

DXP ENTERPRISES INC
Form 10-Q
November 09, 2015

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the quarterly period ended September 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the transition period from _____ to _____

Commission file number 0-21513

DXP Enterprises, Inc.

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

76-0509661

(I.R.S. Employer Identification Number)

7272 Pinemont, Houston, Texas 77040

(Address of principal executive offices, including zip code)

(713) 996-4700

(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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Edgar Filing: DXP ENTERPRISES INC - Form 10-Q

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

Number of shares of registrant's Common Stock outstanding as of November 9, 2015: 14,398,648, par value \$0.01 per share.

PART I: FINANCIAL INFORMATION
ITEM 1: FINANCIAL STATEMENTS

DXP ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)(unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	\$8,137	\$47
Trade accounts receivable, net of allowance for doubtful accounts of \$10,544 in 2015 and \$8,713 in 2014	187,501	239,236
Inventories, net	108,128	115,658
Costs and estimated profits in excess of billings on uncompleted contracts	20,274	20,083
Prepaid expenses and other current assets	4,172	3,004
Deferred income taxes	8,819	8,250
Total current assets	337,031	386,278
Property and equipment, net	70,349	69,979
Goodwill	206,860	253,312
Other intangible assets, net of accumulated amortization of \$82,290 in 2015 and \$66,412 in 2014	117,601	130,333
Other long-term assets	1,893	1,730
Total assets	\$733,734	\$841,632
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$47,699	\$38,608
Trade accounts payable	82,664	100,774
Accrued wages and benefits	24,686	26,967
Federal income taxes payable	4,913	8,130
Customer advances	2,686	4,262
Billings in excess of costs and profits on uncompleted contracts	6,750	8,840
Other current liabilities	25,823	19,621
Total current liabilities	195,221	207,202
Long-term debt, less current maturities	330,834	372,908
Less unamortized debt issuance costs	(2,376)	(2,714)
Long-term debt less unamortized debt issuance costs	328,458	370,194
Non-current deferred income taxes	7,837	21,284
Commitments and Contingencies (Note 14)		
Shareholders' equity:		
Series A preferred stock, 1/10 th vote per share; \$1.00 par value; liquidation preference of \$100 per share (\$112 at September 30, 2015); 1,000,000 shares authorized; 1,122 shares issued and outstanding	1	1
Series B convertible preferred stock, 1/10 th vote per share; \$1.00 par value; \$100 stated value; liquidation preference of \$100 per share (\$1,500 at September 30, 2015); 1,000,000 shares authorized; 15,000 shares issued and outstanding	15	15
Common stock, \$0.01 par value, 100,000,000 shares authorized; 14,390,648 in 2015 and 14,655,356 in 2014 shares issued	146	146
Additional paid-in capital	110,376	115,605
Retained earnings	112,724	148,409

Edgar Filing: DXP ENTERPRISES INC - Form 10-Q

Accumulated other comprehensive loss	(10,303)	(5,700)
Treasury stock, at cost (272,152 shares in 2015 and 280,195 in 2014)	(12,986)	(15,524)
Total DXP Enterprises, Inc. shareholders' equity	199,973	242,952
Noncontrolling interest	2,245	-
Total shareholders' equity	202,218	242,952
Total liabilities and shareholders' equity	\$ 733,734	\$ 841,632

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

Edgar Filing: DXP ENTERPRISES INC - Form 10-Q

DXP ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME

(in thousands, except per share amounts) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Sales	\$ 303,080	\$ 387,053	\$ 968,362	\$ 1,117,160
Cost of sales	217,374	273,644	693,308	790,998
Gross profit	85,706	113,409	275,054	326,162
Selling, general and administrative expense	75,082	82,611	232,336	246,818
Impairment of goodwill and other intangible	58,888	-	58,888	
B27 settlement	7,348	-	7,348	
Operating income	(55,612)	30,798	(23,518)	79,344
Other expense (income), net	327	10	(67)	1
Interest expense	2,630	3,295	7,905	9,868
Income (loss) before income taxes	(58,569)	27,493	(31,356)	69,475
Provision for income taxes	(5,885)	10,504	4,510	26,639
Net income (loss)	(52,684)	16,989	(35,866)	42,836
Less Net income (loss) attributable to noncontrolling interest	(249)	-	(249)	-
Net income (loss) attributable to DXP Enterprises, Inc.	(52,435)	16,989	(35,617)	42,836
Preferred stock dividend	23	23	68	68
Net income (loss) attributable to common shareholders	\$(52,458)	\$ 16,966	\$(35,685)	\$ 42,768
Net income (loss)	\$(52,684)	\$ 16,989	\$(35,866)	\$ 42,836
Loss on long-term investment, net of income taxes		-		55
Cumulative translation adjustment				