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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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, \$.10 Par Value—30,320,010 shares as of October 26, 2018.

AMERICAN VANGUARD CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	For the Three Months		For the Nine Months Ended	
	Ended September 30, 2018	2017	September 30, 2018	2017
Net sales	\$111,780	\$89,975	\$322,934	\$238,553
Cost of sales	66,480	51,943	193,286	136,102
Gross profit	45,300	38,032	129,648	102,451
Operating expenses	33,635	31,570	102,011	84,175
Operating income	11,665	6,462	27,637	18,276
Interest expense, net	1,116	375	2,961	1,073
Income before provision for income taxes and loss on equity method investments	10,549	6,087	24,676	17,203
Income tax expense	3,526	1,954	6,966	5,015
Income before loss on equity method investments	7,023	4,133	17,710	12,188
Loss from equity method investments	533	115	1,051	226
Net income	6,490	4,018	16,659	11,962
Net (loss) income attributable to non-controlling interest	35	71	120	(117)
Net income attributable to American Vanguard	\$6,525	\$4,089	\$16,779	\$11,845
Earnings per common share—basic	\$.22	\$.14	\$.57	\$.41
Earnings per common share—assuming dilution	\$.22	\$.14	\$.56	\$.40
Weighted average shares outstanding—basic	29,399	29,193	29,340	29,064
Weighted average shares outstanding—assuming dilution	30,209	29,783	30,146	29,648

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	For the Three Months		For the Nine Months Ended	
	Ended September 30, 2018	2017	September 30, 2018	2017
Net income	\$6,490	\$4,018	\$16,659	\$11,962
Comprehensive income:				
Foreign currency translation adjustment	638	(67)	412	970
Comprehensive income	7,128	3,951	17,071	12,932
Net (loss) income attributable to non-controlling interest	35	71	120	(117)
Comprehensive income attributable to American Vanguard	\$7,163	\$4,022	\$17,191	\$12,815

See notes to the condensed consolidated financial statements.

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

ASSETS

	September 30, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 9,368	\$ 11,337
Receivables:		
Trade, net of allowance for doubtful accounts of \$587 and \$46, respectively	125,046	102,534
Other	12,282	7,071
Total receivables, net	137,328	109,605
Inventories, net	162,760	123,124
Prepaid expenses	11,352	10,817
Total current assets	320,808	254,883
Property, plant and equipment, net	48,315	49,321
Intangible assets, net of applicable amortization	174,801	180,950
Goodwill	21,837	22,184
Other assets	24,150	28,254
Total assets	\$ 589,911	\$ 535,592

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current installments of other liabilities	\$ 481	\$ 5,395
Accounts payable	59,769	53,748
Deferred revenue	609	14,574
Accrued program costs	61,936	39,054
Accrued expenses and other payables	11,686	12,061
Income taxes payable	3,446	1,370
Total current liabilities	137,927	126,202
Long-term debt, net of deferred loan fees	97,313	77,486
Other liabilities, excluding current installments	8,831	10,306
Deferred income tax liabilities	17,216	16,284
Total liabilities	261,287	230,278
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued	—	—

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Common stock, \$.10 par value per share; authorized 40,000,000 shares; issued

32,757,098 shares at September 30, 2018 and 32,241,866 shares at December 31,

2017	3,276	3,225
Additional paid-in capital	81,573	75,658
Accumulated other comprehensive loss	(4,095)	(4,507)
Retained earnings	256,005	238,953
	336,759	313,329
Less treasury stock at cost, 2,450,634 shares at September 30, 2018 and		
December 31, 2017	(8,269)	(8,269)
American Vanguard Corporation stockholders' equity	328,490	305,060
Non-controlling interest	134	254
Total stockholders' equity	328,624	305,314
Total liabilities and stockholders' equity	\$ 589,911	\$ 535,592

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For The Three and Nine Months Ended September 30, 2018

(In thousands, except share data)

(Unaudited)

	Accumulated									
	Common Stock		Additional	Other	Retained	Treasury Stock		AVD	Non-	
	Shares	Amount	Paid-in Capital	Comprehensive Loss	Earnings	Shares	Amount	Total	Controlling Interest	Total
Balance, December 31, 2017	32,241,866	\$3,225	\$75,658	\$(4,507)	\$238,953	2,450,634	\$(8,269)	\$305,060	\$254	\$305,314
Adjustment to recognize new revenue recognition standard, net of tax					2,214			2,214		2,214
Adjustment to recognize new standard on taxes on foreign asset transfers					(180)			(180)		(180)
Common stocks issued under ESPP	17,078	1	298	—	—	—	—	299	—	299
Cash dividends on common stock (\$0.02 per share)	—	—	—	—	(586)	—	—	(586)	—	(586)
Foreign currency translation	—	—	—	672	—	—	—	672	—	672

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adjustment, net										
Stock based compensation	—	—	1,309	—	—	—	—	1,309	—	1,309
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)										
	409,979	41	470	—	—	—	—	511	—	511
Net income	—	—	—	—	4,655	—	—	4,655	(50)	4,605
Balance, March 31, 2018	32,668,923	3,267	77,735	(3,835)	245,056	2,450,634	(8,269)	313,954	204	314,158
Cash dividends on common stock (\$0.02 per share)										
	—	—	—	—	(587)	—	—	(587)	—	(587)
Foreign currency translation adjustment, net	—	—	—	(898)	—	—	—	(898)	—	(898)
Stock based compensation	—	—	1,469	—	—	—	—	1,469	—	1,469
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)										
	74,581	8	517	—	—	—	—	525	—	525
Net income	—	—	—	—	5,599	—	—	5,599	(35)	5,564
Balance, June 30, 2018	32,743,504	3,275	79,721	(4,733)	250,068	2,450,634	(8,269)	320,062	169	320,231
Stocks issued under ESPP	18,872	1	370	—	—	—	—	371	—	371
	—	—	—	—	(588)	—	—	(588)	—	(588)

Cash
dividends on
common stock

(\$0.015 per
share)

Foreign
currency
translation

adjustment,
net

Stock based
compensation

Stock options
exercised;
grants,

termination
and vesting of
restricted

stock units
(net of shares
in lieu of
taxes)

Net income

Balance,
September 30,

2018

—	—	—	638	—	—	—	638	—	638
—	—	1,457	—	—	—	—	1,457	—	1,457
(5,278)	—	25	—	—	—	—	25	—	25
—	—	—	—	6,525	—	—	6,525	(35)	6,490
32,757,098	\$3,276	\$81,573	\$(4,095)	\$256,005	2,450,634	\$(8,269)	\$328,490	\$134	\$328,624

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$16,659	\$11,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed and intangible assets	14,233	12,358
Amortization of other long term assets	3,630	3,995
Amortization of discounted liabilities	314	20
Stock-based compensation	4,235	3,585
(Decrease) increase in deferred income taxes	(34)	6
Loss from equity method investments	1,051	226
Changes in assets and liabilities associated with operations:		
Increase in net receivables	(24,382)	(15,746)
Increase in inventories	(39,305)	(2,213)
Increase in prepaid expenses and other assets	(959)	(3,678)
Increase (decrease) in income tax receivable/payable, net	2,069	(12,137)
Increase in accounts payable	5,711	4,556
Decrease in deferred revenue	(13,965)	(3,848)
Increase in accrued program costs	22,882	22,720
Decrease in other payables and accrued expenses	(7,229)	(3,562)
Net cash (used) provided by operating activities	(15,090)	18,244
Cash flows from investing activities:		
Capital expenditures	(5,154)	(5,333)
Investments	—	(950)
Acquisition of product lines and other intangible assets	(1,634)	(25,904)
Net cash used in investing activities	(6,788)	(32,187)
Cash flows from financing activities:		
Payments under line of credit agreement	(71,125)	(59,025)
Borrowings under line of credit agreement	90,800	76,000
Payments on other long-term liabilities	—	(26)
Net payments from the issuance of common stock (sale of stock under ESPP, exercise of stock options, and shares purchased for tax withholding)		
	1,731	(820)
Payment of cash dividends	(1,611)	(1,161)
Net cash provided by financing activities	19,795	14,968

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Net (decrease) increase in cash and cash equivalents	(2,083)	1,025
Effect of exchange rate changes on cash and cash equivalents	114	151
Cash and cash equivalents at beginning of period	11,337	7,869
Cash and cash equivalents at end of period	\$9,368	\$9,045

See notes to the condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(In thousands, except share data)

(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements of American Vanguard Corporation and Subsidiaries (“AVD”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

2. Revenue Recognition—The Company recognizes revenue from the sale of its products, which include insecticides, herbicides, soil fumigants, and fungicides. The Company sells its products to customers, which include distributors and retailers. In addition, the Company recognizes royalty income from the sale of intellectual property. Based on similar economic and operational characteristics, the Company’s business is aggregated into one reportable segment. Selective enterprise information of sales disaggregated by category and geographic region is as follows:

	Three Months Ended		Nine Months Ended	
	Sept 30, 2018		Sept 30, 2018	
	As reported	Without adoption of ASC 606	As reported	Without adoption of ASC 606
Net sales:				
Crop:				
Insecticides	\$25,475	\$25,481	\$99,433	\$99,463
Herbicides/soil fumigants/fungicides	34,577	34,577	98,163	98,163
Other, including plant growth regulators and distribution	35,302	35,302	83,519	83,519
	95,354	95,360	281,115	281,145
Non-crop, including distribution	16,426	16,426	41,819	41,819
Total net sales:	\$111,780	\$111,786	\$322,934	\$322,964
Net sales:				

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US	\$71,711	\$71,717	\$205,889	\$205,919
International	40,069	40,069	117,045	117,045
Total net sales:	\$111,780	\$111,786	\$322,934	\$322,964
Timing of revenue recognition:				
Goods transferred at a point in time	\$111,675	\$111,786	\$322,266	\$322,964
Goods and services transferred over time	105	—	668	—
Total net sales:	\$111,780	\$111,786	\$322,934	\$322,964

In May 2014, Financial Accounting Standards Board, (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification “ASC” 606). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In March 2016, FASB issued an amendment to the standard, ASU 2016-08, to clarify the implementation guidance on principal versus agent considerations. Under the amendment, an entity is required to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (that is, the entity is an agent). In April 2016, FASB issued another amendment to the standard, ASU 2016-10, to clarify identifying performance obligations and the licensing implementation guidance, which retaining the related principles for those areas. The standard and the amendments are effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). These amendments are effective upon adoption of ASC 606. This standard also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows.

Effective January 1, 2018, the Company adopted ASC 606 using the modified retrospective method, therefore, the comparative information has not been adjusted and continues to be reported under ASC 605. The Company determined that for certain products that are deemed to have no alternative use accompanied by an enforceable right to payment for performance completed to date, recognition will change from point in time, to over time. These sales were previously recognized upon delivery, and are now recognized over time utilizing an output method. In addition, the Company earns royalties on certain licenses granted for the use of its intellectual property, which were previously recognized over time. For certain licenses that are considered functional intellectual property, revenue recognition is now at a point in time.

As part of the Company's adoption of ASC 606, the Company elected to use the following practical expedients (i) not to adjust the promised amount of consideration for the effects of a significant financing component when the Company expects, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less (ii) allowing entities the option to treat shipping and handling activities that occur after control of the good transfers to the customer as fulfillment activities.

For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment for product sales, but also occurs over time for certain products that are deemed to have no alternative use accompanied by an enforceable right to payment for performance completed to date. For revenue recognized over time, the Company uses an output measure, units produced, to measure progress. From time to time, the Company may offer a program to eligible customers, in good standing, that provides extended payment terms on a portion of the sales on selected products. The Company analyzes these extended payment programs in connection with its revenue recognition policy to ensure all revenue recognition criteria are satisfied at the time of sale.

Performance Obligations—A performance obligation is a promise in a contract or sales order to transfer a distinct good or service to the customer, and is the unit of account in ASC 606. A transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Certain of the Company's sales orders have multiple performance obligations, as the promise to transfer individual goods or services is separately identifiable from other promises in the sales orders. For sales orders with multiple performance obligations, the Company allocates the sales order's transaction price to each performance obligation based on its relative stand-alone selling price. The stand-alone selling prices are determined based on the prices at which the Company separately sells these products. The Company's performance obligations are satisfied either at a point in time or over time as work progresses.

At September 30, 2018, the Company had \$24,599 of remaining performance obligations, which are comprised of open sales orders, deferred revenue and services not yet delivered. The Company expects to recognize approximately all of its remaining performance obligations as revenue in fiscal 2018.

Contract Balances—The timing of revenue recognition, billings and cash collections may result in deferred revenue in the condensed consolidated balance sheets. The Company sometimes receives payments from its customers in advance of goods and services being provided in return for early cash incentive programs, resulting in deferred revenues. These liabilities are reported on the condensed consolidated balance sheet at the end of each reporting period.

	September 30, 2018	December 31, 2017
Total receivables, net	\$ 137,328	\$ 109,605
Contract assets	3,000	—
Deferred revenue	609	14,574

Revenue recognized for the three and nine months ended September 30, 2018, that was included in the deferred revenue balance at the beginning of 2018 was \$13,965.

The following table presents the effect of the adoption of ASC 606 on our condensed consolidated balance sheet (unaudited) as of December 31, 2017, (in thousands):

	As of December 31, 2017		
		Adjustment due to	
	As previously reported	adoption of ASC 606	As adjusted
Total assets	\$535,592	\$ 3,000	\$538,592
Deferred income tax liabilities, net	16,284	786	17,070
Retained earnings	238,953	2,214	241,167

In accordance with ASC 606, the disclosure of the impact of adoption to our condensed consolidated statements of operations for the three and nine months ended September 30, 2018 were \$2 and \$59, respectively, reductions in net sales. This revenue will move from being recognized at point in time to be recognized over time. As such, the net sales will be reported as sales in later quarters.

In accordance with ASC 606, the disclosure of the impact of adoption to our condensed consolidated balance sheets was as follows:

	As of September 30, 2018		
	Balances without		
	adoption of ASC		
	As reported	606	Impact
Assets:			
Contract assets	\$3,000	\$—	\$3,000
Current liabilities:			
Deferred revenue	609	550	59
Deferred income tax liabilities	786	—	786
Stockholders' equity:			
Retained earnings	256,005	253,791	2,214

3. Property, plant and equipment at September 30, 2018 and December 31, 2017 consists of the following:

	September 30,	December 31,
	2018	2017
Land	\$ 2,548	\$2,458
Buildings and improvements	16,832	16,678
Machinery and equipment	108,033	107,722
Office furniture, fixtures and equipment	5,001	4,925
Automotive equipment	1,102	735
Construction in progress	2,483	1,917
Total gross value	135,999	134,435
Less accumulated depreciation	(87,684)	(85,114)
Total net value	\$ 48,315	\$49,321

The Company recognized depreciation expense related to property, plant and equipment of \$2,020 and \$2,033 for the three months ended September 30, 2018 and 2017, respectively. During the three months ended September 30, 2018 and 2017, the Company eliminated from assets and accumulated depreciation \$249 and \$1,126, respectively, of fully depreciated assets.

The Company recognized depreciation expense related to property, plant and equipment of \$6,166 and \$6,112 for the nine months ended September 30, 2018 and 2017, respectively. During the nine months ended September 30, 2018 and 2017, the Company eliminated from assets and accumulated depreciation \$3,596 and \$5,884, respectively, of fully depreciated assets.

Substantially all of the Company's assets are pledged as collateral with its banks.

4. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. The components of inventories consist of the following:

	September 30,	December 31,
	2018	2017
Finished products	\$ 144,963	\$ 107,595
Raw materials	17,797	15,529
	\$ 162,760	\$ 123,124

At September 30, 2018 and December 31, 2017, inventory reserve amounted to \$1,673 and \$3,137, respectively. Included in this change, during the three and nine months ended September 30, 2018, we adjusted our expected future costs for the re-work and released \$696 to income as a consequence. As of September 30, 2018, we believe our inventories are valued at lower of cost or net realizable value.

In July 2015, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASU”) 2015-11, Inventory (Topic 330). Topic 330 required an entity to measure inventory at the lower of cost or market, where market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. This ASU limits the scope to inventory that is measured using first-in, first-out (FIFO) or average cost and requires inventory be measured at the lower of costs or net realizable value. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company adopted this new standard effective January 1, 2017. There was no impact on this adoption.

5. Based on similar economic and operational characteristics, the Company’s business is aggregated into one reportable segment. Selective enterprise information is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales:				
Insecticides	\$25,475	\$24,866	\$99,433	\$102,249
Herbicides/soil fumigants/fungicides	34,577	32,717	98,163	68,783
Other, including plant growth regulators	35,302	17,191	83,519	30,680
Total crop:	95,354	74,774	281,115	201,712
Non-crop	16,426	15,201	41,819	36,841
Total net sales:	\$111,780	\$89,975	\$322,934	\$238,553
Net sales:				
US	\$71,711	\$65,842	\$205,889	\$173,877
International	40,069	24,133	117,045	64,676
Total net sales:	\$111,780	\$89,975	\$322,934	\$238,553

6. Accrued Program Costs— The Company offers various discounts to customers based on the volume purchased within a defined time period, other pricing adjustments, some grower volume incentives or other key performance indicator driven payments made to distributors, retailers or growers, at the end of a growing season. The Company describes these payments as “Programs.” Programs are a critical part of doing business in both the US crop and non-crop chemicals market places. These discount Programs represent variable consideration. In accordance with ASC 606, revenue from sales is recorded at the net sales price, which is the transaction price, and includes estimates of variable consideration. Variable consideration includes amounts expected to be paid to its customers estimated using the expected value method. Each quarter management compares individual sale transactions with Programs to determine what, if any, estimated program liability has been incurred. Once this initial calculation is made for the specific quarter, sales and marketing management, along with executive and financial management, review the accumulated Program balance and, for volume driven payments, make assessments of whether or not customers are tracking in a manner that indicates that they will meet the requirements set out in agreed upon terms and conditions attached to each Program. Following this assessment, management will make adjustments to the accumulated accrual to properly reflect the Company’s best estimate of the liability at the balance sheet date. The majority of adjustments are made at, or close to, the end of the crop season, at which time customer performance can be more fully assessed. Programs are paid out predominantly on an annual basis, usually in the final quarter of the financial year or the first quarter of the following year. No significant changes in estimates were made during the three and nine months ended September 30,

2018 and 2017, respectively.

7. The Company has declared and/or paid the following cash dividends in the periods covered by this Form 10-Q:

Declaration Date	Record Date	Distribution Date	Dividend	
			Per Share	Total Paid
September 18, 2018	October 3, 2018	October 17, 2018	\$ 0.020	\$588
June 11, 2018	June 28, 2018	July 12, 2018	\$ 0.020	\$587
March 8, 2018	March 30, 2018	April 13, 2018	\$ 0.020	\$586
December 12, 2017	December 27, 2017	January 10, 2018	\$ 0.015	\$438

8. ASC 260 Earnings Per Share (“EPS”) requires dual presentation of basic EPS and diluted EPS on the face of the condensed consolidated statements of operations. Basic EPS is computed as net income divided by the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects potential dilution that could occur if securities or other contracts, which, for the Company, consists of options to purchase shares of the Company’s common stock, are exercised.

The components of basic and diluted earnings per share were as follows:

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	2018	2017	2018	2017
Numerator:				
Net income attributable to AVD	\$6,525	\$4,089	\$16,779	\$11,845
Denominator: (in thousands)				
Weighted average shares outstanding-basic	29,399	29,193	29,340	29,064
Dilutive effect of stock options and grants	810	590	806	584
	30,209	29,783	30,146	29,648

For the three and nine months ended September 30, 2018 and 2017, no stock options were excluded from the computation of diluted earnings per share.

9. The Company has a revolving line of credit that is shown as long-term debt in the condensed consolidated balance sheets at September 30, 2018 and December 31, 2017. The Company has no short term debt as of September 30, 2018 and December 31, 2017. The revolving line of credit is summarized in the following table:

	September 30,		December 31,	
	2018		2017	
Long-term indebtedness (\$000's)				
Revolving line of credit	\$ 98,100		\$ 78,425	
Deferred loan fees	(787)	(939)
Net long-term debt	\$ 97,313		\$ 77,486	

As of June 30, 2017, AMVAC Chemical Corporation (“AMVAC”), the Company’s principal operating subsidiary, as borrower, and affiliates (including the Company, AMVAC CV and AMVAC BV), as guarantors and/or borrowers, entered into a Third Amendment to Second Amended and Restated Credit Agreement (the “Credit Agreement”) with a group of commercial lenders led by Bank of the West (AMVAC’s primary bank) as agent, swing line lender and Letter of Credit (“L/C”) issuer. The Credit Agreement is a senior secured lending facility, consisting of a line of credit of up to \$250,000, an accordion feature of up to \$100,000 and a maturity date of June 30, 2022. The Credit Agreement contains two key financial covenants; namely, borrowers are required to maintain a Consolidated Funded Debt Ratio of no more than 3.25-to-1 and a Consolidated Fixed Charge Covenant Ratio of at least 1.25-to-1. The Company’s borrowing capacity varies with its financial performance, measured in terms of EBITDA as defined in the Credit Agreement, for the trailing twelve month period. Under the Credit Agreement, revolving loans bear interest at a variable rate based, at borrower’s election with proper notice, on either (i) LIBOR plus the “Applicable Rate” which is based upon the Consolidated Funded Debt Ratio (“Eurocurrency Rate Loan”) or (ii) the greater of (x) the Prime Rate,

(y) the Federal Funds Rate plus 0.5%, and (z) the Daily One-Month LIBOR Rate plus 1.00%, plus, in the case of (x), (y) or (z) the Applicable Rate (“Alternate Base Rate Loan”). Interest payments for Eurocurrency Rate Loans are payable on the last day of each interest period (either one, two, three or six months, as selected by the borrower) and the maturity date, while interest payments for Alternate Base Rate Loans are payable on the last business day of each month and the maturity date.

At September 30, 2018, according to the terms of the Credit Agreement and based on its performance against the most restrictive covenants listed above, the Company had the capacity to increase its borrowings by up to \$105,111. This compares to an available borrowing capacity of \$124,724 as of September 30, 2017. The level of borrowing capacity is driven by three factors: (1) our financial performance, as measured in EBITDA for trailing twelve month period, which has improved, (2) net borrowings, which have increased and (3) the leverage covenant (being the number of times EBITDA the Company may borrow under its credit facility agreement).

10. Reclassification—Certain items may have been reclassified in the prior period condensed consolidated financial statements to conform with the September 30, 2018 presentation.

11. Total comprehensive income includes, in addition to net income, changes in equity that are excluded from the condensed consolidated statements of operations and are recorded directly into a separate section of stockholders’ equity on the condensed consolidated balance sheets. For the three and nine month periods ended September 30, 2018 and 2017, total comprehensive income consisted of net income attributable to American Vanguard and foreign currency translation adjustments.

12. Stock Based Compensation—The Company accounts for stock-based awards to employees and directors in accordance with FASB ASC 718, “Share-Based Payment,” which requires the measurement and recognition of compensation for all share-based payment awards made to employees and directors including shares of common stock granted for services, employee stock options, and employee stock purchases related to the Employee Stock Purchase Plan (“employee stock purchases”) based on estimated fair values.

The following tables illustrate the Company’s stock based compensation, unamortized stock-based compensation, and remaining weighted average period for the three and nine months ended September 30, 2018 and 2017.

	Stock-Based Compensation for the Three months ended	Stock-Based Compensation for the Nine months ended	Unamortized Stock-Based Compensation	Remaining Weighted Average Period (years)
September 30, 2018				
Restricted Stock	\$ 966	\$ 2,716	\$ 6,206	2.0
Performance Based Restricted Stock	491	1,519	2,814	2.0
Total	\$ 1,457	\$ 4,235	\$ 9,020	
September 30, 2017				
Incentive Stock Options	\$ 80	\$ 250	\$ 94	0.3
Restricted Stock	635	2,068	4,475	1.2
Performance Based Restricted Stock	299	920	1,901	2.0
Performance Based Options	249	347	69	0.3
Total	\$ 1,263	\$ 3,585	\$ 6,539	

Stock Options—During the three and nine months ended September 30, 2018, the Company did not grant any employees options to acquire shares of common stock.

Option activity within each plan is as follows:

	Incentive Stock Options Plans	Weighted Average Price Per Share	Weighted Average Price Per Share
Balance outstanding, December 31, 2017	473,641	\$ 9.38	\$ 9.38
Options exercised	(40,923)	11.49	—
Balance outstanding, March 31, 2018	432,718	9.19	9.19
Options exercised	(38,360)	10.02	—

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Balance outstanding, June 30, 2018	394,358	9.12	9.12
Options exercised	(9,568)	9.82	—
Balance outstanding, September 30, 2018	384,790	\$ 9.11	\$ 9.11

Information relating to stock options at September 30, 2018, summarized by exercise price is as follows:

Exercise Price Per Share	Outstanding Weighted		Exercisable Weighted		
	Average	Remaining	Average		
	Life	Exercise	Exercise		
Exercise Price Per Share	Shares	(Months)	Price	Shares	Price
Incentive Stock Option Plan:					
\$7.50	229,545	26	\$ 7.5	229,545	\$ 7.50
\$11.32—\$14.75	155,245	73	11.48	155,245	11.48
	384,790		\$ 9.11	384,790	\$ 9.11

The weighted average exercise prices for options granted, and exercisable, and the weighted average remaining contractual life for options outstanding as of September 30, 2018, were as follows:

	Number	Weighted Average Exercise Price	Weighted Remaining Contractual Life	Intrinsic Value
As of September 30, 2018	Shares	Price	(Months)	(thousands)
Incentive Stock Option Plan:				
Outstanding	384,790	\$ 9.11	45	\$ 3,422
Expected to Vest	384,790	\$ 9.11	45	\$ 3,422
Exercisable	384,790	\$ 9.11	45	\$ 3,422

Common stock grants — A summary of non-vested shares as of, and for, the three and nine months ended September 30, 2018 and 2017 is presented below:

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Weighted Average Grant Number	Date Fair Value	Weighted Average Grant Number	Date Fair Value
	of Shares	Value	of Shares	Value
Nonvested shares at December 31 st	391,753	\$ 15.61	324,756	\$ 14.75
Granted	254,972	19.97	251,475	16.10
Vested	(8,800)	12.07	(10,100)	12.95
Forfeited	(5,265)	16.51	(6,544)	15.26
Nonvested shares at March 31 st	632,660	17.41	559,587	15.38
Granted	22,308	23.66	38,502	17.08
Vested	(20,313)	22.82	(188,400)	15.22
Forfeited	(6,424)	17.25	(6,593)	15.55
Nonvested shares at June 30th	628,231	17.40	403,096	15.61
Granted	—	—	1,000	19.90

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Vested	(17,591)	13.51	(1,065)	12.88
Forfeited	(13,659)	17.35	(5,209)	15.80
Nonvested shares at September 30th	596,981	\$ 17.51	397,822	\$ 15.63

Common stock grants — During the nine months ended September 30, 2018, the Company issued a total of 277,280 shares of common stock to employees and directors of which 19,313 shares vested immediately, 19,760 shares will vest between a range of 178 days to 1,060 days, and the remaining shares will cliff vest after three years of service. The shares granted in 2018 were average fair valued at \$20.27 per share. The fair value was determined by using the publicly traded share price as of the market close on the date of grant. The Company will recognize as expense the value of restricted shares over the required service period.

During the nine months ended September 30, 2017, the Company issued a total of 290,977 shares of common stock to employees and directors. 24,312 shares vested immediately, 3,900 shares will vest in three equal tranches on the employee's anniversaries, 1,000 shares will cliff vest after one year of service, 2,500 shares will cliff vest after two years of service, and the remaining shares will cliff vest after three years of service. The shares granted in 2017 were average fair valued at \$16.24 per share. The fair value was determined by using the publicly traded share price as of the market close on the date of grant. The Company will recognize as expense the value of restricted shares over the required service period.

During the three months ended September 30, 2018 and 2017, the Company recognized stock-based compensation related to restricted shares of \$966 and \$635, respectively. During the nine months ended September 30, 2018 and 2017, the Company recognized stock-based compensation related to restricted shares of \$2,716 and \$2,068 respectively.

As of September 30, 2018, the Company had approximately \$6,206 of unamortized stock-based compensation related to unvested restricted shares. This amount will be recognized over the weighted-average period of 2.0 years. This projected expense will change if any restricted shares are granted or cancelled prior to the respective reporting periods or if there are any changes required to be made for estimated forfeitures.

Performance Based Shares—A summary of non-vested performance based shares as of, and for, the nine months ended September 30, 2018 and 2017, respectively is presented below:

Nine Months Ended	Nine Months Ended
September 30, 2018	September 30, 2017