

DUCOMMUN INC /DE/  
Form 10-Q  
May 10, 2018  
Table of Contents

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

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FORM 10-Q

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

For the quarterly period ended March 31, 2018

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 1-8174

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DUCOMMUN INCORPORATED  
(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	95-0693330 (I.R.S. Employer Identification No.)
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200 Sandpointe Avenue, Suite 700, Santa Ana, California (Address of principal executive offices)	92707-5759 (Zip code)
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Registrant's telephone number, including area code: (657) 335-3665

N/A

(Former name, former address and former fiscal year, if changed since last report)

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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 a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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 April 27, 2018, the registrant had 11,381,533 shares of common stock outstanding.

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Table of Contents

DUCOMMUN INCORPORATED AND SUBSIDIARIES

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income for the Three Months Ended March 31, 2018 and April 1, 2017</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2018 and April 1, 2017</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2018 and April 1, 2017</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>32</u>
Item 4. <u>Controls and Procedures</u>	<u>33</u>
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>33</u>
Item 1A. <u>Risk Factors</u>	<u>33</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>33</u>
Item 6. <u>Exhibits</u>	<u>34</u>
<u>Signatures</u>	<u>37</u>

Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

Ducommun Incorporated and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except share and per share data)

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$1,797	\$ 2,150
Accounts receivable, net of allowance for doubtful accounts of \$725 and \$868 at March 31, 2018 and December 31, 2017, respectively	64,915	74,064
Contract assets	78,163	—
Inventories	85,932	122,161
Production cost of contracts	11,181	11,204
Other current assets	12,503	11,435
Total Current Assets	254,491	221,014
Property and equipment, net of accumulated depreciation of \$147,086 and \$143,216 at March 31, 2018 and December 31, 2017, respectively	110,031	110,252
Goodwill	117,435	117,435
Intangibles, net	112,154	114,693
Non-current deferred income taxes	147	261
Other assets	3,311	3,098
Total Assets	\$597,569	\$ 566,753
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$65,042	\$ 51,907
Contract liabilities	15,723	—
Accrued liabilities	22,469	28,329
Total Current Liabilities	103,234	80,236
Long-term debt	209,710	216,055
Non-current deferred income taxes	15,775	15,981
Other long-term liabilities	21,543	18,898
Total Liabilities	350,262	331,170
Commitments and contingencies (Notes 11, 13)		
Shareholders' Equity		
Common stock - \$0.01 par value; 35,000,000 shares authorized; 11,380,982 and 11,332,841 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	114	113
Additional paid-in capital	80,523	80,223
Retained earnings	173,652	161,364
Accumulated other comprehensive loss	(6,982 )	(6,117 )
Total Shareholders' Equity	247,307	235,583
Total Liabilities and Shareholders' Equity	\$597,569	\$ 566,753

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents

Ducommun Incorporated and Subsidiaries  
 Condensed Consolidated Statements of Income  
 (Unaudited)  
 (In thousands, except per share amounts)

	Three Months Ended	
	March 31,	April 1,
	2018	2017
Net Revenues	\$ 150,455	\$ 136,297
Cost of Sales	123,700	111,292
Gross Profit	26,755	25,005
Selling, General and Administrative Expenses	19,326	20,753
Restructuring Charges	2,173	—
Operating Income	5,256	4,252
Interest Expense	(2,899 )	(1,745 )
Income Before Taxes	2,357	2,507
Income Tax (Benefit) Expense	(243 )	392
Net Income	\$ 2,600	\$ 2,115
Earnings Per Share		