

YALE INDUSTRIAL PRODUCTS INC
Form 10-Q
January 29, 2010

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
1934

For the quarterly period ended December 31, 2009

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: 0-27618

Columbus McKinnon Corporation
(Exact name of registrant as specified in its charter)

New York 16-0547600
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer
Identification No.)

140 John James Audubon Parkway, Amherst, NY 14228-1197
(Address of principal executive offices) (Zip code)

(716) 689-5400
(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

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

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Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Act.

Large accelerated filer

Accelerated filer

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

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 of common stock outstanding as of December 31, 2009 was: 19,112,106 shares.

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COLUMBUS McKINNON CORPORATION
December 31, 2009

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Part I. Financial Information

Item 1. Condensed Consolidated Financial Statements (Unaudited)

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2009 (unaudited)	March 31, 2009
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	\$51,034	\$39,236
Trade accounts receivable less allowance for doubtful accounts (\$4,512 and \$5,338, respectively)	65,105	80,168
Inventories	85,696	100,621
Prepaid expenses	16,647	18,115
Total current assets	218,482	238,140
Property, plant, and equipment, net	60,243	62,102
Goodwill and other intangibles, net	127,037	125,080
Marketable securities	30,860	28,828
Deferred taxes on income	36,607	32,521
Other assets	3,991	4,993
Total assets	\$477,220	\$491,664
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Notes payable to banks	\$1,003	\$4,787
Trade accounts payable	22,476	33,298
Accrued liabilities	50,193	50,443
Restructuring reserve	4,194	1,302
Current portion of long-term debt	1,165	1,171
Total current liabilities	79,031	91,001
Senior debt, less current portion	6,538	7,073
Subordinated debt	124,855	124,855
Other non-current liabilities	81,323	86,881
Total liabilities	291,747	309,810
Shareholders' equity:		
Voting common stock; 50,000,000 shares authorized; 19,112,106 and 19,046,930 shares issued, respectively	191	190
Additional paid-in capital	182,011	180,327
Retained earnings	34,418	41,891
ESOP debt guarantee	(1,963)	(2,309)
Accumulated other comprehensive loss	(29,184)	(38,245)
Total shareholders' equity	185,473	181,854
Total liabilities and shareholders' equity	\$477,220	\$491,664

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See accompanying notes to condensed consolidated financial statements.

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COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	December 31, 2009	December 28, 2008	December 31, 2009	December 28, 2008
	(In thousands, except per share data)			
Net sales	\$ 118,971	\$ 165,076	\$ 353,213	\$ 470,920
Cost of products sold	92,146	120,285	268,907	332,032
Gross profit	26,825	44,791	84,306	138,888
Selling expenses	15,791	19,861	47,873	55,227
General and administrative expenses	9,471	8,630	26,663	27,977
Restructuring charges	3,616	990	12,148	1,145
Amortization of intangibles	490	421	1,408	477
	29,368	29,902	88,092	84,826
Loss (income) from operations	(2,543)	14,889	(3,786)	54,062
Interest and debt expense	3,257	3,604	10,001	9,929
Investment (income) loss	(361)	3,335	(966)	3,158
Foreign currency exchange loss (gain)	6	1,759	(633)	2,548
Other income, net	(2,059)	(761)	(2,040)	(3,194)
(Loss) income from continuing operations before income tax (benefit) expense	(3,386)	6,952	(10,148)	41,621
Income tax (benefit) expense	(909)	2,454	(2,409)	14,850
(Loss) income from continuing operations	(2,477)	4,498	(7,739)	26,771
Income (loss) from discontinued operations - net of tax	133	(685)	266	(2,651)
Net (loss) income	(2,344)	3,813	(7,473)	24,120
Retained earnings - beginning of period	36,762	141,933	41,891	122,400
Change in accounting principle (note 18)	-	-	-	(774)
Retained earnings - end of period	\$ 34,418	\$ 145,746	\$ 34,418	\$ 145,746
Average basic shares outstanding	18,980	18,876	18,952	18,851
Average diluted shares outstanding	18,980	19,064	18,952	19,161
Basic income per share:				
(Loss) income from continuing operations	\$(0.13)	\$0.24	\$(0.40)	\$1.42
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.14)
Net (loss) income	\$(0.12)	\$0.20	\$(0.39)	\$1.28
Diluted income per share:				
(Loss) income from continuing operations	\$(0.13)	\$0.24	\$(0.40)	\$1.40
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.14)
Net (loss) income	\$(0.12)	\$0.20	\$(0.39)	\$1.26

See accompanying notes to condensed consolidated financial statements.

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COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	December 31, 2009	December 28, 2008
	(In thousands)	
OPERATING ACTIVITIES:		
Net (loss) income	\$(7,473)	\$24,120
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
(Income) loss from discontinued operations	(266)	2,651
Depreciation and amortization	9,231	7,521
Deferred income taxes	(4,054)	8,684
(Gain) loss on sale of real estate/investments	(1,994)	2,943
Gain on early retirement of bonds	-	(300)
Stock-based compensation	1,527	1,001
Amortization/write-off of deferred financing costs	460	449
Non-cash restructuring charges	950	-
Changes in operating assets and liabilities net of effects of business acquisitions and divestitures:		
Trade accounts receivable	15,672	10,577
Inventories	15,721	(4,372)
Prepaid expenses	1,510	(775)
Other assets	410	997
Trade accounts payable	(10,783)	(2,581)
Accrued and non-current liabilities	(3,769)	(6,532)
Net cash provided by operating activities from continuing operations	17,142	44,383
Net cash used by operating activities from discontinued operations	-	(3,082)
Net cash provided by operating activities	17,142	41,301
INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities	3,246	338
Purchases of marketable securities	(3,171)	(2,277)
Capital expenditures	(5,916)	(8,504)
Purchase of businesses, net of cash acquired	-	(53,261)
Proceeds from sale of businesses or assets	3,380	1,269
Net cash used by investing activities from continuing operations	(2,461)	(62,435)
Net cash provided by investing activities from discontinued operations	266	448
Net cash used by investing activities	(2,195)	(61,987)
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	201	391
Net payments under revolving line-of-credit agreements	(3,784)	(5,067)
Repayment of debt	(392)	(6,871)
Other	158	567
Net cash used by financing activities from continuing operations	(3,817)	(10,980)

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Net cash used by financing activities from discontinued operations	-	(14,612)
Net cash used by financing activities	(3,817)	(25,592)
Effect of exchange rate changes on cash	668	(7,743)
Net change in cash and cash equivalents	11,798	(54,021)
Cash and cash equivalents at beginning of period	39,236	75,994
Cash and cash equivalents at end of period	\$51,034	\$21,973

See accompanying notes to condensed consolidated financial statements.

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COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	December	December	December	December
	31,	28,	31,	28,
	2009	2008	2009	2008
	(In thousands)			
Net (loss) income	\$(2,344	) \$3,813	\$(7,473	) \$24,120
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(863	) (4,900	) 7,047	(11,591
Unrealized loss on derivatives qualifying as hedges, net of deferred tax benefit of (\$21), \$0, (\$21) and \$0	(35	) -	(35) -
Unrealized (loss) gain on investments:				
Unrealized holding (loss) gain arising during the period, net of deferred tax (benefit) of (\$72), (\$1,262), \$1,135 and (\$1,996)	(133	) (2,344	) 2,108	(3,707
Reclassification adjustment for (gain) loss included in net (loss) income, net of deferred tax (benefit) of (\$32), \$1,954, (\$32) and \$2,164	(60	) 3,629	(59	) 4,019
	(193	) 1,285	2,049	312
Total other comprehensive (loss) income	(1,091	) (3,615	) 9,061	(11,279
Comprehensive (loss) income	\$(3,435	) \$198	\$1,588	\$12,841

See accompanying notes to condensed consolidated financial statements.

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COLUMBUS McKINNON CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Dollar amounts in thousands, except share data)
December 31, 2009

1. Description of Business

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of Columbus McKinnon Corporation (the Company) at December 31, 2009, the results of its operations for the three and nine-month periods ended December 31, 2009 and December 28, 2008, and cash flows for the nine-month periods ended December 31, 2009 and December 28, 2008, have been included. Results for the period ended December 31, 2009 are not necessarily indicative of the results that may be expected for the year ending March 31, 2010. The balance sheet at March 31, 2009 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Columbus McKinnon Corporation annual report on Form 10-K for the year ended March 31, 2009.

The Company is a leading designer, marketer and manufacturer of material handling products, systems and services which efficiently and ergonomically move, lift, position and secure material. Key products include hoists, cranes, rigging tools including chain and forged attachments, and actuators. The Company's material handling products are sold, domestically and in