of its products, which include insecticides, herbicides, soil fumigants, and fungicides. The Company sells its products to customers, which include distributors and retailers. In addition, the Company recognizes royalty income from the sale of intellectual property. Based on similar economic and operational characteristics, the Company’s business is aggregated into one reportable segment. Selective enterprise information of sales disaggregated by category and geographic region is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2018		June 30, 2018	
	As reported	Without adoption of ASC 606	As reported	Without adoption of ASC 606
Net sales:				
Crop:				
Insecticides	\$32,665	\$32,671	\$73,958	\$73,988
Herbicides/soil fumigants/fungicides	31,401	31,401	63,586	63,586
Other, including plant growth regulators and distribution	30,377	30,377	48,217	48,217

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	94,443	94,449	185,761	185,791
Non-crop, including distribution	12,603	12,603	25,393	25,393
Total net sales:	\$ 107,046	\$ 107,052	\$ 211,154	\$ 211,184
Net sales:				
US	\$ 64,363	\$ 64,369	\$ 134,178	\$ 134,208
International	42,683	42,683	76,976	76,976
Total net sales:	\$ 107,046	\$ 107,052	\$ 211,154	\$ 211,184
Timing of revenue recognition:				
Goods transferred at a point in time	\$ 106,886	\$ 107,052	\$ 210,591	\$ 211,184
Goods and services transferred over time	160	—	563	—
Total net sales:	\$ 107,046	\$ 107,052	\$ 211,154	\$ 211,184

In May 2014, Financial Accounting Standards Board, (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification “ASC” 606). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In March 2016, FASB issued an amendment to the standard, ASU 2016-08, to clarify the implementation guidance on principal versus agent considerations. Under the amendment, an entity is required to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (that is, the entity is an agent). In April 2016, FASB issued another amendment to the standard, ASU 2016-10, to clarify identifying performance obligations and the licensing implementation guidance, which retaining the related principles for those areas. The standard and the amendments are effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of

initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). These amendments are effective upon adoption of ASC 606. This standard also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows.

The Company adopted ASC 606 using the modified retrospective method, therefore, the comparative information has not been adjusted and continues to be reported under ASC 605. The Company determined that for certain products that are deemed to have no alternative use accompanied by an enforceable right to payment for performance completed to date, recognition will change from point in time, to over time. These sales were previously recognized upon delivery, and are now recognized over time utilizing an output method. In addition, the Company earns royalties on certain licenses granted for the use of its intellectual property, which were previously recognized over time. For certain licenses that are considered functional intellectual property, revenue recognition is now at a point in time.

As part of the Company's adoption of ASC 606, the Company elected to use the following practical expedients (i) not to adjust the promised amount of consideration for the effects of a significant financing component when the Company expects, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less (ii) allowing entities the option to treat shipping and handling activities that occur after control of the good transfers to the customer as fulfillment activities.

For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment for product sales, but also occurs over time for certain products that are deemed to have no alternative use accompanied by an enforceable right to payment for performance completed to date. For revenue recognized over time, the Company uses an output measure, units produced, to measure progress. From time to time, the Company may offer a Program to eligible customers, in good standing, that provides extended payment terms on a portion of the sales on selected products. The Company analyzes these extended payment Programs in connection with its revenue recognition policy to ensure all revenue recognition criteria are satisfied at the time of sale.

Performance Obligations—A performance obligation is a promise in a contract or sales order to transfer a distinct good or service to the customer, and is the unit of account in ASC 606. A transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Certain of the Company's sales orders have multiple performance obligations, as the promise to transfer individual goods or services is separately identifiable from other promises in the sales orders. For sales orders with multiple performance obligations, the Company allocates the sales order's transaction price to each performance obligation based on its relative stand-alone selling price. The stand-alone selling prices are determined based on the prices at which the Company separately sells these products. The Company's performance obligations are satisfied either at a point in time or over time as work progresses.

At June 30, 2018, the Company had \$34,616 of remaining performance obligations, which is comprised of deferred revenue and services not yet delivered. The Company expects to recognize approximately all of its remaining performance obligations as revenue in fiscal 2018.

Contract Balances—The timing of revenue recognition, billings and cash collections results in deferred revenue in the condensed consolidated balance sheets. The Company sometimes receives payments from its customers in advance of goods and services being provided in return for early cash incentive Programs, resulting in deferred revenues. These

liabilities are reported on the condensed consolidated balance sheet at the end of each reporting period.

	June 30, 2018	December 31, 2017
Total receivables, net	\$ 106,944	\$ 109,605
Contract assets	3,000	—
Deferred revenue	7,320	14,574

Revenue recognized for the three and six months ended June 30, 2018, that was included in the deferred revenue balance at the beginning of 2018 were \$12,740 and \$4,514, respectively.

The following table presents the effect of the adoption of ASC 606 on our condensed consolidated balance sheet (unaudited) as of December 31, 2017:

	As of December 31, 2017		
		Adjustment due to	
	As previously reported	adoption of ASC 606	As adjusted
Total assets	\$535,592	\$ 3,000	\$538,592
Deferred income tax liabilities, net	16,284	786	17,070
Retained earnings	238,953	2,214	241,167

In accordance with ASC 606, the disclosure of the impact of adoption to our consolidated statements of operations for the three and six months ended June 30, 2018 were \$33 and \$57, respectively, reductions in net sales. This revenue will move from being recognized at point in time to be recognized over time. As such, the net sales will be reported as sales in later quarters.

In accordance with ASC 606, the disclosure of the impact of adoption to our condensed consolidated balance sheets was as follows:

	As of June 30, 2018		
		Balances without	
	As reported	adoption of ASC 606	Impact
Assets:			
Contract assets	\$3,000	\$—	\$3,000
Current liabilities:			
Deferred revenue	7,320	7,263	57
Deferred income tax liabilities	786	—	786
Stockholders' equity:			
Retained earnings	250,068	247,854	2,214

3. Property, plant and equipment at June 30, 2018 and December 31, 2017 consists of the following:

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	June 30,	December 31,
	2018	2017
Land	\$2,458	\$2,458
Buildings and improvements	16,787	16,678
Machinery and equipment	106,104	107,722
Office furniture, fixtures and equipment	4,936	4,925
Automotive equipment	1,115	735
Construction in progress	2,912	