

GLOBAL POWER EQUIPMENT GROUP INC.

Form 10-Q

November 07, 2013

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 10-Q**

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

**For the quarterly period ended September 30, 2013**

**or**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File No. 001-16501**

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**Global Power Equipment Group Inc.**

**(Exact name of registrant as specified in its charter)**

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**73-1541378**  
(I.R.S. Employer  
Identification No.)

**400 E. Las Colinas Blvd., Suite 400**

**Irving, TX 75039**

(Address of principal executive offices) (Zip code)

**(214) 574-2700**

(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 website, 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of November 6, 2013, there were 17,027,335 shares of common stock of Global Power Equipment Group Inc. outstanding.



Table of Contents

**GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES**

**Form 10-Q**

**For the quarter ended September 30, 2013**

**Table of Contents**

**Part I. FINANCIAL INFORMATION**

<b><u>Item 1. Financial Statements (unaudited)</u></b>	<b>3</b>
<b><u>Condensed Consolidated Balance Sheets as of September 30, 2013 (unaudited) and December 31, 2012</u></b>	<b>3</b>
<b><u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2013 and 2012 (unaudited)</u></b>	<b>4</b>
<b><u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2013 and 2012 (unaudited)</u></b>	<b>5</b>
<b><u>Condensed Consolidated Statement of Stockholders' Equity for the Nine Months Ended September 30, 2013 (unaudited)</u></b>	<b>6</b>
<b><u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2013 and 2012 (unaudited)</u></b>	<b>7</b>
<b><u>Notes to Condensed Consolidated Financial Statements (unaudited)</u></b>	<b>8</b>
<b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	<b>20</b>
<b><u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u></b>	<b>32</b>
<b><u>Item 4. Controls and Procedures</u></b>	<b>32</b>
<b><u>Part II. OTHER INFORMATION</u></b>	
<b><u>Item 1. Legal Proceedings</u></b>	<b>34</b>
<b><u>Item 1A. Risk Factors</u></b>	<b>34</b>
<b><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	<b>34</b>
<b><u>Item 3. Defaults Upon Senior Securities</u></b>	<b>34</b>
<b><u>Item 4. Mine Safety Disclosures</u></b>	<b>34</b>
<b><u>Item 5. Other Information</u></b>	<b>34</b>

**Item 6. Exhibits**

**35**

**SIGNATURES**

**36**

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Table of Contents**Part I FINANCIAL INFORMATION****Item 1. Financial Statements.****GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(\$ in thousands, except share and per share amounts)

	<b>September 30, 2013</b>		<b>December 31, 2012</b>
	(Unaudited)		
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 32,342	\$	31,951
Restricted cash	159		317
Accounts receivable, net of allowance of \$746 and \$990	79,037		90,573
Inventories	8,328		6,808
Costs and estimated earnings in excess of billings	52,745		50,059
Deferred tax assets	5,026		4,859
Other current assets	7,604		5,535
Total current assets	185,241		190,102
Property, plant and equipment, net	20,568		15,598
Goodwill	109,520		89,346
Intangible assets, net	61,433		36,985
Deferred tax assets	4,743		11,282
Other long-term assets	1,224		1,505
Total assets	\$ 382,729	\$	344,818
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 22,561	\$	24,749
Accrued compensation and benefits	19,523		16,724
Billings in excess of costs and estimated earnings	11,506		16,205
Accrued warranties	3,328		4,073
Other current liabilities	11,122		8,389
Total current liabilities	68,040		70,140
Long-term debt	40,000		
Other long-term liabilities	5,845		4,680
Total liabilities	113,885		74,820
Commitments and contingencies (Note 7)			

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Stockholders' equity:

Common stock, \$0.01 par value, 170,000,000 shares authorized and 18,240,925 and 17,941,529 shares issued, respectively, and 17,016,304 and 16,804,826 shares outstanding, respectively	182	179
Paid-in capital	68,544	66,660
Accumulated other comprehensive income	2,661	1,812
Retained earnings	197,469	201,358
Treasury stock, at par (1,224,621 and 1,136,703 common shares, respectively)	(12)	(11)
Total stockholders' equity	268,844	269,998
Total liabilities and stockholders' equity	\$ 382,729	\$ 344,818

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(\$ in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013 (Unaudited)	2012	2013 (Unaudited)	2012
Products revenue	\$ 54,577	\$ 47,995	\$ 129,401	\$ 113,681
Services revenue	55,421	63,501	213,272	196,955
Total revenue	109,998	111,496	342,673	310,636
Cost of products revenue	41,318	39,196	101,623	90,642
Cost of services revenue	47,954	54,171	185,555	168,381
Cost of revenue	89,272	93,367	287,178	259,023
Gross profit	20,726	18,129	55,495	51,613
Selling and marketing expenses	2,272	1,587	6,957	4,577
General and administrative expenses	14,806	13,265	42,172	38,502
Depreciation and amortization expense (1)	1,936	752	4,568	1,261
Total operating expenses	19,014	15,604	53,697	44,340
Operating income	1,712	2,525	1,798	7,273
Interest expense, net	207	94	483	1,365
Other expense, net	164	169	168	162
Income from continuing operations before income tax	1,341	2,262	1,147	5,746
Income tax expense	312	954	577	2,583
Income from continuing operations	1,029	1,308	570	3,163
Discontinued operations:				
Income from discontinued operations, net of tax	273	238	232	111
Net income	1,302	\$ 1,546	\$ 802	\$ 3,274
Basic earnings per weighted average common share:				
Income from continuing operations	\$ 0.06	\$ 0.08	\$ 0.03	\$ 0.19
Income from discontinued operations	0.02	0.01	0.02	
Income per common share - basic	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.19
Weighted average number of shares of common stock outstanding - basic	16,958,138	17,166,293	16,896,434	16,885,205
Diluted earnings per weighted average common share:				
Income from continuing operations	\$ 0.06	\$ 0.08	\$ 0.03	\$ 0.18
Income from discontinued operations	0.02	0.01	0.02	0.01



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Income per common share - diluted	\$	0.08	\$	0.09	\$	0.05	\$	0.19
Weighted average number of shares of common stock outstanding - diluted		16,995,373		17,258,659		17,020,334		17,251,142
Cash dividends per share	\$	0.09	\$	0.09	\$	0.27	\$	0.18

(1) Excludes depreciation and amortization expense for the three months ended September 30, 2013 and 2012 of \$399 and \$214 included in cost of revenue, respectively. Excludes depreciation and amortization expense for the nine months ended September 30, 2013 and 2012 of \$1,048 and \$610 included in cost of revenue, respectively.

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents

**GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(\$ in thousands)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		(Unaudited)		(Unaudited)
Net income	\$ 1,302	\$ 1,546	\$ 802	\$ 3,274
Foreign currency translation adjustment	830	934	849	323
Comprehensive income	\$ 2,132	\$ 2,480	\$ 1,651	\$ 3,597

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents

**GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

(\$ in thousands, except share amounts)

(unaudited)

Common Shares \$0.01 Per Share		Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Shares		Total
Shares	Amount				Shares	Amount	