

TRIUMPH GROUP INC /
Form 10-Q
November 02, 2007

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 September 30, 2007**
- 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: 1-12235

TRIUMPH GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

51-0347963
(I.R.S. Employer Identification No.)

1550 Liberty Ridge, Suite 100
Wayne, PA
(Address of principal executive offices)

19087
(Zip Code)

(610) 251-1000

(Registrant's telephone number, including area code)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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 practical date.

Common Stock, par value \$0.001 per share, 16,708,100 shares outstanding as of September 30, 2007.

TRIUMPH GROUP, INC.

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Part I. Financial Information

Item 1. Financial Statements.

Triumph Group, Inc.

Consolidated Balance Sheets

(dollars in thousands, except per share data)

	SEPTEMBER 30, 2007 (unaudited)	MARCH 31, 2007
ASSETS		
Current assets:		
Cash	\$ 9,128	\$ 7,243
Accounts receivable, net	176,835	168,372
Inventories	334,526	296,080
Assets held for sale	21,985	28,643
Deferred income taxes	11,147	11,316
Prepaid expenses and other	5,368	6,713
Total current assets	558,989	518,367
Property and equipment, net	289,177	283,681
Goodwill	339,165	339,930
Intangible assets, net	64,941	69,919
Other, net	14,732	17,261
Total assets	\$ 1,267,004	\$ 1,229,158
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 102,148	\$ 101,332
Accrued expenses	65,568	75,582
Liabilities related to assets held for sale	4,243	7,545
Income taxes payable	827	1,484
Current portion of long-term debt	201,471	5,702
Total current liabilities	374,257	191,645
Long-term debt, less current portion	125,329	310,481
Deferred income taxes and other	102,258	99,669
Stockholders equity:		
Common stock, \$.001 par value, 50,000,000 shares authorized, 16,708,100 and 16,469,617 shares issued and outstanding	16	16
Capital in excess of par value	285,515	278,177
Treasury stock, at cost,		
Accumulated other comprehensive income (loss)	815	(120)
Retained earnings	378,814	349,290
Total stockholders equity	665,160	627,363

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Total liabilities and stockholders equity	\$	1,267,004	\$	1,229,158
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SEE ACCOMPANYING NOTES.

Triumph Group, Inc.

Consolidated Statements of Income

(in thousands, except per share data)

(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
	2007	2006	2007	2006
Net sales	\$ 279,772	\$ 221,809	\$ 554,776	\$ 439,805
Operating costs and expenses:				
Cost of products sold	199,729	158,625	393,615	316,851
Selling, general, and administrative	37,743	31,089	78,084	63,219
Depreciation and amortization	10,457	8,493	20,980	16,915
	247,929	198,207	492,679	396,985
Operating income	31,843	23,602	62,097	42,820
Interest expense and other	3,566	3,102	6,773	6,160
Income from continuing operations before income taxes	28,277	20,500	55,324	36,660
Income tax expense	9,575	7,228	18,811	12,922
Income from continuing operations	18,702	13,272	36,513	23,738
Loss from discontinued operations, net	(1,472)	(661)	(5,366)	(1,694)
Net income	\$ 17,230	\$ 12,611	\$ 31,147	\$ 22,044
Earnings per share basic:				
Income from continuing operations	\$ 1.13	\$ 0.82	\$ 2.21	\$ 1.47
Loss from discontinued operations	(0.09)	(0.04)	(0.33)	(0.11)
Net income	\$ 1.04	\$ 0.78	\$ 1.89*	\$ 1.37*
Weighted average common shares outstanding basic	16,524	16,166	16,491	16,121
Earnings per share diluted:				
Income from continuing operations	\$ 1.05	\$ 0.81	\$ 2.08	\$ 1.46
Loss from discontinued operations	(0.08)	(0.04)	(0.31)	(0.10)
Net income	\$ 0.97	\$ 0.77	\$ 1.78*	\$ 1.35*
Weighted average common shares outstanding diluted	17,827	16,314	17,539	16,299
Dividends declared and paid per common share	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.04

* Difference due to rounding.

SEE ACCOMPANYING NOTES.

Triumph Group, Inc.

Consolidated Statements of Cash Flows

(dollars in thousands)

(unaudited)

	SIX MONTHS ENDED SEPTEMBER 30,	
	2007	2006
OPERATING ACTIVITIES		
Net income	\$ 31,147	\$ 22,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,980	16,915
Other amortization included in interest expense	807	330
Provision for doubtful accounts receivable	637	407
Provision for deferred income taxes	2,792	290
Employee stock compensation	1,295	1,164
Changes in other current assets and liabilities, excluding the effects of acquisitions and dispositions of businesses:		
Accounts receivable	(8,901)	(4,789)
Inventories	(38,241)	(28,039)
Prepaid expenses and other	939	(1,224)
Accounts payable, accrued expenses and accrued income taxes payable	(4,769)	2,654
Changes in discontinued operations	(1,479)	(2,510)
Other	(898)	(2,387)
Net cash provided by operating activities	4,309	4,855
INVESTING ACTIVITIES		
Capital expenditures	(21,533)	(25,846)
Proceeds from sale of assets and business	5,010	105
Cash used for businesses and intangible assets acquired	(1,527)	(48,047)
Net cash used in investing activities	(18,050)	(73,788)

	SIX MONTHS ENDED SEPTEMBER 30,	
	2007	2006
FINANCING ACTIVITIES		
Net increase (decrease) in revolving credit facility borrowings	\$ 16,075	\$ (31,825)
Proceeds from issuance of long term debt	130	201,739
Repayment of debt and capital lease obligations	(5,588)	(34)
Payment of deferred financing costs		(5,630)
Proceeds from exercise of stock options, including excess tax benefit of \$1,409 and \$472 in 2008 and 2007	6,043	6,128
Cash dividends on common stock	(1,332)	(649)
Net cash provided by financing activities	15,328	169,729
Effect of exchange rate changes on cash		