

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

Washington D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the quarterly period ended October 2, 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: 0-24020

SYPRIS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction
of incorporation or organization)

101 Bullitt Lane, Suite 450

Louisville, Kentucky 40222
(Address of principal executive
offices) (Zip code)

61-1321992
(I.R.S. Employer
Identification No.)

(502) 329-2000
(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. x 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). x 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 " Accelerated filer "
Non-accelerated filer " Smaller reporting company x
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). " Yes x No

As of November 1, 2011 the Registrant had 20,001,401 shares of common stock outstanding.

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	Three Months Ended		Nine Months Ended	
	October 2,	October 3,	October 2,	October 3,
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Net revenue:				
Outsourced services	\$ 75,574	\$ 59,435	\$ 209,838	\$ 169,693
Products	15,603	13,977	42,207	29,728
Total net revenue	91,177	73,412	252,045	199,421
Cost of sales:				
Outsourced services	68,216	55,543	189,271	157,996
Products	12,698	10,644	36,252	23,840
Total cost of sales	80,914	66,187	225,523	181,836
Gross profit	10,263	7,225	26,522	17,585
Selling, general and administrative	7,232	6,877	20,905	19,949
Research and development	1,097	496	2,637	969
Amortization of intangible assets	24	29	80	85
Nonrecurring income	0	0	(3,000)	0
Restructuring expense, net	356	626	233	2,041
Operating income (loss)	1,554	(803)	5,667	(5,459)
Interest expense, net	153	612	1,608	1,796
Other income, net	(6,489)	(177)	(5,983)	(399)
Income (loss) from continuing operations, before taxes	7,890	(1,238)	10,042	(6,856)
Income tax expense	1,808	457	3,008	1,227
Income (loss) from continuing operations	6,082	(1,695)	7,034	(8,083)
Loss from discontinued operations, net of tax	0	(196)	(450)	(496)
Net income (loss)	\$ 6,082	\$ (1,891)	\$ 6,584	\$ (8,579)
Basic income (loss) per share:				
Income (loss) per share from continuing operations	\$ 0.30	\$ (0.09)	\$ 0.35	\$ (0.43)
Loss per share from discontinued operations	0.00	(0.01)	(0.02)	(0.03)
Net income (loss) per share	\$ 0.30	\$ (0.10)	\$ 0.33	\$ (0.46)
Diluted income (loss) per share:				
Income (loss) per share from continuing operations	\$ 0.30	\$ (0.09)	\$ 0.35	\$ (0.43)
Loss per share from discontinued operations	0.00	(0.01)	(0.02)	(0.03)

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Net income (loss) per share \$ 0.30 \$ (0.10) \$ 0.33 \$ (0.46)

Weighted average shares outstanding:

Basic	18,844	18,628	18,813	18,596
Diluted	19,024	18,628	18,999	18,596

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

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SYPRIS SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except for share data)

	October 2, 2011 (Unaudited)	December 31, 2010 (Note)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,527	\$ 16,592
Accounts receivable, net	54,116	41,434
Inventory, net	36,046	30,264
Prepaid expenses and other current assets	4,052	5,717
Total current assets	109,741	94,007
Restricted cash	3,000	3,000
Investment in marketable securities	1,512	0
Property, plant and equipment, net	60,141	68,590
Goodwill	6,900	6,900
Other assets	6,234	7,195
Total assets	\$ 187,528	\$ 179,692
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 57,545	\$ 39,488
Accrued liabilities	24,872	22,763
Current portion of long-term debt	0	2,000
Total current liabilities	82,417	64,251
Long-term debt	12,500	21,305
Other liabilities	28,263	34,338
Total liabilities	123,180	119,894
Stockholders equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	0	0
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	0	0
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	0	0
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 20,108,635 shares issued and 20,014,901 shares outstanding in 2011 and 19,964,348 shares issued and 19,663,229 shares outstanding in 2010	201	199
Additional paid-in capital	148,934	148,555
Retained deficit	(68,045)	(74,629)
Accumulated other comprehensive loss	(16,741)	(14,324)
Treasury stock, 93,734 and 301,119 shares in 2011 and 2010, respectively	(1)	(3)
Total stockholders equity	64,348	59,798
Total liabilities and stockholders equity	\$ 187,528	\$ 179,692

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Note: The balance sheet at December 31, 2010 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

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

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SYPRIS SOLUTIONS, INC.

CONSOLIDATED CASH FLOW STATEMENTS

(in thousands)

	Nine Months Ended	
	October 2, 2011	October 3, 2010
	(Unaudited)	
Cash flows from operating activities:		
Net income (loss)	\$ 6,584	\$ (8,579)
Loss from discontinued operations	(450)	(496)
Income (loss) from continuing operations	7,034	(8,083)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,791	11,083
Stock-based compensation expense	754	776
Deferred revenue recognized		