GRAFTECH INTERNATIONAL LTD
Form 10-Q
August 03, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended June 30, 2018
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: 1-13888

GRAFTECH INTERNATIONAL LTD.
(Exact name of registrant as specified in its charter)

Delaware	27-2496053
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

982 Keynote Circle	44131
Brooklyn Heights, OH	(Zip code)
(Address of principal executive offices)	

Registrant's telephone number, including area code: (216) 676-2000

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 ý 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). Yes ý 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.

Large Accelerated Filer o	Accelerated Filer o	Emerging Growth Company x
Non-Accelerated Filer x	Smaller Reporting Company o	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a)of the Exchange Act. x

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

As of July 16, 2018, 302,225,923 shares of common stock, par value $.01 per share, were outstanding.

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Presentation of Financial, Market and Legal Data

We present our financial information on a consolidated basis. Unless otherwise noted, when we refer to dollars, we mean U.S. dollars.

Unless otherwise specifically noted, market and market share data in this Report are our own estimates or derived from sources described in our Registration Statement on Form S-1 filed on April 13, 2018. Our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Forward Looking Statements" and "Risk Factors" in this report. We cannot guarantee the accuracy or completeness of this market and market share data and have not independently verified it. None of the sources has consented to the disclosure or use of data in this Report.

Forward Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report may contain forward looking statements that reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward looking statements by the use of forward looking words such as "will," "may," "plan," "estimate," "project," "believe," "anticipate," " "intend," "should," "would," "could," "target," "goal," "continue to," "positioned to" or the negative version of those words or comparable words. Any forward looking statements contained in this report are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- our history of net losses and the possibility that we may not achieve or maintain profitability in the future;
- the possibility that we are unable to implement our business strategies, including our initiative to secure and maintain three to five year take or pay customer contracts, in an effective manner;

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- the possibility that new tax legislation could adversely affect us or our stockholders;
- the fact that pricing for graphite electrodes has historically been cyclical and, in the future, the price of graphite electrodes will likely decline from recent record highs;
- the sensitivity of our business and operating results to economic conditions;
- our dependence on the global steel industry generally and the EAF steel industry in particular;
- the possibility that global graphite electrode overcapacity may adversely affect graphite electrode prices;
- the competitiveness of the graphite electrode industry;
- our dependence on the supply of petroleum needle coke;
- our dependence on supplies of raw materials (in addition to petroleum needle coke) and energy;
- the legal, economic, social and political risks associated with our substantial operations in multiple countries;
- the possibility that fluctuation of foreign currency exchange rates could materially harm our financial results;
- the possibility that our results of operations could deteriorate if our manufacturing operations were substantially disrupted for an extended period, including as a result of equipment failure, climate change, natural disasters, public health crises, political crises or other catastrophic events;
- the possibility that plant capacity expansions may be delayed or may not achieve the expected benefits;
- our dependence on third parties for certain construction, maintenance, engineering, transportation, warehousing and logistics services;
- the possibility that we are unable to recruit or retain key management and plant operating personnel or successfully negotiate with the representatives of our employees, including labor unions;
- the possibility that we may divest or acquire businesses, which could require significant management attention or disrupt our business;
- the sensitivity of goodwill on our balance sheet to changes in the market;
- the possibility that we are subject to information technology systems failures, cybersecurity attacks, network disruptions and breaches of data security;
- our dependence on protecting our intellectual property;
- the possibility that third parties may claim that our products or processes infringe their intellectual property rights;
- the possibility that our manufacturing operations are subject to hazards;
- changes in, or more stringent enforcement of, health, safety and environmental regulations applicable to our manufacturing operations and facilities;
- the possibility that significant changes in our jurisdictional earnings mix or in the tax laws of those jurisdictions could adversely affect our business;
- the possibility that our indebtedness could limit our financial and operating activities or that our cash flows may not be sufficient to service our indebtedness;
- the possibility that restrictive covenants in our financing agreements could restrict or limit our operations;
- the possibility that our cash flows could be insufficient to service our indebtedness;

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- the fact that borrowings under certain of our existing financing agreements subjects us to interest rate risk;
- the possibility of a lowering or withdrawal of the ratings assigned to our debt;
- the possibility that disruptions in the capital and credit markets adversely affect our results of operations, cash flows and financial condition, or those of our customers and suppliers;
- the possibility that highly concentrated ownership of our common stock may prevent minority stockholders from influencing significant corporate decisions;
- the fact that certain of our stockholders have the right to engage or invest in the same or similar businesses as us;
- the fact that certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By Laws could hinder, delay or prevent a change of control;
- the fact that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders;
- our status as a “controlled company” within the meaning of the NYSE corporate governance standards, which allows us to qualify for exemptions from certain corporate governance requirements; and
- other risks described in the “Risk Factors” section of this report.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. The forward looking statements made in this report relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward looking statements. We caution that you should not place undue reliance on any of our forward looking statements. You should specifically consider the factors identified in this report that could cause actual results to differ before making an investment decision to purchase our common stock. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

All subsequent written and oral forward looking statements by or attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the SEC pursuant to the SEC's rules, we have no duty to update these statements.

For a more complete discussion of these and other factors, see “Risk Factors” in Part II of this report.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
Unaudited

	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$166,140	$13,365
Accounts and notes receivable, net of allowance for doubtful accounts of $1,406 as of June 30, 2018 and $1,097 as of December 31, 2017	220,631	116,841
Inventories	251,328	174,151
Prepaid expenses and other current assets	54,304	44,872
Current assets of discontinued operations	1,847	5,313
Total current assets	694,250	354,542
Property, plant and equipment	667,664	642,651
Less: accumulated depreciation	152,923	129,810
Net property, plant and equipment	514,741	512,841
Deferred income taxes	60,355	30,768
Goodwill	171,117	171,117
Other assets	126,452	129,835
Total assets	$1,566,915	$1,199,103
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$88,112	$69,110
Short-term debt	106,378	16,474
Accrued income and other taxes	37,865	9,737
Other accrued liabilities	36,271	53,226
Current liabilities of discontinued operations	2,761	3,412
Total current liabilities	271,387	151,959
Long-term debt	2,103,628	322,900
Other long-term obligations	71,006	68,907
Deferred income taxes	49,736	41,746
Related party payable	61,801	—
Long-term liabilities of discontinued operations	376	376
Contingencies – Note 9		
Stockholders' equity:		
Preferred stock, par value $.01, 300,000,000 shares authorized, none issued	—	—
Common stock, par value $.01, 3,000,000,000 shares authorized, 302,225,923 shares issued as of June 30, 2018 and December 31, 2017*	3,022	3,022
Additional paid-in capital	851,496	851,315
Accumulated other comprehensive income	32,250	20,289
Accumulated deficit	(1,877,787)	(261,411)
Total stockholders' (deficit) equity	(991,019)	613,215

Total liabilities and stockholders' equity	$1,566,915	$1,199,103

* See Notes 1 and 12

See accompanying Notes to Condensed Consolidated Financial Statements

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
CONSOLIDATED STATEMENTS OF OPERATIONS				
Net sales	$456,332	$ 116,314	$908,231	$ 221,053
Cost of sales	165,910	106,434	311,059	209,887
Gross profit	290,422	9,880	597,172	11,166
Research and development	581	933	1,010	1,754
Selling and administrative expenses	16,239	12,169	32,115	23,824
Operating profit (loss)	273,602	(3,222)	564,047	(14,412)
Other (income) expense, net	(974)	1,423	1,031	4,727
Related party Tax Receivable Agreement expense	61,801	—	61,801	—
Interest expense	28,667	7,902	66,532	15,448
Interest income	(391)	(139)	(506)	(262)
Income (loss) from continuing operations before provision for income taxes	184,499	(12,408)	435,189	(34,325)
(Benefit) provision for income taxes	(17,264)	925	11,379	1,286
Net income (loss) from continuing operations	201,763	(13,333)	423,810	(35,611)
(Loss) income from discontinued operations, net of tax	(315)	(4,050)	1,311	(8,116)
Net income (loss)	$201,448	$ (17,383)	$425,121	$ (43,727)
Basic income (loss) per common share:				
Net income (loss) per share	$0.67	$ (0.06)	$1.41	$ (0.14)
Net income (loss) from continuing operations per share	$0.67	$ (0.04)	$1.40	$ (0.12)
Weighted average common shares outstanding	302,225,923	302,225,923	302,225,923	302,225,923
Diluted income (loss) per common share:				
Income (loss) per share	$0.67	$ (0.06)	$1.41	$ (0.14)
Diluted income (loss) from continuing operations per share	$0.67	$ (0.04)	$1.40	$ (0.12)
Weighted average common shares outstanding	302,231,431	302,225,923	302,228,712	302,225,923
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)				
Net income (loss)	$201,448	$ (17,383)	$425,121	$ (43,727)
Other comprehensive income:				
Foreign currency translation adjustments	(18,818)	8,755	(13,778)	13,595
Commodities derivatives	31,852	—	25,739	—
Other comprehensive income, net of tax:	13,034	8,755	11,961	13,595
Comprehensive income (loss)	$214,482	$ (8,628)	$437,082	$ (30,132)

See accompanying Notes to Condensed Consolidated Financial Statements

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands, unaudited)

	For the Six Months Ended June 30,	
	2018	2017
Cash flow from operating activities:		
Net income (loss)	$425,121	$(43,727)
Adjustments to reconcile net income (loss) to cash provided by operations:		
Depreciation and amortization	31,696	33,294
Impairments	—	5,300
Deferred income tax provision	(22,011)	(993)
Loss on extinguishment of debt	23,827	—
Interest expense	2,161	3,382
Other charges, net	6,879	4,846
Net change in working capital*	(158,588)	157
Change in long-term assets and liabilities	68,590	1,214
Net cash provided by operating activities	377,675	3,473
Cash flow from investing activities:		
Capital expenditures	(28,735)	(13,445)
Proceeds from the sale of assets	841	3,156
Net cash used in investing activities	(27,894)	(10,289)
Cash flow from financing activities:		
Short-term debt, net	(12,571)	(4,927)
Revolving Facility borrowings	—	30,000
Revolving Facility reductions	(45,692)	(18,000)
Debt issuance costs	(26,283)	—
Proceeds from the issuance of long-term debt, net of original issuance discount	2,235,000	—
Repayment of Senior Notes	(304,782)	—
Related party Promissory Note repayment	(750,000)	—
Dividends paid	(1,291,494)	—
Net cash (used in) provided by financing activities	(195,822)	7,073
Net change in cash and cash equivalents	153,959	257
Effect of exchange rate changes on cash and cash equivalents	(1,184)	63
Cash and cash equivalents at beginning of period	13,365	11,610
Cash and cash equivalents at end of period	$166,140	$11,930
* Net change in working capital due to the following components:		
Accounts and notes receivable, net	$(110,700)	$1,136
Inventories	(82,565)	5,999
Prepaid expenses and other current assets	8,284	(1,509)
Change in accounts payable and accruals	21,075	(5,499)
Increase in interest payable	5,318	30
Net change in working capital	$(158,588)	$157

During the second quarter of 2018, we declared a $750 million dividend in the form of a Promissory Note that was a non-cash transaction. See Note 6 "Debt and Liquidity" for details.

See accompanying Notes to Condensed Consolidated Financial Statements

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Summary of Significant Accounting Policies

A. Organization

GrafTech International Ltd. (the "Company") is a leading manufacturer of high quality graphite electrode products essential to the production of electric arc furnace steel and other ferrous and non-ferrous metals. References herein to "we," "our," or "us" refer collectively to GrafTech International Ltd. and its subsidiaries. On August 15, 2015, we became an indirect wholly owned subsidiary of Brookfield Asset Management Inc. (together with its affiliates, "Brookfield") through a tender offer to our former stockholders and subsequent merger transaction.

On April 23, 2018, the Company completed its initial public offering ("IPO"). See Note 12 "Stockholders' Equity" for more information regarding these transactions.

The Company's only reportable segment, Industrial Materials, is comprised of our two major product categories: graphite electrodes and petroleum needle coke products. Needle coke is the key raw material used in the production of graphite electrodes. The Company's vision is to provide the highest quality graphite electrodes and the best customer service all while striving to be the lowest cost producer.

We previously operated an Engineered Solutions business segment. See Note 2 "Discontinued Operations and Assets Held for Sale" for further information. All results from the Engineered Solutions business have been excluded from continuing operations, unless otherwise indicated.

B. Basis of Presentation

The interim Condensed Consolidated Financial Statements are unaudited; however, in the opinion of management, they have been prepared in accordance with Rule 10-01 of Regulation S-X and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The December 31, 2017 financial position data included herein was derived from the audited condensed consolidated financial statements included in our Registration Statement on Form S-1 filed on April 13, 2018 but does not include all disclosures required by GAAP in audited financial statements. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the accompanying notes, contained in our Registration Statement on Form S-1 filed on April 13, 2018.

The unaudited condensed consolidated financial statements reflect all adjustments (all of which are of a normal, recurring nature) which management considers necessary for a fair statement of financial position, results of operations, comprehensive income and cash flows for the interim periods presented. The results for the interim periods are not necessarily indicative of results which may be expected for any other interim period or for the full year.

Earnings per share

The calculation of basic earnings per share is based on the number of common shares outstanding after giving effect to the stock split effected on April 12, 2018 (see Note 12 "Stockholders' Equity"). Diluted earnings per share recognizes the dilution that would occur if stock options or preferred shares were exercised or converted into common shares. See Note 13 "Earnings Per Share".

C. New Accounting Standards

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) . The Company adopted ASU 2014-09 and its related amendments (collectively known as ASC 606) effective on January 1, 2018 using the modified retrospective method. Please see Note 3 "Revenue from Contracts with Customers" for the required disclosures related to the impact of adopting this standard and a discussion of the Company's updated policies related to revenue recognition.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Payments, clarifying guidance on the classification of certain cash receipts and payments in the statement of cash flows. The adoption of ASU 2016-15 on January 1, 2018 did not have a material impact on our consolidated financial statements.

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In March 2017, the FASB issued ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715). This standard requires an entity to report the service cost component in the same line item as other compensation costs. The other components of net (benefit) cost including our annual mark-to-market re-measurement, will be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The adoption of ASU No. 2017-07 on January 1, 2018 changed the presentation of benefit expenses, but did not have a material impact on our consolidated financial statements. The components of the net (benefit) cost are shown in Note 4, "Retirement Plans and Postretirement Benefits." The following table summarizes the adjustments made to conform prior period classifications to the new guidance:

	For the Three Months Ended June 30, 2017 (dollars in thousands)			For the Six Months Ended June 30, 2017		
	As Reported	Effect of Accounting Change	As Adjusted	As Reported	Effect of Accounting Change	As Adjusted
Cost of Sales	$106,635	$ (201)	$106,434	$210,289	$ (402)	$209,887
Research and development	943	(10)	933	1,772	(18)	1,754
Selling and administrative expenses	12,195	(26)	12,169	23,878	(54)	23,824
Other (income) expense, net	1,186	237	1,423	4,253	474	4,727

	For the Year Ended December 31, 2017 (dollars in thousands)			For the Year Ended December 31, 2016		
	As Reported	Effect of Accounting Change	As Adjusted	As Reported	Effect of Accounting Change	As Adjusted
Cost of Sales	$462,848	$ 206	$463,054	$466,990	$ 1,212	$468,202
Research and development	2,951	505	3,456	2,399	135	2,534
Selling and administrative expenses	49,479	3,027	52,506	57,784	731	58,515
Other (income) expense, net	1,634	(3,738)	(2,104)	(2,188)	(2,078)	(4,266)

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under this new guidance, a company will now recognize most leases on its balance sheet as lease liabilities with corresponding right-of-use assets. This ASU is effective for fiscal years beginning after December 15, 2018. The Company has compiled its lease inventory and is currently evaluating the contracts and the impact of the adoption of this standard on its financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350). This guidance was issued to simplify the accounting for goodwill impairment. The guidance removes the second step of the goodwill impairment test, which requires that a hypothetical purchase price allocation be performed to determine the amount of impairment, if any. Under this new guidance, a goodwill impairment charge will be based on the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance will become effective on a prospective basis for the Company on January 1, 2020 with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact of the adoption of this standard on its results of operations.

(2) Discontinued Operations and Related Assets Held for Sale

On February 26, 2016, the Company announced that it had initiated a strategic review of its Engineered Solutions business segment to better direct its resources and simplify its operations. As of June 30, 2016, the Engineered

Solutions segment qualified for reporting as discontinued operations as its divestiture represents a strategic shift for the Company.
During 2016, we evaluated the fair value of the Engineered Solutions business segment utilizing the market approach (Level 3 measure). As a result, we incurred an impairment charge to our Engineered Solutions business segment of $120 million

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

to align the carrying value with estimated fair value. We continued to update this estimate and during 2017, we further reduced the estimated fair value by $5.3 million.

On November 30, 2016, we completed the sale of our Fiber Materials Inc. business, which was a business line within our former Engineered Solutions business. The sale resulted in cash proceeds of $15.9 million and a loss of $0.2 million. We have the ability to realize up to $8.5 million of additional proceeds based on the earnings of the Fiber Materials business over the 24 months following the transaction. We have elected to record this contingent consideration as it is realized and accordingly, it has not been recognized to date.

On July 3, 2017, we completed the sale of our Advanced Energy Technologies ("AET") business. AET was a product line within our Engineered Solutions business which had been classified as held for sale since the second quarter of 2016. The sale resulted in cash proceeds of $28.5 million.

On September 30, 2017, we completed the sale of the majority of the U.S. assets of our GrafTech Advanced Graphite Materials ("GAGM") business, which was a component of our Engineered Solutions business. The sale of the Italian GAGM assets closed on October 5, 2017. In the jurisdictions where the GAGM assets were not acquired, we initiated the wind down of the business. The sale was structured as a non cash transaction with the buyer assuming certain liabilities associated with the assets acquired. In addition, GrafTech retained certain current assets of GAGM, mostly receivables, which have been substantially realized in the fourth quarter of 2017.

The disposition of the Engineered Solutions business is now substantially complete and, in accordance with our Old Credit Agreement (as defined below), all cash proceeds from these sales were used to pay down our $225 million revolving facility (the "Old Revolving Facility") and the $40 million senior secured delayed draw term loan facility (the "Old Term Loan Facility").

The following tables summarize the results of the Engineered Solutions business segment, reclassified as discontinued operations for the three and six months ended June 30, 2018 and 2017.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in thousands)			
Net sales	$13	$32,428	$2,468	$64,193
Cost of sales	142	28,610	1,335	57,022
Gross (loss) profit	(129)	3,818	1,133	7,171
Research and development	—	711	—	1,281
Selling and administrative expenses	114	4,106	(244)	7,800
Gain on sale of assets	—	—	—	—
Impairments	—	2,800	—	5,300
Operating (loss) income	(243)	(3,799)	1,377	(7,210)
Other (income) expense	72	(47)	66	(18)
Interest expense	—	524	—	1,133
(Loss) income from discontinued operations before income taxes	(315)	(4,276)	1,311	(8,325)
Benefit from income taxes on discontinued operations	—	(226)	—	(209)
(Loss) income from discontinued operations	$(315)	$(4,050)	$1,311	