

MANITOWOC CO INC

FORM 10-Q (Quarterly Report)

Filed 10/28/1999 For Period Ending 9/30/1999

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1999

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 (I.R.S. Employer
incorporation or organization) Identification Number)

500 South 16th Street, Manitowoc, Wisconsin 54220

(Address of principal executive offices) (Zip Code)

(920) 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 September 30, 1999, the most recent practicable date, was 25,982,848.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Earnings

For the Quarter and Nine Months Ended September 30, 1999 and 1998

(Unaudited)

(In thousands, except per-share and average shares data)

	QUARTER ENDED		YEAR-TO-DATE	
	Sept. 30, 1999	Sept. 30, 1998	Sept. 30, 1999	Sept. 30, 1998
	-----	-----	-----	-----
Net Sales	\$ 213,898	\$ 184,023	\$ 624,430	\$ 527,061
Costs And Expenses:				
Cost of goods sold	151,384	130,743	443,637	377,215
Engineering, selling and administrative expenses	27,883	26,314	87,092	77,702
	-----	-----	-----	-----
Total	179,267	157,057	530,729	454,917

Earnings From Operations	34,631	26,966	93,701	72,144
Other Income (Expense):				
Interest expense	(2,987)	(2,091)	(8,431)	(7,357)
Interest and dividend income	82	22	186	61
Other expense	(968)	(869)	(1,660)	(1,698)
	-----	-----	-----	-----
Total	(3,873)	(2,938)	(9,905)	(8,994)
	-----	-----	-----	-----
Earnings Before Taxes				
On Income	30,758	24,028	83,796	63,150
Provision For Taxes On Income	11,380	8,825	31,004	23,202
	-----	-----	-----	-----
Net Earnings	\$ 19,378	\$ 15,203	\$ 52,792	\$ 39,948
	-----	-----	-----	-----
Net Earnings Per Share - Basic	\$.75	\$.59	\$2.03	\$1.54
Net Earnings Per Share - Diluted	\$.74	\$.58	\$2.01	\$1.53
Dividends Per Share	\$.075	\$.075	\$.225	\$.225
Average Shares Outstanding				
Basic	25,982,312	25,939,026	25,970,719	25,926,342
Average Shares Outstanding				
Diluted	26,332,622	26,095,275	26,329,068	26,148,023

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

[CAPTION]

THE MANITOWOC COMPANY, INC.

Consolidated Balance Sheets

As of September 30, 1999 and December 31, 1998

(In thousands, except share data)

- ASSETS -

	Unaudited	
	Sept. 30,	Dec. 31,
	1999	1998
	-----	-----
Current Assets:		

Cash and cash equivalents	\$ 10,387	\$ 10,582
Marketable securities	1,915	1,834
Accounts receivable	73,312	69,504
Inventories	80,386	81,978
Prepaid expenses and other	2,344	5,297
Future income tax benefits	20,888	21,682
	-----	-----
Total current assets	189,232	190,877
Intangible Assets - Net	234,326	184,926
Other Assets	15,854	11,628
Property, Plant and Equipment:		
At cost	210,161	211,360
Less accumulated depreciation	(120,068)	(117,777)
	-----	-----
Property, plant and equipment-net	90,093	93,583
	-----	-----
TOTAL	\$529,505	\$481,014
	-----	-----
-LIABILITIES AND STOCKHOLDERS' EQUITY-		
Current Liabilities:		
Accounts payable and accrued expenses	\$148,427	\$123,534
Current portion of long-term debt	489	10,968
Short-term borrowings	36,300	48,500
Product warranties	15,125	15,110
	-----	-----
Total current liabilities	200,341	198,112
Non-Current Liabilities:		
Long-term debt, less current portion	79,805	79,834
Product warranties	4,520	4,723
Post-retirement health benefits obligations	20,077	19,705
Other	5,249	6,088
	-----	-----
Total non-current liabilities	109,651	110,350
	-----	-----
Stockholders' Equity:		
Common stock (36,746,482 shares issued		

at both dates)	245	245
Additional paid-in capital	31,111	31,029
Accumulated other comprehensive income	(260)	(212)
Retained earnings	269,634	222,687
Treasury stock at cost (10,763,634 and 10,789,616 shares, respectively)	(81,217)	(81,197)
	-----	-----
Total stockholders' equity	219,513	172,552
	-----	-----
TOTAL	\$529,505	\$481,014
	-----	-----

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

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 1999 and 1998

(Unaudited)

(In thousands)

	Sept. 30, 1999	Sept. 30, 1998
	-----	-----
Cash Flows From Operations:		
Net earnings	\$ 52,792	\$ 39,948
Non-cash adjustments to earnings:		
Depreciation and amortization	12,455	10,453
Deferred financing fees	472	298
Deferred income taxes	1,020	-
Loss on sale of fixed assets	591	835
Changes in operating assets and liabilities, excluding effects of business acquisitions:		
Accounts receivable	3,547	(21,284)
Inventories	7,052	(15,749)
Other current assets	3,255	1,152
Current liabilities	17,216	22,556
Non-current liabilities	(841)	(1,063)
Non-current assets	(4,103)	(3,864)
	-----	-----
Net cash provided by operations	93,456	33,282
Cash Flows From Investing:		
Purchase of temporary investments - net	(81)	(65)

Business acquisitions - net	(62,104)	--
Proceeds from sale of property, plant, and equipment	5,217	1,291
Capital expenditures	(8,192)	(9,282)
	-----	-----
Net cash used for investing	(65,160)	(8,056)
Cash Flows From Financing:		
Dividends paid	(5,844)	(5,834)
Options exercised	61	254
Proceeds from long-term borrowings	--	50,000
Payments on long-term borrowings	(10,508)	(75,770)
Change in revolver borrowings - net	(12,200)	4,000
	-----	-----
Net cash used for financing	(28,491)	(27,350)
Effect of Exchange Rate Changes on Cash		
	-	23
	-----	-----
Net decrease in cash and cash equivalents	(195)	(2,101)
Balance at beginning of period		
	10,582	11,888
	-----	-----
Balance at end of period	\$ 10,387	\$ 9,787
	-----	-----
Supplemental cash flow information:		
Interest paid	\$ 7,507	\$ 6,476
Income taxes paid	\$ 30,316	\$ 27,848

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

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Comprehensive Income

For the Quarter and Nine Months Ended September 30, 1999 and 1998

(Unaudited)

(In thousands)

	QUARTER ENDED		YEAR-TO-DATE	
	Sept. 30, 1999	Sept. 30, 1998	Sept. 30, 1999	Sept. 30, 1998
	-----	-----	-----	-----
Net Earnings	\$19,378	\$15,203	\$52,792	\$39,948

Other Comprehensive Income:

Foreign currency				
translation adjustments	240	(73)	(48)	90
	-----	-----	-----	-----
Comprehensive Income	\$19,618	\$15,130	\$52,744	\$40,038
	-----	-----	-----	-----

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

THE MANITOWOC COMPANY, INC.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 1999 and 1998

(Unaudited)

Note 1. In the opinion of management, the accompanying unaudited

consolidated financial statements contain all adjustments, representing normal recurring accruals, necessary to present fairly the results of operations, cash flows, and comprehensive income for the quarters and nine months ended September 30, 1999 and 1998, and the financial position at September 30, 1999. 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, 1998. The consolidated balance sheet as of December 31, 1998 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the company's latest annual report.

All dollar amounts are in thousands throughout these footnotes except where otherwise indicated.

Note 2. The components of inventory at September 30, 1999 and

December 31, 1998 are summarized as follows:

	Sept. 30, 1999	Dec. 31, 1998
	-----	-----
Components:		
Raw materials	\$37,030	\$32,564
Work-in-process	24,949	27,882
Finished goods	39,152	42,304
	-----	-----
Total inventories at FIFO costs	101,131	102,750
Excess of FIFO costs		
over LIFO value	(20,745)	(20,772)
	-----	-----
Total inventories	\$80,386	\$81,978
	-----	-----

Inventory is carried at lower of cost or market using the first-in, first-out (FIFO) method for 59% and 47% of total inventory at September 30, 1999 and December 31, 1998, respectively. 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 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. Prior to December 31, 1996, the company accrued \$3.3 million in connection with this matter. The expenses incurred during the quarter and nine months ended September 30, 1999 and 1998 in connection with this matter were not material.

Remediation work at the Site has been completed, with only long-term pumping and treating of ground water and Site maintenance remaining. The remaining estimated liability for this matter, included in other current and noncurrent liabilities at September 30, 1999 is \$1.1 million.

As of September 30, 1999, 24 product-related lawsuits were pending.

All of these accidents occurred during years in which the company had 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 \$50.0 million limit on the insurer's contribution.

Product liability reserves at September 30, 1999 are \$8.6 million; \$3.3 million is reserved specifically for the 24 cases referenced above, and \$5.3 million is reserved for incurred but not reported claims. These reserves were estimated using actuarial methods. 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.

Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and the solvency of insurance carriers.

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. Assets currently held for sale include land and improvements,

buildings, and certain machinery and equipment at the "Peninsula facility" located in Manitowoc, Wisconsin, as well as closed walk-in refrigeration plants located in Iowa and Tennessee.

The current carrying value of these assets, determined through independent appraisals, is approximately \$3.8 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, and insurance. These reserves also include estimates for potential environmental liabilities at the Peninsula location. For the third quarter and first nine months of 1999 and 1998, the charges against these reserves were not material.

Note 5. On February 17, 1999, the company's board of directors

authorized a 3-for-2 stock split of the company's shares in the form of a 50-percent stock dividend payable on April 1, 1999 to shareholders of record on March 1, 1999. As a result of the stock split, 8,654,900 shares were issued.

All references in the financial statements to average number of shares outstanding, earnings per share amounts, and market prices per share of common stock have been restated to reflect this split. The company also split its common

stock on a 3-for-2 basis on June 30, 1997 and July 2, 1996.

Note 6. The following is a reconciliation of the average

sharesoutstanding used to compute basic and diluted earnings

per share. There is no earnings impact for the assumed

conversions of the stock options in any of the periods.

	Quarter Ended				Nine Months Ended			
	September 30				September 30			
	-----				-----			
	1999		1998		1999		1998	
	-----		-----		-----		-----	
	Per		Per		Per		Per	
	Share		Share		Share		Share	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	-----	-----	-----	-----	-----	-----	-----	-----
Basic EPS	25,982,312	\$.75	25,939,026	\$.59	25,970,719	\$2.03	25,926,342	\$1.54
Effect of Dilutive								
Securities-								
Stock Options	350,310		156,249		358,349		221,681	
	-----		-----		-----		-----	
Diluted EPS	26,332,622	\$.74	26,095,275	\$.58	26,329,068	\$2.01	26,148,023	\$1.53
	-----		-----		-----		-----	

Note 7. On January 11, 1999, the company acquired all of the issued

and outstanding shares of Purchasing Support Group LLC

(PSG), a four-member beverage service organization. The new

operation, renamed Manitowoc Beverage Systems, Inc. (MBS),

provides full-service parts, components, and dispenser

systems support to bottlers in the beverage industry. MBS

is made up of companies that have been serving soft-drink

bottling operations throughout the United States since the

1960's with a variety of equipment services for beverage

dispensing systems. MBS operates in the Northeast, Atlantic

Coast, Southeast, Central, and Western United States.

The aggregate consideration paid by the Company for the

issued and outstanding shares of the four member companies

of PSG was \$43.7 million which is net of cash acquired of \$0.7 million and includes direct acquisition costs of \$0.5 million and assumed liabilities of \$5.9 million. The acquisition was financed through the company's existing credit facility. The purchase price for PSG is subject to a post-closing adjustment based upon net worth as set forth in the Purchase and Sale Agreement. The Company has not recorded any adjustment to the purchase price based upon the post-closing adjustment as of September 30, 1999.

The acquisition of PSG has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The preliminary estimate of the excess of the cost over the fair value of the net assets acquired is \$33.7 million and is being amortized over 40 years. The results of MBS's operations subsequent to the date of acquisition are included in the Consolidated Statements of Earnings for the quarter and nine months ended September 30, 1999.

On April 9, 1999, the company acquired all of the issued and outstanding shares of Kyees Aluminum, Inc., a leading supplier of cooling components for the major suppliers of fountain soft drink beverage dispensers. The aggregate consideration paid by the company was \$28.3 million which is net of cash acquired of \$1.0 million and includes direct acquisition costs of \$0.2 million, assumed liabilities of \$2.0 million, and the payment of a post-closing net worth adjustment during the third quarter of \$1.4 million to the former owners of the company. Kyees' aluminum "cold plates" are a key component used to chill soft drink beverages in

dispensing equipment. Located in La Mirada, California, Kyees is a technology leader in manufacturing cold plate equipment, in both quality and engineering design. The acquisition of Kyees was financed through the Company's existing credit facility.

The acquisition of Kyees has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The preliminary estimate of the excess of the cost over the fair value of the net assets acquired is \$24.0 million and is being amortized over 40 years. The results of Kyees' operations subsequent to the date of acquisition are included in the Consolidated Statements of Earnings for the quarter and nine months ended September 30, 1999.

Note 8. On April 6, 1999, the Company amended and restated its

existing Credit Agreement (Agreement) with a group of banks in order to increase the amount of funds available and to extend the termination date to April 6, 2004. The amended and restated Agreement provides for maximum borrowings of \$300 million under revolving loans and a letter of credit sub-facility.

The Agreement includes covenants, the most restrictive of which require the maintenance of various debt and net worth ratios. An annual commitment fee, calculated based upon the company's consolidated leverage ratio, as defined by the Agreement, is due on the unused portion of the facility quarterly. Borrowings under the Agreement bear interest at a rate equal to the sum of a base rate, or a Eurodollar rate, at the option of the company, plus an applicable

percentage, as defined by the Agreement. The base rate is equal to the greater of the Federal Funds rate in effect on such day plus 0.5% or the prime rate in effect on such day.

Borrowings under the Agreement are not collateralized.

On May 28, 1999, the company entered into an accounts receivable sales arrangement with a bank. Under this arrangement, the company has sold \$48.2 million of accounts receivable to the bank through September 30, 1999. At September 30, 1999, the company has outstanding \$13.1 million of accounts receivable which have been sold to the bank but for which the customers' cash has not yet been collected. The cash flow impact of this arrangement is reported as cash flows from operations for the nine-month period ended September 30, 1999.

Note 9. The company determines its segments based upon the internal

organization that is used by management to make operating decisions and assess performance. Based upon this approach, the company has three reportable segments: Foodservice

Equipment (Foodservice), Cranes and Related Products

(Cranes), and Marine Operations (Marine).

Information about reportable segments and a reconciliation of total segment sales and profits to the consolidated totals for the quarters and nine months ending September 30, 1999 and 1998 are summarized in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations", to this report on Form 10-Q. As of September 30, 1999 and December 31, 1998, the total assets by segment were as follows:

	Sept. 30, 1999	Dec. 31, 1998
	-----	-----
Foodservice	\$326,308	\$254,506
Cranes	155,758	178,470

Marine	8,867	7,023
General corporate	38,572	41,015
	-----	-----
Total	\$529,505	\$481,014
	-----	-----

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

and Results of Operations

Results of Operations for the Quarter and Nine Months Ended

September 30, 1999 and 1998.

Net sales and earnings from operations by business segment for the quarter and nine months ended September 30, 1999 and 1998 are shown below (in thousands):

	QUARTER ENDED		YEAR-TO-DATE	
	Sept. 30, 1999	Sept. 30, 1998	Sept. 30, 1999	Sept. 30, 1998
	-----	-----	-----	-----
NET SALES:				
Foodservice products	\$104,677	\$ 90,564	\$299,528	\$244,801
Cranes and related products	95,485	84,858	283,062	247,195
Marine	13,736	8,601	41,840	35,065
	-----	-----	-----	-----
Total	\$213,898	\$184,023	\$624,430	\$527,061
	-----	-----	-----	-----
EARNINGS (LOSS) FROM OPERATIONS:				
Foodservice products	\$ 20,088	\$ 16,804	\$ 52,941	\$ 41,747
Cranes and related products	17,967	12,762	48,569	35,452
Marine	1,134	858	6,326	5,914
General corporate expense	(2,664)	(2,286)	(8,653)	(7,454)
Amortization	(1,894)	(1,172)	(5,482)	(3,515)
	-----	-----	-----	-----
Total	34,631	26,966	93,701	72,144
	-----	-----	-----	-----
OTHER INCOME (EXPENSE) - NET	(3,873)	(2,938)	(9,905)	(8,994)
	-----	-----	-----	-----
EARNINGS BEFORE TAXES ON INCOME	\$30,758	\$24,028	\$83,796	\$63,150
	-----	-----	-----	-----

Net earnings for the third quarter of 1999 increased 27.5 percent to \$19.4 million, or \$0.74 per diluted share, from \$15.2 million, or \$0.58 per diluted share, for the third quarter of 1998. Net sales increased 16.2 percent to \$213.9 million in the third quarter of 1999 from \$184.0 million for the same period in 1998.

For the first nine months of 1999, net earnings increased 32.2 percent to \$52.8 million, or \$2.01 per diluted share, from \$39.9 million, or \$1.53 per diluted share, for the first nine months of 1998. Net sales increased 18.5 percent to \$624.4 million in the nine-month period of 1999 from \$527.1 million for the same period in 1998. Sales and earnings growth continue to be driven by gains at each of the company's three main businesses.

For the third quarter of 1999, the foodservice segment reported a 19.5 percent increase in operating earnings on a 15.6 percent increase in sales; this despite a continuing softness in demand from the major soft-drink manufacturers. Year-to-date sales for the foodservice products segment increased 22.4 percent to \$299.5 million from \$244.8 million in 1998. Foodservice operating earnings increased 26.8 percent on a year-to-date basis to \$52.9 million from \$41.7 million for 1998.

Cranes and related products sales for the third quarter of 1999 were \$95.5 million, a 12.5 percent increase over the prior year's third quarter. Operating margin for the third quarter was 18.8 percent, compared to 15.0 percent for 1998. Highlighting the quarter was the delivery of Manitowoc Cranes' second high capacity Model 21000 crawler crane, which made its first major lift as part of a refinery modernization project for a major chemical manufacturer. In addition, Manitex and USTC continue to leverage the design, manufacturing and marketing expertise of each organization. Net sales for the cranes segment increased 14.5 percent in the first nine months of 1999 to

\$283.1 million, compared to \$247.2 million for the same period in 1998. Cranes' operating earnings increased 37.0 percent to \$48.6 million, or 17.2 percent of net sales in the first nine months of 1999, compared to \$35.5 million, or 14.3 percent of net sales for the same period in 1998.

Sales and operating earnings for the Marine segment were \$13.7 million and \$1.1 million, respectively, for the third quarter of 1999, compared with \$8.6 million and \$0.9 million for same period last year.

The nearly 60 percent increase in revenues was due to the project revenue from the Mobil tank barge contract. Progress on the 140,000-barrel, double-hull tank barge, which Mobil has named Seneca, is well ahead of schedule and is expected to be completed during the fourth quarter. Year-to-date sales for this segment were \$41.8 million, compared with \$35.1 million in 1998. Operating earnings were \$6.3 million compared with \$5.9 million last year.

Cash flow from operations was a record \$93.5 million, a nearly three-fold increase over the same period of last year. Contributing to this impressive performance were reductions in accounts receivable and inventories combined with strong earnings growth. During the quarter, total debt was reduced by \$33 million, down to \$116.6 million.

The effective tax rate remains unchanged at 37 percent.

Financial Condition at September 30, 1999

The company's financial condition remains strong. Cash and marketable securities of \$12.3 million and future cash flows from operations are expected to be adequate to meet the company's liquidity requirements for the foreseeable future, including payments for long-term debt, line-of-credit, and planned 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; cyclicalities 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 dry-docking schedule; reducing seasonality through non-marine repair work.

Year 2000 Compliance

The Year 2000 (or Y2K) issue is the result of computer systems and software products that are coded to accept two digits rather than four in their date code fields to define a year. A company's computer equipment and software devices with embedded technology that are time-sensitive may recognize a date using "00" as the year 1900 rather than 2000. This could result in a system failure or miscalculations causing disruptions of operations including, among other things, a temporary inability to process transactions, send invoices, or engage in other normal business activities.

The company continues to undertake various initiatives intended to ensure its computer equipment and software will function properly with respect to Y2K and beyond. For this purpose, the term "computer equipment and software" includes systems commonly thought of as Information Technology (IT) systems . including accounting, data processing and telephone systems . as well as those that are not commonly thought of as IT systems . such as manufacturing equipment, company products, alarm systems, fax machines or other miscellaneous systems. Both IT and non-IT systems may contain embedded technology, which complicates Y2K identification, assessment, remediation, and testing efforts.

Based upon its identification and assessment efforts through the end of the third quarter of 1999, the company believes that substantially all of its business units have completed their Year 2000 remediation efforts. Only one business unit representing less than one percent of the company's net sales is not yet Y2K compliant, but it will be completing its remediation in November of 1999. Contingency plans will be developed, as necessary, to address unforeseen circumstances prior to the end of 1999. The company believes that these efforts will be completed prior to any currently anticipated impact on its computer equipment and software. It also does not anticipate any significant disruption to its normal business operations to achieve this goal.

The company estimates that as of September 30, 1999, it had completed approximately 99% of the initiatives it believes will be necessary to fully address potential Y2K issues.

The company has made inquiries and gathered information on the Y2K compliance of its significant vendors, suppliers, dealers and distributors. This was done in an attempt to determine the extent to which interfaces with these companies are vulnerable to Y2K issues, and whether the products and services purchased from or by these

companies are Y2K compliant. The company has developed contingency plans to mitigate inventory procurement interruptions which may be caused by vendor Y2K issues. Although the company cannot assure Y2K compliance by its key suppliers, dealers, and distributors, no major part of critical operation of any company segment relies on a single source for raw materials, supplies, or services, and the company has multiple distribution channels for most of its products.

Beginning in the second half of 1997, through September 30, 1999, the company has spent approximately \$4.9 million to upgrade its systems, including Y2K issues. Approximately \$1.0 million was spent during the first nine months of 1999, with about \$0.5 million spent in the third quarter. No additional significant costs are expected during the fourth quarter of 1999. These expenditures were funded using cash flows from operations.

The costs of the company's Y2K conversion efforts and dates by which it believes these efforts will be completed are based on management's best estimates. These were developed using many assumptions regarding future events, including continued availability of certain resources, third-party remediation plans, and other factors. There can be no assurance that these estimates will prove to be accurate, and actual results could differ materially from those currently anticipated.

The company believes that the Y2K issue will not pose significant operational problems for it. However, if all Y2K issues are not properly identified, or assessment, remediation, or testing are not completed for Y2K problems that are identified, there can be no assurance that the Y2K issue will not have a material adverse affect on the company's relationships with customers, vendors, distributors, and others. In addition, there can be no assurance that the Y2K issues of other entities will not have a material adverse impact on the company's systems or results of operations.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

See Item 7A of the company's Annual Report on Form 10-K for the year ended December 31, 1998.

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: During the third quarter ended September 30, 1999, a report on Form 8-K dated as of September 10, 1999 was filed stating that the company's board of directors had unanimously approved the appointment of vice president and treasurer, Glen E. Tellock, to the position of vice president and chief financial officer.

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/ Terry D. Growcock

Terry D. Growcock

President and

Chief Executive Officer

/s/ Glen E. Tellock

Glen E. Tellock

Vice President and

Chief Financial Officer

/s/ Maurice D. Jones

Maurice D. Jones

Secretary

October 28, 1999

THE MANITOWOC COMPANY, INC.

EXHIBIT INDEX

TO FORM 10-Q

FOR QUARTERLY PERIOD ENDED

September 30, 1999

Exhibit

Filed

No

Description

Herewith

27

Financial Data Schedule

X

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD END	SEP 30 1999
CASH	10387
SECURITIES	1915
RECEIVABLES	75349
ALLOWANCES	2037
INVENTORY	80386
CURRENT ASSETS	189232
PP&E	210161
DEPRECIATION	120068
TOTAL ASSETS	529505
CURRENT LIABILITIES	200341
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	245
OTHER SE	219268
TOTAL LIABILITY AND EQUITY	529505
SALES	624430
TOTAL REVENUES	624430
CGS	443637
TOTAL COSTS	530729
OTHER EXPENSES	1660
LOSS PROVISION	0
INTEREST EXPENSE	8431
INCOME PRETAX	83796
INCOME TAX	31004
INCOME CONTINUING	52792
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	52792
EPS BASIC	2.03
EPS DILUTED	2.01

End of Filing

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