

KAMAN Corp  
Form 10-Q  
August 08, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 June 29, 2018

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: 001-35419

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut 06-0613548  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1332 Blue Hills Avenue  
Bloomfield, Connecticut 06002  
(Address of principal executive offices) (Zip Code)  
(860) 243-7100  
(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, 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.

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Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

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.

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

At July 27, 2018, there were 27,995,688 shares of Common Stock outstanding.

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## PART I

## Item 1. Financial Statements

## CONDENSED CONSOLIDATED BALANCE SHEETS

## KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except share and per share amounts) (Unaudited)

	June 29, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$27,640	\$36,904
Accounts receivable, net	250,293	313,451
Contract assets	125,204	—
Contract costs, current portion	3,487	—
Inventories	291,058	367,437
Income tax refunds receivable	3,692	2,889
Other current assets	32,173	27,188
Total current assets	733,547	747,869
Property, plant and equipment, net of accumulated depreciation of \$264,224 and \$252,611, respectively	188,160	185,452
Goodwill	348,487	351,717
Other intangible assets, net	108,998	117,118
Deferred income taxes	22,998	27,603
Contract costs, noncurrent portion	12,847	—
Other assets	27,157	25,693
Total assets	\$1,442,194	\$1,455,452
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt, net of debt issuance costs	\$8,125	\$7,500
Accounts payable – trade	136,140	127,591
Accrued salaries and wages	45,491	48,352
Contract liabilities, current portion	9,928	—
Advances on contracts	—	8,527
Income taxes payable	—	1,517
Other current liabilities	54,462	52,812
Total current liabilities	254,146	246,299
Long-term debt, excluding current portion, net of debt issuance costs	316,168	391,651
Deferred income taxes	7,738	8,024
Underfunded pension	97,356	126,924
Contract liabilities, noncurrent portion	76,330	—
Other long-term liabilities	47,684	46,898
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Preferred stock, \$1 par value, 200,000 shares authorized; none outstanding	—	—
Common stock, \$1 par value, 50,000,000 shares authorized; voting; 29,498,470 and 29,141,467 shares issued, respectively	29,498	29,141
Additional paid-in capital	195,749	185,332
Retained earnings	596,270	587,877
Accumulated other comprehensive income (loss)	(117,349)	(115,814)
Less 1,492,623 and 1,325,975 shares of common stock, respectively, held in treasury, at cost	(61,396)	(50,880)

Total shareholders' equity	642,772	635,656
Total liabilities and shareholders' equity	\$1,442,194	\$1,455,452
See accompanying notes to condensed consolidated financial statements.		

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except per share amounts) (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
Net sales	\$468,129	\$449,006	\$931,456	\$884,947
Cost of sales	332,486	314,513	661,706	626,108
Gross profit	135,643	134,493	269,750	258,839
Selling, general and administrative expenses	114,339	107,952	226,092	218,829
Restructuring costs	1,954	—	3,647	—
Net (gain) loss on sale of assets	(1,525)	)15	(1,588)	)(5 )
Operating income	20,875	26,526	41,599	40,015
Interest expense, net	5,002	6,122	10,354	10,282
Non-service pension and post retirement benefit cost (income)	(3,039)	)(866	)(6,068	)(1,585 )
Other expense (income), net	361	(69	)19	(228 )
Earnings before income taxes	18,551	21,339	37,294	31,546
Income tax expense	3,457	7,881	8,134	11,797
Net earnings	\$15,094	\$13,458	\$29,160	\$19,749