

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, 1997

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 30, 1997
Common Stock, \$.01 Par Value	41,345,529

TRIMAS CORPORATION

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March 31, 1997 and December 31, 1996

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
TRIMAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 1997 (Unaudited)	December 31, 1996
Assets		
Current assets:		
Cash and cash equivalents	\$ 89,660,000	\$105,890,000
Receivables	102,630,000	80,390,000
Inventories	97,070,000	92,210,000
Other current assets	5,340,000	4,130,000
Total current assets	294,700,000	282,620,000
Property and equipment	194,930,000	194,540,000
Excess of cost over net assets of acquired companies	174,490,000	174,710,000
Other assets	41,670,000	44,800,000
Total assets	\$705,790,000	\$696,670,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 36,260,000	\$ 33,750,000
Other current liabilities	44,730,000	45,430,000
Total current liabilities	80,990,000	79,180,000
Deferred income taxes and other	40,880,000	39,920,000
Long-term debt	74,330,000	187,120,000
Total liabilities	196,200,000	306,220,000
Shareholders' equity:		
Common stock, \$.01 par value, authorized 100 million shares, outstanding 41.3 million shares in 1997; 36.6 million shares in 1996	410,000	370,000
Paid-in capital	259,660,000	155,690,000
Retained earnings	251,980,000	238,290,000
Cumulative translation adjustments	(2,460,000)	(3,900,000)
Total shareholders' equity	509,590,000	390,450,000
Total liabilities and shareholders' equity	\$705,790,000	\$696,670,000

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	
	1997	1996
	March 31,	
	1997	1996
Net sales	\$164,220,000	\$147,700,000
Cost of sales	(111,680,000)	(100,240,000)
Selling, general and administrative expenses	(26,110,000)	(22,990,000)
Operating profit	26,430,000	24,470,000
Interest expense	(1,800,000)	(2,690,000)
Other, net (principally interest income)	1,390,000	1,390,000
	(410,000)	(1,300,000)
Income before income taxes	26,020,000	23,170,000
Income taxes	9,850,000	9,040,000
Net income	\$ 16,170,000	\$ 14,130,000
Earnings per common share:		
Primary	\$.43	\$.38
Fully diluted	\$.40	\$.36
Dividends declared per common share	\$.06	\$.05
Weighted average number of common and common equivalent shares outstanding:		
Primary	37,651,000	36,966,000
Fully diluted	41,655,000	42,067,000

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,	
	1997	1996
CASH FROM (USED FOR):		
OPERATIONS:		
Net income	\$16,170,000	\$14,130,000
Adjustments to reconcile net income to net cash from operations:		
Depreciation and amortization	6,570,000	5,740,000
Deferred income taxes	750,000	1,100,000
(Increase) decrease in receivables	(21,580,000)	(24,300,000)
(Increase) decrease in inventories	(4,860,000)	(6,500,000)
Increase (decrease) in accounts payable and other current liabilities	460,000	5,060,000
Other, net	(960,000)	(360,000)
Net cash from (used for) operations	(3,450,000)	(5,130,000)
INVESTMENTS:		
Capital expenditures	(6,770,000)	(6,070,000)
Net cash from (used for) investments	(6,770,000)	(6,070,000)
FINANCING:		
Long-term debt:		
Issuance	16,780,000	
Retirement	(20,590,000)	(200,000)
Common stock dividends paid	(2,200,000)	(1,830,000)
Net cash from (used for) financing	(6,010,000)	(2,030,000)
CASH AND CASH EQUIVALENTS:		
Increase (decrease) for the period	(16,230,000)	(13,230,000)
At beginning of period	105,890,000	92,390,000
At end of period	\$89,660,000	\$79,160,000
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash financing transaction:		
Conversion of convertible subordinated debentures into common stock	\$106,000,000	

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, 1996.

B. Inventories by component are as follows:

	March 31, 1997	December 31, 1996
Finished goods	\$55,080,000	\$53,380,000
Work in process	14,330,000	14,340,000
Raw material	27,660,000	24,490,000
	\$97,070,000	\$92,210,000

C. Property and equipment reflects accumulated depreciation of \$135.1 million and \$131.7 million as of March 31, 1997 and December 31, 1996, respectively.

D. During the first quarter of 1997 the Company announced that it would redeem for cash its outstanding issue of \$115.0 million of 5% Convertible Subordinated Debentures Due 2003. On March 21, 1997, \$9.0 million of Convertible Subordinated Debentures were redeemed for cash. The remaining \$106.0 million of Convertible Subordinated Debentures were converted into 4.7 million shares of TriMas Corporation common stock at the conversion price of \$22 5/8 per share.

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 1997 were a record \$164.2 million, an increase of 11.2 percent over sales of \$147.7 million in last year's first quarter. All four of the Company's reporting segments recorded increased sales compared to the prior year's first quarter.

First quarter 1997 sales by the Specialty Container Products segment increased 31.6 percent to \$56.3 million, compared to the prior year's first quarter results of \$42.8 million. Segment sales were affected by the results of businesses acquired in 1996, increased demand for cylinders from industrial gas distributors and moderately increased sales of gasket products to industrial processing industries.

First quarter sales by the Towing Systems segment increased modestly to \$49.7 million, compared to \$49.2 million in the first quarter of 1996. Sales increases attributable to Queensland Towbars Pty. Ltd., acquired in 1996, as well as continuing penetration of the specialty automotive retail market and ongoing new product introductions were partially offset by lower sales to domestic independent hitch installers as well as the effects of unseasonal weather conditions in the Pacific Northwest. Unusually cold temperatures during both first quarters negatively affected segment sales performance.

First quarter 1997 sales by the Specialty Fasteners segment increased to \$38.0 million, compared to \$36.0 million during the same quarter in 1996.

Stronger demand for large diameter industrial fasteners and continued strength in the aerospace markets the Company serves resulted in the improved sales performance.

The Corporate Companies segment first quarter sales equaled \$20.2 million, compared to last year's first quarter sales of \$19.7 million, primarily reflecting increased sales of insulation related products used in commercial and industrial construction and maintenance markets, and also modest improvement in markets for precision tools.

The Company's consolidated gross margin percentage for the first quarter 1997 was 32.0 percent, compared to 32.1 percent during last year's first quarter. The results of businesses acquired during the second half of 1996 affected the consolidated measure of selling, general and administrative expenses as a percentage of net sales, which increased to 15.9 percent during the 1997 first quarter, compared to 15.6 percent for the first quarter of 1996. It is anticipated that this category of expenses at the recently acquired entities will provide an opportunity for improved results as the Company's cost reduction, distribution efficiency and marketing programs are integrated into these businesses. The Company's consolidated operating profit for the first quarter 1997 was \$26.4 million, or 16.1 percent of net sales, compared to \$24.5 million, or 16.6 percent of net sales in 1996.

Interest expense decreased in the 1997 first quarter primarily because of the conversion during the period of \$106.0 million of the Company's issue of \$115.0 million of 5% Convertible Subordinated Debentures Due 2003 into 4.7 million shares of Company common stock.

Net income of \$16.2 million resulted in primary earnings per common share of \$.43 based on 37.7 million shares outstanding, compared to first quarter 1996 primary earnings per common share of \$.38, based on 37.0 million shares outstanding. Fully diluted earnings per common share were \$.40 based on 41.7 million shares outstanding, compared to \$.36 in the first quarter of 1996, 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, 1997, the current ratio was 3.6 to 1 and working capital equaled \$213.7 million, including \$89.7 million of cash and cash equivalents. The Company had available credit of \$330.0 million under its domestic and foreign revolving credit facilities at March 31, 1997.

Cash and cash equivalents decreased \$16.2 million and \$13.2 million during the first quarters of 1997 and 1996, respectively. The Company's operating activities used \$3.5 million during the first quarter 1997, compared to \$5.1 million during the same quarter of 1996. Due primarily to the seasonality of the Company's Towing Systems segment, first quarter sales are stronger than the preceding year's fourth quarter, thereby causing substantial increases in receivables and, to a lesser extent, inventories during any first

quarter. Cash flow resulting from these increased receivables and inventories has historically been realized later in the year. Total changes in working capital items were approximately the same in each of the first quarters. Capital expenditures equaled \$6.8 million in the first quarter of 1997 and \$6.1 million in the first quarter of 1996. The 1997 expenditures include \$5.4 million invested in the Specialty Fasteners and Specialty Container Products segments.

During the first quarter of 1997 the Company announced that it would redeem for cash its outstanding issue of \$115.0 million of 5% Convertible Subordinated Debentures Due 2003. On March 21, 1997, after \$106.0 million of the Debentures had been converted into Company common stock, the remaining \$9.0 million of Debentures were redeemed for cash. Long-term debt issuances and retirements during the first quarter of 1997 also include the consolidation of borrowings, originally incurred or acquired in connection with acquisitions made in 1996, under certain of the Company's revolving credit facilities. Dividends paid on common stock totaled \$2.2 million for the first quarter of 1997, compared to \$1.8 million for the first quarter of 1996.

The Company believes its cash flows from operations, along with its unused 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.

Under a Stock Repurchase Agreement which expires in December 1998, Masco Corporation and MascoTech, Inc. have the right to sell to the Company, at approximate fair market value, shares of Company common stock following the occurrence of certain events that would result in an increase in their respective ownership percentage of the then outstanding shares of Company common stock. In all cases, the Company has control over the amount of Company common stock it would ultimately acquire. Neither Masco Corporation nor MascoTech, Inc. have ever exercised their right to sell Company common stock to the Company. To the extent these rights have been exercised at any balance sheet date, the Company would reclassify from permanent capital an amount representative of the repurchase obligation.

In February 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share. The Company will adopt the provisions of this Statement during the fourth quarter of 1997 and it is not expected to have a material effect on the Company's financial statements.

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, 1997.

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 12, 1997

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,	
	1997	1996
Primary:		
Net income	\$16,170	\$14,130
Weighted average common shares outstanding	37,326	36,644
Dilution of stock options	325	322
Weighted average common and common equivalent shares outstanding after assumed exercise of options	37,651	36,966
Primary earnings per common share	\$.43	\$.38
Fully diluted:		
Net income	\$16,170	\$14,130
Add after tax convertible debenture related expenses	300	920
Net income as adjusted	\$16,470	\$15,050
Weighted average common shares outstanding	36,644	36,644
Dilution of stock options	325	340
Addition from assumed conversion of convertible debentures	4,686	5,083
Weighted average common and common equivalent shares outstanding on a fully diluted basis	41,655	42,067
Fully diluted earnings per common share	\$.40	\$.36

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

	Three Months Ended March 31,	
	1997	1996
Earnings:		
Income before income taxes	\$26,020	\$23,170
Fixed charges	2,130	2,980
Earnings before fixed charges	\$28,150	\$26,150
Fixed Charges:		
Interest	\$ 1,890	\$ 2,780
Portion of rental expense	290	250
Fixed charges	\$ 2,180	\$ 3,030
Ratios of earnings to fixed charges	12.9	8.6

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

3-MOS	DEC-31-1997	
	MAR-31-1997	
		89,660,000
		0
		104,660,000
		2,030,000
		97,070,000
		294,700,000
		330,040,000
		135,110,000
		705,790,000
80,990,000		74,330,000
		0
		0
		410,000
		509,180,000
705,790,000		
		164,220,000
		164,220,000
		111,680,000
		111,680,000
		0
		0
		1,800,000
		26,020,00
		9,850,000
16,170,000		
		0
		0
		0
		16,170,000
		.43
		.40