

COLUMBUS MCKINNON CORP
Form 10-K
May 29, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
(FEE REQUIRED)

For the fiscal year ended March 31, 2013

Commission file number 0-27618

COLUMBUS McKINNON CORPORATION
(Exact name of Registrant as specified in its charter)

New York
(State of Incorporation)

16-0547600
(I.R.S. Employer Identification Number)

140 John James Audubon Parkway
Amherst, New York 14228-1197
(Address of principal executive offices, including zip code)

(716) 689-5400
(Registrant's telephone number, including area code)

Securities pursuant to section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$0.01 Par Value (and rights attached thereto)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by checkmark 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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes
x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K x.

Indicate by checkmark 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 Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of September 30, 2012 (the second fiscal quarter in which this Form 10-K relates) was approximately \$285 million, based upon the closing price of the Company’s common shares as quoted on the Nasdaq Stock Market on such date. The number of shares of the Registrant’s common stock outstanding as of May 22, 2013 was 19,509,042 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s proxy statement for its 2012 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the Registrant’s fiscal year ended March 31, 2013 are incorporated by reference into Part III of this report.

COLUMBUS McKINNON CORPORATION

2013 Annual Report on Form 10-K

This annual report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors set forth herein under “Risk Factors.” We use words like “will,” “may,” “should,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “future” and other expressions to identify forward looking statements. These forward looking statements speak only as of their respective dates and we do not undertake and specifically decline any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated changes. Our actual operating results could differ materially from those predicted in these forward-looking statements, and any other events anticipated in the forward-looking statements may not actually occur.

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PART I

Item 1. Business

General

We are a leading global designer, manufacturer and marketer of hoists, rigging tools, cranes, actuators, and other material handling products serving a wide variety of commercial and industrial end-user markets. Our products are used to efficiently and ergonomically move, lift, position and secure objects and loads. We are the U.S. market leader in hoists, our principal line of products, as well as certain chain, forged attachment, and actuator products which we believe provides us with a strategic advantage in selling our other products. We have achieved this leadership position through strategic acquisitions, our extensive, diverse and well-established distribution channels and our commitment to product innovation and quality. We have one of the most comprehensive product offerings in the industry and we believe we have more overhead hoists in use in North America than all of our competitors combined. Additionally, we believe we are the market leader of manual hoist and actuator products in Europe, which provides us further opportunity to sell our other products through our existing distribution channels in that region. Our products are sold globally and our brand names, including CM, Coffing, Chester, Duff-Norton, Pfaff, Shaw-Box and Yale, are among the most recognized and well-respected in the marketplace.

Our business is cyclical in nature and sensitive to changes in general economic conditions, including changes in the manufacturing industry capacity utilization, industrial production and the general economic activity indicators, like GDP. Both the U.S. and Eurozone capacity utilization are primary leading market indicators for the Company. U.S. industrial capacity utilization increased to 77.1% in March 2013, trending up from 76.9% in March 2012 and slightly improved from 77.0% in December 2012. Eurozone capacity utilization was 77.2% in the quarter ended March 31, 2013, down from 79.9% during the quarter ended March 31, 2012, but improved from 76.9% at the end of December 2012. The European indicator reflects the modest recession being experienced in the Eurozone, while the U.S. indicator demonstrates moderate economic growth. In addition we follow the Emerging Markets Purchasing Managers' Index (PMI) for countries significant to our operations including China, Brazil, Mexico, and Russia.

Our Position in the Industry

The broad, global material handling industry includes the following sectors:

- overhead material handling and lifting devices;
 - continuous materials movement;
 - wheeled handling devices;
- pallets, containers and packaging;
- storage equipment and shop furniture;
- automation systems and robots; and
- services and unbundled software.

The breadth of our products and services enables us to participate in most of these sectors. This diversification, together with our extensive and varied distribution channels, minimizes our dependence on any particular product,

market or customer. We believe that none of our competitors offers the variety of products or services in the markets we serve.

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We believe that the demand for our products and services will be aided by several macro-economic growth drivers. These drivers include:

Productivity Enhancement - We believe employers respond to competitive pressures by seeking to maximize productivity and efficiency, among other actions. Our hoists and other lifting and positioning products allow loads to be lifted and placed quickly, precisely, with little effort and fewer people, thereby increasing productivity and reducing cycle time. Further, emphasis on “Lean” techniques by many companies increases demand for our lifting and positioning products for use in single-piece flow workstation applications.

Safety Regulations - Driven by workplace safety regulations such as the Occupational Safety and Health Act and the Americans with Disabilities Act in the U.S. and other safety regulations around the world, and by the general competitive need to reduce costs such as health insurance premiums and workers’ compensation expenses, employers seek safer ways to lift and position loads. Our lifting and positioning products enable these tasks to be performed with reduced risk of personal injury.

Consolidation of Suppliers - In an effort to reduce costs and increase productivity, our channel partners and end-user customers are increasingly consolidating their suppliers. We believe that our broad product offering combined with our well established brand names will enable us to benefit from this consolidation and enhance our market share.

Our Competitive Strengths

Leading North American Market Positions - We are a leading manufacturer and marketer of hoists, alloy and high strength carbon steel chain and attachments, and actuators in North America. We have developed our leading market positions over our 138-year history by emphasizing technological innovation, manufacturing excellence and superior service. Approximately 84% of our U.S. net sales for the year ended March 31, 2013 were from product categories in which we believe we hold the number one market share. We believe that the strength of our established products and brands and our leading market positions provide us with significant competitive advantages, including preferred supplier status with a majority of our largest channel partners and end user customers. Our large installed base of products also provides us with a significant competitive advantage in selling our products to existing customers as well as providing repair and replacement parts.

The following table summarizes the product categories where we believe we are the U.S. market leader:

Product Category	U.S. Market Share		U.S. Market Position		Percentage of U.S. Net Sales	
Powered Hoists (1)	47	%	#1		34	%
Manual Hoists & Trolleys (1)	50	%	#1		15	%
Forged Chain Attachments (1)	24	%	#1		10	%
Load Chain (1)	50	%	#1		3	%
Hoist Parts (2)	48	%	#1		11	%
Mechanical Actuators (3)	37	%	#1		7	%
Tire Shredders (4)	55	%	#1		2	%
Jib Cranes (5)	25	%	#1		2	%
					84	%

(1) Market share and market position data are internal estimates derived from survey information collected and provided by our trade associations in 2012.

(2) Market share and market position data are internal estimates based on our market shares of Powered Hoists and Manual Hoists & Trolleys, which we believe are good proxies for our Hoist Parts market share because we believe most end-users purchase Hoist Parts from the original equipment supplier.

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- (3) Market share and market position data are internal estimates derived by comparison of our net sales to net sales of one of our competitors and to estimates of total market sales from a trade association in 2012.
- (4) Market share and market position data are internal estimates derived by comparing the number of our tire shredders in use and their capacity to estimates of the total number of tires shredded published by a trade association in 2012.
- (5) Market share and market position are internal estimates derived from both the number of bids we win as a percentage of the total projects for which we submit bids and from estimates of our competitors' net sales based on their relative position in distributor catalogues in 2012.

Comprehensive Product Lines and Strong Brand Name Recognition - We believe we offer the most comprehensive product lines in the markets we serve. We offer engineering and design services to help channel partners and end users solve material handling problems. Most of our products are maintenance, repair and operating tools which work in conjunction with each other to create a complete lifting system. We complement our product offerings with engineering and design services to assist our channel partners and end-users in finding the optimal solution for their material handling needs. Our capability as a full-line supplier has allowed us to (i) provide our customers with "one-stop shopping" for material handling equipment, which meets some customers' desires to reduce the number of their supply relationships in order to lower their costs, (ii) leverage our engineering, product development and marketing costs over a larger sales base and (iii) achieve purchasing efficiencies on common materials used across our product lines. No single SKU comprises more than 1% of our sales, a testament to our broad and diversified product offering.

In addition, our brand names, including Budgit, Chester, CM, Coffing, Duff-Norton, Little Mule, Pfaff, Shaw-Box and Yale, are among the most recognized and respected in the industry. The CM and Yale names have been synonymous with powered hoists and manual hoists and were first developed and marketed under these brand names in the early 1900s. We believe that our strong brand name recognition has created customer loyalty and helps us maintain existing business, as well as capture additional business. We are at the forefront of innovation in our industry and continually introduce new products to meet our changing customer needs. Products introduced or engineered for our customers during the three fiscal years ended March 31, 2013 account for approximately 23.7% of our net sales; exceeding our goal to have these products contributing 20% to revenue.

Distribution Channel Diversity and Strength - Our products are sold to over 15,000 general and specialty distributors, end users and OEMs globally. We enjoy long-standing relationships with, and are a preferred provider to, the majority of our largest distributors and industrial buying groups. There has been consolidation among distributors of material handling equipment and we have benefited from this consolidation by maintaining and enhancing our relationships with our leading distributors, as well as forming new relationships. We believe our extensive distribution channels provide a significant competitive advantage and allow us to effectively market new product line extensions and promote cross-selling. Our largest distributor represents approximately 4.0% of our total net sales and our top 10 customers represent approximately 19% of our total net sales.

Expanding Non-U.S. Markets - We have significantly grown our non-U.S. sales since becoming a public company in 1996. Our non-U.S. sales have grown from \$34,300,000 (representing 16% of total sales) in fiscal 1996 to \$253,252,000 (representing 42% of our total sales) during the year ended March 31, 2013. This growth has occurred primarily in Europe, Latin America and Asia-Pacific. We have nine offices in China to sell into this growing industrial market. Our non-U.S. business has provided us, and we believe will continue to provide us, with significant growth opportunities and new markets for our products.

"Non-U.S. sales" as expressed throughout Items 1 and 7 of this Form 10-K, are defined as sales to customers located outside of the United States.

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Efficient Operations with Low-Cost Structure - We are extremely focused on optimizing our cost structure and have taken a number of steps towards reducing our costs, including: consolidating facilities, promoting a “Lean” culture, manufacturing in low cost jurisdictions, coordinating purchasing activities across the organization and selectively outsourcing non-critical functions. The actions we have taken to date have eliminated fixed costs from our operations and provided us with significant operating leverage as the economic conditions in our markets continue to improve. Our operating leverage goal is for each incremental sales dollar to generate 30%-40% of additional operating income.

— Rationalization and Consolidation - We have a history of consolidating manufacturing facilities and optimizing warehouse utilization, resulting in lower annual operating costs and improving our fixed-variable cost relationship. During our fiscal year ended March 31, 2010, we initiated further consolidation of our North American hoist and rigging operations in accordance with our strategy. We completed the closure of one of our manufacturing facilities in Cedar Rapids, Iowa and significantly downsized manufacturing at a second facility in Mexico in the third quarter of the fiscal year ended March 31, 2010. Additionally, we completed the closure of a third facility in Muskegon, Michigan in the first quarter of the fiscal year ended March 31, 2011.

— Lean Culture - We have been applying “Lean” techniques since 2001 and our efforts have resulted in increased inventory turns, reduced manufacturing floor space, and an improvement in productivity and on-time deliveries. We have witnessed the benefits of “Lean” principles in our manufacturing operations and are now working to develop a “Lean” culture throughout our organization—improving our processes and reducing waste in all forms in all of our business activities.

— Expansion Outside the U.S. - Our continued expansion of our manufacturing facilities in China and Europe provides us with a cost efficient platform to manufacture and distribute certain of our products and components. We now operate 16 principal manufacturing facilities in 7 countries, with 32 stand-alone sales and service offices in 20 countries and 10 warehouse facilities in 4 countries.

— Consolidated Purchasing Activities - We continue to leverage our company-wide purchasing power through our Purchasing Council to reduce our costs and manage fluctuations in commodity pricing, including steel.

— Selective Integration and Outsourcing - We manufacture many of the critical parts and components used in the manufacture of our hoists and lifting systems, resulting in reduced costs. We also evaluate outsourcing opportunities for non-critical operations and components.

Strong After-Market Sales and Support - We believe that we retain customers and attract new customers due to our ongoing commitment to customer service and ultimate satisfaction. We have a large installed base of hoists and rigging tools that drives our after-market sales for replacement units and components and repair parts. We maintain strong relationships with our distribution channel partners and provide prompt service to end-users of our products through our authorized network of 14 chain repair stations and approximately 179 certified hoist service and repair stations. We also work closely with end users to design the appropriate lifting systems using our products to help them solve their material handling problems.

We also provide a wide variety of training and certification programs to the users of our products. These training and certification programs include crane inspection and operation training and certification, hoist inspection and repair training and certification, various rigging training courses, load securement training, and CM entertainment technology equipment training and certification classes.

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Consistent Free Cash Flow Generation and Significant Debt Reduction—We have consistently generated positive free cash flow (which we define as net cash provided by operating activities less capital expenditures) through periods of economic uncertainty by continually controlling our costs, improving our working capital management and reducing the capital intensity of our manufacturing operations. In the past five years, despite the economic downturn, we have reduced total net debt (defined as total debt less cash and cash equivalents) by \$68,300,000, from \$98,700,000 to \$30,400,000 at March 31, 2013. We manage our capital structure conservatively while maintaining flexibility to pursue attractive strategic growth opportunities.

Experienced Management Team with Equity Ownership - Our senior management team provides significant depth and continuity of experience in the material handling industry, supplemented by expertise in growing businesses, aggressive cost management, balance sheet management, efficient manufacturing techniques and acquiring and integrating businesses and global operations. This diverse experience has been critical to our success to date and will be instrumental to our long-term growth. Our management promotes the ownership of company stock by the executive officers and directors to align the interests of our leadership team with those of our stakeholders.

Our Strategy

Invest in New Products and Targeted Markets. We intend to leverage our competitive advantages to increase our market shares across all of our product lines and geographies by:

— **Introducing New Products**—We continue to expand our business by developing new material handling products and services and expanding the breadth of our product lines to address the material handling needs of our customers. We design our powered hoist lines to many international standards including the FEM (European and Asian), ANSI (U.S.) and other standard setting bodies to ensure maximum utility for these products across geographies. We employ the StageGate process to enhance discipline and focus in our new product development program. New product sales (defined as new products introduced within the last three years and products engineered for our customers) amounted to \$142,000,000 in the fiscal year ended March 31, 2013, or 23.7% of total sales exceeding our goal of having new products amounting to at least 20% of total sales. New product sales amounted to \$121,000,000 in the fiscal year ended March 31, 2012 (20.4% of total sales) and \$90,000,000 in the fiscal year ended March 31, 2011 (17.2% of total sales).

— **Leveraging Our Distribution Channel Relationships and Vertical Market Knowledge**—Our large, diversified, global customer base, our extensive distribution channels and our close relationships with end-users and channel partners provide us with insights into customer preferences and product requirements that allow us to anticipate and address the future needs of the marketplace. We are also investing in key vertical markets that will help us increase our revenues.

— **Broadening Our Product Offering**—Developing and offering a broad range of products to our channel partners is an important element of our strategy. Industrial channel partners offer a broad array of industrial components that are used by many end-user markets. We continue to review and add new material handling components to broaden our product offering, but also remove some products that we find duplicative or not marketable.

Continue to Grow in Non-U.S. Markets - Our non-U.S. sales of \$253,252,000 comprised 42% of our net sales for the year ended March 31, 2013, as compared with \$260,960,000, or 44% in fiscal 2012 and \$34,300,000, or 16% of our net sales, in fiscal 1996, the year we became a public company. Although we have made significant progress, our goal is to continue to increase our presence outside the U.S to capitalize on the higher growth opportunities and continue to diversify our business profile. We presently sell to distributors in over 50 countries and have our primary

non-U.S. manufacturing facilities in China, Germany, United Kingdom, Hungary, Mexico and France. In addition to new product introductions, we continue to expand our sales and service presence in the major and developing market areas of Asia-Pacific, Europe, and Latin America and have sales offices and warehouse facilities in Canada, various countries in Western and Eastern Europe, China, Thailand, Brazil, Uruguay, Panama and Mexico. We intend to increase our sales in Asia-Pacific by manufacturing a broader array of high quality, low-cost products and components in China. We have developed and are continuing to expand upon new hoist and other products in compliance with global standards and international designs to enhance our global distribution.

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Focus on Operational Excellence - Our objective is to provide the highest quality products and services at prices consistent with the value created for our customers. We continually evaluate our costs and challenge the global supply chain to reduce costs. Our view is that a market-focused sales and marketing effort along with low operating costs will prove to be successful for both our customers and for the Company. We continually seek ways to reduce our operating costs and increase our manufacturing productivity, while maintaining quality. Ongoing programs include our efforts to further develop our “Lean” culture throughout the organization, the completion of our facility rationalization programs in the U.S., the consolidation of our facilities within China, our continued search for new ways to leverage our purchasing power through our Purchasing Council and the continued focus on enhancing the efficiency of our global supply chain. Our operating leverage goal is for each incremental sales dollar to generate 30% to 40% of additional operating income.

Pursue Strategic Acquisitions and Alliances; Evaluate Existing Business Portfolio - We intend to pursue synergistic acquisitions to complement our organic growth. Priorities for such acquisitions include: 1) increasing international geographic penetration, particularly in the Asia-Pacific region and other emerging markets, and 2) further broadening our offering with complementary products frequently used in conjunction with hoists. Additionally, we continually challenge the long-term fit of our businesses for potential divestiture and redeployment of capital.

Our Business

ASC Topic 280 “Segment Reporting” establishes the standards for reporting information about operating segments in financial statements. We provide our products and services through one operating and reportable segment.

We design, manufacture and distribute a broad range of material handling products for various applications. Products include a wide variety of electric, lever, hand and air-powered hoists, hoist trolleys, winches, industrial crane systems such as bridge, gantry and jib cranes; alloy and carbon steel chain; closed-die forged attachments, such as hooks, shackles, textile slings, clamps, logging tools and load binders; industrial components, such as mechanical and electromechanical actuators and rotary unions; below-the-hook special purpose lifters; tire shredders; and light-rail systems. These products are typically manufactured for stock or assembled to order from standard components and are sold primarily through a variety of commercial distributors and to a lesser extent, directly to end-users. The diverse end-users of our products are in a variety of industries including: manufacturing, power generation and distribution, utilities, wind power, warehouses, commercial construction, oil exploration and refining, petrochemical, marine, ship building, transportation and heavy duty trucking, agriculture, logging and mining. We also serve a niche market for the entertainment industry including permanent and traveling concerts, live theater and sporting venues.

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Products

Nearly 80% of our net sales are derived from the sale of products that we sell at a unit price of less than \$5,000. Of our fiscal 2013 sales, \$344,011,000 or 58% were U.S. and \$253,252,000, or 42% were international. The following table sets forth certain sales data for our products, expressed as a percentage of net sales for fiscal 2013 and 2012:

	Fiscal Years Ended March 31,			
	2013		2012	
Hoists	63	%	62	%
Chain and rigging tools	15		15	
Industrial cranes	7		7	
Actuators and rotary unions	13		14	
Other	2		2	
	100	%	100	%

Hoists - We manufacture a wide variety of electric chain hoists, electric wire rope hoists, hand-operated hoists, winches, lever tools and air-powered hoists. Load capacities for our hoist product lines range from one-eighth of a ton to 60 tons with up to 140 ton capacity being introduced in fiscal 2014. These products are sold under our Budget, Chester, CM, Coffing, Little Mule, Pfaff, Shaw-Box, Yale and other recognized brands. Our hoists are sold for use in numerous general industrial applications, as well as for use in the construction, energy, mining, food services, entertainment and other markets. We also supply hoist trolleys, driven manually or by electric motors, for the industrial, consumer and OEM markets.

We also offer several lines of standard and custom-designed, below-the-hook tooling, clamps, and textile strappings. Below-the-hook tooling, textile and chain slings and associated forgings, and clamps are specialized lifting apparatus used in a variety of lifting activities performed in conjunction with hoisting or lifting applications.

Chain and Rigging Tools - We manufacture alloy and carbon steel chain for various industrial and consumer applications. U.S. federal regulations require the use of alloy chain, which we first developed, for overhead lifting applications because of its strength and wear characteristics. A line of our alloy chain is sold under the Herc-Alloy brand name for use in overhead lifting, pulling and restraining applications. In addition, we also sell specialized load chain for use in hoists, as well as three grades and multiple sizes of carbon steel welded-link chain for various load securing and other non-overhead lifting applications.

We produce a broad line of alloy and carbon steel closed-die forged chain attachments, including hooks, shackles, Hammerlocks, and master links. These forged attachments are used in chain, wire rope and textile rigging applications in a variety of industries, including transportation, mining, construction, marine, logging, petrochemical and agriculture.

In addition, we manufacture carbon steel forged and stamped products, such as load binders, logging tools and other securing devices, for sale to the industrial and logging markets through industrial distributors, hardware distributors, mass merchandiser outlets and OEMs.

Industrial Cranes - We participate in the U.S. crane manufacturing and servicing markets through our offering of overhead bridge, jib and gantry cranes. Our products are sold under the CES, Abell-Howe, and Washington Equipment brands. Crane builders represent a specific distribution channel for electric wire rope hoists, chain hoists and other crane components.

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Actuators and Rotary Unions - Through our Duff-Norton and Pfaff divisions, we design and manufacture industrial components such as mechanical and electromechanical actuators and rotary unions. Actuators are linear motion devices used in a variety of industries, including the transportation, paper, steel, energy, aerospace and many other commercial industries. Rotary unions are devices that transfer a liquid or gas from a fixed pipe or hose to a rotating drum, cylinder or other device. Rotary unions are used in a variety of industries including pulp and paper, printing, textile and fabric manufacturing, rubber and plastic.

Other - This category primarily includes tire shredders. We have developed and patented a line of heavy equipment that shreds whole tires, for use in recycling the various components of a tire including: rubber and steel. These recycled products also can be used as aggregate, playgrounds, sports surfaces, landscaping and other such applications, as well as scrap steel.

Sales and Marketing

Our sales and marketing efforts consist of the following programs:

Factory-Direct Field Sales and Customer Service - We sell our products through our sales force of more than 125 sales people and through independent sales agents worldwide. We compensate our sales force through a combination of base salary and a commission plan based on top line sales and a pre-established sales quota.

Product Advertising - We promote our products by advertising in leading trade journals as well as producing and distributing high quality information catalogs. We run targeted advertisements for hoists, chain, forged attachments, actuators, and cranes.

Target Marketing - With increased emphasis beginning in fiscal 2010, we provide marketing literature to target specific end-user market sectors including entertainment, construction, energy, mining, food service and others. This literature displays our broad product offering applicable to those sectors to enhance awareness at the end-user level within those sectors. We also employ vertical market specialists to support our field sales force to assist our customers with solving their material handling application needs.

Trade Show Participation - Trade shows are an effective way to promote our products to distributors and end users. Shows can range in size from distributor “open houses” to large, global shows such as CeMAT held in Hanover, Germany. Through partnerships with our distributors, we have expanded our reach to the end user while strengthening our distribution network. In fiscal 2013, we focused primarily on shows related to targeted industries. Examples include: OTC (US) for oil & gas, MODEX (US) for material handling, MINExpo (US) for mining industry, LDO (US) for the entertainment industry, PALM Expo (China) for the entertainment industry, CEMAT ASIA for material handling, automation, transport/logistics industries, Prolight & Sound (Germany) for industrial equipment, Plasa (UK) for entertainment, Mecânica (Brazil) for automation and process controls, Rio for oil & gas (Brazil) and Expo Manejo de Materiales y Logística (Mexico) for handling of materials and logistics.

Industry Association Membership and Participation - As a recognized industry leader, we have a long history of work and participation in a variety of industry associations. Our management is directly involved in numerous industry associations including the following: ISA (Industrial Supply Association), AWRP (Associated Wire Rope Fabricators), PTDA (Power Transmission and Distributors Association), SCRA (Specialty Carriers and Riggers Association), WSTDA (Web Sling and Tie Down Association), MHI (Material Handling Institute), HMI (Hoist Manufacturers Institute), CMAA (Crane Manufacturers Association of America), ESTA (Entertainment Services and Technology Association), NACM (National Association of Chain Manufacturers), AMSE (American Society of Mechanical Engineers) and ARA (American Rental Association).

Product Standards and Safety Training Classes - We conduct on-site training and certification programs worldwide for distributors and end-users to promote and reinforce the attributes of our products and their safe use and operation in various material handling applications. These training and certification programs include crane inspection and operation training and certification, hoist inspection and repair training and certification, various rigging training courses, load securement training, and entertainment technology equipment training and certification classes.

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Web Sites - Our main corporate web site www.cmworks.com supports the Company's broad product offering providing product data, maintenance manuals and related information for 11 brands within our product portfolio. The site also provides detailed search and simultaneous product comparisons, the ability to submit "Requests for Quotations" and allow users to be able chat live with a member of our customer service department. In addition to our main site we maintain an additional 20 sites supporting various product lines, industry segments and geographies. Within these sites we currently sell Towing products, Training, and standard hoist products manufactured by Pfaff. Distributors also have access to a secure, extranet portal website allowing them to enter sales orders, search pricing information, check order status, and product serial number information.

Distribution and Markets

Our distribution channels include a variety of commercial distributors. In addition, we sell overhead bridge, jib and gantry cranes as well as certain Pfaff products directly to end-users. The following describes our global distribution channels:

General Distribution Channels - Our global general distribution channels consist of:

- Industrial distributors that serve local or regional industrial markets and sell a variety of products for maintenance repair, operating and production, or MROP, applications through their own direct sales force.
- Rigging shops that are distributors with expertise in rigging, lifting, positioning and load securing. Most rigging shops assemble and distribute chain, wire rope and synthetic slings and distribute manual hoists and attachments, chain slings and other products.
- Independent crane builders that design, build, install and service overhead crane and light-rail systems for general industry and also distribute a wide variety of hoists and crane components. We sell electric wire rope hoists and chain hoists as well as crane components, such as end trucks, trolleys, drives and electrification systems to crane builders.

Specialty Distribution Channels - Our global specialty distribution channels consist of:

- National distributors that market a variety of MROP supplies, including material handling products, either exclusively through large, nationally distributed catalogs, or through a combination of catalog, internet and branch sales and a field sales force. The customer base served by national distributors such as W. W. Grainger, which traditionally included smaller industrial companies and consumers, has grown to include large industrial accounts and integrated suppliers.
- Material handling specialists and integrators that design and assemble systems incorporating hoists, overhead rail systems, trolleys, scissor lift tables, manipulators, air balancers, jib arms and other material handling products to provide end-users with solutions to their material handling problems.
- Entertainment equipment distributors that design, supply and install a variety of material handling and rigging equipment for concerts, theaters, ice shows, sporting events, convention centers and night clubs.

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Pfaff International Direct - Our German-based Pfaff business markets and sells most of its actuators and certain of its hoist products direct to end-users, providing an additional method to market for us in the European region.

Crane End-Users - We market and sell overhead bridge, jib and gantry cranes, parts and service to end-users through our wholly owned crane builder, Crane Equipment & Service, Inc. ("CES"). CES which includes Abell-Howe and Washington Equipment brands designs, manufactures, installs and services a variety of cranes with capacities up to 100 tons.

Service-After-Sale Distribution Channel - Service-after-sale distributors include our authorized network of 14 chain repair service stations and approximately 179 certified hoist service and repair stations throughout North America. This service network is designed for easy parts and service access for our large installed base of hoists and related equipment in that region.

OEM/Government Distribution Channels - This channel consists of:

- OEMs that supply various component parts directly to other industrial manufacturers as well as private branding and packaging of our traditional products for material handling, lifting, positioning and special purpose applications.
- Government agencies, including the U.S. and Canadian Navies and Coast Guards, that purchase primarily load securing chain and forged attachments. We also provide our products to the U.S government for a variety of military applications.

Customer Service and Training

We maintain customer service departments staffed by trained personnel for all of our sales divisions, and regularly schedule product and service training schools for all customer service representatives and field sales personnel. Training programs for distribution and service station personnel, as well as for end-users, are scheduled on a regular basis at most of our facilities and in the field. We have approximately 179 service and repair stations worldwide that provide local and regional repair, warranty and general service work for distributors and end-users. End-user trainees attending our various programs include representatives of 3M, Cummins Engine, DuPont, General Electric, John Deere, Praxair and many other industrial and entertainment organizations.

We also provide, in multiple languages, a variety of collateral material in video, CD-ROM, slide and print format addressing relevant material handling topics such as the care, use and inspection of chains and hoists, and overhead lifting and positioning safety. In addition, we sponsor advisory boards made up of representatives of our primary distributors and service-after-sale network members who are invited to participate in discussions focused on improving products and service. These boards enable us and our primary distributors to exchange product and market information relevant to industry trends.

Backlog

Our backlog of orders at March 31, 2013 was approximately \$99,034,000 compared to approximately \$114,180,000 at March 31, 2012. Fiscal 2012 backlog was elevated due to an unusually large amount of project-related business at the end of the year. Our orders for standard products are generally shipped within one week. Orders for products that are manufactured to customers' specifications are generally shipped within four to twelve weeks. Given the short product lead times, we do not believe that the amount of our backlog of orders is a reliable indication of our future sales. Fluctuations in backlog reflect the project oriented nature of certain aspects of our business.

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Competition

The material handling industry remains highly fragmented. We face competition from a wide range of regional, national and international manufacturers globally. In addition, we often compete with individual operating units of larger, highly diversified companies.

The principal competitive factors affecting our business include customer service and support as well as product availability, performance, functionality, brand reputation, reliability and price. Other important factors include distributor relationships and territory coverage.

Major competitors for hoists are Konecranes, Demag Cranes and Kito (and its U.S. subsidiary Harrington); for chain are Campbell Chain, Peerless Chain Company and American Chain and Cable Company; for forged attachments are The Crosby Group and Brewer Tichner Company; for cranes are Konecranes, Demag Cranes and a variety of independent crane builders; for actuators and rotary unions are Deublin, Joyce-Dayton and Nook Industries; for tire shredders is Granutech; and for light-rail systems is Gorbel.

Employees

At March 31, 2013, we had 2,578 employees; 1,524 in the U.S./Canada, 107 in Latin America, 746 in Europe and 201 in Asia. Approximately 14% of our employees are represented under four separate U.S. or Canadian collective bargaining agreements which terminate at various times between August 2013 and April 2015. We also have various labor agreements with our non-U.S. employees which we negotiate from time to time. We believe that our relationship with our employees is good and that the risk of a disruption in production related to these negotiations is remote.

Raw Materials and Components

Our principal raw materials and components are steel, consisting of structural steel, processed steel bar, forging bar steel, steel rod and wire, steel pipe and tubing and tool steel; electric motors; bearings; gear reducers; castings; and electro-mechanical components. These commodities are all available from multiple sources. We purchase most of these raw materials and components from a limited number of strategic and preferred suppliers under long-term agreements which are negotiated on a company-wide basis through our Purchasing Council to take advantage of volume discounts. We generally seek to pass on materials price increases to our distribution channel partners and end-user customers. We will continue to monitor our costs and reevaluate our pricing policies. Our ability to pass on these increases is determined by market conditions.

Hedging Activities

We use derivative instruments to manage selected foreign currency exposures. The Company does not use derivative instruments for speculative trading purposes.

We use foreign currency forward agreements and cross-currency swaps to offset changes in the value of intercompany loans to certain foreign subsidiaries due to changes in foreign exchange rates. In addition, we use foreign currency forward agreements to i) hedge changes in the value of booked foreign currency liabilities due to changes in foreign exchange rates at the settlement date and ii) to hedge a portion of forecasted inventory purchases and sales denominated in a foreign currency.

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Manufacturing

We complement our own manufacturing by outsourcing components and finished goods from an established global network of suppliers. We regularly upgrade our global manufacturing facilities and invest in tooling, equipment and technology.

Our manufacturing operations are highly integrated. Although raw materials and some components such as motors, bearings, gear reducers, castings and electro-mechanical components are purchased, our vertical integration enables us to produce many of the components used in the manufacturing of our products. We manufacture hoist lifting chain, steel forged gear blanks, lift wheels, trolley wheels, and hooks and other attachments for incorporation into our hoist products. These products are also sold as spare parts for hoist repair. Additionally, our hoists are used as components in the manufacture of crane systems by us as well as our crane-builder customers.

Environmental and Other Governmental Regulation

Like most manufacturing companies, we are subject to various federal, state and local laws relating to the protection of the environment. To address the requirements of such laws, we have adopted a corporate environmental protection policy which provides that all of our owned or leased facilities shall, and all of our employees have the duty to, comply with all applicable environmental regulatory standards, and we have initiated an environmental auditing program for our facilities to ensure compliance with such regulatory standards. We have also established managerial responsibilities and internal communication channels for dealing with environmental compliance issues that may arise in the course of our business. We have made and could be required to continue to make significant expenditures to comply with environmental requirements. Because of the complexity and changing nature of environmental regulatory standards, it is possible that situations will arise from time to time requiring us to incur additional expenditures in order to ensure environmental regulatory compliance. However, we are not aware of any environmental condition or any operation at any of our facilities, either individually or in the aggregate, which would cause expenditures having a material adverse effect on our results of operations, financial condition or cash flows and, accordingly, have not budgeted any material capital expenditures for environmental compliance for fiscal 2014.

We notified the North Carolina Department of Environment and Natural Resources (the “DENR”) in April 2006 of the presence of certain contaminants in excess of regulatory standards at our Coffing Hoist facility in Wadesboro, North Carolina. We filed an application with the DENR to enter its voluntary cleanup program and were accepted. We investigated under the supervision of a DENR Registered Environmental Consultant (“the REC”) and have commenced voluntary clean-up at the facility. At this time, additional remediation costs are not expected to exceed the accrued balance of \$245,000.

In March of 2007, we also discovered the presence of certain contaminants in excess of regulatory standards at our Damascus, Virginia hoist plant and have notified the Virginia Department of Environmental Quality (the “DEQ”). We filed an application with the DEQ to participate in its voluntary remediation program and have been accepted. The estimated cost for the voluntary clean-up is not expected to exceed the accrued balance of \$25,000.

In June of 2007, we were identified by the New York State Department of Environmental Conservation (“the DEC”), along with other companies, as a potential responsible party (“PRP”) at the Frontier Chemical Royal Avenue Site in Niagara Falls, New York. We sent waste sulfuric acid pickling solution generated at our facility in Tonawanda, New York to the Frontier Royal Avenue Site during the period from approximately 1982 to 1984. We have joined with other PRP members known as the Frontier Chemical Site Joint Defense Alliance Group to conduct investigation and, if appropriate, remediation activities at the site. We settled this matter in June 2012 for approximately \$71,000.

CMCO has been a part of the Pendleton Site PRP Group since about 1993. CMCO sent its pickle liquor wastes from Tonawanda to the Pendleton Site for treatment and disposal. The Pendleton Site PRP Group signed an Order on Consent with the NYS DEC in 1996 and the cleanup was concluded in the early 2000s. The Order on Consent required a post-construction operation and maintenance period of 30 years and CMCO is required to pay its share of the costs associated with the operation and maintenance period. These annual costs are approximately \$50,000 of which CMCO pays 13.4% or \$6,700. Reserves on the books are sufficient to cover these costs for the remainder of the operations and maintenance period.

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For all of the currently known environmental matters, we have accrued a total of \$356,000 as of March 31, 2013 which, in our opinion, is sufficient to deal with such matters. Further, we believe that the environmental matters known to, or anticipated by us should not, individually or in the aggregate, have a material adverse effect on our operating results or financial condition. However, there can be no assurance that potential liabilities and expenditures associated with unknown environmental matters, unanticipated events, or future compliance with environmental laws and regulations will not have a material adverse effect on us.

Our operations are also governed by many other laws and regulations, including those relating to workplace safety and worker health, principally OSHA in the U.S. and regulations thereunder. We believe that we are in substantial compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our operating results, financial condition, or liquidity.

Available Information

Our internet address is www.cmworks.com. We make available free of charge through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission.

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Item 1A.Risk Factors

Columbus McKinnon is subject to a number of risk factors that could negatively affect our results from business operations or cause actual results to differ materially from those projected or indicated in any forward looking statement. Such factors include, but are not limited to, the following:

Adverse changes in global economic conditions may negatively affect our industry, business and results of operations.

During the last five years, financial markets in the United States, Europe and Asia have experienced substantial disruption including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intended to address these market conditions and the extent to which such government actions may prove effective remains unclear. The future economic environment may worsen.

Our industry is affected by changes in economic conditions outside our control, which can result in a general decrease in product demand from our customers. Such economic developments may affect our business in a number of ways. Reduced demand may drive us and our competitors to offer products at promotional prices, which would have a negative impact on our profitability. In addition, the tightening of credit in financial markets may adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in, or cancellation of, orders for our products. If demand for our products slows down or decreases, we will not be able to improve our revenues and we may run the risk of failing to satisfy the financial and other restrictive covenants to which we are subject under our existing indebtedness. Reduced revenues as a result of decreased demand may also reduce our planned growth and otherwise hinder our ability to improve our performance in connection with our long term strategy.

Our business is cyclical and is affected by industrial economic conditions, and, during the global recession in fiscal 2009 and fiscal 2010 we experienced substantially reduced demand for our products.

Many of the end-users of our products are in highly cyclical industries that are sensitive to changes in general economic conditions. Their demand for our products, and thus our results of operations, is directly related to the level of production in their facilities, their construction and capital expenditure budgets, changes in their vertical market sectors and other factors beyond our control. In the fiscal years ended March 31, 2009 and 2010, for example, we experienced significantly reduced demand for our products, generally as a result of the global economic slowdown. In addition we recorded a goodwill impairment charge and incurred restructuring costs in these periods. These lower levels of demand resulted in a 20% decline in net sales from our 2008 fiscal year to our 2010 fiscal year, from \$593,800,000 to \$476,100,000, despite our acquisition of Pfaff in the middle of our 2009 fiscal year. We have seen improvement in demand for our products in the fiscal year ended March 31, 2013. Our net sales for the year ended March 31, 2013 were \$597,263,000 up \$5,318,000 or 1.0% from the year ending March 31, 2012. However, there is no certainty that this improvement will continue in the future.

Our business is highly competitive and subject to consolidation of competitors. Increased competition could reduce our sales, earnings, and profitability.

The principal markets that we serve within the material handling industry are fragmented and highly competitive. Competition is based primarily on customer service and support as well as product availability, performance, functionality, brand reputation, reliability and price. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross margins and net income.

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The greater financial resources or the lower amount of debt of certain of our competitors may enable them to commit larger amounts of capital in response to changing market conditions. Certain competitors may also have the ability to develop product or service innovations that could put us at a disadvantage. In addition, through consolidation, some of our competitors have achieved substantially more market penetration in certain of the markets in which we operate. If we are unable to compete successfully against other manufacturers of material handling equipment, we could lose customers and our revenues may decline. There can also be no assurance that customers will continue to regard our products favorably, that we will be able to develop new products that appeal to customers, that we will be able to improve or maintain our profit margins on sales to our customers or that we will be able to continue to compete successfully in our core markets.

Our operations outside the U.S. pose certain risks that may adversely impact sales and earnings.

We have operations and assets located outside of the United States, primarily in China, Mexico, Germany, the United Kingdom, France, and Hungary. In addition, we import a portion of our hoist product line from Asia, and sell our products to distributors located in approximately 50 countries. In our fiscal year ended March 31, 2013, approximately 42% of our net sales were derived from non-U.S. markets. These non-U.S. operations are subject to a number of special risks, in addition to the risks of our U.S. business, differing protections of intellectual property, trade barriers, labor unrest, exchange controls, regional economic uncertainty, differing (and possibly more stringent) labor regulation, risk of governmental expropriation, U.S. and foreign customs and tariffs, current and changing regulatory environments, difficulty in obtaining distribution support, difficulty in staffing and managing widespread operations, differences in the availability and terms of financing, political instability and risks of increases in taxes. Also, in some foreign jurisdictions we may be subject to laws limiting the right and ability of entities organized or operating therein to pay dividends or remit earnings to affiliated companies unless specified conditions are met. These factors may adversely affect our future profits.

Part of our strategy is to expand our worldwide market share and reduce costs by strengthening our international distribution capabilities and sourcing basic components in lower cost countries, in particular in China and Hungary. Implementation of this strategy may increase the impact of the risks described above, and we cannot assure you that such risks will not have an adverse effect on our business, results of operations or financial condition.

Our strategy depends on successful integration of acquisitions.

Acquisitions are a key part of our growth strategy. Our historical growth has depended, and our future growth is likely to depend on our ability to successfully implement our acquisition strategy, and the successful integration of acquired businesses into our existing operations. We intend to continue to seek additional acquisition opportunities in accordance with our acquisition strategy, both to expand into new markets and to enhance our position in existing markets throughout the world. If we are unable to successfully integrate acquired businesses into our existing operations or expand into new markets, our sales and earnings growth could be reduced.

Our products involve risks of personal injury and property damage, which exposes us to potential liability.

Our business exposes us to possible claims for personal injury or death and property damage resulting from the products that we sell. We maintain insurance through a combination of self-insurance retentions and excess insurance coverage. We monitor claims and potential claims of which we become aware and establish accrued liability reserves for the self-insurance amounts based on our liability estimates for such claims. We cannot give any assurance that existing or future claims will not exceed our estimates for self-insurance or the amount of our excess insurance coverage. In addition, we cannot give any assurance that insurance will continue to be available to us on economically reasonable terms or that our insurers would not require us to increase our self-insurance amounts. Claims brought against us that are not covered by insurance or that are in excess of insurance coverage could have a material adverse

effect on our results, financial condition, or liquidity.

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In addition, like many industrial manufacturers, we are also involved in asbestos-related litigation. In continually evaluating costs relating to our estimated asbestos-related liability, we review, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, our recent and historical resolution of the cases, the number of cases pending against us, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, we estimate our share of liability to defend and resolve probable asbestos related personal injury claims. This estimate is highly uncertain due to the limitations of the available data and the difficulty of forecasting with any certainty the numerous variables that can affect the range of the liability. We continue to study the variables in light of additional information in order to identify trends that may become evident and to assess their impact on the range of liability that is probable and estimable. We believe that the potential additional costs for claims will not have a material after-tax effect on our financial condition or liquidity, although the net after-tax effect of any future liabilities recorded could be material to earnings in a future period. See Note 16 to our March 31, 2013 consolidated financial statements included in Item 8 of this form 10K.

As indicated above, our self-insurance coverage is effected through our captive insurance subsidiary. The reserves of our captive insurance subsidiary are subject to periodic adjustments based upon actuarial evaluations, which adjustments impact our overall results of operations. These periodic adjustments can be favorable or unfavorable.

We are subject to currency fluctuations from our sales outside the U.S.

Our products are sold in many countries around the world. Thus, a portion of our revenues (approximately \$253,252,000 in our fiscal year ended March 31, 2013) are generated in foreign currencies, including principally the euro and the Canadian dollar, and while much of the costs incurred to generate those revenues are incurred in the same currency, a portion is incurred in other currencies. Since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, a currency translation impact on our earnings. Currency fluctuations may impact our financial performance in the future.

Our future operating results may be affected by fluctuations in steel or other material prices. We may not be able to pass on increases in raw material costs to our customers.

The principal raw material used in our chain, forging and crane building operations is steel. The steel industry as a whole is highly cyclical, and at times pricing and availability can be volatile due to a number of factors beyond our control, including general economic conditions, labor costs, competition, import duties, tariffs and currency exchange rates. This volatility can significantly affect our raw material costs. In an environment of increasing raw material prices, competitive conditions will determine how much of the steel price increases we can pass on to our customers. During historical rising cost periods, we were generally successful in adding and maintaining a surcharge to the prices of our high steel content products or incorporating them into price increases, with a goal of margin neutrality. In the future, to the extent we are unable to pass on any steel price increases to our customers, our profitability could be adversely affected.

We rely in large part on independent distributors for sales of our products.

For the most part, we depend on independent distributors to sell our products and provide service and aftermarket support to our end-user customers. Distributors play a significant role in determining which of our products are stocked at the branch locations, and hence are most readily accessible to aftermarket buyers, and the price at which these products are sold. Almost all of the distributors with whom we transact business offer competitive products and services to our end-user customers. For the most part, we do not have written agreements with our distributors. The loss of a substantial number of these distributors or an increase in the distributors' sales of our competitors' products to

our ultimate customers could materially reduce our sales and profits.

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We are subject to various environmental laws which may require us to expend significant capital and incur substantial cost.

Our operations and facilities are subject to various federal, state, local and foreign requirements relating to the protection of the environment, including those governing the discharges of pollutants in the air and water, the generation, management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We have made, and will continue to make, expenditures to comply with such requirements. Violations of, or liabilities under, environmental laws and regulations, or changes in such laws and regulations (such as the imposition of more stringent standards for discharges into the environment), could result in substantial costs to us, including operating costs and capital expenditures, fines and civil and criminal sanctions, third party claims for property damage or personal injury, clean-up costs or costs relating to the temporary or permanent discontinuance of operations. Certain of our facilities have been in operation for many years, and we have remediated contamination at some of our facilities. Over time, we and other predecessor operators of such facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Additional environmental liabilities could exist, including clean-up obligations at these locations or other sites at which materials from our operations were disposed, which could result in substantial future expenditures that cannot be currently quantified and which could reduce our profits or have an adverse effect on our financial condition, operations, or liquidity.

We rely on subcontractors or suppliers to perform their contractual obligations.

Some of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by our subcontractor or customer concerns about the subcontractor. Failure by our subcontractors to satisfactorily provide on a timely basis the agreed-upon supplies or perform the agreed upon services may materially and adversely impact our ability to perform our obligations as the prime contractor. A delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs and may have an adverse effect upon our profitability.

We are subject to debt covenant restrictions.

Our revolving credit facility and the indenture governing the notes contain several financial and other restrictive covenants. A significant decline in our operating income or cash generating ability could cause us to violate our leverage or fixed charge coverage ratios in our bank credit facility. This could result in our being unable to borrow under our bank credit facility or being obliged to refinance and renegotiate the terms of our bank indebtedness.

We depend on our senior management team and the loss of any member could adversely affect our operations.

Our success is dependent on the management and leadership skills of our senior management team. The loss of any of these individuals or an inability to attract, retain and maintain additional personnel could prevent us from implementing our business strategy. We cannot assure you that we will be able to retain our existing senior management personnel or to attract additional qualified personnel when needed.

We continually evaluate and assess our personnel and may make additional changes to the members or assignments of our senior management team in the future.

We have not entered into employment agreements with any of our senior management personnel with the exception of Dr. Ivo Celi, our Vice President, EMEA.

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Item 1B.Unresolved Staff Comments

None.

Item 2.Properties

We maintain our corporate headquarters in Amherst, New York and, as of March 31, 2013, conducted our principal manufacturing at the following facilities:

Location	Products/Operations	Square Footage	Owned or Leased
1. Wadesboro, NC	Hoists	186,000	Owned
2. Lexington, TN	Chain	165,000	Owned
3. Charlotte, NC	Actuators and Rotary Unions	146,000	Leased
4. Damascus, VA	Hoists	90,000	Owned
5. Forging operation:			
Chattanooga, TN	Forged attachments	81,000	Owned
Chattanooga, TN	Forged attachments	59,000	Owned
6. Ohio hoist operation:			
Salem, OH	Hoists	49,000	Leased
Lisbon, OH	Hoists and below-the-hook tooling	37,000	Owned
7. Velbert, Germany	Hoists	108,000	Leased
8. Kissing, Germany	Hoists, winches, and actuators	107,000	Leased
9. Santiago Tianguistenco, Mexico	Hoists	91,000	Owned
10. Asia operation:			
Hangzhou, China	Hoists	54,000	Owned
Hangzhou, China	Hoists	53,000	Owned
11. Chester, England	Plate clamps	48,000	Owned
12. Szekesfehervar, Hungary	Textiles and textile strappings	24,000	Leased
13. Eureka, IL	Cranes	91,000	Owned
14. Sarasota, FL	Tire shredders	25,000	Owned
15. Heilbronn, Germany	Actuators	23,000	Leased
16. Romeny-sur-Marne, France	Rotary unions	22,000	Owned

In addition, we have a total of 42 sales offices, distribution centers and warehouses. We believe that our properties have been adequately maintained, are in generally good condition and are suitable for our business as presently conducted. We also believe our existing facilities provide sufficient production capacity for our present needs and for our anticipated needs in the foreseeable future. Upon the expiration of our current leases, we believe that either we will be able to secure renewal terms or enter into leases for alternative locations at market terms.

Item 3. Legal Proceedings

From time to time, we are named a defendant in legal actions arising out of the normal course of business. We are not a party to any pending legal proceeding other than ordinary, routine litigation incidental to our business. We do not believe that any of our pending litigation will have a material impact on our business. We maintain comprehensive general product liability insurance against risks arising out of the use of our products sold to customers through our wholly-owned New York State captive insurance subsidiary of which we are the sole policy holder. The per

occurrence limits on the self-insurance for general and product liability coverage were \$2,000,000 from inception through fiscal 2003 and \$3,000,000 for fiscal 2004 and thereafter. In addition to the per occurrence limits, our coverage is also subject to an annual aggregate limit, applicable to losses only. These limits range from \$2,000,000 to \$6,000,000 for each policy year from inception through fiscal 2013. We obtain additional insurance coverage from independent insurers to cover potential losses in excess of these limits.

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Like many industrial manufacturers, we are also involved in asbestos-related litigation. In continually evaluating costs relating to our estimated asbestos-related liability, we review, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, our recent and historical resolution of the cases, the number of cases pending against us, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, we do not believe that any of our pending asbestos-related claims will have a material impact on our business. See Note 16 to our March 31, 2013 consolidated financial statements for more information on our asbestos claims.

Item 4.

Mine Safety Disclosures.

Not Applicable.

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PART II

Item 5. Market for the Company's Common Stock and Related Security Holder Matters

Our common stock is traded on the Nasdaq Global Select Market under the symbol "CMCO." As of April 30, 2013, there were 588 holders of record of our common stock.

We do not currently pay cash dividends. Our current credit agreement allows, but limits our ability to pay dividends. We may reconsider or revise this policy from time to time based upon conditions then existing, including, without limitation, our earnings, financial condition, capital requirements, restrictions under credit agreements or other conditions our Board of Directors may deem relevant.

The following table sets forth, for the fiscal periods indicated, the high and low sale prices per share for our common stock as reported on the Nasdaq Global Select Market.

	Price Range of Common Stock	
	High	Low
Year Ended March 31, 2012		
First Quarter	\$ 20.45	\$ 16.84
Second Quarter	18.32	10.08
Third Quarter	14.99	10.37
Fourth Quarter	17.85	12.71
Year Ended March 31, 2013		
First Quarter	\$ 16.25	\$ 13.13
Second Quarter	16.22	13.77
Third Quarter	16.52	14.27
Fourth Quarter	20.84	15.87

On May 22, 2013, the closing price of our common stock on the Nasdaq Global Select Market was \$19.01 per share.

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PERFORMANCE GRAPH

The Performance Graph shown below compares the cumulative total shareholder return on our common stock based on its market price, with the total return of the S&P SmallCap 600 Index, the S&P MidCap 400 Index, and the Dow Jones U.S. Diversified Industrials. The comparison of total return assumes that a fixed investment of \$100 was invested on March 31, 2008 in our common stock and in each of the foregoing indices and further assumes the reinvestment of dividends. Going forward, we will replace the S&P MidCap 400 Index with the S&P SmallCap 600 Index as it is a more appropriate comparison for the Company. The stock price performance shown on the graph is not necessarily indicative of future price performance.

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Item 6. Selected Financial Data

The consolidated balance sheets as of March 31, 2013 and 2012, and the related statements of operations, cash flows and shareholders' equity for each of the three years ended March 31, 2013 and notes thereto appear elsewhere in this annual report. The selected consolidated financial data presented below should be read in conjunction with, and are qualified in their entirety by "Management's Discussion and Analysis of Results of Operations and Financial Condition," our consolidated financial statements and the notes thereto and other financial information included elsewhere in this annual report.

	Year ended March 31st				
	(In millions, except for per share data)				
	2013	2012	2011	2010	2009
Statements of Operations Data:					
Net sales	\$ 597.3	\$ 591.9	\$ 524.1	\$ 476.1	\$ 606.7
Cost of products sold	423.1	434.2	398.0	360.2	433.0
Gross profit	174.2	157.7	126.1	115.9	173.7
Selling expenses	65.6	64.9	62.9	64.4	72.6
General and administrative expenses	52.2	46.7	40.6	36.9	37.7
Restructuring charges (1)	-	(1.0)	2.2	16.5	1.9
Impairment loss (2)	-	-	-	-	107.0
Amortization of intangibles	2.0	2.0	1.8	1.9	1.0
Income (loss) from operations	54.4	45.1	18.6	(3.8)	(46.5)
Interest and debt expense	13.8	14.2	13.5	13.2	13.2
Cost of bond redemptions	-	-	3.9	-	-
Other (income) and expense, net	(2.0)	(1.9)	(3.9)	(4.2)	(1.6)
Income (loss) before income taxes	42.6	32.8	5.1	(12.8)	(58.1)
Income tax expense (benefit) (3)					
(4)	(35.7)	6.9	41.4	(5.3)	18.0
Income (loss) from continuing operations	78.3	25.9	(36.3)	(7.5)	(76.1)
Income (loss) from discontinued operations (5)	-	1.1	0.4	0.5	(2.3)
Net income (loss)	\$ 78.3	\$ 27.0	\$ (35.9)	\$ (7.0)	\$ (78.4)
Diluted earnings (loss) per share from continuing operations	\$ 3.98	\$ 1.33	\$ (1.91)	\$ (0.40)	\$ (4.04)
Basic earnings (loss) per share from continuing operations	\$ 4.03	\$ 1.35	\$ (1.91)	\$ (0.40)	\$ (4.04)
Weighted average shares outstanding – assuming dilution	19.7	19.5	19.0	19.0	18.9
Weighted average shares outstanding – basic	19.4	19.3	19.0	19.0	18.9
Balance Sheet Data (at end of period):					
Total assets	\$ 566.9	\$ 515.4	\$ 478.9	\$ 481.5	\$ 491.7

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Total debt (6)	152.1	153.1	154.4	132.8	137.9
Total debt, net of cash and cash equivalents	30.4	63.6	74.3	68.8	98.7
Total shareholders' equity	240.0	160.5	162.1	187.3	181.9
Other Data:					
Net cash provided by operating activities	42.4	23.6	3.3	29.9	60.2
Net cash used in investing activities	(10.1)	(13.5)	(4.3)	(1.4)	(65.5)
Net cash provided by (used in) financing activities	(1.1)	0.5	15.8	(5.4)	(22.5)
Capital expenditures	14.9	13.8	12.5	7.2	12.2

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- (1) Refer to “Results of Operations” in “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” for a discussion of the restructuring charges related to fiscal 2013, 2012, and 2011.
- (2) The Company’s impairment testing is performed on an annual basis in the fourth quarter of each year. The Company recorded a \$107,000,000 goodwill impairment charge in accordance with ASC Topic 350-20 during the fourth quarter of fiscal 2009. Refer to “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” and Note 9 to our consolidated financial statements for additional information on Goodwill and Intangible Assets.
- (3) The Company had a valuation allowance of \$53,325,000 recorded as of March 31, 2012 due to the uncertainty of whether the Company's net operating loss carryforwards and deferred tax assets might ultimately be realized. The Company was able to utilize \$14,567,000 of U.S. federal net operating loss carryforwards in fiscal 2013 which reduced the valuation allowance by \$5,107,000. As a result of the increased operating performance of the Company over the past several years, the Company reevaluated the certainty as to whether the Company's remaining net operating loss carryforwards and other deferred tax assets may ultimately be realized. As a result of the determination that it is more likely than not that all of the remaining deferred tax assets will be realized with the exception of certain U.S. federal tax credit carryforwards, a significant portion of the remaining valuation allowance totaling \$49,161,000 was reversed in fiscal 2013.
- (4) During 2011, the Company recorded non-cash charge of \$42,983,000 included within its provision for income taxes. As noted in footnote number (3) above, this valuation allowance was reversed in fiscal 2013. The majority of this charge relates to the Company’s determination that a full valuation allowance against its deferred tax assets generated in the U.S is necessary. Accounting rules require a reduction of the carrying amounts of deferred tax assets by a valuation allowance if, based on the available and objectively verifiable evidence, it is more likely than not that such assets will not be realized. The existence of cumulative losses for a certain threshold period is a significant form of negative evidence used in the assessment. If a cumulative loss threshold is met, the accounting rules indicate that forecasts of future profitability are generally not sufficient positive evidence to overcome the presumption that a valuation allowance is necessary.
- (5) In May 2002, the Company sold substantially all of the assets of ASI. As part of the sale of ASI, the Company received an 8% subordinated note in the principal amount of \$6,800,000 which was payable over 10 years ending in May 2012. The full amount of this note had been reserved due to the uncertainty of collection. Principal payments received on the note had been recorded as income from discontinued operations at the time of receipt. As of March 31, 2013, the note was paid in full. Refer to Note 4 to our consolidated financial statements for additional information on Discontinued Operations.
- (6) Total debt includes all debt, including the current portion, notes payable and subordinated debt.

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Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

This section should be read in conjunction with our consolidated financial statements included elsewhere in this annual report. Comments on the results of operations and financial condition below refer to our continuing operations, except in the section entitled "Discontinued Operations."

EXECUTIVE OVERVIEW

We are a leading worldwide designer, manufacturer and marketer of material handling products, systems and services which efficiently and safely move, lift, position and secure material. Key products include hoists, actuators, cranes and rigging tools. The Company is focused on serving commercial and industrial applications that require the safety and quality provided by the Company's superior design and engineering know-how.

Founded in 1875, we have grown to our current size and leadership position through organic growth and acquisitions. We developed our leading market position over our 138-year history by emphasizing technological innovation, manufacturing excellence and superior after-sale service. In addition, acquisitions significantly broadened our product lines and services and expanded our geographic reach, end-user markets and customer base. Ongoing initiatives include improving our productivity and increasing penetration of the Asian, Latin American and European marketplaces. In accordance with our strategy, we have been investing in our sales and marketing activities, new product development and "Lean" efforts across the Company. Shareholder value will be enhanced through continued emphasis on improvement of the fundamentals including market expansion, a high degree of customer satisfaction, new product development, manufacturing efficiency, cost containment, and efficient capital investment.

Over the course of our history, we have managed through many business cycles and our solid cash flow profile has helped us grow and expand globally. We stand with a capital structure which includes sufficient cash reserves, significant revolver availability with an expiration of October 31, 2017, fixed-rate long-term debt which expires in 2019 and a solid cash flow business profile.

Additionally, our revenue base is geographically diverse with approximately 42% derived from customers outside the U.S. for the year ended March 31, 2013. We believe this will help balance the impact of changes that will occur in local economies as well as benefit the Company from growth in emerging markets. As in the past, we monitor both U.S. and Eurozone Industrial Capacity Utilization statistics as indicators of anticipated demand for our products. Since their June 2009 trough, these statistics have improved over the last several years, though we have recently seen a small decline in the Eurozone. In addition, we continue to monitor the potential impact of other global and U.S. trends including industrial production, energy costs, steel price fluctuations, interest rates, foreign currency exchange rates and activity of end-user markets around the globe.

From a strategic perspective, we are investing in global markets and new products as we focus on our greatest opportunities for growth. We maintain a strong North American market share with significant leading market positions in hoists, lifting and sling chain, forged attachments and actuators. We seek to maintain and enhance our market share by focusing our sales and marketing activities toward select North American and global market sectors including energy, general industrial, entertainment, and mining.

Regardless of the economic climate and point in the economic cycle, we constantly explore ways to increase our operating margins as well as further improve our productivity and competitiveness. We have specific initiatives related to improved customer satisfaction, reduced defects, shortened lead times, improved inventory turns and on-time deliveries, reduced warranty costs, and improved working capital utilization. The initiatives are being driven by the continued implementation of our "Lean" efforts which are fundamentally changing our manufacturing and business processes to be more responsive to customer demand and improving on-time delivery and productivity. In

addition to “Lean,” we are working to achieve these strategic initiatives through product simplification, the creation of centers of excellence, and improved supply chain management.

We continuously monitor market prices of steel. We purchase approximately \$30,000,000 to \$40,000,000 of steel annually in a variety of forms including rod, wire, bar, structural and others. Generally, as we experience fluctuations in our costs, we reflect them as price increases or surcharges to our customers with the goal of being margin neutral. Some of our steel costs have increased during this year as a result of higher scrap and alloy surcharges.

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We are also looking for opportunities for growth via strategic acquisitions or joint ventures. The focus of our acquisition strategy centers on opportunities for non-U.S. market penetration and product line expansion in alignment with our existing core product offering.

We operate in a highly competitive and global business environment. We face a variety of opportunities in those markets and geographies, including trends toward increased utilization of the global labor force and the expansion of market opportunities in Asia and other emerging markets. While we continue to execute our long-term growth strategy, we are supported by our solid capital structure, including our cash position and flexible cost base. We are also aggressively pursuing cost reduction opportunities to enhance future margins.

RESULTS OF OPERATIONS

Fiscal 2013 Compared to 2012

Fiscal 2013 sales were \$597,263,000, up 0.9%, or \$5,318,000 compared with fiscal 2012 sales of \$591,945,000. Sales for the year were positively impacted by \$20,755,000 in volume and mix of products sold and \$16,057,000 in price increases. Sales for the year were negatively impacted \$9,644,000 due to net acquisition and divestiture activity and \$4,784,000 by two fewer shipping days. Unfavorable foreign currency translation impacted sales by \$17,066,000.

Our gross profit was \$174,231,000 and \$157,718,000 in fiscal 2013 and 2012 respectively. The fiscal 2013 increase in gross profit of \$16,513,000 or 10.5% is the result of \$16,057,000 in price increases, \$5,355,000 in increased productivity, \$3,812,000 in increased volume, \$1,666,000 from lower product liability expenses, and \$1,971,000 from net acquisition and divestiture activity partially offset by \$6,821,000 in material inflation. Foreign currency translation had an unfavorable impact on gross profit of \$5,527,000.

Selling expenses were \$65,608,000 and \$64,860,000 or 11.0% of net sales in in both fiscal years 2013 and 2012. The increase in fiscal 2013 selling expense was consistent with the overall increase in sales volume. Additionally, foreign currency translation had a \$2,760,000 favorable impact on selling expenses.

General and administrative expenses were \$52,271,000 and \$46,677,000 or 8.8% and 7.9% of net sales in fiscal 2013 and 2012, respectively. The increase in fiscal 2013 general and administrative expenses was primarily the result of investments in emerging markets and new product development costs, higher variable compensation costs, higher employee benefit costs, including pension and group medical costs, the implementation of the Company's new enterprise management system, as well as general inflationary increases.

Restructuring charges of \$0 and (\$1,037,000), or 0% and (0.2%) of net sales were recorded in fiscal 2013 and 2012, respectively. Fiscal 2012 restructuring gains were the result of a gain recognized on the sale of a previously closed manufacturing facility of (\$1,462,000) offset by an employee workforce reduction effort initiated and completed at one of our European facilities.

Amortization of intangibles was \$1,981,000 and \$2,074,000 fiscal 2013 and 2012, respectively and primarily relate to amortization of intangible assets acquired in connection with our fiscal 2009 acquisition of Pfaff.

Interest and debt expense was \$13,757,000 and \$14,214,000 or 2.3% and 2.4% of net sales in fiscal 2013 and 2012, respectively.

Investment income of \$1,546,000 and \$1,018,000, in fiscal 2013 and 2012, respectively, related to marketable securities held in the Company's wholly owned captive insurance subsidiary.

Foreign currency exchange (gain) loss was (\$45,000) and \$316,000 in fiscal 2013 and 2012, respectively, as a result of foreign currency volatility related to foreign currency denominated purchases and intercompany debt.

Other income, net was \$417,000 and \$1,179,000 in fiscal 2013 and 2012, respectively. Other income in fiscal 2012 includes a gain of \$850,000 calculated on the acquisition of the remaining ownership interest of an investment which the Company previously had a 20% ownership interest.

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Income tax (benefit) expense as a percentage of income (loss) from continuing operations before income tax expense was (83.7%) and 21.0% in fiscal 2013 and 2012, respectively. The unusual percentage experienced during the year ended March 31, 2013 is related to the reversal of a deferred tax asset valuation allowance of \$49,161,000.

Fiscal 2012 Compared to 2011

Fiscal 2012 sales were \$591,945,000, up 13.0%, or \$67,880,000 compared with fiscal 2011. The increase in sales was primarily due to an increase of \$43,735,000 in volume resulting from the economic recovery and market share gains. Price increases resulted in a \$13,585,000 increase in sales. Favorable foreign currency translation impacted sales by \$10,560,000.

Our gross profit was \$157,718,000 and \$126,052,000 in fiscal 2012 and 2011, respectively. The fiscal 2012 increase in gross profit of \$31,666,000 or 25.1% is the result of \$20,941,000 in increased volume, favorable manufacturing variances of \$3,655,000, \$3,006,000 in less restructuring related expenses included within cost of goods sold, and \$2,570,000 from lower product liability expenses partially offset by a pension plan curtailment charge of \$1,122,000. Foreign currency translation had a favorable impact on gross profit of \$2,616,000.

Selling expenses were \$64,860,000 and \$62,910,000 or 11.0% and 12.0% of net sales in fiscal 2012 and 2011, respectively. The increase in fiscal 2012 selling expense is primarily the result of increasing revenues year over year.

General and administrative expenses were \$46,677,000 and \$40,592,000 in fiscal 2012 and 2011, respectively. As a percentage of net sales, general and administrative expenses were 7.9% and 7.7% in fiscal 2012 and 2011, respectively. 2012 general and administrative expenses increased by \$6,085,000 or 15.0% primarily due to the new global ERP system implementation project, increased variable compensation costs, as well as higher employee related costs.

Restructuring charges of \$(1,037,000) and \$2,200,000, or (0.2)% and 0.4% of net sales were recorded in fiscal 2012 and 2011, respectively. Fiscal 2012 restructuring gains were the result of a gain recognized on the sale of a previously closed manufacturing facility of (\$1,462,000) offset by an employee workforce reduction effort initiated and completed at one of our European facilities.

Amortization of intangibles was \$2,074,000 and \$1,778,000 in fiscal 2012 and 2011, respectively and primarily relate to amortization of intangible assets acquired in connection with our fiscal 2009 acquisition of Pfaff.

Interest and debt expense was \$14,214,000 and \$13,532,000 or 2.4% and 2.6% of net sales in fiscal 2012 and 2011, respectively.

Investment income of \$1,018,000 and \$3,041,000, in fiscal 2012 and 2011, respectively, related to marketable securities held in the Company's wholly owned captive insurance subsidiary.

Foreign currency exchange loss was \$316,000, and \$452,000 in fiscal 2012 and 2011, respectively, as a result of foreign currency volatility related to purchases and intercompany debt.

Other income, net was \$1,179,000 and \$1,375,000 in 2012 and 2011, respectively. Other income in fiscal 2013 includes a gain of \$850,000 calculated on the acquisition of the remaining ownership interest of an investment which the Company previously had a 20% ownership interest.

Income tax expense (benefit) as a percentage of income (loss) from continuing operations before income tax (benefit) expense was 21.0% and 817.6% in fiscal 2012 and 2011, respectively. The unusual percentage experienced during the

year ended March 31, 2011 is related to the recording of a deferred tax asset valuation allowance in the amount of \$42,983,000.

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LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totalled \$121,660,000, \$89,473,000, and \$80,139,000 at March 31, 2013, 2012 and 2011, respectively.

Cash flow provided by operating activities

Net cash provided by operating activities was \$42,378,000, \$23,587,000 and \$3,280,000 in fiscal 2013, 2012 and 2011, respectively. The net cash provided by operating activities in fiscal 2013 consisted of \$29,135,000 in net income, before a \$49,161,000 reversal of a non-cash charge (originally booked in fiscal 2011) related to the recording of valuation allowances against deferred tax assets. The improvement in net income was largely due to higher gross profit. In addition, net cash provided by operating activities in fiscal 2013 increased as a result of a decrease in inventories and trade accounts receivable of \$10,106,000 and \$6,712,000 respectively, offset by an increase in prepaid expenses of \$1,283,000 and a decrease in trade accounts payable and accrued and non-current liabilities of \$5,465,000 and \$18,801,000 respectively. The reduction in accrued and non-current liabilities was due to a net decrease in customer deposits due to large projects in process at the end of the prior fiscal year and sales rebates earned in fiscal year 2012 and paid in fiscal 2013, a decrease in accrued product liability costs and a decrease in accrued pension costs.

The net cash provided by operating activities in fiscal 2012 consisted of \$26,967,000 in net income which was largely due to increased sales volume, a decrease in prepaid expenses and other assets of \$3,776,000 and increases in trade accounts payable and accrued and non-current liabilities of \$3,862,000 and \$5,906,000, respectively, offset by increases in trade accounts receivables and inventories of \$9,823,000 and \$17,489,000 respectively. The increase in inventory during fiscal 2012 was primarily to meet increasing sales volume and expected future customer demand.

Cash flow used by investing activities

Net cash used by investing activities was \$10,087,000, \$13,541,000 and \$4,344,000 in fiscal 2013, 2012 and 2011, respectively. The net cash used by investing activities in fiscal 2013 consisted of \$14,879,000 in capital expenditures (of which \$3,953,000 relates to implementation of our global ERP system) partially offset by \$2,357,000 in proceeds from the sale of assets and \$2,435,000 in net proceeds from the sale of marketable securities.

The net cash used by investing activities in fiscal 2012 consisted of \$13,765,000 in capital expenditures (of which \$5,248,000 relates to implementation of our global ERP system) and \$3,356,000 for the purchase of the remaining 80% interest in Yale Lifting Solutions (Pty) Ltd based in South Africa, partially offset by \$1,971,000 net proceeds from the sale of our vacant property in Cedar Rapids, Iowa in the period.

Cash flow (used) provided by financing activities

Net cash (used) provided by financing activities was (\$1,086,000), \$474,000 and \$15,794,000 in fiscal 2013, 2012 and 2011, respectively. The net cash used by financing activities in fiscal 2013 primarily consisted of \$1,066,000 repayment of debt and \$684,000 payment in deferred financing costs related to the renewal of the Revolving Credit Facility.

The net cash generated by financing activities in fiscal 2012 consisted of \$1,436,000 of proceeds from exercises of stock options offset by \$361,000 of net payments under international lines of credit and \$1,036,000 in repayment of debt.

We believe that our cash on hand, cash flows, and borrowing capacity under our Revolving Credit Facility will be sufficient to fund our ongoing operations and budgeted capital expenditures for at least the next twelve months. This belief is dependent upon successful execution of our current business plan and effective working capital utilization. No material restrictions exist in accessing cash held by our non-U.S. subsidiaries. Additionally we expect to meet our U.S. funding needs without repatriating non-U.S. cash and incurring the incremental U.S. taxes. As of March 31, 2013, \$41,981,000 of cash and cash equivalents were held by foreign subsidiaries.

We entered into a fifth amended, restated and expanded revolving credit facility dated October 19, 2012 (New Revolving Credit Facility). The New Revolving Credit Facility provides availability up to a maximum of \$100,000,000 and has an initial term ending October 31, 2017.

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Provided there is no default, we may request an increase in the availability of the New Revolving Credit Facility by an amount not exceeding \$75,000,000, subject to lender approval. The unused portion of the New Revolving Credit Facility totalled \$89,881,000 net of outstanding borrowings of \$0 and outstanding letters of credit of \$10,119,000 as of March 31, 2013. The outstanding letters of credit at March 31, 2013 consisted of \$2,189,000 in commercial letters of credit and \$7,930,000 of standby letters of credit. The unused portion of the New Revolving Credit Facility combined with our cash balance yields total liquidity of \$211,541,000 at March 31, 2013. Interest on the revolver is payable at varying Eurodollar rates based on LIBOR plus an applicable margin of 100 basis points or at a Base Rate (equivalent to a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate.”) plus 0 basis points. The applicable margin is determined based on the pricing grid in the New Revolving Credit Facility which varies based on the Company’s total leverage ratio at March 31, 2013. The New Revolving Credit Facility is secured by all U.S. inventory, receivables, equipment, real property, subsidiary stock (limited to 65% of non-U.S. subsidiaries) and intellectual property.

The corresponding credit agreement associated with the New Revolving Credit Facility places certain debt covenant restrictions on the Company, including certain financial requirements and restrictions on dividend payments, with which the Company was in compliance as of March 31, 2013. Key financial covenants include a minimum fixed charge coverage ratio of 1.25x, a maximum total leverage ratio, net of cash, of 3.50x and maximum annual capital expenditures of \$30,000,000. Our actual fixed charges coverage ratio and total leverage ratio, as calculated per the terms of our New Revolving Credit Facility, were 4.03x and 0.68x, respectively, at March 31, 2013.

In connection with the execution of the New Revolving Credit Facility, it was determined that the borrowing capacity of each lender participating in this new agreement exceeded their borrowing capacities prior to the amendment. As a result, unamortized deferred financing costs associated with the agreement prior to its amendment remain deferred and are being amortized over the term of the New Revolving Credit Facility. Fees and other costs paid to execute the New Revolving Credit Facility totaling \$684,000 were recorded as additional deferred financing costs and are being amortized over the term of the New Revolving Credit Facility.

At March 31, 2012, the Company had entered into an amended, restated and expanded revolving credit facility dated December 31, 2009. The Revolving Credit Facility provided availability up to a maximum of \$85,000,000 and had an initial term ending December 31, 2013. The Revolving Credit Facility was replaced by the New Revolving Credit Facility on October 19, 2012.

During the fourth quarter of fiscal year 2011, the Company refinanced its 8 7/8% Notes through the issuance of \$150,000,000 principal amount of 7 7/8% Senior Subordinated Notes due 2019 in a private placement pursuant to Rule 144A under the Securities Act of 1933, as amended (“Unregistered 7 7/8% Notes”). The proceeds from the sale of the Unregistered 7 7/8% Notes were used to repurchase or redeem all of the outstanding 8 7/8% Notes amounting to \$124,855,000 and to fund working capital and other corporate activities. The offering price of the Unregistered 7 7/8% Notes was 98.545% after adjustment for the original issue discount. Provisions of the Unregistered 7 7/8% Notes include, without limitation, restrictions on indebtedness, asset sales, and dividends and other restrictive payments. Until February 1, 2014, the Company may redeem up to 35% of the outstanding Unregistered 7 7/8% Notes at a redemption price of 107.875% with the proceeds of equity offerings, subject to certain restrictions. On or after February 1, 2015, the Unregistered 7 7/8% Notes are redeemable at the option of the Company, in whole or in part, at a redemption price of 103.938%, reducing to 100% on February 1, 2017. In the event of a Change of Control (as defined in the indenture for such notes), each holder of the Unregistered 7 7/8% Notes may require us to repurchase all or a portion of such holder’s Unregistered 7 7/8% Notes at a purchase price equal to 101% of the principal amount thereof. The Unregistered 7 7/8% Notes are guaranteed by certain existing and future U.S. subsidiaries and are not subject to any sinking fund requirements.

During the first quarter of fiscal year 2012, the Company exchanged its \$150,000,000 outstanding Unregistered 7 7/8% Notes for a like principal amount of 7 7/8% Senior Subordinated Notes due 2019 registered under the Securities Act of 1933, as amended (“7 7/8% Notes”). All of the Unregistered 7 7/8% Notes were exchanged in the transaction. The 7 7/8% Notes contain identical terms and provisions as the Unregistered 7 7/8% Notes.

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The gross balances of deferred financing costs were \$4,133,000 and \$4,640,000 as of March 31, 2013 and 2012, respectively. The accumulated amortization balances were \$934,109 and \$1,513,000 as of March 31, 2013 and 2012, respectively.

Our capital lease obligations related to property and equipment leases amounted to \$3,665,000 at March 31, 2013. Capital lease obligations are included in senior debt in the consolidated balance sheets.

Unsecured and uncommitted lines of credit are available to meet short-term working capital needs for certain of our subsidiaries operating outside of the U.S. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of March 31, 2013, significant unsecured credit lines totalled approximately \$6,408,000, of which \$0 was drawn. In addition to the above facilities, one of our foreign subsidiaries has a credit line secured by a parent company guarantee. This credit line provides availability of up to \$966,000, of which \$0 was drawn as of March 31, 2013.

CONTRACTUAL OBLIGATIONS

The following table reflects a summary of our contractual obligations in millions of dollars as of March 31, 2013, by period of estimated payments due:

	Total	Fiscal 2014	Fiscal 2015- Fiscal 2016	Fiscal 2017- Fiscal 2018	More Than Five Years
Long-term debt obligations (a)	\$153.7	\$1.0	\$ 1.8	\$ 0.9	\$ 150.0
Operating lease obligations (b)	31.1	5.8	8.0	5.3	12.0
Purchase obligations (c)	-	-	-	-	-
Interest obligations (d)	69.5	12.1	23.9	23.7	9.8
Letter of credit obligations	10.1	10.1	-	-	-
Bank guarantees	6.2	6.2			
Uncertain tax positions	2.0	-	2.0	-	-
Other long-term liabilities reflected on the Company's balance sheet under GAAP (e)	89.6	-	31.3	32.3	26.0
Total	\$362.2	\$35.2	\$ 67.0	\$ 62.2	\$ 197.8

(a) As described in Note 12 to consolidated financial statements.

(b) As described in Note 19 to consolidated financial statements.

(c) We have no purchase obligations specifying fixed or minimum quantities to be purchased. We estimate that, at any given point in time, our open purchase orders to be executed in the normal course of business approximate \$40 million.

(d) Estimated for our Senior Subordinated Notes due 2/1/19 and other senior debt.

(e) As described in Note 11 to our consolidated financial statements. Excludes uncertain tax positions of \$2.0 million shown separately above.

We have no additional off-balance sheet obligations that are not reflected above.

CAPITAL EXPENDITURES

In addition to keeping our current equipment and plants properly maintained, we are committed to replacing, enhancing and upgrading our property, plant and equipment to support new product development, improve productivity and customer responsiveness, reduce production costs, increase flexibility to respond effectively to market fluctuations and changes, meet environmental requirements, enhance safety and promote ergonomically correct work stations. Our capital expenditures for fiscal 2013, 2012 and 2011 were \$14,879,000, \$13,765,000 and \$12,543,000, respectively. We expect capital expenditure spending in fiscal 2014 to be in the range of \$20,000,000 to \$25,000,000, excluding acquisitions and strategic alliances.

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INFLATION AND OTHER MARKET CONDITIONS

Our costs are affected by inflation in the U.S. economy and, to a lesser extent, in non-U.S. economies including those of Europe, Canada, Mexico, South America and Asia-Pacific. We do not believe that general inflation has had a material effect on our results of operations over the periods presented primarily due to overall low inflation levels over such periods and our ability to generally pass on rising costs through annual price increases and surcharges. However, U.S. employee benefits costs such as health insurance, workers compensation insurance, pensions as well as energy and business insurance have exceeded general inflation levels. In the future, we may be further affected by inflation that we may not be able to pass on as price increases. With changes in worldwide demand for steel and fluctuating scrap steel prices over the past several years, we experienced fluctuations in our costs that we have reflected as price increases and surcharges to our customers. We believe we have been successful in instituting surcharges and price increases to pass on these material cost increases. We will continue to monitor our costs and reevaluate our pricing policies.

SEASONALITY AND QUARTERLY RESULTS

Our quarterly results may be materially affected by the timing of large customer orders, periods of high vacation and holiday concentrations, restructuring charges and other costs attributable to our facility rationalization program, divestitures, acquisitions and the magnitude of rationalization integration costs. Therefore, our operating results for any particular fiscal quarter are not necessarily indicative of results for any subsequent fiscal quarter or for the full fiscal year.

DISCONTINUED OPERATIONS

In May 2002, we completed the divestiture of substantially all of the assets of ASI which comprised the principal business unit in our former Solutions - Automotive segment. Proceeds from this sale included an 8% subordinated note in the principal amount of \$6,800,000 payable over 10 years. Due to the uncertainty of its collection, the note was recorded at its estimated net realizable value of \$0 at the time of the divestiture. Principal payments received on the note are recorded as income from discontinued operations at the time of receipt. Accordingly, \$0, and \$1,052,000 of income from discontinued operations was recorded in fiscal 2013, and 2012 respectively, net of tax. The note was paid during the year ended March 31, 2013.

During the year ended March 31, 2013 the Company sold certain assets of the Gaffey division of Crane Equipment and Service, Inc. The sale of the Gaffey assets did not have a material effect on the Company's financial statements and therefore was not reclassified as a discontinued operation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We continually evaluate the estimates and their underlying assumptions, which form the basis for making judgments about the carrying value of our assets and liabilities. Actual results inevitably will differ from those estimates. If interpreted differently under different conditions or circumstances, changes in our estimates could result in material changes to our reported results. We have identified below the accounting policies involving estimates that are critical to our financial statements. Other accounting policies are more fully described in Note 2 of our consolidated financial statements.

Revenue Recognition. Sales are recorded when title passes to the customer which is generally at the time of shipment to the customer. The Company performs ongoing credit evaluations of its customers' financial condition, but generally

does not require collateral to support customer receivables. The credit risk is controlled through credit approvals, limits and monitoring procedures. Accounts receivable are reported at net realizable value and do not accrue interest.

Pension and Other Postretirement Benefits. The determination of the obligations and expense for pension and postretirement benefits is dependent on our selection of certain assumptions that are used by actuaries in calculating such amounts. Those assumptions are disclosed in Note 13 to our fiscal 2013 consolidated financial statements and include the discount rates, expected long-term rate of return on plan assets and rates of future increases in compensation and healthcare costs. Changes in these assumptions can result in the calculation of different plan expense and liability amounts. Further, actual experience can differ from the assumptions.

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The pension discount rate assumptions of 4.35%, 4.70%, and 5.75%, as of March 31, 2013, 2012, and 2011, respectively, are based on long-term AA rated corporate and municipal bond rates. The decrease in the discount rate for fiscal 2013 resulted in a \$9,300,000 increase in the projected benefit obligation. The decrease in the discount rates for fiscal 2012 resulted in an \$11,500,000 increase in the projected benefit obligation. The rate of return on plan assets assumptions of 7.5% for each of the years ended March 31, 2013, 2012 and 2011 is based on the targeted plan asset allocation (approximately 70% equities and 30% fixed income) and their long-term historical returns. Our under-funded status for all pension plans as of March 31, 2013 and 2012 was \$62,163,000 and \$65,123,000, or 27.1% and 30.3% of the projected benefit obligation, respectively. Our pension contributions during fiscal 2013 and 2012 were approximately \$10,328,000 and \$5,974,000, respectively. The under-funded status may result in future pension expense increases. Pension expense for the March 31, 2014 fiscal year is expected to approximate \$6,390,000, less than the fiscal 2013 amount of \$7,464,000. Pension funding contributions for the March 31, 2014 fiscal year is expected to increase by approximately \$700,000 compared to fiscal 2013. The compensation increase assumption of 2% as of March 31, 2013, 2012, and 2011 is based on expected wage trends and historical patterns.

The healthcare costs inflation assumptions of 7.5% 8.0%, and 8.5% for fiscal 2013, 2012, and 2011, respectively, are based on anticipated trends. Healthcare costs in the United States have increased substantially over the last several years. If this trend continues, the cost of postretirement healthcare will increase in future years.

Insurance Reserves. Our accrued general and product liability reserves as described in Note 16 to consolidated financial statements involve actuarial techniques including the methods selected to estimate ultimate claims, and assumptions including emergence patterns, payment patterns, initial expected losses and increased limit factors. These actuarial estimates are subject to a high degree of uncertainty due to a variety of factors, including extended lag time in the reporting and resolution of claims, trends or changes in claim settlement patterns, insurance industry practices, and legal interpretations. Changes to these estimates could result in material changes to the amount of expense and liabilities recorded in our financial statements. Further, actual costs could differ significantly from the estimated amounts. Adjustments to estimated reserves are recorded in the period in which the change in estimate occurs. Other insurance reserves such as workers compensation and group health insurance are based on actual historical and current claim data provided by third party administrators or internally maintained.

Goodwill impairment testing. Our goodwill balance, \$105,354,000 as of March 31, 2013 is subject to impairment testing. We test goodwill for impairment at least annually, as of the end of February, and more frequently whenever events occur or circumstances change that indicate there may be impairment. These events or circumstances could include a significant long-term adverse change in the business climate, poor indicators of operating performance, or a sale or disposition of a significant portion of a reporting unit.

We test goodwill at the reporting unit level, which is one level below our operating segment. We identify our reporting units by assessing whether the components of our operating segment constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. We also aggregate components that have similar economic characteristics into single reporting units (for example, similar products and / or services, similar long-term financial results, product processes, classes of customers, etc.). We have four reporting units, only two of which have goodwill. Our Duff-Norton reporting unit and Rest of Products reporting unit have goodwill totaling \$9,770,000 and \$95,584,000, respectively, at March 31, 2013.

When we evaluate the potential for goodwill impairment, we assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step impairment test.

In order to perform the two-step impairment test, we use the discounted cash flow method to estimate the fair value of each of our reporting units. The discounted cash flow method incorporates various assumptions, the most significant being projected revenue growth rates, operating profit margins and cash flows, the terminal growth rate and the discount rate. Management projects revenue growth rates, operating margins and cash flows based on each reporting unit's current business, expected developments and operational strategies over a five-year period. In estimating the terminal growth rate, we consider our historical and projected results, as well as the economic environment in which our reporting units operate. The discount rates utilized for each reporting unit reflect management's assumptions of marketplace participants' cost of capital and risk assumptions, both specific to the reporting unit and overall in the economy.

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We performed our qualitative assessment during the fourth quarter and determined that it was not more likely than not that the fair value of each of our reporting units was less than that its applicable carrying value. Accordingly, we did not perform the two-step goodwill impairment test for any of our reporting units.

Accounts Receivable Reserves. Allowances for doubtful accounts and credit memo reserves are also judgmentally determined based on formulas applied to historical bad debt write-offs and credit memos issued, assessing potentially uncollectible customer accounts and analyzing the accounts receivable aging. Accounts receivable are charged against the allowance for doubtful accounts once all collection efforts have been exhausted. At March 31, 2013 the allowance for doubtful accounts totaled \$2,256,000.

Impairment of depreciable and amortizable long-lived assets. Property, plant and equipment and certain intangibles are depreciated or amortized over their assigned lives. We test long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable and exceed their fair market value. The following summarizes the value of long-lived assets subject to impairment testing when events or circumstances indicate potential impairment (amounts in millions):

	Balance as of March 31, 2013
Property, plant and equipment, net	\$ 65.7
Acquired intangibles with estimable useful lives	13.4
Other assets	7.3

Impairment may exist if the carrying amount of the asset in question exceeds the sum of the undiscounted cash flows expected to result from the use of the asset. The impairment loss, if any, would be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair market value as determined by appropriate valuation techniques.

Marketable Securities. On a quarterly basis, we review our marketable securities for declines in market value that may be considered other than temporary. We generally consider market value declines to be other than temporary if there are declines for a period longer than six months and in excess of 20% of original cost. We also consider the nature of the underlying investments and other market conditions.

Deferred Tax Asset Valuation Allowance. In fiscal years 2013, 2012 and 2011 income taxes as a percentage of income before income taxes were not reflective of U.S. statutory rates. The Company had a valuation allowance of \$53,325,000 at March 31, 2012 due to the uncertainty of whether U.S. federal and certain foreign net operating loss carryforwards ("NOLs") and deferred tax assets might ultimately be realized. In fiscal year 2013, we utilized the remaining U.S. federal NOLs thereby, reducing the valuation allowance by \$5,107,000. As a result of our increased operating performance over the past several years, we reevaluated the certainty as to whether our remaining NOLs and other deferred tax assets may ultimately be realized. Management concluded that it is more likely than not that almost all of the remaining deferred tax assets will be realized; therefore, \$49,161,000 of the remaining valuation allowance was reversed as of March 31, 2013.

During the fiscal year ended March 31, 2011, the Company recorded a non-cash charge of \$42,983,000 included within its provision for income taxes. The balance of the valuation allowance at March 31, 2012 was \$53,325,000. This charge relates to the Company's determination that a full valuation allowance against its deferred tax assets generated in the U.S. was necessary. The deferred tax assets relate principally to liabilities related to employee benefit plans, insurance reserves, U.S. tax credits, and U.S. NOLs. The U.S. NOLs have been generated primarily as a result of restructuring costs in fiscal years 2010 and 2011. Accounting rules require a reduction of the carrying amounts of

deferred tax assets by a valuation allowance if, based on the available and objectively verifiable evidence, it is more likely than not that such assets will not be realized. The existence of cumulative losses for a certain threshold period is a significant form of negative evidence used in the assessment. During the third quarter ended December 31, 2010, the Company determined that it would be in a three-year cumulative pretax loss position in the U.S. at March 31, 2011 primarily due to restructuring-related charges incurred in the U.S., despite our expectations of future profitability. If the cumulative loss threshold is met, the accounting rules indicate that forecasts of future profitability are generally not sufficient positive evidence to overcome the presumption that a valuation allowance is necessary.

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The Internal Revenue Code imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three year period. If we were to experience an ownership change, utilization of our NOLs would be subject to an annual limitation determined by multiplying the market value of our outstanding shares of stock at the time of the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may be carried over to later years within the allowed NOL carryforward period. The amount of the limitation may, under certain circumstances, be increased or decreased by built-in gains or losses held by us at the time of the change that are recognized in the five-year period after the change.

Effects of New Accounting Pronouncements

In March 2013, the FASB issued ASU No. 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This ASU addresses the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In February 2013, the Financial Accounting Standards Board, or FASB, issued ASU No. 2013-04, "Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date." This ASU addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several arrangements including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The ASU is effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The ASU requires entities to provide information about significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on net income. The ASU is effective for public entities for fiscal years beginning after December 15, 2012. Management does not expect the adoption of this standard has a significant effect on the Company's financial statement disclosures.

In January 2013, the FASB issued ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities". The ASU clarifies that ordinary trade receivables and certain other receivables are not in the scope of ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." Specifically, Update 2011-11 applies only to derivatives, repurchase agreements and reverse purchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria contained in FASB Accounting Standards Codification or subject to a master netting arrangement or similar agreement. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. Management does not expect the adoption of this standard has a significant effect on the Company's consolidated financial position.

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In October 2012, the FASB issued ASU No. 2012-04, “Technical Corrections and Improvements” which amends a wide variety of Topics in the FASB Accounting Standards Codification (“Codification”). The amendments in ASU No. 2012-04 represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. The adoption of ASU 2012-04 in fiscal 2013 did not have a significant impact on the Company’s condensed consolidated financial statements.

In August 2012, the FASB issued ASU No. 2012-03, “Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)”. This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU 2012-03 did not have a significant impact on the Company’s condensed consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, which updated the guidance in ASC Topic 350, “Intangibles – Goodwill and Other.” The amendments in Update will allow an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Under these amendments, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on qualitative assessment, that it is not more likely than not, the indefinite-lived intangible asset is impaired. The amendments include a number of events and circumstances for an entity to consider in conducting the qualitative assessment. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The amendments are not expected to have an impact on our financial condition or results of operations.

In June 2011, the FASB issued ASU No. 2011-05, “Comprehensive Income (Topic 220): Presentation of Comprehensive Income” (“ASU 2011-05”), effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The issuance of ASU 2011-5 is intended to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance in ASU 2011-5 supersedes the presentation options in ASC Topic 220 and facilitates convergence of U.S. generally accepted accounting principles and International Financial Reporting Standards by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity and requiring that all non-owner changes in stockholders’ equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The adoption of ASU 2011-05 in fiscal 2013 did not have a significant impact on the Company’s condensed consolidated financial statements.

In May 2011 the FASB issued ASU No. 2011-04, “Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs” (“ASU 2011-04”). ASU 2011-04 represents the converged guidance of the FASB and the International Accounting Standards Board (the “Boards”) on fair value measurements. The collective efforts of the Boards and their staffs, reflected in ASU 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term “fair value.” The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRS. The amendments in this ASU are required to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 in fiscal 2013 did not have a significant impact on the Company’s condensed consolidated financial statements.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This report may include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, facility consolidations and other restructurings, our asbestos-related liability, the integration of acquisitions and other factors disclosed in our periodic reports filed with the Commission. Consequently such forward-looking statements should be regarded as our current plans, estimates and beliefs. We do not undertake and specifically decline any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We are exposed to various market risks, including commodity prices for raw materials, foreign currency exchange rates and changes in interest rates. We may enter into financial instrument transactions, which attempt to manage and reduce the impact of such changes. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Our primary commodity risk is related to changes in the price of steel. We control this risk through negotiating purchase contracts on a consolidated basis and by attempting to build changes in raw material costs into the selling prices of or surcharges on our products. We have not entered into financial instrument transactions related to raw material costs.

In fiscal 2013, 42% of our net sales were from manufacturing plants and sales offices in foreign jurisdictions. We manufacture our products in the United States, China, Germany, United Kingdom, Hungary, Mexico and France and sell our products in approximately 50 countries. Our results of operations could be affected by factors such as changes in foreign currency rates or weak economic conditions in foreign markets. Our operating results are exposed to fluctuations between the U.S. dollar and the Canadian dollar, European currencies, the Mexican peso and the Chinese Yuan. For example, when the U.S. dollar weakens against the Euro, the value of our net sales and net income denominated in Euros increases when translated into U.S. dollars for inclusion in our consolidated results. We are also exposed to foreign currency fluctuations in relation to purchases denominated in foreign currencies. Our foreign currency risk is mitigated since the majority of our foreign operations' net sales and the related expense transactions are denominated in the same currency so therefore a significant change in foreign exchange rates would likely have a very minor impact on net income. For example, a 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have had an impact of approximately \$2,100,000 on our net income. In addition, the majority of our export sale transactions are denominated in U.S. dollars.

The Company has foreign currency forward agreements and cross-currency swaps in place to offset changes in the value of intercompany loans to certain foreign subsidiaries due to changes in foreign exchange rates. The notional amount of these derivatives is \$3,295,000 and all contracts mature by September 30, 2013. These contracts are not designated as hedges.

The Company has foreign currency forward agreements in place to hedge changes in the value of recorded foreign currency liabilities due to changes in foreign exchange rates at the settlement date. The notional amount of those derivatives is \$2,529,000 and all contracts mature within twelve months. These contracts are marked to market each balance sheet date and are not designated as hedges.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases and sales, including multi-year contracts related to capital project sales, denominated in a foreign currency. The notional amount of those derivatives is \$8,071,000 and all contracts mature within fifteen months of March 31, 2013.

We control risk related to changes in interest rates by structuring our debt instruments with a combination of fixed and variable interest rates and by periodically entering into financial instrument transactions as appropriate. At March 31, 2013, we do not have any material swap agreements or similar financial instruments in place. At March 31, 2013 and 2012, approximately 100% and 99% of our outstanding debt had fixed interest rates, respectively. At those dates, we had approximately \$0 and \$112,000, respectively, of outstanding variable rate debt. A 1% fluctuation in interest rates would have changed interest expense on that outstanding variable rate debt by \$0 in fiscal 2013 and less than \$10,000 in fiscal 2012.

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Item 8. Financial Statements and Supplemental Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Columbus McKinnon Corporation

Audited Consolidated Financial Statements as of March 31, 2013:

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Columbus McKinnon Corporation

We have audited the accompanying consolidated balance sheets of Columbus McKinnon Corporation as of March 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Columbus McKinnon Corporation at March 31, 2013 and 2012 and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Columbus McKinnon Corporation's internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 29, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
May 29, 2013

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COLUMBUS MCKINNON CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2013	2012
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 121,660	\$ 89,473
Trade accounts receivable, less allowance for doubtful accounts (\$2,256 and \$2,745, respectively)	80,224	88,642
Inventories	94,189	108,055
Prepaid expenses and other	17,905	10,449
Total current assets	313,978	296,619
Net property, plant, and equipment	65,698	61,709
Goodwill	105,354	106,435
Other intangibles, net	13,395	15,791
Marketable securities	23,951	25,393
Deferred taxes on income	37,205	2,824
Other assets	7,286	6,636
Total assets	\$ 566,867	\$ 515,407
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	\$ -	\$ 112
Trade accounts payable	34,329	40,991
Accrued liabilities	48,884	61,713
Current portion of long-term debt	1,024	1,093
Total current liabilities	84,237	103,909
Senior debt, less current portion	2,641	3,749
Subordinated debt	148,412	148,140
Other non-current liabilities	91,590	99,143
Total liabilities	326,880	354,941
Shareholders' equity:		
Voting common stock: 50,000,000 shares authorized; 19,507,939 and 19,400,526 shares issued and outstanding	195	193
Additional paid-in capital	192,308	189,260
Retained earnings	104,191	25,895
ESOP debt guarantee: 33,980 and 60,460 shares	(552)	(975)
Accumulated other comprehensive loss	(56,155)	(53,907)
Total shareholders' equity	239,98	160,466
Total liabilities and shareholders' equity	\$ 566,867	\$ 515,407

See accompanying notes.

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COLUMBUS MCKINNON CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended March 31,

	2013	2012	2011
	(In thousands, except per share data)		
Net sales	\$597,263	\$591,945	\$524,065
Cost of products sold	423,032	434,227	398,013
Gross profit	174,231	157,718	126,052
Selling expenses	65,608	64,860	62,910
General and administrative expenses	52,271	46,677	40,592
Restructuring (gain) charges, net	-	(1,037)	2,200
Amortization of intangibles	1,981	2,074	1,778
Income from operations	54,371	45,144	18,572
Interest and debt expense	13,757	14,214	13,532
Cost of bond redemptions	-	-	3,939
Investment income	(1,546)	(1,018)	(3,041)
Foreign currency exchange (gain) loss	(45)	316	452
Other income, net	(417)	(1,179)	(1,375)
Income from continuing operations before income tax (benefit) expense	42,622	32,811	5,065
Income tax (benefit) expense	(35,674)	6,896	41,411
Income (loss) from continuing operations	78,296	25,915	(36,346)
Income from discontinued operations (net of tax)	-	1,052	396
Net income (loss)	\$78,296	\$26,967	\$(35,950)
Average basic shares outstanding	19,425	19,272	19,047
Average diluted shares outstanding	19,687	19,512	19,047
Basic income (loss) per share:			
Income (loss) from continuing operations	\$4.03	\$1.35	\$(1.91)
Income from discontinued operations	-	0.05	0.02
Basic income (loss) per share	\$4.03	\$1.40	\$(1.89)
Diluted income (loss) per share:			
Income (loss) from continuing operations	\$3.98	\$1.33	\$(1.91)
Income from discontinued operations	-	0.05	0.02
Diluted income (loss) per share	\$3.98	\$1.38	\$(1.89)

See accompanying notes.

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COLUMBUS MCKINNON CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	2013	March 31, 2012	2011
	(In thousands)		
Net income (loss)	\$78,296	\$26,967	\$(35,950)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(2,183)	(4,621)	4,933
Pension liability adjustments, net of taxes of \$52, \$438, and \$952	(362)	(31,617)	4,225
Other post retirement obligations adjustments, net of taxes of \$(242), \$0, and \$0	381	1,778	394
Split-dollar life insurance arrangement adjustments, net of taxes of \$(47), \$0, and \$0	76	48	(1,586)
Change in derivatives qualifying as hedges, net of taxes of \$159, \$12, and \$0	(388)	(246)	239
Adjustments:			
Unrealized holding gain arising during the period, net of taxes of \$(406), \$0, and \$0 *	725	1,358	1,814
Reclassification adjustment for (loss) gain included in net income, net of taxes of \$268, \$0, and \$0 *	(497)	(157)	(2,143)
Net change in unrealized gain (loss) on investments	228	1,201	(329)
Total other comprehensive (loss) income	(2,248)	(33,457)	7,876
Comprehensive income (loss)	\$76,048	\$(6,490)	\$(28,074)

* The zero net deferred tax benefit related to the change in derivatives for our domestic subsidiaries qualifying as hedges, unrealized holding gains and losses, and reclassification adjustments during the years ended 2012 and 2011 is due to the related deferred tax asset valuation allowance.

See accompanying notes.

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COLUMBUS MCKINNON CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share data)

	Common Stock (\$0.01 par value)	Additional Paid-in Capital	Retained Earnings	ESOP Debt Guarantee	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at April 1, 2010	\$191	\$182,385	\$34,878	\$(1,850)	\$(28,326)	\$187,278
Net loss 2011	-	-	(35,950)	-	-	(35,950)
Change in foreign currency translation adjustment	-	-	-	-	4,933	4,933
Change in net unrealized gain on investments, net of tax of \$0	-	-	-	-	(329)	(329)
Change in derivatives qualifying as hedges, net of tax of \$0	-	-	-	-	239	239
Change in pension liability and postretirement obligations, net of tax of \$952	-	-	-	-	3,033	3,033
Stock compensation - directors	-	280	-	-	-	280
Stock options exercised, 6,625 shares	-	56	-	-	-	56
Stock compensation expense	-	2,204	-	-	-	2,204
Tax effect of exercise of stock options	-	(68)	-	-	-	(68)
Earned 27,669 ESOP shares	-	27	-	443	-	470
Balance at March 31, 2011	\$191	\$184,884	\$(1,072)	\$(1,407)	\$(20,450)	\$162,146
Net income 2012	-	-	26,967	-	-	26,967
Change in foreign currency translation adjustment	-	-	-	-	(4,621)	(4,621)
Change in net unrealized gain on investments, net of tax of \$0	-	-	-	-	1,201	1,201
Change in derivatives qualifying as hedges, net of tax of \$12	-	-	-	-	(246)	(246)
Change in pension liability and postretirement obligations, net of tax of \$438	-	-	-	-	(29,791)	(29,791)
Stock compensation - directors	-	360	-	-	-	360
Stock options exercised, 171,970 shares	2	1,436	-	-	-	1,438
Stock compensation expense	-	2,553	-	-	-	2,553
Earned 26,872 ESOP shares	-	27	-	432	-	459

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Balance at March 31, 2012	\$ 193	\$ 189,260	\$ 25,895	\$(975)	\$ (53,907)	\$ 160,466
Net income 2013	-	-	78,296	-	-	78,296
Change in foreign currency translation adjustment	-	-	-	-	(2,183)	(2,183)
Change in net unrealized gain on investments, net of tax of \$(138)	-	-	-	-	-	-
Change in derivatives qualifying as hedges, net of tax of \$159	-	-	-	-	(388)	(388)
Change in pension liability and postretirement obligations, net of tax of \$(237)	-	-	-	-	95	95
Stock compensation - directors	-	361	-	-	-	361
Stock options exercised, 39,878 shares	2	293	-	-	-	295
Stock compensation expense	-	2,973	-	-	-	2,973
Tax effect of exercise of stock options	-	(576)	-	-	-	(576)
Earned 26,480 ESOP shares	-	(3)	-	423	-	420
Balance at March 31, 2013	\$ 195	\$ 192,308	\$ 104,191	\$(552)	\$ (56,155)	\$ 239,987

See accompanying notes.

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COLUMBUS MCKINNON CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31,		
	2013	2012	2011
Operating activities:	(In thousands)		
Net income (loss)	\$78,296	\$26,967	\$(35,950)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income from discontinued operations	-	(1,052)	(396)
Depreciation and amortization	12,115	11,862	11,050
Deferred income taxes	(42,047)	(910)	40,773
Gain on sale of real estate/investments and other	(827)	(1,958)	(2,884)
Loss on early retirement of bonds	-	-	3,939
Amortization/write-off of deferred financing costs and discount on subordinated debt	592	383	278
Stock-based compensation	3,334	2,913	2,484
Gain on re-measurement of investment	-	(850)	-
Changes in operating assets and liabilities, net of effects of business acquisitions and divestitures:			
Trade accounts receivable	6,712	(9,823)	(6,683)
Inventories	10,106	(17,489)	(9,848)
Prepaid expenses and other	(1,283)	3,232	(3,983)
Other assets	(354)	544	(1,195)
Trade accounts payable	(5,465)	3,862	4,027
Accrued and non-current liabilities	(18,801)	5,906	1,668
Net cash provided by operating activities	42,378	23,587	3,280
Investing activities:			
Proceeds from sale of marketable securities	6,573	5,747	23,048
Purchases of marketable securities	(4,138)	(5,190)	(16,427)
Capital expenditures	(14,879)	(13,765)	(12,543)
Proceeds from sale of assets	2,357	1,971	1,182
Purchase of business	-	(3,356)	-
Net cash used for investing activities from continuing operations	(10,087)	(14,593)	(4,740)
Net cash provided by investing activities from discontinued operations	-	1,052	396
Net cash used for investing activities	(10,087)	(13,541)	(4,344)
Financing activities:			
Proceeds from exercise of stock options	295	1,436	-
Payment of bond redemption tender fees	-	-	(3,154)
Payments under line-of-credit agreements	(54)	(361)	