

AMERICAN VANGUARD CORP

Form 10-Q

August 02, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED June 30, 2016**

.. **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 001-13795

AMERICAN VANGUARD CORPORATION

Delaware (State or other jurisdiction of	95-2588080 (I.R.S. Employer
Incorporation or organization)	Identification Number)
4695 MacArthur Court,	
Newport Beach, California (Address of principal executive offices)	92660 (Zip Code)
(949) 260-1200	

(Registrant's telephone number, including area code)

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

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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer 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 practicable date.

Common Stock, \$.10 Par Value 29,348,649 shares as of July 22, 2016.

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AMERICAN VANGUARD CORPORATION

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	For the three months ended June 30		For the six months ended June 30	
	2016	2015	2016	2015
Net sales	\$ 72,724	\$ 66,523	\$ 142,198	\$ 133,088
Cost of sales	41,329	41,402	83,300	83,317
Gross profit	31,395	25,121	58,898	49,771
Operating expenses	26,301	23,922	49,174	48,266
Operating income	5,094	1,199	9,724	1,505
Interest expense	462	662	1,003	1,303
Income before provision for income taxes and loss on equity investment	4,632	537	8,721	202
Income taxes expense (benefit)	1,203	(393)	2,263	(685)
Income before loss on equity investment	3,429	930	6,458	887
Less net loss from equity investment	(47)	(191)	(129)	(191)
Net income	3,382	739	6,329	696
Add back net loss (income) attributable to non-controlling interest	(136)	42	(289)	136
Net income attributable to American Vanguard	3,246	781	6,040	832
Earnings per common share basic	\$.11	\$.03	\$.21	\$.03
Earnings per common share assuming dilution	\$.11	\$.03	\$.21	\$.03
Weighted average shares outstanding basic	28,893	28,676	28,851	28,602
Weighted average shares outstanding assuming dilution	29,377	29,202	29,342	29,103

See notes to the condensed consolidated financial statements.

Table of Contents**AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)****(Unaudited)****ASSETS**

	June 30, 2016	Dec. 31, 2015
Current assets:		
Cash and cash equivalents	\$ 5,799	\$ 5,524
Receivables:		
Trade, net of allowance for doubtful accounts of \$363 and \$423, respectively	76,151	72,835
Other	3,394	2,554
Total receivables	79,545	75,389
Inventories	151,102	136,477
Prepaid expenses	13,979	11,172
Income taxes receivable		168
Deferred income tax assets	8,101	8,101
Total current assets	258,526	236,831
Property, plant and equipment, net	45,388	47,972
Intangible assets, net of applicable amortization	125,410	129,160
Other assets	30,331	29,576
	\$ 459,655	\$ 443,539

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities:		
Current installments of other notes payable	\$ 18	\$ 55
Current installments of other liabilities	138	514
Accounts payable	25,180	15,343
Deferred revenue	6,956	8,888
Accrued program costs	62,327	44,371
Accrued expenses and other payables	9,012	7,111
Income taxes payable	1,029	
Total current liabilities	104,660	76,282
Long-term debt and other notes payable, excluding current installments	49,576	68,321
Other liabilities, excluding current installments	3,029	3,054
Deferred income tax liabilities	27,556	27,556

Total liabilities	184,821	175,213
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued		
Common stock, \$.10 par value per share; authorized 40,000,000 shares; issued 31,788,644 shares at June 30, 2016 and 31,638,225 shares at December 31, 2015	3,180	3,164
Additional paid-in capital	69,438	68,534
Accumulated other comprehensive loss	(3,993)	(3,541)
Retained earnings	214,258	208,507
	282,883	276,664
Less treasury stock, at cost, 2,450,634 shares at June 30, 2016 and December 31, 2015	(8,269)	(8,269)
American Vanguard Corporation stockholders' equity	274,614	268,395
Non-controlling interest	220	(69)
Total stockholders' equity	274,834	268,326
	\$ 459,655	\$ 443,539

See notes to the condensed consolidated financial statements.

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share data)

For The Three Months Ended March 31, 2016 and June 30, 2016

(Unaudited)

	Common Stock		Accumulated			Treasury Stock		Non-AVD Controlling		
	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Retained Earnings	Shares	Amount	Total	Interest	Total
Balance, December 31, 2015	31,638,225	\$ 3,164	\$ 68,534	\$ (3,541)	\$ 208,507	2,450,634	\$ (8,269)	\$ 268,395	\$ (69)	\$ 268,326
Stocks issued under ESPP	19,627	2	269					271		271
Foreign currency translation adjustment, net				85				85		85
Stock based compensation			456					456		456
Stock options exercised and grants and vesting of restricted stock units	(61,550)	(6)	(580)					(586)		(586)
Excess tax benefits from share based payment arrangements			35					35		35
Net income					2,794			2,794	153	2,947
Balance, March 31, 2016	31,596,302	\$ 3,160	\$ 68,714	\$ (3,456)	\$ 211,301	2,450,634	\$ (8,269)	\$ 271,450	\$ 84	\$ 271,534
Cash dividends on common stock (\$0.01 per share)					(289)			(289)		(289)
Foreign currency translation adjustment, net				(537)				(537)		(537)
Stock based compensation			612					612		612
Stock options exercised and grants	192,342	20	100					120		120

and vesting of restricted stock units											
Excess tax benefits from share based payment arrangements			12					12			12
Net income					3,246			3,246	136		3,382
Balance, June 30, 2016	31,788,644	\$ 3,180	\$ 69,438	\$ (3,993)	\$ 214,258	2,450,634	\$ (8,269)	\$ 274,614	\$ 220		\$ 274,834

See notes to the condensed consolidated financial statements.

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

**For the three months
ended June 30**