Manitex International, Inc.
Form 10-K
March 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Commission File No.: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Michigan (State of incorporation)	42-1628978 (I.R.S. Employer Identification No.)
9725 Industrial Drive Bridgeview, Illinois (Address of principal executive offices)	60455 (Zip Code)

Registrant's telephone number, including area code: (708) 430-7500

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

Title of each class	Name of each exchange on which registered
Common Stock, no par value	The NASDAQ Stock Market LLC
Preferred Share Purchase Rights	The NASDAQ Stock Market LLC

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

None

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 the 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	Smaller reporting company

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

The aggregate market value of the shares of common stock, no par value (“Common Stock”), held by non-affiliates of the registrant as of June 30, 2016 was approximately $88 million based upon the closing price for the Common Stock of $6.93 on the NASDAQ Stock Market on such date.

The number of shares of the registrant’s common stock outstanding as of March 1, 2017 was 16,552,186.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the registrant's Proxy Statement for its 2017 Annual Meeting (the "2017 Proxy Statement") to be filed with the Commission within 120 days after the end of the fiscal year ended December 31, 2016.

TABLE OF CONTENTS

PART I

References to the “Company,” “we,” “our” and “us” refer to Manitex International, Inc., together in each case with our subsidiaries and any predecessor entities unless the context suggests otherwise.

Forward-Looking Statements

When reading this section of this Annual Report on Form 10-K, it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements and are based upon management’s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and si to identify forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on our customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business. Our actual results may differ from information contained in these forward looking-statements for many reasons, including those described below and in the section entitled “Item 1A. Risk Factors”:

(1) a future substantial deterioration in economic conditions, especially in the United States and Europe;
(2) government spending; fluctuations in the construction industry, and capital expenditures in the oil and gas industry;
(3) our level of indebtedness and our ability to meet financial covenants required by our debt agreements;
(4) our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed;
(5) the cyclical nature of the markets we operate in;
(6) increase in interest rates;
(7) Our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally;
(8) difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change;
(9) our customers’ diminished liquidity and credit availability;
(10) the performance of our competitors;
(11) shortages in supplies and raw materials or the increase in costs of materials;
(12) product liability claims, intellectual property claims, and other liabilities;
(13) the volatility of our stock price;
(14) future sales of our common stock;
(15) the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions;
(16) currency transaction (foreign exchange) risks and the risk related to forward currency contracts;
(17) certain provisions of the Michigan Business Corporation Act and the Company’s Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company’s Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company;
(18) a substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time;
(19) a disruption or breach in our information technology systems;
(20) our reliance on the management and leadership skills of our senior executives;
(21) the cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002; and

(22) Impairment in the carrying value of goodwill could negatively affect our operating results; and
(23) other factors.

1

The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

ITEM 1. BUSINESS

Our Business

The Company is a leading provider of engineered specialty lifting and loading products. The Company operates in three business segments: the Lifting Equipment segment, the ASV segment and the Equipment Distribution segment.

Lifting Equipment Segment

Through its Lifting Equipment segment, the Company designs, manufactures and distributes a diverse group of products that serve multiple functions and are used in a variety of industries. Through its Manitex, Inc. subsidiary it markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex's boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and residential and commercial construction.

PM Group S.p.A. ("PM") is a leading Italian manufacturer of truck mounted hydraulic knuckle boom cranes with a 50-year history of technology and innovation, and a product range spanning more than 50 models. Its largest subsidiary, Oil & Steel ("O&S"), is a manufacturer of truck-mounted aerial platforms with a diverse product line and an international client base.

Badger Equipment Company ("Badger") is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries.

Manitex Sabre, Inc. ("Sabre") manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks will be sold to specialized independent tank rental companies and through the Company's existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling

ASV Segment

A.S.V., LLC ("ASV") manufactures a line of high quality compact rubber tracked and skid steer loaders. The ASV products are distributed through independent dealers, the Terex Corporation ("Terex") distribution channels as well as through the Company. This independent dealer network now has over 150 locations. The products are used in the site clearing, general construction, forestry, golf course maintenance and landscaping industries, with general construction being the largest market.

Equipment Distribution Segment

The Equipment Distribution segment consists of two of the Company's subsidiaries, Crane and Machinery, Inc. ("C&M") and Crane and Machinery Leasing, Inc. ("C&M Leasing"). C&M is a distributor of Terex rough terrain and truck cranes products as well as Manitex's own products. C&M offers equipment repair services in the Chicago area and supplies repair parts for a wide variety of medium to heavy duty construction equipment both domestically and internationally. C&M Leasing rents equipment manufactured by the Company as well as a limited amount of equipment manufactured by third parties.

Recent Acquisitions

On March 12, 2015, the Company entered into inventory and equipment purchase agreements with Columbia Tanks, LLC. Financial results are included in the consolidated results beginning on March 12, 2015.

On January 15, 2015, the Company acquired PM Group S.p.A. (“PM”) which is based in San Cesario sul Panaro, Modena, Italy. PM’s financial results are included in the consolidated results beginning on January 15, 2015.

On December 19, 2014, the Company completed an agreement with Terex and has become the majority owner of ASV, which is located in Grand Rapids, Minnesota. As a result of the transaction, the Company owns 51% of ASV and Terex owns 49% of ASV. ASV’s financial results are included in the consolidated results beginning on December 20, 2014.

On December 16, 2014, the Company, BGI USA Inc. (“BGI”), Movedesign SRL and R& S Advisory S.r.l., entered into an operating agreement for Lift Ventures LLC (“Lift Ventures”), a joint venture entity. Lift Ventures manufactures and sells certain products and components, including the Schaeff line of electric forklifts and certain Liftking products. The Company owns 25% of the equity of Lift Ventures and licenses certain intellectual property related to the Company's products to Lift Ventures. In 2016, the Company determined its investment in Lift Ventures was impaired and has recognized an impairment charge to write off its entire investment in Lift Ventures LLC (See Note 26).

On November 30, 2013, CVS Ferrari srl ("CVS"), an Italian corporation and a wholly subsidiary of Manitex International, Inc., purchased the assets of Valla SpA ("Valla"). Valla develops mobile cranes from 2 to 90 tons, using electric, diesel and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers. Valla was reorganized as Manitex Valla srl ("Valla") in conjunction with the sale of CVS in December 2016. Valla's financial results are included in the consolidated results beginning on November 30, 2013.

On August 19, 2013, Manitex Sabre, Inc. ("Sabre") acquired the assets of Sabre Manufacturing, LLC, which is located in Knox, Indiana. Sabre manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions. Sabre's financial results are included in the consolidated results beginning on August 19, 2013.

Discontinued Operations

CVS Ferrari srl ("CVS") designed and manufactured a range of reach stackers and associated lifting equipment for the global container handling market. CVS was sold on December 22, 2016, and is presented as a discontinued operation.

Manitex Liftking ULC ("Manitex Liftking" or "Liftking") sold a complete line of rough terrain forklifts, a line of stand-up electric forklifts, cushioned tiered forklifts with lifting capacities from 18 thousand to 40 thousand pounds and special mission oriented vehicles, as well as other specialized carriers, heavy material handling transporters and steel mill equipment. Liftking was sold on September 30, 2016, and is presented as a discontinued operation.

Manitex Load King, LLC ("Load King") manufactured specialized custom trailers and hauling systems typically used for transporting heavy equipment. Load King trailers served niche markets in the commercial construction, railroad, military and equipment rental industries through a dealer network. Load King was sold on December 28, 2015, and is presented as a discontinued operation.

General Corporate Information

Our predecessor company was formed in 1993 and was purchased in 2003 by Veri-Tek International, Corp., which changed its name to Manitex International, Inc. in 2008. Our principal executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455 and our telephone number is (708) 430-7500. our website address is www.manitexinternational.com. Information contained on our website is not incorporated by reference into this report and such information should not be considered to be part of this report.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

The following is financial information about our Lifting Equipment, ASV and Equipment Distribution segments for the years ending December 31, 2016, 2015 and 2014. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, except corporate expenses are not allocated to segments. The Company evaluates segment performance based upon operating income before corporate expenses. Amounts shown are in thousands of dollars.

(In Thousands)

	AS OF OR FOR THE YEARS ENDED DECEMBER 31,		
	2016	2015	2014
Revenues from continuing operations:			
Lifting Equipment	$172,405	$193,436	$158,319
ASV	103,803	116,935	2,264
Equipment Distribution	16,404	13,216	21,104
Inter-segment Eliminations	(3,653)	(3,906)	(4,685)
Total	$288,959	$319,681	$177,002
Operating (loss) income from continuing operations:			
Lifting Equipment	$2,301	$8,557	$20,641
ASV	6,009	5,496	(121)
Equipment Distribution	(2,893)	(136)	374
Corporate expense	(7,406)	(8,522)	(7,968)
Elimination of inter-segment profit in inventory	274	(187)	11
Total	$(1,715)	$5,208	$12,937
Total assets:			
Lifting Equipment	$188,791	$208,734	$98,680
ASV	119,732	122,672	124,146
Equipment Distribution	8,742	14,585	15,612
Corporate	720	2,175	1,262
Assets of discontinued operations	—	53,257	74,567
Total	$317,985	$401,423	$314,267

Lifting Equipment Segment

Boom Trucks

A boom truck is a straight telescopic boom crane outfitted with a hook and winch which is mounted on a standard flatbed commercial (Class 7 or 8) truck chassis. Relative to other lifting equipment, boom trucks provide increased versatility and are capable of transporting relatively large payloads from site to site at highway speeds. A boom truck is usually sold with outriggers, pads and devices for reinforcing the chassis in order to improve safety and stability. Although produced in a wide range of models and sizes, boom trucks can be broadly distinguished by their normal lifting capability as light, medium, and heavy-cranes. Various models of medium or heavy-lift boom trucks can safely lift loads from 15 to 70 tons and operating radii can exceed 200 feet. Another advantage of the boom truck is the ability to provide occasional man lift capabilities at a very low cost to height ratio. While it is not uncommon to see a very old boom truck, most replacement cycles seem to trend to seven years. The market for boom trucks has historically been cyclical.

Although the Company offers a complete line of boom trucks from light to heavy capacity cranes much of our efforts have been devoted to the development of higher capacity boom trucks specifically designed to meet the particular needs of customers including those in energy production and power distribution. We believe it is an advantage to be skewed towards the heavier lifting capacity, since the heavier capacity cranes have somewhat higher margins.

Markets that drive demand for boom trucks include power distribution, oil and gas recovery, infrastructure and new home, commercial and industrial construction. Historically, the new home construction market, which uses lower capacity cranes, has probably been the most cyclical. More recently demand from the energy sector has become significantly impacted by changes in oil prices.

The Company sells its boom trucks through a network of over forty full service dealers in the United States, Canada, Mexico, South America, and the Middle East. A number of our dealers maintain a rental fleet of their own. Boom trucks can be rented for either short or long-term periods.

In 2012, the market for boom trucks again showed considerable improvement with total industry unit sales approaching pre-2008 levels. The market dynamics were, however, considerably different than they previously were. Much of the current demand then was being driven by niche market sectors, i.e., oil and gas exploration and power line construction. The demand from the general construction market, although slowly improving, still did not approach pre-2008 levels. For 2012, the Company's boom truck unit sales increased by approximately 65% as compared to the prior year. The increase in unit sales reflects the Company's strategic initiatives which have emphasized the development of boom trucks with higher lifting capacities that target the oil and gas and power line distribution market segments.

In 2013, the overall market for boom truck was marginally down from the prior year. However, revenues generated from boom truck sales by the Company increased by approximately 30% in 2013. Accordingly, the Company's market share was also up. The revenue increase was principally attributed to an increase in production capacity. This increase in capacity allowed us to reduce the backlog that existed at December 31, 2012 and to more aggressively promote the sale of our lower tonnage cranes. A significant portion of the December 2012 backlog was for higher tonnage cranes used in niche market segments particularly the North American energy sector. During the year, there was a softening in the demand for our products which are related to the energy sector.

In 2014, the Company saw a decline in orders for cranes with higher lifting capacities that serve niche markets, including the North American energy sector slowdown from prior years, largely as a result of the fall in oil prices. However, demand for lower capacity cranes increased, offsetting the decrease in revenues generated from the sale of cranes with higher lifting capacities. The increase in revenues generated from the sale of cranes with lower lifting capacity is reflective of the continued growth of general construction activity in North America. The change in mix did, however, result in lower gross profit percent for 2014.

In 2015, the Company continued to aggressively pursue other markets for its boom trucks including the tree industry, utility industry, and the general construction markets. This focus offset and mitigated the impact of the energy market decline. While oil prices continued to decline and the U.S. oil rig count dropped from 1,600 in January 2015 to just over 500 at end of the year we noted that the energy companies began selling excess equipment into our other markets. This combined impact lower energy market sales combined with the selling off of excess equipment – resulted in a significant decrease in boom truck revenues during the year.

In 2016, we noted that this selloff of excess equipment continued through much of the year. This selloff dampened demand for new equipment in both the energy market and the other markets we serve with our boom trucks. We did note that oil prices did begin to increase and by the beginning of June were approaching $50 per barrel. Additionally, the oil rig count began to increase again and by year end totaled 525 oil rigs. Late in the year, orders received began to increase and included orders for a number of cranes in a multitude of markets that the Company serves. We are hopeful that this trend will gain momentum in 2017 as we continue to focus our efforts into the tree, utility, general construction, energy and other industries.

PM Group

PM is a leading Italian manufacturer of truck mounted hydraulic knuckle boom cranes with a 50-year history of technology and innovation, and a product range spanning more than 50 models. Its largest subsidiary, Oil & Steel ("O&S"), is a manufacturer of truck-mounted aerial platforms with a diverse product line

PM knuckle boom cranes are hydraulic folding and articulating cranes, mounted on a commercial chassis, with lifting capacities that range from small (lifting capacity up to three ton meter) to super heavy (lifting capacity two hundred and ten ton meter), often supplied with a jib for additional reach. With a compact design and footprint, the crane can be mounted to maximize the load carrying capability of the chassis onto which it is mounted. Combined with the cranes ability to operate in a compact footprint the ability to carry a payload provides a competitive advantage over other truck mounted cranes and makes the knuckle boom crane particularly attractive for a variety of end uses in the construction and product delivery sectors.

The knuckle boom crane market is a global market with a wide variety of end sector applications, but focused particularly on residential and non-residential construction, road and bridge and infrastructure development. Historically the knuckle boom crane has not had significant application in the energy sector. PM knuckle boom cranes are sold into a variety of geographies including West and East Europe, Central Asia, Africa, North and Central America, South America, the Middle East and the Far East and Pacific region. Historically, PM focused on its domestic and local Western European markets, but in recent years has expanded its sales and distribution efforts internationally. PM has twelve international sales and distribution offices located in several European countries as well as the Far East and Latin America. After acquisition by Manitex, the Company expanded its distribution capability with the existing Manitex dealer network in North America as well as expanding the number of independent service centers in the US.

The market for knuckle boom cranes has been growing in recent years as the acceptability of the product has grown and its advantages have been accepted. Growth in North America where the straight mast boom truck crane has been the more dominant product has been more rapid in recent years in combination with the overall improvement in the North American construction sector. PM Group share of the North American market has been historically low; however this is an area of growth opportunity for the Company following its acquisition by Manitex.

PM aerial platforms are self-propelled or truck mounted and places an operator in a basket in the air in order to perform maintenance, repairs or similar activities. The equipment is used in a variety of applications including utilities, sign work and industrial maintenance and is often sold to rental operations.

PM group product serves in a number of geographies in West and East Europe but also the near and Far East and sells through dealers as well as its own sales and distribution offices. The market generally follows the domestic economic cycle for any particular country. Consequently, the market has shown a positive trend in the recent past as European economies recover from the 2009 / 2010 economic crisis.

As PM severs a global market, its revenues are affected by changes in economic conditions in markets they serve. In 2016, the middle-east market was soft and had an impact on PM 2016 revenues.

Industrial Cranes

Our Badger subsidiary sells specialized industrial cranes through a network of dealers. The Badger product line includes specialized 15 and 30 ton industrial cranes (which can be used by the railroads) as well as a 10 ton carry deck crane which are all sold under both the Badger and Manitex names. Additionally, Badger sells lattice cranes with 20 to 30 ton lifting capacity marketed under the Little Giant trade name. The Little Giant line has five lattice boom models, three of which are dedicated rail cranes. In addition, Badger also sells a 30 ton truck crane and a 25 ton crawler crane under the Little Giant name. Badger also has the capability to manufacture certain of our lower capacity boom trucks and provides expanded boom truck manufacturing capacity when needed.

The products are used by railroads, refineries, states, municipalities, and for general construction. The Company believes it has an advantage over its competitors in selling to railroads as it is the only crane manufacturer that has integrated the installation of rail gear into its production process. Competitors send their cranes to a third party to have rail gear added which both increases cost and delays deliveries.

Our Valla product line of industrial cranes is a full range of precision pick and carry cranes from 2 to 90 tons, using electric, diesel, and hybrid power options. Its cranes offer wheeled or tracked, and fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers. The product is sold internationally through dealers and into the rental distribution channel.

Mobile Tanks

Manitex Sabre manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through other direct customers.

The tanks have historically been used in variety of end markets such as petrochemical, waste management and oil and gas drilling. However, when we purchased Sabre in 2013, their business heavily skewed towards the energy sector. Since early 2014, we have been working to diversify the products, customers, and applications. This includes expanding environmental applications and using our tanks to store deicer fluid at airports.

ASV Segment

Loaders and Skid Steer

ASV manufactures and sells a complete range of compact rubber tracked loaders (CTL) and skid steer loaders (SSL). Our CTLs with rated operating capacity between 700 pound and 3,500 pounds are used in the site clearing, general construction, forestry, golf course maintenance and landscaping industries, with general construction being the largest market. The CTL manufactured by ASV has several patented features and unique attributes, including the only available rubber tracked undercarriage system. CTLs equipped with the available rubber tracked undercarriage system significantly minimize or reduce damages to the surface (ground) on which it is operating. Our SSLs with rated operating capacity between 1,600 pound and 3,200 pounds are used in general construction, material handling, including scrap and waste, and agricultural markets.

When we acquired our interest in ASV, the products were only marketed under the Terex brand and sold exclusively through the Terex distribution network. Since then, we have reintroduced the ASV brand to the marketplace and have entered into dealership agreements with independent dealers. Presently, these dealers have more than 150 locations to serve customers. The Company continues and will continue to sell Terex branded products and will continue to sell through the Terex distribution network.

Equipment Distribution Segment

The Equipment Distribution segment consists of two of the Company's subsidiaries, Crane and Machinery, Inc. ("C&M") and Crane and Machinery Leasing, Inc. ("C&M Leasing"). C&M is a distributor of Terex rough terrain and truck cranes products as well as Manitex's own products. C&M offers equipment repair services in the Chicago area and supplies repair parts for a wide variety of medium to heavy duty construction equipment both domestically and internationally.

C&M Leasing rents equipment manufactured by the Company as well as equipment manufactured by third parties. C&M Leasing has recently expanded its rental fleet.

Revenues attributable to the Company's Equipment Distribution segment were less than 10% of the Company's total revenues for fiscal years 2016 and 2015 and approximately 12% for 2014.

Part Sales

Each of our segments supplies repair and replacement parts for its products. The parts business margins are higher than our overall margins. Part sales as a percentage of revenues tend to increase when there is a down-turn in the industry. Part sales as a percentage of revenues are approximately 19%, 16% and 12% for the years ended December 31, 2016, 2015 and 2014, respectively.

Total Company Revenues by Sources

The sources of the Company's revenues are summarized below:

	2016	2015	2014
Boom trucks, knuckle boom & truck cranes	45 %	43 %	64 %
Industrial cranes and forklifts	2 %	2 %	8 %
Rough terrain forklifts	1 %	0 %	0 %
Rough terrain cranes	1 %	4 %	2 %
Compact loaders and skid steers	24 %	27 %	1 %
Mobile tanks	3 %	4 %	9 %
Used Construction Equipment	5 %	4 %	4 %
Part sales	19 %	16 %	12 %
Total Revenue	100 %	100 %	100 %

In 2016, 2015 and 2014, no customer accounted for 10% or more of the Company's revenue.

Raw Materials

The Company purchases a variety of components used in the production of its products. The Company purchases steel and a variety of machined parts, components and subassemblies including weldments, winches, cylinders, frames, rims, axles, wheels, tires, suspensions, cables, booms and cabs, as well as engines, transmissions and cabs. Additionally, Manitex and PM mount their cranes on commercial truck chassis, which are either purchased by the Company or supplied by the customer. Lead times for these materials (including chassis) vary from several weeks to many months. The Company is vulnerable to a supply interruption in instances when only one supplier has been qualified and identifying and qualifying alternative suppliers can be very time consuming, and in some cases, could take longer than a year. The Company has been working on qualifying secondary sources of some products to assure supply consistency and to reduce costs. The degree to which our supply base can respond to changes in market demand directly affects our ability to increase production and the Company attempts to maintain some additional inventory in order to react to unexpected increases in demand. During 2016, 2015 and 2014, raw materials and components were generally available to meet our production schedules and had no significant impact on full year revenues. During the first part of 2014 delivery of chassis for our larger cranes had a modest impact on production, however this was alleviated during the year as manufacturers increased their production and demand also slowed compared to the first half of the year.

Any future supply chain issues that might impact the Company will in part depend on how fast the rate of growth is for a product as well as the rate of growth in the general economy. Strong general economic growth could put us in competition for parts with other industries. Additionally, events or circumstance at a particular supplier could impact the availability of a necessary component.

Patents and Trademarks

The Company protects its trade names and trademarks through registration. Its technology consists of bill of materials, drawings, plans, vendor sources and specifications and although the Company's technology has considerable value, it does not generally have patent protection. The Company has (on rare occasions) filed for patent protection on a specific feature. In the future, the Company will consider seeking patent protection on any new design features believed to present a significant future benefit.

The Company owns and uses several trademarks relating to its brands that have significant value and are instrumental to the Company's ability to market its products. The Company's most significant trademarks are its mark "Manitex" (presently registered with the United States Patent and Trademark Office until 2017). Badger Equipment Company markets its products under the "Little Giant" and Badger trade names. The Company's PM Group subsidiary sells its products using the trademark "PM" and PM Group's O&S subsidiary sells its products using the "OIL & STEEL" trademark. The Manitex, Badger, Little Giant, PM and OIL & STEEL trademarks and trade names are important to the marketing and operation of the Company's business as a significant number of our products are sold under those names. ASV product is marketed under the Terex trade name to which it has a license, and also under the ASV trade name. Other important trademarks that are registered by ASV include "Posi-Track", and VTS Versatile Track System. ASV has a number of patents for its current machines presently registered with the United States Patent and Trademark Office until 2023 and the original patent for now discontinued machines that expires in 2018. PM Group's O&S subsidiary has three patents. One is registered with the Italian Patents and Trademarks Office until 2028. O&S has two additional patents registered with OHIM that are inforce until 2031 and 2034, respectively.

Seasonality

Traditionally, the Company's peak selling periods for cranes are the second and third quarters of a calendar year as a result of the need for equipment in the spring, summer and fall construction seasons. A significant portion of cranes sold over the last several years have been deployed in specialized industries or applications, such as oil and gas production, power distribution and in the railroad industry. Sales in these market segments are subject to significant fluctuations which correlate more with general economic conditions and the prices of commodities, including oil, and generally are not of a seasonal nature.

Sales of cranes from the Equipment Distribution segment mirror the seasonality of the overall Company. However, the sale of parts is much less seasonal given the geographic breadth of the customer base. Crane repairs are performed by the Equipment Distribution segment throughout the year but are somewhat affected by the slowdown in construction activity during the typically harsh winters in the Midwestern United States.

Peak sales of ASV products are traditionally in the first half of a calendar year as a result of the need to have new equipment available for the spring, summer and fall construction seasons, although this is partially offset by sales to export markets in the southern hemisphere.

Competition

Lifting Equipment Segment

The market for the Company's boom trucks and knuckle boom cranes, industrial cranes and trailers is highly competitive. The Company competes based on product design, quality of products and services, product performance, maintenance costs and price. Several competitors have greater financial, marketing, manufacturing and distribution resources than we do. The Company believes that it effectively competes with its competitors.

The Company's boom cranes compete with cranes manufactured by National Crane, Terex, Weldco Beales, Elliott and Altec. The Company's knuckle boom cranes compete with Palfinger, Fassi, Effer and HIAB. The Company competes primarily with Terex and Broderson in selling rough terrain and industrial cranes. The Company's mobile tanks compete with tanks sold by Dragon Tank and Pinnacle Mfg., LLC.

The Company's compact and skid steer loaders compete with product manufactured and sold by Bobcat (part of Doosan), Caterpillar, CNH, Gehl, Takeuchi, John Deere and Wacker Neuson.

Equipment Distribution Segment

Our Equipment Distribution segment has a dealership arrangement with Terex and must compete against dealers of other rough terrain and truck crane manufacturers such as Imperial Crane (Tadano and Elliot) and Walter Payton Power (Grove) who operate in the same geographic market in and around Chicago. The same dynamic holds true in selling Manitex boom trucks which are part of our Lifting Equipment segment. The Equipment Distribution segment competes against Runnion Equipment (dealer for National Crane), Power Equipment Leasing (dealer for Elliott) and Guiffre Cranes (dealer for Terex boom trucks). Runnion is also authorized to sell Manitex boom trucks. Our Equipment Distribution segment competes with other PM dealers for distribution in North America.

While no geographic limitations exist regarding the Equipment Distribution segment's ability to sell cranes internationally, the lack of any barriers to entry and the heavy use of the Internet make this a highly active and competitive market in which to distribute cranes.

Competition for our Equipment Distribution segment's repair business is even more intense since it is limited geographically due to the necessity of having physical access to the cranes. Most of the above referenced companies also compete in this aspect of the business, as do other types of crane and equipment dealers from nearby areas such as Indiana or Wisconsin.

Parts sales from the Equipment Distribution segment are global in scope and benefit greatly from the Internet and the tenure and expertise of our employees. While competition in this area is extensive, the breadth of the products offered and the segment's long history in this part of the business is we believe a competitive advantage.

The Equipment Distribution segment competes based on the design, quality and performance of the products it distributes, price and the supporting repair and part services that it provides. Several competitors have greater financial, marketing and distribution resources than we do. The Company, however, believes that it effectively competes with its competitors.

Backlog

The backlog at December 31, 2016 was approximately $38.1 million, compared to a backlog of approximately $65.4 million (restated to exclude discontinued operations) at December 31, 2015. The December 31, 2016 backlog, however, has increased by $11.0 million since September 30, 2016 when it was at $27.1 million. The backlog has continued to grow during the early part of 2017 and was $51.0 million at January 31, 2017. The Company expects to ship product to fulfill its existing backlog within the next twelve months.

Research and Development

The Company spent $4.9 million, $5.0 million and $1.1 million on company-sponsored research and development activities for 2016, 2015 and 2014, respectively.

Geographic Information

The information regarding revenue, the basis for attributing revenue from external customers to individual countries, and long-lived assets is found in Note 18 "Segment Information" to our consolidated financial statements, is hereby incorporated by reference into this Part I, Item 1.

Employees

As of December 31, 2016, the Company had 709 full time employees. The Company has not experienced any work stoppages and anticipates continued good employee relations. Eighteen (18) of our employees are covered by collective bargaining agreements. Eleven (11) of our employees at our Badger subsidiary are represented by International Union, UAW and its local No. 316. The current union contract expires on January 20, 2020. Four employees are currently represented by Automobile Mechanics' Local 701. The union contract expires on September 30, 2017. The employees represented by the Automobile Mechanics' Local 701 are mechanics that work in our Equipment Distribution segment. A number of our Equipment Distribution segment's customers in the Chicago metropolitan area mandate union mechanics usage for any service / repair jobs. Three employees at ASV are represented by International Brotherhood of Boilermakers Local 647. The current union contract expires on May 1, 2017.

Governmental Regulation

The Company is subject to various governmental regulations, such as environmental regulations, employment and health regulations, and safety regulations. We have various internal controls and procedures designed to maintain compliance with these regulations. The cost of compliance programs is not material, but is subject to additions to or changes in federal, state or local legislation or changes in regulatory implementation or interpretation of government regulations.

Available Information

The Company makes available free of charge our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished as required by Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through our Internet Website (www.manitexinternational.com) as soon as is reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Information contained in or incorporated into our Internet Website is not incorporated by reference herein.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks, together with the cautionary statement under the caption "Forward-Looking Statements" and the other information included in this report. The risks described below are not the only ones the Company faces. Additional risks that are currently unknown to the Company or that the Company currently considers to be immaterial may also impair its business or adversely affect the Company's financial condition or results of operations. If any of the following risks actually occur, the Company's business, financial condition or results of operation could be adversely affected.

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company's results of operations and cash flows

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company's results of operations and cash flows. Economic conditions affect the Company's sales volumes, pricing levels and overall profitability. Demand for many of the Company's products depends on end-use markets. Challenging economic conditions may reduce demand for our products and may also impair the ability of customers to pay for products they have purchased. As a result, the Company's reserves for doubtful accounts and write-offs for accounts receivable may increase.

A significant deterioration in economic conditions has caused and may again cause deterioration in the credit quality of our customers and the estimated residual value of our equipment. This could further negatively impact the ability of our customers to obtain the resources they need to make purchases of our equipment. Reduced credit availability will diminish our customers' ability to invest in their businesses, refinance maturing debt obligations, and meet ongoing working capital needs. If customers do not have sufficient access to credit, demand for the Company's products will likely decline. Reduced access to credit and the capital markets will also negatively affect the Company's ability to invest in strategic growth initiatives such as acquisitions.

Certain of the Company's products are significantly affected by the level of capital expenditures in the oil and gas industry and lower capital expenditures have affected and may continue to affect the results of the Company's operations.

The demand for our product in part depends on the condition of the oil and gas industry and, in particular, on the level of capital expenditures of companies engaged in the exploration, development, and production of oil and natural gas. Capital expenditures by these companies are influenced by the following factors:

- the oil and gas industry's ability to economically justify placing discoveries of oil and gas reserves in production;
- current and projected oil and gas prices;
- the oil and gas industry's need to clear all structures from the lease once the oil and gas reserves have been depleted;
- weather events, such as major tropical storms;

- the abilities of oil and gas companies to generate, access and deploy capital;
- exploration, production and transportation costs;
- the discovery rate of new oil and gas reserves;
- the sale and expiration dates of oil and gas leases and concessions;
- local and international political and economic conditions;
- the ability or willingness of host country government entities to fund their budgetary commitments; and
- technological advances.

Historically, prices of oil and natural gas and exploration, development and production have fluctuated substantially. A sustained period of substantially reduced capital expenditures by oil and gas companies will result in decreased demand for certain equipment produced by the Company, lower margins, and possibly net losses. Additionally, oil and gas companies may sell excess equipment into the general construction market which could further depress demand for certain of products.

The Company's level of indebtedness reduces financial flexibility and could impede our ability to operate.

As of December 31, 2016, the Company's total debt was $140.3 million, which includes: revolving term credit facilities, notes payable, convertible debt and capital lease obligations.

Our level of debt affects our operations in several important ways, including the following:

- a significant portion of our cash flow from operations is likely to be dedicated to the payment of the principal and interest on our indebtedness;
- our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions may be limited;
- we may be unable to refinance our indebtedness on terms acceptable to us or at all;
- our cash flow may be insufficient to meet our required principal and interest payments; and
- we may be unable to obtain additional loans as a result of covenants and agreements with existing debt holders.

The Company must comply with restrictive covenants in its outstanding debt agreements.

The Company's existing debt agreements contain a number of significant covenants which may limit its ability to, among other things, borrow additional money, make capital expenditures, pay dividends, dispose of assets and acquire new businesses. These covenants also require the Company to meet certain financial tests. The Company is currently in compliance with all active covenants. A default or other event of non-compliance, if not waived or otherwise permitted by the Company's lenders, could result in acceleration of the Company's debt and possibly bankruptcy.

The Company may require additional funding, which may not be available on favorable terms or at all.

Our future capital requirements will depend on the amount of cash generated or required by our current operations, as well as additional funds which may be needed to finance future acquisitions. Future cash needs are subject to substantial uncertainty.

We cannot guarantee that adequate funds will be available when needed, and if we do not receive sufficient capital, we may be required to alter or reduce the scope of our operations or to forego making future acquisitions. If we raise additional funds by issuing equity securities, existing stockholders may be diluted.

The Company's business is affected by the cyclical nature of its markets.

A substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time, since the Company's products depends upon the general economic conditions of the markets in which the Company competes. The Company's sales depend in part upon its customers' replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery. Downward economic cycles may result in reductions in sales of the Company's products, which may reduce the Company's profits. The Company has taken a number of steps to reduce its fixed costs and diversify its operations to decrease the negative impact of these cycles. There can be no assurance, however, that these steps will prevent the negative impact of poor economic conditions

The Company's business is sensitive to increases in interest rates.

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, LIBOR and Italian short-term borrowing rates.

If interest rates rise, it becomes more costly for the Company's customers to borrow money to pay for the equipment they buy from the Company. Should the U. S. Federal Reserve Board decide to increase rates, prospects for business investment and manufacturing could deteriorate sufficiently and impact sales opportunities.

The Company’s business is sensitive to government spending.

Many of the Company’s customers depend substantially on government spending, including highway construction and maintenance and other infrastructure projects by U.S. federal and state governments and governments in other nations. Any decrease or delay in government funding of highway construction and maintenance and other infrastructure projects could cause the Company’s revenues and profits to decrease.

The Company’s revenues are attributed to limited number of customers which may decrease or cease purchasing any time.

The Company’s revenues are attributed to a limited number of customers. We generally do not have long-term supply agreements with our customers. Even if a multi-year contract exists, the customer is not required to commit to minimum purchases and can cease purchasing at any time. If we were to lose either a significant customer or several smaller customers our operating results and cash flows would be adversely impacted.

The Company is dependent upon third-party suppliers, making us vulnerable to supply shortages.

The Company obtains materials and manufactured components from third-party suppliers. Any delay in the ability of the Company’s suppliers to provide the Company with necessary materials and components may affect the Company’s capabilities at a number of our manufacturing locations, or may require the Company to seek alternative supply sources. Delays in obtaining supplies may result from a number of factors affecting the Company’s suppliers including capacity constraints, labor disputes, the impaired financial condition of a particular supplier, suppliers’ allocations to other purchasers, weather emergencies or acts of war or terrorism. Any delay in receiving supplies could impair the Company’s ability to deliver products to customers and, accordingly, could have a material adverse effect on business, results of operations and financial condition.

In addition, the Company purchases material and services from suppliers on extended terms based on the Company’s overall credit rating. Negative changes in the Company’s credit rating may impact suppliers’ willingness to extend terms and increase the cash requirements of the business.

Price increases in materials could affect our profitability.

We use large amounts of steel and other items in the manufacture of our products. In the past, market prices of some of our key raw materials increased significantly. If we experience future significant increases in material costs, including steel, we may not be able to reduce product cost in other areas or pass future raw material price increases on to our customers and our margins could be adversely affected.

The Company depends on its information technology systems. If its information technology systems do not perform in a satisfactory manner or if the security of them is breached, it could be disruptive and or adversely affect the operations and results of operations of the Company.

The Company depends on its information technology systems, some of which are managed by third parties, to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers and other business partners), and to manage or support a variety of critical business processes and activities. If our information technology systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the Company, including the ability of the Company to report accurate and timely financial results.

Furthermore, our information technology systems may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, employee error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events, and in any such circumstances our system redundancy and other disaster recovery planning may be ineffective or inadequate. A failure of or breach in information technology security could expose us and our customers, distributors and suppliers to risks of misuse of information or systems, the compromise of confidential information, manipulation and destruction of data, defective products, production downtimes and operations disruptions. In addition, such breaches in security could result in litigation, regulatory action and potential liability, as well as the costs and operational consequences of implementing further data protection measures, each of which could have a material adverse effect on our business or results of operations.

The Company may face limitations on its ability to integrate acquired businesses.

The successful integration of new businesses depends on the Company's ability to manage these new businesses and cut excess costs. While the Company believes it has successfully integrated these acquisitions to date, the Company cannot ensure that these acquired companies will operate profitably or that the intended beneficial effect from these acquisitions will be realized.

If the Company is unable to manage anticipated growth effectively, the business could be harmed.

If the Company fails to manage growth, the Company's financial results and business prospects may be harmed. To manage the Company's growth and to execute its business plan efficiently, the Company will need to institute operational, financial and management controls, as well as reporting systems and procedures. The Company also must effectively expand, train and manage its employee base. The Company cannot assure you that it will be successful in any of these endeavors.

The Company relies on key management.

The Company relies on the management and leadership skills of David Langevin, Chairman and Chief Executive Officer. When Mr. Langevin joined the Company, he signed a three year employment agreement with the Company which expired on December 31, 2008. Mr. Langevin's employment agreement has been extended and now expires on December 31, 2019. Under the employment agreement, Mr. Langevin's employment term automatically extends for successive periods of three year unless either the Company or Mr. Langevin gives written notice to the other party of non-renewal at least 90 days prior to the end of the then current employment term. The loss of his services could have a significant and negative impact on the Company's business. In addition, the Company relies on the management and leadership skills of other senior executives. The Company could be harmed by the loss of key personnel in the future.

The Company's success depends upon the continued protection of its trademarks and the Company may be forced to incur substantial costs to maintain, defend, protect and enforce its intellectual property rights.

The Company's registered and common law trademarks, as well as certain of the Company's licensed trademarks, have significant value and are instrumental to the Company's ability to market its products. The Company's marks "Manitex" "Badger", "Sabre", "Valla", "ASV" "PM" and "O&S" are important to the Company's business as the majority of the Compan products are sold under those names. The Company has not registered all of its trademarks in the United States nor in the foreign countries where it does business. The Company cannot assure you that third parties will not assert claims against any such intellectual property or that the Company will be able to successfully resolve all such claims. If the Company has to change the names of any of its products, it may experience a loss of goodwill associated with its brand names, customer confusion and a loss of sales.

In addition, international protection of the Company's intellectual property may not be available in some foreign countries to the same extent permitted by the laws of the United States. The Company could also incur substantial costs to defend legal actions relating to use of its intellectual property, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company may be required to record goodwill impairment charges on all or a significant amount of the goodwill on its Consolidated Balance Sheets.

As of December 31, 2016, the Company had approximately $70.2 million of goodwill. The Company tests goodwill for impairment at least annually. If the carrying value of goodwill exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment of a significant portion of goodwill could materially negatively affect the Company's results of operations.

The Company may be unable to effectively respond to technological change, which could have a material adverse effect on the Company's results of operations and business.

The markets served by the Company are not historically characterized by rapidly changing technology. Nevertheless, the Company's future success will depend in part upon the Company's ability to enhance its current products and to develop and introduce new products. If the Company fails to anticipate or respond adequately to competitors' product improvements and new production introductions, future results of operations and financial condition will be negatively affected.

The Company operates in a highly competitive industry and the Company is particularly subject to the risks of such competition.

The Company competes in a highly competitive industry and the competition which the Company encounters has an effect on its product prices, market share, revenues and profitability. Because certain competitors have substantially greater financial, production, research and development resources and substantially greater name recognition than the Company, the Company is particularly subject to the risks inherent in competing with them and may be put at a competitive disadvantage. To compete successfully, the Company's products must excel in terms of quality, price, product line, ease of use, safety and comfort, and the Company must also provide excellent customer service. The greater financial resources of the Company's competitors may put it at a competitive disadvantage. If competition in the Company's industry intensifies or if the Company's current competitors enhance their products or lower their prices for competing products, the Company may lose sales or be required to lower its prices. This may reduce revenue from the Company's products and services, lower its gross margins or cause the Company to lose market share. The Company may not be able to differentiate our products from those of competitors, successfully develop or introduce less costly products, offer better performance than competitors or offer purchasers of our products payment and other commercial terms as favorable as those offered by competitors.

The Company faces product liability claims and other liabilities due to the nature of its business.

In the Company's lines of business numerous suits have been filed alleging damages for accidents that have occurred during the use or operation of the Company's products. The Company is self-insured, up to certain limits, for these product liability exposures, as well as for certain exposures related to general, workers' compensation and automobile liability. Insurance coverage is obtained for catastrophic losses as well as those risks required to be insured by law or contract. Any material liabilities not covered by insurance could have an adverse effect on the Company's financial condition.

Our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally.

The international expansion of our business may expose us to risks inherent in conducting foreign operations. These risks include:

- challenges associated with managing geographically diverse operations, which require an effective organizational structure and appropriate business processes, procedures and controls;
- the increased cost of doing business in foreign jurisdictions, including compliance with international and U.S. laws and regulations that apply to our international operations;
- currency exchange and interest rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions, if we chose to do so in the future;
- potentially adverse tax consequences;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- compliance with additional regulations and government authorities in a highly regulated business; and
- general economic and political conditions internationally.

The risks that the Company faces in its international operations may continue to intensify if the Company further develops and expands its international operations.

The Company is subject to currency fluctuations.

Changes in exchange rates between various currencies have had, and will continue to have, an impact on our earnings. We regularly evaluate opportunities for, and at times engage in, hedging activities to mitigate the impact that changes in exchange rates for various currencies may have on our financial results. Our hedging activities are designed to reduce and delay, but not to eliminate, the effects of foreign currency fluctuations. Factors that could affect the effectiveness of our hedging activities include volatility of currency markets, and the availability of effective hedging instruments. Since the hedging activities are designed to reduce volatility, they may have the effect of reducing both the negative and positive impacts that changes in exchange rates may have. Our future financial results could be significantly affected by the value of the U.S. dollar versus the native currencies of our subsidiaries (primarily the Euro) as well as the native currencies of foreign subsidiaries and other currencies in which they conduct business. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities. There can be no assurance that our hedging activities will have the desired beneficial impact on our financial condition or results of operations. Moreover, no hedging activity can completely insulate us from the risks associated with changes in currency exchange rates. We currently have exposure to changes in exchange rates for a number of currencies including the Euro, the Chilean peso and the Argentinean peso.

Risks Relating to our Common Stock

The Company's principal shareholders, executive officers and directors hold a significant percentage of the Company's common stock, and these shareholders may take actions that may be adverse to your interests.

The Company's principal shareholders, executive officers and directors beneficially own, in the aggregate, approximately 32 % of the Company's common stock as of February 1, 2017. As a result, these shareholders, acting together, will be able to significantly influence all matters requiring shareholder approval, including the election and removal of directors and approval of significant corporate transactions such as mergers, consolidations, sales and purchases of assets. They also could dictate the management of the Company's business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination, which could cause the market price of our common stock to fall or prevent you from receiving a premium in such a transaction.

The cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002 may negatively impact the Company's income.

The Company is subject to the rules and regulations of the SEC, including those rules and regulations mandated by the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires all reporting companies to include in their annual report a statement of management's responsibilities for establishing and maintaining adequate internal control over financial reporting, together with an assessment of the effectiveness of those internal controls. Section 404 further requires that the reporting company's independent auditors attest to, and report on, this management assessment. The Company expects its expenses related to its internal and external auditors to be significant. If we fail to maintain a system of adequate controls, it could have an adverse effect on our business and stock price.

The price of our common stock is highly volatile.

The trading price of the Company's common stock is highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond the Company's control, including:

- the degree to which the Company successfully implements its business strategy;
- actual or anticipated variations in quarterly or annual operating results;
- changes in recommendations by the investment community or in their estimates of the Company's revenues or operating results;
- failure to meet expectations of industry analysts;
- speculation in the press or investment community;
- strategic actions by the Company's competitors;
- announcements of technological innovations or new products by the Company or competitors; and
- changes in business conditions affecting the Company and its customers.

In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been brought against companies. If a securities class action suit is filed against us, whether or not meritorious, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business in order to respond to the litigation.

Provisions of the Michigan Business Corporation Act and the Company's Articles of Incorporation, Amended and Restated Bylaws, and Rights Agreement may discourage or prevent a takeover of the Company.

Provisions of the Company's Articles of Incorporation and Amended and Restated Bylaws, Michigan law, and the Rights Agreement, dated October 17, 2008, between the Company and Broadridge Corporate Issuer Solution, Inc., as rights agent, could make it more difficult for a third party to acquire the Company, even if doing so would be perceived to be beneficial to you. These provisions could discourage potential takeover attempts and could adversely affect the market price of the Company's shares. Because of these provisions, you might not be able to receive a premium on your investment. These provisions:

- authorize the Company's Board of Directors, with approval by a majority of its independent Directors but without requiring shareholder consent, to issue shares of "blank check" preferred stock that could be issued by the Company's Board of Directors to increase the number of outstanding shares and prevent a takeover attempt;
- limit our shareholders' ability to call a special meeting of the Company's shareholders;
- limit the Company's shareholders' ability to amend, alter or repeal the Company bylaws;
- may result in the issuance of preferred stock, which would significantly dilute the stock ownership percentage of certain shareholders and make it more difficult for a third party to acquire a majority of the Company's outstanding voting stock; and
- restrict business combinations with certain shareholders.

The provisions described above could prevent, delay or defer a change in control of the Company or its management.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

The Company's executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455. The Company has seven principal operating plants. The Company's Lifting Equipment segment operates from the facilities described in this paragraph. The Company builds boom trucks, and sign cranes in its 188,000 sq. ft. leased facility located in Georgetown, Texas. The Company manufactures its knuckle boom cranes, in two owned facilities, the 542,000 sq. ft. plant located in S. Cesario sul Panaro, Italy and the 213,000 sq. ft. facility located in Arad, Romania. The Romania facility also produces sub-assemblies that are incorporated into PM products manufactured in Italy. The Company manufactures its precision pick and carry cranes in a 58,000 sq. ft. facility located in Piacenza, Italy. The Company builds specialized rough terrain cranes and material handling product in its 170,000 sq. ft. leased facility located in Winona, Minnesota. The Company builds its specialized mobile tanks for liquid and solid storage and containment solutions in its 100,000 sq. ft. leased facility located in Knox, Indiana.

The Company's ASV segment builds its compact track loaders and skid steer loaders in its 220,000 sq. ft. owned facility located in Grand Rapids, Minnesota. In addition, it owns a 10,000 sq. ft. facility for selling and servicing equipment and a 47,000 sq. ft. leased facility used for research and development, testing and material storage. These two additional locations are also located Grand Rapids, Minnesota.

The Company operates its crane distribution business from a 39,000 sq. ft. leased facility located in Bridgeview, Illinois.

All our facilities are used exclusively by our Lifting Equipment and ASV segments except for our Bridgeview facility. The Bridgeview facility houses our corporate offices and our Equipment Distribution segment operations.

The Company believes that its facilities are suitable for its business and will be adequate to meet our current needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including product liability and workers' compensation matters which have arisen in the normal course of operations. The Company has product liability insurance with self-insurance retention that ranges from $50 thousand to $0.5 million. ASV product liability cases that existed on date of acquisition have a $4 million self-retention limit. The Company has a $250 thousand per claim deductible on worker compensation claims and aggregates of $1.2 million, $1.3 million, $1.9 million, $1.6 million and $1.6 million for 2013, 2014, 2015, 2016 and 2017 policy years, respectively. Certain cases are at a preliminary stage and it is not possible to estimate the amount or timing of any cost to the Company. However, the Company does not believe that these contingencies, in the aggregate, will have a material adverse effect on the Company. Reserves have been established for several liability cases related to ASV and PM acquisitions. When it is probable that a loss has been incurred and possible to make a reasonable estimate of the Company's liability with respect to such matters, a provision is recorded for the amount of such estimate or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable

PART II

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

Market for the Company’s Common Stock

The Company’s common stock is listed on The NASDAQ Capital Market trading under the symbol MNTX. The following table sets forth the high and low sales prices of the common stock for the fiscal periods indicated, as reported on The NASDAQ Capital Market.

Price Range of Common Stock

2016	High	Low
First Quarter	$6.30	$4.25
Second Quarter	$7.23	$5.18
Third Quarter	$7.68	$4.98
Fourth Quarter	$7.62	$4.98

2015	High	Low
First Quarter	$12.98	$8.37
Second Quarter	$10.25	$7.46
Third Quarter	$8.10	$5.28
Fourth Quarter	$7.64	$5.12

Number of Common Stockholders

As of February 17, 2017, there were 206 record holders of the Company’s common stock.

Dividends

During the fiscal years ended December 31, 2016, 2015 and 2014, the Company did not declare or pay any cash dividends on its common stock and the Company does not intend to pay any cash dividends in the foreseeable future. Furthermore, the terms of our credit facility do not allow us to declare or pay dividends without the prior written consent of the lender.

Performance Graph

The following stock performance graph is intended to show our stock performance compared with that of comparable companies. The stock performance graph shows the change in market value of ten thousand dollars invested in our Common Stock, the Russell 2000 Index and a peer group of comparable companies (“Peer Group”) for the five year period commencing December 31, 2011 through December 31, 2016. The cumulative total stockholder return of the peer group and Russell 2000 Index assumes dividends are reinvested. The stockholder return shown on the graph below is not indicative of future performance. The companies in the Peer Group are weighted by market capitalization.

The Peer Group consists of the following companies, which are in similar lines of business to Manitex International Inc. Lindsay Corporation (LNN), Gencor Industries Inc. (GENC), Astec Industries, Inc. (ASTE), Columbus McKinnon Corporation (CMCO) and Alamo Group, Inc. (ALG). The companies in the Peer Group generally have market capitalizations that are significantly greater than the Company's market capitalization. It was necessary to select companies with higher market capitalizations to find companies with similar lines of business. Our competitors are most often either small privately owned companies with a narrow product line or a segment of a very large company. In selecting our Peer Group, we intentionally excluded the companies that had the largest market capitalization even when their product lines were similar to ours.

CUMULATIVE TOTAL RETURN

Based upon an initial investment of $10,000 on December 31, 2011

with dividends reinvested

	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Manitex International, Inc.	$ 10,000	$ 16,840	$ 37,453	$ 29,976	$ 14,033	$ 16,176
Russell 2000 Index	$ 10,000	$ 11,463	$ 15,705	$ 16,259	$ 15,331	$ 18,317
Construction Equipment (5 stocks)	$ 10,000	$ 12,827	$ 17,162	$ 16,564	$ 15,211	$ 22,901

Issuer Purchases of Equity Securities

The following table provides information about the Company's purchases of equity securities during the quarter ended December 31, 2016:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs
October 1 through October 31, 2016	—	—	—	—
November 1 through November 30, 2016	—	—	—	—
December 1 through December 31, 2016	3,530	$ 6.86	—	—
Total	3,530	$ 6.86	—	—

(1) The Company purchased and cancelled 3,530 shares of its common stock on December 31, 2016. The shares were purchased from employees on December 31, 2016 at the market closing price of $6.86 on that date. The employees used the proceeds from the sale of shares to satisfy their withholding tax obligations that arose when restricted shares vested on that date.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with our financial statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

The Company's results include the results for companies acquired from their respective effective dates of acquisition: August 19, 2013 for Sabre, November 30, 2013 for Valla, December 16, 2014 for Lift Ventures, December 20, 2014 for ASV, January 15, 2015 for the PM Group and March 12, 2015 for Columbia Tanks.

The financial data for the years 2012 to 2016 present Manitex Load King, Inc., Liftking and CVS as discontinued operations.

(In thousands except share information)

	2016	2015	2014	2013	2012
Summary of Operations:					
Net revenues	$288,959	$319,681	$177,002	$164,678	$128,174
Operating (loss) income	(1,715)	5,208	12,937	18,142	13,148
Net (loss) income from continuing operations	(21,775)	(5,261)	7,043	11,489	8,322
Net (loss) income from continuing operations attributable to shareholders of Manitex International, Inc.	$(21,201)	$(5,309)	$7,179	$11,489	$8,322
Earnings (loss) per share from continuing operations attributable to shareholders of Manitex International, Inc.					
Basic	$(1.31)	$(0.33)	$0.52	$0.91	$0.70
Diluted	$(1.31)	$(0.33)	$0.52	$0.90	$0.70
Shares used to calculate earnings per share:					
Basic	16,133,284	15,970,074	13,858,189	12,671,205	11,948,356
Diluted	16,133,284	15,970,074	13,904,289	12,717,575	11,957,458
Total assets	$317,985	$401,423	$314,267	$180,497	$151,504
Total debt	$140,258	$157,772	$89,998	$36,743	$33,337
Total shareholders equity attributed to shareholders of Manitex International, Inc.	$74,398	$107,012	$120,391	$76,632	$47,245

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of continuing operations should be read in conjunction with the Company's financial statements and notes, and other information included elsewhere in this Report.

FORWARD-LOOKING STATEMENTS

When reading this section of this Annual Report on Form 10-K, it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements and are based upon management's present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and sir to identify forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on our customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business.

Our actual results may differ from information contained in these forward looking-statements for many reasons, including those described below and in the section entitled "Item 1A. Risk Factors": (1) a future substantial deterioration in economic conditions, especially in the United States and Europe; (2) the cyclical nature of the markets we operate in; (3)our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed; (4) government spending; fluctuations in the construction industry, and capital expenditures in the oil and gas industry; (5) Our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally;(6) difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change; (7) our level of indebtedness and our ability to meet financial covenants required by our debt agreements; (8) our customers' diminished liquidity and credit availability; (9) increases in interest rates; (10) the performance of our competitors; (11) shortages in supplies and raw materials or the increase in costs of materials; (12) product liability claims, intellectual property claims, and other liabilities; (13) the volatility of our stock price; (14) future sales of our common stock; (15) the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions; (16) currency transaction (foreign exchange) risks and the risk related to forward currency contracts; (17) certain provisions of the Michigan Business Corporation Act and the Company's Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company's Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company; (18) a substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time; (19) a disruption or breach in our information technology systems; (20) our reliance on the management and leadership skills of our senior executives; (21) the cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002; (22) impairment in the carrying of goodwill could negatively affect our operating results and (22) other risks described in the section entitled "Risk Factors" and elsewhere in our Annual Report on Form 10-K.

The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

OVERVIEW

The Company is a leading provider of engineered lifting solutions. The Company operates in three business segments: the Lifting Equipment segment, the ASV segment and the Equipment Distribution segment.

Lifting Equipment Segment

Through its Lifting Equipment Segment, the Company designs, manufactures and distributes a diverse group of products that serve multiple functions and are used in a variety of industries. Through its Manitex, Inc. subsidiary it markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex's boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and commercial construction.

PM Group S.p.A. ("PM") is a leading Italian manufacturer of truck mounted hydraulic knuckle boom cranes with a 50-year history of technology and innovation, and a product range spanning more than 50 models. Its largest subsidiary, Oil & Steel ("O&S"), is a manufacturer of truck-mounted aerial platforms with a diverse product line and an international client base.

Badger Equipment Company ("Badger") is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries.

Manitex Sabre, Inc. ("Sabre") manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and other direct customers. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

Valla SpA ("Valla") division offers a full range of precision pick and carry cranes.

In December 2015, September 2016 and December 2016, the Company completed the sale of its Load King, Liftking and CVS subsidiaries, respectively. For financial statement presentation Load King, Liftking and CVS are presented as discontinued operations. See Note 25.

ASV Segment

A.S.V., LLC ("ASV") manufactures a line of high quality compact rubber tracked and skid steer loaders. The ASV products are distributed through both its own distribution network and through Terex Corporation's ("Terex") distribution channels as well as through the Company. ASV's independent dealer network now has over 150 locations. The products are used in the site clearing, general construction, forestry, golf course maintenance and landscaping industries, with general construction being the largest market.

Equipment Distribution Segment

The Equipment Distribution segment located in Bridgeview, Illinois, comprises the operations of Crane & Machinery, Inc. ("C&M") and Crane & Machinery Leasing, Inc. ("C&M Leasing"). The segment markets products used primarily for infrastructure development and commercial construction applications that include road and bridge construction, general contracting, roofing, scrap handling and sign construction and maintenance. C&M is a distributor of Terex rough terrain and truck cranes products and supplies repair parts for a wide variety of medium to heavy duty construction equipment and sells domestically and internationally, predominately to end users, including the rental market. The segment also sells Manitex and Valla product, provides crane equipment repair services in the Chicago area and through C&M Leasing rents lifting equipment primarily in the Chicago area.

Economic Conditions

In 2014, the Company saw a decline in orders for cranes with higher lifting capacities that serve niche markets, including the North American energy sector slowdown from prior years, largely as a result of the fall in oil prices. However, demand for lower capacity cranes increased, offsetting the decrease in revenues generated from the sale of cranes with higher lifting capacities. The increase in revenues generated from the sale of cranes with lower lifting capacity is reflective of the continued growth of general construction activity in North America. The change in mix did, however, result in lower gross profit percent for 2014.

In 2015, the Company continued to aggressively pursue other markets for its boom trucks including the tree industry, utility industry, and the general construction markets. This focus offset and mitigated the impact of the energy market decline. While oil prices continued to decline and the U.S. oil rig count dropped from 1,600 in January 2015 to just over 500 at end of the year we noted that the energy companies began selling excess equipment into our other markets. This combined impact lower energy market sales combined with the selling off of excess equipment – resulted in a significant decrease in boom truck revenues during the year.

In 2016, we noted that this selloff of excess equipment continued through much of the year. This selloff dampened demand for new equipment in both the energy market and the other markets we serve with our boom trucks. We did note that oil prices did begin to increase and by the beginning of June were approaching $50 per barrel. Additionally, the oil rig count began to increase again and by year end totaled 525 oil rigs. Late in the year, orders received began to increase and included orders for a number of cranes in a multitude of markets that the Company serves. We are hopeful that this trend will gain momentum in 2017 as we continue to focus our efforts into the tree, utility, general construction, energy and other industries.

The market for PM knuckle boom cranes, and ASV compact track loaders and skid steer loaders, have not been significantly affected by decrease in oil prices. The markets for these products have been more stable. The North American market for knuckle boom cranes is growing. PM currently has a small share of the market for knuckle boom cranes in North America. The Company has started to manufacture knuckle boom cranes on a limited basis in the United States and is marketing them through the Company’s current distribution channels. The Company currently has a strong presence in North America for its boom trucks. The Company believes that it can significantly increase the Company’s share for knuckle boom cranes in North American. The Company believes this is an immediate opportunity that will continue to grow over time.

Factors Affecting Revenues and Gross Profit

The Company derives most of its revenue from purchase orders from dealers and distributors. The demand for the Company's products depends upon the general economic conditions of the markets in which the Company competes. The Company's sales depend in part upon its customers' replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery.

Gross profit varies from period to period. Factors that affect gross profit include product mix, production levels and cost of raw materials. Margins tend to increase when production is skewed towards larger capacity cranes.

The following table sets forth certain financial data for the three years ended December 31, 2016, 2015 and 2014:

Results of Consolidated Operations

MANITEX INTERNATIONAL, INC.

(In thousands, except share data)

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Net revenues	$288,959	$319,681	$177,002
Cost of sales	240,375	260,775	140,739
Gross profit	48,584	58,906	36,263
Operating expenses			
Research and development costs	4,877	4,983	1,084
Selling, general and administrative expenses	45,422	48,715	22,242
Total operating expenses	50,299	53,698	23,326
Operating (loss) income	(1,715)	5,208	12,937
Other income (expense)			
Interest expense	(11,000)	(11,842)	(1,854)
Interest expense related to write off of debt issuance costs	(3,635)	—	—
Foreign currency transaction (loss) gain	(1,115)	(293)	(423)
Other income (loss)	897	(43)	(101)
Total other expense	(14,853)	(12,178)	(2,378)
(Loss) income before income taxes and loss in non-marketable equity interest from continuing operations	(16,568)	(6,970)	10,559
Income tax (benefit) expense from continuing operations	(545)	(1,908)	3,516
Loss in non-marketable equity interest, net of taxes	(5,752)	(199)	—
Net (loss) income from continuing operations	(21,775)	(5,261)	7,043
Discontinued operations:			
(Loss) income from discontinued operations, net of income tax expenses of $37, $440 and $147 in	(13,959)	(63)	(76)

2016, 2015 and 2014, respectively			
Net (loss) income	$(35,734)	$(5,324)	$6,967
Net (income) loss attributable to noncontrolling interest	574	(48)	136
Net (loss) income attributable to shareholders of Manitex International, Inc.	$(35,160)	$(5,372)	$7,103

Year Ended December 31, 2016 from Continuing Operations Compared to Year Ended December 31, 2015 from Continuing Operations

The above results include the results for companies acquired from their respective effective dates of acquisition: December 16, 2014 for Lift Ventures, December 20, 2014 for ASV, January15, 2015 for PM Group and March 12, 2015 for Columbia Tanks. Results have been restated to remove discontinued operations.

Net (loss) income from continuing operations

For the year ended December 31, 2016, net loss was $21.8 million, which consists of revenue of $289.0 million, cost of sales of $240.4 million, research and development costs of $4.9 million, SG&A costs of $45.4 million, interest expense of $14.6 million, foreign currency transaction loss of $1.1 million, other income of $0.9 million, loss in non-marketable equity interest of $5.8 million and income tax benefit of $0.5 million.

For the year ended December 31, 2015, net loss was $5.3 million, which consists of revenue of $319.7 million, cost of sales of $260.8 million, research and development costs of $5.0 million, SG&A costs of $48.7 million, interest expense of $11.8 million, foreign currency transaction loss of $0.3 million, loss in non-marketable equity interest of $0.2 million and income tax benefit of $1.9 million.

Net revenue and gross profit —For the year ended December 31, 2016, net revenue and gross profit were $289.0 million and $48.6 million, respectively. Gross profit as a percent of sales was 16.8% for the year ended December 31, 2016. For the year ended December 31, 2015, net revenue and gross profit were $319.7 million and $58.9 million, respectively. Gross profit as a percent of sales was 18.4% for the year ended December 31, 2015.

For 2016 revenues decreased $30.7 million or 9.6% from $319.7 million for 2015 to $289.0 million for 2016. Revenues for the Lifting Equipment and ASV segments decreased by $21.0 million and $13.1 million or by 10.9% and 11.2%, respectively. Revenues for the Equipment Distribution segment increased by $3.2 million or 24.2%. The 2016 results for the Lifting Equipment segment include a completed first quarter of revenues for PM Group, compared to seventy five days from the date of acquisition in the three months ended March 31, 2015. PM revenues for the first 15 days of 2015 were approximately $3.3 million. Taking this effect into account the Lifting Equipment segment revenues would have decreased by $34.0 million or 10.6%.

All the product lines within the Lifting Equipment segment experienced year over year revenues declines. The decline in revenues is attributed to the effect that lower oil prices are having on our markets.

ASV revenues decline is attributable to a $9.8 million reduction in sales of undercarriages and parts to Caterpillar and a decrease in machine sales. The decrease in sales to Caterpillar is due to a slowdown in the Caterpillar production volumes of multi-terrain track loaders that use our undercarriage. A decrease in private labeled products is the principal reason for the decline in machine sales. ASV continues to expand its own dealer network and is becoming less dependent on private labeled products. Approximately 70% of the machine sales for the year ended December 31, 2016 were through ASV managed distribution.

Equipment Distribution segment revenue increase is primarily the result of the sale of equipment at less than our normal margins which was consistent with our priority of reducing debt in 2016.

Gross profit as a percent of net revenues decreased 1.6% to 16.8% for the year ended December 31, 2016 from 18.4% for the comparable 2015 period. The decrease in gross profit is attributed to lower volumes, change in product mix including a shift towards lower capacity boom truck and aggressive sales pricing especially towards at the end of the year in effort to move existing finished goods inventory. The sale of finished goods inventory at less than our normal margins was consistent with our priority of reducing debt in 2016. Partially offsetting other factors is the beneficial impact that an increase in part sales as percent of total revenues had. Part sales, which have significantly higher gross margins, increased from increased from 16% to 19% of total revenues from 2015 to 2016.

Research and development —Research and development for the year ended December 31, 2016 was $4.9 million compared to $5.0 million for the comparable period in 2015. Research and development expenditures were relatively consistent with the prior period. The Company’s research and development spending continues to reflect our continued commitment to develop and introduce new products that give the Company a competitive advantage.

Selling, general and administrative expense —Selling, general and administrative expense for the year ended December 31, 2016 was $45.4 million compared to $48.7 million for the comparable period in 2015, a decrease of $3.3 million. The decrease was impacted by a $0.5 million favorable change in an estimate regarding a product liability claim as it was determined that the claim could be settled for less than what was reserved. The remaining decrease is principally attributed to cost reductions made in response to decreased revenues and to lower variable selling expenses.

Operating (loss) income —The Company had operating loss of $1.7 million compared with an income of $5.2 million for the years ended December 31, 2016 and 2015, respectively. The adverse change in operating income is the result of decrease in gross profit of $10.3 million, the result of a decrease in revenues and lower gross profit margin. The decrease in gross margin was partially offset by a $3.4 million decrease in operating expenses.

Interest expense —Interest expense was $14.6 million and $11.8 million for the years ended December 31, 2016 and 2015, respectively. Included in interest expense is $3.6 million for deferred financing costs which were expensed as associated debt was refinanced in the second and fourth quarters of 2016. Excluding the deferred financing costs, interest expense decreased by $0.8 million primarily attributed to decreases in debt.

Foreign currency transaction loss — Foreign currency loss was $1.1 million and $0.3 million for the years ended December 31, 2016 and 2015, respectively. As stated in the past, the Company attempts to purchase forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units' functional currency will be offset by the changes in the market value of the forward currency exchange contracts it holds. Currency risks can be reduced but not eliminated in part because the Company has not been able to identify a strategy to effectively hedge the currency risks related to the Argentinian peso. The Company records at the balance sheet date the forward currency exchange contracts at their market value with any associated gain or loss being recorded in current earnings as a currency gain or loss.

A substantial portion of the 2016 loss is attributable to exchange losses related to the Argentinian peso. As previously stated, the Company has not been able to identify a strategy to effectively hedge currency risks related to the Argentinian peso. The 2016 currency loss also reflects the recognition of deferred loss of $0.2 million related to an intercompany receivable. The loss had been previously deferred in other comprehensive income as there was an intercompany receivable that was not expected to be repaid. The repayment of the receivable resulted in the recognition of the previously deferred loss.

Other income (loss) — In 2016, the Company had other income of $0.9 million. The other income is the result of revaluing a contingent acquisition liability related to an option to acquire certain PM bank debt. The contingent liability is related to a potential future payment, which is based on PM's 2017 earnings before interest, taxes, depreciation and amortization (EBITDA). During 2016, the fair of this liability was recalculated based on updated 2017 EBITDA projections. This revaluation result in gain of approximately $0.9 million.

Loss in non-marketable equity interest — The Company had losses related its non-marketable equity investment of $5.8 million and $0.2 million for the years ended December 31, 2016 and 2015, respectively. The increase in the loss is result of recognizing an impairment charge of $5.6 million to write off its entire investment in Lift Ventures LLC during 2016. See Note 26 to the financial statements for additional information related this impairment.

Income tax — Income tax expense (benefit) for continuing operations was $(0.5) million and $(1.9) million for the years ended December 31, 2016 and 2015, respectively. The income tax benefit is attributed to a pre-tax loss of $22.3 million and $7.2 million from continuing operations for the years ended December 31, 2016 and December 31, 2015, respectively. The Company's effective rate decreased to 2.44% for 2016 from 26.84% for 2015. The decrease in the effective tax rate is due primarily to the establishment of a full valuation allowance against the portion of the Company's net U.S. deferred tax assets that could not be realized by carrying back the 2016 tax loss for a refund of taxes paid in prior years.

Loss in non-marketable equity interest — The Company had losses related its non-marketable equity investment of $5.8 million and $0.2 million for the years ended December 31, 2016 and 2015, respectively. The increase in the loss is result of recognizing an impairment charge of $5.6 million to write off its entire investment in Lift Ventures LLC during 2016. See Note 26 to the financial statements for additional information related this impairment.

Net loss from continuing operations —Net loss for the years ended December 31, 2016 and 2015 was $21.8 million and $5.3 million, respectively. The change is explained above.

Year Ended December 31, 2015 from Continuing Operations Compared to Year Ended December 31, 2014 from Continuing Operations

The above results include the results for companies acquired from their respective effective dates of acquisition: December 16, 2014 for Lift Ventures, December 20, 2014 for ASV, January 15, 2015 for PM Group and March 12, 2015 for Columbia Tanks. Results have been restated to remove discontinued operations.

Net (loss) income from continuing operations

For the year ended December 31, 2015, net loss was $5.3 million, which consists of revenue of $319.7 million, cost of sales of $260.8 million, research and development costs of $5.0 million, SG&A costs of $48.7 million, interest expense of $11.8 million, foreign currency transaction loss of $0.3 million, loss in non-marketable equity interest of $0.2 million and income tax benefit of $1.9 million.

For the year ended December 31, 2014, net income was $7.0 million, which consists of revenue of $177.0 million, cost of sales of $140.7 million, research and development costs of $1.1 million, SG&A costs of $22.2 million, interest expense of $1.9 million, foreign currency transaction loss of $0.4 million, other loss $0.1 million and income tax expense of $3.5 million.

Net revenue and gross profit —For the year ended December 31, 2015, net revenue and gross profit were $319.7 million and $58.9 million, respectively. Gross profit as a percent of sales was 18.4% for the year ended December 31, 2015. For the year ended December 31, 2014 net revenue and gross profit were $177.0 million and $36.3 million, respectively. Gross profit as a percent of sales was 20.5% for the year ended December 31, 2014.

For 2015 revenues increased $142.7 million or 80.6% from $177.0 million for 2014 to $319.7 million for 2015. Without the ASV and PM transactions, revenues would have decreased, as these two acquisitions resulted in an increase in revenues of approximately $200 million for the year ended December 31, 2015. The decrease is primarily attributed a decline in crane products sales. This decline is attributed to a decrease in demand from the energy sector the result of significant decline in oil prices. The demand for new cranes from the general construction market has also declined significantly as used cranes from the energy sector are being redeployed due to surpluses into the general construction market. Finally, revenues from the sale of used construction equipment were also lower in part due to the weak Canadian dollar which made it harder to sell product into Canada.

Gross profit as a percent of net revenues decreased 2.1% to 18.4% for the year ended December 31, 2015 from 20.5% for the comparable 2014 period. The decrease in margin percent is principally attributed to decreased volume, changes in product mix, including the unfavorable impact of decreased sales of higher capacity crane products which generally have higher margins partially offset by the increase in parts sales as a percent of total revenues. Part sales, which have significantly higher margins, increased from 12% to 16% of total revenues from 2014 to 2015.

Research and development —Research and development for the year ended December 31, 2015 was $5.0 million compared to $1.1 million for the comparable period in 2014. Excluding $4.1 million additional expenses for ASV and PM for the year ended December 31, 2015, expenditure on R&D decreased $0.2 million as engineering resources in the Lifting Segment were reduced as a response to reduced volumes. The Company's research and development spending continues to reflect our continued commitment to develop and introduce new products that gives the Company a competitive advantage.

Selling, general and administrative expense —Selling, general and administrative expense for the year ended December 31, 2015 was $48.7 million compared to $22.2 million for the comparable period in 2014, an increase of $26.5 million. This increase is the net of an increase of $28.0 million in expense related to the ASV and PM acquisitions offset by a decrease of $1.5 million in expense from existing operations. A major component of the decrease in expense is related to participation in the ConExpo show, which is held every three years. 2014 included non-recurring expenses of $0.7 million related to participation at the 2014 ConExpo show. The remaining decrease is attributed to cost reductions, lower selling expenses, and other changes including the timing of transaction related expenses.

Operating income —The Company had operating income of $5.2 million and $12.9 million for the years ended December 31, 2015 and 2014, respectively. The decrease in operating income is due to a decrease in gross profit percent and increases in research and development costs and selling, general and administrative expense.

Interest expense —Interest expense was $11.8 million and $1.9 million for the years ended December 31, 2015 and 2014, respectively. The increase in interest expense is principally attributed to additional interest expense at our two newly acquired companies plus interest on the additional debt incurred to purchase the two new companies.

Foreign currency transaction loss —The Company attempts to purchase forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units' functional currency will be offset by the changes in the market value of the forward currency exchange contracts it holds. The Company records at the balance sheet date the forward currency exchange contracts at their market value with any associated gain or loss being recorded in current earnings as a currency gain or loss.

For the year ended December 31, 2015, the Company had a foreign currency loss of $0.3 million compared to a loss of $0.4 million for 2014. As stated above, the Company attempts to purchase forward exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units' functional currency will be offset. There are still certain risks at PM for which an effective hedging strategy may not be available which may result in future gains or losses that are not offset.

Income tax — Income tax expense (benefit) for continuing operations was $(1.9) million and $3.5 million for the years ended December 31, 2015 and 2014, respectively. The income tax benefit is attributed to a pre-tax loss of $7.2 million from continuing operations for the year ended December 31, 2015. The Company's effective rate decreased to 26.8% for 2015 from 33.3% for 2014. The decrease in the effective tax rate is due primarily to income tax expense and rate differences in foreign jurisdictions, income tax expense related settlements of U.S. and foreign income tax examinations, adjustments to tax credits in connection with the finalization of income tax filings, and a partial reduction in the domestic production activity deduction in connection with the carryback of the 2015 U.S. federal net operating loss for a refund of income taxes previously paid.

Net (loss) income from continuing operations —Net loss for the year ended December 31, 2015 was ($5.3) million. This compares with a net income for the year ended December 31, 2014 of $7.0 million.

SEGMENT INFORMATION

Lifting Equipment Segment

	2016	2015	2014
Net revenues	$172,405	$193,436	$158,319
Operating income	2,301	8,557	20,641
Operating margin	1.3 %	4.4 %	13.0 %

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net revenues —Net revenues decreased $21.0 million to $172.4 million for the year ended December 31, 2016 from $193.4 million for the comparable period in 2015.

For 2016 revenues decreased $21.0 million or 10.9% from $193.4 million for 2015 to $172.4 million for 2016. All the product lines within this segment experienced year over year revenues declines. The decline in revenues is attributed to decreased demand from end markets related in large part to lower oil prices. The 2016 results for this segment includes a complete first quarter of revenues for PM Group, compared to seventy five days from the date of acquisition in 2015. PM revenues for the first 15 days of 2015 were approximately $3.3 million.

Operating income and operating margins —Operating income of $2.3 million for the year ended December 31, 2016 was equivalent of 1.3% of net revenues compared to an operating income of $8.6 million for the year ended December 31, 2015 or 4.4% of net revenues. The decrease in operating income is due to a decrease in gross profit as both revenues and the gross profit margin percent were lower in 2016. The decrease in gross profit is attributed to lower volumes, change in product mix including a shift towards lower capacity boom truck and aggressive sales pricing especially towards at the end of the year in effort to move existing finished goods inventory. The sale of finished goods inventory at less than our normal margins was consistent with our priority of reducing debt in 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net revenues —Net revenues increased $35.1 million to $193.4 million for the year ended December 31, 2015 from $158.3 million for the comparable period in 2014.

For 2015 revenues increased $35.1 million or 22.1% from $158.3 million for 2014 to $193.4 million for 2015. Without the PM transactions, revenues would have decreased, as the PM acquisitions resulting in an increase in revenues of approximately $90 million for the year ended December 31, 2015. The decrease is primarily attributed a decline in crane products sales. This decline is attributed to a decrease in demand from the energy sector the result of significant decline in oil prices. The demand for new cranes from the general construction market has also declined significantly as used cranes from the energy sector are being redeployed due to surpluses into the general construction market.

Operating income and operating margins —Operating income of $8.6 million for the year ended December 31, 2015 was equivalent of 4.4% of net revenues compared to an operating income of $20.6 million for the year ended

December 31, 2014 or 13.0% of net revenues.

The decrease in operating income is the result of increase in operating expenses which more than offset an increase in the gross profit. Operating income and operating income as a percent of revenues decreased as the increase in operating expenses as percent of revenues was significantly higher than the improvement in the gross margin percent. Operating expense increased as a percent of revenues for two primary reasons. Operating expenses as percent of revenues are higher for PM (which now comprises a significant portion of our business) than they are in our other operating units. Secondly, operating expenses as percent of revenues increased at our other crane manufacturing businesses due a decrease in revenues. PM operating expense and gross margin percent are higher due to their distribution platform.

The gross profit percent improvement is primarily due to the fact that PM has a higher gross profit margin than our other business units. The PM gross profit margin improvement more than offset the decline in the gross margin percent for other crane products. The decrease in operating income as stated above is due to the increase in operating expenses.

ASV Segment

	2016	2015	2014
Net revenues	$103,803	$116,935	$2,264
Operating income (loss)	6,009	5,496	(121)
Operating margin	5.8 %	4.7 %	(5.3)%

ASV results are included from the effective date of acquisition, December 20, 2014.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net revenues —The ASV segment had net revenues of $103.8 million for the year ended December 31, 2016 compared to $116.9 million for the year ended December 31, 2015. ASV revenues decline is primarily attributable to $9.8 million reduction in sales of undercarriages and parts to Caterpillar as well as a decrease in machine sales. Machine sales decreased despite an increase in machine sales through ASV's own distribution network, as this only partially offset declines in machine sales through the Terex distribution network. Sales through the Terex dealer network have been adversely impacted by uncertainty arising from changes within the Terex construction segment, including the disposal by Terex of some of its compact construction equipment product lines. In August 2016, Terex announced that it would focus its business going forward on its aerial work platforms, cranes and materials processing. For the year ended December 31, 2016, sales of machines through ASV-managed distribution network increased to 70% of machine sales, compared to 44% in the prior year. We continue to focus on increasing the independent ASV dealer network to offset the lower volumes of Terex branded product being sold.

Operating income and operating margin —Operating income of $6.0 million for the year ended December 31, 2016 was equivalent to 5.8% of net revenues compared to $5.5 million for the year ended December 31, 2015 or 4.7% of net revenues. The improvement in operating income is principally due to a $0.5 million favorable adjustment to the reserve for accrued product liability claims. The effect that lower revenues had was offset an improvement in gross margin from a favorable mix of higher capacity machines, lower sales of skid steer loaders that have a lower average gross profit percent, and improved net pricing from increased sales into the ASV distribution channel, and the benefit of reduced costs of sales from cost reduction and efficiency actions, such as favorable purchase price variances and warranty costs.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net revenues —The ASV segment had net revenues of $116.9 million for the year ended December 31, 2015 compared to $2.3 million for the year ended December 31, 2014. Revenues for 2014 represents a twelve day period as ASV was acquired in December 2014.

During 2015, ASV started to sell their compact track and skid steer loaders under the ASV brand. By the end of the year, ASV had a 100 dealer locations in North America. ASV branded product accounted for approximately 9% of 2015 machine units and is expected to grow significantly in 2016 and beyond.

Operating income (loss) and operating margin —Operating income of $5.5 million for the year ended December 31, 2015 was equivalent to 4.7% of net revenues compared to an operating loss of ($0.1) for the year ended December 31, 2014 or (5.3)% of net revenues. The market for general construction equipment was relatively steady during the year. However, the pricing environment for ASV became more competitive during the second half of the year and adversely impacted the second half results. The segment also had higher than normal research and development costs due to the continuing Tier 4 final engine implementation program that is being rolled to the full product line.

Equipment Distribution Segment

	2016	2015	2014
Net revenues	$16,404	$13,216	$21,104
Operating (loss) income	(2,893)	(136)	374
Operating (loss) margin	(17.6)%	(1.0)%	1.8 %

27

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net revenues —The Equipment Distribution segment had net revenues of $16.4 million and $13.2 million for the years ended December 31, 2016 and 2015, respectively, an increase of $3.2 million. The increase in revenue was primarily the result of used equipment sales to reduce inventory on hand and on occasion has made concessions to facilitate the sale.

Operating loss and operating margins —Operating loss of ($2.9) million for the year ended December 31, 2016 was equivalent to (17.6)% of net revenues compared to ($0.1) million for the year ended December 31, 2015 or (1.0)% of net revenues.

The expanded operating loss in 2016 is attributable to the sale of equipment at zero or lower margins to move equipment that was held by the segment.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net revenues —The Equipment Distribution segment had net revenues of $13.2 million and $21.1 million for the years ended December 31, 2015 and 2014, respectively, a decrease of $7.9 million. The $7.9 million decrease is attributed to both a decrease in sales of new cranes and used construction equipment. New crane sales continue to be significantly adversely impacted by reduced demand for product from the energy sector resulting from a very steep decline in oil prices. Additionally, 2014 benefited from a substantial initial sale of equipment into the rental sector. Sales for remarked product was lower in part due to lower demand from Canada as the strong U.S. dollar was making our equipment significantly more expense to Canadian customers.

Operating (loss) income and operating margins —Operating loss of ($0.1) million for the year ended December 31, 2015 was equivalent to (1.0)% of net revenues and compares to operating income of $0.4 million for the year ended December 31, 2014 or 1.8% of net revenues.

Operating income and margin was adversely impacted by loss of from reduced sales, although gross margin percent improved due to a higher proportion of parts sales in total revenues. The change from a modest operating income in 2014 to a small operating loss in 2015 is result of a decrease in gross profit the result of the decrease in revenues. The gross profit percent improved modestly as part sales (which have higher margins) represented higher portion of the revenues in 2015.

Liquidity and Capital Resources

Cash, cash equivalents and restricted cash were $6.4 million and $5.9 million at December 31, 2016 and December 31, 2015, respectively. In addition, the Company has a U.S. revolving credit facility with a maturity date of July 20, 2019. Additionally, ASV has a revolving credit facility, which is for its sole use, with a maturity date of December 23, 2021. At December 31, 2016 the Company had approximately $2.3 million available to borrow under its revolving credit facility. At December 31, 2016 ASV had approximately $3.5 million of availability under its revolving credit facility.

At December 31, 2016, the PM Group had established working capital facilities with seven Italian and six South American banks. Under these facilities, the PM Group can borrow $24.7 million against orders, invoices and letters of credit. At December 31, 2016, the PM Group had received advances of $19.3 million. Future advances are dependent on having available collateral.

The Company needs cash to meet its working capital needs as the business grows, to acquire capital equipment, and to fund acquisitions and debt repayment. We intend to use cash flows from operations and existing availability under the current revolving credit facilities to fund operations. However, additional capital may be required if our business expands. The Company thought it prudent to put a mechanism in place by which supplemental liquidity can be provided to address working capital requirements or other capital requirements that may arise. On January 23, 2017, Manitex International Inc. entered into a Controlled Equity Offering Sales Agreement ("Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may offer and sell shares of its common stock, no par value per share, having an aggregate offering price up to $20,000 through Cantor. Funds provided through the Sales Agreement totaled $2,608 in January 2017 2017 from the sale of 294,524 shares of the Company's common stock.

Additionally, the Company issued a press release on January 23, 2017 that indicated the Company's Board of Directors is considering strategic alternatives for A.S.V., LLC, its joint venture with Terex Corporation (NYSE:TEX), to realize maximum value for Manitex shareholders. The Board's review will include the possibility of a sale of all or a portion of ASV or Manitex's ownership stake (51%) in ASV, as well as the possibility of ASV becoming a public company. If a transaction were to take place any funds received would be used to reduce debt or other corporate purposes.

Nevertheless, our availability under our credit lines is limited, it is important that we manage our working capital. The Company may need to raise additional capital through debt or equity financings to support our long-term growth strategy, which may include additional acquisitions. There is no assurance that such financing will be available or, if available, on acceptable terms.

Outstanding borrowings and required payments

The following is a summary of our outstanding borrowings at December 31, 2016:

(In millions)

	Outstanding Balance	Interest Rate	Interest Paid	Principal Payment
U.S. Revolver	$ 20.0	3.75 to 4.75%	Monthly	July 20, 2019 maturity
Note payable—Terex	1.6	4.50%	Semi-Annual	$0.04 million interest payment June 19, 2017 and $1.64 million interest and principal payment on December 19, 2017
Convertible note—Terex	6.9	7.5%	Semi-Annual	December 19, 2019 maturity
Convertible note—Perella	14.5	7.5%	Semi-Annual	January 7, 2021 maturity
ASV revolving credit facility	15.6	3.6%	Monthly	December 23, 2021 maturity
ASV Term loan A	8.5	4.76%	Monthly	$0.20 million quarterly plus interest unpaid balance due December 23, 2021
ASV Term loan B	21.5	11.00%	Monthly	$0.50 million quarterly plus interest unpaid balance due December 23, 2021
Capital lease—cranes for sale	0.5	4.4 to 5.6%	Monthly	Over 36 or 60 months
Capital lease—Georgetown facility	5.3	12.50%	Monthly	$0.06 million monthly payment includes interest
Capital leases—Winona facility	0.5	n.a.	Final Payment	To be paid in 2018
PM unsecured borrowings	12.7	2.14% to 2.64%	Semi-Annual	Variable semi-annual starting June 2017 through December 2021
PM Autogru term loan	0.4	3.00%	Monthly	$0.09 million monthly through October 2020
PM Autogru term loan	0.5	2.50%	Annually	$0.5 million payment due June 2017
PM term loans with related accrued interest, interest rate swaps and FMV adjustments	14.1	0 to 2.18%	Semi-Annual	Variable semi-annual starting June 2016 through December 2021. Payments scheduled for 2017 total approximately $3.0 million

PM short-term working capital borrowings	19.3	1.43 to 17.0%	Monthly	Upon payment of invoice or letter of credit
	$ 141.9			
Debt issuance costs	(1.6)			
Debt net of issuance costs	$ 140.3			

The debt has various maturity dates. See Notes 11 and 12 to the financial statements for additional details.

Change in outstanding debt

In 2016, our total debt was reduced by $35.6 million of which $17.5 million was related to continuing operations. The difference is related to debt that was either paid off or was assumed by the buyer when our former Liftking and CVS subsidiaries were sold.

29

The following is a summary of changes in debt related to continuing operations:

(In millions)

	Increase/ (decrease)
U.S. Revolver	$ (6.5)
Notes payable-Terex	$ (0.3)
Capital leases—buildings	$ (0.1)
Capital leases—equipment	$ (0.6)
Convertible note—Terex	$ 0.2
Convertible note—Perella	$ 0.1
Comerica Term loan	$ (2.2)
ASV Term loan	$ (8.0)
ASV Revolving Credit Facility	$ 3.2
PM	$ (1.7)
	$ (16.3)
Debt issuance costs	(1.6)
	$ (17.9)

2016

Operating activities consumed $4.2 million of cash for the year ended December 31, 2016, and is comprised of non-cash items of $38.7 million, which generated cash, offset by a net loss of $35.7 million and an increase in working capital of $7.2 million both of which consumed cash. The following are principal non-cash items that generated cash: depreciation and amortization of $11.2 million, the non-cash loss on sale of discontinued operations of $14.5 million, an impairment charge related to Lift Venture investment of $5.8 million, stock based compensation of $1.1 million, an increase in inventory reserves of $1.7 million, amortization of deferred financing costs of $4.3 million, amortization of debt discount of $0.5 million, and an increase net deferred tax liabilities of $1.2 million. A change in interest rate swaps of $0.7 million and $0.9 million gain related to the revaluation of contingent acquisition liability both consumed cash. Other less significant non-cash items in aggregated offset each other. The amortization of deferred financing costs includes approximately $3.6 million that was expensed in connection with refinancing of debt.

The change in assets and liabilities consumed $7.2 million in cash. The changes in assets and liabilities related to continuing operations and discontinued operations consumed $3.0 million and $4.2 million, respectively. The changes in the items related to continuing operations had the following impact on cash flows: accounts receivable generated $1.1 million, inventory generated $2.2 million, prepaid expenses consumed $0.4 million, other assets generated $0.2 million, accounts payable consumed $4.3 million, accrued expenses consumed $0.7 million, other current liabilities generated $0.2 million, and other long-term liabilities consumed $1.4 million. The decrease in accounts receivable is due to the fact that sales for the fourth quarter 2016 are lower when compared to sales for the quarter ended December 31, 2015. This impact was largely offset by a longer collection cycle. The lengthening of the collection cycle is result of an increase in foreign receivables, which traditionally take longer to collect. The decrease in inventory is attributed to a concerted effort to reduce inventory to generate funds to repay debt. The decrease in accounts payable is attributed a decrease inventory and timing of vendor payments. The decrease in other long-term liability is due to a reduction in a long-term reserve related to a product liability claim that was sooner than expected.

Cash flows related to investing activities generated $18.4 million of cash for the year ended December 31, 2016. The Company generated $19.1 million through the sale of non-core operations and another $0.7 million by discontinued operations offset by the purchase of capital equipment of $1.5 million. Other investing activity in aggregate totaled $0.1 million. The amount spent for capital equipment was spread throughout the organization and no expenditure individually was significant.

Financing activities consumed $16.7 million in cash for the year ended December 31, 2016. The principal sources of cash that in aggregate total $43.8 million include new borrowing of $30.7 million, proceeds from sales and leasebacks of $4.1 million, an additional investment in ASV of $2.5 million received from the noncontrolling investee, an increase in working capital borrowings of $1.8 million and increase in debt of discontinued operations of $4.7 million (incurred before the sale of non-core operations). The new borrowings include $30.0 million borrowed to refinance ASV debt.

The repayment of debt consumed $60.5 million of which $30.0 was for the repayment of ASV debt that was refinanced. The remaining $30.5 million was used to reduce debt by $28.3 million and to pay bank fees and cost of $2.2 million incurred in connection with new financing. The major debt reductions and payments include a reduction in borrowings million under the U.S. revolving credit facility of $11.9 million, payments against ASV term debt of $8.0 million, a payment of $2.2 million to pay of the balance of the 2014 term loan, and payments of $4.6 million against outstanding PM debt.

2015

Operating activities provided $6.4 million of cash for the year ended December 31, 2015, and is comprised of non-cash items of $14.7 million, which generated cash, offset by a net loss of $5.3 million and an increase in working capital of $3.0 million both of which consumed cash. The following are principal non-cash items that generated cash: depreciation and amortization of $11.5 million, stock based compensation of $1.5 million, an increase in inventory reserves of $0.8 million, amortization of deferred bank fees of $1.2 million, amortization of debt discount of $0.7 million and the non-cash loss on sale of discontinued operations of $1.4 million. A change in deferred taxes of $2.1 million and change in interest rate swaps of $0.7 million both consumed cash. Other less significant non-cash items in aggregate generated a net $0.4 million of cash.

The change in assets and liabilities consumed $3.0 million in cash. The changes in assets and liabilities had the following impact on cash flows: accounts receivable generated $18.8 million, inventory consumed $8.1 million, prepaid expenses consumed $3.3 million, accounts payable generated $8.2 million, accrued expenses consumed $2.5 million, income tax payable on ASV conversion consumed $16.2 million, other current liabilities consumed $0.7 million, other long-term liabilities generated $1.4 million and discontinued operations consumed $0.8 million. The decrease in accounts receivable is the result of collecting accounts receivable faster, and due to the fact that sales for the current quarter are lower when compared to sales for the quarter ended December 31, 2014 when adjusted for acquisitions. Inventory increased as our crane operations built a number of cranes with a value of approximately $2.9 million. The Company believes having cranes available for immediate shipment in the current market is a competitive advantage. Additionally, our Manitex subsidiary raw material was higher as they had approximately $3.0 million of PM inventory to support our efforts to expand PM distribution in North America. The additional $2.2 million is spread throughout other locations. The increase in prepaid expenses and other is due to an increase in income tax receivables, and the increase in unrealized gains associated with forward currency contracts that the Company holds. Forward currency contracts are valued at their fair market values at the balance sheet date with any gains being included in prepaid expenses and other. The decrease in accounts payable is due to timing of vendor payments and raw material purchases. A substantial portion the decrease in accrued expenses and the increase in other long-term liabilities is attributed to a reclassification of liability from accruals to other long-term liabilities.

Cash flows related to investing activities consumed $9.4 million of cash for the year ended December 31, 2015. The Company used $13.7 million for acquisitions and invested another $2.3 in capital equipment offset by $6.5 million and $0.5 million generated from the sale of discontinued operations and from the sales of miscellaneous pieces of equipment, respectively. Other less significant investing activities in aggregate consumed $0.4 million of cash. The amount spent for capital equipment was spread throughout the organization and no expenditure individually was significant.

Financing activities generated $5.9 million in cash for the year ended December 31, 2015. The Company generated $27.9 million net of expenses to finance the PM acquisition by issuing a $15.0 convertible note and entering into a $14.0 million term loan. At December 31, 2015, the Company had repaid $11.8 million of the term loan reducing the term loan to $2.2 million. This resulted in net generation of cash of $16.1 million at the end of the year.

Other financing activity consumed $10.2 million of cash. This amount includes $2.0 million in payments against ASV’s term note, $1.4 million in capital lease payments and a $4.3 million decrease in working capital borrowings in Italy. Other financing activities in aggregate consumed $2.9 million.

Contingencies

The Company is involved in various legal proceedings, including product liability and workers' compensation matters which have arisen in the normal course of operations. Certain cases are at a preliminary stage, and it is not possible to estimate the amount or timing of any cost to the Company.

The Company does not believe that these contingencies in aggregate will have a material adverse effect on the Company.

Additionally, the Company has been named as a defendant in several multi-defendant asbestos related product liability lawsuits. In certain instances, the Company is indemnified by a former owner of the product line in question. In the remaining cases the plaintiff has, to date, not been able to establish any exposure by the plaintiff to the Company's products. The Company is uninsured with respect to these claims but believes that it will not incur any material liability with respect to these to claims.

When it is probable that a loss has been incurred and possible to make a reasonable estimate of the Company's liability with respect to such matters, a provision is recorded for the amount of such estimate or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur. The Company established reserves for several ASV and PM lawsuits in conjunction with the accounting for these two acquisitions.

Off Balance Sheet Arrangements

Private Bank has issued 2 standby letters of credit at December 31, 2016. The first standby letter of credit is $0.625 million in favor of an insurance carrier to secure obligations which may arise in connection with future deductibles payments that may be incurred under the Company's workman compensation insurance policies. The second standby letter of credit is $20 thousand in favor of a governmental agency to secure obligations which may arise in connection with workman compensation claims.

PNC Bank has issued 3 standby letters of credit at December 31, 2016. The first standby letter of credit is $0.245 million in favor of an insurance carrier to secure obligations which may arise in connection with future deductibles payments that may be incurred under the Company's workman compensation insurance policies. The second and third standby letters of credit were $0.1 million each for commercial purposes.

During the fourth quarter of 2015 and first quarter of 2016, the Company entered into four 60 month equipment operating leases in a sales and lease back transactions. In connection with these transactions, the Company received $6.7 million, i.e., $2.6 million for the one executed in 2015 and a total of $4.1 million for the three executed in 2016.

Contractual Obligations

The following is a schedule as of December 31, 2016 of our long-term contractual commitments, future minimum lease payments under non-cancelable operating lease arrangements and other long-term obligations.

(in thousands)

	Payments due by period				
	Total	2017	2018-2019	2020-2021	Thereafter
Long-term debt obligations (4)	$141,529	$14,276	$47,796	$76,290	$ 3,167
PM working capital borrowing (3)	18,870	18,870	—	—	—
Operating lease obligations	8,535	2,311	3,973	1,978	273
Capital lease obligations (3)	11,485	1,051	2,496	1,731	6,207
Legal Settlement (see Note 23) (3)	1,425	95	190	190	950
Service agreements	3,854	1,249	2,605	—	—
Purchase obligations (1)	9,932	9,932	—	—	—
Total	$195,630	$47,784	$57,060	$80,189	$ 10,597

(1) Except for a very insignificant amount, purchase obligations are for inventory items. Purchase obligations not for inventory would include research and development materials, supplies and services.
(2) At December 31, 2016, the Company had unrecognized tax benefits of $983 thousand for which the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective tax authority. Thus, these liabilities have not been included in the contractual obligations table. (see Note 14).
(3) PM working capital borrowing, Capital lease obligations and legal settlement include imputed interest.
(4) Long-term debt obligations include expected interest expense. Interest expense is calculated using current interest rates for indebtedness as of December 31, 2016.

Related Party Transactions

For a description of the Company's related party transactions, please see Note 22 to the Company's consolidated financial statements entitled "Transactions between the Company and Related Parties."

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that our estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition. Revenue and related costs are recognized when title passes and risk of loss passes to our customers which generally occurs upon shipment depending upon the terms of the contract. Under certain contracts with our customers title passes to the customers when the units are completed. The units are segregated from our inventory and identified as belonging to the customer, the customer is notified that the units are complete and awaiting pick up or delivery as specified by the customer before income is recognized. Additionally, the customer is requested to sign an “Invoice Authorization Form” which acknowledges the contract terms and acknowledges that the customer has economic ownership and control over the unit. It also acknowledges that we are going to invoice the unit per terms of the contract. The Company insures any custodial risk that it may retain.

For FOB contracts, customers may be invoiced prior to the time customers take physical possession. Revenue is recognized in such cases only when the customer has a fixed commitment to purchase the units, the units have been completed, tested and made available to the customer for pickup or delivery, and the customer has authorized in writing that we hold the units for pickup or delivery at a time specified by the customer. In such cases, the units are invoiced under our customary billing terms, title to the units and risks of ownership pass to the customer upon invoicing, the units are segregated from our inventory and identified as belonging to the customer and we have no further obligations under the order. The Company insures any custodial risk that it may retain.

In addition, our policy requires in all instances certain minimum criteria be met in order to recognize revenue, specifically:

a) Persuasive evidence that an arrangement exists;
b) The price to the buyer is fixed or determinable;
c) Collectability is reasonably assured; and
d) We have no significant obligations for future performance.

Interest Rate Swap Contracts. The Company enters into derivative instruments to manage its exposure to interest rate risk related to certain foreign term loans. Derivatives are initially recognized at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in current earnings immediately unless the derivative is designated and effective as a hedging instrument, in which case the effective portion of the gain or loss is recognized and is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedging instrument affects earnings (date of sale). As part of the acquisition of PM Group, which was acquired on January 15, 2015, the Company acquired interest rate swap contracts, which manage the exposure to interest rate risk related to term loans with certain financial institutions in Italy. These contracts have been determined not to be hedge instruments under ASC 815-10. Further details of derivative financial instruments are disclosed in Notes 5 and 6.

Allowance for Doubtful Accounts. Accounts Receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Company’s estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligations.

Inventories and Related Reserve for Obsolete and Excess Inventory. Inventories are valued at the lower of cost or market and are reduced by a reserve for excess and obsolete inventories. The estimated reserve is based upon specific identification of excess or obsolete inventories.

Other Intangible Assets. The Company accounts for Other Intangible Assets under the guidance of ASC 350, “Intangibles—Goodwill and Other”. The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company’s acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. Under the guidance, Other Intangible Assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment.

Goodwill. Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 350, "Intangibles—Goodwill and Other" ("ASC 350"). The Company selected October 1 as the date for the required annual impairment test.

Goodwill is tested for impairment at the reporting unit level (reportable segment). The Company's three operating segments comprise the reporting units for goodwill impairment testing purposes.

Under ASU 2011-08, entities are provided with the option of first performing a qualitative assessment on none, some, or all of its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after completing a qualitative analysis, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value a quantitative analysis is required.

In 2016, 2015 and 2014, the Company elected to evaluate the Lifting Equipment and Equipment Distribution reporting unit's goodwill using the quantitative two step approach. Additionally, in 2016 and 2015 the Company evaluated ASV's goodwill using the quantitative approach. The first step used to identify potential impairment involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. During the first step testing, the Company evaluated goodwill for impairment using a business valuation method, which is calculated as of a measurement date by determining the present value of debt-free, after-tax projected future cash flows, discounted at the weighted average cost of capital of a hypothetical third party buyer. The market approach was also considered in evaluating the potential for impairment by calculating fair value based on multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) of comparable, publicly traded companies. This analysis also did not indicate impairment of the Lifting Equipment or ASV segments' goodwill. The Company also observed implied EBITDA multiples from relatively recent merger and acquisition activity in the industry, which was used to test the reasonableness of the results. The estimated fair values of the Lifting Equipment reporting segment exceeded its carrying value by approximately 5%. The fair value of the ASV segment exceeded its carrying value by approximately 20%. Except for a possible impairment of the Equipment Distribution segment goodwill in 2016, the aforementioned step one quantitative testing did not indicate any impairment. As there was an indication of possible impairment in 2016, the Equipment Distribution segment's goodwill was subject to additional step two testing, which is described below.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

This further analysis indicated that the Equipment Distribution segment goodwill was impaired and a $275 impairment charge was recognized in 2016 to fully write off the Equipment Distribution segment's goodwill. The Company did not have any impairment for the years ended December 31, 2015 and 2014.

The determination of fair value requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, revenue growth and operating earnings projections, discount rates, terminal growth rates, and required capital expenditure projections. Our projections make certain assumptions including expanding PM market share in North America, a normalization of energy markets over time and a continued expansion of dealer networks, particularly for ASV. If our progress in meeting these and other assumptions is slower or different than what was anticipated, it may impact our ability to meet the projections. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from those estimates. Deterioration in the market or actual results as compared with the projections (including not meeting near term projections) may result in impairment in the near term. In the event the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

Impairment of Long Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between the estimated fair value and the carrying value of the asset. The Company did not have any impairment for the years ended December 31, 2016, 2015 and 2014.

Warranty Expense. The Company establishes reserves for future warranty expense at point when revenue is recognized by the Company and is based on a percentage of revenues. The provision for estimated warranty claims, which is included in cost of sales, is based on sales.

Retirement Benefit Costs and Termination Benefits. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The PM Group presents the first two components of defined benefit costs in profit or loss in the line item personnel. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in PM Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Litigation Claims. In determining whether liabilities should be recorded for pending litigation claims, the Company must assess the allegations and the likelihood that it will successfully defend itself. When the Company believes it is probable that it will not prevail in a particular matter, it will then make an estimate of the amount of liability based, in part, on the advice of outside legal counsel.

Income Taxes. The Company accounts for income taxes under the provisions of ASC 740 "Income Taxes," which requires recognition of income taxes based on amounts payable with respect to the current year and the effects of deferred taxes for the expected future tax consequences of events that have been included in the Company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities, as well as for operating losses and tax credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not a tax benefit will not be realized.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, as well as guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of any net operating loss carryforwards. See Note 15, Income Taxes, for further details.

Comprehensive Income

Reporting "Comprehensive Income" requires reporting and displaying comprehensive income and its components. Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to stockholder's equity. Currently, the comprehensive income adjustment required for the Company has two components. First is a foreign currency translation adjustment, the result of consolidating its foreign subsidiaries. The second component is a derivative instrument fair market value adjustment (net of income taxes) related to forward currency contracts designated as a cash flow hedge.

Business Combinations

The Company accounts for acquisitions in accordance with guidance found in ASC 805, Business Combinations. The guidance requires consideration given, including contingent consideration, assets acquired and liabilities assumed to be valued at their fair market values at the acquisition date. The guidance further provides that: (1) in-process research and development will be recorded at fair value as an indefinite-lived intangible asset; (2) acquisition costs will generally be expensed as incurred, (3) restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and (4) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

ASC 805 requires that any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed be recognized as goodwill. In accordance with ASC 805, any excess of fair value of acquired net assets, including identifiable intangibles assets, over the acquisition consideration results in a bargain purchase gain. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued.

ASV, PM Group and Columbia Tank results are included in the Company's results from their respective dates of acquisition of December 20, 2014, January 15, 2015 and March 12, 2015.

Recently Adopted Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, "Deferral of the Effective Date", which amends ASU 2014-09. As a result, the effective date is the first quarter of 2018, with early adoption permitted. The Company is evaluating the impact that adoption of this guidance will have on the determination or reporting of its financial results.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory," ("ASU 2015-11"). ASU 2015-11 requires inventory be measured at the lower of cost and net realizable value and options that currently exist for market value be eliminated. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The guidance is effective for reporting periods beginning after December 15, 2016 and interim periods within those fiscal years with early adoption permitted. ASU 2015-11 should be applied prospectively. The Company is evaluating the impact adoption of this guidance will have on determination or reporting of its financial results.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17 ("ASU 2015-17"), Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The amendments in ASU 2015-17 seek to simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax paying component of an entity be offset and presented as a single amount is not affected by the amendments in this update. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods, with early application permitted for all entities as of the beginning of an interim or annual reporting period. The guidance can be applied either prospectively or retrospectively. The Company has adopted the guidance for the year ended December 31, 2016 on a retrospective basis in order to simplify balance sheet classifications. The main impact of adoption of the standard was the reclassification of current deferred tax assets that resulted in a reduction in noncurrent deferred tax liabilities.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." The amendments in ASU 2016-01, among other things, require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income requires public business entities to use the exit price notion when measuring fair value of financial instruments for disclosure purposes requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate fair value that is required to be disclosed for financial instruments measured at amortized cost. The effective date will be the first quarter of fiscal year 2018. The Company is evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," ("ASU 2016-02"), which requires lessees to recognize assets and liabilities for leases with lease terms of more than 12 months and disclose key information about leasing arrangements. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The update is effective for reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company is in the process of evaluating the impact of this update on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, “Derivatives and Hedging (Topic 815),” (“ASU 2016-05”). ASU 2016-05 provides guidance clarifying that novation of a derivative contract (i.e. a change in counterparty) in a hedge accounting relationship does not, in and of itself, require designation of that hedge accounting relationship. The effective date will be the first quarter of fiscal year 2017, with early adoption permitted. Adoption is not expected to have a material effect on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, “Derivatives and Hedging (Topic 815),” (“ASU 2016-06”). ASU 2016-06 simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by clarifying that an exercise contingency does not need to be evaluated to determine whether it relates to interest rates and credit risk in an embedded derivative analysis. The effective date will be the first quarter of fiscal year 2017, with early adoption permitted. Adoption is not expected to have a material effect on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606) Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ("ASU 2016-08"). ASU 2016-08 further clarifies principal and agent relationships within ASU 2014-09. Similar to ASU 2014-09, the effective date will be the first quarter of fiscal year 2018 with early adoption permitted in the first quarter of fiscal year 2017. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting," ("ASU 2016-09"). ASU 2016-09 is intended to simplify several aspects of accounting for share-based payment awards. The effective date will be the first quarter of fiscal year 2017, with early adoption permitted. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing," ("ASU 2016-10"). The amendments in ASU 2016-10 are expected to reduce the cost and complexity of applying the guidance on identifying promised goods or services in contracts with customers and to improve the operability and understandability of licensing implementation guidance related to the entity's intellectual property. Similar to ASU 2014-09, the effective date will be the first quarter of fiscal year 2018 with early adoption permitted in the first quarter of fiscal year 2017. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments," ("ASU 2016-15"). ASU 2016-15 reduces the existing diversity in practice in financial reporting by clarifying existing principles in ASC 230, "Statement of Cash Flows," and provides specific guidance on certain cash flow classification issues. The effective date for ASU 2016-15 will be the first quarter of fiscal year 2018 with early adoption permitted. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740) - Intra-Entity Transfer of Assets Other than Inventory," ("ASU 2016-16"). ASU 2016-16 requires recognition of current and deferred income taxes resulting from an intra-entity transfer of any asset (excluding inventory) when the transfer occurs. This is a change from existing GAAP which prohibits recognition of current and deferred income taxes until the asset is sold to a third party. The effective date for ASU 2016-16 will be the first quarter of fiscal year 2018 with early adoption permitted. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," ("ASU 2017-01"). ASU 2017-01 provides guidance in ascertaining whether a collection of assets and activities is considered a business. The effective date will be the first quarter of fiscal year 2018, with prospective application. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," ("ASU 2017-04"). ASU 2017-04 eliminates Step 2 from the goodwill impairment test. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment. The effective date will be the first quarter of fiscal year 2020, with early adoption permitted in 2017. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

Except as noted above, the guidance issued by the FASB during the current year is not expected to have a material effect on the Company's consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to certain market risks that exist as part of our ongoing business operations and the Company's use of derivative financial instruments, where appropriate, to manage our foreign change risks. As a matter of policy, the Company does not engage in trading or speculative transactions. For further information on accounting policies related to derivative financial instruments, refer to Note 6—"Derivative Financial Instruments" in our Consolidated Financial Statements.

Foreign Exchange Risk

The Company is exposed to fluctuations in foreign currency cash flows related to third-party purchases and sales, intercompany product shipments and intercompany loans. The Company is also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, the Company is exposed to volatility in the translation of foreign currency earnings to U.S. Dollars. Primary exposures include the U.S. Dollar when compared to functional currencies of our major foreign subsidiaries, primarily the Euro. The Company assesses foreign currency risk based on transactional cash flows, identifies naturally offsetting positions and purchases hedging instruments to partially offset anticipated exposures. At December 31, 2016, the Company had no outstanding foreign currency exchange contracts being used to hedge future sale that would qualify as cash flow hedges. The Company, however, has foreign currency exchange contract to sell 1.8 billion Chilean pesos. This contract is intended to hedge an intercompany receivable that PM has from its Chilean subsidiary. This forward currency exchange contract has been determined not to be considered a hedge under ASC 815-10, as such the Company's earnings include changes in market value of this hedge that occur during a reporting period.

At December 31, 2016, the Company performed a sensitivity analysis on the effect that aggregate changes in the translation effect of foreign currency exchange rate changes would have on our operating income. Based on this sensitivity analysis, we have determined that a change in the value of the U.S. dollar relative to currencies outside the U.S. by 10% to amounts already incorporated in the financial statements for the year ended December 31, 2016 would have $0.2 million impact on the translation effect of foreign currency exchange rate changes already included in our reported operating income for the period.

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate and EURIBOR. At December 31, 2016, the Company had approximately $108.0 million of variable interest debt with average weighted average interest rate at year end of approximately 4.62%. The Company's PM subsidiary had interest rate swaps on €20.4 million of its debt. The fair value of the interest rate swaps, which represents the cost to settle these arrangements at December 31, 2016 was approximately $0.4 million. At December 31, 2016, the Company performed a sensitivity analysis to determine the impact that an increase in interest rates would have. Based on this sensitivity analysis, the Company has determined that an increase of 10% in our average floating interest rates at December 31, 2016 would increase interest expense by approximately $0.5 million.

Commodities Risk

Principal materials and components that the Company uses in our various manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect the Company's financial performance. Changes to input costs did not have a significant effect on the Company's operating performance in 2016. During 2016, raw materials and components were generally available to meet our production schedules and had no significant impact on 2016 revenues.

In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain businesses receive materials and components from a single source supplier, although alternative suppliers of such materials may be generally available. Current and potential suppliers are evaluated on a regular basis on their ability to meet our requirements and standards. The Company actively manages our material supply sourcing, and may employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any single source suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture the Company's products. To mitigate the impact of these risks, the Company continues to search for acceptable alternative supply sources and less expensive supply options on a regular basis, including improving the globalization.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of the Company's independent registered public accounting firm and the Company's Consolidated Financial Statements are filed pursuant to this Item 8 and are included in this report. See the Index to Financial Statements.

Index to Financial Statements

The financial statements of the registrant required to be included in Item 8 are listed below:

Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Shareholders of Manitex International, Inc.

We have audited the accompanying consolidated balance sheets of Manitex International, Inc. and Subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. We also have audited the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Manitex International, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Manitex International, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ UHY LLP
UHY LLP

Sterling Heights, Michigan
March 9, 2017

MANITEX INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	As of December 31, 2016	2015
ASSETS		
Current assets		
Cash	$5,110	$5,918
Cash - restricted	1,308	—
Trade receivables (net)	47,267	50,101
Accounts receivable from related party	501	388
Other receivables	1,332	1,743
Inventory (net)	90,901	99,846
Prepaid expense and other	4,745	4,393
Current assets of discontinued operations	—	37,360
Total current assets	151,164	199,749
Total fixed assets (net)	37,241	41,381
Intangible assets (net)	56,809	63,675
Goodwill	70,248	71,337
Other long-term assets	1,978	3,003
Deferred tax asset	545	216
Non-marketable equity investment	—	5,752
Long-term assets of discontinued operations	—	16,310
Total assets	$317,985	$401,423
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable—short term	$27,408	$27,212