

SUPERIOR INDUSTRIES INTERNATIONAL INC

Form 8-K

October 04, 2006

Table of Contents

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

**FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): September 28, 2006**

SUPERIOR INDUSTRIES INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

California (State or Other Jurisdiction of Incorporation)	1-6615 (Commission File Number)	95-2594729 (IRS Employer Identification No.)
-----------------------------------------------------------------	------------------------------------	----------------------------------------------------

7800 Woodley Avenue Van Nuys, California (Address of Principal Executive Offices)	91406 (Zip Code)
-----------------------------------------------------------------------------------------	---------------------

Registrant's Telephone Number, Including Area Code: (818) 781-4973

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

TABLE OF CONTENTS

Item 2.01 Completion of Acquisition or Disposition of Assets

Item 9.01 Financial Statements and Exhibits

SIGNATURES

EXHIBIT 99.1

Table of Contents

Item 2.01 Completion of Acquisition or Disposition of Assets

Superior Industries International, Inc. (Superior), as seller, entered into an Asset Purchase Agreement (Agreement) with Saint Jean Industries, Inc., a Delaware corporation, as buyer, and the buyer's parent, Saint Jean Industries, SAS, a French simplified joint stock company, for substantially all of the assets and working capital of Superior's suspension components business located in Heber Springs, Arkansas (Suspension Components Business), and associated real estate. Subject to post closing adjustments and indemnification obligations, the \$17.0 million purchase of the suspension components business by Saint Jean Industries, Inc., including a \$2.0 million promissory note, was funded and completed on September 28, 2006 with title, risk and rewards transferring as of September 24, 2006. \$5.0 million of the purchase price is to be paid after the completion date pending finalization of financing of that portion of the purchase price. Superior is retaining an equal amount of accounts receivable of the business until such amount is paid. All financial and pro forma information herein assumes full and timely payment of such amount. The \$2.0 million promissory note is due in two equal installments on the 24th and 36th month anniversary date of the completion date, and bears interest at LIBOR plus 1%, adjusted quarterly. In addition, the buyer will assume selected liabilities of the business. During 2006, the assets and liabilities being sold have been designated as held for sale and the operating results have been reflected as discontinued operations in the first and second Quarterly Reports on Form 10-Q. This Form 8-K supersedes and corrects the September 22, 2006 press release by Superior attached here to as Exhibit 99.1 solely with respect to the completion date stated in such press release.

This Form 8-K contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections about the company's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors and risks discussed from time to time in the company's Securities and Exchange Commission filings and reports. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions. Such forward-looking statements speak only as of the date on which they are made and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

Item 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information

The accompanying unaudited pro forma consolidated financial information of Superior Industries International, Inc. reflects the sale of substantially all of the assets of the suspension components business in accordance with the terms of the sale agreement and has been prepared pursuant to rules and regulations of the United States Securities and Exchange Commission. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and, therefore, are not necessarily indicative of the operating results and financial position that might have been achieved had the sale occurred as of an earlier date, nor are they necessarily indicative of operating results and financial position that may occur in the future. The unaudited pro forma consolidated financial statements do not reflect the use of the estimated net cash proceeds in our ongoing operations or the effect on our future financial position. The unaudited pro forma consolidated financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto in the Annual Report on Form 10-K for the year ended December 25, 2005.

The following Pro Forma Consolidated Statement of Operations presentation gives effect to the sale of the suspension components business as if it had occurred on the first day of fiscal years 2005, 2004 and 2003. The column titled Elimination of Suspension Components Business on the following statements of operation represents the direct revenues and costs associated with the suspension components business. The following Pro Forma Consolidated Balance Sheet presentation gives effect to the sale of the suspension components business as if it had occurred June 25, 2006.

Table of Contents**SUPERIOR INDUSTRIES INTERNATIONAL, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 25, 2005

(Dollars in thousands, except per share amounts)

	Superior	Elimination of Suspension Components Business	Pro Forma
NET SALES	\$ 844,884	\$ 40,723	\$ 804,161
Cost of sales	808,649	53,602	755,047
GROSS PROFIT (LOSS)	36,235	(12,879)	49,114
Selling, general and administrative expenses	21,019	34	20,985
Impairment of long-lived assets	41,895	34,040	7,855
INCOME (LOSS) FROM OPERATIONS	(26,679)	(46,953)	20,274
Equity earnings of joint ventures	5,206		5,206
Interest income, net	5,329		5,329
Other income (expense), net	(588)	290	(878)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	(16,732)	(46,663)	29,931
Income tax provision (benefit) ^(a)	(9,671)	(17,497)	7,826
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ (7,061)	\$ (29,166)	\$ 22,105
EARNINGS (LOSS) PER SHARE			
Basic	\$ (0.27)	\$ (1.10)	\$ 0.83
Diluted	\$ (0.27)	\$ (1.10)	\$ 0.83
Weighted average shares outstanding:			
Basic	26,614		26,614
Diluted ^(b)	26,614		26,620

(a) The effective tax rate before discrete items for the

suspension
components
business is
37.5% which is
comprised of
30.1% on
operations and
40.2% on
impairment of
long-lived
assets.

- (b) Approximately
6,000 shares of
common stock
equivalent units
were excluded
from diluted
earnings (loss)
per share
calculation
because they
would have
been
anti-dilutive due
to the net loss
for the period.
-

Table of Contents**SUPERIOR INDUSTRIES INTERNATIONAL, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 26, 2004

(Dollars in thousands, except per share amounts)

	Superior	Elimination of Suspension Components Business	Pro Forma
NET SALES	\$ 901,755	\$ 29,497	\$ 872,258
Cost of sales	819,639	39,887	779,752
GROSS PROFIT (LOSS)	82,116	(10,390)	92,506
Selling, general and administrative expenses ^(a)	25,776	2,932	22,844
Impairment of long-lived assets			
INCOME (LOSS) FROM OPERATIONS	56,340	(13,322)	69,662
Equity earnings of joint ventures	8,611		8,611
Interest income, net	2,772		2,772
Other income (expense), net	(1,614)		(1,614)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	66,109	(13,322)	79,431
Income tax provision (benefit)	21,454	(4,323)	25,777
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 44,655	\$ (8,999)	\$ 53,654
EARNINGS (LOSS) PER SHARE			
Basic	\$ 1.68	\$ (0.34)	\$ 2.01
Diluted	\$ 1.67	\$ (0.34)	\$ 2.00
Weighted average shares outstanding:			
Basic	26,655		26,655
Diluted	26,809		26,809

(a) Elimination of
Suspension
Components
Business

includes \$2,904
provision for
doubtful
accounts for
Tower
Automotive,
Inc., a
suspension
components
customer, that
filed to
reorganize
under
Chapter 11 of
the U.S.
Bankruptcy
Code.

Table of Contents**SUPERIOR INDUSTRIES INTERNATIONAL, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 28, 2003

(Dollars in thousands, except per share amounts)

	Superior	Elimination of Suspension Components Business	Pro Forma
NET SALES	\$ 840,349	\$ 14,409	\$ 825,940
Cost of sales	716,558	25,027	691,531
GROSS PROFIT (LOSS)	123,791	(10,618)	134,409
Selling, general and administrative expenses	22,902		22,902
Impairment of long-lived assets			
INCOME (LOSS) FROM OPERATIONS	100,889	(10,618)	111,507
Equity earnings of joint ventures	8,655		8,655
Interest income, net	2,727		2,727
Other income, net	1,144		1,144
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	113,415	(10,618)	124,033
Income tax provision (benefit)	39,695	(3,716)	43,411
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 73,720	\$ (6,902)	\$ 80,622
EARNINGS (LOSS) PER SHARE			
Basic	\$ 2.76	\$ (0.26)	\$ 3.02
Diluted	\$ 2.73	\$ (0.26)	\$ 2.98
Weighted average shares outstanding:			
Basic	26,673		26,673
Diluted	27,033		27,033

Table of Contents**SUPERIOR INDUSTRIES INTERNATIONAL, INC.
PRO FORMA CONSOLIDATED BALANCE SHEET**

As of June 25, 2006

(Dollars in thousands)

	Superior	Elimination of Suspension Components Business	Pro Forma
ASSETS			
Current Assets			
Cash and equivalents	\$ 52,370	\$ 15,000(a)	\$ 67,370
Short-term investments	36,173		36,173
Accounts receivable, net	153,915		153,915
Inventories, net	102,826		102,826
Deferred income taxes, net	7,322		7,322
Prepaid and other current assets	5,957		5,957
Current assets of operations held for sale	13,579	(13,579)(b)	
 Total current assets	 372,142	 1,421	 373,563
Property, plant and equipment	301,214		301,214
Investments	45,856	2,000(a)	47,856
Other assets	6,841		6,841
Non-current assets of operations held for sale	7,811	(7,811)(b)	
 Total assets	 \$ 733,864	 \$ (4,390)	 \$ 729,474
 LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities			
Accounts payable	\$ 69,601	\$	\$ 69,601
Accrued expenses	41,797	200(a)	41,997
Liabilities retained		361(c)	361
Income taxes payable	7,589	188(a)	7,777
Liabilities of operations held for sale	5,487	(5,487)(b)	
 Total current liabilities	 124,474	 (4,738)	 119,736
Executive retirement liabilities	19,212		19,212
Deferred income taxes	24,481		24,481
Commitment and contingent liabilities			
Shareholders' equity Preferred stock, \$25.00 par value			
Authorized 1,000,000 shares Issued none			

Edgar Filing: SUPERIOR INDUSTRIES INTERNATIONAL INC - Form 8-K

Common Stock, \$0.50 par value Authorized	100,000,000		
shares Issued	26,610,191	13,305	13,305
Additional paid in capital		24,316	24,316
Accumulated other comprehensive income		(49,189)	(49,189)
Retained earnings		577,265	348(a) 577,613
Total shareholder equity		565,697	348 566,045
Total liabilities and shareholders equity		\$ 733,864	\$ (4,390) \$ 729,474

See notes to Pro Forma Consolidated Balance Sheet

Table of Contents

**SUPERIOR INDUSTRIES INTERNATIONAL, INC.
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET**

As of June 25, 2006

(Dollars in thousands)

(a) Represents the receipt of \$17.0 million in total proceeds and the estimated gain on sale of the suspension components business, net of estimated selling costs and expenses and taxes as follows:

Cash proceeds from sale	\$ 15,000
Promissory note	2,000
Total proceeds	17,000
Assets sold	(21,390)
Liabilities assumed (c)	5,126
Selling costs and expenses	(200)
Estimated income taxes	(188)
Estimated gain on sale	\$ 348

(b) Represents the elimination of net assets of the suspension components business.

(c) \$361 of employee related liabilities originally included in liabilities of operations held for sale were retained by Superior.

The final calculation of the gain on sale is subject to post closing working capital adjustments as of the closing date, which could result in material changes from the pro forma amounts and calculations contained herein.

(d) Exhibits

99.1 Press release, dated September 22, 2006, issued by Superior Industries International, Inc., announcing the sale of substantially all of its assets of Superior's suspension components business located in Heber Springs, Arkansas, to Saint Jean Industries, Inc.

Table of Contents

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 hereunto duly authorized.

SUPERIOR INDUSTRIES INTERNATIONAL,
INC.

(Registrant)

Date: October 4, 2006

/s/ R. Jeffrey Ornstein

R. Jeffrey Ornstein
Vice President and Chief Financial Officer