

TEREX CORP
Form 10-Q
July 30, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 June 30, 2010

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

Commission file number 1-10702

Terex Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

34-1531521
(IRS Employer Identification No.)

200 Nyala Farm Road, Westport, Connecticut 06880
(Address of principal executive offices)

(203) 222-7170
(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, 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 filed and posted on its corporate website, 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

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TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of June 30, 2010 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are wholly-owned) which were guarantors on June 30, 2010 (the “Guarantors”) of the Company’s 7-3/8% Senior Subordinated Notes due 2014. See Note P – “Consolidating Financial Statements” to the Company’s June 30, 2010 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as “Terex,” the “Registrant,” “us,” “we,” “our” or the “Company.”

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
Amida Industries, Inc.	South Carolina	57-0531390
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Duvalpilot Equipment Outfitters, LLC	Florida	22-3886719
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
Genie Manufacturing, Inc.	Washington	91-1499412
GFS National, Inc.	Washington	91-1959375
Hydra Platforms Mfg. Inc.	North Carolina	56-1714789
Loegering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Powerscreen USC Inc.	Delaware	23-2846987
PPM Cranes, Inc.	Delaware	39-1611683
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Spinnaker Insurance Company	Vermont	03-0372517
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703

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Terex-RO Corporation
Terex-Telelect, Inc.

Kansas
Delaware

44-0565380
41-1603748

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed below in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contingencies and Uncertainties.” In addition, when included in this Quarterly Report or in documents incorporated herein by reference, the words “may,” “expects,” “intends,” “anticipates,” “plans,” “projects,” “estimates” and the negatives and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- Our business is cyclical and weak general economic conditions affect the sales of our products and financial results;
 - the impact of the sale of our Mining business and other businesses;
 - our ability to successfully integrate acquired businesses;
 - our ability to access the capital markets to raise funds and provide liquidity;
 - our business is sensitive to government spending;
- our business is very competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
 - the effects of operating losses;
 - a material disruption to one of our significant facilities;
 - our retention of key management personnel;
 - the financial condition of suppliers and customers, and their continued access to capital;
 - our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
 - our ability to timely manufacture and deliver products to customers;
 - the need to comply with restrictive covenants contained in our debt agreements;
- our business is global and subject to changes in exchange rates between currencies, as well as international politics, particularly in developing markets;
 - the effects of changes in laws and regulations, including tax laws;
 - possible work stoppages and other labor matters;
 - compliance with applicable environmental laws and regulations;
 - litigation, product liability claims, class action lawsuits and other liabilities;
- our ability to comply with an injunction and related obligations resulting from the settlement of an investigation by the United States Securities and Exchange Commission (“SEC”);
 - our implementation of a global enterprise system and its performance; and
 - other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements contained herein speak only as of the date of this Quarterly Report and the forward-looking statements contained in documents incorporated herein by reference speak only as of the date of the respective documents. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained or incorporated by reference in this Quarterly Report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

As a result of the final court decree in August 2009 that formalized the settlement of an investigation of Terex by the SEC, for a period of three years, or such earlier time as we are able to obtain a waiver from the SEC, we cannot rely

on the safe harbor provisions regarding forward-looking statements provided by the regulations issued under the Securities Exchange Act of 1934.

The forward-looking statements and prospective financial information included in this Form 10-Q have been prepared by, and are the responsibility of, Terex management. PricewaterhouseCoopers LLP ("PwC") has not performed any procedures with respect to the accompanying forward-looking statements and prospective financial information and, accordingly, PwC does not express an opinion or any other form of assurance with respect thereto.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 1,079.9	\$ 947.3	\$ 2,015.8	\$ 1,913.1
Cost of goods sold	(925.0)	(881.5)	(1,762.4)	(1,780.2)
Gross profit	154.9	65.8	253.4	132.9
Selling, general and administrative expenses	(165.3)	(180.9)	(330.3)	(359.0)
Loss from operations	(10.4)	(115.1)	(76.9)	(226.1)
Other income (expense)				
Interest income	2.0	0.8	3.1	1.9
Interest expense	(35.4)	(25.2)	(71.3)	(48.6)
Loss on early extinguishment of debt	-	(3.3)	-	(3.3)
Other income (expense) – net	8.5	4.2	(4.4)	1.0
Loss before income taxes	(35.3)	(138.6)	(149.5)	(275.1)
Benefit from income taxes	23.6	39.4	60.5	77.8
Loss from continuing operations	(11.7)	(99.2)	(89.0)	(197.3)
(Loss) income from discontinued operations – net of tax	(2.2)	22.0	(3.7)	45.6
(Loss) gain on disposition of discontinued operations – net of tax	(25.0)	-	595.4	-
Net (loss) income	(38.9)	(77.2)	502.7	(151.7)
Net income attributable to non-controlling interest	(1.4)	(0.4)	(3.1)	(0.8)
Net (loss) income attributable to Terex Corporation	\$ (40.3)	\$ (77.6)	\$ 499.6	\$ (152.5)
Amounts attributable to Terex Corporation common stockholders:				
Loss from continuing operations	\$ (13.1)	\$ (99.6)	\$ (92.1)	\$ (198.1)
(Loss) income from discontinued operations – net of tax	(2.2)	22.0	(3.7)	45.6
(Loss) gain on disposition of discontinued operations – net of tax	(25.0)	-	595.4	-
Net (loss) income attributable to Terex Corporation	\$ (40.3)	\$ (77.6)	\$ 499.6	\$ (152.5)
Basic (Loss) Earnings per Share Attributable to Terex Corporation Common Stockholders:				
Loss from continuing operations	\$ (0.12)	\$ (1.00)	\$ (0.85)	\$ (2.04)
(Loss) income from discontinued operations – net of tax	(0.02)	0.22	(0.03)	0.47
	(0.23)	-	5.48	-

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(Loss) gain on disposition of discontinued operations – net of tax					
Net (loss) income attributable to Terex Corporation	\$	(0.37)	\$	(0.78)	\$ 4.60 \$ (1.57)
Diluted (Loss) Earnings per Share Attributable to Terex Corporation Common Stockholders:					
Loss from continuing operations	\$	(0.12)	\$	(1.00)	\$ (0.85) \$ (2.04)
(Loss) income from discontinued operations – net of tax		(0.02)		0.22	(0.03) 0.47
(Loss) gain on disposition of discontinued operations – net of tax		(0.23)		-	5.48 -
Net (loss) income attributable to Terex Corporation	\$	(0.37)	\$	(0.78)	\$ 4.60 \$ (1.57)
Weighted average number of shares outstanding in per share calculation					
Basic		108.7		99.1	108.5 97.0
Diluted		108.7		99.1	108.5 97.0

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

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)
(in millions, except par value)

	June 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,513.6	\$ 929.5
Investments in marketable securities	276.3	0.6
Trade receivables (net of allowance of \$47.6 and \$60.1 at June 30, 2010 and December 31, 2009, respectively)	669.4	593.8
Inventories	1,336.2	1,343.9
Deferred taxes	126.3	120.5
Other current assets	146.0	203.0
Current assets – discontinued operations	0.7	723.3
Total current assets	4,068.5	3,914.6
Non-current assets		
Property, plant and equipment - net	541.1	605.0
Goodwill	469.9	511.1
Deferred taxes	135.8	145.8
Other assets	356.7	322.8
Long-term assets – discontinued operations	1.3	214.5
Total assets	\$ 5,573.3	\$ 5,713.8
Current liabilities		
Notes payable and current portion of long-term debt	\$ 59.7	\$ 73.7
Trade accounts payable	604.7	525.1
Accrued compensation and benefits	119.4	130.7
Accrued warranties and product liability	88.7	108.2
Customer advances	116.7	131.8
Income taxes payable	135.1	38.7
Other current liabilities	261.8	288.1
Current liabilities – discontinued operations	2.3	258.4
Total current liabilities	1,388.4	1,554.7
Non-current liabilities		
Long-term debt, less current portion	1,901.1	1,892.7
Retirement plans and other	382.7	448.2
Non-current liabilities – discontinued operations	0.1	143.8
Total liabilities	3,672.3	4,039.4
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value – authorized 300.0 shares; issued 120.9 and 120.4 shares at June 30, 2010 and December 31, 2009, respectively	1.2	1.2
Additional paid-in capital	1,251.9	1,253.5
Retained earnings	1,457.8	958.2
Accumulated other comprehensive (loss) income	(230.8) (599.0)	36.0 (598.7)

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Less cost of shares of common stock in treasury – 13.1 shares at June 30, 2010
and December 31, 2009

Total Terex Corporation stockholders' equity	1,881.1	1,650.2
Noncontrolling interest	19.9	24.2
Total equity	1,901.0	1,674.4