

DOUGLAS DYNAMICS, INC  
Form 10-Q  
May 08, 2012  
[Table of Contents](#)

**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 March 31, 2012

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: 001-34728

## DOUGLAS DYNAMICS, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**134275891**  
(I.R.S. Employer  
Identification No.)

**7777 North 73rd Street**

**Milwaukee, Wisconsin 53223**

(Address of principal executive offices) (Zip code)

**(414) 354-2310**

(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 the 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

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

Edgar Filing: DOUGLAS DYNAMICS, INC - Form 10-Q

Number of shares of registrant's common shares outstanding as of May 8, 2012 was 22,130,996

---

Table of Contents

**DOUGLAS DYNAMICS, INC.**

**Table of Contents**

<b><u>PART I. FINANCIAL INFORMATION</u></b>	1
<u>Item 1. Financial Statements</u>	1
<u>Unaudited Consolidated Balance Sheets as of March 31, 2012 and December 31, 2011</u>	1
<u>Unaudited Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2012 and 2011</u>	2
<u>Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2012 and 2011</u>	3
<u>Notes to Unaudited Consolidated Financial Statements</u>	4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	21
<u>Item 4. Controls and Procedures</u>	22
<b><u>PART II. OTHER INFORMATION</u></b>	23
<u>Item 1. Legal Proceedings</u>	23
<u>Item 1A. Risk Factors</u>	23
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
<u>Item 3. Defaults Upon Senior Securities</u>	24
<u>Item 4. Mine Safety Disclosures</u>	24
<u>Item 5. Other Information</u>	24
<u>Item 6. Exhibits</u>	25
<u>Signatures</u>	26

---

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Douglas Dynamics, Inc.****Consolidated Balance Sheets****(In thousands except share data)**

	<b>March 31, 2012 (unaudited)</b>	<b>December 31, 2011 (audited)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 14,212	\$ 39,432
Accounts receivable, net	7,616	34,019
Inventories	46,741	24,005
Deferred income taxes	4,959	4,952
Prepaid income taxes	3,599	
Prepaid and other current assets	1,281	1,054
Total current assets	78,408	103,462
Property, plant, and equipment, net	20,999	21,340
Assets held for sale	1,732	1,732
Goodwill	107,222	107,222
Other intangible assets, net	120,447	121,747
Deferred financing costs, net	3,243	3,402
Other long-term assets	598	112
Total assets	\$ 332,649	\$ 359,017
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Accounts payable	\$ 3,391	\$ 5,040
Accrued expenses and other current liabilities	8,487	16,105
Income taxes payable		395
Current portion of long-term debt	971	11,071
Total current liabilities	12,849	32,611
Retiree health benefit obligation	8,144	8,053
Pension obligation	14,127	14,163
Deferred income taxes	28,408	26,957
Deferred compensation	912	912
Long-term debt, less current portion	111,723	111,866
Other long-term liabilities	1,554	1,066
Stockholders equity:		
Common Stock, par value \$0.01, 200,000,000 shares authorized, 22,130,996 and 22,020,694 shares issued and outstanding at March 31, 2012 and December 31, 2011,	221	220

Edgar Filing: DOUGLAS DYNAMICS, INC - Form 10-Q

respectively

Additional paid-in capital	131,271	130,907
Retained earnings	30,931	39,742
Accumulated other comprehensive loss, net of tax	(7,491)	(7,480)
Total stockholders' equity	154,932	163,389
Total liabilities and stockholders' equity	\$ 332,649	\$ 359,017

See the accompanying notes to consolidated financial statements

Table of Contents**Douglas Dynamics, Inc.****Consolidated Statements of Operations and Comprehensive Income****(In thousands, except share and per share data)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	
Net sales	\$ 8,560	\$ 23,490
Cost of sales	6,740	14,419
Gross profit	1,820	9,071
Selling, general, and administrative expense	4,631	5,927
Intangibles amortization	1,300	1,300
Income (loss) from operations	(4,111)	1,844
Interest expense, net	(2,046)	(2,204)
Other expense, net	(78)	(115)
Loss before taxes	(6,235)	(475)
Income tax expense (benefit)	(1,967)	325