

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, 1996

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, 1996
Common Stock, \$.01 Par Value	36,662,980

TRIMAS CORPORATION

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

TRIMAS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 1996 (Unaudited)	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	\$ 79,160,000	\$ 92,390,000
Receivables	96,050,000	71,200,000
Inventories	91,990,000	85,490,000
Other current assets	2,690,000	2,510,000
Total current assets	269,890,000	251,590,000
Property and equipment	175,320,000	173,700,000
Excess of cost over net assets of acquired companies	143,800,000	144,860,000
Other assets	44,810,000	46,210,000
Total assets	\$633,820,000	\$616,360,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 26,840,000	\$ 24,390,000
Other current liabilities	32,260,000	29,740,000
Total current liabilities	59,100,000	54,130,000
Deferred income taxes and other	36,790,000	36,360,000
Long-term debt	187,040,000	187,200,000
Total liabilities	282,930,000	277,690,000
Shareholders' equity:		
Common stock, \$.01 par value, authorized 100 million shares, outstanding 36.6 million shares	370,000	370,000
Paid-in capital	155,220,000	155,430,000
Retained earnings	197,670,000	185,370,000
Cumulative translation adjustments	(2,370,000)	(2,500,000)
Total shareholders' equity	350,890,000	338,670,000
Total liabilities and shareholders' equity	\$633,820,000	\$616,360,000

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,	
	1996	1995
Net sales	\$147,700,000	\$147,600,000
Cost of sales	(100,240,000)	(100,000,000)
Selling, general and administrative expenses	(22,990,000)	(23,130,000)
Operating profit	24,470,000	24,470,000
Interest expense	(2,690,000)	(3,740,000)
Other, net (principally interest income)	1,390,000	1,480,000
	(1,300,000)	(2,260,000)
Income before income taxes	23,170,000	22,210,000
Income taxes	9,040,000	8,770,000
Net income	\$ 14,130,000	\$ 13,440,000
Earnings per common share:		
Primary	\$.38	\$.36
Fully diluted	\$.36	\$.34
Dividends declared per common share	\$.05	\$.04
Weighted average number of common and common equivalent shares outstanding:		
Primary	36,966,000	36,996,000
Fully diluted	42,067,000	42,090,000

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,	
	1996	1995
CASH FROM (USED FOR):		
OPERATIONS:		
Net income	\$14,130,000	\$13,440,000
Adjustments to reconcile net income to net cash from operations:		
Depreciation and amortization	5,740,000	5,410,000
Deferred income taxes	1,100,000	700,000
(Increase) decrease in receivables	(24,300,000)	(24,520,000)
(Increase) decrease in inventories	(6,500,000)	(1,110,000)
Increase (decrease) in accounts payable and other current liabilities	5,060,000	7,490,000
Other, net	(360,000)	20,000
Net cash from (used for) operations	(5,130,000)	1,430,000
INVESTMENTS:		
Capital expenditures	(6,070,000)	(4,650,000)
Net cash from (used for) investments	(6,070,000)	(4,650,000)
FINANCING:		
Retirement of long-term debt	(200,000)	(230,000)
Common stock dividends paid	(1,830,000)	(1,470,000)
Net cash from (used for) financing	(2,030,000)	(1,700,000)
CASH AND CASH EQUIVALENTS:		
Increase (decrease) for the period	(13,230,000)	(4,920,000)
At beginning of period	92,390,000	107,670,000
At end of period	\$79,160,000	\$102,750,000

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, 1995. Certain amounts in the 1995 financial statements have been reclassified to conform with the current presentation.

B. Inventories by component are as follows:

	March 31, 1996	December 31, 1995
Finished goods	\$49,040,000	\$47,490,000
Work in process	14,580,000	14,200,000
Raw material	28,370,000	23,800,000
	\$91,990,000	\$85,490,000

C. Property and equipment reflects accumulated depreciation of \$120.8 million and \$116.8 million as of March 31, 1996 and December 31, 1995, 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 1996 were a record \$147.7 million. The Company's Towing Systems, Specialty Container Products and Corporate Companies segments all recorded increased sales compared to the prior year's first quarter, while sales by the Specialty Fasteners segment declined. Consolidated net sales equaled \$147.6 million in the first quarter of 1995.

First quarter sales by the Towing Systems segment increased to \$49.2 million, compared to \$48.2 million in the first quarter of 1995. Increased sales to both domestic independent hitch installers and towing products customers in Australia were partially offset by lower sales to the domestic marine aftermarket. Continuing penetration of the specialty automotive retail market and ongoing new product introductions also aided first quarter sales performance. Abnormally severe weather conditions during the quarter, especially in the mid-Atlantic and northeastern United States, as well as unseasonably cold temperatures in other parts of the country, negatively affected segment sales performance.

First quarter 1996 sales for the Specialty Fasteners segment were \$36.0 million, compared to \$39.0 million during the same quarter in 1995. Segment sales were negatively impacted by lower sales to heavy-duty truck markets, decreased demand for specialized metallurgical services from automotive component customers and continued but moderating inventory readjustments in distribution markets. During the quarter sales of specialty aerospace fasteners increased as a result of improving conditions in aerospace markets.

First quarter 1996 sales by the Specialty Container Products segment increased modestly to \$42.8 million compared to the prior year's first quarter results of \$42.7 million. Moderately increased sales of gasket products to

industrial processing industries were offset by reduced sales to the industrial container closure and compressed gas distributor markets. The Corporate Companies segment first quarter sales of \$19.7 million increased 10.9 percent over last year's first quarter sales of \$17.7 million, primarily reflecting increased sales of insulation related products used in commercial and industrial construction and maintenance markets, and continued strength in markets for precision tools.

The Company's consolidated gross margin percentage for the first quarter 1996 was 32.1 percent compared to 32.2 percent during last year's first quarter. The Company's consolidated operating profit for the first quarter 1996 was \$24.5 million and equaled the operating profit for the first quarter of 1995. Consolidated operating profit margin equaled 16.6 percent in both the current quarter and the comparable period in 1995.

Interest expense decreased in the 1996 first quarter primarily because of the \$51.5 million reduction of long-term debt in 1995, and because of lower prevailing interest rates. Lower interest rates and lower average cash and cash equivalent balances resulted in less interest income, the major component of other income, in the 1996 period.

Net income of \$14.1 million resulted in primary earnings per common share of \$.38, compared to first quarter 1995 primary earnings per common share of \$.36, both based on 37.0 million shares outstanding. Fully diluted earnings per common share were \$.36 compared to \$.34 in the first quarter of 1995, 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, 1996 the current ratio was 4.6 to 1 and working capital equaled \$210.8 million, including \$79.2 million of cash and cash equivalents. The Company had available credit of \$278.0 million under its revolving credit facility at March 31, 1996.

Cash and cash equivalents decreased \$13.2 million and \$4.9 million during the first quarters of 1996 and 1995, respectively. The Company's operating activities used \$5.1 million during the first quarter 1996, compared to providing \$1.4 million during the same quarter of 1995, due in part to increased inventory levels at certain operating units. Higher inventory levels resulted from competitive buying opportunities and, in one situation, a planned build in raw material safety stock related to supplier changes. 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 \$24.3 million in the first quarter 1996 and \$24.5 million in the first quarter of 1995. Cash flow resulting from these increased receivables is historically realized later in the year. A corresponding increase in accounts payable and other current liabilities provided \$5.1 million and \$7.5 million, respectively, in the 1996 and 1995 first quarters. Capital expenditures equaled \$6.1 million in the first quarter of 1996 and \$4.7 million in the first quarter of 1995. The majority of the 1996 expenditures, \$3.9 million, were in the Specialty Fasteners and Towing Systems segments. Common stock dividends paid totaled \$1.8 million for the first quarter of 1996 compared to \$1.5 million for the first quarter of 1995.

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.

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, 1996.

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 10, 1996

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,	
	1996	1995
Primary:		
Net income	\$14,130	\$13,440
Weighted average common shares outstanding	36,644	36,644
Dilution of stock options	322	352
Weighted average common and common equivalent shares outstanding after assumed exercise of options	36,966	36,996
Primary earnings per common share	\$.38	\$.36
Fully diluted:		
Net income	\$14,130	\$13,440
Add after tax convertible debenture related expenses	920	920
Net income as adjusted	\$15,050	\$14,360
Weighted average common shares outstanding	36,644	36,644
Dilution of stock options	340	363
Addition from assumed conversion of convertible debentures	5,083	5,083
Weighted average common and common equivalent shares outstanding on a fully diluted basis	42,067	42,090
Fully diluted earnings per common share	\$.36	\$.34

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

	Three Months Ended	
	1996	1995
Earnings:		
Income before income taxes	\$23,170	\$22,210
Fixed charges	2,980	3,990
Earnings before fixed charges	\$26,150	\$26,200
Fixed Charges:		
Interest	\$2,780	\$ 3,790
Portion of rental expense	250	220
Fixed charges	\$3,030	\$ 4,010
Ratios of earnings to fixed charges	8.6	6.5

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-31-1996
	MAR-31-1996
	79,160,000
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	97,580,000
	1,530,000
	91,990,000
	269,890,000
	296,120,000
	120,800,000
	633,820,000
59,100,000	
	187,040,000
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	2,690,000
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	9,040,000
14,130,000	
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	14,130,000
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