

Mossberg's Investor Digest

Best Idea Profile

Manitex International, Inc. (NASDAQ:MNTX)

DESCRIPTION:

Headquartered in Dallas, Texas; Manitex International is a leading provider of engineered lifting solutions. The Manitex subsidiary markets a comprehensive line of boom trucks and sign cranes. MNTX's boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development. Badger Equip Company, acquired Jul '09, manufactures specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries. In Dec '09 the company's subsidiary, Manitex Load King, acquired the operating assets of Load King Trailers, a South Dakota-based manufacturer of specialized custom trailers and hauling systems used for transporting heavy equipment. Load King Trailers serves niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network.

KEY INVESTMENT CONSIDERATIONS:

Successful Repositioning – In 2006 Manitex made a strategic decision to exit the testing & assembly equipment segment in order to focus managerial and financial resources on the company's lifting equipment segment. Since that time, Manitex has improved profitability and been able to use the recession to its advantage to make strategic acquisitions on favorable terms. These acquisitions include: GT Distribution, Schaeff Lift Truck, Crane & Machinery, Badger Equipment Company, and Load King Trailers. These acquisitions have resulted in a larger and more diversified company which can better compete in the lifting solutions market.

Proven Strategic Focus and Profitability – Manitex has been successful in both changing strategic direction and reducing costs to meet a recessionary environment. Since changing strategic focus in 2006, MNTX has maintained a positive bottom line. This was a particularly strong achievement in FY08 when the company's sales fell below previous recessionary levels.

Benefitting from a diverse client base – MNTX had net revenues of \$22.0 million in 1Q10, a 56% increase over the 1Q09. Approximately half of the increase is attributable to the acquisitions of Badger and Load King in 3Q09 and 4Q09. The remaining half of the increase resulted from strong demand for material handling products from military and international customers. These increases were partially offset by other segments of the business.

Replacement Cycle – The Replacement cycle on boom trucks is typically 7 years. With lower than typical recessionary sales in recent years, Manitex should be in front of some pent up demand as it's customers heavy equipment simply wears out.

Adequate Capital base – The Company has both a U.S. and Canadian revolving credit facility, with a maturity date of April 1, 2012. At March 31, 2010 the Company had approximately \$3.3 million available to borrow under its credit facilities. With over \$14 million in trade receivables this base should be adequate for the foreseeable future.

Strong Recent Results – Manitex reported strong results for 1Q10. The company earned \$0.03 per share vs. \$0.01 for 1Q09. Gross margin increased 210 basis points on a year-over-year basis.

VALUATION:

Manitex trades at an earnings multiple of 16.5x FY2010 analysts' estimates. This relatively high multiple is representative of a cyclical industry just coming out of a recessionary trough. However, the stock is only 7.6x FY11 estimates. The company has recently demonstrated an uptick in sales off a leaner cost base. Fundamental earnings growth could be a catalyst for price appreciation in this stock.

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Investment Data (as of 7/9/10)

Recent Price	\$1.98
52-Week Range	0.65 - 3.01
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	11.37MM
Average Trading Volume (3 mos)	26,000
Market Capitalization	\$23mm
Cash	455k
Long Term Debt	\$35MM
Enterprise Value (EV)	57MM
LT Debt/ Equity	.85
BV/ Share	\$3.63
TTM Revenue	\$64MM
P/ Revenue	0.4x
TTM EPS	\$0.35
P/ EPS (TTM)	6x
TTM EBITDA	3MM
EV/ EBITDA	19x

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