

TAT TECHNOLOGIES LTD
Form 6-K
November 29, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2011

TAT TECHNOLOGIES LTD.
(Name of Registrant)

P.O.BOX 80, Gedera 70750 Israel
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

TAT Technologies Ltd.

6-K Items

1. Press Release dated November 29, 2011 re TAT Technologies Reporting Year 2011 Third Quarter Results.

2

Press Release

Source: TAT Technologies Limited

TAT Technologies Reports Year 2011 Third Quarter Results

GEDERA, Israel, Tuesday, November 29, 2011 /PRNewswire/ -- TAT Technologies Ltd. (NASDAQ: TATT - News), a leading provider of services and products to the commercial and military aerospace and ground defense industries, reported today its results for the three month and nine month periods ended September 30, 2011.

Financial Highlights:

TAT announced revenues of \$20.7 million and a net loss of \$3.3 million for the three months ended September 30, 2011, compared to revenues of \$18.9 million with net loss of \$5.1 million for the three months ended September 30, 2010 - an increase of 9.4% in revenues. The net loss reported for 2011 third quarter is the result of a non-recurring \$5.76 million write down of inventories and impairment charges of long lived assets, \$5.46 of which were in TAT's MRO Services for Aviation Components operating segment. Excluding these non-recurring charges net profit for 2011 third quarter was \$0.4 million.

During the Third quarter of 2011, revenues were impacted by (i) the increase in revenues in the OEM of Heat Management Solutions segment; (ii) the increase in revenues in the Heat Transfer Services and Products segment; (iii) the increase in revenues in the MRO Services for Aviation Components segment; (iv) partially offset by the decrease in revenues in the OEM of Electric Motion Systems segment.

Revenue breakdown by the principal operational segments for the three-month and nine month periods ended September 30, 2011 and 2010, respectively, was as follows:

	2011		Three Months Ended September 30, 2010		% of Change Between Periods
	Revenues in Thousands unaudited	% of Total Revenues	Revenues in Thousands Unaudited	% of Total Revenues	
Revenues					
OEM of Heat Management Solutions	\$ 7,619	36.8 %	\$ 6,437	34.0 %	18.4 %
Heat Transfer Services and Products *	6,892	33.3 %	6,388	33.8 %	7.9 %
MRO services for Aviation Components *	5,019	24.2 %	4,091	21.6 %	22.7 %
OEM of Electric Motion Systems	2,027	9.8 %	2,949	15.6 %	(31.3) %
Eliminations	(847)	(4.1) %	(943)	(5.0) %	(10.2) %
Total revenues	\$ 20,710	100.0 %	\$ 18,922	100.0 %	9.4 %

	2011		Nine Months Ended September 30, 2010		% of Change Between
	Revenues in	% of Total	Revenues in	% of Total	

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	Thousands	Revenues		Thousands	Revenues		Periods	
	unaudited			Unaudited				
Revenues								
OEM of Heat Management Solutions	\$21,596	34.8	%	\$20,630	36.9	%	4.7	%
Heat Transfer Services and Products *	19,965	32.2	%	17,597	31.5	%	13.5	%
MRO services for Aviation Components *	14,803	23.9	%	11,701	20.9	%	26.5	%
OEM of Electric Motion Systems	8,555	13.8	%	8,566	15.3	%	(0.1))%
Eliminations	(2,912)	(4.7)%	(2,556)	(4.6)%	13.9	%
Total revenues	\$62,007	100.0	%	\$55,938	100.0	%	10.8	%

*As of January 1, 2011, TAT began reporting its operations based on four operating segments, after dividing its MRO Services operating segment into two separate segments: Heat Transfer Services and Products and MRO services for Aviation Components. Accordingly, the revenues and costs reported for the three months and nine months periods ended September 30, 2010 for MRO Services operating segment were divided between these two new operating segments. Additionally, the operating segment name of 'OEM of Heat Transfer Products' was changed to 'OEM of Heat Management Solutions'.

For the nine months ended September 30, 2011, TAT announced revenues of \$62 million with net loss of \$1.1 million compared to revenues of \$56 million with net loss of \$4.3 million for the nine months ended September 30, 2010 - an increase of 10.8% in revenues. The net loss reported in 2011 third quarter is the result of a non-recurring write down of inventories and impairment charges of long lived assets recorded in the third quarter of 2011. Excluding these non-recurring charges net profit for the period was \$2.5 million (see further below under “write down of inventory and impairment of intangible assets”).

During the nine months ended September 30, 2011, revenues were impacted by (i) the increase in revenues in the Heat Transfer Services and Products segment; (ii) the increase in revenues in the MRO Services for Aviation Components segment; and (iii) the increase in revenues in the OEM of Heat Management Solutions segment. Revenues in the OEM of Electric Motion Systems segment for the nine months ended September 30, 2011 were similar to the nine months ended September 30, 2010 however gradually during 2011 this segment experienced a gradual decrease in revenues due to weakness in the relevant markets.

Write down of inventory and impairment charges of long lived assets:

During the quarter ended September 30, 2011, the Company recorded a write down of inventory in the amount of \$2.5 million (before off-set of taxes) under cost of revenues, attributable to inventory of the MRO for Aviation Components operating segment. The write down was due to management’s estimation of the continued decline in future forecasted sales levels and profitability margins in certain product lines in this operating segment resulting from the weakness in these areas of business.

Although revenues in the MRO for Aviation Components operating segment have increased in the three and nine month periods of year 2011 compared to year 2010, profit margins were lower than anticipated. Accordingly, the Company reviewed the MRO for Aviation Components’ long lived assets for impairment by estimating the fair value of this segment’s operations and the fair value of its specific long lived assets, and comparing those values to the carrying value of the assets. The Company concluded, based on this valuation, that certain fixed assets and intangible asset amount to \$1.9 million and \$1.1 million, respectively at its MRO for Aviation Components operating segment were impaired and that the intangible asset ‘Customer Relations’ at its OEM of Electric Motion Systems operating segment amount to \$0.3 million was impaired. Accordingly, the Company recorded a \$3.3 (before off-set of taxes) million impairment charge during the quarter ended September 30, 2011 to reflect the fair value of those long lived assets.

Dr. Shmuel Fledel, TAT's CEO commented:

“The results of the third quarter were impacted by nonrecurring, write down of inventories and impairment charges of long lived assets. Excluding these charges, the third quarter of 2011 shows the continuation of TAT's improving trend in our dominant operating segments – the OEM of Heat Management Solutions and Heat Transfer Services and Products where during the quarter we increased our revenues and improved our margins, compared to the same period in 2010. The third quarter also shows improved results in our MRO for Aviation Components operating segment where we successfully increased our revenues while significantly reducing operating loss on a ‘Year to Date’ basis. These improvements are attributable to the efforts we made during 2010 and 2011 in expanding our marketing and sales activities as well as in working rigorously to improve our production flow and yields.

During the second and the third quarters we experienced a decrease in revenues and margins in the OEM of Electric Motion Systems compared to the same periods in 2010, resulting from growing weakness in this segment, although on a ‘Year to Date’ basis, revenues were stable compared with the same period in 2010.

We are encouraged by global trends of increased traffic reported by airlines and we believe we are witnessing a steady recovery in the demand for MRO services, as well as positive indications from OEMs in the aerospace and defense industries, which impact our businesses.

We continue to focus on our core capabilities while expanding our business offerings worldwide.

We believe that our efforts along with continuing improvement in the global aviation industry, will sustain the improved trend line of our performance in 2011”.

TAT TECHNOLOGIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except share data)

	September 30, 2011	September 30, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 28,452	\$ 28,278
Marketable securities	2,469	2,711
Restricted deposit	4,485	5,071
Trade accounts receivable (net of allowance for doubtful accounts of \$2,447 and \$ 2,643 as of September 30, 2011 and 2010, respectively)	17,180	16,485
Inventories	33,436	31,739
Other accounts receivable and prepaid expenses	7,814	8,415
Total current assets	93,836	92,699
Investment in affiliate	5,139	9,267
Funds in respect of employee right upon retirement	2,879	2,751
Long-term deferred tax	2,094	1,160
Property, plant and equipment, net	12,745	14,036
Intangible assets, net	-	2,116
Goodwill	1,073	1,087
Total assets	\$ 117,766	\$ 123,116
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term loans	6,371	4,535
Trade accounts payables	6,465	6,913
Other accounts payable and accrued expenses	5,656	6,173
Total current liabilities	18,492	17,621
Long-Term Liabilities:		
Long-term loans, net of current maturities	5,240	6,413
Other accounts payable	115	31
Liability in respect of employee rights upon retirement	3,481	3,317
Long-term deferred tax liability	1,011	1,987
Total long-term liabilities:	9,847	11,748

EQUITY:		
Share capital		
Ordinary shares of NIS 0.9 par value – Authorized: 10,000,000 shares at September 30, 2011 and 2010; Issued and outstanding: 9,073,043 and 8,815,003 shares, respectively at September 30, 2011 and 2010		
	2,790	2,790
Additional paid-in capital	64,460	64,429
Accumulated other comprehensive loss	(768)	(694)
Treasury stock, at cost, 258,040 shares at September 30, 2011 and 2010	(2,018)	(2,018)
Retained earnings	22,110	26,319
Total TAT Technologies shareholders' equity	86,574	90,826
Noncontrolling interest	2,853	2,921
Total equity:	89,427	93,747
Total liabilities and equity	\$ 117,766	\$ 123,116

TAT TECHNOLOGIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, in thousands, except share and per share data)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues:				
OEM of Heat Management Solutions	\$7,619	\$6,437	\$21,596	\$20,630
Heat Transfer Services and Products *	6,892	6,388	19,965	17,597
MRO services for Aviation Components *	5,019	4,091	14,803	11,701
OEM of Electric Motion Systems	2,027	2,949	8,555	8,566
Eliminations	(847)	(943)	(2,912)	(2,556)
	20,710	18,922	62,007	55,938
Cost and operating expenses:				
OEM of Heat Management Solutions	5,724	5,309	16,390	16,079
Heat Transfer Services and Products	4,871	4,675	14,372	12,684
MRO services for Aviation Components	4,769	3,937	12,909	11,458
OEM of Electric Motion Systems	1,735	2,252	6,864	6,418
Write down of inventory and impairment charges of long lived assets	5,763	3,500	5,763	3,500
Eliminations	(815)	(908)	(2,757)	(2,688)
	22,047	18,765	53,541	47,451
Gross Profit (loss)	(1,337)	157	8,466	8,487
Research and development costs	180	132	643	459
Selling and marketing expenses	715	834	2,481	2,500
General and administrative expenses	2,985	2,754	8,010	8,029
Other income	(125)	-	(125)	-
Impairment of goodwill and intangible assets	-	4,704	-	4,704
	3,755	8,424	11,009	15,692
Operating loss	(5,092)	(8,267)	(2,543)	(7,205)