

GLOBAL POWER EQUIPMENT GROUP INC.

FORM 8-K (Current report filing)

Filed 10/12/17 for the Period Ending 10/11/17

Address	400 E. LAS COLINAS BLVD. SUITE 400 IRVING, TX, 75039
Telephone	214-574-2700
CIK	0001136294
Symbol	GLPW
SIC Code	3443 - Fabricated Plate Work (Boiler Shops)
Industry	Heavy Electrical Equipment
Sector	Industrials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **October 11, 2017**

Global Power Equipment Group Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-16501
(Commission
File Number)

73-1541378
(IRS Employer
Identification Number)

400 E. Las Colinas Boulevard, Suite 400
Irving, Texas 75039
(Address of Principal Executive Offices, Zip Code)

Registrant's telephone number, including area code: **214-574-2700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

Disposition of Braden U.S., Braden Europe and Consolidated Fabricators Business

The information set forth under Item 2.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 1.01.

Amendment to Senior Secured Credit Agreement

Global Power Equipment Group Inc. (the “*Company*”) previously disclosed that it entered into an amendment to its \$45 million senior secured credit agreement, dated June 16, 2017, with an affiliate of Centre Lane Partners, LLC, as Administrative Agent and Collateral Agent, and the other lenders (collectively, the “*Lenders*”) from time to time party thereto (as amended or supplemented from time to time, the “*Senior Secured Credit Agreement*”).

On October 11, 2017, the Company entered into a Limited Waiver and Second Amendment to Senior Secured Credit Agreement (the “*Second Amendment*”) to permit the Company’s sale of all of the issued and outstanding equity interests of certain subsidiaries (the “*Subsidiaries*”) that represent the Company’s Braden U.S., Braden Europe and Consolidated Fabricators business (the “*Braden and CFI Sale*”). Under the Second Amendment, the Lenders agreed to, among other things: (i) consent to certain “Investments in Affiliates” (as defined in the Senior Secured Credit Agreement) made by certain of the Company’s subsidiaries in connection with the Braden and CFI Sale that are otherwise prohibited by the Senior Secured Credit Agreement, (ii) partially waive the mandatory prepayment of certain obligations due under the Senior Secured Credit Agreement as a result of the consummation of the Braden and CFI Sale and accept a prepayment equal to \$34,000,000 in satisfaction thereof, and (iii) waive any defaults and/or events of defaults that may arise as a result of each of the foregoing. The Lenders and the Collateral Agent also terminated and released all liens and security interests securing the obligations of the Subsidiaries under the Senior Secured Credit Agreement.

The Second Amendment also provides for certain modifications to the Senior Secured Credit Agreement to update the agreement to account for the Braden and CFI Sale.

Except as set forth above, the Second Amendment does not materially alter the other terms of the Senior Secured Credit Agreement, including the interest rate, covenants, and conditions set forth therein.

The Company expects to include the Second Amendment as an exhibit to a future periodic report, to be filed with the Securities and Exchange Commission (the “*Commission*”). The foregoing description does not constitute a complete summary of the terms of the Second Amendment and is qualified in its entirety by reference to the full text of the Second Amendment.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On October 11, 2017, the Company, through itself and its subsidiaries Braden Holdings, LLC and GPEG CV (collectively, the “*Sellers*”), completed the sale of the Company’s Braden U.S., Braden Europe and Consolidated Fabricators business to affiliates of Innova Global Limited Partnership, a portfolio company of TriWest Capital Partners V (2015) Inc. (collectively, the “*Buyers*”), pursuant to the terms of the Securities Purchase Agreement (the “*Purchase Agreement*”) entered into on October 11, 2017, by and between the Sellers and the Buyers.

Subject to the terms and conditions of the Purchase Agreement, the Sellers agreed to sell all of the issued and outstanding equity interests of the subsidiaries of the Company that represent the Braden U.S., Braden Europe and Consolidated Fabricators business for approximately \$43.25 million in cash (the “*Purchase Price*”), subject to certain adjustments as provided for in the Purchase Agreement. Pursuant to the terms of the Purchase Agreement, \$216,250 of the Purchase Price was placed in escrow in order to satisfy certain indemnification obligations of the Sellers, with the full amount eligible for release after one year (less any pending indemnification claims or amounts previously paid).

The Purchase Agreement also contains customary representations, warranties and covenants, including non-competition and non-solicitation provisions and indemnification provisions.

On October 12, 2017, the Company issued a press release announcing the matters set forth above. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1.

The Company expects to include the Purchase Agreement as an exhibit to a future periodic report, to be filed with the Commission. The foregoing description does not constitute a complete summary of the terms of the Purchase Agreement and is qualified in its entirety by reference to the full text of the Purchase Agreement.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma financial information.

As previously disclosed, the Company has been engaged in an internal review of its historical financial statements, which resulted in a delay in the filing of the Company's 2015 and 2016 financial results. On March 15, 2017, the Company filed with the Commission an Annual Report on Form 10-K that included restated historical financial information and the Company's 2015 annual and quarterly financial information (the "2015 10-K") and, on September 12, 2017, the Company filed with the Commission an Annual Report on Form 10-K that included the Company's 2016 annual and quarterly financial information (the "2016 10-K"). Because of the delay in filing the Company's 2015 10-K and 2016 10-K, the Company did not timely file its Quarterly Reports on Form 10-Q for the first two quarters of its 2017 fiscal year (the "2017 Reports"). The Company is working to complete its 2017 Reports and will file each of them as soon as practicable.

As a result of the delay in the filing of the Company's 2017 Reports, the Company is unable to provide the required pro forma financial information regarding the disposition of the Braden U.S., Braden Europe and Consolidated Fabricators business reported under Item 2.01 of this Current Report on Form 8-K. The Company expects to file such pro forma information in an amendment to this Current Report on Form 8-K promptly following the filing of the 2017 Reports.

(d) Exhibits.

The following exhibit is filed as part of this report:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated October 12, 2017.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated October 12, 2017.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 12, 2017

Global Power Equipment Group Inc.

By: /s/ Charles E. Wheelock

Charles E. Wheelock

Vice President, Administration, General Counsel, & Secretary



NEWS RELEASE

Global Power • 400 E Las Colinas Blvd., Suite 400 • Irving, TX 75039

FOR IMMEDIATE RELEASE

Global Power Announces Sale of Mechanical Solutions

IRVING, Texas, October 12, 2017 — Global Power Equipment Group Inc. (OTC: GLPW) (“Global Power” or the “Company”) today announced the sale of its Mechanical Solutions segment, which was comprised of its Braden North America, Braden Europe and Consolidated Fabricators (“CFI”) businesses, for approximately \$43.3 million in cash resulting in net proceeds of about \$41 million. The businesses were sold to Innova Global Ltd., a portfolio company of TriWest Capital Partners. Global Power has used the net proceeds of the sale primarily to pay down debt.

Craig Holmes and Tracy Pagliara, Co-Presidents and Co-CEOs of Global Power, commented, “We believe Innova makes an excellent partner for Mechanical Solutions. With Innova’s support, we expect the Braden businesses and CFI will be in a better position to grow in their markets. In addition, the proceeds from the sale enable Global Power to reduce debt, strengthen our other businesses and capitalize on the market opportunities that are being presented to us.”

Following a \$34.0 million prepayment of debt with the proceeds from the sale, Global Power has \$27.6 million in debt and \$19.6 million in cash, of which \$12.2 million was restricted.

* * *

This announcement is not an offer for the sale of securities, nor shall it constitute an offer to sell, or the solicitation of an offer to buy, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Global Power has not registered, and does not intend to register, any portion of this sale in any jurisdiction, and does not intend to conduct a public offering of these securities.

About Global Power

Global Power is a design, engineering and manufacturing firm providing a broad array of equipment and services to the global energy and industrial markets. Prior to the sale of Mechanical Solutions, the Company reported in three operating segments. The Mechanical Solutions segment designs, engineers and manufactures a comprehensive portfolio of equipment for utility-scale natural gas turbines. The Electrical Solutions segment provides custom-configured electrical houses and generator enclosures for a variety of industries. The Services segment provides lifecycle maintenance, repair, on-site specialty support, outage management, construction and fabrication services for the power generation, industrial, chemical/petrochemical processing and oil and gas industries. Going forward, the Company will report in two operating segments: Electrical Solutions and Services.

The Company provides information at its website: www.globalpower.com.

About Innova Global

Innova, formerly ATCO Emissions Management, is a full service engineering, fabrication, procurement and construction company specializing in air and noise emissions control, acoustic

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consulting, gas turbine systems, heat recovery, waste heat recovery boilers, SAGD boilers, modular gas compression facilities, and turnkey building solutions primarily for oil and gas, power generation and industrial customers. Innova has 160+ employees between its offices in Calgary, Alberta; Cambridge, Ontario; Tulsa, Oklahoma; Plymouth, Minnesota; Albany, New York; Denver, Colorado; Houston, Texas; Pittsburgh, Pennsylvania and now Gladstone in Australia; and 250+ employees in its fabrication facilities in Monterrey, Mexico and St. George, UT.

Forward-looking Statement Disclaimer

This press release contains “forward-looking statements” within the meaning of the term set forth in the Private Securities Litigation Reform Act of 1995. The forward-looking statements include statements or expectations regarding the Company’s ability to reduce its debt, execute its strategy, Services and Electrical Solutions to win opportunities in their markets. These statements reflect our current views of future events and financial performance and are subject to a number of risks and uncertainties, including our ability to comply with the terms of our credit facility. Our actual results, performance or achievements may differ materially from those expressed or implied in the forward-looking statements. Additional risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, decreased demand for new gas turbine power plants, reduced demand for, or increased regulation of, nuclear power, loss of any of our major customers, whether pursuant to the loss of pending or future bids for either new business or an extension of existing business, termination of customer or vendor relationships, cost increases and project cost overruns, unforeseen schedule delays, poor performance by our subcontractors, cancellation of projects, competition for the sale of our products and services, including competitors being awarded business by our customers that had previously been provided by Global Power, shortages in, or increases in prices for, energy and materials such as steel that we use to manufacture our products, damage to our reputation, warranty or product liability claims, increased exposure to environmental or other liabilities, failure to comply with various laws and regulations, failure to attract and retain highly-qualified personnel, loss of customer relationships with critical personnel, effective integration of acquisitions, volatility of our stock price, deterioration or uncertainty of credit markets, changes in the economic, social and political conditions in the United States and other countries in which we operate, including fluctuations in foreign currency exchange rates and the banking environment or monetary policy.

Other important factors that may cause actual results to differ materially from those expressed in the forward-looking statements are discussed in our filings with the SEC, including the section of the Company’s 2016 Annual Report on Form 10-K titled “Risk Factors.” Any forward-looking statement speaks only as of the date of this press release. Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we caution you not to rely upon them unduly.

Investor Relations Contact:

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