

SUPERIOR INDUSTRIES INTERNATIONAL INC

Form 8-K

October 04, 2006

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**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))
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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.
-

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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 | | | |

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| | | | |
|--|-------------|------------|-----------------------|
| 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

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**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.

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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