

ALLIANCE ONE INTERNATIONAL, INC.
Form 10-Q
August 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30 2015.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Alliance One International, Inc.

(Exact name of registrant as specified in its charter)

Virginia

001-13684

54-1746567

(State or other jurisdiction of
incorporation)

(Commission File Number)

(I.R.S. Employer
Identification No.)

8001 Aerial Center Parkway
Morrisville, NC 27560-8417

(Address of principal executive offices)

(919) 379-4300

(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
filer

Accelerated

Non-accelerated filer

Smaller reporting company

]

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

As of July 31, 2015, the registrant had 9,668,551 shares outstanding of Common Stock (no par value) excluding 785,312 shares owned by a wholly owned subsidiary. After the close of business on June 26, 2015, the registrant effected a one-for-ten reverse split of its Common Stock.

- 1 -

Alliance One International, Inc. and Subsidiaries

Table of Contents

	Page No.
Part I. Financial Information	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Statements of Operations Three Months Ended June 30, 2015 and 2014	3
Condensed Consolidated Statements of Comprehensive Income (Loss) Three Months Ended June 30, 2015 and 2014	4
Condensed Consolidated Balance Sheets June 30, 2015 and 2014 and March 31, 2015	5
Condensed Statements of Consolidated Stockholders' Equity Three Months Ended June 30, 2015 and 2014	6
Condensed Consolidated Statements of Cash Flows Three Months Ended June 30, 2015 and 2014	7
Notes to Condensed Consolidated Financial Statements	8 – 24
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	25 – 32
Item 3. Quantitative and Qualitative Disclosures about Market Risk	32
Item 4. Controls and Procedures	32 – 33
Part II. Other Information	
Item 1. Legal Proceedings	33
Item 1A. Risk Factors	33
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 3. Defaults Upon Senior Securities	33
Item 4. <u>Mine Safety Disclosures</u>	33

Item 5.	Other Information	33
Item 6.	Exhibits	34
Signature		35
Index of Exhibits		36

Part I. Financial Information

Item 1. Financial Statements

Alliance One International, Inc. and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 Three Months Ended June 30, 2015 and 2014
 (Unaudited)

(in thousands, except per share data)	Three Months Ended June 30,	
	2015	2014
Sales and other operating revenues	\$263,812	\$249,017
Cost of goods and services sold	229,598	213,913
Gross profit	34,214	35,104
Selling, general and administrative expenses	29,939	31,325
Other income	586	800
Restructuring and asset impairment charges	2,948	—
Operating income	1,913	4,579
Interest expense (includes debt amortization of \$2,244 and \$1,552 for the three months in 2015 and 2014, respectively)	27,691	26,922
Interest income	1,374	1,351
Loss before income taxes and other items	(24,404)	(20,992)
Income tax expense (benefit)	(1,362)	(2,914)
Equity in net income (loss) of investee companies	132	(485)
Net loss	(22,910)	(18,563)
Less: Net income (loss) attributable to noncontrolling interests	(7))55
Net loss attributable to Alliance One International, Inc.	\$(22,903))\$(18,618)
Loss per share:		
Basic	\$(2.58))\$(2.12)
Diluted	\$(2.58))\$(2.12)
Weighted average number of shares outstanding:		
Basic	8,862	8,799
Diluted	8,862	8,799

See notes to condensed consolidated financial statements

Alliance One International, Inc. and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 Three Months Ended June 30, 2015
 (Unaudited)

(in thousands)	Three Months Ended June 30,	
	2015	2014
Net loss	\$(22,910)\$ (18,563
Other comprehensive income (loss), net of tax:		
Currency translation adjustment	2,307	208
Defined benefit pension amounts reclassified to income	1,000	414
Total other comprehensive income (loss), net of tax	3,307	622
Total comprehensive income (loss)	(19,603)(17,941
Comprehensive income (loss) attributable to noncontrolling interests	(7) 55
Comprehensive income (loss) attributable to Alliance One International, Inc.	\$(19,596)\$ (17,996

See notes to condensed consolidated financial statements

Alliance One International, Inc. and Subsidiaries
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

(in thousands)	June 30, 2015	June 30, 2014	March 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	\$163,942	\$126,199	\$143,849
Trade and other receivables, net	177,759	186,860	200,403
Accounts receivable, related parties	89,285	76,672	41,816
Inventories	926,018	1,014,413	772,608
Advances to tobacco suppliers	47,273	58,563	38,589
Recoverable income taxes	5,851	5,991	5,257
Current deferred taxes, net	22,824	13,376	15,587
Prepaid expenses	24,179	34,213	23,541
Other current assets	14,795	14,074	14,606
Total current assets	1,471,926	1,530,361	1,256,256
Other assets			
Investments in unconsolidated affiliates	54,508	50,927	54,694
Goodwill and other intangible assets	30,994	34,235	31,891
Long-term recoverable income taxes	7,252	5,644	6,571
Deferred income taxes, net	29,394	40,878	31,649
Other deferred charges	18,296	19,711	17,695
Other noncurrent assets	27,141	39,015	27,858
	167,585	190,410	170,358
Property, plant and equipment, net	235,327	258,613	237,975
	\$1,874,838	\$1,979,384	\$1,664,589
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Notes payable to banks	\$401,089	\$541,199	\$330,254
Accounts payable	77,758	89,054	73,358
Due to related parties	22,920	8,824	58,512
Advances from customers	20,042	40,889	18,906
Accrued expenses and other current liabilities	95,928	105,518	87,132
Income taxes	9,740	9,619	12,964
Long-term debt current	32,894	4,329	2,894
Total current liabilities	660,371	799,432	584,020
Long-term debt			
	894,059	825,423	738,943
Deferred income taxes	5,227	5,752	5,284
Liability for unrecognized tax benefits	8,226	9,526	8,826
Pension, postretirement and other long-term liabilities	89,301	79,719	91,252
	996,813	920,420	844,305
Commitments and contingencies			
Stockholders' equity	June 30, 2015	June 30, 2014	March 31, 2015
Common Stock—no par value:			
Authorized shares	250,000	250,000	250,000
Issued shares	9,668	9,617	9,644
	469,357	466,267	468,564

Edgar Filing: ALLIANCE ONE INTERNATIONAL, INC. - Form 10-Q

Retained deficit	(192,316)	(172,606)	(169,413)
Accumulated other comprehensive loss	(62,854)	(37,479)	(66,161)
Total stockholders' equity of Alliance One International, Inc.	214,187	256,182	232,990
Noncontrolling interests	3,467	3,350	3,274
Total equity	217,654	259,532	236,264
	\$1,874,838	\$1,979,384	\$1,664,589

See notes to condensed consolidated financial statements

- 5 -

Alliance One International, Inc. and Subsidiaries
 CONDENSED STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY
 (Unaudited)

Attributable to Alliance One International, Inc.

(in thousands)	Common Stock	Retained Deficit	Accumulated Other Comprehensive Loss			Total Equity
			Currency Translation Adjustment	Pensions, of Tax	Net Noncontrolling Interests	
Balance, March 31, 2014	\$465,682	\$(153,988)	\$(1,640)	\$(36,461)	\$3,295	\$276,888
Net loss	—	(18,618)	—	—	55	(18,563)
Stock-based compensation	585	—	—	—	—	585
Other comprehensive income, net of tax	—	—	208	414	—	622
Balance, June 30, 2014	\$466,267	\$(172,606)	\$(1,432)	\$(36,047)	\$3,350	\$259,532
Balance, March 31, 2015	\$468,564					