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NATIONAL RV HOLDINGS INC  
Form 10-Q  
May 11, 2001

FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(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, 2001  
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☐ TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ..... to .....

Commission file number: 0-22268

NATIONAL R.V. HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware No. 33-0371079  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

3411 N. Perris Blvd., Perris, California 92571  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (909) 943-6007

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

Common Stock, par value \$.01 per share ----- (Title of class)	New York Stock Exchange ----- (Name of each Exchange on which registered)
--	--

Securities registered pursuant to Section 12(g) of the Act: NONE

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class -----	Outstanding at May 8, 2001 -----
Common stock, par value \$.01 per share	9,662,636

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## NATIONAL R.V. HOLDINGS, INC.

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## NATIONAL R.V. HOLDINGS, INC. CONSOLIDATED BALANCE SHEET (In thousands except shares)

	March 31, 2001 ----	December 31, 2000 ----
	(Unaudited)	
ASSETS		
Current Assets:		
Cash	\$ 5,724	\$ 16,696
Trade receivables, less allowance for doubtful accounts of \$321	16,945	15,109
Inventories	72,534	63,639
Deferred income taxes	6,035	6,035
Prepaid expenses	1,668	2,100
	-----	-----
Total current assets	102,906	103,579
Goodwill	6,436	6,539
Property, plant and equipment, net	46,520	44,460
Other	1,096	1,096
	-----	-----

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	\$156,958	\$155,674
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
-----		
Current liabilities:		
Current portion of long-term debt	\$ 20	\$ 20
Accounts payable	12,765	12,550
Accrued expenses	17,915	14,946
	-----	-----
Total current liabilities	30,700	27,516
Deferred income taxes	2,801	2,801
Long-term debt	59	64
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$.01 par value; 5,000 shares		
authorized, 4,000 issued and outstanding	-	-
Common stock - \$.01 par value; 25,000,000 shares		
authorized, 10,595,536 issued	106	106
Additional paid-in capital	47,800	47,800
Retained earnings	90,753	92,648
Less cost of treasury stock - 932,900 shares	(15,261)	(15,261)
	-----	-----
Total stockholders' equity	123,398	125,293
	-----	-----
	\$156,958	\$155,674
	=====	=====

See Notes to Consolidated Financial Statements

## NATIONAL R.V. HOLDINGS, INC. CONSOLIDATED STATEMENT OF INCOME (In thousands except per share data) (Unaudited)

	Three Months Ended March 31,	
	2001	2000
	----	----
Net sales	\$ 62,380	\$106,840
Cost of goods sold	60,187	90,573
	-----	-----
Gross profit	2,193	16,267
Selling expenses	3,039	3,374
General and administrative expenses	2,364	2,436
Amortization of intangibles	103	103
	-----	-----
Operating (loss) income	(3,313)	10,354
Other expense (income):		
Interest expense	1	1
Interest income	(221)	(254)
Other	-	8
	-----	-----
(Loss) income before income taxes and cumulative effect of change in accounting principle	(3,093)	10,599
Provision for income taxes	(1,198)	3,917
	-----	-----

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(Loss) income before cumulative effect of accounting change	(1,895)	6,682
Cumulative effect on prior years of change in accounting principle, net of tax	-	(1,213)
	-----	-----
Net (loss) income	\$ (1,895)	\$ 5,469
	=====	=====

## Earnings per common share and common equivalent shares:

### Basic:

(Loss) income before cumulative effect of accounting change	\$ (0.20)	\$ 0.67
Cumulative effect of accounting change	-	(0.12)
	-----	-----
Net (loss) income	\$ (0.20)	\$ 0.55
	=====	=====
Weighted average number of shares	9,663	10,034
	=====	=====

### Diluted:

(Loss) income before cumulative effect of accounting change	\$ (0.20)	\$ 0.63
Cumulative effect of accounting change	-	(0.11)
	-----	-----
Net (loss) income	\$ (0.20)	\$ 0.52
	=====	=====
Weighted average number of shares	9,663	10,544
	=====	=====

See Notes to Consolidated Financial Statements

## NATIONAL R.V. HOLDINGS, INC. CONSOLIDATED STATEMENT OF CASH FLOWS (In thousands) (Unaudited)

	Three Months Ended March 31,	
	2001	2000
	----	----
Cash flows from operating activities:		
Net (loss) income	\$ (1,895)	\$ 5,469
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation expense	926	671
Amortization of intangibles	103	103
Gain on asset disposal	-	(4)
Increase in trade receivables	(1,836)	(12,761)
(Increase) decrease in inventories	(8,895)	6,136
Decrease in prepaid expenses	432	288
Increase in accounts payable	215	204
Increase in accrued expenses	2,969	5,892
Decrease in deferred income taxes	-	(746)
	-----	-----
Net cash (used in) provided by operating activities	(7,981)	5,252
Cash flows from investing activities:		

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Increase in other assets	-	(69)
Purchases of property, plant and equipment	(2,986)	(3,554)
	-----	-----
Net cash used in investing activities	(2,986)	(3,623)
Cash flows from financing activities:		
Principal payments on long-term debt	(5)	(5)
Proceeds from issuance of common stock	-	11
Purchase of treasury stock	-	(15,259)
	-----	-----
Net cash used in financing activities	(5)	(15,253)
	-----	-----
Net decrease in cash	(10,972)	(13,624)
Cash beginning of period	16,696	20,301
	-----	-----
Cash end of period	\$ 5,724	\$ 6,677
	=====	=====

See Notes to Consolidated Financial Statements

## NATIONAL R.V. HOLDINGS, INC. CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (In thousands except shares) (Unaudited)

	Preferred Stock	Common Stock ----- Shares	Amount	Paid-in Capital	Retained Earnings	Treasury ----- Shares
Balance, December 31, 2000	\$ -	10,595,536	\$106	\$47,800	\$92,648	(932,
Net loss					(1,895)	
Balance, March 31, 2001	\$ -	10,595,536	\$106	\$47,800	\$90,753	(932,
	=====	=====	=====	=====	=====	=====

See Notes to Consolidated Financial Statements

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NATIONAL R.V. HOLDINGS, INC.

PART I, ITEM 1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## NOTE 1 - GENERAL

In the opinion of National R.V. Holdings, Inc. (collectively, with its subsidiaries National R.V., Inc., and Country Coach, Inc. referred to herein as the "Company"), the accompanying unaudited consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial position, results of operations and cash flows for all periods presented. Results for the interim periods are not necessarily indicative of the results for an entire year and the financial statements do not include all of the information and footnotes required by generally accepted accounting principles. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's latest annual report on Form 10-K.

## NOTE 2 - INVENTORIES

Inventories consist of the following (in thousands):

	March 31, 2001 ----	Dec. 31, 2000 ----
	(Unaudited)	
Finished goods	\$ 23,489	\$ 15,989
Work-in-process	26,102	19,233
Raw materials	15,282	12,927
Chassis	7,661	15,490
	-----	-----
	\$ 72,534	\$ 63,639
	=====	=====

## NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives will be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The adoption of SFAS 133 in the first quarter of 2001 did not have any impact on the Company's consolidated financial statements, as the Company holds no derivatives.

NATIONAL R.V. HOLDINGS, INC.

PART 1, ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

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## RESULTS OF OPERATIONS

### Disclosure Regarding Forward Looking Statements

Statements contained in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. Actual performance and results may differ materially from that projected or suggested herein due to certain risks and uncertainties including, without limitation, the cyclical nature of the recreational vehicle industry; seasonality and potential fluctuations in the Company's operating results; the Company's dependence on chassis suppliers; potential liabilities under repurchase agreements; competition; government regulation; warranty claims; product liability; dependence on certain dealers and concentration of dealers in certain regions; and the California energy crisis. Certain risks and uncertainties that could cause actual results to differ materially from that projected or suggested are set forth below. Additional information concerning risks and uncertainties may be identified from time to time in the Company's filings with the Securities and Exchange Commission (SEC) and the Company's public announcements, copies of which are available from the SEC or from the Company upon request.

### Liquidity and Capital Resources

At March 31, 2001, the Company had working capital of \$72.2 million compared to \$76.0 million at December 31, 2000.

Net cash used in operating activities was \$8.0 million for the three months ended March 31, 2001 compared to net cash provided by operations of \$5.3 million for the same period in 2000. The change was due primarily to the net loss of \$1.9 million in the current quarter compared to income of \$5.5 million last year, and an \$8.9 million increase in inventories at March 31, 2001, compared to a \$6.1 million decrease in inventories last year.

Cash used in investing activities was \$3.0 million for the three months ended March 31, 2001 compared to \$3.6 million for the comparable period last year. The change was due primarily to a decrease in expenditures on property, plant and equipment in the first quarter of 2001. Additions in the first three months of 2001 primarily consisted of the purchase of the new service facility in Lakeland, Florida for \$2.1 million.

Cash used in financing activities was \$5,000 for the three months ended March 31, 2001 compared to \$15.3 million for the three months ended March 31, 2000. The difference was primarily the result of cash used by the Company in its stock repurchase program for the repurchase of 932,900 shares in the first quarter of 2000.

The Company believes that the combination of internally generated funds, existing capital and funds available from its existing credit facility, will be sufficient to meet the Company's planned capital and operational requirements for at least the next 24 months.

### Results of Operations

Net sales for the three months ended March 31, 2001 decreased by \$44.5 million or 41.6% from the same period last year, reflecting a slowdown in the recreational vehicle industry. Wholesale shipments of the Company's gas motor home products were down 56% from 489 units for the first quarter last year to 213 units this year. Shipments of the Company's motor homes built on diesel chassis declined 40% to 229 units for the first quarter compared to 383 last year. Unit sales of the Company's towable products increased 86% to 268 units

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from 144 units for the first quarter last year.

Cost of goods sold for the three months ended March 31, 2001 decreased by \$30.4 million or 33.5% from the comparable period last year. The decrease was due to the drop in sales offset by increases in costs due to inefficiencies attributable to operating at reduced production levels, continued sales discounting, and a \$1.6 million charge to warranty expense resulting from a voluntary offer by the Company to correct a weight issue identified on certain of the Company's "highline" motor coaches. As a result of these current operating issues, the gross profit margin decreased to 3.5% for the current period as compared to 15.2% for the same period last year.

Selling expenses for the three months ended March 31, 2001 decreased \$0.3 million or 9.9% from the same period last year. The decrease was primarily due to a decrease in sales incentives and promotions. As a percentage of net sales, selling expenses increased to 4.8%, from 3.2% for the same period last year.

General and administrative expenses for the three months ended March 31, 2001 increased \$0.1 million or 3.0% from the same period last year. As a percentage of net sales, general and administrative expenses increased to 3.8% from 2.3% for the same period last year.

Other income for the three months ended March 31, 2001 decreased \$33,000 from the same period last year due to a decrease in interest income resulting from a lower average invested cash balance during the quarter.

Provision for income taxes for the three months ended March 31, 2001 resulted in a credit of \$1.2 million compared to a provision of \$3.9 million in 2000. The effective tax rate decreased to 37.6% from 39.9% for the same period last year. The decrease in the effective tax rate was due to a benefit arising from usage of a capital loss carryover.

As a result, the Company had a net loss of \$1.9 million for the three months ended March 31, 2001, as compared to net income of \$5.5 million, for the same period last year.

NATIONAL R.V. HOLDINGS, INC.

PART 1, ITEM 3 - Quantitative and Qualitative Disclosures about Market Risk

Information about market risks for the three months ended March 31, 2001 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 2000.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

None.

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B. Form 8-K

None

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.

NATIONAL R.V. HOLDINGS, INC.

-----  
(Registrant)

Date: May 11, 2001

By /s/ BRADLEY C. ALBRECHTSEN

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Bradley C. Albrechtsen  
Chief Financial Officer  
(Principal Accounting and  
Finance Officer)