

TAT TECHNOLOGIES LTD  
Form 6-K  
August 30, 2018

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2018

TAT TECHNOLOGIES LTD.  
(Name of Registrant)

P.O.BOX 80, Gedera 70750 Israel  
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F      Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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TAT Technologies Ltd.

6-K Items

1. Press Release dated August 30, 2018 re TAT Technologies Ltd. Reports Second Quarter 2018 Results.

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ITEM 1

Press Release Source: TAT Technologies Limited

TAT Technologies Reports Second Quarter 2018 Results

GEDERA, Israel, August 30, 2018 - TAT Technologies Ltd. (NASDAQ: TATT - News) (“TAT” or the “Company”), a leading provider of products and services to the commercial and military aerospace and ground defense industries, reported today its unaudited results for the three month and six month periods ended June 30, 2018.

Key Financial Highlights:

Revenues for Q2 2018 were \$24.8 million compared with \$26.6 million in Q2 2017. Revenues for the six-month period that ended on June 30, 2018 were \$49.2 million compared with \$53.6 million in the six-month period that ended on June 30, 2017.

Adjusted EBITDA for Q2 2018 was \$(0.3) million compared with \$2.4 million in Q2 2017. Adjusted EBITDA for the six-month period that ended on June 30, 2018 was \$0.05 million compared with \$5.3 million in the six-month period that ended on June 30, 2017.

GAAP net loss was \$1.4 million, or \$0.16 per diluted share in Q2 2018 compared with a net income of \$0.6 million, or \$0.07 per diluted share in Q2 2017.

Non-GAAP net loss of \$1.2 million, or \$0.14 per diluted share in Q2 2018, compared with non-GAAP net income of \$0.8 million, or \$0.09 per diluted share in Q2 2017.

Mr. Igal Zamir, CEO and President of TAT Technologies stated, “The first six months of 2018 were challenging. We suffered from delay in order intake. Also, as a preparation for 2018 we invested in employees and machinery which caused an increased level of expenses. Starting Q2 we initiated a plan to increase sales and streamline operations which I expect will improve the results in the second half of 2018. Our increased back-log keeps me optimistic about the future of the company. During the first six months of 2018 we won several long-term strategic contracts with expected revenue over the next few years of approximately USD60M. These contracts position us in the front line of MRO companies both to aircraft manufactures and leading airlines around the world.”

Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with GAAP, the Company also presents a Non-GAAP presentation of Net Income and Adjusted EBITDA. The adjustments to the Company’s GAAP results are made with the intent of providing both management and investors a more complete understanding of the Company’s underlying operational results, trends and performance. Non-GAAP Net Income excludes changes, income or losses, as applicable, related to one or more of the following: (1) share-based compensation expenses and/or (2) certain tax impact and/or (3) acquisition related expenses and/or (4) share in results of equity investment of affiliated companies. Adjusted EBITDA is calculated as net income before the Company’s share in results and sale of equity investment of affiliated companies, share-based compensation, taxes on income, financial (expenses) income, net, and depreciation and amortization. Non-GAAP Net Income and Adjusted EBITDA, however, should not be considered as alternatives to net income and operating income for the period and may not be indicative of the historic operating results of the Company; nor they are meant to be predictive of potential future results. Non-GAAP Net Income and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. See reconciliation of

GAAP Net Income to Non-GAAP Net Income and Adjusted EBITDA in pages 9 and 13 below.

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About TAT Technologies LTD

TAT Technologies Ltd. is a leading provider of services and products to the commercial and military aerospace and ground defense industries. TAT operates under four segments: (i) Original equipment manufacturing (“OEM”) of heat transfer solutions and aviation accessories through its Gedera facility; (ii) MRO services for heat transfer components and OEM of heat transfer solutions through its Limco subsidiary; (iii) MRO services for aviation components through its Piedmont subsidiary; and (iv) Overhaul and coating of jet engine components through its Turbochrome subsidiary. TAT controlling shareholders is the FIMI Private Equity Fund.

TAT’s activities in the area of OEM of heat transfer solutions and aviation accessories primarily include the design, development and manufacture of (i) broad range of heat transfer solutions, such as pre-coolers heat exchangers and oil/fuel hydraulic heat exchangers, used in mechanical and electronic systems on board commercial, military and business aircraft; (ii) environmental control and power electronics cooling systems installed on board aircraft in and ground applications; and (iii) a variety of other mechanical aircraft accessories and systems such as pumps, valves, and turbine power units.

TAT’s activities in the area of MRO Services for heat transfer components and OEM of heat transfer solutions primarily include the MRO of heat transfer components and to a lesser extent, the manufacturing of certain heat transfer solutions. TAT’s Limco subsidiary operates an FAA-certified repair station, which provides heat transfer MRO services for airlines, air cargo carriers, maintenance service centers and the military.

TAT’s activities in the area of MRO services for aviation components include the MRO of APUs, landing gears and other aircraft components. TAT’s Piedmont subsidiary operates an FAA-certified repair station, which provides aircraft component MRO services for airlines, air cargo carriers, maintenance service centers and the military.

TAT’s activities in the area of overhaul and coating of jet engine components includes the overhaul and coating of jet engine components, including turbine vanes and blades, fan blades, variable inlet guide vanes and afterburner flaps.

For more information of TAT Technologies Ltd., please visit our web-site:  
[www.tat-technologies.com](http://www.tat-technologies.com)

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### Safe Harbor for Forward-Looking Statements

This press release contains forward-looking statements which include, without limitation, statements regarding possible or assumed future operation results. These statements are hereby identified as "forward-looking statements" for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that could cause our results to differ materially from management's current expectations. Actual results and performance can also be influenced by other risks that we face in running our operations including, but are not limited to, general business conditions in the airline industry, changes in demand for our services and products, the timing and amount or cancellation of orders, the price and continuity of supply of component parts used in our operations, the change of control that will occur on the sale by the receiver of the Company's shares held by our previously controlling stockholders, and other risks detailed from time to time in the Company's filings with the Securities Exchange Commission, including, its annual report on form 20-F and its periodic reports on form 6-K. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands)

	June 30, 2018 (unaudited)	December 31, 2017 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 15,186	\$ 17,514
Short-term bank deposits	470	470
Accounts receivable, net	22,596	25,744
Other current assets and prepaid expenses	2,797	2,363
Inventory, net	38,560	38,630
<b>Total current assets</b>	<b>79,609</b>	<b>84,721</b>
<b>NON-CURRENT ASSETS:</b>		
Investment in affiliates	1,132	1,192
Funds in respect of employee rights upon retirement	2,499	2,779
Deferred income taxes	623	937
Intangible assets, net	978	1,045
Property, plant and equipment, net	21,636	21,321
<b>Total non-current assets</b>	<b>26,868</b>	<b>27,274</b>
<b>Total assets</b>	<b>\$ 106,477</b>	<b>\$ 111,995</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	8,423	9,348
Accrued expenses	6,439	8,331
<b>Total current liabilities</b>	<b>14,862</b>	<b>17,679</b>
<b>NON CURRENT LIABILITIES:</b>		
Other long-term liabilities	225	146
Liability in respect of employee rights upon retirement	2,932	3,235
Deferred income taxes	1,992	2,361
<b>Total non-current liabilities</b>	<b>5,149</b>	<b>5,742</b>
<b>Total liabilities</b>	<b>20,011</b>	<b>23,421</b>
<b>EQUITY:</b>		
Share capital	2,809	2,802
Additional paid-in capital	65,382	65,073
Treasury stock at cost	(2,088 )	(2,088 )

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Accumulated other comprehensive income (loss)	(171 )	135
Retained earnings	20,534	22,652
Total shareholders' equity	86,466	88,574
Total liabilities and shareholders' equity	\$ 106,477	\$ 111,995

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## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)

	Three months ended		Six months ended		Year ended
	June 30,				December
	2018	2017	2018	2017	31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2017
					(Audited)
Revenues:					
Products	\$6,160	\$9,369	\$12,996	\$18,919	\$36,053
Services	18,672	17,199	36,193	34,730	70,474
	24,832	26,568	49,189	53,649	106,527
Cost of goods:					
Products	6,451	7,532	12,981	14,443	28,096
Services	15,784	13,993	30,439	28,606	57,987
	22,235	21,525	43,420	43,049	86,083
Gross Profit	2,597	5,043	5,769	10,600	20,444
Operating expenses:					
Research and development, net	176	176	495	405	731
Selling and marketing	1,265	1,296	2,635	2,438	4,974
General and administrative	2,576	2,239	4,746	4,506	9,409
Other loss	-	-	-	28	53
	4,017	3,711	7,876	7,377	15,167
Operating income (loss)	(1,420 )	1,332	(2,107 )	3,223	5,277
Financial income (expenses), net	21	(100 )	19	(272 )	(338 )
Income (loss) before taxes on income	(1,399 )	1,232	(2,088 )	2,951	4,939
Taxes on income	(95 )	535	(30 )	1,033	2,333
Income (loss) before equity investment	(1,304 )	697	(2,058 )	1,918	2,606
Share in results of affiliated company	(70 )	(86 )	(60 )	(106 )	(210 )
Net income (loss)	\$(1,374 )	\$611	\$(2,118 )	\$1,812	\$2,396
Basic and diluted income (loss) per share					
Net income (loss) per share	\$(0.16 )	\$0.07	\$(0.24 )	\$0.21	\$0.27
Weighted average number of shares outstanding					
Basic	8,862,473	8,828,444	8,855,251	8,828,444	8,848,028
Diluted	8,876,232	8,832,080	8,887,641	8,892,756	8,909,072



## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three months ended		Six months ended		Year ended
	June 30,				December
	2018	2017	2018	2017	31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2017
					(Audited)
Net income (loss)	\$(1,374)	\$ 611	\$(2,118)	\$ 1,812	\$ 2,396
Other comprehensive income					
Net unrealized losses from derivatives	(288 )	(227 )	(348 )	(324 )	(686 )
Reclassification adjustments for gains included in net income and inventory	128	336	42	873	894
Total other comprehensive income (loss)	\$(1,534)	\$ 720	\$(2,424)	\$ 2,361	\$ 2,604

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## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS (UNAUDITED)

(In thousands, except share and per share data)

	Three months ended	
	June 30,	
	2018	2017
Reported net income (loss) on GAAP basis	\$(1,374	) \$611
Adjustments:		
Share in results of affiliated company	70	86
Share based compensation	64	58
Non-GAAP net income (loss)	\$(1,240	) \$755
Non-GAAP net income per share (loss)	\$(0.14	) \$0.09
Weighted average number of shares outstanding		
Basic	8,862,473	8,828,444
Diluted	8,876,232	8,832,080

## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands, except share data)

	TAT Technologies Ltd. Shareholders						Total equity
	Share capital		Accumulated other comprehensive			Retained earnings	
	Number of shares issued	Amount	Additional paid-in capital	income (loss)	Treasury shares		
BALANCE AT DECEMBER 31, 2015 (audited)	9,082,817	\$ 2,793	\$ 64,529	\$ (4 )	\$(2,088 )	\$ 26,194	\$ 91,424
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2016 (audited):							
Comprehensive income (loss)	-	-	-	(69 )	-	62	(7 )
Share based compensation expenses	-	-	105	-	-	-	105
Exercise of options	20,100	4	126	-	-	-	130
Dividend distributed	-	-	-	-	-	(3,000 )	(3,000 )
BALANCE AT DECEMBER 31, 2016 (audited)	9,102,917	\$ 2,797	\$ 64,760	\$ (73 )	\$(2,088 )	\$ 23,256	\$ 88,652
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2017 (audited):							
Comprehensive income	-	-	-	208	-	2,396	2,604
Share based compensation expenses	-	-	174	-	-	-	174
Exercise of options	19,584	5	139	-	-	-	144
Dividend distributed	-	-	-	-	-	(3,000 )	(3,000 )
BALANCE AT DECEMBER 31, 2017 (audited)	9,122,501	\$ 2,802	\$ 65,073	\$ 135	\$(2,088 )	\$ 22,652	\$ 88,574
CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2018 (unaudited):							
Comprehensive loss	-	-	-	(306 )	-	(2,118 )	(2,424 )
Share based compensation expenses	-	-	119	-	-	-	119
Exercise of options	26,668	7	190	-	-	-	197
BALANCE AT JUNE 30, 2018 (unaudited)	9,149,169	\$ 2,809	\$ 65,382	\$ (171 )	\$(2,088 )	\$ 20,534	\$ 86,466

## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three months ended		Six months ended		Year ended
	June 30,				December
	2018	2017	2018	2017	31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2017
					(Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income (loss) attributable to TAT Technologies Ltd. shareholders	\$(1,374)	\$ 611	\$(2,118)	\$ 1,812	\$ 2,396
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	1,029	980	2,037	1,949	3,941
Loss on sale of property, plant and equipment	-	-	-	28	54
Interest from short-term bank deposits and restricted deposits	-	-	-	-	(6 )
Loss (gain) from change in fair value of derivatives	174	(43 )	386	(60 )	(490 )
Provision for doubtful accounts	127	19	127	38	321
Share in results of affiliated company	70	86	60	106	210
Share based compensation	64	58	119	115	174
Liability in respect of employee rights upon retirement	(120 )	68	(303 )	170	241
Deferred income taxes, net	(231 )	(342 )	(55 )	(284 )	382
Changes in operating assets and liabilities:					
Decrease (increase) in trade accounts receivable	3,334	(1,820 )	3,022	(1,285 )	(4,493 )
Decrease (increase) in other current assets and prepaid expenses	(848 )	324	(748 )	(618 )	488
Decrease in inventory	2,352	1,407	88	2,672	210
Increase (decrease) in trade accounts payable	(3,117)	67	(1,032)	(1,371 )	578
Decrease in accrued expenses	(2,058)	(1,613 )	(1,892)	(383 )	(1,505 )
Increase (decrease) in other long-term liabilities	101	(11 )	79	25	(5 )
Net cash provided by (used in) operating activities	\$(497 )	\$ (209 )	\$(230 )	\$ 2,914	\$ 2,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment in affiliated company	-	(164 )	-	(251 )	(383 )
Funds in respect of employee rights upon retirement	(65 )	(35 )	(22 )	(71 )	(156 )
Proceeds from sale of property and equipment	-	-	7	-	-
Purchase of property and equipment	(735 )	(809 )	(2,185)	(1,429 )	(3,520 )
Maturities of short-term deposits	-	500	-	500	500
Cash flows used in investing activities	\$(800 )	\$ (508 )	\$(2,200)	\$ (1,251 )	\$(3,559 )

## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(In thousands)

	Three months ended		Six months ended		Year ended
	June 30,				December
	2018	2017	2018	2017	31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2017
					(Audited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Payment of cash dividend	-	(3,000 )	-	(3,000 )	(3,000 )
Exercise of options	102	-	102	-	144
Cash flows provided by (used in) financing activities	\$ 102	\$ (3,000 )	\$ 102	\$ (3,000 )	\$ (2,856 )
Net decrease in cash and cash equivalents	(1,195 )	(3,717 )	(2,328 )	(1,337 )	(3,919 )
Cash and cash equivalents at beginning of period	16,381	23,813	17,514	21,433	21,433
Cash and cash equivalents at end of period	\$ 15,186	\$ 20,096	\$ 15,186	\$ 20,096	\$ 17,514

## TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA (NON-GAAP) (UNAUDITED)

(In thousands)

	Three months ended		Six months ended		Year ended December 31, 2017
	June 30, 2018	2017	June 30, 2018	2017	
Net income (loss)	\$(1,374)	\$611	\$(2,118)	\$1,812	\$ 2,396
Adjustments:					
Share in results of affiliated company	70	86	60	106	210
Taxes on income	(95 )	535	(30 )	1,033	2,333
Financial expenses (income), net	(21 )	100	(19 )	272	338
Depreciation and amortization	1,029	980	2,037	1,949	3,941
Share based compensation	64	58	119	115	174
Adjusted EBITDA	\$(327 )	\$2,370	\$49	\$5,287	\$ 9,392



SIGNATURE

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

TAT TECHNOLOGIES  
LTD.

(Registrant)

By: /s/ Ehud Ben-Yair  
Ehud Ben-Yair  
Chief Financial Officer

Date: August 30, 2018