

TRIUMPH GROUP INC /  
Form 10-Q  
August 01, 2008  
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**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, 2008.**

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: 1-12235**

**TRIUMPH GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**51-0347963**

(I.R.S. Employer Identification No.)

**1550 Liberty Ridge, Suite 100, Wayne, PA**

(Address of principal executive offices)

**19087**

(Zip Code)

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(610) 251-1000

(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 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 Securities Exchange Act of 1934. (Check one)

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a 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

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

Common Stock, par value \$0.001 per share, 16,578,745 shares as of June 30, 2008.

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Part I. Financial Information

Item 1. Financial Statements.

**Triumph Group, Inc.**

**Consolidated Balance Sheets**

(dollars in thousands, except per share data)

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	JUNE 30, 2008 (unaudited)	MARCH 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash	\$ 13,888	\$ 13,738
Accounts receivable, less allowance for doubtful accounts of \$4,662 and \$4,723	199,384	207,975
Inventories	381,400	361,667
Assets held for sale	25,844	24,763
Deferred income taxes	1,044	1,450
Prepaid expenses and other	4,298	5,207
Total current assets	625,858	614,800
Property and equipment, net	324,295	324,095
Goodwill	384,593	383,740
Intangible assets, net	75,493	78,488
Other, net	15,399	13,712
Total assets	\$ 1,425,638	\$ 1,414,835
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 103,559	\$ 120,117
Accrued expenses	74,915	83,397
Liabilities related to assets held for sale	4,873	4,587
Income taxes payable	9,295	1,509
Current portion of long-term debt	1,036	1,010
Total current liabilities	193,678	210,620
Long-term debt, less current portion	414,988	418,803
Income taxes payable, non-current	1,459	1,437
Deferred income taxes and other	98,261	91,246
Stockholders' equity:		
Common stock, \$.001 par value, 50,000,000 shares authorized, 16,578,745 and 16,517,374 shares issued	16	16
Capital in excess of par value	288,991	288,154
Treasury stock, at cost, 189,679 and 213,950 shares	(10,641)	(12,003)
Accumulated other comprehensive income	4,432	2,950
Retained earnings	434,454	413,612
Total stockholders' equity	717,252	692,729
Total liabilities and stockholders' equity	\$ 1,425,638	\$ 1,414,835

SEE ACCOMPANYING NOTES.











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Triumph Group, Inc.

Consolidated Statements of Income

(in thousands, except per share data)

**(unaudited)**

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	THREE MONTHS ENDED	
	JUNE 30,	
	2008	2007
Net sales	\$ 320,556	\$ 275,004
Operating costs and expenses:		
Cost of products sold	223,820	193,886
Selling, general and administrative	41,235	40,341
Depreciation and amortization	12,173	10,523
	277,228	244,750
Operating income	43,328	30,254
Interest expense and other	3,427	3,207
Income from continuing operations before income taxes	39,901	27,047
Income tax expense	13,867	9,236
Income from continuing operations	26,034	17,811
Loss from discontinued operations, net	(1,203)	(3,894)
Net income	\$ 24,831	\$ 13,917
Earnings per share basic:		
Income from continuing operations	\$ 1.59	\$ 1.08
Loss from discontinued operations, net	(0.07)	(0.24)
Net Income	\$ 1.52	\$ 0.85*
Weighted average common shares outstanding basic	16,373	16,458
Earnings per share diluted:		
Income from continuing operations	\$ 1.54	\$ 1.04
Loss from discontinued operations, net	(0.07)	(0.23)
Net Income	\$ 1.47	\$ 0.81
Weighted average common shares outstanding diluted	16,891	17,204
Dividends declared and paid per common share	\$ 0.04	\$ 0.04

\* Difference due to rounding.

SEE ACCOMPANYING NOTES.











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**Triumph Group, Inc.**

**Consolidated Statements of Cash Flows**

(dollars in thousands)

**(unaudited)**

	THREE MONTHS ENDED JUNE 30,	
	2008	2007
<b>Operating Activities</b>		
Net income	\$ 24,831	\$ 13,917
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,173	10,523
Other amortization included in interest expense	418	403
Provision for doubtful accounts receivable	283	408
Provision for deferred income taxes	4,324	1,301
Employee stock compensation	805	540
Changes in other current assets and liabilities, excluding the effects of acquisitions and dispositions of businesses:		
Accounts receivable	8,222	(5,912)
Inventories	(17,871)	(21,770)
Prepaid expenses and other current assets	2,698	570
Accounts payable, accrued expenses and income taxes payable	(19,210)	(11,654)
Changes in discontinued operations	(795)	1,609
Other	(964)	(780)
Net cash provided by (used in) operating activities	14,914	(10,845)
<b>Investing Activities</b>		
Capital expenditures	(11,363)	(9,834)
Proceeds from sale of assets and businesses	71	31
Cash used for businesses and intangible assets acquired		(1,440)
Net cash used in investing activities	(11,292)	(11,243)
<b>Financing Activities</b>		
Net (decrease) increase in revolving credit facility	(4,135)	17,639
Proceeds from issuance of long-term debt	585	
Repayment of debt and capital lease obligations	(239)	(39)
Payment of deferred financing cost	(68)	
Dividends paid	(663)	(666)
Proceeds from exercise of stock options, including excess tax benefit of \$183 and \$811 in fiscal 2009 and 2008	1,059	3,912
Net cash (used in) provided by financing activities	(3,461)	20,846
Effect of exchange rate changes on cash	(11)	38
Net change in cash	150	(1,204)
Cash at beginning of period	13,738	7,243
Cash at end of period	\$ 13,888	\$ 6,039
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for income taxes, net of refunds	\$ 911	\$ 956
Cash paid for interest	\$ 5,008	\$ 4,968

SEE ACCOMPANYING NOTES.



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Triumph Group, Inc.

Consolidated Statements of Comprehensive Income

(dollars in thousands)

(unaudited)

	<b>THREE MONTHS ENDED</b>	
	<b>JUNE 30,</b>	
	<b>2008</b>	<b>2007</b>
Net Income	\$ 24,831	\$ 13,917
Other comprehensive income		
Foreign currency translation adjustment	(49)	148
Unrealized gain on cash flow hedge, net of tax of \$899	1,531	
Total comprehensive income	\$ 26,313	\$ 14,065

SEE ACCOMPANYING NOTES.

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Triumph Group, Inc.

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Triumph Group, Inc. (the Company ) have been prepared in conformity with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended March&