

SCS TRANSPORTATION INC
 Form 3/A
 December 17, 2004

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * French Linda J (Last) (First) (Middle) 4435 MAIN STREET, SUITE 930 (Street) KANSAS CITY, MO 64111 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 05/27/2004	3. Issuer Name and Ticker or Trading Symbol SCS TRANSPORTATION INC [SCST]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)	5. If Amendment, Date Original Filed(Month/Day/Year) 06/04/2004	6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year) Date Exercisable Expiration Date	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) Title Amount or Number of Shares	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
French Linda J 4435 MAIN STREET, SUITE 930 KANSAS CITY, MO 64111	X			

Signatures

James J. Bellinghausen	12/17/2004
<small>**Signature of Reporting Person</small>	<small>Date</small>

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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Current liabilities:

Accounts payable

\$

79,599

\$

44,134

Current maturities of long-term debt

12,051

—

Income taxes payable

6,094

19

Accrued expenses:

Accrued compensation

23,135

19,699

Product warranties

28,056

12,412

Self-insurance

6,199

5,812

Promotional

9,237

4,756

Accrued interest

3,213

15

Accrued dividend

3,184

—

Other

6,726

6,102

Total current liabilities

177,494

Explanation of Responses:

92,949

Non-current liabilities:

Long-term debt, less current maturities

274,818

—

Unrecognized tax benefits

1,755

2,461

Deferred compensation and postretirement health care benefits, net of current
portion

18,982

26,949

Other

1,052

—

Total non-current liabilities

296,607

29,410

Shareholders' equity:

Capital stock common, par value \$0.50;
authorized 60,000 shares, issued 51,776 shares

25,888

25,888

Additional paid-in capital

79,844

Explanation of Responses:

32,717

Retained earnings
654,215

620,546

Accumulated other comprehensive (loss) income
(952
)

10,975

Treasury stock, at cost (20,189 and 24,875 shares)
(342,745
)

(421,767
)

Total shareholders' equity
416,250

268,359

Total liabilities and shareholders' equity
\$
890,351

\$
390,718

See notes to condensed consolidated financial statements.

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Winnebago Industries, Inc.
 Condensed Consolidated Statements of Cash Flows
 (Unaudited)

(In thousands)	Nine Months Ended	
	May 27, 2017	May 28, 2016
Operating activities:		
Net income	\$ 46,407	\$ 32,350
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,287	4,243
Amortization of intangible assets	22,578	—
Amortization of debt issuance costs	889	—
LIFO expense	897	1,280
Stock-based compensation	2,206	1,818
Deferred income taxes	6,396	2,717
Postretirement benefit income and deferred compensation expense	(23,687)	(3,053)
Other	(946)	(680)
Change in assets and liabilities:		
Inventories	(7,497)	(19,251)
Receivables, prepaid and other assets	(21,336)	1,905
Income taxes and unrecognized tax benefits	5,806	(766)
Accounts payable and accrued expenses	32,778	14,345
Postretirement and deferred compensation benefits	(2,428)	(3,167)
Net cash provided by operating activities	67,350	31,741
Investing activities:		
Purchases of property, plant and equipment	(9,740)	(19,928)
Proceeds from the sale of property	219	21
Acquisition of business, net of cash acquired	(394,694)	—

Explanation of Responses:

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Other	684		371	
Net cash used in investing activities	(403,531)	(19,536)
Financing activities:				
Payments for repurchases of common stock	(1,367)	(3,058)
Payments of cash dividends	(9,554)	(8,173)
Payments of debt issuance costs	(11,020)	—	
Borrowings on credit facility	366,400		—	
Repayments of credit facility	(69,400)	—	
Other	(92)	40	
Net cash provided by (used in) financing activities	274,967		(11,191)
Net (decrease) increase in cash and cash equivalents	(61,214)	1,014	
Cash and cash equivalents at beginning of period	85,583		70,239	
Cash and cash equivalents at end of period	\$ 24,369		\$ 71,253	
Supplemental cash flow disclosure:				
Income taxes paid, net	\$ 11,811		\$ 13,137	
Interest paid	\$ 7,288		\$ —	
Non-cash transactions:				
Issuance of Winnebago common stock for acquisition of business	\$ 124,066		\$ —	
Capital expenditures in accounts payable	\$ 279		\$ 397	
Accrued dividend	\$ 3,184		\$ —	
See notes to condensed consolidated financial statements.				

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Winnebago Industries, Inc.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1: Basis of Presentation

The "Company," "we," "our" and "us" are used interchangeably to refer to Winnebago Industries, Inc. and its wholly-owned subsidiaries, as appropriate in the context.

We were incorporated under the laws of the state of Iowa on February 12, 1958 and adopted our present name on February 28, 1961. Our primary offices are located at 605 West Crystal Lake Road in Forest City, Iowa. Our telephone number is (641) 585-3535; our website is www.winnebagoind.com. Our common stock trades on the NYSE under the symbol "WGO."

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly our consolidated financial position as of May 27, 2017 and the consolidated results of income and comprehensive income and consolidated cash flows for the first nine months of Fiscal 2017 and 2016. The consolidated statement of income and comprehensive income for the first nine months of Fiscal 2017 is not necessarily indicative of the results to be expected for the full year. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K for the fiscal year ended August 27, 2016.

Fiscal Period

We follow a 52-/53-week fiscal year, ending the last Saturday in August. Both Fiscal 2017 and Fiscal 2016 are 52-week years.

Goodwill and Indefinite-Lived Intangible Asset

Goodwill resulted primarily from the Grand Design business combination and represents the excess of the purchase price over the fair value of tangible assets and identifiable intangible assets and liabilities assumed. Annually in the fourth quarter, or if conditions indicate an interim review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount and if it is necessary to perform the quantitative two-step goodwill impairment test. If we perform the quantitative test, we compare the carrying value of the reporting unit to an estimate of the reporting unit's fair value to identify potential impairment. The estimate of the reporting unit's fair value is determined by weighting a discounted cash flow model and a market-related model using current industry information that involve significant unobservable inputs (Level 3 inputs). In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed to determine the amount of the potential goodwill impairment. If impaired, goodwill is written down to its estimated implied fair value.

As of May 27, 2017, we had an indefinite-lived intangible asset for the trade name of \$148.0 million, from the Grand Design acquisition. Annually in the fourth quarter, or if conditions indicate an interim review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If we perform a quantitative test, projections regarding estimated discounted future cash flows and other factors are made to determine if impairment has occurred. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. If we conclude that there has been

Explanation of Responses:

impairment, we will write down the carrying value of the asset to its fair value.

Other Intangible and Long-Lived Assets

Long-lived assets, which include property, plant and equipment, and definite-lived intangible assets, primarily the dealer network, are assessed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The impairment testing involves comparing the carrying amount of the asset to the forecasted undiscounted future cash flows generated by that asset. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. In the event the carrying amount of the asset exceeds the undiscounted future cash flows generated by that asset and the carrying amount is not considered recoverable, an impairment exists. An impairment loss is measured as the excess of the asset's carrying amount over its fair value and is recognized in the statement of income in the period that the impairment occurs. The dealer network is amortized over its estimated useful life of 12 years. The reasonableness of the useful lives of this asset and other long-lived assets is regularly evaluated.

There was no impairment loss for the period ended May 27, 2017 for goodwill, indefinite- or definite-lived intangible assets, or long-lived assets.

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Debt Issuance Costs

We amortize debt issuance costs on a straight-line basis (which is not materially different from an effective interest method) over the term of the associated debt agreement. If early principal payments are made on the Term Loan, a proportional portion of the unamortized issuance costs will be expensed. We incurred \$0 and \$0.8 million of costs in the three months and the nine months ended May 27, 2017, respectively, related to our revolving credit agreement that are being amortized on a straight-line basis over the five year term of the agreement. We incurred \$0 and \$10.2 million of costs in the three months and the nine months ended May 27, 2017, respectively, related to the Term Loan that are being amortized on a straight-line basis over the seven year term of the agreement.

Derivative Instruments

We use derivative instruments to hedge our floating interest rate exposure. Derivative instruments are accounted for at fair value in accordance with ASC Topic 815, Derivatives and Hedging. We have designated these derivatives as cash flow hedges for accounting purposes. Changes in fair value, for the effective portion of qualifying hedges, are recorded in OCI. We review the effectiveness of our hedging instruments on a quarterly basis, recognize current period hedge ineffectiveness immediately in earnings, and discontinue hedge accounting for any hedge that we no longer consider to be highly effective.

Recently Adopted Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Topic 835), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. We adopted the standard during the first quarter of Fiscal 2017 and, accordingly, have presented unamortized debt issuance costs as a direct reduction allocated between Current maturities of long-term debt and Long-term debt, less current maturities on the Consolidated Balance Sheet as of May 27, 2017.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805), to simplify the accounting for measurement-period adjustments in a business combination. Under the new standard, an acquirer must recognize adjustments to provisional amounts in a business combination in the reporting period in which the adjustment amounts are determined, rather than retrospectively adjusting the provisional amounts recognized at the acquisition date with a corresponding adjustment to goodwill as under current guidance. ASU 2015-16 is effective prospectively for fiscal years, and the interim periods within those years, beginning after December 15, 2015 (our Fiscal 2017). We adopted this standard on August 28, 2016 and have accounted for all adjustments to provisional amounts in accordance with this guidance.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which establishes a comprehensive new model for the recognition of revenue from contracts with customers. This model is based on the core principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of using either retrospective transition or a modified approach in applying the new standard. The standard is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2017 (our Fiscal 2019). We are currently evaluating the approach we will use to apply the new standard and the impact adopting this ASU will have on our consolidated financial statements. This evaluation will include a review of representative contracts with key customers and the performance obligations contained therein, as well as a review of our commercial terms and practices across each of our segments.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330), which requires inventory measured using any method other than last-in, first-out (“LIFO”) or the retail inventory method to be subsequently measured at the lower of cost or net realizable value, rather than at the lower of cost or market. Under this ASU, subsequent measurement of

inventory using the LIFO and retail inventory method is unchanged. ASU 2015-11 will become effective prospectively for fiscal years beginning after December 15, 2016 (our Fiscal 2018). We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard is effective retrospectively or on a modified retrospective basis for fiscal years beginning after December 15, 2018 (our Fiscal 2020), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718), which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for the related income taxes, forfeitures, statutory tax withholding requirements and classification in the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016 (our Fiscal 2018), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

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In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230), which provides guidance for eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 is effective retrospectively for annual reporting periods beginning after December 15, 2017 (our Fiscal 2019), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350), which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment change. ASU 2017-04 is effective prospectively for fiscal years, and the interim periods within those years, beginning after December 15, 2019 (our Fiscal 2021). We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

Subsequent Events

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from May 28, 2017 through the date the financial statements were issued, for material subsequent events requiring recognition or disclosure. No such events were identified for this period.

Note 2: Business Combination, Goodwill and Other Intangible Assets

We acquired 100% of the ownership interests of Grand Design on November 8, 2016 in accordance with the Securities Purchase Agreement for an aggregate purchase price of \$520.5 million, which was paid in cash and Winnebago shares as follows:

(In thousands, except shares)	November 8, 2016
Cash	\$ 396,442
Winnebago shares: 4,586,555 at \$27.05 per share	124,066
Total	\$ 520,508

The cash portion was funded from cash on hand and borrowings under our ABL and Term Loan agreements. The stock was valued using our share price on the date of closing.

The acquisition has been accounted for in accordance with ASC 805, Business Combinations, using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to the net tangible and intangible assets of Grand Design acquired, based on their fair values at the date of the acquisition. The estimated fair values are preliminary and based on the information that was available as of the date of the acquisition. We believe that the information provides a reasonable basis for estimating the fair values, but we are waiting for additional information necessary to finalize these amounts, particularly with respect to income taxes. Thus, the preliminary measurements of fair value reflected are subject to change. We expect to finalize the valuation and complete the purchase price allocation as soon as practicable, but no later than one year from

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the acquisition date. The preliminary allocation of the purchase price to assets acquired and liabilities assumed is as follows:

(in thousands)	November 8, 2016
Cash	\$ 1,748
Accounts receivable	32,834
Inventories	15,300
Prepaid expenses and other assets	2,593
Property, plant and equipment	8,998
Goodwill	244,164
Other intangible assets	253,100
Total assets acquired	558,737
Accounts payable	11,163
Accrued compensation	3,615
Product warranties	12,904
Promotional	3,976
Other	1,569
Deferred tax liabilities	5,002
Total liabilities assumed	38,229

Total purchase price \$ 520,508

The acquisition of 100% of the ownership interests of Grand Design occurred in two steps: (1) direct purchase of 89.34% of Grand Design member interests and (2) simultaneous acquisition of the remaining 10.66% of Grand Design member interests via the purchase of 100% of the shares of SP GE VIII-B GD RV Blocker Corp. (Blocker Corp) which held the remaining 10.66% of the Grand Design member interests. We agreed to acquire Blocker Corp as part of the Securities Purchase Agreement and we did not receive a step-up in basis for 10.66% of the Grand Design assets. As a result, we established a deferred tax liability of \$8.5 million on the opening balance sheet that relates to intangibles that will not be amortizable for tax purposes.

The goodwill recognized is primarily attributable to the value of the workforce, reputation of founders, customer and dealer growth opportunities and expected synergies. Key areas of cost synergies include increased purchasing power for raw materials, and supply chain consolidation. Goodwill is expected to be mostly deductible for tax purposes. The goodwill resulting from the acquisition of Grand Design increased total goodwill to \$245.4 million within the Towable segment as of May 27, 2017 from \$1.2 million as of August 27, 2016. No changes were made to the carrying amount of goodwill for the three months ended May 27, 2017.

The allocation of the purchase price to the net assets acquired and liabilities assumed resulted in the recognition of intangible assets with fair value on the closing date of November 8, 2016 and amortization accumulated from the closing date through May 27, 2017 as follows:

(in thousands)	Weighted Average Life- Years	Fair Value Amount	Accumulated Amortization
Trade name	Indefinite	\$ 148,000	\$ —
Dealer network	12.0	80,500	3,676
Backlog	0.5	18,000	18,000
Non-compete agreements	4.0	4,600	767
Leasehold interest-favorable	8.1	2,000	135
Total		253,100	\$ 22,578

Explanation of Responses:

Accumulated amortization	(22,578)
Net book value of intangible assets	\$230,522

The fair value of the trade name and dealer network were estimated using an income approach. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The fair value of the trade name was estimated using an income approach, specifically known as the relief from royalty method. The relief from royalty method is based on the hypothetical royalty stream that would be received if we were to license the trade name and was based on expected revenues. The fair value of the dealer network was estimated using an income approach, specifically the cost to recreate/cost savings method. This method uses the replacement of the asset as an indicator of the fair

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value of the asset. The useful life of the intangible assets was determined considering the period of expected cash flows used to measure the fair value of the intangible assets adjusted as appropriate for the entity-specific factors including legal, regulatory, contractual, competitive, economic or other factors that may limit the useful life of the intangible assets.

For the nine months ended May 27, 2017 and May 28, 2016, amortization of intangible assets charged to operations was \$22.6 million and \$0, respectively. The weight