

HYSTER-YALE MATERIALS HANDLING, INC.
Form 10-K
February 19, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-K
(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 000-54799
HYSTER-YALE MATERIALS HANDLING, INC.
(Exact name of registrant as specified in its charter)
Delaware
(State or other jurisdiction of incorporation or organization)

31-1637659
(I.R.S. Employer Identification No.)

5875 Landerbrook Drive, Suite 300, Cleveland, Ohio
(Address of principal executive offices)
Registrant's telephone number, including area code: (440) 449-9600

44124-4069
(Zip Code)

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

Title of each class	Name of each exchange on which registered
Class A Common Stock, Par Value \$0.01 Per Share	New York Stock Exchange

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

Class B Common Stock, Par Value \$0.01 Per Share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES NO

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

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YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Do not check if a smaller reporting company) 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

Aggregate market value of Class A Common Stock and Class B Common Stock held by non-affiliates as of June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter): \$1,027,617,286

Number of shares of Class A Common Stock outstanding at February 13, 2015: 12,282,769

Number of shares of Class B Common Stock outstanding at February 13, 2015: 3,961,213

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2015 annual meeting of stockholders are incorporated herein by reference in Part III of this Form 10-K.

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PART I

Item 1. BUSINESS

General

Hyster-Yale Materials Handling, Inc. ("Hyster-Yale" or the "Company") and its subsidiaries, including its operating company NACCO Materials Handling Group, Inc. ("NMHG"), is a leading global integrated designer, engineer, manufacturer, seller and servicer of a comprehensive line of lift trucks and aftermarket parts marketed globally primarily under the Hyster® and Yale® brand names, mainly to independent Hyster® and Yale® retail dealerships. Lift trucks and component parts are manufactured in the United States, Northern Ireland, Mexico, the Netherlands, the Philippines, Brazil, Japan, Italy, Vietnam and China. Hyster-Yale was incorporated as a Delaware corporation in 1999.

On December 18, 2014, the Company announced that NMHG acquired Nuvera Fuel Cells, Inc. ("Nuvera"). Nuvera, located in Billerica, Massachusetts, is a development-stage technology and product development company focused on fuel cell stacks and related systems. Nuvera is also focused on supporting on-site hydrogen production and dispensing systems that can deliver clean energy solutions to customers.

As a result of the acquisition of Nuvera, the Company intends to commercialize Nuvera's research and technology to provide for the integration of this fuel-cell technology across large parts of the Company's lift truck product range. The Company expects to be able to offer its Hyster® and Yale® customers an integrated, factory-fitted fuel-cell solution, as well as associated hydrogen generation and delivery capability. In addition, the Company expects to offer aftermarket solutions designed to be used in its electric powered lift truck brands in the market today.

On September 28, 2012, NACCO Industries, Inc., ("NACCO"), the Company's former parent company, spun-off the Company to NACCO stockholders. In the spin-off, NACCO stockholders, in addition to retaining their shares of NACCO common stock, received one share of Hyster-Yale Class A common stock and one share of Hyster-Yale Class B common stock for each share of NACCO Class A common stock or Class B common stock.

The Company makes its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports available, free of charge, through its website, www.hyster-yale.com, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC").

Business Segments

The Company operates four reportable segments: the Americas, Europe, Asia-Pacific and Nuvera. See Note 3 to the consolidated financial statements in this Annual Report on Form 10-K for further discussion.

Manufacturing and Assembly

The Company manufactures components, such as frames, masts and transmissions, and assembles lift trucks in the market of sale whenever practical to minimize freight cost and balance currency mix. In some instances, however, it utilizes one worldwide location to manufacture specific components or assemble specific lift trucks. Additionally, components and assembled lift trucks are exported to locations when it is advantageous to meet demand in certain markets. The Company operates twelve lift truck manufacturing and assembly facilities worldwide with five plants in the Americas, three in Europe and four in Asia-Pacific, including joint venture operations.

Sales of lift trucks represented approximately 83% of the Company's annual revenues in 2014 (approximately 55% internal combustion engine units and approximately 28% electric units), and 82% in each of 2013 and 2012. Service, rental and other revenues were approximately 4% in 2014, 5% in 2013 and 5% in 2012.

During 2014, the Company's retail shipments in North America by end market were approximately 27% to the manufacturing market, approximately 14% to the wholesale distribution market, approximately 13% to the food and beverage market, approximately 11% to the home centers and retail market, approximately 10% to the rental market, approximately 10% to the freight and logistics market and approximately 6% to the paper market.

Aftermarket Parts

The Company offers a line of aftermarket parts to service its large installed base of lift trucks currently in use in the industry. The Company offers online technical reference databases specifying the required aftermarket parts to service lift trucks and an aftermarket parts ordering system. Aftermarket parts sales represented approximately 13% of the Company's annual revenues in each of 2014, 2013 and 2012.

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The Company sells Hyster®- and Yale®-branded aftermarket parts to dealers for Hyster® and Yale® lift trucks. The Company also sells aftermarket parts under the UNISOURCE™ and PREMIER™ brands to Hyster® and Yale® dealers for the service of competitor lift trucks. The Company has a contractual relationship with a third-party, multi-brand, aftermarket parts wholesaler in the Americas and Europe whereby orders from the Company's dealers for parts for lift trucks are fulfilled by the third party who then pays the Company a commission.

Marketing

The Company's marketing organization is structured in three regional divisions: the Americas; Europe, which includes the Middle East and Africa; and Asia-Pacific. In each region, certain marketing support functions for the Hyster® and Yale® brands are carried out by shared services teams. These activities include sales and service training, information systems support, product launch coordination, specialized sales material development, help desks, order entry, marketing strategy and field service support.

Patents, Trademarks and Licenses

The Company relies on a combination of trade secret protection, trademarks, copyrights, and patents to establish and protect the Company's proprietary rights. These intellectual property rights may not have commercial value or may not be sufficiently broad to protect the aspect of the Company's technology to which they relate or competitors may design around the patents. The Company is not materially dependent upon patents or patent protection; however, as materials handling equipment has become more technologically advanced, the Company and its competitors have increasingly sought patent protection for inventions incorporated into their respective products. The Company owns the Hyster® and Yale® trademarks and believes these trademarks are material to its business.

Nuvera relies on a combination of trade secret protection, trademarks, copyrights, and patents to establish and protect its proprietary rights. The Company believes these intellectual property rights are well suited for industrial mobility markets such as lift trucks. The integration of these technologies into commercial solutions will require significant cooperation between NMHG and Nuvera product engineering and is a key to developing commercial value from this technology.

Distribution Network

The Company distributes lift trucks primarily through two channels: independent dealers and a National Accounts program. In addition, the Company distributes aftermarket parts and service for its lift trucks through its independent dealers. The Company's end-user base is diverse and fragmented, including, among others, light and heavy manufacturers, trucking and automotive companies, rental companies, building materials and paper suppliers, lumber, metal products, warehouses, retailers, food distributors, container handling companies and U.S. and non-U.S. governmental agencies.

Independent Dealers

The Company's dealers, located in 129 countries, are generally independently owned and operated. In the Americas, Hyster® had 24 independent dealers and Yale® had 38 independent dealers as of December 31, 2014. In Europe, Hyster® had 63 independent dealers and Yale® had 99 independent dealers as of December 31, 2014. In Asia-Pacific, Hyster® had 38 independent dealers and Yale® had 44 independent dealers as of December 31, 2014. As of December 31, 2014, the Company had 23 dual-branded dealers in the Americas, three in Europe and three in Asia-Pacific.

National Accounts

The Company operates a National Accounts program for both Hyster® and Yale®. The National Accounts program focuses on large customers with centralized purchasing and geographically dispersed operations in multiple dealer territories. The National Accounts program accounted for 15% of new lift truck unit volume in each of 2014, 2013 and 2012. The independent dealers support the National Accounts program by providing aftermarket parts and service on a local basis. Dealers receive a commission for the support they provide in connection with National Accounts sales and for the preparation and delivery of lift trucks to customer locations. In addition to selling new lift trucks, the National Accounts program markets services, including full maintenance leases and fleet management.

Financing of Sales

The Company is engaged in a joint venture with General Electric Capital Corporation ("GECC") to provide dealer and customer financing of new lift trucks in the United States. The Company owns 20% of the joint venture entity, NMHG

Financial Services, Inc. (“NFS”), and receives fees and remarketing profits under a joint venture agreement. This agreement has a base term of five years and automatically renews for additional one-year terms unless written notice is given by either

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party at least 180 days prior to termination. The expiration of the base term is December 2018. The Company accounts for its ownership of NFS using the equity method of accounting.

Under the joint venture agreement with NFS, the Company's dealers and certain customers are extended credit for the purchase of lift trucks to be placed in the dealer's floor plan inventory or the financing of lift trucks that are sold or leased to customers. For some of these arrangements, the Company provides recourse or repurchase obligations to NFS or to others. In substantially all of these transactions, a perfected security interest is maintained in the lift trucks financed, so that in the event of a default, the Company has the ability to foreclose on the leased property and sell it through the Hyster® or Yale® dealer network. Furthermore, the Company has established reserves for exposures under these agreements when required. In addition, the Company has an agreement with GECC to limit its exposure to losses at certain eligible dealers. Under this agreement, losses related to guarantees for these certain eligible dealers are limited to 7.5% of their original loan balance. See Notes 16 and 17 to the Consolidated Financial Statements in this Form 10-K for further discussion.

Backlog

The following table outlines the Company's backlog of unfilled orders placed with its manufacturing and assembly operations for new lift trucks:

	December 31, 2014	December 31, 2013	September 30, 2014
Units	28,100	28,200	26,800
Approximate sales value (in millions)	\$711	\$717	\$710

As of December 31, 2014, the Company expects substantially all of its expected backlog of unfilled orders placed with its manufacturing and assembly operations for new lift trucks to be sold during fiscal 2015. Backlog represents unfilled lift truck orders placed with the Company's manufacturing and assembly facilities from dealers, National Accounts customers and contracts with the U.S. government. In general, unfilled orders may be canceled at any time prior to the time of sale; however, the Company can assess cancellation penalties on dealer orders within a certain period prior to initiating production. The dollar value backlog is calculated using the current unit backlog and the forecasted average sales price per unit.

Key Suppliers and Raw Materials

At times, the Company has experienced significant increases in its material costs, primarily as a result of global increases in industrial metals including steel, lead and copper and other commodity products, such as rubber, due to increased demand and limited supply. While the Company attempts to pass these increased costs along to its customers in the form of higher prices for its products, it may not be able to fully offset the increased costs of industrial metals and other commodities, due to overall market conditions and the lag time involved in implementing price increases for its products.

A significant raw material required by the Company's manufacturing operations is steel which is generally purchased from steel producing companies in the geographic area near each of the Company's manufacturing facilities. The other significant components for the Company's lift trucks are axles, brakes, transmissions, batteries and chargers. These components are available from numerous sources in quantities sufficient to meet the Company's requirements. The Company depends on a limited number of suppliers for some of the Company's crucial components, including diesel and gasoline engines, which are supplied by, among others, Power Solutions International, Inc., Kubota Corp., and Cummins Inc., and cast-iron counterweights used to counter balance some lift trucks, which are obtained from, among others, North Vernon Industry Corp. and Eagle Quest International Ltd. Some of these critical components are imported and subject to regulations, such as customary inspection by the U.S. Customs and Border Protection under the auspices of the U.S. Department of Homeland Security, as well as the Company's own internal controls and security procedures. The Company believes comparable alternatives are available for all suppliers.

Competition

The Company is one of the leaders in the lift truck industry with respect to market share in the Americas and worldwide. Competition in the materials handling industry is intense and is based primarily on strength and quality of distribution, brand loyalty, customer service, new lift truck sales prices, availability of products and aftermarket parts, comprehensive product line offerings, product performance, product quality and features and the cost of ownership

over the life of the lift truck. The Company competes with several global lift truck manufacturers that operate in all major markets, as well as other niche companies.

The lift truck industry also competes with alternative methods of materials handling, including conveyor systems and automated guided vehicle systems.

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The Company's aftermarket parts offerings compete with parts manufactured by other lift truck manufacturers as well as companies that focus solely on the sale of generic parts.

Cyclical Nature of Lift Truck Business

The Company's lift truck business historically has been cyclical. Fluctuations in the rate of orders for lift trucks reflect the capital investment decisions of the Company's customers, which depend to a certain extent on the general level of economic activity in the various industries the lift truck customers serve. During economic downturns, customers tend to delay new lift truck and parts purchases. Consequently, the Company has experienced, and in the future may continue to experience, significant fluctuations in its revenues and net income.

Research and Development

The Company's lift truck research and development capability is organized around four major engineering centers, all coordinated on a global basis by the Company's global executive administrative center. Products are designed for each brand concurrently and generally each center is focused on the global requirements for a single product line. The Company's counterbalanced development center, which has global design responsibility for several classes of lift trucks for a highly diverse customer base, is located in Fairview, Oregon. The Company's big truck development center is located in Nijmegen, the Netherlands, adjacent to a dedicated global big truck assembly facility. Big trucks are primarily used in handling shipping containers and in specialized heavy lifting applications. Warehouse trucks, which are primarily used in distribution applications, are designed based on regional differences in stacking and storage practices. The Company designs warehouse equipment for sale in the Americas market in Greenville, North Carolina, adjacent to the Americas manufacturing and assembly facility. The Company designs warehouse equipment for the European market in Masate, Italy adjacent to its manufacturing and assembly facility for warehouse equipment. The Company also has an engineering Concept Center in the United Kingdom to support advanced design activities. In addition, the Company has an engineering office in India to support its global design activities for its four major engineering centers.

The Company's lift truck engineering centers utilize a three-dimensional CAD/CAM system and are connected with one another, with all of the Company's manufacturing and assembly facilities and with some suppliers. This allows for collaboration in technical engineering designs and collaboration with suppliers. Additionally, the Company solicits customer feedback throughout the design phase to improve product development efforts. The Company invested \$71.4 million, \$69.2 million and \$67.5 million on product design and development activities in 2014, 2013 and 2012, respectively.

Nuvera has two research and development locations. In the U.S., Billerica, Massachusetts is the primary location for design, development and testing of all of Nuvera's technologies, including the generation, compression, storage and dispensing of hydrogen, in addition to fuel cells. In Europe, San Donato, Italy is primarily focused on fuel cell systems integration and testing.

Sumitomo-NACCO Joint Venture

The Company has a 50% ownership interest in Sumitomo-NACCO Materials Handling Group, Ltd. ("SN"), a limited liability company that was formed in 1970 primarily to manufacture and distribute Sumitomo-branded lift trucks in Japan and export Hyster®- and Yale®-branded lift trucks and related components and service parts outside of Japan. Sumitomo Heavy Industries, Ltd. owns the remaining 50% interest in SN. Each shareholder of SN is entitled to appoint directors representing 50% of the vote of SN's board of directors. All matters related to policies and programs of operation, manufacturing and sales activities require mutual agreement between the Company and Sumitomo Heavy Industries, Ltd. prior to a vote of SN's board of directors. As a result, the Company accounts for its ownership in SN using the equity method of accounting. The Company purchases Hyster®- and Yale®-branded lift trucks and related component and aftermarket parts from SN under normal trade terms for sale outside of Japan. The Company also contracts with SN for engineering design services on a cost plus basis and charges SN for technology used by SN but developed by the Company. During 2014, SN sold more than 4,500 lift trucks.

Employees

As of January 31, 2015, the Company had approximately 5,400 employees. Certain employees in the Danville, Illinois parts depot operations are unionized. The Company's contract with the Danville union expires in June 2015.

Employees at the facilities in Berea, Kentucky; Sulligent, Alabama; and Greenville, North Carolina are not

represented by unions. In Brazil, all employees are represented by a union. The Company's contract with the Brazilian union expires annually in October, at which time salaries are negotiated for the following year. In Mexico, certain shop employees are unionized and the current collective bargaining agreement expires in March 2015.

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In Europe, certain employees in the Craigavon, Northern Ireland, Masate, Italy, San Donato, Italy and Nijmegen, the Netherlands facilities are unionized. All of the European employees are part of works councils that perform a consultative role on business and employment matters.

The Company believes its current labor relations with both union and non-union employees are generally satisfactory. However, there can be no assurances that the Company will be able to successfully renegotiate its union contracts without work stoppages or on acceptable terms. A prolonged work stoppage at a unionized facility could have a material adverse effect on the Company's business and results of operations.

Environmental Matters

The Company's manufacturing operations are subject to laws and regulations relating to the protection of the environment, including those governing the management and disposal of hazardous substances. The Company's policies stress compliance, and the Company believes it is currently in substantial compliance with existing environmental laws. If the Company fails to comply with these laws or its environmental permits, it could incur significant costs, including cleanup costs, fines and civil and criminal sanctions. In addition, future changes to environmental laws could require the Company to incur significant additional expense or restrict operations. Based on current information, the Company does not expect compliance with environmental requirements to have a material adverse effect on the Company's financial condition or results of operations.

In addition, the Company's products may be subject to laws and regulations relating to the protection of the environment, including those governing vehicle exhaust. Regulatory agencies in the United States and Europe have issued or proposed various regulations and directives designed to reduce emissions from spark-ignited engines and diesel engines used in off-road vehicles, such as industrial lift trucks. These regulations require the Company and other lift truck manufacturers to incur costs to modify designs and manufacturing processes and to perform additional testing and reporting. While there can be no assurance, the Company believes the impact of the additional expenditures to comply with these requirements will not have a material adverse effect on its business.

The Company is investigating or remediating historical contamination at some current and former sites caused by its operations or those of businesses it acquired. While the Company is not currently aware that any material outstanding claims or obligations exist with regard to these sites, the discovery of additional contamination at these or other sites could result in significant cleanup costs that could have a material adverse effect on the Company's financial conditions and results of operations.

In connection with any acquisition made by the Company, the Company could, under some circumstances, be held financially liable for or suffer other adverse effects due to environmental violations or contamination caused by prior owners of businesses the Company has acquired. In addition, under some of the agreements through which the Company has sold businesses or assets, the Company has retained responsibility for certain contingent environmental liabilities arising from pre-closing operations. These liabilities may not arise, if at all, until years later and could require the Company to incur significant additional expenses.

Government and Trade Regulations

In the past, the Company's business has been affected by trade disputes between the United States and Europe. In the future, to the extent the Company is affected by trade disputes and increased tariffs are levied on its goods, its results of operations may be materially adversely affected.

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Item 1A. RISK FACTORS

The lift truck business is cyclical. Any downturn in the general economy could result in significant decreases in the Company's revenue and profitability and an inability to sustain or grow the business.

The Company's lift truck business historically has been cyclical. Fluctuations in the rate of orders for lift trucks reflect the capital investment decisions of the Company's customers, which depend to a certain extent on the general level of economic activity in the various industries the lift truck customers serve. During economic downturns, customers tend to delay new lift truck and parts purchases. Consequently, the Company has experienced, and in the future may continue to experience, significant fluctuations in revenues and net income. If there is a downturn in the general economy, or in the industries served by lift truck customers, the Company's revenue and profitability could decrease significantly, and the Company may not be able to sustain or grow the business.

The pricing and costs of the Company's products have been and may continue to be impacted by non-U.S. currency fluctuations, which could materially increase costs, and result in material exchange losses and reduce operating margins.

Because the Company conducts transactions in various non-U.S. currencies, including the euro, British pound, Australian dollar, Brazilian real, Japanese yen, Chinese renminbi and Swedish kroner, lift truck pricing is subject to the effects of fluctuations in the value of these non-U.S. currencies and fluctuations in the related currency exchange rates. As a result, the Company's sales have historically been affected by, and may continue to be affected by, these fluctuations. In addition, exchange rate movements between currencies in which the Company purchases materials and components and manufactures certain products and the currencies in which the Company sells those products have been affected by and may continue to result in exchange losses that could materially reduce operating margins. Furthermore, the Company's hedging contracts may not fully offset risks from changes in currency exchange rates. The cost of raw materials used by the Company's products has and may continue to fluctuate, which could materially reduce the Company's profitability.

At times, the Company has experienced significant increases in materials costs, primarily as a result of global increases in industrial metals including steel, lead and copper and other commodity prices, such as rubber, as a result of increased demand and limited supply. The Company manufactures products that include raw materials that consist of steel, rubber, copper, lead, castings and counterweights. The Company also purchases parts provided by suppliers that are manufactured from castings and steel or contain lead. The cost of these parts is affected by the same economic conditions that impact the cost of the parts the Company manufactures. The cost to manufacture lift trucks and related service parts has been and will continue to be affected by fluctuations in prices for these raw materials. If costs of these raw materials increase, the Company's profitability could be reduced.

The Company is subject to risks relating to its non-U.S. operations.

Non-U.S. operations represent a significant portion of the Company's business. The Company expects revenue from non-U.S. markets to continue to represent a significant portion of total revenue. The Company owns or leases manufacturing facilities in Brazil, Italy, Mexico, the Netherlands and Northern Ireland, and owns interests in joint ventures with facilities in China, Japan, the Philippines and Vietnam. The Company also sells U.S. produced products to non-U.S. customers and sells non-U.S. produced products to U.S. customers. The Company's non-U.S. operations are subject to additional risks, which include:

- potential political, economic and social instability in the non-U.S. countries in which the Company operates;
- currency risks, including those risks set forth above under, "The pricing and costs of the Company's products have been and may continue to be impacted by non-U.S. currency fluctuations, which could materially increase costs, result in material exchange losses and materially reduce operating margins";
- imposition of or increases in currency exchange controls;
- potential inflation in the applicable non-U.S. economies;
- imposition of or increases in import duties and other tariffs on products;
- imposition of or increases in non-U.S. taxation of earnings and withholding on payments received;
- regulatory changes affecting non-U.S. operations; and
- stringent labor regulations.

Part of the strategy to expand worldwide market share is strengthening the Company's non-U.S. distribution network. A part of this strategy also includes decreasing costs by sourcing basic components in lower-cost countries. Implementation of this part of the strategy may increase the impact of the risks described above and there can be no assurance that such risks will not have an adverse effect on the Company's revenues, profitability or market share.

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The Company depends on a limited number of suppliers for specific critical components.

The Company depends on a limited number of suppliers for some of its critical components, including diesel, gasoline and alternative fuel engines and cast-iron counterweights used to counterbalance some lift trucks. Some of these critical components are imported and subject to regulation, primarily with respect to customary inspection of such products by the U.S. Customs and Border Protection under the auspices of the U.S. Department of Homeland Security. The results of operations could be adversely affected if the Company is unable to obtain these critical components, or if the costs of these critical components were to increase significantly, due to regulatory compliance or otherwise, and the Company was unable to pass the cost increases on to its customers.

If the Company's strategic initiatives, including the introduction of new products, do not prove effective, revenues, profitability and market share could be significantly reduced.

Changes in the timing of implementation of the Company's current strategic initiatives may result in a delay in the expected recognition of future costs and realization of future benefits. In addition, if future industry demand levels are lower than expected, the actual annual cost savings could be lower than expected. If the Company is unable to successfully implement these strategic initiatives, revenues, profitability and market share could be significantly reduced.

Failure to compete effectively within the Company's industry could result in a significant decrease in revenues and profitability.

The Company experiences intense competition in the sale of lift trucks and aftermarket parts. Competition in the lift truck industry is based primarily on strength and quality of dealers, brand loyalty, customer service, new lift truck sales prices, availability of products and aftermarket parts, comprehensive product line offerings, product performance, product quality and features and the cost of ownership over the life of the lift truck. The Company competes with several global manufacturers that operate in all major markets. These manufacturers may have lower manufacturing costs and greater financial resources than the Company, which may enable them to commit larger amounts of capital in response to changing market conditions. If the Company fails to compete effectively, revenues and profitability could be significantly reduced.

The Company relies primarily on its network of independent dealers to sell lift trucks and aftermarket parts and the Company has no direct control over sales by those dealers to customers. Ineffective or poor performance by these independent dealers could result in a significant decrease in revenues and profitability and the inability to sustain or grow the business.

The Company relies primarily on independent dealers for sales of lift trucks and aftermarket parts. Sales of the Company's products are therefore subject to the quality and effectiveness of the dealers, who are not subject to the Company's direct control. As a result, ineffective or poorly performing dealers could result in a significant decrease in revenues and profitability and we may not be able to sustain or grow the Company's business.

If the global capital goods market declines, the cost saving efforts the Company has implemented may not be sufficient to achieve the benefits expected.

If the global economy or the capital goods market declines, revenues could decline. If revenues are lower than expected, the programs the Company has implemented may not achieve the benefits expected. Furthermore, the Company may be forced to take additional cost saving steps that could result in additional charges that materially adversely affect the ability to compete or implement the Company's current business strategies.

Actual liabilities relating to pending lawsuits may exceed the Company's expectations.

The Company is a defendant in pending lawsuits involving, among other things, product liability claims. The Company cannot be sure that it will succeed in defending these claims, that judgments will not be rendered against the Company with respect to any or all of these proceedings or that reserves set aside or insurance policies will be adequate to cover any such judgments. The Company could incur a charge to earnings if reserves prove to be inadequate or the average cost per claim or the number of claims exceed estimates, which could have a material adverse effect on results of operations and liquidity for the period in which the charge is taken and any judgment or settlement amount is paid.

The Company is subject to recourse or repurchase obligations with respect to the financing arrangements of some of its customers.

Through arrangements with GECC and others, dealers and other customers are provided financing for new lift trucks in the United States and in major countries of the world outside of the United States. Through these arrangements, the Company's dealers and certain customers are extended credit for the purchase of lift trucks to be placed in the dealer's floor plan inventory or the financing of lift trucks that are sold or leased to customers. For some of these arrangements, the Company provides

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recourse or repurchase obligations such that it would become obligated in the event of default by the dealer or customer. Total amounts subject to these types of obligations at December 31, 2014 and 2013 were \$176.1 million and \$149.2 million, respectively. Generally, the Company maintains a perfected security interest in the assets financed such that, in the event that the Company becomes obligated under the terms of the recourse or repurchase obligations, it may take title to the assets financed. The Company cannot be certain, however, that the security interest will equal or exceed the amount of the recourse or repurchase obligations. In addition, the Company cannot be certain that losses under the terms of the recourse or repurchase obligations will not exceed the reserves that have been set aside in the consolidated financial statements. The Company could incur a charge to earnings if reserves prove to be inadequate, which could have a material adverse effect on results of operations and liquidity for the period in which the charge is taken.

Actual liabilities relating to environmental matters may exceed the Company's expectations.

The Company's manufacturing operations are subject to laws and regulations relating to the protection of the environment, including those governing the management and disposal of hazardous substances. If the Company fails to comply with these laws or the Company's environmental permits, then the Company could incur substantial costs, including cleanup costs, fines and civil and criminal sanctions. In addition, future changes to environmental laws could require the Company to incur significant additional expenses or restrict operations.

In addition, the Company's products may be subject to laws and regulations relating to the protection of the environment, including those governing vehicle exhausts. Regulatory agencies in the United States and Europe have issued or proposed various regulations and directives designed to reduce emissions from spark-ignited engines and diesel engines used in off-road vehicles, such as industrial lift trucks. These regulations require the Company and other lift truck manufacturers to incur costs to modify designs and manufacturing processes and to perform additional testing and reporting.

The Company is investigating or remediating historical contamination at some current and former sites caused by its operations or those of businesses it acquired. While the Company is not currently aware that any material outstanding claims or obligations exist with regard to these sites, the discovery of additional contamination at these or other sites could result in significant cleanup costs that could have a material adverse effect on its financial condition and results of operations.

In connection with any acquisition the Company has made, it could, under some circumstances, be held financially liable for or suffer other adverse effects due to environmental violations or contamination caused by prior owners of businesses acquired. In addition, under some of the agreements through which the Company has sold businesses or assets, it has retained responsibility for certain contingent environmental liabilities arising from pre-closing operations. These liabilities may not arise, if at all, until years later and could require the Company to incur significant additional expenses, which could materially adversely affect the results of operations and financial condition.

The Company may become subject to claims under non-U.S. laws and regulations, which may require expensive, time consuming and distracting litigation.

Because the Company has employees, property and business operations outside of the United States, it is subject to the laws and the court systems of many jurisdictions. The Company may become subject to claims outside the United States based in non-U.S. jurisdictions for violations of their laws with respect to the Company's non-U.S. operations. In addition, these laws may be changed or new laws may be enacted in the future. Non-U.S. litigation is often expensive, time consuming and distracting. As a result, any of these risks could significantly reduce profitability and the Company's ability to operate its businesses effectively.

The Company may be subject to risk relating to increasing cash requirements of certain employee benefits plans which may affect its financial position.

The expenses recorded for, and cash contributions required to be made to, the Company's defined benefit pension plans are dependent on changes in market interest rates and the value of plan assets, which are dependent on actual investment returns. Significant changes in market interest rates, decreases in the value of plan assets or investment losses on plan assets may require the Company to increase the cash contributed to defined benefit plans which may affect its financial position.

The Company is dependent on key personnel, and the loss of these key personnel could significantly reduce profitability.

The Company is highly dependent on the skills, experience and services of key personnel, and the loss of key personnel could have a material adverse effect on its business, operating results and financial condition. Employment and retention of qualified personnel is important to the successful conduct of the Company's business. Therefore, the Company's success also depends upon its ability to recruit, hire, train and retain additional skilled and experienced management personnel. The Company's inability to hire and retain personnel with the requisite skills could impair the ability to manage and operate its business effectively and could significantly reduce profitability.

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Other products may be introduced to the market by competitors, making the Nuvera technology less marketable.

The use of fuel cell technology in industrial and commercial applications is a relatively new development. Companies implementing such technology face competition from competitors that integrate more traditional energy technologies into their product lines, as well as competitors that have implemented or are implementing alternatives to traditional energy technologies, such as lithium batteries, fuel additives and other high efficiency or “renewable” technologies. Any of these technologies may have more established or otherwise more attractive manufacturing, distribution and operating cost features, which could negatively impact customers’ preferences for product lines that incorporate fuel cell technology and, as a result, diminish the marketability of products incorporating Nuvera technology.

The Company may encounter unexpected difficulties integrating Nuvera into its businesses.

The acquisition of Nuvera was intended to provide direct access to fuel cell technology suitable for lift truck applications. This strategy's success will depend on the Company’s ability to commercialize Nuvera’s technology, to integrate Nuvera’s business with its own and to develop satisfactory working arrangements with Nuvera’s existing employees. Unexpected difficulties in integrating Nuvera with the Company’s operations could occur and the Company may not realize the magnitude, or timing, of benefits initially anticipated in connection with the Nuvera acquisition.

The Company may not be successful in commercializing Nuvera’s technology, which success would depend, in part, on the Company’s ability to protect Nuvera’s intellectual property.

The success of the acquisition of Nuvera will depend largely on the Company’s ability to commercialize Nuvera’s fuel cell technologies, such that the Company may incorporate these technologies in its product lines on economically efficient terms. However, unforeseen difficulties, such as delays in development due to design defects or changes in specifications and insufficient research and development resources or cost overruns, may hinder the Company’s ability to incorporate Nuvera’s technologies into its product lines on an economically favorable basis or at all.

Furthermore, Nuvera’s commercial success will depend largely on the Company’s ability to maintain patent and other intellectual property protection covering certain of Nuvera’s technologies. Nuvera’s fuel cell technology may not be economically viable if the Company is unable to prevent others from infringing or successfully challenging the validity of certain patents and other intellectual property rights attributable to Nuvera.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

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Item 2. PROPERTIES

The following table presents the principal assembly, manufacturing, distribution and office facilities that the Company owns or leases:

Region	Facility Location	Owned/Leased	Function(s)
Americas	Barueri, Brazil	Leased	Marketing, sales and administrative center for Brazil
	Billerica, Massachusetts	Leased	Nuvera research and development laboratory
	Berea, Kentucky	Owned	Assembly of lift trucks and manufacture of component parts
	Cleveland, Ohio	Leased	Corporate headquarters
	Charlotte, North Carolina	Leased	Customer experience and training center
	Danville, Illinois	Owned	Americas parts distribution center
	Greenville, North Carolina	Owned	Divisional headquarters and marketing and sales operations for Hyster® and Yale® in Americas; Americas warehouse development center; assembly of lift trucks and manufacture of component parts
	Fairview, Oregon	Owned	Global executive administrative center; counterbalanced development center for design and testing of lift trucks, prototype equipment and component parts
	Itu, Brazil	Owned	Assembly of lift trucks and parts distribution center
	Ramos Arizpe, Mexico	Owned	Manufacture of component parts for lift trucks
Europe	Sao Paulo, Brazil	Leased	Assembly of lift trucks, sale of parts and marketing operations for Brazil
	Sulligent, Alabama	Owned	Manufacture of component parts for lift trucks
	Craigavon, Northern Ireland	Owned	Manufacture of lift trucks and cylinders; frame and mast fabrication for Europe
	Frimley, Surrey, United Kingdom	Leased	European executive center; marketing and sales operations for Hyster® and Yale® in Europe
	Irvine, Scotland	Leased	European administrative center
	Masate, Italy	Leased	Assembly of lift trucks; European warehouse development center
	Nijmegen, The Netherlands	Owned	Big trucks development center; manufacture and assembly of big trucks and component parts; European parts distribution center
Asia-Pacific	San Donato, Italy	Leased	Nuvera integration and testing
	Kuala Lumpur, Malaysia	Leased	Asia support office
	Shanghai, China	Owned ⁽¹⁾	Assembly of lift trucks by Shanghai Hyster joint venture, sale of parts and marketing operations of China
	Sydney, Australia	Leased	Divisional headquarters and sales and marketing for Asia-Pacific; Asia-Pacific parts

India	Pune, India	Leased	distribution center Engineering design services
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(1) This facility is owned by Shanghai Hyster Forklift Ltd., the Company's Chinese joint venture company. SN's operations are supported by three facilities. SN's headquarters are located in Obu, Japan at a facility owned by SN. The Obu facility also has assembly and distribution capabilities for lift trucks and parts. In Cavite, the Philippines and Hanoi, Vietnam, SN owns facilities for the manufacture of components for SN and the Company's products. SN also has one wholly-owned and three partially-owned dealerships in Japan. The Company leases the facility for its one retail dealership in Singapore.

Item 3. LEGAL PROCEEDINGS

The Company is, and will likely continue to be, involved in a number of legal proceedings which the Company believes generally arise in the ordinary course of the business, given its size, history and the nature of its business and products. The Company is not a party to any material legal proceeding.

Item 4. MINE SAFETY DISCLOSURES

None.

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Item 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The following tables set forth the name, age, current position and principal occupation and employment during the past five years of the Company's executive officers.

Name	Age	Current Position	Other Positions
Alfred M. Rankin, Jr.	73	Chairman, President and Chief Executive Officer of Hyster-Yale (from September 2012), Chairman of NMHG (from prior to 2010).	
Colin Wilson	60	President and Chief Executive Officer, NMHG of Hyster-Yale (from September 2014), President and Chief Executive Officer of NMHG (from September 2014).	President and Chief Operating Officer of NMHG (from November 2013 to September 2014), President, Americas of NMHG (from prior to 2010 to September 2014), Vice President and Chief Operating Officer of NMHG (from prior to 2010 to November 2013).
Charles A. Bittenbender	65	Senior Vice President, General Counsel and Secretary of Hyster-Yale (from September 2014), Senior Vice President, General Counsel and Secretary of NMHG (from September 2014).	Vice President, General Counsel and Secretary of Hyster-Yale (from September 2012 to September 2014), Vice President, General Counsel and Secretary of NMHG (from prior to 2010 to September 2014), Vice President, General Counsel and Secretary of NACCO (from prior to 2010 to September 2012).
Gregory J. Breier	49	Vice President, Tax of Hyster-Yale (from May 2014), Vice President, Tax of NMHG (from January 2012).	Senior Director of Tax of Hyster-Yale (from January 2012 to May 2012), Director of Tax and Financial Analysis of NACCO (From prior to 2010 to September 2012).
Brian K. Frentzko	54	Vice President, Treasurer of Hyster-Yale (from September 2012), Vice President, Treasurer of NMHG (from September 2012).	Assistant Treasurer of NMHG (from prior to 2010 to September 2012).
Amy E. Gerbick	43	Associate General Counsel, Director of Corporate Compliance and Assistant Secretary of Hyster-Yale (from May 2014), Associate General Counsel, Director of Corporate Compliance and Assistant Secretary of NMHG (from May 2014).	Associate, Jones Day (a law firm) (from prior to 2010 to May 2014)
Jennifer M. Langer	41	Vice President, Controller of Hyster-Yale (from February 2013), Vice President, Controller of NMHG (from February 2013).	Controller of Hyster-Yale (from September 2012 to February 2013), Controller of NMHG (from January 2012 to February 2013), Director of Financial Reporting, Planning and Analysis of NACCO (from March 2011 to September 2012), Director of Financial Reporting of NACCO (from prior to 2010 to March 2011).
Lauren E. Miller	60	Senior Vice President, Chief Marketing Officer of Hyster-Yale (from January 2015), Senior Vice President, Chief Marketing Officer of NMHG (from January 2015).	Senior Vice President, Marketing and Consulting of Hyster-Yale (from February 2013 to January 2015), Senior Vice President, Marketing and Consulting of NMHG (from prior to 2010 to January 2015), Vice President, Consulting Services of NACCO (from prior to

			2010 to September 2012).
Ralf A. Mock	59	Senior Vice President, Managing Director, Europe, Middle East and Africa of NMHG (from September 2014).	Managing Director, Europe, Middle East and Africa of NMHG (from prior to 2010 to September 2014).
Charles F. Pascarelli	55	Senior Vice President, President, Americas of NMHG (from January 2015)	President, Sales and Marketing, Americas of NMHG (from March 2013 to January 2015), President, Sales and Marketing, The Raymond Corporation (an electrical materials handling company) (from prior to 2010 to March 2013)
Rajiv K. Prasad	51	Senior Vice President, Global Product Development, Manufacturing and Supply Chain Strategy of NMHG (from September 2014).	Vice President, Global Product Development and Manufacturing of NMHG (from January 2012 to September 2014), Vice President, Global Product Development of NMHG (from prior to 2010 to January 2012).
Victoria L. Rickey	62	Senior Vice President, Asia-Pacific and Brazil of NMHG (from September 2014).	Vice President, Asia-Pacific of NMHG (from prior to 2010 to September 2014).
Michael E. Rosberg	65	Senior Vice President, Global Supply Chain of NMHG (from September 2014).	Vice President, Global Supply Chain of NMHG (from prior to 2010 to September 2014).
Kenneth C. Schilling	55	Senior Vice President and Chief Financial Officer of Hyster-Yale (from September 2014), Senior Vice President and Chief Financial Officer of NMHG (from September 2014).	Vice President and Chief Financial Officer of Hyster-Yale (from September 2012 to September 2014), Vice President and Chief Financial Officer of NMHG (from prior to 2010 to September 2014), Vice President and Controller of NACCO (from prior to 2010 to September 2012).
Gopichand Somayajula	58	Vice President, Global Product Development of NMHG (from May 2013)	Vice President, Counterbalanced Engineering of NMHG (from prior to 2010 to May 2013)
Suzanne S. Taylor	52	Vice President, Deputy General Counsel and Assistant Secretary of Hyster-Yale (from February 2013), Vice President, Deputy General Counsel and Assistant Secretary of NMHG (from February 2013).	Deputy General Counsel and Assistant Secretary of Hyster-Yale (from September 2012 to February 2013), Deputy General Counsel and Assistant Secretary of NMHG (from September 2012 to February 2013), Associate General Counsel and Assistant Secretary of Hyster-Yale (from May 2012 to September 2012), Assistant Secretary of NMHG (from August 2011 to September 2012), Associate General Counsel and Assistant Secretary of NACCO (from prior to 2010 to September 2012).
Raymond C. Ulmer	51	Vice President Finance, Americas of NMHG (from prior to 2010).	

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The information under this Item is furnished pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

There exists no arrangement or understanding between any executive officer and any other person pursuant to which such executive officer was elected. Each executive officer serves until his or her successor is elected and qualified.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Class A common stock is traded on the New York Stock Exchange under the ticker symbol "HY." For the Company's Class B common stock, due to transfer restrictions, no trading market has developed, or is expected to develop. The Class B common stock is convertible into Class A common stock on a one-for-one basis. The high and low market prices for the Class A common stock and dividends per share for both classes of common stock for each quarter are presented in the tables below:

	2014		
	Market Price		
	High	Low	Cash Dividend
First quarter	\$108.13	\$80.64	\$0.250
Second quarter	\$104.56	\$80.90	\$0.275
Third quarter	\$91.15	\$71.46	\$0.275
Fourth quarter	\$81.15	\$67.79	\$0.275
	2013		
	Market Price		
	High	Low	Cash Dividend
First quarter	\$57.75	\$47.11	\$0.250
Second quarter	\$71.93	\$49.67	\$0.250
Third quarter	\$96.66	\$62.18	\$0.250
Fourth quarter	\$96.25	\$76.37	\$0.250