

Titan Machinery Inc.
Form 10-Q
September 07, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 July 31, 2017

Commission File No. 001-33866

TITAN MACHINERY INC.
(Exact name of registrant as specified in its charter)

Delaware No. 45-0357838
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

644 East Beaton Drive
West Fargo, ND 58078-2648
(Address of Principal Executive Offices)

Registrant's telephone number (701) 356-0130

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 ☐ (Do not check if smaller reporting company) Smaller reporting company ☐

Emerging growth company ☐

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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. YES ☐ NO ☒

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

The number of shares outstanding of the registrant's common stock as of August 31, 2017 was: Common Stock, \$0.00001 par value, 22,030,870 shares.

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PART I. — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TITAN MACHINERY INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share data)

	July 31, 2017	January 31, 2017
Assets		
Current Assets		
Cash	\$57,526	\$53,151
Receivables (net of allowance of \$3,158 and \$3,630 as of July 31, 2017 and January 31, 2017, respectively)	63,698	60,082
Inventories	517,464	478,266
Prepaid expenses and other	10,465	10,989
Income taxes receivable	6,049	5,380
Total current assets	655,202	607,868
Noncurrent Assets		
Intangible assets, net of accumulated amortization	4,960	5,001
Property and equipment, net of accumulated depreciation	160,613	156,647
Deferred income taxes	334	547
Other	1,312	1,359
Total noncurrent assets	167,219	163,554
Total Assets	\$822,421	\$771,422
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$16,331	\$17,326
Floorplan payable	308,025	233,228
Current maturities of long-term debt	1,477	1,373
Customer deposits	20,769	26,366
Accrued expenses and other	28,918	30,533
Total current liabilities	375,520	308,826
Long-Term Liabilities		
Senior convertible notes	70,975	88,501
Long-term debt, less current maturities	49,169	38,236
Deferred income taxes	3,263	9,500
Other long-term liabilities	8,769	5,180
Total long-term liabilities	132,176	141,417
Commitments and Contingencies		
Stockholders' Equity		
Common stock, par value \$.00001 per share, 45,000 shares authorized; 22,031 shares issued and outstanding at July 31, 2017; 21,836 shares issued and outstanding at January 31, 2017	—	—
Additional paid-in-capital	244,522	240,615
Retained earnings	72,977	85,347
Accumulated other comprehensive loss	(2,774)	(4,783)
Total stockholders' equity	314,725	321,179
Total Liabilities and Stockholders' Equity	\$822,421	\$771,422

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share data)

	Three Months		Six Months Ended	
	Ended July 31,		July 31,	
	2017	2016	2017	2016
Revenue				
Equipment	\$167,881	\$173,301	\$335,796	\$358,175
Parts	55,580	58,336	112,163	115,845
Service	30,509	31,296	59,275	62,288
Rental and other	14,901	15,400	25,755	26,885
Total Revenue	268,871	278,333	532,989	563,193
Cost of Revenue				
Equipment	154,729	160,906	310,246	331,230
Parts	39,103	41,118	79,460	81,619
Service	11,444	12,045	22,238	23,645
Rental and other	10,788	11,331	19,319	20,218
Total Cost of Revenue	216,064	225,400	431,263	456,712
Gross Profit	52,807	52,933	101,726	106,481
Operating Expenses	50,523			