

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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FILER

EXCEL INDUSTRIES INC

CIK: **740868** | IRS No.: **351551685** | State of Incorpor.: **IN** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **001-08684** | Film No.: **94527878**
SIC: **3714** Motor vehicle parts & accessories

Business Address
1120 N MAIN ST
P O BOX 3118
ELKHART IN 46515-3118
2192642131

FORM 10-Q/A
AMENDMENT #1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1994 Commission File No. 1-8684

Excel Industries, Inc.
(Exact name of registrant as specified in its charter)

Indiana 35-1551685
(State or other jurisdiction (IRS Employer Identification
of incorporation or organization) Number)

1120 North Main Street, Elkhart, Indiana 46514
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (219) 264-2131
Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months
(or for such shorter period that the registrant was required to
file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date.

At March 31, 1994, there were issued and outstanding 10,957,936
common shares, no par value.

EXCEL INDUSTRIES, INC.

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EXCEL INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	March 31, 1994 (Unaudited)	December 31, 1993
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,695	\$ 6,767
Marketable securities	39,819	39,786
Accounts receivable - trade	86,356	70,653
Customer tooling to be billed	10,605	9,161
Inventories (Note 2)	30,496	29,867
Prepaid expenses	4,087	6,113
Total current assets	181,058	162,347
Property, plant and equipment, less accumulated depreciation of (1994 - \$56,549; 1993 - \$53,773)	52,183	49,746
Other assets	16,776	17,223
	\$250,017	\$229,316

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable - trade	\$ 52,972	\$ 46,983
Accrued liabilities	22,377	19,050
Current portion of debt	1,429	1,553
Total current liabilities	76,778	67,586
Long-term debt	34,761	35,094
Other long-term liabilities	20,667	20,200
Commitments and contingent liabilities	--	--
Shareholders' equity		
Preferred shares - no par value, 1,000 shares authorized, none issued	--	--
Common shares - authorized 20,000 shares without par value; issued 1994 - 10,958; 1993 - 10,575	94,651	87,537
Retained earnings	23,876	19,615
Unrecognized pension actuarial losses, net of tax	(716)	(716)
Total shareholders' equity	117,811	106,436
	\$250,017	\$229,316

NOTE: The balance sheet at December 31, 1993 has been derived from the audited financial statements at that date.

EXCEL INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	1994	1993
Net sales	\$151,972	\$127,340
Cost of goods sold	135,475	113,045
Gross profit	16,497	14,295
Selling, administrative and engineering expenses	7,844	7,881
Operating income	8,653	6,414
Other income (expense):		
Interest expense	(839)	(914)
Other income, net	341	202
Income before income taxes	8,155	5,702

Provision for taxes on income	3,017	2,280
Net income	\$ 5,138	3,422
Net income per share (Note 4):		
Primary	\$ 0.48	\$ 0.39
Fully diluted	\$ 0.44	\$ 0.35
Cash dividends per share	\$ 0.08	\$ 0.06

EXCEL INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 1994 AND 1993
(in thousands of dollars)

	COMMON SHARES	RETAINED EARNINGS	UNRECOGNIZED PENSION ACTUARIAL LOSSES	TOTAL
Balance at December 31, 1993	\$87,537	\$19,615	\$ (716)	\$106,436
Net income		5,138		5,138
Dividends		(877)		(877)
Issuance of 380,000				

Common Shares	7,059			7,059
Shares issued under employee stock purchase plan	55			55
Balance at March 31, 1994	\$94,651	\$23,876	\$(716)	\$117,811
Balance at December 31, 1992	\$57,282	\$10,346	\$(598)	\$ 67,030
Net income		3,422		3,422
Dividends		(634)		(634)
Issuance of 2,000,000 Common Shares	30,019			30,019
Shares issued under employee stock purchase plan	43			43
Balance at March 31, 1993	\$87,344	\$13,134	\$(598)	\$ 99,880

EXCEL INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands of dollars)

	Three Months Ended	
	March 31,	
	1994	1993
Cash flows from operating activities		
Net income	\$ 5,138	\$ 3,422
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3,016	2,487
Deferred income taxes and other	582	1,172
Changes in current assets and liabilities:		
Accounts receivable and other	(13,677)	(14,835)
Inventories and customer tooling	(2,073)	(2,017)
Investment in marketable securities	(33)	(43,392)
Accounts payable and accrued liabilities	9,316	12,649
Total adjustments	(2,869)	(43,936)

Net cash provided by (used for) operating activities	2,269	(40,514)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,580)	(2,479)
Other	459	(139)
Net cash used for investing activities	(5,121)	(2,618)
Cash flows from financing activities		
Issuance of common shares	7,114	30,062
Maturities of long-term debt	(457)	(521)
Dividends	(877)	(634)
Net cash from (for) financing activities	5,780	28,907
Net change in cash and cash equivalents	2,928	(14,225)
Cash and cash equivalents at beginning of year	6,767	27,510
Cash and cash equivalents at end of first quarter	\$ 9,695	\$ 13,285

EXCEL INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation:

The financial statements have been prepared from the unaudited financial records of the Company. In the opinion of management, the financial statements include all adjustments consisting only of normal recurring adjustments necessary for a fair presentation of the results of operations and financial position for the interim periods.

Note 2 - Marketable Securities:

Marketable securities consist of U.S. Government securities, tax-free municipal securities and municipal fund par value preferred shares and are classified as trading securities. Certain amounts for 1993 have been reclassified to conform to the 1994 classification.

Note 3 - Inventories:

Inventories consist of the following:

	March 31, 1994	December 31, 1993
	(000 omitted)	
Raw materials	\$18,328	\$17,948
Work in process and finished goods	13,690	12,378
LIFO Reserve	(1,522)	(459)
	\$30,496	\$29,867

Note 4 - Net Income per Share:

Primary net income per share is computed using the weighted average number of shares outstanding during the period. In computing fully diluted earnings per share, the conversion of the Company's 10% Convertible Subordinated Notes is also assumed except when the effect of the conversion is anti-dilutive. Shares used to compute net income per share data are as follows:

	Three Months Ended March 31,	
	1994	1993
	(000 omitted)	
Primary	10,605	8,789
Fully diluted	12,875	11,073

Note 5 - Contingencies

A chemical cleaning compound, trichlorethylene ("TCE"), has been found in the soil and groundwater on the Company's property in Elkhart, Indiana, and in 1981, TCE was found in a well field of the City of Elkhart in close proximity to the Company's facility. The Company has been named as one of nine potentially responsible parties (PRPs) in the contamination of this site.

The United States Environmental Protection Agency (EPA) and the Indiana Department of Environmental Management (IDEM) have conducted a preliminary investigation and evaluation of the site and have undertaken temporary remedial action in the nature of air-stripping towers.

In early 1992, the EPA issued a Unilateral Order under Section 106 of the Comprehensive Environmental Response, Compensation and Liability Act which required the Company and other PRPs to undertake remedial work. The Company and the other PRPs have reached an agreement regarding the funding of groundwater monitoring and the operation of the air-strippers as required by the Unilateral Order. The Company was required to install and

operate a soil vapor extraction system to remove TCE from the Company's property. As of February 1, 1994, the Company has installed and is operating the equipment pursuant to the Unilateral Order. In addition, the EPA and IDEM have asserted a claim for reimbursement of their investigatory costs and the costs of installing and operating the air-strippers on the municipal well field (the EPA Costs). On February 22, 1993, the United States filed a lawsuit in the United States District Court for the Northern District of Indiana against eight of the PRPs, including the Company. On July 20, 1993, IDEM joined in the lawsuit. The lawsuit seeks recovery of the costs of enforcement, prejudgment interest and an amount in excess of \$6.8 million, which represents costs incurred to date by the EPA and IDEM, and a declaration that the eight defendant PRPs are liable for any future costs incurred by the EPA and IDEM in connection with the site.

The Company does not believe the annual cost to the Company of monitoring groundwater and operating the soil vapor extraction system and the air-strippers will be material. Each of the PRPs, including the Company, is jointly and severally liable for the entire amount of the EPA Costs. Certain PRPs, including the Company, are currently attempting to negotiate an agreed upon allocation of such liability. The Company believes that adequate provisions have been recorded for its costs and its anticipated share of EPA Costs and that its cash on hand, unused lines of credit or cash from operations are sufficient to fund any required expenditures.

The EPA has also named the Company as a PRP for costs at three other disposal sites. It has also asked the Company for information about contamination at other sites. The Company believes it either has no liability as a responsible party or that adequate provisions have been recorded for any costs to be incurred.

There are claims and pending legal proceedings against the Company and its subsidiaries with respect to taxes, workers' compensation, warranties and other matters arising out of the ordinary conduct of the business. The ultimate result of these claims and proceedings at March 31, 1994 is not determinable, but, in the opinion of management, adequate provision for anticipated costs has been made or insurance coverage exists to cover such costs.

Note 6 - Share Ownership

On March 24, 1994, Ford Motor Company and Ford Motor Company Fund disposed of their combined 24% ownership in the Company through a secondary public offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MATERIAL CHANGES IN FINANCIAL CONDITION:

Cash flow from operations totalled \$2.3 million. Investment in receivables and inventories increased \$16.3 million due to higher level of sales. This increase was partially offset by an increase of \$9.3 million in trade accounts payable and accruals. Capital expenditures in the first quarter totalled \$5.6 million and the capital expenditure budget for the year totals \$18 million.

The Company received \$7.1 million for the sale of common shares. Cash and short-term marketable securities amounted to \$49.5 million at March 31, 1994, an increase of \$2.9 million from December 31, 1993.

MATERIAL CHANGES IN RESULTS OF OPERATIONS:
THREE MONTHS ENDED MARCH 31, 1994 COMPARED TO
THREE MONTHS ENDED MARCH 31, 1993

Sales in the first quarter of 1994 increased 19% or \$24.6 million to \$151.9 million from the \$127.3 million in 1993. The increased sales occurred primarily in automotive original equipment products as production and sales of light vehicles in North America remained strong. Overall first quarter production of light vehicles totalled approximately 3.7 million units, an increase of 12% over the year ago first quarter.

Gross profit was \$16.5 million in the current quarter or 10.9% of sales and compares with gross profit of \$14.3 million or 11.2% of sales in the first quarter of 1993. The increase in gross profit in the quarter is due to the increase sales. The decline in gross profit as a percent of sales results primarily from a shortfall of cost reductions against productivity commitments and a change in product mix.

Selling, administrative and engineering expenses totalled \$7.8 million in the first quarter which was comparable with the \$7.9 million in the 1993 first quarter. Offsetting a reduction in the provision for doubtful accounts and increased compensation costs were increased personnel costs for research, engineering and development.

Interest expense totaled \$839,000 in 1994 and compares with \$914,000 in the year ago first quarter.

Other income of \$341,000 which is primarily interest income on marketable debt securities compares to \$202,000 in the 1993 first

quarter.

Provision for taxes on income was at an effective rate of 37% as compared to 40% in 1993. The decline in the overall effective rate results from reduction in effective state rates.

PART II. OTHER INFORMATION

All items in Part II are either not applicable or answerable in the negative.

SIGNATURES

Pursuant to the requirement 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.

EXCEL INDUSTRIES INC.
(Registrant)

Date: May 11, 1994

s/ James J. Lohman
Chairman and
Chief Executive Officer

Date: May 11, 1994

s/ Joseph A. Robinson
Secretary/Treasurer and
Chief Financial Officer