

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

TOWER AUTOMOTIVE INC
Form 8-K
October 22, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (Date of earliest event reported): OCTOBER 18, 2001

TOWER AUTOMOTIVE, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

1-12733
(Commission File Number)

41-1746238
(I.R.S. Employer Identification No.)

4508 IDS CENTER, MINNEAPOLIS, MINNESOTA 55402
(Address of Principal Executive Offices) (Zip Code)

(612) 342-2310
(Registrant's Telephone Number, Including Area Code)

NOT APPLICABLE
(Former Name or Former Address, if Changed Since Last Report)

Item 9. Furnished Information

On October 18, 2001, the Registrant issued a press release announcing operating results for the third quarter and the nine months ended September 30, 2001 and fourth quarter restructuring activity. A copy of this press release follows below:

DATE: October 18, 2001

FROM:

FOR:

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

Padilla Speer Beardsley Inc.
224 Franklin Avenue West
Minneapolis, Minnesota 55404

Tower Automotive, Inc.
5211 Cascade Road S.E., Suite 300
Grand Rapids, Michigan 49546

John Mackay (612) 871-8877

Anthony Barone (616) 802-1600

FOR IMMEDIATE RELEASE

TOWER AUTOMOTIVE ANNOUNCES OPERATING RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001; FOURTH QUARTER RESTRUCTURING ACTIVITY

GRAND RAPIDS, Mich., Oct. 18-- Tower Automotive, Inc. (NYSE: TWR), today announced operating results for the third quarter and nine months ended September 30, 2001.

For the third quarter of 2001, revenues were \$558 million, a 4 percent increase, compared with \$536 million in the 2000 period. Revenues for the third quarter of 2001 included revenues for our Asia operations of \$104 million, which were not consolidated in the 2000 period. Operating income declined 43 percent to \$16 million from \$28 million reported last year. Net loss for the third quarter of 2001 was \$1 million, or 3 cents per diluted share outstanding, versus net income of \$10 million, or 21 cents per diluted share, before extraordinary loss, in the comparable 2000 period. For the nine months ended September 30, 2001, revenues were \$1.8 billion, a 5 percent decrease, compared with \$1.9 billion in the same period for 2000. Revenues for the nine months ended September 30, 2001, included revenues for Asia operations of \$270 million, which were not included in the same period for 2000. Operating income declined 44 percent to \$98 million from \$175 million reported last year. Net income for the nine months ended September 30, 2001 was \$28 million, or 63 cents per diluted share outstanding, versus \$86 million, or \$1.54 per diluted share, before extraordinary loss, in the comparable 2000 period.

In commenting on third-quarter and nine-month results, Dug Campbell, president and chief executive officer of Tower Automotive, said, "This year has continued to prove to be the most difficult year in Tower Automotive's history. Our third quarter results were impacted by unplanned volume declines in our U.S. and Canada region and continued new product launch costs during the quarter. Third

quarter performance has further contributed to weak performance year-to-date when compared to the 2000 period. Excluding our Asia operations in Korea and China, which were not consolidated in 2000, sales for the third quarter 2001 and the nine-month period ended September 30, 2001, as compared to the same corresponding periods in 2000, were both down by approximately 15 percent.

"Despite the sales and earnings shortfall relative to 2000, we have continued to reduce debt through effective management of working capital and the successful completion of the \$40 million private placement of our common stock and the \$126 million operating lease financing for the Dodge Ram frame assembly completed during the quarter. Debt reduction during the third quarter and nine months of 2001 was \$106 million and \$270 million, respectively. We continue to remain in compliance with all debt covenants and will work to ensure that no debt covenant relief will be required."

The company also announced that it will be relocating stamping and assembly operations currently performed at its Sebewaing, Mich., facility to other Tower Automotive locations, resulting in the closing of the Sebewaing facility by

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

March 2002. This restructuring activity will result in a fourth-quarter pre-tax charge of approximately \$95 million, which includes a cash portion of approximately \$23 million and a non-cash portion of approximately \$72 million. Based on prevailing economic conditions, the company will continue its evaluation for potential additional fourth-quarter restructuring activities and asset valuation issues.

"The closing of our Sebewaing facility is the result of a slowdown in sales volumes throughout the company. In consolidating our stamping operations, we can utilize our existing capacity more efficiently to enhance the value of the operations," said Campbell. "Although this is a necessary move for the company, it is a very difficult decision."

Tower Automotive, Inc., produces a broad range of assemblies and modules for vehicle structures and suspension systems for the automotive manufacturers, including Ford, DaimlerChrysler, GM, Honda, Toyota, Nissan, Auto Alliance, Fiat, Kia, Hyundai, BMW and Volkswagen. Products include body structural assemblies such as pillars and package trays, control arms, suspension links, engine cradles and full frame assemblies. The company is based in Grand Rapids, Mich., and has its corporate office in Minneapolis, Minn.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the anticipated results as a consequence of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which Tower Automotive operates, and other risks detailed from time to time in the company's Securities and Exchange Commission filings.

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS - UNAUDITED)

	Three Months Ended September 30,	
	2001	2000
Revenues	\$ 557,785	\$ 536,210
Cost of sales	502,366	471,482
Gross profit	55,419	64,728
Selling, general and administrative expenses	33,002	31,535
Amortization expense	6,232	5,576
Operating income	16,185	27,617
Interest expense, net	19,082	16,405
Income (loss) before provision for		

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

income taxes	(2,897)	11,212
Provision for income taxes	(2,771)	4,484
	-----	-----
Income (loss) before equity in earnings of joint ventures and minority interest	(126)	6,728
Equity in earnings of joint ventures	3,120	5,844
Minority interest	(4,358)	(2,619)
	-----	-----
Income (loss) before extraordinary item	(1,364)	9,953
Extraordinary loss on early extinguishments of debt, net	-	2,988
	-----	-----
Net income (loss)	\$ (1,364)	\$ 6,965
	=====	=====
Basic earnings (loss) per common share:		
Income before extraordinary loss	\$ (0.03)	\$ 0.21
Extraordinary loss	-	(0.06)
	-----	-----
Net income (loss)	\$ (0.03)	\$ 0.15
	=====	=====
Basic shares outstanding	45,784	47,986
	=====	=====
Diluted earnings (loss) per common share:		
Income before extraordinary loss	\$ (0.03)	\$ 0.21
Extraordinary loss	-	(0.06)
	-----	-----
Net income (loss)	\$ (0.03)	\$ 0.15
	=====	=====
Diluted shares outstanding	45,784	48,411
	=====	=====

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

Assets	September 30, 2001 (unaudited)	December 20
-----	-----	-----
Current assets:		
Cash and cash equivalents	\$ 15,960	\$
Accounts receivable	274,628	27
Subordinated interest in accounts receivable	-	
Inventories	115,445	13

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

Prepaid tooling and other	116,632	22
	-----	-----
Total current assets	522,665	63
	-----	-----
Property, plant and equipment, net	1,190,306	1,11
Investments in joint ventures	287,331	26
Goodwill and other assets, net	881,944	87
	-----	-----
	\$ 2,882,246	\$ 2,89
	=====	=====
Liabilities and Stockholders' Investment		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 165,548	\$ 14
Accounts payable	352,476	24
Accrued liabilities	253,272	17
	-----	-----
Total current liabilities	771,296	57
	-----	-----
Long-term debt, net of current maturities	650,836	93
Obligations under capital leases, net of current maturities	5,325	
Convertible subordinated notes	200,000	20
Deferred income taxes	37,052	3
Other noncurrent liabilities	202,011	18
	-----	-----
Total noncurrent liabilities	1,095,224	1,36
	-----	-----
Mandatorily redeemable trust convertible preferred securities	258,750	25
Stockholders' investment:		
Preferred stock	-	
Common stock	480	
Additional paid-in capital	456,615	45
Retained earnings	336,125	30
Deferred compensation plans	(15,571)	(
Accumulated other comprehensive loss	(20,673)	(
Treasury stock, at cost	-	(4
	-----	-----
Total stockholders' investment	756,976	70
	-----	-----
	\$ 2,882,246	\$ 2,89
	=====	=====

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Edgar Filing: TOWER AUTOMOTIVE INC - Form 8-K

TOWER AUTOMOTIVE, INC.

Date: October 18, 2001

By: /s/ Anthony A. Barone

Name: Anthony A. Barone

Title: Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)