

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

TECHPRECISION CORP

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities and Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 27, 2019**

TECHPRECISION CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

000-51378

(Commission File Number)

51-0539828

(IRS Employer Identification No.)

1 Bella Drive

Westminster, MA 01473

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(978) 874-0591**

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 (see General Instruction A.2. below):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------|--------------------------|--|
| N/A | N/A | N/A |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On June 27, 2019, TechPrecision Corporation issued a press release announcing its financial results for the fourth quarter and fiscal year ended March 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. The information in this Item 2.02 of Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit Number | Description |
|-----------------------------|--|
| <u>99.1</u> | <u>Press Release dated June 27, 2019</u> |

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.

TechPrecision Corporation

Date: June 27, 2019

By: /s/ Thomas Sammons
Name: Thomas Sammons
Title: Chief Financial Officer

Company Contact:

Mr. Thomas Sammons
 Chief Financial Officer
 TechPrecision Corporation
 Phone: 978-883-5109
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FOR IMMEDIATE RELEASE

**TechPrecision Corporation Reports Financial Results for Fiscal 2019
 Operating Income Jumps 90% Over Prior Fiscal Year**

Westminster, MA – June 27, 2019 – TechPrecision Corporation (OTCQB: TPCS) (“TechPrecision” or “the Company”), an industry leading manufacturer of precision, large-scale fabricated and machined metal components and tested systems with customers in the defense, energy and precision industrial sectors, today reported financial results for the fourth quarter and the full year ended March 31, 2019. Net income was \$0.5 million for the three months ended March 31, 2019 as compared to a net loss of \$0.4 million in the same quarter a year ago. Net income was \$1.1 million, or \$0.04 per share, for the fiscal year ended March 31, 2019 compared with a net loss of \$0.3 million, or \$0.01 per share, for the prior fiscal year. Net sales for the fiscal 2019 fourth quarter and full year were \$4.7 million and \$16.7 million, respectively. Gross profit for the fourth quarter and full year of fiscal 2019 improved significantly over the same periods a year ago.

“This was another year of operational execution, resulting in a significant increase in net income,” stated Alexander Shen, TechPrecision’s Chief Executive Officer. “Our results benefited from efficient operational throughput and higher absorbed overhead as we managed a larger volume of manufacturing activity during the period. We expect to operate at or above current levels during the next fiscal year.”

The financial statements in this release for periods beginning after April 1, 2018 and all subsequent releases and reports reflect the adoption of the Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or ASC 606. Prior period amounts have not been restated and continue to be reported in accordance with the accounting standards in effect for those periods. *(For more information regarding the adoption of ASC 606, refer to the Notes to the Consolidated Financial Statements in our Annual Report on Form 10K for the period ended March 31, 2019 filed with the Securities and Exchange Commission).*

Fourth Quarter of Fiscal 2019 Financial Results

- Net sales were \$4.7 million, a slight increase when compared to the same quarter a year ago.
- Gross profit was \$1.5 million compared to \$0.4 million in the same quarter last year, a significant increase, driven by a higher margin product mix and higher overhead absorption.
- Operating income was \$832,000 compared to operating loss of \$393,000 in the same period a year ago.
- Net income was \$538,000, or \$0.02 per diluted share, compared to net loss of \$367,000, or \$0.01 per diluted share, in the year-ago quarter.

Full Year Fiscal 2019 Financial Results

- Net sales were \$16.7 million, an 11% decrease when compared to the same period a year ago.
 - Gross profit was \$4.6 million, a 15% increase compared to \$4.0 million in the same period a year ago, primarily due to a higher margin product mix and higher overhead absorption.
 - Selling, general and administrative expenses were \$2.7 million, or 9% lower than the same period a year ago.
 - Operating income was \$1.8 million, compared to operating income of \$1.0 million in the same period a year ago, a 90% increase.
 - Net income was \$1.1 million compared to a net loss of \$266,000 in fiscal 2018.
 - EBITDA was \$2.6 million for the year ended March 31, 2019, compared to \$1.7 million for the year ended March 31, 2018. Please refer to the reconciliation of EBITDA (a non-GAAP measure) to net income (a GAAP measure) in this release.
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Financial Position

At March 31, 2019, TechPrecision had \$2.0 million in cash. Fiscal 2019 was marked by an increase in customer project activity which resulted in more cash expended to ramp up production during the first half of the fiscal year. We expect that our available cash balance will begin to build again during the next operating quarter. Working capital was \$6.3 million at March 31, 2019 compared to working capital of \$4.9 million at March 31, 2018.

Income Taxes

For the year ended March 31, 2019, the Company recorded tax expense of \$423,000. We did not make any significant tax payments for the year ended March 31, 2019, and do not expect to make any significant payments in Fiscal 2020, as we are able to utilize our federal net operating loss carryforward to offset taxable income. As of March 31, 2019, our federal net operating loss carryforward was approximately \$8.3 million. U.S. tax laws limit the time during which these carryforwards may be applied against future taxes.

Teleconference Information

The Company will hold a conference call at 4:30 p.m. Eastern (U.S.) time on June 27, 2019. To participate in the live conference call, please dial 1-844-602-0380 five to 10 minutes prior to the scheduled conference call time. International callers should dial 1-862-298-0970. When prompted, reference TechPrecision.

A replay will be available until July 27, 2019. To access the replay, dial 1-877-481-4010 or 1-919-882-2331. When prompted, enter Conference Passcode 49531. The call will also be available live by webcast at TechPrecision Corporation's website, www.techprecision.com, and will also be available over the Internet and accessible at: <https://www.investornetwork.com/event/presentation/49531>.

About TechPrecision Corporation

TechPrecision Corporation, through its wholly owned subsidiary, Ranor, Inc., manufactures large-scale, metal fabricated and machined precision components and equipment. These products are used in a variety of markets including: defense, aerospace, nuclear, industrial, and medical. TechPrecision's goal is to be an end-to-end service provider to its customers by furnishing customized solutions for completed products requiring custom fabrication and machining, assembly, inspection and testing. To learn more about the Company, please visit the corporate website at <http://www.techprecision.com>. Information on the Company's website or any other website does not constitute a part of this press release.

Safe Harbor Statement

This release contains certain "forward-looking statements" relating to the business of the Company and its subsidiary companies. All statements other than statements of current or historical fact contained in this release, including statements that express our intentions, plans, objectives, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," "should," "would" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements are based on current expectations, estimates and projections made by management about our business, our industry and other conditions affecting our financial condition, results of operations or business prospects. 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, or implied by, the forward-looking statements due to numerous risks and uncertainties. Factors that could cause such outcomes and results to differ include, but are not limited to, risks and uncertainties arising from: our reliance on individual purchase orders, rather than long-term contracts, to generate revenue; our ability to change the composition of our revenues and effectively reduce operating expenses; the availability of appropriate financing facilities impacting our operations, financial condition and/or liquidity; our ability to receive contract awards through competitive bidding processes; our ability to maintain standards to enable us to manufacture products to exacting specifications; our ability to enter new markets for our services; our reliance on a small number of customers for a significant percentage of our business; competitive pressures in the markets we serve; changes in the availability or cost of raw materials and energy for our production facilities; operating in a single geographic location; restrictions in our ability to operate our business due to our outstanding indebtedness; government regulations and requirements; pricing and business development difficulties; changes in government spending on national defense; our ability to make acquisitions and successfully integrate those acquisitions with our business; general industry and market conditions and growth rates; general economic conditions; and those risks discussed in "Item 1A. Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K, as well as those described in any other filings which we make with the SEC.

Any forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this release, except as required by applicable law. Investors should evaluate any statements made by us in light of these important factors.

-- Tables Follow --

TECHPRECISION CORPORATION
CONSOLIDATED BALANCE SHEETS

| | March 31, 2019 | March 31, 2018 |
|---|---------------------------|---------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,036,646 | \$ 2,689,110 |
| Accounts receivable, net | 1,010,443 | 1,446,982 |
| Contract assets | 4,390,832 | 347,896 |
| Inventories | 1,240,315 | 2,088,485 |
| Other current assets | 498,059 | 450,540 |
| Total current assets | <u>9,176,295</u> | <u>7,023,013</u> |
| Property, plant and equipment, net | 4,860,609 | 5,202,448 |
| Deferred income taxes | 2,004,346 | 2,046,298 |
| Other noncurrent assets, net | 6,233 | 6,860 |
| Total assets | <u>\$ 16,047,483</u> | <u>\$ 14,278,619</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable | \$ 609,082 | \$ 345,705 |
| Accrued expenses | 753,499 | 788,084 |
| Contract liabilities | 740,947 | 180,706 |
| Current portion of long-term debt | 822,105 | 766,354 |
| Total current liabilities | <u>2,925,633</u> | <u>2,080,849</u> |
| Long-term debt, including capital leases | 3,410,542 | 4,185,274 |
| Stockholders' Equity: | | |
| Common stock - par value \$.0001 per share, 90,000,000 shares authorized, 29,234,594 and 28,824,593 shares issued and outstanding at March 31, 2019 and 2018 | 2,923 | 2,882 |
| Additional paid in capital | 8,693,106 | 8,561,995 |
| Accumulated other comprehensive income | 21,940 | 24,236 |
| Retained earnings (accumulated deficit) | 993,339 | (576,617) |
| Total stockholders' equity | <u>9,711,308</u> | <u>8,012,496</u> |
| Total liabilities and stockholders' equity | <u>\$ 16,047,483</u> | <u>\$ 14,278,619</u> |

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended March 31, | | Twelve Months Ended March 31, | |
|---|---------------------------------|--------------|----------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net sales | \$ 4,712,154 | \$ 4,668,420 | \$ 16,702,558 | \$ 18,729,994 |
| Cost of sales | 3,246,640 | 4,288,458 | 12,118,190 | 14,753,693 |
| Gross profit | 1,465,514 | 379,962 | 4,584,368 | 3,976,301 |
| Selling, general and administrative | 633,258 | 772,631 | 2,746,543 | 3,009,002 |
| Income (loss) from operations | 832,256 | (392,669) | 1,837,825 | 967,299 |
| Other income | 32,428 | 2,634 | 41,033 | 4,267 |
| Interest expense | (80,877) | (98,931) | (354,825) | (412,988) |
| Total other expense, net | (48,449) | (96,297) | (313,792) | (408,721) |
| Income (loss) before income taxes | 783,807 | (488,966) | 1,524,033 | 558,578 |
| Income tax expense (benefit) | 246,252 | (121,761) | 423,357 | 824,486 |
| Net income (loss) | \$ 537,555 | \$ (367,205) | \$ 1,100,676 | \$ (265,908) |
| Net income (loss) per share basic | \$ 0.02 | \$ (0.01) | \$ 0.04 | \$ (0.01) |
| Net income (loss) per share diluted | \$ 0.02 | \$ (0.01) | \$ 0.04 | \$ (0.01) |
| Weighted average number of shares outstanding basic | 29,009,630 | 28,824,593 | 28,878,780 | 28,824,593 |
| Weighted average number of shares outstanding diluted | 30,666,447 | 28,824,593 | 30,293,670 | 28,824,593 |

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended March 31, | |
|--|-----------------------|---------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 1,100,676 | \$ (265,908) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation | 749,755 | 704,284 |
| Amortization of debt issue costs | 55,247 | 70,041 |
| Loss on disposal of equipment | 3,428 | 20,000 |
| Stock based compensation expense | 137,352 | 303,175 |
| Change in contract loss provision | (143,105) | 52,197 |
| Deferred income taxes | 423,357 | 825,382 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 436,539 | 75,794 |
| Contract assets | (2,334,418) | - |
| Inventories | (263,622) | 150,528 |
| Other current assets | 13,322 | (28,443) |
| Other noncurrent assets | (7,245) | (17,742) |
| Accounts payable | 263,377 | (19,603) |
| Accrued expenses | 246,501 | (151,401) |
| Contract liabilities | (149,855) | (462,125) |
| Net cash provided by operating activities | <u>531,309</u> | <u>1,256,179</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (446,652) | (994,530) |
| Proceeds from disposition of equipment | 35,309 | 80,000 |
| Net cash used in investing activities | <u>(411,343)</u> | <u>(914,530)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from exercise of stock options | 182,400 | - |
| Common stock repurchased | (188,600) | - |
| Repayment of capital lease obligation | (14,002) | (19,940) |
| Repayment of long-term debt | (752,352) | (697,536) |
| Net cash used in financing activities | <u>(772,554)</u> | <u>(717,476)</u> |
| Effect of exchange rate on cash and cash equivalents | 124 | (1,219) |
| Net decrease in cash and cash equivalents | <u>(652,464)</u> | <u>(377,046)</u> |
| Cash and cash equivalents, beginning of period | 2,689,110 | 3,066,156 |
| Cash and cash equivalents, end of period | <u>\$ 2,036,646</u> | <u>\$ 2,689,110</u> |

TECHPRECISION CORPORATION
SUPPLEMENTAL INFORMATION
Reconciliation of EBITDA to Net Income (loss)

The following table provides a reconciliation of EBITDA to net income, the most directly comparable U.S. GAAP measure reported in our condensed consolidated financial statements:

| <i>(dollars in thousands)</i> | March 31, 2019 | March 31, 2018 | Change Amount |
|-------------------------------|---------------------------|---------------------------|--------------------------|
| Net income (loss) | \$ 1,101 | \$ (266) | \$ 1,367 |
| Income tax expense | 423 | 824 | (401) |
| Interest expense (1) | 355 | 413 | (58) |
| Depreciation | 750 | 704 | 46 |
| EBITDA | <u>\$ 2,629</u> | <u>\$ 1,675</u> | <u>\$ 954</u> |

(1) Includes amortization of debt issue costs.

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