

TRIMAS CORP
Form S-1/A
January 18, 2007

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As filed with the Securities and Exchange Commission on January 17, 2007

Registration No. 333-136263

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 3
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3452
(Primary Standard Industrial
Classification Code Number)
39400 Woodward Avenue, Suite 130
Bloomfield Hills, Michigan 48304
(248) 631-5450

38-2687639
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Joshua A. Sherbin, Esq.
General Counsel
TriMas Corporation
39400 Woodward Avenue, Suite 130
Bloomfield Hills, Michigan 48304
(248) 631-5497

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion.
Preliminary Prospectus Dated January 17, 2007

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

Shares

TriMas Corporation

Common Stock

This is our initial public offering. We are offering _____ shares to be sold in this offering.

We expect the public offering price to be between \$ _____ and \$ _____ per share. Since January 1998, there has been no public market for our common stock. We have applied to have our common stock approved for listing on the New York Stock Exchange under the symbol "TRS."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 11 of this prospectus.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

The underwriters will have an option for a period of 30 days to purchase up to _____ additional shares of TriMas Corporation common stock from us on the same terms and conditions set forth above to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about _____, 2007.

Goldman, Sachs & Co.
Credit Suisse
Banc of America Securities LLC

Jefferies & Company

Merrill Lynch & Co.
JPMorgan
KeyBanc Capital Markets

The date of this prospectus is _____, 2007.

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You should rely only on the information contained in this prospectus or in any related free writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus, as supplemented by any related free writing prospectus. We are offering to sell, and seeking offers to buy shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

MARKET AND INDUSTRY DATA

Due to the variety of our products and the niche markets that we serve, there are few published independent sources for data related to the markets for many of our products. To the extent we are able to express our belief on the basis of data derived in part from independent sources, we have done so. To the extent we have been unable to do so, we have expressed our belief solely on the basis of our own internal analyses and estimates of our and our competitors' products and capabilities. Industry publications and surveys and forecasts that we have utilized generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe that the third-party sources are reliable, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying assumptions or basis for any such information. In general, when we say we are a "leader" or a "leading" manufacturer or make similar statements about ourselves, we are expressing our belief that we formulated principally from our estimates and experiences in, and knowledge of, the markets in which we compete. In some cases, we possess independent data to support our position, but that data may not be sufficient in isolation for us to reach the conclusions that we have reached without our knowledge of our markets and businesses.

Use of Trademarks

Arrow®, Bargman®, Bulldog®, Compac , Composi-Lok®, Composi-Lok® II, Draw-Tite®, Englass®, FlexSpout®, Fulton®, Hidden Hitch®, Highland "*The Pro's Brand*"®, Keo®, Lamons , LEP , OSI-Bolt®, Poly-ViseGrip , Radial-Lok®, Reese®, Reese Outfitter®, Reese Towpower , Rieke®, ROLA®, Stolz®, Tekonsha®, Tow Ready , ViseGrip®, Visu- Lok®, Visu-Lok® II and Wesbar® are among our registered trademarks. This prospectus also includes other registered and unregistered trademarks of ours. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

PROSPECTUS SUMMARY

This summary highlights the material information contained elsewhere in this prospectus. You should read this entire prospectus carefully, including "Risk Factors" and our financial statements and the notes to those financial statements included elsewhere in this prospectus. Unless the context otherwise requires, the terms "we," "our," "us" and "the Company" refer to TriMas Corporation and its subsidiaries.

Our Company

We are a manufacturer of highly engineered products serving niche markets in a diverse range of commercial, industrial and consumer applications. Most of our businesses share important characteristics, including leading market shares, strong brand names, broad product offerings, established distribution networks, relatively high operating margins, relatively low capital investment requirements, product growth opportunities and strategic acquisition opportunities. We believe that a majority of our 2005 net sales were in markets in which our products have the number one or number two market position within their respective product categories. In addition, we believe that in many of our businesses, we are one of only a few manufacturers in the geographic markets where we currently compete.

Our broad product portfolio and customer base, as well as diverse end-markets reduce our dependence on any one product, customer, distribution channel, geographic region or industry segment. We are led by an experienced management team that pursues the highest level of customer satisfaction. Our operating system allows us to build on the strengths of each of our operating segments and across our businesses as a whole. Our businesses are organized into five operating segments, each of which represents a distinct business platform: Packaging Systems, Energy Products, Industrial Specialties, RV & Trailer Products and Recreational Accessories.

Packaging Systems. We believe Packaging Systems is a leading designer, manufacturer and distributor of specialty, highly engineered closure and dispensing systems for a range of niche end markets, including steel and plastic industrial and consumer packaging applications. We also manufacture specialty laminates, jacketings and insulation tapes used with fiberglass insulation as vapor barriers in commercial and industrial construction applications. Our brands include Rieke® and Compac .

Energy Products. We believe Energy Products is a leading designer, manufacturer and distributor of a variety of engines and engine replacement parts and accessory products for the oil and gas industry as well as metallic and non-metallic industrial sealant products and fasteners for the petroleum refining, petrochemical and other industrial markets. We are the largest gasket supplier to the domestic petroleum industry. Our brands include Lamons® and Arrow®.

Industrial Specialties. We believe Industrial Specialties is a leading designer, manufacturer and distributor of a diverse range of industrial products for use in niche markets within the aerospace, industrial, defense and medical equipment markets. This segment's products include highly engineered composite aerospace fasteners, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, precision tools, and military ordnance components and steel cartridge cases. Our brands include Monogram Aerospace Fasteners, Norris Cylinder, Keo® Cutters and Richards Micro-Tool.

RV & Trailer Products. We believe RV & Trailer Products is a leading designer, manufacturer and distributor of a wide variety of high-quality, custom-engineered trailer products, lighting accessories and roof racks for the trailer original equipment manufacturers, recreational vehicle, agricultural/utility, marine and commercial trailer markets. We believe it is also the market leader in brake control solutions. Our brands include Bargman®, Bulldog®, Fulton®, Wesbar® and Tekonsha®.

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Recreational Accessories. We believe Recreational Accessories is a leading designer, manufacturer and distributor of a wide range of aftermarket cargo management products, towing and hitch systems and accessories and vehicle protection products used to outfit and accessorize light trucks, sport utility vehicles and passenger cars. Our brands include Draw-Tite®, Reese®, Hidden Hitch®, Tow Ready®, ROLA® and Highland "The Pro's Brand"®.

Our Strategy

Guided by our experienced senior management team and a disciplined operating approach, we have pursued and intend to continue to pursue the following strategies:

Continued Product Innovation. Product development and expanded market and product line offerings have historically driven and will continue to drive organic growth initiatives. We currently have a significant number of pending product initiatives across all of our business segments.

Pursue International Growth Opportunities. We have launched initiatives to expand sales and product lines outside of our traditional NAFTA-based markets across all businesses in our portfolio. We are currently focusing on growth in Asia, Western Europe and South America.

Pursue Lower-Cost Manufacturing and Sourcing Initiatives. We continue to focus on lean manufacturing, global sourcing and selectively shifting manufacturing capabilities to countries with lower production costs. For example, we recently launched two lower-cost manufacturing facilities in China and one in Thailand, and have also expanded our Mexican operations.

Pursue Strategic Niche Acquisitions on a Disciplined Basis. We have completed and integrated over 30 acquisitions since 1986, including seven since June 2002. We have acquired and our current acquisition strategy targets, companies with engineered products and strong market positions and, in our opinion, sustainable organic growth prospects.

Risks Related to Our Strategies

You should also consider the many risks we face that could mitigate our competitive strengths and limit our ability to implement our business strategies, including:

we may be unable to maintain or enhance our competitive positions if we are unable to address technological advances, implement new and more cost effective manufacturing techniques or introduce new or improved products;

we face the risk of lower cost foreign manufacturers competing in the markets for our products and we may be adversely impacted;

our ability to improve or sustain operating margins as a result of cost-savings may be limited and may be further impacted by increases in steel, resins and other material commodities or energy costs to the extent we are unable to offset any such cost increases with price increases on a timely basis;

in the past, we have grown through acquisitions and we may be unable to identify attractive acquisition candidates, successfully integrate acquired operations or realize the intended benefits of our acquisitions;

as of September 30, 2006 we had approximately \$722.3 million of outstanding debt and would have had \$622.4 million of outstanding debt after giving effect to this offering and the use of proceeds therefrom as described under "Use of Proceeds"; after this offering, we will continue to have substantial principal and interest payment obligations; and

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as we expand our international operations we may be subjected to risks not present in the U.S. markets such as foreign and U.S. government regulations and restrictions, tariffs and other trade barriers, foreign exchange risks and other risks related to political, economic and social instability.

Our Executive Offices and Structure

TriMas Corporation is a Delaware corporation. Our principal executive offices are located at 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304. Our telephone number is (248) 631-5450. Our web site address is www.trimascorp.com. Information contained on our web site is not a part of this prospectus.

TriMas Corporation is a holding company with no material assets of its own other than 100.0% of the capital stock of an intermediate holding company, TriMas Company LLC. TriMas Company LLC directly or indirectly owns our domestic and foreign operating subsidiaries, which represent the primary source of all of our revenues and are the primary owners of all of our operating assets. All of our senior credit facility and public debt are issued or guaranteed by TriMas Corporation, TriMas Company LLC and our domestic subsidiaries (other than our receivables financing subsidiary).

As of December 31, 2006, we employed approximately 5,100 people, 19% of which were located outside the United States. We operate 15 domestic manufacturing facilities and 12 manufacturing facilities located outside the United States. Our foreign manufacturing facilities are located in Australia, Canada, China, the United Kingdom, Italy, Thailand, Germany and Mexico.

Company Background and Our Controlling Stockholder

We operated as an independent public company from 1989 through 1997. In 1998, we were acquired by Metaldyne Corporation (formerly MascoTech, Inc.) ("Metaldyne") and in November 2000 Metaldyne was acquired by an investor group led by Heartland Industrial Partners, L.P. ("Heartland") and Credit Suisse. On June 6, 2002, an investor group led by Heartland acquired 66.0% of our fully diluted common equity from Metaldyne for cash with the objective of permitting us to independently pursue growth opportunities.

On January 11, 2007, Metaldyne merged into a subsidiary of Asahi Tec Corporation ("Asahi") whereby Metaldyne became a wholly-owned subsidiary of Asahi. In connection with the consummation of the merger, Metaldyne dividended the 4,825,587 shares of our common stock that it owned on a pro rata basis to the holders of Metaldyne's common stock at the time of such dividend. This dividend of our common stock is referred to herein as the "Metaldyne Dividend." As part of the Metaldyne Dividend, Heartland, Credit Suisse and Masco Corporation were distributed 2,413,193, 1,186,276 and 280,701 shares of our voting common equity, respectively and upon consummation of this offering will beneficially own %, % and %, respectively of our fully diluted common equity (valued in aggregate at \$ million, \$ million and \$ million, respectively, in each case based upon the midpoint of the price range on the cover of this prospectus) assuming no exercise of the over-allotment option. As a result of the merger, Metaldyne and we are no longer related parties. See "Related Party Transactions." See "Principal Shareholders."

Our Controlling Stockholder and Other Significant Stockholders & Relationships

Heartland. Heartland currently directly owns approximately 72.7% of our outstanding voting common equity. After giving effect to this offering (assuming no exercise of the over-allotment option) Heartland will own % of our outstanding voting common equity. One of our directors is the Managing Member of Heartland's General Partner. Entities affiliated with our Chairman also own

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limited liability company interests in Heartland Additional Commitment Fund, LLC which is a limited partner in Heartland.

Masco Corporation. Masco Corporation, both directly and through its wholly-owned subsidiary, Masco Capital Corporation, currently owns approximately 11.8% of our outstanding voting common equity. After giving effect to this offering (assuming no exercise of the over-allotment option) Masco Corporation together with Masco Capital Corporation would beneficially own % of our outstanding voting common equity. Our Chairman is also the President and Chairman of Masco Capital Corporation.

Credit Suisse. Credit Suisse currently owns 1,186,276 shares of our outstanding voting common equity as a result of the Metaldyne Dividend. After giving effect to this offering (assuming no exercise of the over-allotment option) Credit Suisse will own approximately % of our outstanding voting common equity.

We, Heartland, Masco Capital Corporation, Masco Corporation and Credit Suisse are party to a shareholders agreement relating to the ownership of our common equity. See "Related Party Transactions Shareholders Agreements." We are not aware of any additional agreements or understandings between or among Heartland, Masco Capital Corporation, Masco Corporation, Credit Suisse and any of our directors or officers concerning our common equity.

Heartland and those of our directors associated with Heartland will realize certain direct and indirect costs and benefits from this offering, including the following: (1) all pre-offering owners of our common stock will benefit from the creation of a public market for our common stock although Heartland, Masco Capital Corporation, Masco Corporation and Credit Suisse will be subject to lock-up agreements described elsewhere in this prospectus; (2) Heartland will continue to own, and as a result one of our directors will continue to control, shares representing a majority of our voting stock (valued in aggregate at \$ million based upon the midpoint of the price range); Heartland originally acquired 66% of our fully diluted common equity from Metaldyne at an aggregate cost of \$265.0 million; (3) Heartland is agreeing to a contractual settlement of its right to receive an annual monitoring fee of \$4.0 million and a 1.0% fee for this offering in exchange for a \$10.0 million payment, but subject to approval on a case by case basis by the disinterested members of our Board of Directors, may continue to earn fees not to exceed 1.0% of the transaction value for services provided in connection with certain future financings, acquisitions and divestitures by us; and (4) Heartland will suffer a reduction in its percentage of share ownership and will have reduced representation on our Board of Directors and its committees, although Heartland will continue to control a majority of our shares immediately following this offering, as indicated above, and Heartland will continue to have the ability to elect a majority of our Board of Directors.

At the time of the June 2002 transactions, we, Metaldyne and Heartland entered into a number of agreements pertaining to, among other things, Heartland's investment, the dividend to Heartland, our respective ongoing relationships and the allocation of certain liabilities that might arise. We subsequently repurchased some of our common stock from Metaldyne in April 2003 at the same price as originally paid by Heartland. See "Related Party Transactions." Consequently, there are continuing ongoing relationships that will exist between us, on the one hand, and Heartland, Metaldyne and certain of our officers and directors, on the other hand. See "Management," "Principal Stockholders," "Related Party Transactions Benefits of This Offering to Certain Related Parties" and the relevant portions of the section captioned "Risk Factors." None of these matters are specific to this offering.

Recent Developments

Although our audited results of operations for the three months and year ended December 31, 2006 are not currently available, the following information reflects our current expectations with respect to such results.

Revenues

We currently expect total revenues for the quarter ended December 31, 2006 to range between \$ million and \$ million, as compared with \$222.6 million in the fourth quarter of 2005. We currently also expect total revenues for the year ended December 31, 2006 to range between \$ billion and \$ billion, as compared with total revenues of \$1.001 billion for the year ended December 31, 2005. Sales in the Packaging Systems, Energy Products and Industrial Specialties segments are currently expected to for both the fourth quarter and full year 2006 as compared with both the fourth quarter and year ended 2005 on the of underlying end-market demand and continued market share of new products. Sales in the RV & Trailer Products and Recreational Accessories segments are currently expected to for both the fourth quarter and full year 2006 as compared with 2005 as end-market demand across these segments continues to be impacted by .

Operating Profit

We currently expect operating profit to from a loss of \$1.3 million in the fourth quarter of 2005 to between \$ million and \$ million in the fourth quarter of 2006. In addition, we currently expect operating profit to from \$84.3 million for the year ended December 31, 2005 to between \$ million and \$ million for the year ended December 31, 2006. The in operating profit for both the fourth quarter and full year 2006 are based on sales and earnings performance in the Packaging Systems, Energy Products and Industrial Specialties segments and earnings performance in the Recreational Accessories segment. RV & Trailer Products' in operating profit is projected to be in line with the expected sales .

Debt

At December 31, 2006, our outstanding debt was \$733.8 million and there was \$19.6 million outstanding under our receivables securitization facility. At December 31, 2005, our outstanding debt was \$727.7 million and there was \$37.3 million outstanding under our receivables securitization facility.

Sale of Discontinued Operations

During the fourth quarter 2006, we completed the sale of two of the three operating locations comprising our industrial fasteners business, which had been reported as discontinued operations. Net cash proceeds from the sales of \$3.8 million were used to reduce indebtedness outstanding under our revolving credit facility.

The Offering

Common stock offered by us	shares
Shares to be outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering after estimated underwriting discounts and offering expenses, will be approximately \$136.0 million. We intend to use these net proceeds to repay a portion of our senior subordinated notes, to terminate certain of our operating leases by acquiring the underlying assets and to make a payment to terminate our annual monitoring fees to Heartland. To the extent there are any remaining net proceeds, we intend to use such funds to redeem additional amounts of our senior subordinated notes and for general corporate purposes.
Dividend policy	We do not anticipate paying any cash dividends in the foreseeable future.
Risk factors	Please read "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

We have applied for listing of the shares on the New York Stock Exchange under the symbol "TRS."

Unless we specifically state otherwise, all information in this prospectus:

assumes no exercise of the over-allotment option granted by us in favor of the underwriters; and

excludes 2,222,000 shares of common stock reserved for issuance under our long-term equity incentive plan including, as of January 11, 2007, 2,008,201 shares of common stock issuable upon the exercise of outstanding stock options under the long-term equity incentive plan at exercise prices of \$20.00 per share and \$23.00 per share, of which 1,163,875 and 154,435 options were vested, respectively.

Summary Financial Data

The following table sets forth our summary financial data for the three years ended December 31, 2005 and the nine months ended September 30, 2006 and September 30, 2005, as well as summary as adjusted balance sheet data as of September 30, 2006. The summary financial data for the fiscal years ended December 31, 2005, 2004 and 2003 have been derived from our audited financial statements and notes to those financial statements included elsewhere in this prospectus. The audited financial statements for the years ended December 31, 2005, 2004 and 2003 have been audited by KPMG LLP. The summary information for the nine months ended September 30, 2006 and September 30, 2005 has been derived from our unaudited interim financial statements and the notes to those financial statements, which, in the opinion of management, include all adjustments which are normal and recurring in nature, necessary for the fair presentation of that data for such periods.

We acquired three significant businesses during 2003: (1) HammerBlow Acquisition Corp. on January 30, 2003, (2) Highland Group Corporation on February 21, 2003 and (3) an automotive fittings business from Metaldyne, which we refer to as the Fittings Acquisition, on May 9, 2003. The summary financial information for 2003 includes the results of the HammerBlow and Highland businesses subsequent to the date of their acquisition. The Fittings Acquisition was accounted for as a reorganization of entities under common control because of Heartland's interests in Metaldyne and us at that time. As a result, historical periods have been revised to include the effects of the Fittings Acquisition as if Fittings had been owned by us for all periods presented. The pro forma summary balance sheet data reflect the impact of this offering and the use of proceeds therefrom as if it had occurred September 30, 2006. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Unaudited Pro Forma Financial Information" and our financial statements and the notes thereto, each included elsewhere in this prospectus.

Nine months ended September 30,		Year ended December 31,		
2006	2005	2005	2004	2003
(unaudited)	(unaudited)			

(dollars and shares in thousands, except per share data)

Statement of Operations Data:

Net sales	\$ 797,260	\$ 775,590	\$ 1,000,860	\$ 931,400	\$ 807,330
Gross profit	215,300	193,510	246,990	256,530	227,820
Operating profit	85,360	75,340	84,320	88,520	51,170
Income (loss) from continuing operations(1)	9,210	10,630	1,010	13,910	(17,170)

Basic Earnings

(Loss) Per

Share Data:

Continuing operations	\$ 0.46	\$ 0.53	\$ 0.05	\$ 0.70	\$ (0.85)
Weighted average shares for basic EPS	20,051	20,010	20,010	20,010	20,047

Diluted

Earnings (Loss)

Per Share Data:

Continuing operations	\$ 0.44	\$ 0.51	\$ 0.05	\$ 0.70	\$ (0.85)
Weighted average shares for diluted EPS	20,760	20,760	20,010	20,010	20,047

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Statement of Cash Flows Data:

Cash flows provided by (used for)

operating activities	\$ 26,460	\$ 19,750	\$ 29,890	\$ 42,620	\$ 41,360
investing activities	(18,600)	(11,520)	(16,640)	(46,840)	(161,280)
financing activities	(7,710)	(9,080)	(12,610)	530	26,260

Other Financial Data:

Depreciation and amortization(2)(3)	\$ 29,800	\$ 28,550	\$ 37,090	\$ 36,190	\$ 43,590
Capital expenditures(3)	16,000	13,830	20,300	36,110	25,240
Adjusted EBITDA(4)(5)	100,880	95,000	113,140	117,470	108,910

As of September 30, 2006

Actual	Pro Forma(6)

(unaudited)

Balance Sheet Data:

Cash and cash equivalents	\$ 3,880	\$ 3,880
Current assets	316,030	316,030
Goodwill and other intangibles, net	894,760	894,760
Total assets	1,413,480	1,430,110
Current liabilities	212,580	205,160
Total debt	722,250	622,400
Shareholders' equity	351,160	475,060

- (1) Includes a substantially non-cash, after-tax charge of \$5.4 million (\$0.26 per share) in the nine months ended September 30, 2006 for debt extinguishment costs related to the refinancing of our senior secured credit facilities.
- (2) Includes non-cash charges of \$0.4 million, \$0.6 million and \$5.6 million in 2005, 2004 and 2003, respectively, to write off customer relationship intangibles as we no longer maintain a sales relationship with several customers. See Note 7 to the audited financial statements included elsewhere in this prospectus.
- (3) Reflects amounts attributable to continuing operations.
- (4) In evaluating our business, our management considers and uses Adjusted EBITDA as a key indicator of financial operating performance and as a measure of cash generating capability. We define Adjusted EBITDA as net income (loss) before cumulative effect of accounting change, before interest, taxes, depreciation, amortization, non-cash asset and goodwill impairment charges and write-offs and non-cash losses on sale-lease back of property and equipment. In evaluating Adjusted EBITDA, our management deems it important to consider the quality of our underlying earnings by separately identifying certain costs undertaken to improve our results, such as costs related to consolidating facilities and businesses in an effort to eliminate duplicative costs or achieve efficiencies, costs related to integrating acquisitions and restructuring costs related to expense reduction efforts. Although we may undertake new consolidation, restructuring and integration efforts in the future as a result of our acquisition activity, our management separately considers these costs in evaluating underlying business performance. Caution must be exercised in considering these items as they include substantially (but not necessarily entirely) cash costs and there can be no assurance that we will ultimately realize the benefits of these efforts. We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such

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as the impact on periods or companies of changes in effective tax rates or net operating losses), and the impact of purchase accounting and SFAS No. 142 (affecting depreciation and amortization expense). Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incent and compensate our management personnel, in measuring our performance relative to that of our competitors and in evaluating acquisition opportunities. In addition, we believe Adjusted EBITDA or similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties as a measure of financial performance and debt service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. These limitations are discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

The following is a reconciliation of our Adjusted EBITDA to net income (loss) before cumulative effect of accounting change, and cash flows from operating activities:

	Nine months ended September 30,		Year ended December 31,		
	2006	2005	2005	2004	2003
	(dollars in thousands)				
Net income (loss) before cumulative effect of accounting change	\$ (7,030)	\$ 6,790	\$ (45,460)	\$ (2,190)	\$ (30,930)
Income tax expense (benefit)(a)	(5,720)	1,020	(30,580)	(4,290)	(5,590)
Interest expense(b)	67,960	55,790	75,210	67,650	64,780
Loss on sale-leaseback of property and equipment(d)					18,200
Asset impairment(c)	15,850		73,220	10,650	7,600
Write-off of deferred equity offering costs				1,140	
Depreciation and amortization	29,820	31,400	40,750	44,510	54,850
	\$ 100,880	\$ 95,000	\$ 113,140	\$ 117,470	\$ 108,910
Adjusted EBITDA(d)					
Interest paid	(42,170)	(40,310)	(70,550)	(61,650)	(61,710)
Taxes paid	(9,020)	(8,400)	(12,630)	(10,220)	(8,500)
Legacy stock award payments				(5,400)	(4,560)
Loss on dispositions of plant and equipment	2,690	390	300	790	1,910
Payments to Metaldyne to fund contractual liabilities	(2,940)	(330)	(2,900)	(4,610)	(6,370)
Receivables sales and securitization, net	(2,360)	400	(9,580)	47,960	
Net change in working capital	(20,620)	(27,000)	12,110	(41,720)	11,680
	\$ 26,460	\$ 19,750	\$ 29,890	\$ 42,620	\$ 41,360
Cash flows provided by operating activities					

(a) Includes addback of income tax benefit related to discontinued operations. See the Note to the audited and unaudited financial statements included elsewhere in this prospectus entitled "Discontinued Operations and Assets Held for Sale."

(b) Includes a substantially non-cash charge of \$8.6 million for debt extinguishment costs in the nine months ended September 30, 2006 related to the refinancing of our senior secured credit facilities.

(c) Includes asset impairments related to continuing operations in the amount of \$2.9 million, \$2.4 million and \$7.6 million for the years ended December 31, 2005, 2004 and 2003, respectively. Also includes impairment charges related to discontinued operations in the amount of \$15.8 million for the nine months ended September 30, 2006, \$70.3 million and \$8.3 million for the years ended December 31, 2005 and 2004, respectively.

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(d)

Of the \$18.2 million loss on sale-leaseback of property and equipment, \$9.7 million related to continuing operations and is included in the loss on dispositions of property and equipment in our consolidated statement of operations and

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\$8.5 million related to discontinued operations. These sale-leaseback transactions were of a financing nature and the proceeds were used to reduce indebtedness. The lease transactions are accounted for as operating leases. For the years ended December 31, 2005 and December 31, 2004, Adjusted EBITDA was lower by \$10.1 million in each year, for lease payments related to property and equipment that was sold and leased back during the first and second quarters of 2003. If such leases had been in effect for the full year in 2003, the lease payments would have resulted in an additional \$4.0 million in lease expense in 2003.

The following details certain items relating to our consolidation, restructuring and integration efforts that are included in the determination of net income (loss) under GAAP and are not added back to net income (loss) in determining Adjusted EBITDA, but that we separately consider in evaluating our Adjusted EBITDA:

	Nine months ended September 30,		Year ended December 31,		
	2006	2005	2005	2004	2003
	(dollars in thousands)				
Facility and business consolidation costs(a)	\$ 170	\$ 60	\$ 200	\$ 280	\$
Business unit restructuring costs(b)	260	1,050	1,130	6,250	2,650
Acquisition integration costs(c)	710	910	1,290	1,510	6,810
	\$ 1,140	\$ 2,020	\$ 2,620	\$ 8,040	\$ 9,460

- (a) Includes employee training, severance and relocation costs, equipment move and plant rearrangement costs associated with facility and business consolidations.
- (b) Principally employee severance costs associated with business unit restructuring and other cost reduction activities.
- (c) Includes equipment move and other facility closure costs, excess and obsolete inventory reserve charges related to brand rationalization, employee training, and other organization costs associated with the integration of acquired operations. Also includes a non-cash expense of \$4.0 million for the year ended December 31, 2003 that will not be recurring associated with the step-up in basis of inventory acquired in connection with the acquisitions of HammerBlow and Highland.

In 2003, we incurred legacy stock award expense of \$4.83 million that is included in the determination of net income (loss) under GAAP and is not added back to net income (loss) in determining Adjusted EBITDA, but that we separately consider in evaluating our Adjusted EBITDA.

- (5) Adjusted EBITDA herein includes discontinued operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Segment Information and Supplemental Analysis."
- (6) The pro forma consolidated balance sheet data as of September 30, 2006 gives effect to this offering and the use of proceeds therefrom as described under "Use of Proceeds" and "Unaudited Pro Forma Financial Information."

RISK FACTORS

You should carefully consider each of the risks described below, together with all of the other information contained in this prospectus, before deciding to invest in shares of our common stock. As a result of any of the following risks, our business, results of operations or financial condition could be materially adversely affected, the market price of your shares could decline and you may lose all or part of your investment.

Risks Related to Our Business

We have a history of net losses.

We incurred net losses of \$45.9 million, \$2.2 million and \$30.9 million for the years ended December 31, 2005, 2004 and 2003, respectively. These losses principally resulted from the high interest expense associated with our highly leveraged capital structure, discontinued operations and assets held for sale, and non-cash expenses such as depreciation and amortization of intangible assets and asset impairments also contributed to our net losses. We may continue to experience net losses in the future.

Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries; as such we are subject to the loss of sales and margins due to an economic downturn or recession.

Our financial performance depends, in large part, on conditions in the markets that we serve in both the U.S. and global economies. Some of the industries that we serve are highly cyclical, such as the automotive, construction, industrial equipment, energy, aerospace and electrical equipment industries. We may experience a reduction in sales and margins as a result of a downturn in economic conditions or other macroeconomic factors. Lower demand for our products may also negatively affect the capacity utilization of our production facilities, which may further reduce our operating margins.

Many of the markets we serve are highly competitive, which could limit the volume of products that we sell and reduce our operating margins.

Many of our products are sold in competitive markets. We believe that the principal points of competition in our markets are product quality and price, design and engineering capabilities, product development, conformity to customer specifications, reliability and timeliness of delivery, customer service and effectiveness of distribution. Maintaining and improving our competitive position will require continued investment by us in manufacturing, engineering, quality standards, marketing, customer service and support of our distribution networks. We may have insufficient resources in the future to continue to make such investments and, even if we make such investments, we may not be able to maintain or improve our competitive position. We also face the risk of lower-cost foreign manufacturers located in China, Southeast Asia and other regions competing in the markets for our products and we may be driven as a consequence of this competition to increase our investment overseas. Making overseas investments can be highly complicated and we may not always realize the advantages we anticipate from any such investments. Competitive pressure may limit the volume of products that we sell and reduce our operating margins.

Increases in our raw material or energy costs or the loss of raw material or energy suppliers could adversely affect our profitability and other financial results.

We are sensitive to price movements in our raw materials supply base. Our largest material purchases are for steel, copper, aluminum, polyethylene and other resins and energy. Prices for these products fluctuate with market conditions and we have experienced sporadic increases recently. We may be unable to offset the impact with price increases on a timely basis due to outstanding commitments to our customers, competitive considerations or our customers' resistance to accepting such price increases and our financial performance may be adversely impacted by further price increases. A failure by our suppliers to continue to supply us with certain raw materials or component parts on commercially reasonable terms, or at all, would also have a material adverse effect on us. To the extent

there are energy supply disruptions or material fluctuations in energy costs, our margins could be materially adversely impacted.

We may be unable to successfully implement our business strategies. Our ability to realize our business strategies may be limited.

Our businesses operate in relatively mature industries and it may be difficult to successfully pursue our growth strategies and realize material benefits therefrom. Even if we are successful, other risks attendant to our businesses and the economy generally may substantially or entirely eliminate the benefits. While we have successfully utilized some of these strategies in the past, our growth has principally come through acquisitions.

Our products are typically highly engineered or customer-driven and we are subject to risks associated with changing technology and manufacturing techniques that could place us at a competitive disadvantage.

We believe that our customers rigorously evaluate their suppliers on the basis of product quality, price competitiveness, technical expertise and development capability, new product innovation, reliability and timeliness of delivery, product design capability, manufacturing expertise, operational flexibility, customer service and overall management. Our success depends on our ability to continue to meet our customers' changing expectations with respect to these criteria. We anticipate that we will remain committed to product research and development, advanced manufacturing techniques and service to remain competitive, which entails significant costs. We may be unable to address technological advances, implement new and more cost-effective manufacturing techniques, or introduce new or improved products, whether in existing or new markets, so as to maintain our businesses' competitive positions or to grow our businesses as desired.

We depend on the services of key individuals and relationships, the loss of which would materially harm us.

Our success will depend, in part, on the efforts of our senior management, including our Chief Executive Officer. Our future success will also depend on, among other factors, our ability to attract and retain other qualified personnel. The loss of the services of any of our key employees or the failure to attract or retain employees could have a material adverse effect on us. In addition, our largest stockholder, Heartland, has provided us with valuable strategic, financial and operational support pursuant to arrangements that will terminate in connection with this offering. The loss of such services could adversely affect us.

We have substantial debt and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations.

We currently have, and will continue to have upon the application of proceeds from this offering, indebtedness that is substantial in relation to our shareholders' equity. As of September 30, 2006, we had approximately \$722.3 million of outstanding debt and approximately \$351.2 million of shareholders' equity. After giving effect to this offering and the use of proceeds therefrom as described under "Use of Proceeds," on September 30, 2006, we would have had approximately \$622.4 million of outstanding debt and \$475.1 million of shareholders' equity. As of September 30, 2006, approximately 40% of our debt bore interest at variable rates and we may experience material increases in our interest expense as a result of increases in interest rate levels generally. Our debt service payment obligations in 2005 were approximately \$73.4 million. Based on amounts outstanding as of September 30, 2006 a 1.0% increase in the per annum interest rate for our variable rate debt would increase our interest expense by approximately \$2.9 million annually. Our degree of leverage and level of interest expense may have other significant consequences, including:

our leverage may place us at a competitive disadvantage as compared with our less leveraged competitors and make us more vulnerable in the event of a downturn in general economic conditions or in any of our businesses;

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our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate may be limited;

our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, business development efforts, general corporate or other purposes may be impaired;

a substantial portion of our cash flow from operations will be dedicated to the payment of interest and principal on our indebtedness, thereby reducing the funds available to us for other purposes, including our operations, capital expenditures, future business opportunities or obligations to pay rent in respect of our operating leases; and

our operations are restricted by our debt instruments, which contain material financial and operating covenants, and those restrictions may limit, among other things, our ability to borrow money in the future for working capital, capital expenditures, acquisitions or other purposes.

Our ability to service our debt and other obligations will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. Our businesses may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

Restrictions in our debt instruments and accounts receivable facility limit our ability to take certain actions and breaches thereof could impair our liquidity.

Our credit facility and the indenture governing our senior subordinated notes contain covenants that restrict our ability to:

pay dividends or redeem or repurchase capital stock;

incur additional indebtedness and grant liens;

make acquisitions and joint venture investments;

sell assets; and

make capital expend