

TRIMAS CORP
Form 10-Q
November 14, 2006

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 September 30, 2006
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 333-100351

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-2687639
(IRS Employer
Identification No.)

39400 Woodward Avenue, Suite 130

Bloomfield Hills, Michigan 48304

(Address of principal executive offices, including zip code)

(248) 631-5450

(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 is a large accelerated filer, an accelerated filer, or non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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

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As of November 14, 2006, the number of outstanding shares of the Registrant's common stock, \$.01 par value, was 20,759,500 shares.

TriMas Corporation

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Forward-Looking Statements

This report contains forward-looking statements (as that term is defined by the federal securities laws) about our financial condition, results of operations and business. You can find many of these statements by looking for words such as may, will, expect, anticipate, similar words used in this report.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as of the date of this report.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this report include general economic conditions in the markets in which we operate and industry-related and other factors such as:

- Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries. As a result, we are subject to the loss of sales and margins due to an economic downturn or recession, which could negatively affect us;
- Many of the markets we serve are highly competitive, which could limit the volume of products that we sell and reduce our operating margins. We also face the risk of lower cost foreign manufacturers located in China, Southeast Asia and other regions competing in the markets for our products, and we may be adversely impacted;
- Increases in our raw material or energy costs or the loss of a substantial number of our raw material or energy suppliers could adversely affect our profitability and other financial results;
- We may be unable to successfully implement our business strategies. Our ability to realize benefits from our business strategies may be limited;
- Our products are typically highly engineered or customer-driven and, as such, we are subject to risks associated with changing technology and manufacturing techniques, which could place us at a competitive disadvantage;
- We depend on the services of key individuals and relationships, the loss of which would materially harm us;
- We have substantial debt and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations;
- Restrictions in our debt instruments and accounts receivable facility limit our ability to take certain actions and breaches thereof could impair our liquidity;
- We may be unable to protect our intellectual property or face liability associated with the use of products for which intellectual property rights are claimed;
- We may incur material losses and costs as a result of product liability, recall and warranty claims that may be brought against us;

- Our business may be materially and adversely affected by compliance obligations and liabilities including environmental and other laws and regulations;
- Historically, we have grown primarily through acquisitions. If we are unable to identify attractive acquisition candidates, successfully integrate acquired operations or realize the intended benefits of our acquisitions, we may be adversely affected;
- We have significant operating lease obligations. Failure to meet those obligations could adversely affect our financial condition;
- We have significant goodwill and intangible assets. Future impairment of our goodwill and intangible assets could have a material adverse impact on our financial results;
- We may be subject to work stoppages and further unionization at our facilities or our customers or suppliers may be subjected to work stoppages, which could seriously impact the profitability of our business;
- Our healthcare costs for active employees and retirees may exceed our projections and may negatively affect our financial results;
- A growing portion of our sales may be derived from international sources, which exposes us to certain risks which may adversely affect our financial results; and
- We have not yet completed the implementation of our plans to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

We disclose important factors that could cause our actual results to differ materially from our expectations under Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this report. These cautionary statements qualify all forward-looking statements attributed to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other condition, results of operations, prospects and ability to service our debt.

Part I. Financial Information**Item 1. Financial Statements****TriMas Corporation
Consolidated Balance Sheet****(Unaudited dollars in thousands)**

	September 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,880	\$ 3,730
Receivables, net	100,870	89,960
Inventories	159,960	148,450
Deferred income taxes	20,120	20,120
Prepaid expenses and other current assets	6,980	7,050
Assets of discontinued operations held for sale	24,220	46,730
Total current assets	316,030	316,040
Property and equipment, net	163,450	164,250
Goodwill	650,690	644,780
Other intangibles, net	245,920	255,220
Other assets	39,240	48,220
Total assets	\$ 1,415,330	\$ 1,428,510
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	\$ 5,550	\$ 13,820
Accounts payable	94,140	111,250
Accrued liabilities	81,260	62,800
Due to Metaldyne	1,910	4,850
Liabilities of discontinued operations	29,720	38,410
Total current liabilities	212,580	231,130
Long-term debt	716,700	713,860
Deferred income taxes	95,910	95,980
Other long-term liabilities	34,350	34,760
Due to Metaldyne	3,480	3,480