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AAON INC
Form 8-K
October 20, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 19, 2004

AAON, INC.

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Nevada | 0-18953 | 87-0448736 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

2425 South Yukon, Tulsa, Oklahoma 74107

(Address of principal executive offices)

Registrant's telephone number, including area code: (918) 583-2266

Item 2.02 Results of Operations and Financial Condition.

On October 19, 2004, Registrant issued a press release concerning its results of operations for the three and nine month periods ended and at September 30, 2004.

Item 9.01 Financial Statements and Exhibits.

A copy of Registrant's October 19, 2004, press release is attached as Exhibit "A" hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

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AAON, INC.

Date: October 19, 2004

By: /s/ John B. Johnson, Jr.

John B. Johnson, Jr., Secretary

(1)

EXHIBIT "A"

NEWS BULLETIN
FOR IMMEDIATE RELEASE
October 19, 2004

AAON, Inc.
2425 South Yukon Ave. o Tulsa, OK 74107-2728
o Ph: (918) 583-2266 o Fax: (918) 583-6094 o
o <http://www.aaon.com> o

For Further Information:
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AAON REPORTS THIRD QUARTER
RECORD SALES AND LOWER EARNINGS

Tulsa, OK, October 19, 2004 - AAON, Inc. (NASDAQ-AAON)

In the quarter, revenues reached a record level, \$47,733,000, up 16.4% from \$41,003,000 during the corresponding period in 2003, and net income decreased 58.0% to \$1,527,000 or \$0.12 per share compared to \$3,635,000 or \$0.27 per share for the same period a year ago.

Norman H. Asbjornson, President and CEO, stated that, "due to further increases in material costs during the third quarter, recent product price increases did not yield the anticipated margin improvement and additional product price increases will be necessary. It is unclear what impact further product price increases will have on sales volume in the future."

Net sales for the first nine months of 2004 were up 15.5%, \$128,246,000, compared to \$111,081,000 in 2003, whereas earnings were down 48.2% from \$10,487,000 or \$0.79 per share, to \$5,435,000 or \$0.42 per share. All per share earnings are on a diluted basis.

Mr. Asbjornson said, "sales in the third quarter, together with the Company's current backlog, will produce record second half of 2004 and yearly sales; however, due to ongoing material cost increases, earnings in the second half of 2004 will only approximate earnings in the first half of the year."

Certain statements in this news release may be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933. Statements regarding future prospects and developments are based upon current expectations and involve certain risks and uncertainties that could cause actual results and developments to differ materially from the forward-looking statements.

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AAON, Inc.
Consolidated Statements of Operations

| | Three Months Ended | | Sept. 30, 2003* |
|--|--|-----------------|-----------------|
| | Sept. 30, 2004* | Sept. 30, 2003* | |
| | (in thousands, except share and per share amounts) | | |
| Net sales | \$ 47,733 | \$ 41,003 | \$ 128,000 |
| Cost of Sales | 41,639 | 31,491 | 108,000 |
| Gross profit | 6,094 | 9,512 | 20,000 |
| Selling, general and administrative expenses | 3,405 | 3,861 | 11,000 |
| Income from operations | 2,689 | 5,651 | 8,000 |
| Interest expense | 8 | 6 | |
| Interest income | (10) | (84) | |
| Other expense (income) | (13) | (45) | |
| Income before income taxes | 2,704 | 5,774 | 9,000 |
| Income tax provision | 1,177 | 2,139 | 3,000 |
| Net Income | \$ 1,527 | \$ 3,635 | \$ 5,000 |
| Earnings Per Share: | | | |
| Basic | \$ 0.12 | \$ 0.29 | \$ 0.00 |
| Diluted | \$ 0.12 | \$ 0.27 | \$ 0.00 |
| Weighted Average Shares Outstanding: | | | |
| Basic | 12,420,941 | 12,593,711 | 12,453,000 |
| Diluted | 12,898,497 | 13,292,444 | 12,954,000 |

*Unaudited

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AAON, Inc.
Consolidated Balance Sheets

September 30, 2004*

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(in thousands, except share and

ASSETS

CURRENT ASSETS

| | | |
|---------------------------|----|--------|
| Cash and cash equivalents | \$ | 13 |
| Certificate of deposit | | 2,000 |
| Accounts receivable, net | | 31,292 |
| Inventories, net | | 21,657 |
| Prepaid expenses | | 440 |
| Deferred income tax | | 3,781 |

Total current assets 59,183

PROPERTY, PLANT AND EQUIPMENT:

| | | |
|-------------------------|--|--------|
| Land | | 2,045 |
| Buildings | | 24,914 |
| Machinery and equipment | | 51,363 |
| Furniture and fixtures | | 3,880 |

| | | |
|-----------------------------------|--|--------|
| Total property, plant & equipment | | 82,202 |
| Less: accumulated depreciation | | 35,760 |

Net property, plant & equipment 46,442

Total assets \$ 105,625

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------|----|--------|
| Revolving credit facility | \$ | 3,203 |
| Accounts payable | | 11,020 |
| Accrued liabilities | | 16,872 |

Total current liabilities 31,095

DEFERRED TAX LIABILITY 4,685

STOCKHOLDERS' EQUITY

| | | |
|---|--|--------|
| Preferred Stock, \$.001 par, 5,000,000 shares authorized, no shares issued | | - |
| Common Stock, \$.004 par, 50,000,000 shares authorized, and 12,405,598 and 12,519,733 issued and outstanding at September 30, 2004, and December 31, 2003, respectively | | 50 |
| Additional paid-in capital | | - |
| Accumulated other comprehensive income | | 24 |
| Retained Earnings | | 69,771 |

Total stockholders' equity 69,845

Total liabilities and stockholders' equity \$ 105,625

*Unaudited

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AAON, Inc.
Consolidated Statements of Cash Flows

| | Nine Months Ended Sept. 30, 2004* |
|---|--------------------------------------|
| | (in thousands) |
| <hr/> | |
| Operating Activities | |
| Net income | \$ 5,435 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 4,474 |
| Provision for losses on accounts receivable | 535 |
| Loss on disposition of assets | 4 |
| Deferred income taxes | (955) |
| Changes in assets and liabilities net of effects of acquisition: | |
| Accounts receivable | (8,187) |
| Inventories | (1,487) |
| Prepaid expenses | 2,213 |
| Accounts payable | (533) |
| Accrued liabilities | 4,470 |
| | <hr/> |
| Net cash provided by operating activities | 5,969 |
| Investing Activities | |
| Cash paid for acquisition | (1,778) |
| Proceeds from sale of property, plant and equipment | 13 |
| Proceeds from matured certificate of deposit | 10,000 |
| Investment in certificate of deposit | (2,000) |
| Capital expenditures | (13,206) |
| | <hr/> |
| Net cash used in investing activities | (6,971) |
| Financing Activities | |
| Borrowings under revolving credit agreement | 42,759 |
| Payments under revolving credit agreement | (44,912) |
| Stock options exercised | 965 |
| Repurchase of stock | (4,007) |
| | <hr/> |
| Net cash used in financing activities | (5,195) |
| Effect of exchange rate on cash | 24 |
| | <hr/> |
| Net decrease in cash and cash equivalents | (6,173) |
| | <hr/> |
| Cash and cash equivalents, beginning of year | 6,186 |
| | <hr/> |
| Cash and cash equivalents, end of year | \$ 13 |
| | <hr/> <hr/> |

*Unaudited