

CORE MOLDING TECHNOLOGIES INC  
Form 10-Q  
November 09, 2018

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, 2018

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 001-12505  
CORE MOLDING TECHNOLOGIES, INC.

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(Exact name of registrant as specified in its charter)  
Delaware 31-1481870  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
incorporation or organization)  
800 Manor Park Drive, Columbus, Ohio 43228-0183  
(Address of principal executive office) (Zip Code)  
Registrant's telephone number, including area code (614) 870-5000  
N/A

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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 every Interactive Data File required to be submitted 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 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 definition of "accelerated filer," "large accelerated filer," and "smaller reporting company," in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
 Emerging growth company   
(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 8, 2018, the latest practicable date, 8,098,983 shares of the registrant's common stock were issued and outstanding.

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## Item 1. Financial Statements

## Part I — Financial Information

## Core Molding Technologies, Inc. and Subsidiaries

## Consolidated Statements of Income (Loss)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales:				
Products	\$62,305,000	\$37,593,000	\$187,243,000	\$110,723,000
Tooling	2,371,000	901,000	9,081,000	11,885,000
Total net sales	64,676,000	38,494,000	196,324,000	122,608,000
Total cost of sales	59,814,000	32,742,000	175,679,000	103,037,000
Gross margin	4,862,000	5,752,000	20,645,000	19,571,000
Total selling, general and administrative expense	6,349,000	4,358,000	19,587,000	12,450,000
Operating Income (Loss)	(1,487,000 )	1,394,000	1,058,000	7,121,000
Other income and expense				
Interest expense	632,000	62,000	1,705,000	191,000
Net periodic post-retirement benefit	(12,000 )	(12,000 )	(36,000 )	(36,000 )
Total other income and expense	620,000	50,000	1,669,000	155,000
Income (Loss) before taxes	(2,107,000 )	1,344,000	(611,000 )	6,966,000
Income tax expense (benefit)	(304,000 )	489,000	228,000	2,262,000
Net income (loss)	\$(1,803,000 )	\$855,000	\$(839,000 )	\$4,704,000
Net income (loss) per common share:				
Basic	\$(0.23 )	\$0.11	\$(0.11 )	\$0.61
Diluted	\$(0.23 )	\$0.11	\$(0.11 )	\$0.61
Weighted average shares outstanding:				
Basic	7,804,000	7,711,000	7,758,000	7,683,000
Diluted	7,804,000	7,757,000	7,758,000	7,739,000
See notes to unaudited consolidated financial statements.				

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Consolidated Statements of Comprehensive Income (Loss)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	\$(1,803,000)	\$855,000	\$(839,000)	\$4,704,000
Other comprehensive income (loss):				
Foreign currency hedging derivatives:				
Unrealized hedge gain (loss)	907,000	(139,000 )	561,000	657,000
Income tax (expense) benefit	(202,000 )	48,000	(156,000 )	(223,000 )
Interest rate swaps:				
Unrealized hedge gain	175,000	—	424,000	—
Income tax benefit (expense)	(40,000 )	—	(97,000 )	—
Post retirement benefit plan adjustments:				
Net actuarial loss	43,000	37,000	129,000	112,000
Prior service costs	(124,000 )	(124,000 )	(372,000 )	(372,000 )
Income tax benefit	17,000	26,000	51,000	78,000
Comprehensive income (loss)	\$(1,027,000)	\$703,000	\$(299,000)	\$4,956,000

See notes to unaudited consolidated financial statements.

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Consolidated Balance Sheets

	September 30, 2018 (Unaudited)	December 31, 2017
Assets:		
Current assets:		
Cash and cash equivalents	\$—	\$26,780,000
Accounts receivable, net	38,666,000	19,846,000
Inventory, net	22,648,000	13,459,000
Prepaid expenses and other current assets	8,123,000	4,870,000
Total current assets	69,437,000	64,955,000
Property, plant and equipment, net	80,822,000	68,631,000
Goodwill	22,957,000	2,403,000
Intangibles, net	16,666,000	513,000
Other non-current assets	2,184,000	2,076,000
Total Assets	\$192,066,000	\$138,578,000
Liabilities and Stockholders' Equity:		
Current liabilities:		
Current portion of long-term debt	3,230,000	3,000,000
Accounts payable	29,066,000	13,850,000
Compensation and related benefits	5,071,000	3,524,000
Accrued other liabilities	4,940,000	4,212,000
Total current liabilities	42,307,000	24,586,000
Long-term debt	38,591,000	3,750,000
Deferred tax liability	395,000	395,000
Post retirement benefits liability	7,924,000	7,954,000
Total Liabilities	\$89,217,000	\$36,685,000
Commitments and Contingencies	—	—
Stockholders' Equity:		
Preferred stock — \$0.01 par value, authorized shares — 10,000,000; no shares outstanding at September 30, 2018 and December 31, 2017	—	—
Common stock — \$0.01 par value, authorized shares – 20,000,000; outstanding shares: 7,771,415 at September 30, 2018 and 7,711,277 December 31, 2017	78,000	77,000
Paid-in capital	32,693,000	31,465,000
Accumulated other comprehensive income, net of income taxes	2,609,000	2,070,000
Treasury stock - at cost, 3,790,308 at September 30, 2018 and 3,773,128 at December 31, 2017	(28,403,000 )	(28,153,000 )
Retained earnings	95,872,000	96,434,000
Total Stockholders' Equity	102,849,000	101,893,000
Total Liabilities and Stockholders' Equity	\$192,066,000	\$138,578,000
See notes to unaudited consolidated financial statements.		

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Consolidated Statement of Stockholders' Equity  
(Unaudited)

	Common Stock Outstanding		Paid-In Capital	Accumulated Other Comprehensive Income	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2017, as previously reported	7,711,277	\$77,000	\$31,465,000	\$ 2,070,000	\$(28,153,000)	\$96,434,000	\$ 101,893,000
Impact of change in accounting policy (See Note 2)						1,069,000	1,069,000
Balance at January 1, 2018	7,711,277	\$77,000	\$31,465,000	\$ 2,070,000	\$(28,153,000)	\$97,503,000	\$ 102,962,000
Net loss						(839,000 )	(839,000 )
Cash dividends paid						(792,000 )	(792,000 )
Change in post retirement benefits, net of tax benefit of \$51,000							