

TAT TECHNOLOGIES LTD
Form 6-K
August 14, 2017

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 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 August 2017

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 August 13, 2017 re TAT Technologies Ltd. Reports Second Quarter 2017 Results.

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ITEM 1

Press Release Source: TAT Technologies Limited

TAT Technologies Reports Continued Improvement in Profitability and revenue growth in Q2 2017

Revenue growth of 13% in Q2/17 compare to Q2/16 and 14% in H1/17 compared to H1/16.

Company achieves Adjusted EBITDA of \$2.4 million for the quarter compared with \$1.2 million in Q2/16, an increase of 100% and \$5.3 million for the first half of the year compared with \$2.3 million in H1/16, an increase of 130%.

GEDERA, Israel, August 13, 2017 - TAT Technologies Ltd. (NASDAQ: TATT - News) (“TAT” or the “Company”), a leading provider of products and services to the commercial and military aerospace and ground defense industries, reported today its unaudited results for the three month and six month periods ended June 30, 2017.

Key Financial Highlights:

Revenues for Q2 2017 were \$26.6 million compared with \$23.5 million in Q2 2016, a 13.2% growth. Revenues for H1 2017 were \$53.6 million compared with \$47.2 million in H1 2016, a 13.6% growth.

Profitability showed significant improvement, both quarter-over-quarter and first half-over-first half:

Adjusted EBITDA for Q2 2017 increased to \$2.4 million compared with \$1.2 million in Q2 2016, an increase of 100%. Adjusted EBITDA for H1 2017 increased to \$5.3 million compared with \$2.3 million in H1 2016, an increase of 130%.

The Company achieved GAAP net income of \$0.6 million, or \$0.07 per diluted share in Q2 2017, compared with a loss of \$(2.5) million, or \$(0.28) per diluted share, in Q2 2016.

Non-GAAP net income reached \$0.8 million, or \$0.09 per diluted share in Q2 2017, compared with a loss of \$(0.1) million, or \$(0.01) per diluted share in Q2 2016.

Last Twelve Months (“LTM”) results for the period ended June 30, 2017 improved with revenues of \$102.3 million compared to \$90.8 million in the LTM period ended June 30, 2016, a growth of 12.7%. Adjusted EBITDA for the LTM period ended June 30, 2017 was \$10.9 million compared to \$2.5 million in the LTM period ended June 30, 2016, a growth of 336%.

Mr. Igal Zamir, CEO and President of TAT Technologies stated, “Our second quarter results reflect the continued implementation of the Company’s plan to improve efficiencies and cost reduction. This is the fourth consecutive quarter in which we demonstrate consistent and significant improvement resulting from streamlining operations, leveraging additional synergies between our various business activities and having certain new marketing processes. In addition, we are systematically focusing on tenders that guarantee present profitability compared to those that characterized our past activities, as reflected in the change of our product mix.”

Mr. Zamir added, “The aviation industry is benefiting from an increase in fleet sizes as well as passenger traffic on the one hand and low fuel prices on the other; we are working to leverage these trends in order to strengthen our business and competitive position. We are thrilled that the 14% sales growth was achieved concurrently with a decrease in operating expenses, resulting in Adjusted EBITDA doubling in the first six months of 2017 compared to the comparable period in 2016. The Adjusted EBITDA ratio also grew to more than 9% of total revenues during this period. We believe that our long term strategy will enable TAT to better utilize business opportunities and maintain our growth momentum.”

Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with GAAP, the Company also presents a Non-GAAP presentation of Net Income and Adjusted EBITDA. The adjustments to the Company's GAAP results are made with the intent of providing both management and investors a more complete understanding of the Company's underlying operational results, trends and performance. Non-GAAP Net Income excludes changes, income or losses, as applicable, related to one or more of the following: (1) share-based compensation expenses and/or (2) certain tax impact and/or (3) acquisition related expenses and/or (4) share in results of equity investment of affiliated companies. Adjusted EBITDA is calculated as net income before the Company's share in results and sale of equity investment of affiliated companies, share-based compensation, taxes on income, financial (expenses) income, net, and depreciation and amortization. Non-GAAP Net Income and Adjusted EBITDA, however, should not be considered as alternatives to net income and operating income for the period and may not be indicative of the historic operating results of the Company; nor they are meant to be predictive of potential future results. Non-GAAP Net Income and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. See reconciliation of GAAP Net Income to Non-GAAP Net Income and Adjusted EBITDA in pages 9 and 13 below.

About TAT Technologies LTD

TAT Technologies Ltd. is a leading provider of services and products to the commercial and military aerospace and ground defense industries. TAT operates under four segments: (i) Original equipment manufacturing ("OEM") of heat transfer solutions and aviation accessories through its Gedera facility; (ii) MRO services for heat transfer components and OEM of heat transfer solutions through its Limco subsidiary; (iii) MRO services for aviation components through its Piedmont subsidiary; and (iv) Overhaul and coating of jet engine components through its Turbochrome subsidiary. TAT controlling shareholders is the FIMI Private Equity Fund.

TAT's activities in the area of OEM of heat transfer solutions and aviation accessories primarily include the design, development and manufacture of (i) broad range of heat transfer solutions, such as pre-coolers heat exchangers and oil/fuel hydraulic heat exchangers, used in mechanical and electronic systems on board commercial, military and business aircraft; (ii) environmental control and power electronics cooling systems installed on board aircraft in and ground applications; and (iii) a variety of other mechanical aircraft accessories and systems such as pumps, valves, and turbine power units.

TAT's activities in the area of MRO Services for heat transfer components and OEM of heat transfer solutions primarily include the MRO of heat transfer components and to a lesser extent, the manufacturing of certain heat transfer solutions. TAT's Limco subsidiary operates an FAA-certified repair station, which provides heat transfer MRO services for airlines, air cargo carriers, maintenance service centers and the military.

TAT's activities in the area of MRO services for aviation components include the MRO of APUs, landing gears and other aircraft components. TAT's Piedmont subsidiary operates an FAA-certified repair station, which provides aircraft component MRO services for airlines, air cargo carriers, maintenance service centers and the military.

TAT's activities in the area of overhaul and coating of jet engine components includes the overhaul and coating of jet engine components, including turbine vanes and blades, fan blades, variable inlet guide vanes and afterburner flaps.

For more information of TAT Technologies Ltd., please visit our web-site:

www.tat-technologies.com

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Safe Harbor for Forward-Looking Statements

This press release contains forward-looking statements which include, without limitation, statements regarding possible or assumed future operation results. These statements are hereby identified as "forward-looking statements" for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that could cause our results to differ materially from management's current expectations. Actual results and performance can also be influenced by other risks that we face in running our operations including, but are not limited to, general business conditions in the airline industry, changes in demand for our services and products, the timing and amount or cancellation of orders, the price and continuity of supply of component parts used in our operations, the change of control that will occur on the sale by the receiver of the Company's shares held by our previously controlling stockholders, and other risks detailed from time to time in the Company's filings with the Securities Exchange Commission, including, its annual report on form 20-F and its periodic reports on form 6-K. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands)

| | June 30, 2017 (unaudited) | December 31, 2016 (audited) |
|---|---------------------------------|--------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 20,096 | \$ 21,433 |
| Short-term bank deposits | 464 | 964 |
| Accounts receivable, net | 22,819 | 21,572 |
| Other current assets and prepaid expenses | 3,020 | 1,687 |
| Inventory, net | 36,406 | 39,269 |
| Total current assets | 82,805 | 84,925 |
| NON-CURRENT ASSETS: | | |
| Investment in affiliates | 1,164 | 1,019 |
| Funds in respect of employee rights upon retirement | 2,816 | 2,660 |
| Deferred income taxes | 1,032 | 896 |
| Intangible assets, net | 1,112 | 1,179 |
| Property, plant and equipment, net | 20,902 | 21,298 |
| Total non-current assets | 27,026 | 27,052 |
| Total assets | \$ 109,831 | \$ 111,977 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 7,120 | 8,406 |
| Accrued expenses | 9,453 | 9,836 |
| Total current liabilities | 16,573 | 18,242 |
| NON CURRENT LIABILITIES: | | |
| Other long-term liabilities | 176 | 151 |
| Liability in respect of employee rights upon retirement | 3,164 | 2,994 |
| Deferred income taxes | 1,790 | 1,938 |
| Total non-current liabilities | 5,130 | 5,083 |
| Total liabilities | 21,703 | 23,325 |
| EQUITY: | | |
| Share capital | 2,797 | 2,797 |
| Additional paid-in capital | 64,875 | 64,760 |
| Treasury stock at cost | (2,088) | (2,088) |

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| | | |
|--|------------|------------|
| Accumulated other comprehensive loss | 476 | (73) |
| Retained earnings | 22,068 | 23,256 |
| Total shareholders' equity | 88,128 | 88,652 |
| Total liabilities and shareholders' equity | \$ 109,831 | \$ 111,977 |

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TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)

| | Three months ended | | Six months ended | | Year ended |
|---|--------------------|-------------|------------------|-------------|------------|
| | June 30, | | | | December |
| | 2017 | 2016 | 2017 | 2016 | 31, |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | 2016 |
| | | | | | (Audited) |
| Revenues: | | | | | |
| Products | \$9,369 | \$7,941 | \$18,919 | \$16,010 | \$30,431 |
| Services | 17,199 | 15,589 | 34,730 | 31,154 | 65,363 |
| | 26,568 | 23,530 | 53,649 | 47,164 | 95,794 |
| Cost of goods: | | | | | |
| Products | 7,532 | 6,341 | 14,443 | 13,032 | 23,788 |
| Services | 13,993 | 12,794 | 28,606 | 25,802 | 52,969 |
| | 21,525 | 19,135 | 43,049 | 38,834 | 76,757 |
| Gross Profit | 5,043 | 4,395 | 10,600 | 8,330 | 19,037 |
| Operating expenses: | | | | | |
| Research and development, net | 176 | 474 | 405 | 738 | 1,140 |
| Selling and marketing | 1,296 | 947 | 2,438 | 1,957 | 3,876 |
| General and administrative | 2,239 | 2,682 | 4,506 | 5,092 | 10,023 |
| Other loss (income) | - | (4 |) 28 | (3 |) (138 |
| | 3,711 | 4,099 | 7,377 | 7,784 | 14,901 |
| Operating income | 1,332 | 296 | 3,223 | 546 | 4,136 |
| Financial expenses, net | (100 |) (13 |) (272 |) (32 |) (154 |
| Income before taxes on income | 1,232 | 283 | 2,951 | 514 | 3,982 |
| Taxes on income | 535 | 2,722 | 1,033 | 2,908 | 3,865 |
| Income (loss) before equity investment | 697 | (2,439 |) 1,918 | (2,394 |) 117 |
| Share in results of affiliated companies | (86 |) (14 |) (106 |) (14 |) (55 |
| Net income (loss) | \$611 | \$(2,453 |) \$1,812 | \$(2,408 |) \$62 |
| Basic and diluted income (loss) per share | | | | | |
| Net income (loss) per share | \$0.07 | \$(0.28 |) \$0.21 | \$(0.27 |) \$0.01 |
| Weighted average number of shares outstanding | | | | | |
| Basic | 8,828,444 | 8,828,444 | 8,828,444 | 8,828,444 | 8,828,444 |
| Diluted | 8,832,080 | 8,828,444 | 8,892,756 | 8,828,444 | 8,830,764 |

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

| | Three months ended | | Six months ended | | Year ended |
|---|--------------------|-------------|------------------|-------------|-------------------|
| | June 30, 2017 | 2016 | 2017 | 2016 | December 31, 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Net income (loss) | \$611 | \$ (2,453) | \$1,812 | \$ (2,408) | \$ 62 |
| Other comprehensive income | | | | | |
| Net unrealized gains (losses) from derivatives | (227) | (173) | (324) | 192 | 174 |
| Reclassification adjustments for gains included in net income and inventory | 336 | (74) | 873 | (121) | (243) |
| Total other comprehensive income (loss) | \$720 | \$ (2,700) | \$2,361 | \$ (2,337) | \$ (7) |

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TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS (UNAUDITED)

(In thousands, except share and per share data)

| | Three months ended | |
|---|--------------------|------------|
| | June 30, 2017 | 2016 |
| Reported net income (loss) on GAAP basis | \$611 | \$(2,453) |
| Adjustments: | | |
| Tax adjustments re non-GAAP adjustments (1) | - | 2,360 |
| Share in results of equity investment of affiliated company | 86 | 14 |
| Share based compensation | 58 | 13 |
| Non-GAAP net income (loss) | \$755 | \$(66) |
| Non-GAAP net income per share (loss) | \$0.09 | \$(0.01) |
| Weighted average number of shares outstanding | | |
| Basic | 8,828,444 | 8,828,444 |
| Diluted | 8,832,080 | 8,828,444 |

During the second quarter of 2016 the Company distributed dividend from its foreign subsidiaries earnings. As a (1) result, the company accrued deferred tax liability due to actual distribution of earnings from foreign subsidiaries of the Company and due to the possibility of future distribution of earnings from such foreign subsidiaries.

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands, except share data)

| | TAT Technologies Ltd. Shareholders | | Additional | Accumulated | Treasury | Retained | Total |
|--|------------------------------------|----------|------------|-------------|------------|-----------|-----------|
| | Share capital | other | | | | | |
| | Number of | Amount | paid-in | income | shares | earnings | equity |
| | shares | | capital | (loss) | | | |
| | issued | | | | | | |
| BALANCE AT DECEMBER 31, 2014 (audited) | 9,082,817 | \$ 2,793 | \$ 64,491 | \$ - | \$(2,088) | \$ 20,345 | \$ 85,541 |
| CHANGES DURING THE YEAR ENDED DECEMBER 31, 2015 (audited): | | | | | | | |
| Comprehensive income (loss) | - | - | - | (4) | - | 5,849 | 5,845 |
| Share based compensation expenses | - | - | 38 | - | - | - | 38 |
| BALANCE AT DECEMBER 31, 2015 (audited) | 9,082,817 | 2,793 | 64,529 | (4) | (2,088) | 26,194 | 91,424 |
| CHANGES DURING THE YEAR ENDED DECEMBER 31, 2016 (audited): | | | | | | | |
| Comprehensive income (loss) | - | - | - | (69) | - | 62 | (7) |
| Share based compensation expenses | - | - | 105 | - | - | - | 105 |
| Exercise of option | 20,100 | 4 | 126 | - | - | - | 130 |
| Dividend distributed | - | - | - | - | - | (3,000) | (3,000) |
| BALANCE AT DECEMBER 31, 2016 (audited) | 9,102,917 | 2,797 | 64,760 | (73) | (2,088) | 23,256 | 88,652 |
| CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2017 (unaudited): | | | | | | | |
| Comprehensive income | - | - | - | 549 | - | 1,812 | 2,361 |
| Dividend distributed | - | - | - | - | - | (3,000) | (3,000) |
| Share based compensation expenses | - | - | 115 | - | - | - | 115 |
| BALANCE AT JUNE 30, 2017 (unaudited) | 9,102,917 | \$ 2,797 | \$ 64,875 | \$ 476 | \$(2,088) | \$ 22,068 | \$ 88,128 |

TAT TECHNOLOGIES AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

| | Three months ended | | Six months ended | | Year ended |
|---|--------------------|-------------|------------------|-------------|------------|
| | June 30, | | | | December |
| | 2017 | 2016 | 2017 | 2016 | 31, |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | 2016 |
| | | | | | (Audited) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Net income (loss) attributable to TAT Technologies Ltd. shareholders | \$611 | \$ (2,453) | \$ 1,812 | \$ (2,408) | \$ 62 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 980 | 880 | 1,949 | 1,731 | 3,636 |
| Loss on sale of property, plant and equipment | - | - | 28 | 1 | 12 |
| Interest from short-term bank deposits and restricted deposits | - | - | | (11) | (24) |
| Loss (gain) from change in fair value of derivatives | (43) | 5 | (60) | (48) | (152) |
| Provision for doubtful accounts | 19 | - | 38 | 43 | (29) |
| Share in results and sale of equity investment of affiliated Company | 86 | 14 | 106 | 14 | 55 |
| Share based compensation | 58 | 13 | 115 | 27 | 105 |
| Liability in respect of employee rights upon retirement | 68 | (5) | 170 | 13 | 123 |
| Deferred income taxes, net | (342) | 2,218 | (284) | 2,100 | 1,670 |
| Changes in operating assets and liabilities: | | | | | |
| Increase in trade accounts receivable | (1,820) | (2,060) | (1,285) | (3,497) | (2,392) |
| Decrease (increase) in other current assets and prepaid expenses | 324 | 1,480 | (618) | 944 | 1,487 |
| Decrease (increase) in inventory | 1,407 | (677) | 2,672 | (505) | (2,707) |
| Increase (decrease) in trade accounts payable | 67 | (551) | (1,371) | (124) | 1,192 |
| Increase (decrease) in accrued expenses | (1,613) | (207) | (383) | 345 | 2,521 |
| Increase (decrease) in other long-term liabilities | (11) | 25 | 25 | (122) | (38) |
| Net cash provided by (used in) operating activities | \$(209) | \$ (1,318) | \$ 2,914 | \$ (1,497) | \$ 5,521 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment in affiliated company | (164) | (13) | (251) | (13) | (905) |
| Funds in respect of employee rights upon retirement | (35) | 117 | (71) | (23) | 2 |
| Proceeds from sale of property and equipment | | | | 1 | 17 |
| Purchase of property and equipment | (809) | (2,915) | (1,429) | (3,583) | (5,702) |
| Maturities of short-term deposits | 500 | - | 500 | 2,000 | 7,182 |
| Cash flows provided by (used in) investing activities | \$(508) | \$ (2,811) | \$(1,251) | \$ (1,618) | \$ 594 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |

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| | | | | | |
|---|------------|-----------|----------|-----------|------------|
| Realization of contingency | - | - | - | - | (500) |
| Payment of cash dividend | (3,000) | - | (3,000) | - | (3,000) |
| Exercise of options | - | - | - | 130 | 130 |
| Cash flows provided by (used in) financing activities | \$(3,000) | \$ - | (3,000) | \$ 130 | \$(3,370) |
| Net increase (decrease) in cash and cash equivalents | (3,717) | (4,129) | (1,337) | (2,985) | 2,745 |
| Cash and cash equivalents at beginning of period | 23,813 | 19,832 | 21,433 | 18,688 | 18,688 |
| Cash and cash equivalents at end of period | \$20,096 | \$ 15,703 | \$20,096 | \$ 15,703 | \$ 21,433 |

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TAT TECHNOLOGIES AND ITS SUBSIDIARIES

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA (NON-GAAP) (UNAUDITED)

(In thousands)

| | Three months ended June 30, 2017 | | Six months ended June 30, 2017 | | Twelve months ended June 30, 2017 | |
|--|---|-----------|---|-----------|--|---------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Net income (loss) | \$611 | \$(2,453) | \$1,812 | \$(2,408) | \$4,282 | \$767 |
| Adjustments: | | | | | | |
| Share in results and sale of equity investment of affiliated companies | 86 | 14 | 106 | 14 | 147 | 268 |
| Taxes on income | 535 | 2,722 | 1,033 | 2,908 | 1,990 | 2,770 |
| Financial expenses, net | 100 | 13 | 272 | 32 | 394 | 132 |
| Gain on bargain purchase | - | - | - | - | - | (4,833) |
| Depreciation and amortization | 980 | 880 | 1,949 | 1,731 | 3,854 | 3,297 |
| Share based compensation | 58 | 13 | 115 | 27 | 193 | 50 |
| Adjusted EBITDA | \$2,370 | \$1,189 | \$5,287 | \$2,304 | \$10,860 | \$2,451 |

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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.

TAT TECHNOLOGIES
LTD.

(Registrant)

By: /s/ Guy Nathanzon
Guy Nathanzon
Chief Financial Officer

Date: August 13, 2017