

Cooper-Standard Holdings Inc.
Form 10-Q
May 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

or

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

For the transition period from _____ to _____.

Commission File Number: 001-36127

COOPER-STANDARD HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware 20-1945088
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
39550 Orchard Hill Place Drive
Novi, Michigan 48375
(Address of principal executive offices)
(Zip Code)
(248) 596-5900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	CPS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Edgar Filing: Cooper-Standard Holdings Inc. - Form 10-Q

Exchange Act. "

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

As of April 26, 2019, there were 17,522,372 shares of the registrant's common stock, \$0.001 par value, outstanding.

COOPER-STANDARD HOLDINGS INC.
Form 10-Q
For the period ended March 31, 2019

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Statements of Operations</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
<u>Condensed Consolidated Statement of Changes in Equity</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>28</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>35</u>
Item 4. <u>Controls and Procedures</u>	<u>36</u>
<u>PART II. OTHER INFORMATION</u>	
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>37</u>
Item 6. <u>Exhibits</u>	<u>38</u>
<u>SIGNATURES</u>	<u>39</u>

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

COOPER-STANDARD HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollar amounts in thousands except per share amounts)

	Three Months Ended	
	March 31,	
	2019	2018
Sales	\$880,038	\$967,391
Cost of products sold	762,490	796,511
Gross profit	117,548	170,880
Selling, administration & engineering expenses	86,974	80,440
Amortization of intangibles	3,775	3,406
Restructuring charges	17,715	7,125
Operating profit	9,084	79,909
Interest expense, net of interest income	(11,932)	(9,800)
Equity in earnings of affiliates	2,358	1,687
Loss on refinancing and extinguishment of debt	—	(770)
Other expense, net	(796)	(1,719)
(Loss) income before income taxes	(1,286)	69,307
Income tax expense	2,331	11,891
Net (loss) income	(3,617)	57,416
Net loss (income) attributable to noncontrolling interests	157	(624)
Net (loss) income attributable to Cooper-Standard Holdings Inc.	\$(3,460)	\$56,792
 (Loss) earnings per share:		
Basic	\$(0.20)	\$3.16
Diluted	\$(0.20)	\$3.07

The accompanying notes are an integral part of these financial statements.

COOPER-STANDARD HOLDINGS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)
 (Dollar amounts in thousands)

	Three Months Ended March 31,	
	2019	2018
Net (loss) income	\$(3,617)	\$57,416
Other comprehensive income:		
Currency translation adjustment	2,219	12,692
Benefit plan liabilities adjustment, net of tax	1,387	1,307
Fair value change of derivatives, net of tax	1,253	3,612
Other comprehensive income, net of tax	4,859	17,611
Comprehensive income	1,242	75,027
Comprehensive income attributable to noncontrolling interests	(247)	(1,573)
Comprehensive income attributable to Cooper-Standard Holdings Inc.	\$995	\$73,454

The accompanying notes are an integral part of these financial statements.

COOPER-STANDARD HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands except share amounts)

	March 31, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$262,169	\$264,980
Accounts receivable, net	480,828	418,607
Tooling receivable	162,769	141,106
Inventories	186,272	175,572
Prepaid expenses	33,206	36,878
Other current assets	104,200	108,683
Assets held for sale	122,966	103,898
Total current assets	1,352,410	1,249,724
Property, plant and equipment, net	990,665	984,241
Operating lease right-of-use assets	92,508	—
Goodwill	142,106	143,681
Intangible assets, net	95,611	99,602
Other assets	141,522	145,855
Total assets	\$2,814,822	\$2,623,103

Liabilities and Equity

Current liabilities:		
Debt payable within one year	\$169,087	\$101,323
Accounts payable	452,979	452,320
Payroll liabilities	108,236	92,604
Accrued liabilities	107,707	98,907
Current operating lease liabilities	26,216	—
Liabilities held for sale	75,830	