

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1994-02-02** | Period of Report: **1994-01-31**
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FILER

FOOTHILL GROUP INC

CIK: **37941** | IRS No.: **941663353** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-07789** | Film No.: **94504201**
SIC: **6153** Short-term business credit institutions

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report: January 31, 1994

THE FOOTHILL GROUP, INC.

(Exact name of registrant as specified in charter)

<TABLE>	<S>	<C>	<C>
	Delaware	0-5467	94-1663353
	-----	-----	-----
	(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
</TABLE>			

11111 Santa Monica Boulevard
Los Angeles, California 90025
(Address of principal executive office)

Registrant's telephone number: (310) 996-7000

Item 7: Financial Statements, Pro Forma Financial Information and Exhibits

Exhibit 28 - Additional Exhibits

Press release announcing fourth quarter earnings and record year end results.

SIGNATURES

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

Dated: January 31, 1994

THE FOOTHILL GROUP, INC.

By: C/HENRY K. JORDAN
Henry K. Jordan
Vice President and
Chief Financial Officer

THE FOOTHILL GROUP, INC. REPORTS

1993 FOURTH QUARTER AND RECORD YEAR END RESULTS

LOS ANGELES, CALIFORNIA, January 31, 1994 . . . The Foothill Group, Inc. (NYSE-FGI) today reported a 72% increase in income from continuing operations for the year ended December 31, 1993 to a record \$20,823,000, or \$1.20 per fully diluted share, compared with income from continuing operations of \$12,134,000, or 81 cents per fully diluted share, for the year ended December 31, 1992. Foothill reported income from continuing operations for the fourth quarter ended December 31, 1993 of \$5,329,000, or 30 cents per fully diluted share, compared with income from continuing operations of \$2,892,000, or 17 cents per fully diluted share, for the 1992 fourth quarter. Previously reported financial information has undergone certain reclassifications due to the spin-off of Foothill Thrift and Loan to Foothill Group shareholders on December 23, 1993. All results of Foothill Thrift and Loan through the record date for the spin-off are classified as discontinued operations. Net income for 1993 totaled \$18,683,000 or \$1.08 per fully diluted share as compared to \$12,145,000 or 82 cents per fully diluted share for 1992.

Henry K. Jordan, Chief Financial Officer, said, "The Company's return on average assets and average equity from continuing operations for the year ended December 31, 1993 totaled 4.13% and 17.16%, respectively, as compared to 2.80% and 13.78% for the year ended December 31, 1992. Fourth quarter income from continuing operations in 1993 exceeded the 1992 fourth quarter due to improvements in interest margins, growth of the asset-based loan portfolio and strong results from money management activities. Interest margin, as a percent of average assets of continuing

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operations, grew to 6.96% for the 1993 fourth quarter, up from 5.92% for the year ended December 31, 1992. Asset based loans reached \$514,518,000 as of December 31, 1993, up 30% from \$394,895,000 as of December 31, 1992.

"The Company reported \$4,334,000 in gains from sales of bank loans during the 1993 fourth quarter versus \$837,000 in the fourth quarter of 1992. Gain on investments, which include profits from managed partnerships, were \$79,000 in the 1993 fourth quarter versus \$755,000 in the fourth quarter of 1992. The Company's level of nonperforming finance receivables and repossessed assets totaled \$16,296,000, or 3.17% of finance receivables and repossessed assets as of December 31, 1993, as compared to the \$22,057,000 or 5.71% of finance receivables and repossessed assets as of December 31, 1992.

"We anticipate loan growth and profits from asset-based lending activities at Foothill Capital Corporation in 1994 will remain strong. We expect gains from the sale of bank loans and profits from managed partnerships to be reported sporadically during 1994, as was the case during 1993. The Company anticipates 1994 earnings will be in excess of those reported for 1993, but not on a consistent quarterly basis. Also, the previously announced potential sale of the Company's holdings of equity and debt securities of G. Heilman Brewing Company was completed on January 24, 1994. The Company's pretax gains from sales of these positions in G. Heilman are in excess of \$10 million and will be reflected in earnings in the first quarter of 1994.

"Equity and purchased bank debt positions owned by the Company have unrealized gains totaling \$37,805,000 as of December 31, 1993, up significantly from \$13,743,000 as of December 31, 1992. In addition, investments of Foothill's managed partnerships show substantial unrealized gains which, if realized, will contribute to future earnings. Effective December 31, 1993, the Company implemented Statement of Financial Accounting Standards No. 115, which governs accounting for certain investments in debt and equity securities. Under this Statement, unrealized gains, net of income taxes, on the Company's equity and purchased bank debt positions are shown on the attached balance sheet as a component of stockholders' equity and are included in the carrying value of these investments.

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"Book value per common share was \$9.02 as of December 31, 1993, up from \$7.78 as of December 31, 1992. Total stockholders' equity increased 18% in 1993 to a record \$152 million."

The Foothill Group, Inc. is a financial services company engaged in the

asset-based lending and asset management businesses. As of December 31, 1993, Foothill had total assets owned or under management of more than \$1.1 billion. Foothill Capital Corporation, its wholly-owned subsidiary, provides asset-based financing secured by accounts receivable, inventory, equipment and other assets to businesses nationwide. The parent company's asset management operation manages institutional limited partnerships which invest in the debt of companies which are in reorganization or in the process of restructuring.

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THE FOOTHILL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1993 AND DECEMBER 31, 1992
(Dollars in thousands)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1993	1992
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 50,907	\$ 39,765
Finance receivables:		
Accounts receivable loans	326,373	186,422
Term loans	188,145	208,473
Finance receivables	514,518	394,895
Allowance for credit losses	14,057	10,527
Finance receivables, net	500,461	384,368
Net assets of discontinued operation	-	15,830
Repossessed assets, net	-	1,782
Equity, debt and partnership investments	32,842	13,992
Prepaid income taxes	9,009	8,035
Deferred fund and debt issuance costs, net	9,897	7,692
Property and equipment, at cost less accumulated depreciation and amortization (\$1,769 at December 31, 1993; \$1,392 at December 31, 1992)	2,269	1,552
Other assets	1,122	1,367
	\$606,507	\$474,383
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Commercial paper	\$148,283	\$ 64,915
Senior notes payable	237,404	216,560
Accounts payable and accrued liabilities	14,948	14,956
Subordinated notes and debentures	53,725	48,940
Total liabilities	454,360	345,371
	-----	-----
Stockholders' equity:		
Convertible preferred stock, \$1.00 par value, \$30.00 per share liquidation preference, 9% cumulative, 100,000 shares issued and outstanding	2,900	2,900
Class A common stock, no par value, 16,538,874 shares issued and outstanding (16,203,523 at December 31, 1992)	101,285	99,009
Unrealized gains, net of tax, on marketable debt and equity securities	19,672	-
Retained earnings	28,290	27,103
Total stockholders' equity	152,147	129,012
	-----	-----
	\$606,507	\$474,383
	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

THE FOOTHILL GROUP, INC.
(DOLLARS IN THOUSANDS)

	Three months ended December 31,				Year ended December 31,			
	1993		1992		1993		1992	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SELECTED OPERATING DATA*:								
Interest income	\$15,319	10.97%	\$11,107	10.23%	\$ 7,536	11.42%	\$49,915	11.52%
Interest expense	5,596	4.01%	4,974	4.58%	21,064	4.18%	24,268	5.60%
Interest margin	9,723	6.96%	6,133	5.65%	36,472	7.24%	25,647	5.92%
Fees and other income	8,332	5.97%	3,058	2.82%	27,288	5.41%	16,820	3.88%
Total margin	18,055	12.93%	9,191	8.47%	63,760	12.65%	42,467	9.80%
Gain on investments, net	79	0.06%	755	0.70%	5,257	1.04%	3,373	0.78%
Provision for credit losses	3,050	2.18%	880	0.81%	12,794	2.54%	8,671	2.00%
General and administrative expenses	5,885	4.21%	4,264	3.93%	20,322	4.03%	16,414	3.79%
Income from continuing operations before taxes	9,199	6.60%	4,802	4.43%	35,901	7.12%	20,755	4.79%
Provision for income taxes - continuing operations	3,870	2.77%	1,910	1.76%	15,078	2.99%	8,621	1.99%
Income from continuing operations	5,329	3.83%	2,892	2.67%	20,823	4.13%	12,134	2.80%
Income (loss) from discontinued operations	(1,236)	(0.88)%	(209)	(0.19)%	(1,579)	(0.31)%	563	0.13%
Income before extraordinary items	4,093	2.95%	2,683	2.48%	19,244	3.82%	12,697	2.93%
Extraordinary items	(561)	(0.40)%	(42)	(0.04)%	(561)	(0.11)%	(552)	(0.13)%
Net income	\$ 3,532	2.55%	\$ 2,641	2.44%	\$18,683	3.71%	\$12,145	2.80%

</TABLE>

*Percentages are computed using average assets of continuing operations and have been annualized.

<S>	<C>	<C>	<C>	<C>
Per share data (shares in thousands):				
Primary				
Income from continuing operations	\$ 0.31	\$ 0.17	\$ 1.23	\$ 0.89
Discontinued operations	(0.07)	(0.01)	(0.09)	0.04
Extraordinary items	(0.03)	-	(0.03)	(0.04)
Earnings per common and common equivalent share	\$ 0.21	\$ 0.16	\$ 1.11	\$ 0.89
Fully diluted:				
Income from continuing operations	\$ 0.30	\$ 0.17	\$ 1.20	\$ 0.81
Discontinued operations	(0.07)	(0.01)	(0.09)	0.04
Extraordinary items	(0.03)	-	(0.03)	(0.03)
Earnings per common share assuming full dilution	\$ 0.20	\$ 0.16	\$ 1.08	\$ 0.82
Number of shares used in per share computations				
Primary	16,821	16,389	16,683	13,730
Fully diluted	17,499	17,063	17,363	15,650

</TABLE>

<S>	<C>	<C>	<C>	<C>
SELECTED BALANCE SHEET DATA:				
Total assets	\$606,507	\$474,383	\$606,507	\$474,383
Average assets**	574,060	450,176	520,105	448,941
Average assets of continuing operations**	558,661	434,221	504,022	433,158
Average stockholders' equity**	145,288	126,879	137,448	103,823
Average stockholders' equity in continuing operations**	129,889	110,924	121,365	88,040
Finance receivables	514,518	394,895	514,518	394,895
Average finance receivables**	532,916	414,094	480,353	413,067

Sources of funds employed:

Commercial paper and bank borrowings	\$148,283	\$ 64,915	\$148,283	\$ 64,915
Senior notes	237,404	216,560	237,404	216,560
Subordinated notes and debentures	53,725	48,940	53,725	48,940
Stockholders' equity	152,147	129,012	152,147	129,012
	-----	-----	-----	-----
Total funds employed	\$591,559	\$459,427	\$591,559	\$459,427
	=====	=====	=====	=====

</TABLE>

**Averages are for the three and twelve months ended, as applicable.

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THE FOOTHILL GROUP, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)
THE FOOTHILL GROUP, INC.

SELECTED FINANCIAL DATA FOR FOOTHILL CAPITAL CORPORATION
(UNAUDITED)

SELECTED FINANCIAL DATA FOR FOOTHILL CAPITAL CORPORATION:

<TABLE>
<CAPTION>

(Dollars in thousands)	Three months ended December 31,				Year ended December 31,			
	1993		1992		1993		1992	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SELECTED OPERATING DATA*:								
Interest income	\$ 15,026	10.98%	\$ 11,025	10.17%	\$ 56,636	11.43%	\$ 49,543	11.49%
Interest expense	5,877	4.30%	5,295	4.88%	22,218	4.48%	23,113	5.36%
	-----	-----	-----	-----	-----	-----	-----	-----
Interest margin	9,149	6.68%	5,730	5.29%	34,418	6.95%	26,430	6.13%
Fees and other income	6,783	4.96%	2,277	2.10%	20,916	4.22%	13,485	3.13%
	-----	-----	-----	-----	-----	-----	-----	-----
Total margin	15,932	11.64%	8,007	7.39%	55,334	11.17%	39,915	9.26%
Provision for credit losses	2,950	2.16%	879	0.81%	12,254	2.47%	8,641	2.00%
General and administrative expenses	4,815	3.52%	3,762	3.47%	16,987	3.43%	14,967	3.47%
	-----	-----	-----	-----	-----	-----	-----	-----
Income before income taxes	8,167	5.96%	3,366	3.11%	26,093	5.27%	16,307	3.79%
Provision for income taxes	3,430	2.51%	1,414	1.30%	10,959	2.21%	6,849	1.59%
	-----	-----	-----	-----	-----	-----	-----	-----
Income before extraordinary items	4,737	3.45%	1,952	1.81%	15,134	3.06%	9,458	2.20%
Extraordinary items	(561)	(0.41)%	-	-	(561)	(0.11)%	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
Net income	\$ 4,176	3.04%	\$ 1,952	1.81%	\$ 14,573	2.95%	\$ 9,458	2.20%
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

*Percentages are computed using average assets and have been annualized.

<TABLE>
<S>

	<C>	<C>	<C>	<C>
SELECTED BALANCE SHEET DATA:				
Total assets	\$572,630	\$437,867	\$572,630	\$437,867
Average assets**	547,265	433,660	495,501	431,120
Finance receivables	506,673	393,530	506,673	393,530
Average finance receivables**	525,421	413,029	476,382	412,203
	=====	=====	=====	=====
Sources of funds employed:				
Commercial paper and bank borrowings	\$148,283	\$ 64,915	\$148,283	\$ 64,915
Senior notes	233,817	216,560	233,817	216,560
Subordinated notes and debentures	64,225	62,190	64,225	62,190
Stockholder's equity	114,133	83,127	114,133	83,127
	-----	-----	-----	-----
Total funds employed	\$560,458	\$426,792	\$560,458	\$426,792
	=====	=====	=====	=====

</TABLE>

**Averages are for the three and twelve months ended,
as applicable.

<S>	<C>	<C>	<C>	<C>
OTHER SELECTED DATA:				
Nonperforming finance receivables and repossessed assets***	\$ 16,296	\$ 22,057	\$ 16,296	\$ 22,057
Allowance for credit losses	\$ 13,857	\$ 10,527	\$ 13,857	\$ 10,527
Actual writeoffs during the period	\$ 2,450	\$ 880	\$ 8,924	\$ 6,161
Number of employees	108	100	108	100
	=====	=====	=====	=====

</TABLE>

***Includes loans in process of foreclosure, repossessed assets and loans that
have contractual installments more than sixty days past due.