CORE MOLDING TECHNOLOGIES INC
Form 10-K
March 11, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

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

For the fiscal year ended December 31, 2015

OR

o	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 12505

CORE MOLDING TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	31-1481870
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)
800 Manor Park Drive, Columbus, Ohio	43228-0183
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (614) 870-5000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	NYSE MKT LLC
Preferred Stock purchase rights, par value $0.01	NYSE MKT LLC

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of June 30, 2015, the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was approximately $112,509,338, based upon the closing sale price of $22.84 on the NYSE MKT LLC on June 30, 2015, the last business day of registrant's most recently completed second fiscal quarter. As of the close of business on March 10, 2016, the number of shares of registrant's common stock outstanding was 7,709,407.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 2016 definitive Proxy Statement to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year are incorporated herein by reference in Part III of this Form 10-K.

CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
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PART I

ITEM 1. BUSINESS

HISTORICAL DEVELOPMENT OF BUSINESS OF CORE MOLDING TECHNOLOGIES, INC.

In 1996, RYMAC Mortgage Investment Corporation ("RYMAC") incorporated Core Molding Technologies, Inc. ("Core Molding Technologies" or the "Company"), formerly known as Core Materials Corporation before changing its name on August 28, 2002, for the purpose of acquiring the Columbus Plastics unit of Navistar, Inc. ("Navistar"), formerly known as International Truck & Engine Corporation. On December 31, 1996, RYMAC merged with and into the Company, with the Company as the surviving entity. Immediately after the merger, the Company acquired substantially all the assets and liabilities of the Columbus Plastics unit from Navistar in return for a secured note, which has been repaid, and 4,264,000 shares of newly issued common stock of the Company. On July 18, 2007, the Company entered into a stock repurchase agreement with Navistar, pursuant to which the Company repurchased 3,600,000 shares of the Company's common stock, from Navistar. On August 16, 2013, Navistar sold its remaining 664,000 shares of common stock in a series of open market sales.

In 1998, the Company opened a second compression molding plant located in Gaffney, South Carolina as part of the Company's growth strategy to expand its customer base. This facility provided the Company with additional capacity and a strategic location to serve both current and prospective customers.

In October 2001, the Company incorporated Core Composites Corporation as a wholly owned subsidiary under the laws of the State of Delaware. This entity was established for the purpose of holding and establishing operations for Airshield Corporation's assets, which the Company acquired on October 16, 2001 (the "Airshield Asset Acquisition") as part of the Company's diversified growth strategy. Airshield Corporation was a privately held manufacturer and marketer of fiberglass reinforced plastic parts primarily for the truck and automotive aftermarket industries. The Company purchased substantially all of the assets of Airshield Corporation through the United States Bankruptcy Court as Airshield Corporation had been operating under Chapter 11 bankruptcy protection since March 2001.

In conjunction with establishment of operations for the assets acquired in the Airshield Asset Acquisition, the Company established a Mexican subsidiary and leased a production facility in Mexico. In October 2001, the Company (5% owner) and Core Composites Corporation (95% owner) incorporated Corecomposites de Mexico, S. de R.L. de C.V. ("Corecomposites") in Matamoros, Mexico. Corecomposites was organized to operate under a maquiladora program whereby substantially all products produced are exported back to Core Composites Corporation which sells such products to United States based external customers. In June of 2009, the Company completed construction and took occupancy of a new production facility in Matamoros, Mexico that replaced its leased facility.

In September 2004, the Company formed Core Automotive Technologies, LLC ("Core Automotive"), a Delaware limited liability company and wholly owned subsidiary of the Company. This entity was formed for the purpose of establishing operations and holding assets acquired from Keystone Restyling, Inc., which the Company acquired as part of its diversified growth strategy in September, 2004. Keystone Restyling, Inc. was a privately held manufacturer and marketer of fiberglass reinforced plastic parts primarily for the automotive and light truck aftermarket industries. The Company's facility in Matamoros, Mexico provides manufacturing services for Core Automotive Technologies.

In August 2005, the Company formed Core Composites Cincinnati, LLC, ("Core Composites Cincinnati") a Delaware limited liability company and wholly owned subsidiary of the Company. This entity was formed for the purpose of establishing operations and holding assets acquired from the Cincinnati Fiberglass Division of Diversified Glass Inc., which the Company acquired in August, 2005. The Cincinnati Fiberglass Division of Diversified Glass, Inc. was a privately held manufacturer and distributor of fiberglass reinforced plastic components supplied primarily to the

heavy-duty truck market. As a result of this acquisition, the Company leases a manufacturing facility in Batavia, Ohio.

In March 2015, the Company acquired substantially all of the assets of CPI Binani, Inc., a Minnesota based manufacturer and producer of direct long fiber thermoplastic ("D-LFT") products, and a wholly owned subsidiary of Binani Industries Limited, located in Winona, Minnesota ("CPI"). The purpose of the acquisition was to increase the Company's process capabilities and diversify the Company's customer base.

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DESCRIPTION OF BUSINESS OF CORE MOLDING TECHNOLOGIES, INC.

Certain statements under this caption of this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements involve known and unknown risks and are subject to uncertainties and factors relating to Core Molding Technologies' operations and business environment, all of which are difficult to predict and many of which are beyond Core Molding Technologies' control. Words such as “may,” “will,” “could,” “would,” “should,” “anticipate,” “predict,” “poten “continue,” “expect,” “intend,” “plans,” “projects,” “believes,” “estimates,” “confident” and similar expressions are used to ide these forward-looking statements. These uncertainties and factors could cause Core Molding Technologies' actual results to differ materially from those matters expressed in or implied by such forward-looking statements.

Core Molding Technologies believes that the following factors, among others, could affect its future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements made in this report: business conditions in the plastics, transportation, marine and commercial product industries (including slowdown in demand for truck production); federal and state regulations (including engine emission regulations); general economic, social and political environments in the countries in which Core Molding Technologies operates; safety and security conditions in Mexico; dependence upon certain major customers as the primary source of Core Molding Technologies’ sales revenues; efforts of Core Molding Technologies to expand its customer base; the ability to develop new and innovative products and to diversify markets, materials and processes and increase operational enhancements; the actions of competitors, customers, and suppliers; failure of Core Molding Technologies’ suppliers to perform their obligations; the availability of raw materials; inflationary pressures; new technologies; regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract and retain key personnel; the Company's ability to successfully identify, evaluate and manage potential acquisitions and to benefit from and properly integrate any completed acquisitions; federal, state and local environmental laws and regulations; the availability of capital; the ability of Core Molding Technologies to provide on-time delivery to customers, which may require additional shipping expenses to ensure on-time delivery or otherwise result in late fees; risk of cancellation or rescheduling of orders; management’s decision to pursue new products or businesses which involve additional costs, risks or capital expenditures; and other risks identified from time to time in Core Molding Technologies’ other public documents on file with the Securities and Exchange Commission, including those described in Item 1A of this Annual Report on Form 10-K.

Core Molding Technologies and its subsidiaries operate in the plastics market in a family of products known as “reinforced plastics.” Reinforced plastics are combinations of resins and reinforcing fibers (typically glass or carbon) that are molded to shape. Core Molding Technologies is a manufacturer of sheet molding compound ("SMC") and molder of fiberglass reinforced plastics. The Company specializes in large-format moldings and offers a wide range of fiberglass processes, including compression molding of SMC, glass mat thermoplastics ("GMT"), bulk molding compounds ("BMC") and D-LFT; spray-up, hand-lay-up, and resin transfer molding ("RTM"). Additionally, the Company offers reaction injection molding ("RIM"), utilizing dicyclopentadiene technology.

Reinforced plastics compete largely against metals and have the strength to function well during prolonged use. Management believes that reinforced plastic components offer many advantages over metals, including:

•heat resistance;
•corrosion resistance;
•lighter weight;
•lower cost;

•greater flexibility in product design;
•part consolidation for multiple piece assemblies;
•lower initial tooling costs for lower volume applications;
•high strength-to-weight ratio; and
•dent-resistance in comparison to steel or aluminum.

The largest markets for reinforced plastics are transportation (automotive and truck), agriculture, construction, marine, and industrial applications. The Company currently operates five production facilities in Columbus, Ohio; Batavia, Ohio; Gaffney, South Carolina; Winona, Minnesota; and Matamoros, Mexico, which produce reinforced plastic products. Our manufacturing facilities utilize various production processes; however, end products are similar and are not unique to a facility or customer base. Operating decision makers (officers of the Company) are headquartered in Columbus, Ohio and oversee all manufacturing

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operations for all products as well as oversee customer relationships with all customers. The Company supplies reinforced plastic products to truck manufacturers, automotive suppliers, and manufacturers of marine and other commercial products. In general, product growth and diversification are achieved in several different ways: (1) resourcing of existing reinforced plastic product from another supplier by an original equipment manufacturer (“OEM”); (2) obtaining new reinforced plastic products through a selection process in which an OEM solicits bids; (3) successful marketing of reinforced plastic products for previously non-reinforced plastic applications; (4) successful marketing of reinforced plastic products to OEMs outside of our traditional markets; (5) development of new materials, technology and processes to meet current or prospective customer requirements; and (6) acquiring an existing business. The Company's efforts continue to be directed towards all six areas.

MAJOR COMPETITORS

The Company believes that it is one of the three largest compounders and molders of reinforced plastics using the SMC, spray-up, hand-lay-up, RTM, and D-LFT molding processes in North America. The Company faces competition from a number of other molders including, most significantly, Molded Fiber Glass Companies, Continental Structural Plastics, Ashley Industrial Molding, Sigma Industries and The Composites Group. The Company believes that it is well positioned to compete based primarily on manufacturing capability and location, product quality, engineering capability, cost, and delivery. However, the industry remains highly competitive and some of the Company's competitors have greater financial resources, research and development facilities, design engineering, manufacturing, and marketing capabilities.

MAJOR CUSTOMERS

The Company had four major customers, Navistar, Volvo Group ("Volvo"), PACCAR Inc. ("PACCAR") and Yamaha Motor Manufacturing Corporation of America ("Yamaha"), in 2015. Major customers are defined as customers whose current year sales individually consist of more than ten percent of total sales during any annual or interim reporting period in the current year. The loss of a significant portion of sales to Navistar, Volvo, PACCAR, or Yamaha would have a material adverse effect on the business of the Company.

The North American truck market in which Navistar, Volvo, and PACCAR compete is highly competitive and the demand for heavy and medium-duty trucks is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck demand also depends on general economic conditions, among other factors.

Yamaha Motor Manufacturing Corporation of America, a wholly owned subsidiary of Yamaha Motor Corporation, U.S.A., is a top manufacturer of recreational vehicles including golf carts, all-terrain vehicles, personal watercraft and side by side utility vehicles. Demand in the recreational vehicle market is typically influenced by the rapid introduction of new models creating a short product lifecycle, the brand recognition of the various competitors, general economic conditions, and seasonal effects, among other factors.

Relationship with Navistar

The Company has historically had a Comprehensive Supply Agreement with Navistar that provides for the Company to be the primary supplier of Navistar’s original equipment and service requirements for fiberglass reinforced parts, as long as the Company remains competitive in cost, quality, and delivery. The Company's current Comprehensive Supply Agreement with Navistar is effective through October 31, 2018.
The Company makes products for Navistar's Springfield, Ohio; Tulsa, Oklahoma; and Escobedo, Mexico assembly plants, as well as aftermarket products for service distribution centers. The Company works closely on new product development with Navistar's engineering and research personnel. Some of the products sold to Navistar include hoods,

roofs, air deflectors, cab extenders, fender extensions, splash panels, and other components. Sales to Navistar amounted to approximately 28%, 29% and 33% of total sales for 2015, 2014 and 2013, respectively.

Relationship with Volvo

The Company makes products for Volvo's New River Valley (Dublin, Virginia) and Macungie, Pennsylvania assembly plants, as well as aftermarket products for service distribution centers. The Company works closely on new product development with Volvo's engineering and research teams. Products sold to Volvo include hoods, roofs, sunvisors, air deflectors, cab extenders and other components. Sales to Volvo amounted to approximately 28%, 28% and 9% of total sales for 2015, 2014 and 2013, respectively.

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Relationship with PACCAR

The Company makes products for PACCAR's Chillicothe, Ohio; Denton, Texas; Renton, Washington; St. Therese (Canada); and Mexicali, Mexico assembly plants, as well as aftermarket products for service distribution centers. The Company also works closely on new product development with PACCAR's engineering and research personnel. Products sold to PACCAR include hoods, roofs, back panels, air deflectors, air fairings, fenders, splash panels, cab extenders, and other components. Sales to PACCAR amounted to approximately 17%, 21% and 35% of total sales for 2015, 2014 and 2013, respectively.

Relationship with Yamaha

The Company manufactures sheet molding compound and molded products for Yamaha’s assembly plant located in Newnan, GA. The Company also works closely on new product and material development with Yamaha’s engineering and research personnel. Products include sheet molding compound and various molded components to support the assembly of personal watercraft. Sales to Yamaha amounted to approximately 8%, 10%, and 9% of total sales in 2015, 2014 and 2013, respectively.

OTHER CUSTOMERS

The Company also produces products for other truck manufacturers, the automotive industry, marine industry, commercial product industries, automotive aftermarket industries, and various other customers and industries. Sales to these customers individually were all less than 10% of total annual sales. Sales to these customers amounted to approximately 19%, 13% and 14% of total sales for 2015, 2014 and 2013, respectively.

GEOGRAPHIC INFORMATION

All of the Company's products are sold in U.S. dollars. The following table provides information related to the Company's sales by country, based on the ship to location of customers' production facilities, for the years ended December 31:

	2015	2014	2013
United States	$129,651,000	$123,317,000	$95,063,000
Mexico	63,586,000	47,772,000	45,069,000
Canada	5,831,000	4,115,000	3,993,000
Total	$199,068,000	$175,204,000	$144,125,000

The following table provides information related to the location of the Company's property, plant and equipment, net, as of December 31:

	2015	2014
United States	$44,191,000	$31,674,000
Mexico	29,912,000	30,321,000
Total	$74,103,000	$61,995,000

PRODUCTS

Sheet Molding Compound (“SMC”)

SMC is primarily a combination of resins, fiberglass, fillers, and catalysts compounded and cured in sheet form, which is then used to manufacture compression-molded products, as discussed below. The Company also sells SMC to other molders.

The Company incorporates a sophisticated computer program in the process of compounding various complex SMC formulations tailored to meet customer needs. The program provides for the control of information during various production processes and data for statistical batch controls.

Closed Molded Products

The Company manufactures plastic products using compression molding, resin transfer molding and reaction injection molding. As of December 31, 2015, the Company owned 50 molding presses in its Columbus, Ohio facility (16), Matamoros, Mexico

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facility (19), Gaffney, South Carolina facility (10) and Winona, Minnesota facility (5). The Company's molding presses range in size from 250 to 5,000 tons.

Compression Molding of SMC - Compression molding is a process whereby SMC is molded to form by matched die steel molds through which a combination of heat and pressure are applied via a molding press. This process produces high quality, dimensionally consistent products. This process is typically used for high volume products. Higher volumes justify the customer's investment in matched die steel molds.

Large platen, high tonnage presses (2,000 tons or greater) provide the ability to mold very large reinforced plastic parts. The Company believes that it possesses a significant portion of the large platen, high tonnage molding capacity in the industry. To enhance the surface quality and the paint finish of our products, the Company uses both in-mold coating and vacuum molding processes.

In-mold coating is the process of injecting a liquid over the molded part surface and then applying pressure at elevated temperatures during an extended molding cycle. The liquid coating serves to fill and/or bridge surface porosity as well as provide a barrier against solvent penetration during subsequent top-coating operations.

Vacuum molding is the removal of air during the molding cycle for the purpose of reducing the amount of surface porosity. The Company believes that it is among the industry leaders in in-mold coating and vacuum molding applications, based on the size and complexity of parts molded.

Resin Transfer Molding (“RTM”) - This process employs two molds, typically a core and a cavity, similar to matched die molding. The composite is produced by placing glass mat, chopped strand, or continuous strand fiberglass in the mold cavity in the desired pattern. Parts used for cosmetic purposes typically have a gel coat applied to the mold surface. The core mold is then fitted to the cavity, and upon a satisfactory seal, a vacuum is applied. When the proper vacuum is achieved, the resin is injected into the mold to fill the part. Finally, the part is allowed to cure and is then removed from the mold and trimmed to shape. Fiberglass reinforced products produced from the RTM process exhibit a high quality surface on both sides of the part and excellent part thickness. The multiple insert tooling technique can be utilized in the RTM process to improve throughput based upon volume requirements.

Direct Long-Fiber Thermoplastics ("D-LFT") - D-LFT molding employs two molds, typically a core and a cavity, similar to matched die molding. This is a process for compounding and molding thermoplastic materials with "long" fibers (typically, 0.5 inch or longer). Engineered thermoplastic pellets and performance additives are compounded in a screw extruder, to which chopped reinforcements (typically, glass fibers) are added and further extruded. A "charge" of material is cut to a precise weight, and this "charge" is directly moved to a compression or injection-transfer process, where it is molded into a finished part. The process allows for direct processing of the compounded material, bypassing the expense and delay of producing an intermediate product (pellets or sheets) as is used in other fiber-reinforced thermoplastic molding processes. The D-LFT process is an attractive option for products that have complex geometry, require high strength and stiffness and benefit from the recyclability of a thermoplastic resin.

Reaction Injection Molding (“RIM”) - This is a process whereby a composite is produced through the injection of a two-component thermoset resin system utilizing dicyclopentadiene (“DCPD”) technology. DCPD technology involves injecting a liquid compound into matched die aluminum molds to form the part. In this process the mold is prepared, closed and the liquid compound is injected into the tool then cured. Additional finishing is required when the part is designated for top coat painting. The RIM process is an alternative to other closed mold processes for mid-volume parts that require a high level of impact resistance.

Open Molded Products

The Company produces reinforced plastic products using both the hand lay-up and spray-up methods of open molding at our Batavia, Ohio and Matamoros, Mexico locations. Part sizes weigh from a few pounds to several hundred pounds with surface quality tailored for the end use application.

Hand Lay-Up - This process utilizes a shell mold, typically the cavity, where glass cloth, either chopped strand or continuous strand glass mat, is introduced into the cavity. Resin is then applied to the cloth and rolled out to achieve a uniform wet-out from the glass and to remove any trapped air. The part is then allowed to cure and removed from the mold. After removal, the part typically undergoes trimming to achieve the shape desired. Parts used for cosmetic purposes typically have a gel coat applied to the mold surface prior to the lay-up to improve the surface quality of the finished part. Parts produced from this process have a smooth outer surface and an unfinished or rough interior surface. These fiberglass-reinforced products are typically non-cosmetic components or structural reinforcements that are sold externally or used internally as components of larger assemblies.

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Spray-Up - This process utilizes the same type of shell mold as hand-lay-up, but instead of using glass cloth to produce the composite part, a chopper/spray system is employed. Glass rovings and resin feed the chopper/spray gun. The resin coated, chopped glass is sprayed into the mold to the desired thickness. The resin coated glass in the mold is then rolled out to ensure complete wet-out and to remove any trapped air. The part is then allowed to cure, is removed from the mold and is then trimmed to the desired shape. Parts used for cosmetic purposes typically have a gel coat applied to the mold surface prior to the resin-coated glass being sprayed into the mold to improve the surface quality of the finished part. Parts produced from this process have a smooth outer surface and an unfinished or rough interior surface.

Assembly, Machining, and Paint Products

Many of the products molded by the Company are assembled, machined and prime painted or topcoat painted to result in a completed product used by the Company's customers.

The Company has demonstrated manufacturing flexibility that accommodates a range of low volume hand assembly and machining work, to high volume, highly automated assembly and machining systems. Robotics are used as deemed productive for material
handling, machining, and adhesive applications. In addition to conventional machining methods, water-jet cutting technology is also used where appropriate. The Company also utilizes paint booths and batch ovens in its facilities. The Company generally contracts with outside providers for higher volume applications that require top coat paint.

RAW MATERIALS

The principal raw materials used in the Company's processes are unsaturated polyester, vinyl ester, epoxy, polypropylene and dicyclopentadiene resins, fiberglass, and filler. Other significant raw materials include adhesives for assembly of molded components, in-mold coating, gel-coat, prime paint for preparation of cosmetic surfaces, and hardware (primarily metal components). Many of the raw materials used by the Company are crude oil based, natural gas based and downstream components, and therefore, the costs of certain raw materials can be affected by changes in costs of these underlying commodities. Due to fluctuating commodity prices, suppliers are typically reluctant to enter into long-term contracts. The Company generally has supplier alternatives for each raw material, and regularly evaluates its supplier base for certain supplies, repair items, and components to improve its overall purchasing position.

BACKLOG

The Company relies on production schedules provided by its customers to plan and implement production. These schedules are normally provided on a weekly basis and typically considered firm for approximately four weeks. Some customers update these schedules daily for changes in demand, allowing them to run their inventories on a “just in time” basis. The ordered backlog of four weeks of expected shipments, was approximately $13.1 million (all of which the Company shipped during the first quarter of 2016) and $15.6 million at December 31, 2015 and 2014, respectively.

CAPACITY CONSTRAINTS

Capacity utilization is measured based on a standard work week of five days per week, three-shifts per day. During times when demand exceeds a five day, three-shift capacity, the Company will work weekends to create additional capacity, which can provide capacity utilization percentages greater than 100%.

During the fourth quarter of 2014, the Company put into service a second SMC production line, which approximately doubled SMC historical production capacity. The approximate SMC production line capacity utilization was 71% and 100% for the years ended December 31, 2015 and 2014, respectively.

The Company measures facility capacity in terms of its large molding presses (2,000 tons or greater) for the Columbus, Ohio, Gaffney, South Carolina, Winona, Minnesota and the SMC molding at the Matamoros, Mexico facility.

The Company owned 27 large molding presses at December 31, 2015. The combined approximate large press capacity utilization in these production facilities was 84% and 79% for the years ended December 31, 2015 and 2014, respectively. The increased utilization mainly resulted from increase in demand from Volvo, partially offset by increased capacity provided by three new large molding presses acquired in the Company's purchase of CPI in the first quarter of 2015.

The capacity of production in the Batavia, Ohio facility and the spray-up, hand-lay-up and RTM at the Matamoros, Mexico facility are not linked directly to equipment capacities, due to the nature of the products produced. Capacity of these operations is tied to

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available floor space. The approximate capacity utilization for these operations was 46% and 49% for the years ended December 31, 2015 and 2014, respectively.

The Company has been required at times to run up to a three shift/seven day operation to meet its customers' production requirements. The Company has used various methods from overtime to a weekend manpower crew to support the customers' production requirements. Based on industry analysts' forecasts for medium and heavy-duty truck production levels, recent and forecasted customer requirements, the Company anticipates running a three shift/seven day schedule, from time to time, to meet customer production requirements in 2016.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT

Capital expenditures totaled approximately $5.7 million, $10.7 million and $9.3 million in 2015, 2014 and 2013 respectively. These capital expenditures primarily consisted of building improvements, compression molding presses, a new SMC production line and purchases of production equipment to manufacture parts.

The Company continuously engages in product development. Research and development activities focus on developing new material formulations, new structural plastic products, new production capabilities and processes, and improving existing products and manufacturing processes. The Company does not maintain a separate research and development organization or facility, but uses its production equipment, as necessary, to support these efforts and cooperates with its customers and its suppliers in research and development efforts. Likewise, manpower to direct and advance research and development is integrated with the existing manufacturing, engineering, production, and quality organizations. Management of the Company has estimated that costs related to research and development were approximately $719,000, $475,000 and $466,000 in 2015, 2014 and 2013, respectively.

ENVIRONMENTAL COMPLIANCE

The Company's manufacturing operations are subject to federal, state, and local environmental laws and regulations, which impose limitations on the discharge of hazardous and non-hazardous pollutants into the air and waterways. The Company has established and implemented standards for the treatment, storage, and disposal of hazardous waste. The Company's policy is to conduct its business with due regard for the preservation and protection of the environment. The Company's environmental waste management process involves the regular auditing of hazardous waste accumulation points, hazardous waste activities and authorized treatment, storage and disposal facilities. As part of the Company's environmental policy, all manufacturing employees are trained on waste management and other environmental issues.

The Ohio Environmental Protection Agency has issued Core Molding Technologies Title V Operating Permits for its Columbus, Ohio facility and its Batavia, Ohio facility. The South Carolina Department of Health and Environmental Control has issued a Title V Operating Permit for the Gaffney, South Carolina facility. Core Molding Technologies has substantially complied with these and all other environmental compliance permits at its U.S. production facilities.

The Company holds various environmental operating permits for its production facility in Matamoros, Mexico as required by U.S. and Mexican state and federal regulations. The Company has substantially complied with all requirements of these operating permits.

EMPLOYEES

As of December 31, 2015, the Company employed a total of 1,525 employees, which consists of 685 employees in its United States operations and 840 employees in its Mexico operations. Of these 1,525 employees, 293 employees at the Company's Columbus, Ohio facility are covered by a collective bargaining agreement with the International

Association of Machinists and Aerospace Workers (“IAM”), which extends to August 7, 2016, and 731 employees at the Company's Matamoros, Mexico facility are covered by a collective bargaining agreement with Sindicato de Jorneleros y Obreros, which extends to January 16, 2017.

PATENTS, TRADE NAMES, AND TRADEMARKS

The Company will evaluate, apply for, and maintain patents, trade names, and trademarks where it believes that such patents, trade names, and trademarks are reasonably required to protect its rights in its products. The Company has increased its activity related to trademark protection in recent years, including the federal registration of the trademarks N-sulGuard®, Featherlite®, Airilite®, FeatherliteXL® and Econolite®. However, the Company does not believe that any single patent, trade name, or trademark or related group of such rights is materially important to its business or its ability to compete.

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SEASONALITY & BUSINESS CYCLE

The Company's business is affected annually by the production schedules of its customers. Certain of the Company's customers typically shut down their operations on an annual basis for a period of one to several weeks during the Company's third quarter. Certain customers also typically shut down their operations during the last week of December. As a result, demand for the Company's products typically decreases during the third and fourth quarters. Demand for medium and heavy-duty trucks, marine, and automotive products also fluctuate on an economic, cyclical and seasonal basis, causing a corresponding fluctuation for demand of the Company's products.

AVAILABLE INFORMATION

We maintain a website at www.coremt.com. Annual reports on Form 10-k, quarterly reports on Form 10-Q, current reports on Form 8-K, all amendments to those reports and other information about us are available free of charge through this website as soon as reasonably practicable after the reports are electronically filed with the SEC. These materials are also available from the SEC’s website at www.sec.gov.

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ITEM 1A. RISK FACTORS

The following risk factors describe various risks that may affect our business, financial condition, and operations. References to “we,” “us,” and “our” in this “Risk Factors” section refer to Core Molding Technologies and its subsidiaries, unless otherwise specified or unless the context otherwise requires.

Our business has concentration risks associated with significant customers.

Sales to four customers constituted approximately 82% of our 2015 total sales. No other customer accounted for more than 10% of our total sales for this period. The loss of any significant portion of sales to any of our significant customers could have a material adverse effect on our business, results of operations, and financial condition.

Accounts receivable balances with four customers accounted for 88% of accounts receivable at December 31, 2015. The Company performs ongoing credit evaluations of its customers’ financial condition and maintains reserves for potential bad debt losses. If the financial conditions of any of these customers were to deteriorate impacting their ability to pay their receivables, our reserves may not be adequate which could have a material adverse effect on our business, results of operations, or financial condition.

We are continuing to engage in efforts intended to strengthen and expand our relations with significant customers, as well as provide support for our entire customer base. We have supported our position with customers through direct and active contact through our sales, quality, engineering, and operational personnel. We cannot make any assurances that we will maintain or improve our customer relationships, whether these customers will continue to do business with us as they have in the past or whether we will be able to supply these customers or any of our other customers at current levels.

Our business is affected by the cyclical and overall nature of the industries and markets that we serve.

The North American heavy and medium-duty truck industries are highly cyclical. In 2015, approximately 78% of our product sales were in these industries. These industries and markets fluctuate in response to factors that are beyond our control, such as general economic conditions, interest rates, federal and state regulations (including engine emissions regulations, tariffs, import regulations, and other taxes), consumer spending, fuel costs, and our customers' inventory levels and production rates. Our manufacturing operations have a significant fixed cost component. Accordingly, during periods of changing demands, including an increase or slowdown in truck demand, the profitability of our operations may change proportionately more than revenues from operations. In addition, our operations are typically seasonal as a result of regular customer maintenance shutdowns, which typically vary from year to year based on production demands and occur in the third and fourth quarter of each calendar year. This seasonality may result in decreased net sales and profitability during the third and fourth fiscal quarters of each calendar year. Weakness in overall economic conditions or in the markets that we serve, or significant reductions by our customers in their inventory levels or future production rates, could result in decreased demand for our products and could have a material adverse effect on our business, results of operations, or financial condition.

Price increases in raw materials and availability of raw materials could adversely affect our operating results and financial condition.

We purchase resins and fiberglass for use in production as well as hardware and other components for product assembly. The prices for purchased materials are affected by the prices of material feed stocks such as crude oil, natural gas, and downstream components, as well as processing capacity versus demand. We attempt to reduce our exposure to increases by working with suppliers, evaluating new suppliers, improving material efficiencies, and when necessary through sales price adjustments to customers. If we are unsuccessful in developing ways to mitigate these

raw material increases we may not be able to improve productivity or realize savings from cost reduction programs sufficiently to help offset the impact of these increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

Cost reduction and quality improvement initiatives by original equipment manufacturers could have a material adverse effect on our business, results of operations, or financial condition.

We are primarily a components supplier to the heavy and medium-duty truck industries, which are characterized by a small number of original equipment manufacturers ("OEMs") that are able to exert considerable pressure on components suppliers to reduce costs, improve quality, and provide additional design and engineering capabilities. Given the fragmented nature of the industry, OEMs continue to demand and receive price reductions and measurable increases in quality through their use of competitive selection processes, rating programs, and various other arrangements. We may be unable to generate sufficient production cost savings in the future to offset such price reductions. OEMs may also seek to save costs by purchasing components from suppliers that are geographically closer to their production facilities or relocating production to locations with lower cost structures and

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purchasing components from suppliers with lower production costs. These decisions by OEMs could require us to shift production between our facilities, move production lines between our facilities or open new facilities to remain competitive. Shifting production, moving production lines or opening new locations could result in significant costs required for capital investment, transfer expenses and operating costs. Additionally, OEMs have generally required component suppliers to provide more design engineering input at earlier stages of the product development process, the costs of which have, in some cases, been absorbed by the suppliers. To the extent that the Company does not meet the quality standards or demands of quality improvement initiatives sought by OEMs, or does not match the quality of suppliers of comparable products, OEMs may choose to purchase from these alternative suppliers, and as a result the Company may lose existing or new business with OEMs. Future price reductions, increased quality standards, and additional engineering capabilities required by OEMs may reduce our profitability and have a material adverse effect on our business, results of operations, or financial condition.

We may be subject to product liability claims, recalls or warranty claims, which could have a material adverse effect on our business, results of operations, or financial condition.

As a components supplier to OEMs, we face a business risk of exposure to product liability claims in the event that our products malfunction and result in personal injury or death. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. In addition, we may be required to participate in recalls involving components sold by us if any prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims in order to maintain positive customer relationships. While we do maintain product liability insurance, it may not be sufficient to cover all product liability claims, and as a result, any product liability claim brought against us could have a material adverse effect on our results of operations. Further, we warrant the quality of our products under limited warranties, and as such, we are subject to risk of warranty claims in the event that our products do not conform to our customers' specifications. Such warranty claims may result in costly product recalls, significant repair costs and damage to our reputation, all of which would adversely affect our results of operations.

We operate in highly competitive markets.

The markets in which we operate are highly competitive. We compete with a number of other manufacturers that produce and sell similar products. Our products primarily compete on the basis of capability, product quality, cost, and delivery. Some of our competitors have greater financial resources, research and development facilities, design engineering, manufacturing, and marketing capabilities. If we are unable to develop new and innovative products, diversity the markets, materials and processes we utilize and increase operational enhancements, we may fall behind competitors or lose the ability to achieve competitive advantages. In the highly competitive market in which we operate, this may negatively impact our ability to retain existing customers or attract new customers, and if that occurs, it may negatively impact future operating results, sales and earnings.

We may be subject to additional shipping expense or late fees if we are not able to meet our customers' on-time demand for our products.

We must continue to meet our customers' demand for on-time delivery of our products. Factors that could result in our inability to meet customer demands include a failure by one or more of our suppliers to supply us with the raw materials and other resources that we need to operate our business effectively and an unforeseen spike in demand for our products which would create capacity constraints, among other factors. If this occurs, we may be required to incur additional shipping expenses to ensure on-time delivery or otherwise be required to pay late fees, which could have a material adverse effect on our business, results of operations, or financial condition.

If we fail to attract and retain key personnel our business could be harmed.

Our success largely depends on the efforts and abilities of our key personnel. Their skills, experience, and industry contacts significantly benefit us. The inability to retain key personnel could have a material adverse effect on our business, results of operations, or financial condition. Our future success will also depend in part upon our continuing ability to attract and retain highly qualified personnel.

Work stoppages or other labor issues at our facilities or at our customers' facilities could adversely affect our operations.

As of December 31, 2015, unions at our Columbus, Ohio and Matamoros, Mexico facilities represented approximately 67% of our entire workforce. As a result, we are subject to the risk of work stoppages and other labor-relations matters. The current Columbus, Ohio and Matamoros, Mexico union contracts extend through August 7, 2016 and January 16, 2017, respectively. Any prolonged work stoppage or strike at either our Columbus, Ohio or Matamoros, Mexico unionized facilities could have a material

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adverse effect on our business, results of operations, or financial condition. Any failure by us to reach a new agreement upon expiration of such union contracts may have a material adverse effect on our business, results of operations, or financial condition.

In addition, if any of our customers or suppliers experiences a material work stoppage, that customer may halt or limit the purchase of our products or the supplier may interrupt supply of our necessary production components. This could cause us to shut down production facilities relating to these products, which could have a material adverse effect on our business, results of operations, or financial condition.

Changes in the legal, regulatory and social responses to climate change, including any possible effect on energy prices, could adversely affect our business and reduce our profitability.

It is possible that various proposed legislative or regulatory initiatives related to climate changes, such as cap-and-trade systems, increased limits on emissions of greenhouse gases and fuel efficiency standards, or other measures, could in the future have a material impact on us, our customers, or the markets we serve, thereby resulting in a material adverse effect on our financial condition or results of operation. For example, customers in the transportation (automotive and truck) industry could be required to incur greater costs in order to comply with such initiatives, which could have an adverse impact on their profitability or viability. This could in turn lead to further changes in the structure of the transportation industry that could reduce demand for our products. We are also reliant on energy to manufacture our products, with our operating costs being subject to increase if energy costs rise. During periods of higher energy costs we may not be able to recover our operating cost increases through production efficiencies and price increases. While we may hedge our exposure to higher prices via future energy purchase contracts, increases in energy prices for any reason (including as a result of new initiatives related to climate change) will increase our operating costs and likely reduce our profitability.

Our business is subject to risks associated with manufacturing equipment and infrastructure.

We convert raw materials into molded products through a manufacturing process at each production facility. While we maintain insurance covering our manufacturing and production facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of our facilities due to accident, fire, explosion, or natural disaster, whether short or long-term, could have a material adverse effect on our business, results of operations, or financial condition.

Unexpected failures of our equipment and machinery may result in production delays, revenue loss, and significant repair costs, as well as injuries to our employees. Any interruption in production capability may require us to make large capital expenditures to remedy the situation, which could have a negative impact on our profitability and cash flows. Our business interruption insurance may not be sufficient to offset the lost revenues or increased costs that we may experience during a disruption of our operations. Because we supply our products to OEMs, a temporary or long-term business disruption could result in a permanent loss of customers. If this were to occur, our future sales levels and therefore our profitability could be materially adversely affected.

Our business is subject to risks associated with new business awards. In order to recognize profit from new business, we must accurately estimate product costs as part of the quoting process and implement effective and efficient manufacturing processes.

The success of our business relies on our ability to produce products which meet the quality, performance and price expectations of our customers. Our ability to recognize profit is largely dependent upon accurately identifying the costs associated with the manufacture of our products, and executing the manufacturing process in a cost effective manner. There can be no assurance that all costs will be accurately identified during the Company's quoting process,

or that the expected level of manufacturing efficiency will be achieved, and as a result we may not realize the anticipated operating results related to new business awards.

Our insurance coverage may be inadequate to protect against the potential hazards incident to our business.

We maintain property, business interruption, stop loss for healthcare and workers' compensation, director and officer, product liability, and casualty insurance coverage, but such insurance may not provide adequate coverage against potential claims, including losses resulting from war risks, terrorist acts, or product liability claims relating to products we manufacture. Consistent with market conditions in the insurance industry, premiums and deductibles for some of our insurance policies have been increasing and may continue to increase in the future. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. In addition, there can be no assurance that our insurers would not challenge coverage for certain claims. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed, it could have a material adverse effect on our financial position.

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We have made acquisitions and may make acquisitions in the future. We may not realize the operating results that we anticipate from these acquisitions or from acquisitions we may make in the future, and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses. At times, we may not have the ability and resources to identify, evaluate and manage every acquisition opportunity and may miss out on potentially beneficial ones.

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results consistent with our other operations, however, we cannot provide assurance that this assumption will prove correct with respect to any acquisition.

Any acquisitions may present significant challenges for our management due to the increased time and resources required to properly integrate management, employees, information systems, accounting controls, personnel, and administrative functions of the acquired business with those of ours and to manage the combined company on a going forward basis. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of these businesses could adversely impact our business, results of operations, and liquidity, and the benefits we anticipate may never materialize.

Expected future sales from business awards may not materialize. We may not realize the sales or operating results that we anticipate from new business awards, and we may experience difficulties in meeting the production demands of new business awards.

We will continue to pursue, and may be awarded, new business from existing or new customers. The Company may make capital investments, which may be material to the Company, in order to meet the expected production requirements of existing or new customers related to these business awards, and to support the potential production demands which may result from continued sales growth. The anticipated impact on the Company's sales and operating results related to these business awards, for various reasons, may not materialize. Any delays or production difficulties encountered in connection with these business awards, and any change in customer demand, could adversely impact our business, results of operations, and liquidity, and the benefits we anticipate may never materialize.

If we are unable to meet future capital requirements, our business may be adversely affected.

As we grow our business, we may have to incur significant capital expenditures. We may make capital investments to, among other things, build new or upgrade our facilities, purchase leased facilities and equipment, and enhance our production processes. We cannot assure you that we will have, or be able to obtain, adequate funds to make all necessary capital expenditures when required, or that the amount of future capital expenditures will not be materially in excess of our anticipated or current expenditures. If we are unable to make necessary capital expenditures we may not have the capability to support our customer demands, which, in turn could reduce our sales and profitability and impair our ability to satisfy our customers' expectations. In addition, even if we are able to invest sufficient resources, these investments may not generate net sales that exceed our expenses, generate any net sales at all, or result in any commercially acceptable products.

Our failure to comply with our debt covenants could have a material adverse effect on our business, financial condition or results of operations.

Our debt agreements contain certain covenants. A breach of any of these covenants could result in a default under the applicable agreement. If a default were to occur, we would likely seek a waiver of that default, attempt to reset the covenant, or refinance the instrument and accompanying obligations. If we were unable to obtain this relief, the default could result in the acceleration of the total due related to that debt obligation. If a default were to occur, we

may not be able to pay our debts or borrow sufficient funds to refinance them. Any of these events, if they occur, could materially adversely affect our results of operations, financial condition, and cash flows.

We may not achieve expected efficiencies related to the proximity of our customers' production facilities to our manufacturing facilities, or with respect to existing or future production relocation plans.

Our facilities are located in close proximity to our customers in order to minimize both our customer's and our own costs. If any of our customers were to move or if nearby facilities are closed, that may impact our ability to remain competitive. Additionally, our competitors could build a facility that is closer to our customers' facilities which may provide them with a geographic advantage. Any of these events might require us to move closer to our customers, build new facilities or shift production between our current facilities to meet our customers' needs, resulting in additional cost and expense.

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Our products may be rendered obsolete or less attractive if there are changes in technology, regulatory requirements, or competitive processes.

Changes in technology, regulatory requirements, and competitive processes may render certain products obsolete or less attractive. Future chemical regulations may restrict our ability to manufacture products, cause us to incur substantial expenditures to comply with them, and subject us to liability for adverse environmental or health effects linked to the manufacture of our products. Failure to comply with future regulations may subject us to penalties or other enforcement actions. Our ability to anticipate changes in these areas will be a significant factor in our ability to remain competitive. If we are unable to identify or compensate for any one of these changes it may have a material adverse effect on our business, results of operations, or financial condition.

Our stock price can be volatile.

Our stock price can fluctuate widely in response to a variety of factors. Factors include actual or anticipated variations in our quarterly operating results, our relatively small public float, changes in securities analysts' estimates of our future earnings, and the loss of major customers or significant business developments relating to us or our competitors, and other factors, including those described in this “Risk Factors” section. Our common stock also has a low average daily trading volume, which limits a person's ability to quickly accumulate or quickly divest themselves of large blocks of our stock. In addition, a low average trading volume can lead to significant price swings even when a relatively few number of shares are being traded.

We are subject to environmental, occupational health and safety rules and regulations that may require us to make substantial expenditures or expose us to financial or other obligations including substantial damages, penalties, fines, civil or criminal sanctions and remediation costs that could adversely affect our results.

Our operations, facilities, and personnel are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials and wastes, health and safety, the investigation and remediation of contamination, and the protection of the environment and natural resources. It is difficult to predict the future interpretations and developments of environmental and health and safety laws and regulations or their impact on our future results and cash flows. Continued compliance could result in significant increases in capital expenditures and operating costs. In addition, we may be exposed to obligations or involved from time to time in administrative or legal proceedings relating to environmental, health and safety or other regulatory matters, and may incur financial and other obligations relating to such matters.

Although we do not presently anticipate terminating any senior management employees, certain senior management employees have entered into potentially costly severance arrangements with us if terminated after a change in control.

We have entered into executive severance agreements with executive officers that provide for significant severance payments in the event such employee's employment with us is terminated within two years of a change in control (as defined in the severance agreement) either by the employee for good reason (as defined in the severance agreement) or by us for any reason other than cause (as defined in the severance agreement), death or disability. A change in control under these agreements includes any transaction or series of related transactions as a result of which less than fifty percent (50%) of the combined voting power of the then-outstanding securities immediately after such transaction are held in the aggregate by the holders of our voting stock immediately prior to such transaction; any person has become the beneficial owner of securities representing 50% or more of our voting stock; we file a report or proxy statement with the SEC that a change in control of the Company has occurred; or within any two year period, the directors at the beginning of the period cease to constitute at least a majority thereof. These agreements would make it costly for us to terminate certain of our senior management employees and such costs may also discourage potential acquisition

proposals, which may negatively affect our stock price.

Our foreign operations subject us to risks that could negatively affect our business.

We operate a manufacturing facility in Matamoros, Mexico and, as a result, a significant portion of our business and operations are subject to the risk of changes in economic conditions, tax systems, consumer preferences, social conditions, safety and security conditions and political conditions inherent in Mexico, including changes in the laws and policies that govern foreign investment, as well as changes in United States laws and regulations relating to foreign trade and investment. In addition, our results of operations and the value of certain foreign assets and liabilities are affected by fluctuations in Mexican currency exchange rates, which may favorably or adversely affect reported earnings. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition, or cash flows.

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Economic conditions and disruptions in the financial markets could have an adverse effect on our business, financial condition and results of operations.

In recent years, financial markets experienced turmoil and uncertainty. Disruptions in the financial markets could have a material adverse effect on our liquidity and financial condition if our ability to borrow money from our existing lenders were to be impaired. Disruptions in the financial markets may also have a material adverse impact on the availability and cost of credit in the future. Our ability to pay our debt or refinance our obligations will depend on our future performance, which could be affected by, among other things, prevailing economic conditions. Disruptions in the financial markets may also have an adverse effect on the U.S. and world economies, which would have a negative impact on demand for our products. In addition, tightening of credit markets may have an adverse impact on our customers' ability to finance the sale of new trucks or our suppliers' ability to provide us with raw materials, either of which could adversely affect our business and results of operations.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company owns four production facilities that are situated in Columbus, Ohio, Gaffney, South Carolina, Winona Minnesota and Matamoros, Mexico, and leases a production facility in Batavia, Ohio and a distribution center in Brownsville, Texas.

The Columbus, Ohio plant is located at 800 Manor Park Drive on approximately 28 acres of land. The Company acquired the property at 800 Manor Park Drive in 1996 as a result of the Asset Purchase Agreement with Navistar. The Company added approximately 6,000 square feet to the Columbus plant during 2014 in connection with its SMC capacity expansion. The current 338,000 square feet of available floor space at the Columbus, Ohio plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	322,000
Office	16,000
Total	338,000

The Gaffney, South Carolina plant, which was opened in 1998, is located at 24 Commerce Drive, Meadow Creek Industrial Park on approximately 21 acres of land. The approximate 111,000 square feet of available floor space at the Gaffney, South Carolina plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	106,000
Office	5,000
Total	111,000

The Winona, Minnesota plant which was acquired in 2015 is located at 1700 Wilkie Drive. The facility consists of approximately 87,000 square feet on approximately 7 acres comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	81,000
Office	6,000
Total	87,000

The Matamoros, Mexico plant which was opened in 2009 is located at Guillermo Gonzalez Camarena y Thomas Alva Edison Manzana, Matamoros, Tamaulipas, Mexico. The facility consists of approximately 476,000 square feet on approximately 22 acres comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	461,000
Office	15,000
Total	476,000

The Columbus, Ohio, Gaffney, South Carolina, Winona, Minnesota and Matamoros, Mexico properties are subject to liens and security interests as a result of the properties being pledged by the Company as collateral for its debt as described in Note 9 of the “Notes to Consolidated Financial Statements” in Part II, Item 8 of this Annual Report on Form 10-K.

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The Company leases a production plant in Batavia, Ohio located at 4174 Half Acre Road on approximately 9 acres of land. The current 7-year operating lease agreement expires in July 2019. The approximate 108,000 square feet of available floor space at the Batavia, Ohio plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	104,000
Office	4,000
Total	108,000

The Company leases a warehouse and distribution center in Brownsville, Texas located at 1385 Cheers Street on approximately 2 acres of land. The current 5-year operating lease agreement expires in October 2017. The approximate 42,000 square feet of available floor space at the Brownsville, Texas location is comprised of the following:

	Approximate Square Feet
Warehouse/Distribution	39,000
Office	3,000
Total	42,000

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation incidental to the conduct of its business. The Company is presently not involved in any legal proceedings which in the opinion of management are likely to have a material adverse effect on the Company's consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURE

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is traded on the NYSE MKT LLC under the symbol “CMT”.

The table below sets forth the high and low sale prices of the Company for each full quarterly period within the two most recent fiscal years for which such stock was traded.

Core Molding Technologies, Inc.		High	Low
Fourth Quarter	2015	$22.00	$11.00
Third Quarter	2015	23.40	16.86
Second Quarter	2015	28.95	17.02
First Quarter	2015	17.31	13.61
Fourth Quarter	2014	$14.27	$12.47
Third Quarter	2014	14.78	12.50
Second Quarter	2014	13.95	10.18
First Quarter	2014	15.49	11.21

The Company's common stock was held by 313 holders of record on March 10, 2016.

The Company made no payments of cash dividends during 2015, 2014 and 2013. The Company currently expects that its earnings will be retained to finance the growth and development of its business and does not anticipate paying dividends on its common stock in the foreseeable future.

Equity Compensation Plan Information

The following table shows certain information concerning our common stock to be issued in connection with our equity compensation plans as of December 31, 2015:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options or Vesting of Restricted Grants	Weighted Average Exercise Price of Outstanding Options or Restricted Grants	Number of Shares Remaining Available for Future Issuance
Equity compensation plans approved by stockholders	112,907	$16.86	1,542,615

There were no stock repurchases during the three months ended December 31, 2015.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is derived from the audited consolidated financial statements of the Company. The information set forth below should be read in conjunction with “Management's Discussion and Analysis of Financial Condition and Results of Operations,” the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,				
(In thousands, except per share data)	2015	2014	2013	2012	2011
Operating Data:					
Product sales	$189,103	$169,744	$134,096	$149,698	$138,845
Tooling sales	9,965	5,460	10,029	12,752	4,576
Net sales	199,068	175,204	144,125	162,450	143,421
Gross margin	36,252	30,186	23,574	25,848	29,883
Income before interest and taxes	18,498	14,647	10,114	12,490	16,944
Net income	12,050	9,634	6,866	8,190	10,526
Earnings Per Share Data:					
Net income per common share:					
Basic	$1.59	$1.28	$0.95	$1.15	$1.51
Diluted	$1.58	$1.28	$0.92	$1.11	$1.44
Balance Sheet Data:					
Total assets	$139,803	$117,715	$97,121	$91,849	$93,298
Working capital	31,534	23,244	17,869	18,639	16,983
Long-term debt	9,750	714	2,429	5,743	9,477
Stockholders' equity	88,733	76,146	67,448	57,998	50,096
Return on beginning equity	16 %	14 %	12 %	16 %	28 %
Book value per share	$11.68	$10.07	$9.22	$8.13	$7.11

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption of this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements involve known and unknown risks and are subject to uncertainties and factors relating to Core Molding Technologies' operations and business environment, all of which are difficult to predict and many of which are beyond Core Molding Technologies' control. Words such as “may,” “will,” “could,” “would,” “should,” “anticipate,” “predict,” “poten “continue,” “expect,” “intend,” “plans,” “projects,” “believes,” “estimates,” “confident” and similar expressions are used to ide these forward-looking statements. These uncertainties and factors could cause Core Molding Technologies' actual results to differ materially from those matters expressed in or implied by such forward-looking statements.

Core Molding Technologies believes that the following factors, among others, could affect its future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements made in this report: business conditions in the plastics, transportation, marine and commercial product industries (including slowdown in demand for truck production); federal and state regulations (including engine emission regulations); general economic, social and political environments in the countries in which Core Molding Technologies operates; safety and security conditions in Mexico; dependence upon certain major customers as the primary source of Core Molding Technologies’ sales revenues; efforts of Core Molding Technologies to expand its customer base; the ability to develop new and innovative products and to diversify markets, materials and processes and increase operational enhancements; the actions of competitors, customers, and suppliers; failure of Core Molding Technologies’ suppliers to perform their obligations; the availability of raw materials; inflationary pressures; new technologies; regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract and retain key personnel; the Company's ability to successfully identify, evaluate and manage potential acquisitions and to benefit from and properly integrate any completed acquisitions; federal, state and local environmental laws and regulations; the availability of capital; the ability of Core Molding Technologies to provide on-time delivery to customers, which may require additional shipping expenses to ensure on-time delivery or otherwise result in late fees; risk of cancellation or rescheduling of orders; management’s decision to pursue new products or businesses which involve additional costs, risks or capital expenditures; and other risks identified from time to time in Core Molding Technologies’ other public documents on file with the Securities and Exchange Commission, including those described in Item 1A of this Annual Report on Form 10-K.

OVERVIEW

Core Molding Technologies is a manufacturer of sheet molding compound ("SMC") and molder of fiberglass reinforced plastics. The Company specializes in large-format moldings and offers a wide range of fiberglass processes, including compression molding of SMC, glass mat thermoplastics ("GMT"), bulk molding compounds ("BMC") and direct long-fiber thermoplastics ("D-LFT"); spray-up, hand lay-up, and resin transfer molding ("RTM"). Additionally, the Company offers reaction injection molding ("RIM"), utilizing dicyclopentadiene technology. Core Molding Technologies serves a wide variety of markets, including the medium and heavy-duty truck, marine, automotive, agriculture, construction and other commercial products. Product sales to medium and heavy-duty truck markets accounted for 78% of the Company’s sales for the year ended December 31, 2015 and 83% of the Company's sales for the year ended December 31, 2014 and 81% of the Company's sales for the year ended December 31, 2013. The demand for Core Molding Technologies’ products is affected by economic conditions in the United States, Mexico, and Canada. Core Molding Technologies’ manufacturing operations have a significant fixed cost component. Accordingly, during periods of changing demand, the profitability of Core Molding Technologies’ operations may change proportionately more than revenues from operations.

In 1996, Core Molding Technologies acquired substantially all of the assets and assumed certain liabilities of Columbus Plastics, a wholly owned operating unit of Navistar's truck manufacturing division since its formation in late 1980. Columbus Plastics, located in Columbus, Ohio, was a compounder and compression molder of SMC. In 1998, Core Molding Technologies began operations at its second facility in Gaffney, South Carolina, and in 2001, Core Molding Technologies added a production facility in Matamoros, Mexico by acquiring certain assets of Airshield Corporation. As a result of this acquisition, Core Molding Technologies expanded its fiberglass molding capabilities to include the spray up, hand-lay-up open mold processes and RTM closed molding. In 2004, Core Molding Technologies acquired substantially all the operating assets of Keystone Restyling Products, Inc., a privately held manufacturer and distributor of fiberglass reinforced products for the automotive-aftermarket industry. In 2005, Core Molding Technologies acquired certain assets of the Cincinnati Fiberglass Division of Diversified Glass, Inc., a Batavia, Ohio-based, privately held manufacturer and distributor of fiberglass reinforced plastic components supplied primarily to the heavy-duty truck market. In 2009, the Company completed construction of a new production facility in Matamoros, Mexico that replaced its leased facility. Most recently, in March 2015, the Company acquired substantially all of the assets of CPI Binani, Inc.,

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a wholly owned subsidiary of Binani Industries Limited, located in Winona, Minnesota ("CPI"), which expanded the Company's process capabilities to include D-LFT and diversified the customer base.

Core Molding Technologies recorded net income in 2015 of $12,050,000, or $1.59 per basic and $1.58 per diluted share, compared with net income of $9,634,000, or $1.28 per basic and diluted share in 2014. Product sales in 2015 increased 11% from 2014, primarily from increased demand from Volvo and new sales from the acquisition of CPI.

Looking forward, the Company anticipates that 2016 sales levels will decrease as compared to 2015, due to lower demand from medium and heavy duty truck customers. Medium and heavy duty truck customers as well as industry analysts are forecasting decreases in Class 8 truck production of approximately 20% in 2016 compared to 2015.

RESULTS OF OPERATIONS

2015 COMPARED WITH 2014

Net sales for 2015 totaled $199,068,000, representing a 14% increase from the $175,204,000 reported for 2014. Included in total sales were tooling project sales of $9,965,000 for 2015 and $5,460,000 for 2014. Tooling project sales result primarily from customer approval and acceptance of molds and assembly equipment specific to their products as well as other non-production services. These sales are sporadic in nature and fluctuate in regard to scope and related revenue on a period-to-period basis. Total product sales for 2015, excluding tooling project sales, totaled $189,103,000, representing an 11% increase from the $169,744,000 reported for 2014. In 2015, product sales were positively impacted by approximately $17,000,000 as a result of both the acquisition of CPI and other new business starting production in 2015. Additional changes in customer demand positively impacted sales by approximately $5,000,000. Partially offsetting these increases were lower product sales to PACCAR associated with programs nearing the end of their production life of approximately $3,000,000.

Sales to Navistar in 2015 totaled $56,415,000, compared to $51,330,000 reported for 2014. Included in total sales are tooling sales of $6,246,000 and $76,000 for 2015 and 2014, respectively. Product sales to Navistar decreased 2% in 2015 as compared to 2014, primarily due to a change in demand.

Sales to Volvo in 2015 totaled $55,125,000, compared to $48,859,000 reported for 2014. Included in total sales are tooling sales of $1,600,000 and $2,519,000 for 2015 and 2014, respectively. Product sales to Volvo increased by 16% in 2015 as compared to 2014, primarily due to a change in demand.

Sales to PACCAR in 2015 totaled $34,430,000, compared to $36,128,000 reported for 2014. Included in total sales are tooling sales of $978,000 and $526,000 for 2015 and 2014, respectively. Product sales to PACCAR decreased 6% in 2015 as compared to 2014. This decrease was primarily due to lower sales of products nearing the end of their production life, partially offset by a change in demand for other products.

Sales to Yamaha in 2015 totaled $16,766,000, compared to $16,911,000 reported for 2014. The 1% decrease in sales was due to changes in customer demand from Yamaha.

Sales to other customers in 2015 totaled $36,332,000, increasing 65% from $21,976,000 reported for 2014. Included in total sales are tooling sales of $1,141,000 and $2,339,000 in 2015 and 2014, respectively. Product sales to other customers increased 79% in 2015 as compared to 2014. In 2015, product sales were positively impacted from the acquisition of CPI and other new business starting production in 2015. The remaining increase is primarily due to changes in demand from other customers.

Gross margin was approximately 18.2% of sales in 2015 and 17.2% in 2014. The gross margin increase, as a percent of sales, was due to favorable foreign currency exchange effects of 1.1%, favorable net changes in selling price and material costs of 0.4% and favorable contribution from CPI of 0.1%. These increases were offset by product mix and production inefficiencies of 0.4% and higher fixed spending of 0.2%.

Selling, general and administrative expense ("SG&A") totaled $17,754,000 in 2015, compared to $15,539,000 in 2014. Contributing to the increase in SG&A expense were SG&A expenses of $993,000 from CPI, increased profit sharing costs of $603,000, higher labor and benefits of $297,000 and higher travel expenses of $210,000.

Net interest expense totaled $330,000 for the year ended December 31, 2015, compared to net interest expense of $122,000 for the year ended December 31, 2014. The interest on the term loan related to the acquisition of CPI and lower capitalized interest resulted in an increase in net interest expense of $301,000. Partially offsetting this increase, were lower interest costs due to the reductions in Capex loan balance and the revolving line of credit in 2015.

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Income tax expense was approximately 34% of total income before income taxes in 2015 and 2014. Net income for 2015 was $12,050,000 or $1.59 per basic and $1.58 per diluted share, compared with net income of $9,634,000 or $1.28 per basic and diluted share for 2014.

2014 COMPARED WITH 2013

Net sales for 2014 totaled $175,204,000, representing a 22% increase from the $144,125,000 reported for 2013. Included in total sales were tooling project sales of $5,460,000 for 2014 and $10,029,000 for 2013. Tooling project sales result primarily from customer approval and acceptance of molds and assembly equipment specific to their products as well as other non-production services. These sales are sporadic in nature and fluctuate in regard to scope and related revenue on a period-to-period basis. Total product sales for 2014, excluding tooling project sales, totaled $169,744,000, representing a 27% increase from the $134,096,000 reported for 2013. In 2014, sales were positively impacted by approximately $37,000,000 from new business starting production in 2014 and the full year impact of new business started in 2013. Other customer demand increases positively impacted sales by approximately $9,000,000. Partially offsetting these increases were lower product sales to PACCAR associated with programs nearing the end of their production life of approximately $10,000,000.

Sales to Navistar in 2014 totaled $51,330,000, compared to $47,356,000 reported for 2013. Included in total sales are tooling sales of $76,000 and $972,000 for 2014 and 2013, respectively. Product sales to Navistar increased 11% in 2014 as compared to 2013 primarily due to a change in demand.

Sales to Volvo in 2014 totaled $48,859,000, compared to $12,444,000 reported for 2013. Included in total sales are tooling sales of $2,519,000 and $936,000 for 2014 and 2013, respectively. Product sales to Volvo increased by $34,832,000 in 2014 as compared to 2013 primarily due to the full year impact of 2013 business awards, which did not start generating product revenues for the Company until the third quarter of 2013, and due to a change in demand.

Sales to PACCAR in 2014 totaled $36,128,000, compared to $50,154,000 reported for 2013. Included in total sales are tooling sales of $526,000 and $7,370,000 for 2014 and 2013, respectively. Product sales to PACCAR decreased 17% in 2014 as compared to 2013. This decrease was primarily due to lower sales of products nearing the end of their production life of approximately $10,000,000, partially offset by sales of new products of approximately $2,000,000 and from a change in demand from PACCAR of approximately $1,000,000.

Sales to Yamaha in 2014 totaled $16,911,000, compared to $13,648,000 reported for 2013. This 24% increase in sales was due to both Yamaha transitioning additional business to the Company and a change in demand from Yamaha.

Sales to other customers in 2014 totaled $21,976,000, increasing 7% from $20,523,000 reported for 2013. Included in total sales are tooling sales of $2,339,000 and $751,000 in 2014 and 2013, respectively. Product sales in 2014 totaled $19,637,000, which remained consistent with 2013 sales of $19,772,000.

Gross margin was approximately 17.2% of sales in 2014 and 16.4% in 2013. Improved fixed cost absorption favorably impacted gross margin as a percent of sales by 1.5%, due to higher production volumes. In addition, production efficiencies favorably impacted gross margin as a percent of sales by 1.4%. Partially offsetting these improvements was the change in sales mix, which resulted in an unfavorable impact on gross margin of 2.1%.

Selling, general and administrative expense (“SG&A”) totaled $15,539,000 in 2014, compared to $13,460,000 in 2013. The increase is primarily driven by increases in labor and benefit related expenses of $1,049,000, profit sharing of $734,000, and outside service costs $347,000, which were primarily incurred during the third quarter in connection with certain strategic initiatives, including an unsuccessful bid for a targeted acquisition.

Net interest expense totaled $122,000 for the year ended December 31, 2014, compared to net interest expense of $214,000 for the year ended December 31, 2013. Reductions in outstanding term loan balances and higher capitalized interest reduced interest expense by $130,000. Partially offsetting this reduction was an increase in interest expense of $43,000 due to outstanding revolver line of credit balance during 2014.

Income tax expense was approximately 34% and 31% of total income before income taxes in 2014 and 2013, respectively. Income tax as a percent of total income in 2013 was lower, primarily due to a one-time $240,000 favorable credit to deferred income taxes associated with Mexican tax reform. Net income for 2014 was $9,634,000 or $1.28 per basic and diluted share, compared with net income of $6,866,000 or $0.95 per basic and $0.92 per diluted share for 2013.

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LIQUIDITY AND CAPITAL RESOURCES

The Company’s primary sources of funds have been cash generated from operating activities and borrowings from third parties. Primary cash requirements are for operating expenses, capital expenditures and acquisition.

In 2008, the Company and its wholly owned subsidiary, Corecomposites de Mexico, S. de R.L. de C.V., entered into a Credit Agreement to refinance some existing debt and borrow funds to finance the construction of the Company’s manufacturing facility in Mexico.

Under this Credit Agreement, the Company received certain loans, subject to the terms and conditions stated in the agreement, which included (1) a $12,000,000 Capex loan; (2) an $8,000,000 Mexican loan; (3) an $8,000,000 revolving line of credit; and (4) a letter of credit in an undrawn face amount of $3,332,493 with respect to the Company’s existing industrial development revenue bond financing. The Credit Agreement is secured by a guarantee of each U.S. subsidiary of the Company and by a lien on substantially all of the present and future assets of the Company and its U.S. subsidiaries, except that only 65% of the stock issued by Corecomposites de Mexico, S. de C.V. has been pledged. The $8,000,000 Mexican loan was also secured by substantially all of the present and future assets of the Company’s Mexican subsidiary.

On March 27, 2013, the Company and its wholly owned subsidiary, Corecomposites de Mexico, S. de R.L. de C.V., entered into an eighth amendment (the "Eighth Amendment") to the Credit Agreement. Pursuant to the terms of the Eighth Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) an increase to the borrowing limit on the revolving line of credit from $8,000,000 to $18,000,000; (2) modification to the fixed charge definition to exclude capital expenditures of up to $18,000,000 associated with the Company's compression molding capacity expansion and any sheet molding compound manufacturing capacity expansion; (3) to extend the commitment period for the revolving line of credit to May 31, 2015; and (4) to cancel, effective immediately, the unused $10,000,000 Mexican Expansion Revolving Loan.

On October 31, 2013, the Company and its wholly owned subsidiary, Corecomposites de Mexico, S. de R.L. de C.V., entered into a ninth amendment (the "Ninth Amendment") to the Credit Agreement. Pursuant to the terms of the Ninth Amendment, the parties agreed to decrease the applicable margin for interest rates on Eurodollar Loans and Daily Libor Loans to 160 basis points from 175 basis points.

On March 20, 2015, the Company and its wholly owned subsidiary, Corecomposites de Mexico, S. de R.L. de C.V., entered into a tenth amendment (the "Tenth Amendment") to the Credit Agreement. Pursuant to the terms of the Tenth Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included an extension of the commitment period for the revolving line of credit to May 31, 2017 and an agreement to make a term loan in an original amount of $15,500,000, to finance the acquisition of CPI. On March 30, 2015, the Company repaid $500,000 of unused proceeds from the original term loan.

Cash provided by operating activities totaled $18,615,000 for the year ended December 31, 2015. Net income of $12,050,000 positively impacted operating cash flows. Non-cash deductions of depreciation and amortization included in net income amounted to $6,041,000. Changes in working capital decreased cash provided by operating activities by $978,000. Changes in working capital primarily relate to a decrease in accrued and other liabilities, as well as increases in inventory and accounts receivable. These were partially offset by an increase in accounts payable, as well as decreases in tax receivables and prepaid assets.

Cash used in investing activities totaled $20,195,000 for the year ended December 31, 2015, which includes $14,512,000 to acquire CPI and $5,683,000 related to capacity expansions and equipment purchases at the Company’s

production facilities. The Company anticipates spending approximately $7,000,000 during 2016 on property, plant and equipment purchases for all of the Company's operations. The Company anticipates using cash from operations and its revolving line of credit to finance this capital investment. At December 31, 2015, purchase commitments for capital expenditures in progress were approximately $1,102,000.

Cash provided by financing activities totaled $8,211,000 for the year ended December 31, 2015. Net new borrowings of $15,000,000 were utilized to fund the acquisition of CPI. Cash used in financing activities included net repayments of $2,768,000 on the revolving line of credit and $3,964,000 of scheduled repayments of principal on the Company’s Capex and Term loans. Additionally reductions in taxes payable due to disqualified dispositions and vesting of restricted stock contributed $211,000 to cash flow. Purchases of treasury stock to satisfy employee tax withholding requirements on vested restricted stock reduced cash flow from financing activities by $287,000.

At December 31, 2015, the Company had cash on hand of $8,943,000 and an available revolving line of credit of $18,000,000. Management believes that cash on hand, cash flow from operating activities and available borrowings under the Credit Agreement will be sufficient to meet the Company’s current liquidity needs. If a material adverse change in the financial position of the

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Company should occur, or if actual sales or expenses are substantially different than what has been forecasted, the Company's liquidity and ability to obtain further financing to fund future operating and capital requirements could be negatively impacted.

The Company is required to meet certain financial covenants included in the Credit Agreement with respect to leverage ratios, fixed charge ratios, capital expenditures as well as other customary affirmative and negative covenants. As of December 31, 2015, the Company was in compliance with its financial covenants.

Management regularly evaluates the Company’s ability to effectively meet its debt covenants. Based on the Company’s forecast, which is primarily based on industry analysts’ estimates of heavy and medium-duty truck production volumes, as well as other assumptions, management believes that the Company will be able to maintain compliance with its financial covenants for the next 12 months.

On November 14, 2014 the Company filed a universal shelf Registration Statement on Form S-3 (the “Registration Statement”) with the SEC in accordance with the Securities Act of 1933, as amended, which became effective on November 25, 2014. The Registration Statement registered common stock, preferred stock, debt securities, warrants, depositary shares, rights, units and any combination of the foregoing, for a maximum aggregate offering price of up to $50 million, which may be sold from time to time. The terms of any securities offered under the Registration Statement and intended use of proceeds will be established at the times of the offerings and will be described in prospectus supplements filed with the SEC at the times of the offerings. The Registration Statement has a three year term.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

The Company has the following minimum commitments under contractual obligations, including purchase obligations, as defined by the SEC. A “purchase obligation” is defined as an agreement to purchase goods or services that is enforceable and legally binding on the Company and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are reflected on the Company’s balance sheet under accounting principles generally accepted in the United States. Based on this definition, the table below includes only those contracts which include fixed or minimum obligations. It does not include normal purchases, which are made in the ordinary course of business.

The following table provides aggregated information about the maturities of contractual obligations and other long-term liabilities as of December 31, 2015:

	2016	2017	2018	2019	2020 and after	Total
Long-term debt	$3,714,000	$3,000,000	$3,000,000	$3,000,000	$750,000	$13,464,000
Interest[A]	273,000	182,000	115,000	48,000	1,000	619,000
Operating lease obligations	539,000	486,000	328,000	192,000	—	1,545,000
Contractual commitments for capital expenditures[B]	1,102,000	—	—	—	—	1,102,000
Post retirement benefits	1,060,000	392,000	370,000	368,000	6,816,000	9,006,000
Total	$6,688,000	$4,060,000	$3,813,000	$3,608,000	$7,567,000	$25,736,000

[A] Variable interest rates were as of December 31, 2015.
[B] Includes $464,000 recorded on the balance sheet in accounts payable at December 31, 2015.

Interest is calculated based on the effective interest rates on the Company's borrowing arrangements reflective of the interest rate swap agreement in place for the long-term borrowings. As of December 31, 2015, the Company had no off-balance sheet arrangements.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discuss the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to accounts receivable, inventories, goodwill and other long-lived assets, self-insurance, post retirement benefits, and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Accounts Receivable Allowances

Management maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company recorded an allowance for doubtful accounts of $40,000 at December 31, 2015 and $289,000 at December 31, 2014. Management also records estimates for chargebacks for customer returns and deductions, discounts offered to customers, and price adjustments. Should customer chargebacks fluctuate from the estimated amounts, additional allowances may be required. The Company has reduced accounts receivable for chargebacks by $523,000 at December 31, 2015 and $813,000 at December 31, 2014.

Inventories

Inventories, which include material, labor and manufacturing overhead, are valued at the lower of cost or market. The inventories are accounted for using the first-in, first-out (FIFO) method of determining inventory costs. Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based on historical and anticipated usage. The Company has recorded an allowance for excess and obsolete inventory of $863,000 at December 31, 2015 and $940,000 at December 31, 2014.

Long-Lived Assets

Long-lived assets consist primarily of property, plant and equipment and definite-lived intangibles. The Company acquired the majority of the assets of CPI on March 20, 2015, which resulted in approximately $650,000 of definite-lived intangibles and $12,474,000 of property, plant and equipment, all of which were recorded at fair value. The recoverability of long-lived assets is evaluated by an analysis of operating results and consideration of other significant events or changes in the business environment. The Company evaluates whether impairment exists for long-lived assets on the basis of undiscounted expected future cash flows from operations before interest. There was no impairment of the Company's long-lived assets for the years ended December 31, 2015, 2014 and 2013.

Goodwill

The Company has recorded $2,403,000 of goodwill as a result of two acquisitions. In 2001, the Company acquired certain assets of Airshield Corporation, and as a result, recorded goodwill in the amount of $1,097,000. The Company also acquired substantially all of the assets of CPI on March 20, 2015, which resulted in approximately $1,306,000 of goodwill.

The Company evaluates goodwill annually on December 31st to determine whether impairment exists, or at interim periods if an indicator of possible impairment exists. The Company evaluates goodwill for impairment utilizing the one-step qualitative assessment. We consider relevant events and circumstances that affect the fair value or carrying amount of the Company. Such events and circumstances could include macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, entity specific events and capital markets pricing. The Company places more weight on the events and circumstances that most affect the Company's fair value or carrying amount. These factors are all considered by management in reaching its conclusion about whether to perform the first step of the impairment test.

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If the Company's fair value is determined to be more likely than not impaired based on the one-step qualitative approach, a quantitative valuation to estimate the fair value of the Company is performed. Fair value measurements are based on a projected discounted cash flow valuation model, in accordance with ASC 350, “Intangibles-Goodwill and Other.”

There was no impairment of the Company's goodwill for the years ended December 31, 2015, 2014 and 2013.

Self-Insurance

The Company is self-insured with respect to its Columbus and Batavia, Ohio, Gaffney, South Carolina and Brownsville, Texas medical, dental and vision claims and Columbus and Batavia, Ohio workers’ compensation claims, all of which are subject to stop-loss insurance thresholds. The Company has recorded an estimated liability for self-insured medical and dental claims incurred but not reported and worker’s compensation claims incurred but not reported at December 31, 2015 and December 31, 2014 of $1,074,000 and $1,165,000, respectively.

Post Retirement Benefits

Management records an accrual for post retirement costs associated with the health care plan sponsored by the Company for certain employees. Should actual results differ from the assumptions used to determine the reserves, additional provisions may be required. In particular, increases in future healthcare costs above the assumptions could have an adverse effect on the Company's operations. The effect of a change in healthcare costs is described in Note 12 of the Notes to Consolidated Financial Statements. Core Molding Technologies had a liability for post retirement healthcare benefits based on actuarially computed estimates of $9,006,000 at December 31, 2015 and $9,172,000 at December 31, 2014.

Revenue Recognition

Revenue from product sales is recognized at the time products are shipped and title transfers. Allowances for returned products and other credits are estimated and recorded as revenue is recognized. Tooling revenue is recognized when the customer approves the tool and accepts ownership. Progress billings and expenses are shown net as an asset or liability on the Company’s Consolidated Balance Sheet. Tooling in progress can fluctuate significantly from period to period and is dependent upon the stage of tooling projects and the related billing and expense payment timetable for individual projects and therefore does not necessarily reflect projected income or loss from tooling projects. At December 31, 2015, the Company had a net liability related to tooling in progress of $2,271,000, which represents approximately $21,967,000 of progress tooling billings and $19,696,000 of progress tooling expenses. At December 31, 2014 the Company had a net liability related to tooling in progress of $8,068,000, which represents approximately $10,407,000 of progress tooling billings and $2,339,000 of progress tooling expenses.

Income Taxes

Management assesses the need for a valuation allowance to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. The Company has considered future taxable income in assessing the need for a valuation allowance and has not recorded a valuation allowance due to anticipating it being more likely than not that the Company will realize these benefits.

An analysis is performed to determine the amount of the deferred tax asset that will be realized. Such analysis is based upon the premise that the Company is and will continue as a going concern and that it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Management reviews all available evidence, both positive and negative, to assess the long-term earnings potential of the Company using a

number of alternatives to evaluate financial results in economic cycles at various industry volume conditions. Other factors considered are the Company's relationships with its major customers, and any recent customer diversification efforts. The projected availability of taxable income to realize the tax benefits from the reversal of temporary differences before expiration of these benefits are also considered. Management believes that, with the combination of available tax planning strategies and the maintenance of its relationships with its key customers, earnings are achievable in order to realize the net deferred tax asset.

Management recognizes the financial statement effects of a tax position when it is more likely than not the position will be sustained upon examination.

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Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. ASU Topic 606 is based on the principle that revenue is recognized to depict the transfer of 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. The ASU Topic 606 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The effective date for ASU Topic 606 has been delayed until the first quarter of fiscal year 2018 using one of two retrospective application methods. The Company is currently assessing the transition alternatives and potential impact the pronouncement and adoption of ASU Topic 606 will have on the Company’s financial statements. Early adoption is permitted, but not before annual periods beginning after December 15, 2016.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, "Presentation of Financial Statements-Going Concern (Topic 205-40)" ("ASU 2014-15"). Under the standard, management is required to evaluate for each annual and interim reporting period whether it is probable that the entity will not be able to meet its obligations as they become due within one year after the date that financial statements are issued. ASU 2014-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Accordingly, the standard is effective for the Company on January 1, 2017. The Company does not believe that the pronouncement will have an impact on the Company's financial statements.

In February 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). Under the standard, debt issuance costs are required to be recorded as a direct reduction of the debt liability on the balance sheet rather than as an asset. The standard is effective for the Company as of January 1, 2016 and is not expected to significantly impact the Company's financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. The amendments in this guidance do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out or average cost. Within the scope of this new guidance, an entity should measure inventory at the lower of cost or net realizable value; where, net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new guidance is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The new guidance must be applied on a prospective basis. The Company does not believe that the pronouncement will have a material impact on the Company's financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments, which is an accounting standards update with new guidance that eliminates the requirement in a business combination to restate prior period financial statements for measurement period adjustments. Instead, measurement period adjustments will be recognized in the reporting period in which the adjustment is identified. The standards update is effective for fiscal years and interim periods beginning after December 15, 2015. The amendments should be applied prospectively to measurement period adjustments that occur after the effective date of this update with early adoption permitted for financial statements that have not been issued. The Company will adopt this standards update as required and recognize any such future adjustments accordingly.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes (Topic 740). This update requires all deferred tax assets and liabilities, and any related valuation allowance, to be classified as

noncurrent on the balance sheet. The ASU simplifies the current standard, which requires entities to separately present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet. The ASU is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company will adopt this standards update as required and does not expect the adoption of this ASU to have a material impact on our consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). This update requires organizations to recognize lease assets and lease liabilities on the balance sheet and also disclose key information about leasing arrangements. This ASU is effective for annual reporting periods beginning on or after December 15, 2018, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual period. The Company will adopt this standards update as required and does not expect the adoption of this ASU to have a material impact on our consolidated financial statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Core Molding Technologies' primary market risk results from changes in the price of commodities used in its manufacturing operations. Core Molding Technologies is also exposed to fluctuations in interest rates and foreign currency fluctuations associated with the Mexican Peso. Core Molding Technologies does not hold any material market risk sensitive instruments for trading purposes.

Core Molding Technologies has the following five items that are sensitive to market risks at December 31, 2015: (1) Revolving Line of Credit under the Credit Agreement which bears a variable interest rate; (2) Capex Loan payable with a variable interest rate (although the Company has an interest rate swap to fix the variable portion of the applicable interest rate at 2.3%); (3) Term Loan payable with a variable interest rate; (4) foreign currency purchases in which the Company purchases Mexican pesos with United States dollars to meet certain obligations that arise due to operations at the facility located in Mexico; and (5) raw material purchases in which Core Molding Technologies purchases various resins and fiberglass for use in production. The prices and availability of these materials are affected by the prices of crude oil and natural gas as well as processing capacity versus demand.

Assuming a hypothetical 10% increase in commodity prices, Core Molding Technologies would be impacted by an increase in raw material costs, which would have an adverse effect on operating margins.

Assuming a hypothetical 10% change in short-term interest rates, interest paid on the Company's Line of Credit would impact the interest paid by the Company, as the interest rate on these loans is based upon LIBOR, however, it would not have a material effect on earnings before taxes.

A 10% change in future interest rate curves would impact the fair value of the Company's interest rate swap, however, it would not have a material effect on earnings before taxes.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Core Molding Technologies, Inc.
Columbus, Ohio

We have audited the accompanying consolidated balance sheets of Core Molding Technologies, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. We also have audited the consolidated financial statement schedule, Schedule II - Valuation and Qualifying Accounts and Reserves, and the Company’s internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Core Molding Technologies, Inc. and Subsidiaries’ management is responsible for these consolidated financial statements and consolidated financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedule and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As permitted, the Company has excluded the operations of CPI Binani, Inc. acquired during 2015, which is described in Note 7 of the consolidated financial statements, from the scope of management's report on internal control over financial reporting. As such, it has also been excluded from the scope of our audit of internal control over financial reporting.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Core Molding Technologies, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, Core Molding Technologies, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Crowe Horwath LLP
Columbus, Ohio
March 11, 2016

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Core Molding Technologies, Inc. and Subsidiaries
Consolidated Statements of Income

	Years Ended December 31,		
	2015	2014	2013
Net sales:			
Products	$189,103,000	$169,744,000	$134,096,000
Tooling	9,965,000	5,460,000	10,029,000
Total net sales	199,068,000	175,204,000	144,125,000
Total cost of sales	162,816,000	145,018,000	120,551,000
Gross margin	36,252,000	30,186,000	23,574,000
Total selling, general and administrative expense	17,754,000	15,539,000	13,460,000
Income before interest and taxes	18,498,000	14,647,000	10,114,000
Interest expense	330,000	122,000	214,000
Income before income taxes	18,168,000	14,525,000	9,900,000
Income Taxes:			
Current	4,889,000	2,370,000	2,755,000
Deferred	1,229,000	2,521,000	279,000
Total income taxes	6,118,000	4,891,000	3,034,000
Net income	$12,050,000	$9,634,000	$6,866,000
Net income per common share:			
Basic	$1.59	$1.28	$0.95
Diluted	$1.58	$1.28	$0.92
Weighted average shares outstanding:			
Basic			