

NN INC
Form 10-Q
November 08, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

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 0-23486

NN, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

62-1096725
(I.R.S. Employer
Identification Number)

2000 Waters Edge Drive

Building C, Suite 12

Johnson City, Tennessee 37604

(Address of principal executive offices, including zip code)

(423) 743-9151

(Registrant's telephone number, including area code)

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, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

As of November 4, 2011, there were 16,948,632 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NN, Inc.****Condensed Consolidated Statements of Income and Comprehensive Income (Loss)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30, 2011	2010	September 30, 2011	2010
(In Thousands of Dollars, Except Per Share Data)				
Net sales	\$ 101,143	\$ 90,996	\$ 328,371	\$ 269,029
Cost of products sold (exclusive of depreciation and amortization shown separately below)	83,575	75,066	268,530	217,403
Selling, general and administrative	7,498	7,316	23,184	22,357
Depreciation and amortization	4,298	4,189	12,624	15,152
(Gain) loss on disposal of assets	(23)	676	(20)	679
Restructuring and impairment charges		823		2,060
Gain from deconsolidation of bankrupt subsidiary			(209)	
Income from operations	5,795	2,926	24,262	11,378
Interest expense	1,169	1,775	3,613	5,258
Write-off of unamortized debt issuance costs				130
Other expense (income), net	(1,462)	1,407	(271)	(1,569)
Income (loss) before provision for income taxes	6,088	(256)	20,920	7,559
Provision for income taxes	1,386	752	4,886	3,221
Net income (loss)	4,702	(1,008)	16,034	4,338
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	(6,882)	9,825	1,612	(5,095)
Comprehensive income (loss)	\$ (2,180)	\$ 8,817	\$ 17,646	\$ (757)
Basic income (loss) per common share:	\$ 0.28	\$ (0.06)	\$ 0.96	\$ 0.26
Weighted average shares outstanding	16,949	16,526	16,784	16,426
Diluted income (loss) per common share:	\$ 0.28	\$ (0.06)	\$ 0.95	\$ 0.26
Weighted average shares outstanding	17,061	16,526	16,954	16,537

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**NN, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

(In Thousands of Dollars)	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash	\$ 12,081	\$ 5,556
Accounts receivable, net of allowance for doubtful accounts of \$382 and \$478, respectively	72,988	63,331
Inventories, net	43,867	41,882
Other current assets	5,657	4,901
Total current assets	134,593	115,670
Property, plant and equipment, net	119,782	118,488
Goodwill, net	8,515	8,396
Intangible asset	900	900
Other non-current assets	5,188	5,101
Total assets	\$ 268,978	\$ 248,555
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 45,980	\$ 55,549
Accrued salaries, wages and benefits	12,605	13,548
Current maturities of long-term debt	9,243	5,714
Income taxes payable	1,679	2,560
Other current liabilities	5,768	6,216
Total current liabilities	75,275	83,587
Non-current deferred tax liabilities	4,011	3,954
Long-term debt, net of current portion	81,129	67,643
Other non-current liabilities	9,958	15,264
Total liabilities	170,373	170,448
Total stockholders' equity	98,605	78,107
Total liabilities and stockholders' equity	\$ 268,978	\$ 248,555

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**NN, Inc.****Condensed Consolidated Statement of Changes in Stockholders' Equity****(Unaudited)**

(In Thousands of Dollars and Shares)	Common Stock		Additional Paid in Capital	Retained Earnings	Accumulated	Total
	Number Of Shares	Par Value			Other Comprehensive Income	
Balance, January 1, 2011	16,620	\$ 167	\$ 51,863	\$ 6,675	\$ 19,402	\$ 78,107
Net income				16,034		16,034
Shares issued for options	254	2	2,381			2,383
Stock option expense			270			270
Restricted stock expense	75		199			199
Foreign currency translation gain					1,612	1,612
Balance, September 30, 2011	16,949	\$ 169	\$ 54,713	\$ 22,709	\$ 21,014	\$ 98,605

The accompanying notes are an integral part of the consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows**(Unaudited)**

	Nine Months Ended	
	September 30,	
	2011	2010
(In Thousands of Dollars)		
Operating Activities:		
Net income	\$ 16,034	\$ 4,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,624	15,152
Amortization of debt issuance costs	620	1,102
Write-off of unamortized debt issuance cost		130
(Gain) loss on disposal of assets	(20)	