MANITOWOC CO INC

FORM 10-Q
(Quarterly Report)

Filed 5/1/1997 For Period Ending 3/31/1997

Address	P O BOX 66
	MANITOWOC, Wisconsin 54221-0066
Telephone	920-684-4410
CIK	0000061986
Industry	Constr. & Agric. Machinery
Sector	Capital Goods
Fiscal Year	12/31

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1997

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 1-11978

The Manitowoc Company, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin	39-0448110
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

500 So. 16th Street, Manitowoc, Wisconsin 54220

(Address of principal executive offices) (Zip Code)

(414) 684-4410

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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 (X) No ( )

The number of shares outstanding of the Registrant's common stock, $.01 par value, as of March 31, 1997, the most recent practicable date, was 11,511,357.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Earnings
For the First Quarter of Calendar Years 1997 and 1996
(Unaudited)
(In thousands, except per-share and average shares data)

	March 31, 1997	March 31, 1996
Net Sales	$ 116,041	$ 114,099
Costs And Expenses:		
Cost of goods sold	84,033	85,462
Engineering, selling and administrative expenses	20,707	19,433
Total	104,740	104,895
Earnings From Operations	11,301	9,204
Other Income (Expense):		
Interest expense	(1,124)	(2,462)
Interest and dividend income	68	51
Other income	37	67
Total	(1,019)	(2,344)
Earnings Before Taxes On Income	10,282	6,860
Provision For Taxes On Income	3,804	2,746
Net Earnings	$ 6,478	$ 4,114
Net Earnings Per Share	$ .56	$ .36
Dividends Per Share	$ .17	$ .17
Average Shares Outstanding	11,511,357	11,511,357

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Balance Sheets
As of March 31, 1997 and December 31, 1996
(Unaudited)
(In thousands, except share data)

-ASSETS-

	March 31, 1997	December 31, 1996
Current Assets:		
Cash and cash equivalents	$ 8,492	$ 14,364
Marketable securities	1,668	1,657
Accounts receivable	56,280	53,876
Inventories	53,349	43,978
Prepaid expenses and other	1,096	1,281
Future income tax benefits	12,719	12,719
Total current assets	133,604	127,875
Intangibles assets-net	91,345	92,200
Other assets	12,942	12,932
Property, plant and equipment:		
At cost	192,517	189,383
Less accumulated depreciation	(106,663)	(104,680)
Property, plant and equipment-net	85,854	84,703
TOTAL	$323,745	$ 317,710

-LIABILITIES AND STOCKHOLDERS' EQUITY-

Current Liabilities:		
Accounts payable and accrued expenses	$ 83,804	$ 90,967

Current portion of long-term debt	12,048	11,064
Short term borrowings	11,500	0
Product warranties	9,171	8,271
Total current liabilities	116,523	110,302
Non-Current Liabilities:		
Long-term debt, less current portion	72,758	76,501
Product warranties	4,837	4,914
Postretirement health benefits obligations	19,552	19,455
Other	5,404	6,209
Total non-current liabilities	102,551	107,079
Stockholders' Equity:		
Common stock (16,331,770 shares issued at both dates)	163	163
Additional paid-in capital	31,061	31,061
Cumulative foreign currency translation adjustments	3	220
Retained earnings	154,946	150,387
Treasury stock at cost (4,820,413 shares at both dates)	(81,502)	(81,502)
Total stockholders' equity	104,671	100,329
TOTAL	$323,745	$317,710

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Statement of Cash Flows
For the Three Months Ended March 31, 1997 and 1996
(In thousands)

(Unaudited)

	March 31, 1997	March 31, 1996
Cash Flows From Operations:		
Net earnings	$ 6,478	$ 4,114
Non-cash adjustments to income:		
Depreciation and amortization	2,793	2,765
Deferred financing fees	75	75
Loss on sale of fixed assets	31	--
Changes in operating assets and liabilities:		
Accounts receivable	(2,404)	(6,756)
Inventories	(9,371)	(4,961)
Other current assets	185	(99)
Current liabilities	(6,494)	(1,391)
Non-current liabilities	(707)	(540)
Non-current assets	(10)	478
Net cash used for operations	(9,424)	(6,315)
Cash Flows From Investing:		
Purchase of temporary investments - net	(11)	(16)
Proceeds from sale of property, plant, and equipment	0	253
Capital expenditures	(3,213)	(1,292)
Net cash used for investing	(3,224)	(1,055)
Cash Flows From Financing:		
Dividends paid	(1,919)	(1,919)
Proceeds from long-term borrowings-net	0	15,000
Payments on long-term borrowings	(2,759)	(2,500)
Change in short-term borrowings-net	11,500	(5,607)
Net cash provided by financing	6,822	4,974
Effect of exchange rate changes on cash	(46)	(103)
Net decrease in cash and cash equivalents	(5,872)	(2,499)
Balance at beginning of year	14,364	15,077
Balance at end of period	$ 8,492	$ 12,578

Supplemental cash flow information:		
Interest paid	$ 1,904	$ 1,291
Income taxes paid	$ 663	$ 330

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.

Notes to Unaudited Consolidated Financial Statements For the Three Months Ended March 31, 1997 and March 31, 1996

(Unaudited)

Note 1.

In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments, representing normal recurring accruals, necessary to present fairly the results of operations for the quarters ended March 31, 1997 and 1996, the financial position at March 31, 1997 and the changes in the cash flows for the quarters ended March 31, 1997 and 1996. The interim results are not necessarily indicative of results for a full year and do not contain information included in the Company's annual consolidated financial statements and notes for the year ended December 31, 1996.

Note 2.

The components of inventory at March 31, 1997 and December 31, 1996 are summarized as follows (dollars in thousands):

	March 31, 1997	December 31, 1996
Components:		
Raw materials	$ 20,641	$ 20,153
Work-in-process	24,582	19,447
Finished goods	29,796	25,725
Total inventories at FIFO costs	75,019	65,325
Excess of FIFO costs over LIFO value	(21,670)	(21,347)
Total inventories	$ 53,349	$ 43,978

Inventory is carried at lower of cost or market using the first- in, first-out (FIFO) method for 56% of total inventory at March 31, 1997 and December 31, 1996. The remainder of the inventory is costed using the last-in, first-out (LIFO) method.

Note 3.

The United States Environmental Protection Agency ("EPA") has identified the company as a potentially responsible party ("PRP") under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), liable for the costs associated with investigating and cleaning up contamination at the Lemberger Landfill Superfund Site (the "Site") near Manitowoc, Wisconsin.

Approximately 150 PRP's have been identified as having shipped substances to the Site. Eleven of the potentially responsible parties have formed a group (the Lemberger Site Remediation Group, or LSRG) and have successfully negotiated with the EPA and the Wisconsin Department of Natural Resources to settle the potential liability at the Site and fund the cleanup.

Recent estimates indicate that the total cost to clean up the Site could be as high as $30 million, however, the ultimate remediation methods and appropriate allocation of costs for the Site are not yet final. Although liability is joint and several, the company's percentage share of liability is estimated to be 11% of the total cleanup costs. There were no expenses incurred during the transition period ended December 31, 1994 and the first quarter ended March 31, 1997 and 1996.

The company adopted the AICPA Statement of Position (SOP) No. 96-1, "Environmental Remediation Liabilities" in the first quarter of 1997. This SOP requires the company to accrue for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Such accruals are adjusted as information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. The adoption of this SOP did not have a significant effect on the financial statements.

As of March 31, 1997, 26 product-related lawsuits were pending. Of these, two occurred between 1985 and 1990 when the company was completely self-insured. The remaining lawsuits occurred subsequent to June 1, 1990, at which time the company has insurance coverages ranging from a $5.5 million self-insured retention with a $10.0 million limit on the insurer's contribution in 1990, to the current $1.0 million self-insured retention and $16.0 million limit on the insurer's contribution.

Product liability reserves at March 31, 1997 are $6.7 million; $2.1 million reserved specifically for the 26 cases referenced above, and $4.6 million for incurred but not reported claims. These reserves were estimated using actuarial methods. The highest current reserve for a non-insured claim is $0.3 million, and $0.6 million for an insured claim. Based on the company's experience in defending itself against product liability claims, management believes the current reserves are adequate for estimated settlements on aggregate self-insured claims.

It is reasonably possible that the estimates for environmental remediation and product liability costs may change in the near future based upon new information which may arise. Presently, there is no reliable means to estimate the amount of any such potential changes.

The company is also involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the consolidated financial statements.

Note 4.

During the fourth quarter of 1996, the company's decision to consolidate and close walk-in refrigeration plants located in Iowa and Tennessee resulted in a $1.2 million charge to earnings in the Foodservice segment. The charge includes a write-down to the estimated net realizable values of the assets being abandoned and takes into consideration future holding costs and costs related to the sale of the properties. During the first quarter of 1997, nothing was charged against the reserve.

In the transition period ended December 31, 1994, the company's decision to consolidate its large-crane manufacturing to a single site resulted in a $14 million charge to earnings in the cranes and related products segment. The charge included a $9.4 million write-down of the facility being abandoned and estimated holding costs of $4.6 million while the facility is being marketed. It is reasonably possible that the estimate for future holding costs of the facility may change in the future.

The assets currently held for sale include land and improvements, buildings, and certain machinery and equipment at the "Peninsula facility" located in Manitowoc, Wisconsin. The current carrying value of these assets, determined through independent appraisals, is approximately $3 million and is included in other assets. The future holding costs, included in accounts payable and accrued expenses and in other non-current liabilities, consist primarily of utilities, security, maintenance, property taxes, insurance, and demolition costs for various buildings. Future holding costs also include estimates for potential environmental liabilities on the Peninsula location. During the years ended December 31, 1996 and 1995, $1.1 million and $.6 million was paid and charged against these reserves, respectively. For the first quarter of 1997 and 1996, $.1 million and $.7 million, respectively, was charged against the reserve.

Note 5.

On June 14, 1996, the company`s board of directors authorized a three-for-two stock split in the form of a 50-percent stock dividend payable on July 2, 1996 to shareholders of record on June 25, 1996. A total of 3,836,889 shares were issued in connection with the split and fractional shares were paid in cash. All references in the financial statements to average number of common shares outstanding and related earnings per share amounts, market prices per share of common stock, and stock option plan data have been restated to reflect the split.

Note 6.

Certain reclassifications have been made to the financial statements of prior years to conform to the presentation for 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the Quarters Ended March 31, 1997 and March 31, 1996

Net sales and earnings from operations by business segment for the quarter ended March 31, 1997 and 1996 are shown below (in thousands):

	March 31, 1997	March 31, 1996
NET SALES:		
Foodservice products	$ 52,509	$ 52,600
Cranes and related products	56,343	50,134
Marine	7,189	11,365
Total	$ 116,041	$114,099
EARNINGS (LOSS) FROM OPERATIONS:		
Foodservice products	6,176	7,004

Cranes and related products	6,937	3,553
Marine	1,027	1,185
General corporate expense	(2,059)	(1,788)
Amortization	(780)	(750)
Total	$ 11,301	$ 9,204

First quarter net earnings were $6.5 million, or 56 cents per share, up 57% from the prior-year quarter when the company earned $4.1 million, or 36 cents per share. Sales for the quarter were $116.0 million, compared with $114.1 million in the same period last year. The strong earnings improvement was driven by higher sales and higher operating margins in the crane business in addition to lower interest expense and a lower tax rate.

Foodservice Equipment sales were $52.5 million for the quarter, showing little change over the first quarter of 1996. Operating earnings dropped 12% to $6.2 million, from $7.0 million in 1996. A significant reason for the lower margins is the costs associated with the new Nevada plant and the consolidation of the Iowa and Tennessee facilities.

First quarter sales for the Crane segment were $56.3 million, compared to $50.1 million for 1996. Crane segment operating earnings were $6.9 million, nearly double those of the first quarter last year. Most of the improvement came from continuing productivity gains and higher margins on the new products at the large-crane unit, which produces heavy-lift lattice-boom models used primarily in crane rental and heavy construction applications.

The crane backlog of unfinished orders climbed to approximately $145 million at the end of the quarter, as compared to $136 million at December 31, 1996. A majority of sales are being generated from products introduced during the last three to four years. The backlog of boom trucks at Manitex and of new West-Manitowoc cranes are both showing strong gains.

Marine segment sales were $7.2 million, off 37% from the first quarter last year when the company was in the midst of a major barge construction project. Operating profits were $1.0 million, a decline of only 13%, however, because of a change in product mix to a greater percentage of higher margin services.

Interest expense was significantly lower than in the first quarter last year because of an aggressive early repayment of debt during the last half of 1996.

Bottom-line results also benefited from a tax rate of 37%, compared with a 40% rate for the same three months of last year. Management anticipates the company will continue to benefit from lower state income taxes throughout 1997.

Financial Condition at March 31, 1997

The Company's financial condition remains strong. Cash and marketable securities of $10.2 million and future cash flows from operations are adequate to meet the Company's liquidity requirements for the foreseeable future, including payments for long-term debt, line of credit, costs associated with the plant opening and consolidations, and anticipated capital expenditures.

This report on Form 10-Q includes forward-looking statements based on management's current expectations. Reference is made in particular to the description of the Company's plans and objectives for future operations, assumptions underlying such plans and objectives and other forward-looking statements in this report. Such forward-looking statements generally are identifiable by words such as "believes," "intends," "estimates," "expects" and similar expressions.

These statements involve a number of risks and uncertainties and must be qualified by factors that could cause results to be materially different from what is presented here. This includes the following factors for each business: Foodservice Equipment - demographic changes affecting the number of women in the workforce, general population growth, and household income; serving large restaurant chains as they expand their global operations; specialty foodservice market growth; and the demand for equipment for small kiosk-type locations. Cranes and Related Products - market acceptance of innovative products; cyclicality in the construction industry; growth in the world market for heavy cranes; demand for used equipment in developing countries. Marine - shipping volume fluctuations based on performance of the steel industry; five-year drydocking schedule; reducing seasonality through non-marine repair work.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits: See exhibit index following the signatures on this Report, which is incorporated herein by reference.

b) Reports on form 8-K: A report on Form 8-K, dated as of February 19, 1997, was filed on March 4, 1997, stating that the Board of Directors of The Manitowoc Company, Inc. decided to discontinue its common stock repurchase program, effective immediately.

SIGNATURES

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

THE MANITOWOC COMPANY, INC.
(Registrant)

/s/ Fred M. Butler
Fred M. Butler
President and
Chief Executive Officer

/s/ Robert R. Friedl
Robert R. Friedl
Senior Vice President and
Chief Financial Officer

/s/ E. Dean Flynn
E. Dean Flynn
Secretary

April 28, 1997

THE MANITOWOC COMPANY, INC.

EXHIBIT INDEX

TO FORM 10-Q

FOR QUARTERLY PERIOD ENDED

MARCH 31, 1997

Exhibit No	Description	Filed Herewith
27	Financial Data Schedule	X

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD END	MAR 31 1997
CASH	8492
SECURITIES	1668
RECEIVABLES	57261
ALLOWANCES	981
INVENTORY	53349
CURRENT ASSETS	133604
PP&E	192517
DEPRECIATION	106663
TOTAL ASSETS	323745
CURRENT LIABILITIES	116523
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	163
OTHER SE	104508
TOTAL LIABILITY AND EQUITY	323745
SALES	116041
TOTAL REVENUES	116041
CGS	84033
TOTAL COSTS	104740
OTHER EXPENSES	(105)
LOSS PROVISION	0
INTEREST EXPENSE	1124
INCOME PRETAX	10282
INCOME TAX	3804
INCOME CONTINUING	6478
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	6478
EPS PRIMARY	.56
EPS DILUTED	.56

End of Filing

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