TRIUMPH GROUP INC
Form 10-Q
February 09, 2015
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United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended December 31, 2014

or

¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _________ to ________

Commission File Number: 1-12235

TRIUMPH GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	51-0347963
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
899 Cassatt Road, Suite 210, Berwyn, PA	19312
(Address of principal executive offices)	(Zip Code)

(610) 251-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes S No £

Indicate by check mark whether the registrant has submitted electronically and has posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes S No £

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

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

(Do not check if a smaller reporting
company)

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

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

Common Stock, par value $0.001 per share, 50,451,397 shares outstanding as of February 5, 2015.

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Part I. Financial Information

Item 1. Financial Statements.

Triumph Group, Inc.
Condensed Consolidated Balance Sheets
(dollars in thousands, except per share data)

	December 31, 2014 (unaudited)	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$34,181	$28,998
Trade and other receivables, less allowance for doubtful accounts of $7,480 and $6,535	452,327	517,304
Inventories, net of unliquidated progress payments of $174,855 and $165,019	1,288,564	1,111,767
Rotable assets	43,825	41,666
Deferred income taxes	53,446	57,308
Prepaid and other current assets	22,789	24,897
Total current assets	1,895,132	1,781,940
Property and equipment, net	982,666	931,430
Goodwill	2,063,508	1,791,891
Intangible assets, net	974,028	978,171
Other, net	59,739	69,954
Total assets	$5,975,073	$5,553,386
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$40,877	$49,575
Accounts payable	308,398	317,334
Accrued expenses	359,871	273,290
Total current liabilities	709,146	640,199
Long-term debt, less current portion	1,401,803	1,500,808
Accrued pension and other postretirement benefits, noncurrent	410,168	508,524
Deferred income taxes, noncurrent	356,510	385,188
Other noncurrent liabilities	826,994	234,756
Stockholders' equity:		
Common stock, $.001 par value, 100,000,000 shares authorized, 52,460,920 and 52,459,020 shares issued; 50,451,397 and 52,159,020 shares outstanding	51	52
Capital in excess of par value	850,542	866,281
Treasury stock, at cost, 2,009,523 and 300,000 shares	(133,767)	(19,134)
Accumulated other comprehensive loss	(51,730)	(18,908)
Retained earnings	1,605,356	1,455,620
Total stockholders' equity	2,270,452	2,283,911
Total liabilities and stockholders' equity	$5,975,073	$5,553,386

SEE ACCOMPANYING NOTES.

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Triumph Group, Inc.
Condensed Consolidated Statements of Income
(in thousands, except per share data)
(unaudited)

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Nine Months Ended December 31, 2014	Nine Months Ended December 31, 2013
Net sales	$917,417	$915,816	$2,808,444	$2,826,844
Operating costs and expenses:				
Cost of sales (exclusive of depreciation and amortization shown separately below)	867,970	719,703	2,324,231	2,187,492
Selling, general and administrative	70,905	60,829	205,384	191,129
Depreciation and amortization	39,808	44,103	116,373	120,281
Relocation costs	—	4,841	3,193	7,285
Gain on legal settlement, net of expenses	—	—	(134,693)	—
Settlements and early retirement incentive expense	—	1,561	—	1,561
	978,683	831,037	2,514,488	2,507,748
Operating (loss) income	(61,266)	84,779	293,956	319,096
Interest expense and other	13,573	30,115	71,320	70,146
(Loss) income before income taxes	(74,839)	54,664	222,636	248,950
Income tax (benefit) expense	(35,007)	19,271	66,778	84,998
Net (loss) income	$(39,832)	$35,393	$155,858	$163,952
(Loss) earnings per share—basic:	$(0.79)	$0.68	$3.05	$3.18
Weighted-average common shares outstanding—basic	50,643	52,024	51,114	51,548
(Loss) earnings per share—diluted:	$(0.79)	$0.67	$3.04	$3.11
Weighted-average common shares outstanding—diluted	50,643	52,806	51,343	52,798
Dividends declared and paid per common share	$0.04	$0.04	$0.12	$0.12

SEE ACCOMPANYING NOTES.

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Triumph Group, Inc.
Condensed Consolidated Statements of Comprehensive Income
(dollars in thousands)
(unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
Net (loss) income	$(39,832)	$35,393	$155,858	$163,952
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(16,331)	(2,392)	(25,954)	378
Defined benefit pension plans and other postretirement benefits:				
Amounts arising during the period - gains (losses), net of tax expense (benefit):				
Prior service credit, net of taxes of $0 and ($7,023) for the three months ended and $0 and ($7,023) for the nine months ended	—	(11,695)	—	(11,695)
Actuarial (loss) gain, net of taxes $0 and $51,824 for the three months ended and $0 and $51,824 for the nine months ended	—	86,296	—	86,296
Reclassifications from accumulated other comprehensive income - (gains) losses, net of tax expense (benefits):				
Amortization of net loss, net of taxes of $0 and ($1,700) for the three months ended and $0 and ($5,100) for the nine months ended, respectively	—	2,831	—	8,493
Recognized prior service credits, net of taxes of $921 and $1,056 for the three months ended and $2,762 and $3,169 for the nine months ended, respectively	(1,533)	(1,759)	(4,599)	(5,277)
Total defined benefit pension plans and other postretirement benefits, net of taxes	(1,533)	75,673	(4,599)	77,817
Cash flow hedges:				
Unrealized gain (loss) arising during period, net of tax of $1,079 and ($1,247) for the three months ended and $1,298 and ($1,107) for the nine months ended, respectively	(1,732)	1,961	(2,182)	1,726
Reclassification of (gain) loss included in net earnings, net of tax of ($7) and $2 for the three months ended and $22 and $22 for the nine months ended, respectively	(20)	(3)	(87)	(39)
Net unrealized gain (loss) cash flow hedges, net of tax	(1,752)	1,958	(2,269)	1,687
Total other comprehensive (loss) income	(19,616)	75,239	(32,822)	79,882
Total comprehensive (loss) income	$(59,448)	$110,632	$123,036	$243,834

SEE ACCOMPANYING NOTES.

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Triumph Group, Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Nine Months Ended December 31, 2014	2013
Operating Activities		
Net income	$155,858	$163,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	116,373	120,281
Amortization of acquired contract liabilities	(39,332)	(34,373)
Pension settlement charge	—	1,561
Accretion of debt discount	1,577	1,871
Other amortization included in interest expense	7,182	5,732
Provision for doubtful accounts receivable	153	1,592
Provision for deferred income taxes	69,093	81,604
Employee stock-based compensation	1,208	3,695
Changes in assets and liabilities, excluding the effects of acquisitions and dispositions of businesses:		
Trade and other receivables	130,431	(10,414)
Rotable assets	(2,159)	(4,714)
Inventories	41,516	(108,176)
Prepaid expenses and other current assets	3,504	1,944
Accounts payable, accrued expenses and other current liabilities	(69,216)	(102,206)
Accrued pension and other postretirement benefits	(108,060)	(83,445)
Other	1,836	(5,560)
Net cash provided by operating activities	309,964	33,344
Investing Activities		
Capital expenditures	(85,170)	(161,797)
Reimbursements of capital expenditures	553	9,086
Proceeds from sale of assets	1,867	11,773
Acquisitions, net of cash acquired	38,082	(94,456)
Net cash used in investing activities	(44,668)	(235,394)
Financing Activities		
Net increase in revolving credit facility	17,607	178,460
Proceeds from issuance of long-term debt and capital leases	394,512	435,845
Repayment of debt and capital lease obligations	(541,884)	(410,169)
Purchase of common stock	(114,634)	—
Payment of deferred financing costs	(5,859)	(3,287)
Dividends paid	(6,122)	(6,246)
Repayment of government grant	(3,198)	256
Repurchase of restricted shares for minimum tax obligation	(673)	(2,726)
Proceeds from exercise of stock options	388	329
Net cash (used in) provided by financing activities	(259,863)	192,462
Effect of exchange rate changes on cash	(250)	2,966
Net change in cash	5,183	(6,622)
Cash and cash equivalents at beginning of period	28,998	32,037
Cash and cash equivalents at end of period	$34,181	$25,415

SEE ACCOMPANYING NOTES.

Triumph Group, Inc.
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except per share data)
(unaudited)

1. BASIS OF PRESENTATION AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements of Triumph Group, Inc. (the "Company") have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. 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 footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position and cash flows. The results of operations for the three and nine months ended December 31, 2014 are not necessarily indicative of results that may be expected for the year ending March 31, 2015. The accompanying condensed consolidated financial statements are unaudited and should be read in conjunction with the fiscal 2014 audited condensed consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended March 31, 2014 filed in May 2014.

The Company designs, engineers, manufactures, repairs and overhauls a broad portfolio of aerostructures, aircraft components, accessories, subassemblies and systems. The Company serves a broad, worldwide spectrum of the aviation industry, including original equipment manufacturers of commercial, regional, business and military aircraft and aircraft components, as well as commercial and regional airlines and air cargo carriers.
In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance codified in Accounting Standards Codification ("ASC") 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. The objective of ASC 606 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance. The principle of ASC 606 is that an entity will recognize revenue at the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. ASC 606 is effective for interim and annual reporting periods beginning after December 15, 2016 and can be adopted by the Company using either a full retrospective or modified retrospective approach, with early adoption prohibited. The Company is currently evaluating ASC 606 and has not determined the impact it may have on the Company’s consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Revenues are generally recognized in accordance with the contract terms when products are shipped, delivery has occurred or services have been rendered, pricing is fixed and determinable, and collection is reasonably assured. A significant portion of the Company’s contracts are within the scope of the Revenue Recognition - Construction-Type and Production-Type Contracts topic of the ASC 605-35 and revenue and costs on contracts are recognized using the percentage-of-completion method of accounting. Accounting for the revenue and profit on a contract requires estimates of (1) the contract value or total contract revenue, (2) the total costs at completion, which is equal to the sum of the actual incurred costs to date on the contract and the estimated costs to complete the contract’s scope of work, and (3) the measurement of progress towards completion. Depending on the contract, the Company measures progress toward completion using either the cost-to-cost method or the units-of-delivery method of accounting, with the great majority measured under the units-of-delivery method of accounting.

- Under the cost-to-cost method of accounting, progress toward completion is measured as the ratio of total costs incurred to estimated total costs at completion. Costs are recognized as incurred. Profit is determined based on estimated profit margin on the contract multiplied by the progress toward completion. Revenue represents the sum of costs and profit on the contract for the period.

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Triumph Group, Inc.
Notes to Condensed Consolidated Financial Statements
(dollars in thousands, except per share data)
(unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Under the units-of-delivery method of accounting, revenue on a contract is recorded as the units are delivered and accepted during the period at an amount equal to the contractual selling price of those units. The costs recorded on a contract under the units-of-delivery method of accounting are equal to the total costs at completion divided by the total units to be delivered. As contracts can span multiple years, the Company often segments the contracts into production lots for the purposes of accumulating and allocating cost. Profit is recognized as the difference between revenue for the units delivered and the estimated costs for the units delivered.

Adjustments to original estimates for a contract's revenues, estimated costs at completion and estimated total profit are often required as work progresses under a contract, as experience is gained and as more information is obtained, even though the scope of work required under the contract may not change, or if contract modifications occur. These estimates are also sensitive to the assumed rate of production. Generally, the longer it takes to complete the contract quantity, the more relative overhead that contract will absorb. The impact of revisions in cost estimates is recognized on a cumulative catch-up basis in the period in which the revisions are made. Provisions for anticipated losses on contracts are recorded in the period in which they become evident (''forward losses'') and are first offset against costs that are included in inventory, with any remaining amount reflected in accrued contract liabilities in accordance with the Revenue Recognition - Construction-Type and Production-Type Contracts topic. Revisions in contract estimates, if significant, can materially affect results of operations and cash flows, as well as valuation of inventory. Furthermore, certain contracts are combined or segmented for revenue recognition in accordance with the Revenue Recognition - Construction-Type and Production-Type Contracts topic.

For the three months ended December 31, 2014, cumulative catch-up adjustments from changes in estimates, inclusive of a provision for forward losses as discussed below, decreased operating income, net income and earnings per share by approximately $(154,268), $(82,107) and $(1.62) net of tax, respectively. The cumulative catch-up adjustments to operating income for the three months ended December 31, 2014 included gross favorable adjustments of approximately $5,325 and gross unfavorable adjustments of approximately $(159,593). For the nine months ended December 31, 2014, cumulative catch-up adjustments from changes in estimates, inclusive of a provision for forward losses as discussed below, decreased operating income, net income and earnings per share by approximately $(158,169), $(110,727) and $(2.16) net of tax, respectively. The cumulative catch-up adjustments to operating income for the nine months ended December 31, 2014 included gross favorable adjustments of approximately $4,769 and gross unfavorable adjustments of approximately $(162,938). For the three months ended December 31, 2013, cumulative catch-up adjustments from changes in estimates decreased operating income, net income and earnings per share by approximately $(21,339), $(13,816) and $(0.26) net of tax, respectively. For the nine months ended December 31, 2013, cumulative catch-up adjustments from changes in estimates decreased operating income, net income and earnings per share by approximately $(36,961), $(24,342) and $(0.46) net of tax, respectively.

Amounts representing contract change orders or claims are only included in revenue when such change orders or claims have been settled with the customer and to the extent that units have been delivered. Additionally, some contracts may contain provisions for revenue sharing, price re-determination, requests for equitable adjustments, change orders or cost and/or performance incentives. Such amounts or incentives are included in contract value when the amounts can be reliably estimated and their realization is reasonably assured.

Although fixed-price contracts, which extend several years into the future, generally permit the Company to keep unexpected profits if costs are less than projected, the Company also bears the risk that increased or unexpected costs may reduce profit or cause the Company to sustain losses on the contract. In a fixed-price contract, the Company must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs the Company will incur in performing these contracts and in projecting the ultimate level of revenue that may otherwise be achieved.

During the quarter ended December 31, 2014, the Company recognized a provision for forward losses of $151,992 associated with the Company's long-term contract on the 747-8 program. These forward losses are largely due to changes in future estimated production rates, labor and overhead costs, pension income and expedited delivery charges.

- In December 2014, our customer, The Boeing Company (“Boeing”), announced a future production rate reduction for the 747-8 program from 1.5 shipsets per month to 1.3 shipsets per month. This production rate cut will result in additional future disruption and overhead cost absorption across our related production facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- While the Company has experienced improvements in labor performance metrics on our work associated with the 747-8 program in recent quarters, the Company has not recovered to the levels previously experienced or as quickly as expected, and no longer believes that the Company can recover to the level required to avoid future losses. The Company's increased labor assumptions will also result in increased overhead cost absorption to the 747-8 program.
- In October 2014, the Society of Actuaries released updated mortality tables to reflect recent improvements in longevity. The mortality tables are a key assumption in the valuation of our defined benefit obligations and related net period pension benefit income. These new mortality tables will lower estimated future pension benefit income amounts, thereby negatively impacting our future cost estimates associated with the 747-8 program.
- Although the Company has made significant improvements on the quality and timeliness of deliveries as compared to the prior year, the Company continues to incur charges related to expedited delivery and have included estimates for additional costs in the future.

While the Company has recently recognized a provision for forward losses, there is still risk similar to what the Company has experienced on the 747-8 program. In particular, the Company's ability to manage risks related to supplier performance, execution of cost reduction strategies, hiring and retaining skilled production and management personnel, quality and manufacturing execution, program schedule delays and many other risks, will determine the ultimate performance of these programs.

Included in net sales of the Aerostructures and Aerospace Systems group is the non-cash amortization of acquired contract liabilities recognized as fair value adjustments through purchase accounting from various acquisitions. For the three months ended December 31, 2014 and 2013, the Company recognized $15,501 and $14,258, respectively, into net sales in the accompanying Condensed Consolidated Statements of Income. For the nine months ended December 31, 2014 and 2013, the Company recognized $39,332 and $34,373, respectively, into net sales in the accompanying Condensed Consolidated Statements of Income.

The Aftermarket Services Group provides repair and overhaul services, a small portion of which services are provided under long-term power-by-the-hour contracts. The Company applies the proportional performance method of accounting to recognize revenue under these contracts. Revenue is recognized over the contract period as units are delivered based on the relative value in proportion to the total estimated contract consideration. In estimating the total contract consideration, management evaluates the projected utilization of its customers' fleet over the term of the contract, in connection with the related estimated repair and overhaul servicing requirements to the fleet based on such utilization. Changes in utilization of the fleet by customers, among other factors, may have an impact on these estimates and require adjustments to estimates of revenue to be realized.

Concentration of Credit Risk

The Company's trade accounts receivable are exposed to credit risk. However, the risk is limited due to the diversity of the customer base and the customer base's wide geographical area. Trade accounts receivable from Boeing (representing commercial, military and space) represented approximately 25% and 32% of total trade accounts receivable as of December 31, 2014 and March 31, 2014, respectively. The Company had no other concentrations of credit risk of more than 10%. Sales to Boeing for the nine months ended December 31, 2014 were $1,219,324, or 43% of net sales, of which $1,084,777, $111,173 and $23,374 were from the Aerostructures segment, the Aerospace Systems segment and Aftermarket Services segment, respectively. Sales to Boeing for the nine months ended December 31, 2013 were $1,289,201, or 46% of net sales, of which $1,205,887, $64,202 and $19,112 were from the Aerostructures segment, the Aerospace Systems segment and Aftermarket Services segment, respectively. No other single customer accounted for more than 10% of the Company's net sales. However, the loss of any significant customer, including Boeing, could have a material adverse effect on the Company and its operating subsidiaries.

Stock-Based Compensation

The Company recognizes compensation expense for share-based awards based on the fair value of those awards at the date of grant. Stock-based compensation expense for the three months ended December 31, 2014 and 2013 was $403 and $1,432, respectively. Stock-based compensation expense for the nine months ended December 31, 2014 and 2013 was $1,208 and $3,695, respectively. The Company has classified share-based compensation within selling, general and administrative

(dollars in thousands, except per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenses to correspond with the same line item as the majority of the cash compensation paid to employees. Upon the exercise of stock options or vesting of restricted stock, the Company first transfers treasury stock, then issues new shares.

Intangible Assets

The components of intangible assets, net, are as follows:

	December 31, 2014			
	Weighted-Average Life	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	16.2	$681,292	$(168,474)	$512,818
Product rights, technology and licenses	11.7	52,405	(32,015)	20,390
Non-compete agreements and other	15.9	2,929	(509)	2,420
Tradenames	Indefinite-lived	438,400	—	438,400
Total intangibles, net		$1,175,026	$(200,998)	$974,028

	March 31, 2014			
	Weighted-Average Life	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	16.7	$650,199	$(136,970)	$513,229
Product rights, technology and licenses	11.7	52,405	(28,437)	23,968
Non-compete agreements and other	13.6	3,679	(1,105)	2,574
Tradenames	Indefinite-lived	438,400	—	438,400
Total intangibles, net		$1,144,683	$(166,512)	$978,171

Amortization expense for the three months ended December 31, 2014 and 2013 was $12,158 and $12,402, respectively. Amortization expense for the nine months ended December 31, 2014 and 2013 was $35,638 and $34,552, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value: Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2—Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability; and Level 3—Unobservable inputs for the asset or liability. The Company has applied fair value measurements to its interest rate swap (see Note 6).

Warranty Reserves

A reserve has been established to provide for the estimated future cost of warranties on our delivered products. The Company periodically reviews the reserves and adjustments are made accordingly. A provision for warranty on products delivered is made on the basis of historical experience and identified warranty issues. Warranties cover such factors as non-conformance to specifications and defects in material and workmanship. The majority of the Company's agreements include a three-year warranty, although certain programs have warranties up to 20 years. The warranty reserves as of December 31, 2014 and March 31, 2014, were $32,402 and $25,651, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supplemental Cash Flow Information

The Company received $23,666 for income tax refunds, net of payments, for the nine months ended December 31, 2014. The Company paid $2,329 for income taxes, net of refunds received, for the nine months ended December 31, 2013. The Company made interest payments of $76,188 and $60,202 for the nine months ended December 31, 2014 and 2013, respectively.

During the nine months ended December 31, 2014 and 2013, the Company financed $52 and $36, respectively, of property and equipment additions through capital leases. During the nine months ended December 31, 2013, the Company issued 2,272,019 shares, in connection with certain conversions of convertible senior subordinated notes (see Note 6).

During the nine months ended December 31, 2014, under the existing stock repurchase program, the Company repurchased 1,723,011 shares for $114,634. As a result, as of December 31, 2014, the Company remains able to purchase an additional 3,477,789 shares under the existing stock repurchase program.

3. ACQUISITIONS

FISCAL 2015 ACQUISITIONS

Acquisition of Spirit AeroSystems Holdings, Inc. - Gulfstream G650 and G280 Wing Programs

Effective December 30, 2014, a wholly-owned subsidiary of the Company, Triumph Aerostructures - Tulsa LLC, doing business as Triumph Aerostructures-Vought Aircraft Division-Tulsa, completed the acquisition of the Gulfstream G650 and G280 wing programs (the "Tulsa Programs") located in Tulsa, Oklahoma, from Spirit AeroSystems, Inc. The acquisition of the Tulsa Programs establishes the Company as a leader in fully integrated wing design, engineering and production and advances its standing as a strategic Tier One Capable aerostructures supplier. The acquired business will operate as Triumph Aerostructures-Vought Aircraft Division-Tulsa and its results will be included in the Aerostructures Group from the date of acquisition.

The Company received $160,000 in cash plus assets required to run the business from Spirit-Tulsa to cover the anticipated future cash flow needs of the programs. Goodwill in the amount of $80,636 was provisionally recognized for this acquisition and is calculated as the excess of consideration transferred over the net assets recognized and represents future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce. The goodwill is not deductible for tax purposes.

The accounting for the business combination is provisional and dependent upon obtaining valuations and other information for certain assets and liabilities which have not yet been identified, completed or obtained to a point where definitive estimates can be made. The process for estimating the fair values of identified intangible assets, certain tangible assets and assumed liabilities requires the use of judgment to determine the appropriate assumptions. As the Company finalizes estimates of the fair value of assets acquired and liabilities assumed, substantially all of the purchase price allocation for the Tulsa Programs is provisional. Additional purchase price adjustments will be recorded during the measurement period not to exceed one year beyond the acquisition date. These adjustments may have a material impact on the Company's results of operations and financial position.

The table below presents the provisional estimated fair value of assets acquired and liabilities assumed on the acquisition date based on the best information the Company has received to date, in accordance with Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). These estimates will be revised as the Company receives final appraisal of tangible and intangible assets, certain liabilities assumed and other information related to the Tulsa Programs acquisition. Accordingly, the amounts below report the Company's best estimate of fair value based on the information available at this time:

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3. ACQUISITIONS (Continued)

	December 30, 2014
Inventory	$72,364
Property and equipment	28,500
Goodwill	80,636
Deferred taxes	64,686
Total assets	$