

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1995

Commission file number 1-10716

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

38-2687639  
(I.R.S. Employer  
Identification No.)

315 East Eisenhower Parkway, Ann Arbor, Michigan  
(Address of principal executive offices)

48108  
(Zip Code)

(313) 747-7025  
(Telephone number)

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

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

Class	Shares Outstanding at April 28, 1995
Common Stock, \$.01 Par Value	36,652,152

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

TRIMAS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 1995 (Unaudited)	December 31, 1994
Assets		
Current assets:		
Cash and cash equivalents	\$102,750,000	\$107,670,000
Receivables	89,180,000	64,190,000
Inventories	80,670,000	79,560,000
Other current assets	3,300,000	3,590,000
Total current assets	275,900,000	255,010,000
Property and equipment	168,410,000	168,380,000
Excess of cost over net assets of acquired companies	148,100,000	149,160,000
Notes receivable	9,490,000	9,960,000
Other assets	32,610,000	32,630,000
Total assets	\$634,510,000	\$615,140,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 28,970,000	\$ 21,590,000
Accrued liabilities	34,480,000	34,370,000
Current portion of long-term debt	250,000	280,000
Total current liabilities	63,700,000	56,240,000
Deferred income taxes and other Long-term debt	31,050,000 238,400,000	29,700,000 238,600,000
Total liabilities	333,150,000	324,540,000
Shareholders' equity:		
Common stock, \$.01 par value, authorized 100 million shares, outstanding 36.6 million shares	370,000	370,000
Paid-in capital	155,120,000	155,210,000
Retained earnings	148,280,000	136,310,000
Cumulative translation adjustments	(2,410,000)	(1,290,000)
Total shareholders' equity	301,360,000	290,600,000
Total liabilities and shareholders' equity	\$634,510,000	\$615,140,000

The accompanying notes are an integral part of the consolidated financial statements.

TRIMAS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
(UNAUDITED)

	Three Months Ended	
	March 31,	
	1995	1994
Net sales	\$147,600,000	\$134,460,000
Cost of sales	(100,000,000)	(93,200,000)
Selling, general and administrative expenses	(23,130,000)	(20,860,000)
Operating profit	24,470,000	20,400,000
Interest expense	(3,740,000)	(2,840,000)
Other income (expense), net	1,480,000	630,000
	(2,260,000)	(2,210,000)
Income before income taxes	22,210,000	18,190,000
Income taxes	8,770,000	7,360,000
Net income	\$ 13,440,000	\$ 10,830,000
Earnings per common share:		
Primary	\$.36	\$.29
Fully diluted	\$.34	\$.28
Dividends declared per common share	\$.04	\$.03
Weighted average number of common and common equivalent shares outstanding:		
Primary	36,996,000	37,040,000
Fully diluted	42,090,000	42,123,000

The accompanying notes are an integral part of the  
consolidated condensed financial statements.

TRIMAS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Three Months Ended	
	March 31,	
	1995	1994
CASH FROM (USED FOR):		
OPERATIONS:		
Net income	\$13,440,000	\$10,830,000
Adjustments to reconcile net income to net cash from operations:		
Depreciation and amortization	5,410,000	5,300,000
Deferred income taxes	700,000	300,000
(Increase) decrease in receivables	(24,520,000)	(26,360,000)
(Increase) decrease in inventories	(1,110,000)	(3,150,000)
Increase (decrease) in accounts payable and accrued liabilities	7,490,000	7,600,000
Other, net	20,000	(10,000)
Net cash from (used for) operations	1,430,000	(5,490,000)
INVESTMENTS:		
Capital expenditures	(4,650,000)	(6,470,000)
Net cash from (used for) investments	(4,650,000)	(6,470,000)
FINANCING:		
Retirement of long-term debt	(230,000)	(230,000)
Common stock dividends paid	(1,470,000)	(1,100,000)
Net cash from (used for) financing	(1,700,000)	(1,330,000)
CASH AND CASH EQUIVALENTS:		
Increase (decrease) for the period	(4,920,000)	(13,290,000)
At beginning of period	107,670,000	69,770,000
At end of period	\$102,750,000	\$56,480,000

The accompanying notes are an integral part of the consolidated condensed financial statements.

TRIMAS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements

A. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included, and such adjustments are of a normal recurring nature. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1994. Certain amounts in the 1994 financial statements have been reclassified to conform with the current presentation.

B. Inventories by component are as follows:

	March 31, 1995	December 31, 1994
Finished goods	\$43,780,000	\$44,860,000
Work in process	11,460,000	10,440,000
Raw material	25,430,000	24,260,000
	\$80,670,000	\$79,560,000

C. Property and equipment reflects accumulated depreciation of \$106.4 million and \$103.3 million as of March 31, 1995 and December 31, 1994, respectively.

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

Results of Operations

Consolidated net sales during the first quarter of 1995 equaled \$147.6 million, a new first quarter record, and represented a 9.8 percent increase over the first quarter of 1994. Each of the Company's reporting segments recorded record first quarter sales during the 1995 quarter.

Net sales of the Towing Systems segment increased 15.5 percent to \$48.2 million, compared to \$41.7 million in the first quarter of 1994. Demand remains strong from many of the markets served by this segment including the marine aftermarket, the automobile and recreational vehicle aftermarket and both the marine and industrial OEM markets. New product introductions continue to be a key element of this segment's growth. Sales of this segment, which follow seasonal patterns reflecting strong market demand in the second quarter, have also been aided by the trend of new vehicle sales toward light trucks and sport utility vehicles.

First quarter 1995 sales for the Specialty Fasteners segment were \$39.0 million, a 10.5 percent increase over the same quarter in 1994. Volume with heavy-duty truck-related and other OEM and distribution markets continues to grow as those customers continue to experience strong domestic and international demand for their products. Sales of aerospace fasteners and related products increased primarily as a result of new product development and market share gains.

First quarter 1995 sales by the Specialty Container Products segment grew to \$42.7 million compared to the prior year's first quarter results of \$41.2 million. Sales of specialty container closures and compressed gas cylinders improved as the industrial markets requiring these products

continued to strengthen. The Corporate Companies segment first quarter sales of \$17.7 million increased 8.8 percent over last year's first quarter sales of \$16.3 million.

The Company's consolidated gross margin percentage for the first quarter 1995 was 32.2 percent compared to 30.7 percent during last year's first quarter, reflecting the volume sensitive nature of the Company's operations. Maintaining high gross margins is an important operating strategy of the Company as it helps maximize earnings growth as a result of sales increases.

The Company's consolidated operating profit for the first quarter 1995 of \$24.5 million represented a 20.0 percent increase over operating profit for the first quarter of 1994. Each of the Company's reporting segments experienced an increase in operating profit over the first quarter of last year. Consolidated operating profit for the first quarter 1995 equaled 16.6 percent of net sales compared to 15.2 percent of net sales for the comparable period in 1994. The improvement in profit was primarily the result of the previously mentioned increased sales volumes, as well as successful cost reduction programs.

Interest expense increased in the 1995 first quarter because of higher prevailing interest rates. Higher interest rates and increased average cash balances resulted in more interest income, the major component of other income, in the 1995 period.

Net income of \$13.4 million resulted in primary earnings per common share of \$.36, compared to first quarter 1994 primary earnings per common share of \$.29, both based on 37.0 million shares outstanding. Fully diluted earnings per common share were \$.34 compared to \$.28 in the first quarter of 1994, both based on 42.1 million shares outstanding.



## Liquidity, Working Capital and Cash Flows

The Company's financial strategies include maintaining a relatively high level of liquidity. Historically, TriMas Corporation on an annual basis has generated sufficient cash flows from operating activities to fund capital expenditures, debt service and dividends while maintaining its strategic level of liquidity. At March 31, 1995 the current ratio was 4.3 to 1 and working capital equaled \$212.2 million, including \$102.8 million of cash and cash equivalents. The Company had available credit of \$228.0 million under its revolving credit facility at March 31, 1995.

Cash and cash equivalents decreased \$4.9 million and \$13.3 million during the first quarters of 1995 and 1994, respectively. The Company's operating activities provided \$1.4 million during the first quarter 1995 and used \$5.5 million during the same quarter of 1994. Increases in first quarter sales compared to the preceding year's fourth quarter contributed to increases in receivables, primarily in the Towing Systems segment, of \$24.5 million in the first quarter 1995 and \$26.4 million in the first quarter of 1994. The cash flow resulting from these increased receivables is historically realized later in the year. A corresponding increase in accounts payable and accrued liabilities provided \$7.5 million and \$7.6 million, respectively, in the 1995 and 1994 first quarters. Capital expenditures equaled \$4.7 million in the first quarter of 1995 and \$6.5 million in the first quarter of 1994. Common stock dividends paid totaled \$1.5 million for the first quarter of 1995 compared to \$1.1 million for the first quarter of 1994.

The Company believes its cash flows from operations, along with its borrowing capacity and access to financial markets, are adequate to fund its strategies for future growth, including working capital, expenditures for manufacturing expansion and efficiencies, market share initiatives, and corporate development activities.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

11 Computation of Earnings Per Common Share  
12 Computation of Ratios of Earnings to Fixed Charges  
27 Financial Data Schedule

(b) Reports on Form 8-K:

None were filed during the quarter ended March 31, 1995.

SIGNATURE

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.

TRIMAS CORPORATION

Date: May 5, 1995

By: /s/William E. Meyers  
William E. Meyers  
Vice President - Controller  
(Chief accounting officer  
and authorized signatory)

## Exhibit Index

Exhibit Number	Description of Document
11	Computation of Earnings Per Common Share.
12	Computation of Ratios of Earnings to Fixed Charges.
27	Financial Data Schedule

TRIMAS CORPORATION AND SUBSIDIARIES  
 COMPUTATION OF EARNINGS PER COMMON SHARE  
 (In Thousands, Except Per Share Amounts)

	Three Months Ended March 31,	
	1995	1994
Primary:		
Net income	\$13,440	\$10,830
Weighted average common shares outstanding	36,644	36,644
Dilution of stock options	352	396
Weighted average common and common equivalent shares outstanding after assumed exercise of options	36,996	37,040
Primary earnings per common share	\$.36	\$.29
Fully diluted:		
Net income	\$13,440	\$10,830
Add after tax convertible debenture related expenses	920	920
Net income as adjusted	\$14,360	\$11,750
Weighted average common shares outstanding	36,644	36,644
Dilution of stock options	363	396
Addition from assumed conversion of convertible debentures	5,083	5,083
Weighted average common and common equivalent shares outstanding on a fully diluted basis	42,090	42,123
Fully diluted earnings per common share	\$.34	\$.28

TRIMAS CORPORATION AND SUBSIDIARIES  
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES  
(Dollar Amounts in Thousands)

	Three Months Ended March 31,	
	1995	1994
Earnings:		
Income before income taxes	\$22,210	\$18,190
Fixed charges	3,990	3,090
Earnings before fixed charges	\$26,200	\$21,280
Fixed Charges:		
Interest	\$3,790	\$2,900
Portion of rental expense	220	220
Fixed charges	\$4,010	\$3,120
Ratios of earnings to fixed charges	6.5	6.8

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TRIMAS CORPORATION'S 1ST QUARTER 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS	DEC-31-1995	
	MAR-31-1995	
		102,750,000
		0
		91,040,000
		1,860,000
		80,670,000
		275,900,000
		274,840,000
		106,430,000
		634,510,000
63,700,000		238,400,000
		370,000
		0
		0
		300,990,000
634,510,000		147,600,000
		147,600,000
		100,000,000
		100,000,000
		0
		0
		3,740,000
		22,210,000
		8,770,000
13,440,000		0
		0
		0
		13,440,000
		.36
		.34