

Thermon Group Holdings, Inc.
Form 10-Q
August 05, 2015

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

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

Commission File Number: 001-35159

THERMON GROUP HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

27-2228185
(I.R.S. Employer Identification No.)

100 Thermon Drive, San Marcos, Texas 78666
(Address of principal executive offices)

(512) 396-5801
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Edgar Filing: Thermon Group Holdings, Inc. - Form 10-Q

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

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

As of July 31, 2015, the registrant had 32,124,079 shares of common stock, par value \$0.001 per share, outstanding.

THERMON GROUP HOLDINGS, INC.

QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2015

TABLE OF CONTENTS

	Page
PART I — FINANCIAL INFORMATION	
<u>Item 1. Financial Statements (Unaudited)</u>	
Thermon Group Holdings, Inc. and its Consolidated Subsidiaries	
<u>Condensed Consolidated Balance Sheets as of June 30, 2015 and March 31, 2015</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Income for the three months ended June 30, 2015 and 2014</u>	<u>2</u>
<u>Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2015 and 2014</u>	<u>3</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>4</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
<u>Item 4. Controls and Procedures</u>	<u>25</u>
PART II — OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>25</u>
<u>Item 1A. Risk Factors</u>	<u>26</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>26</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>26</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>26</u>
<u>Item 5. Other Information</u>	<u>26</u>
<u>Item 6. Exhibits</u>	<u>26</u>
<u>SIGNATURE</u>	<u>27</u>
<u>EXHIBIT INDEX</u>	<u>28</u>
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Thermon Group Holdings, Inc.

Condensed Consolidated Balance Sheets

(Dollars in Thousands, except share and per share data)

	June 30, 2015 (Unaudited)	March 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$79,363	\$93,774
Accounts receivable, net of allowance for doubtful accounts of \$916 and \$785 as of June 30, 2015 and March 31, 2015, respectively	55,435	60,441
Inventories, net	43,979	41,008
Costs and estimated earnings in excess of billings on uncompleted contracts	5,502	6,804
Prepaid expenses and other current assets	8,257	5,128
Deferred income taxes	3,499	3,549
Total current assets	196,035	210,704
Property, plant and equipment, net	38,383	34,824
Goodwill	115,197	105,232
Intangible assets, net	101,357	100,813
Debt issuance costs, net	1,250	1,358
Other long term assets	369	378
Total assets	\$452,591	\$453,309
Liabilities		
Current liabilities:		
Accounts payable	\$16,128	\$17,145
Accrued liabilities	12,407	17,417
Current portion of long term debt	13,500	13,500
Billings in excess of costs and estimated earnings on uncompleted contracts	2,068	2,366
Income taxes payable	830	2,710
Total current liabilities	44,933	53,138
Long-term debt, net of current maturities	91,125	94,500
Deferred income taxes	30,748	30,835
Other noncurrent liabilities	3,075	3,070
Total liabilities	169,881	181,543
Equity		
Common stock: \$.001 par value; 150,000,000 authorized; 32,124,079 and 32,082,393 shares issued and outstanding at June 30, 2015 and March 31, 2015, respectively	32	32
Preferred stock: \$.001 par value; 10,000,000 authorized; no shares issued and outstanding	—	—
Additional paid in capital	214,118	213,885
Accumulated other comprehensive loss	(38,901) (41,400
Retained earnings	103,678	99,249
Total Thermon Group Holdings, Inc. shareholders' equity	278,927	271,766
Non-controlling interests	3,783	—
Total equity	282,710	271,766
Total liabilities and equity	\$452,591	\$453,309

The accompanying notes are an integral part of these condensed consolidated financial statements

Thermon Group Holdings, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)
(Dollars in Thousands, except share and per share data)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
Sales	\$65,223	\$67,667
Cost of sales	34,486	33,822
Gross profit	30,737	33,845
Operating expenses:		
Marketing, general and administrative and engineering	19,849	18,334
Amortization of intangible assets	2,816	2,751
Income from operations	8,072	12,760
Other income/(expenses):		
Interest income	107	108
Interest expense	(1,018) (1,298
Other income and expense	(168) 17
Income before provision for income taxes	6,993	11,587
Income tax expense	2,467	53
Net income	4,526	11,534
Income attributable to non-controlling interests	97	—
Net income available to Thermon Group Holdings, Inc.	\$4,429	\$11,534
Comprehensive income:		
Net income	\$4,429	\$11,534
Foreign currency translation adjustment	2,396	4,618
Derivative valuation, net of tax	102	(292
Comprehensive income	\$6,927	\$15,860
Net Income per common share:		
Basic	\$0.14	\$0.36
Diluted	0.14	0.36
Weighted-average shares used in computing net income per common share:		
Basic	32,103,274	31,943,534
Diluted	32,492,004	32,339,937

The accompanying notes are an integral part of these condensed consolidated financial statements

Thermon Group Holdings, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)