

U. S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1996

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-12804

MOBILE MINI, INC.

(Exact name of small business issuer as specific in its charter)

Delaware

860748362

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer Identification No.)

1834 West 3rd Street  
Tempe, Arizona 85281  
(Address of principal executive offices)

(602) 894-6311  
(Issuer's telephone number)

Indicate by check whether the issuer (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    X                    No  
-----                    -----

As of August 13, 1996, there were outstanding 6,739,324 shares of the issuer's common stock, par value \$.01.

MOBILE MINI, INC.  
INDEX TO FORM 10-Q FILING  
FOR THE QUARTER ENDED JUNE 30, 1996

TABLE OF CONTENTS

PAGE  
NUMBER

PART I.  
FINANCIAL INFORMATION

Item 1.	Financial Statements	3
	Consolidated Balance Sheets	3
	June 30, 1996 (unaudited) and December 31, 1995	

Consolidated Statements of Operations Three Months and Six Months ended June 30, 1996 and June 30, 1995 (unaudited)	4
Consolidated Statements of Cash Flows Six Months Ended June 30, 1996 and June 30, 1995 (unaudited)	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	8

PART II.  
OTHER INFORMATION

Item 6(a) Exhibits	11
Item 6(b) Reports on Form 8-K	11
SIGNATURES	12

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOBILE MINI, INC.  
CONSOLIDATED BALANCE SHEETS

	June 30, 1996 (Unaudited)	December 31, 1995
-----		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 683,903	\$ 1,430,651
Receivables, net	3,978,349	4,312,725
Inventories	6,516,131	5,193,222
Prepaid and other	813,700	718,574
	-----	-----
Total current assets	11,992,083	11,655,172
CONTAINER LEASE FLEET, net	26,748,904	26,954,936
PROPERTY, PLANT AND EQUIPMENT, net	16,387,519	15,472,164
OTHER ASSETS, net	1,872,380	259,672
	-----	-----
	\$57,000,886	\$54,341,944
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,138,367	\$ 4,265,147
Accrued liabilities	1,815,609	1,572,464
Current portion of long-term debt	1,085,841	737,181
Current portion of obligations under capital leases	2,361,384	2,488,205
	-----	-----
Total current liabilities	7,401,201	9,062,997
LINE OF CREDIT	18,379,313	4,099,034
LONG-TERM DEBT, less current portion	5,958,645	8,363,333
OBLIGATIONS UNDER CAPITAL LEASES, less current portion	5,802,657	12,944,653
DEFERRED INCOME TAXES	3,521,799	3,711,985
	-----	-----
Total liabilities	41,063,615	38,182,002
	-----	-----

STOCKHOLDERS' EQUITY:

Series A Convertible Preferred Stock, \$.01 par value, \$100 stated value, 5,000,000 shares authorized, 0 and 50,000 issued and outstanding at June 30, 1996 and December 31, 1995, respectively	--	5,000,000
Common Stock, \$.01 par value, 17,000,000 shares authorized, 6,739,324 and 4,835,000 shares issued and outstanding at June 30, 1996 and December 31, 1995, respectively	67,393	48,350
Additional paid-in capital	14,338,873	9,378,979
Retained earnings	1,531,005	1,732,613
	-----	-----
Total stockholders' equity	15,937,271	16,159,942
	-----	-----
Total liabilities and stockholders' equity	\$57,000,886	\$54,341,944
	=====	=====

See the accompanying notes to these consolidated balance sheets.

3

MOBILE MINI, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Six Months Ended June 30		Three Months Ended June 30	
	1996	1995	1996	1995
	----	----	----	----
REVENUES:				
Container and modular building sales	\$ 10,661,443	\$ 11,761,348	\$ 5,745,611	\$ 6,312,921
Leasing	6,342,676	5,479,847	3,171,376	2,958,523
Other	2,113,650	1,823,550	1,344,073	1,118,358
	-----	-----	-----	-----
	19,117,769	19,064,745	10,261,060	10,389,802
COSTS AND EXPENSES:				
Cost of container and modular building sales	9,045,348	9,234,318	5,119,910	4,887,333
Leasing, selling and general expenses	7,088,898	7,606,899	3,214,535	4,141,141
Depreciation and amortization	748,415	550,276	380,136	311,776
	-----	-----	-----	-----
Income from operations	2,235,108	1,673,252	1,546,479	1,049,552
OTHER INCOME (EXPENSE):				
Interest income and other	87,061	122,404	30,855	6,963
Interest expense	(1,949,408)	(1,372,438)	(1,001,059)	(722,745)
	-----	-----	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES AND EXTRAORDINARY ITEM	372,761	423,218	576,275	333,770
PROVISION FOR INCOME TAXES	164,015	186,216	253,561	146,859
	-----	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM	208,746	237,002	322,714	186,911
EXTRAORDINARY ITEM	(410,354)	-	-	-
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (201,608)	\$ 237,002	\$ 322,714	\$ 186,911
EARNINGS PER COMMON STOCK AND COMMON STOCK EQUIVALENT:				
INCOME BEFORE EXTRAORDINARY ITEM	\$ 0.03	\$ 0.05	\$ 0.05	\$ 0.04
EXTRAORDINARY ITEM	(0.06)	-	-	-
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (0.03)	\$ 0.05	\$ 0.05	\$ 0.04
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	6,735,841	4,835,000	6,739,324	4,835,000
	-----	-----	-----	-----

See the accompanying notes to these consolidated statements.

4

MOBILE MINI, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

## Six Months Ended June 30,

	1996	1995
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before extraordinary item	\$ 208,746	\$ 237,002
Adjustments to reconcile income to net cash used in operating activities:		
Extraordinary loss on early debt extinguishment	(410,354)	-
Amortization of deferred costs on credit agreement	151,407	-
Depreciation and amortization	748,415	550,276
Gain on disposal of property, plant and equipment	(2,164)	-
Changes in assets and liabilities:		
Decrease (increase) in receivables, net	334,376	(275,574)
Increase in inventories	(1,322,909)	(2,933,127)
Increase in prepaids and other	(95,126)	(85,485)
(Decrease) increase in other assets	195,434	(58,908)
(Decrease) increase in accounts payable	(2,126,774)	1,439,478
(Decrease) increase in accrued liabilities	243,145	(580,111)
(Decrease) increase in deferred income taxes	(190,186)	186,216
	-----	-----
Net cash used in operating activities	(2,265,990)	(1,520,233)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales (purchases) of container lease fleet	73,900	(1,868,505)
Net purchases of property, plant, and equipment	(1,288,384)	(2,243,359)
	-----	-----
Net cash used in investing activities	(1,214,484)	(4,111,864)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under lines of credit	14,280,279	2,083,006
Proceeds from issuance of long-term debt	6,635,069	5,060,242
Deferred costs on credit agreement	(1,959,549)	-
Principal payments on early debt extinguishment related to refinancing under the credit agreement	(14,090,102)	-
Principal payments on long-term debt	(799,445)	(1,238,681)
Principal payments on capital lease obligations	(1,311,457)	(1,038,770)
Preferred stock offering costs	(21,069)	-
	-----	-----
Net cash provided by financing activities	2,733,726	4,865,797
	-----	-----
NET DECREASE IN CASH	(746,748)	(766,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,430,651	846,645
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 683,903	\$ 80,345
	=====	=====

See the accompanying notes to these consolidated statements.

## MOBILE MINI, INC. AND SUBSIDIARIES - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for all periods presented have been made. The results of operations for the six-month period ended June 30, 1996 are not necessarily indicative of the operating results that may be expected for the entire year ending December 31, 1996. These financial statements should be read in conjunction with the Company's December 31, 1995 financial statements and accompanying notes thereto.

NOTE B - Earnings (loss) per share is computed by dividing net income (loss) by

the weighted average number of common share equivalents assumed outstanding during the periods. Fully diluted earnings per share is considered equal to primary earnings per share in all periods presented.

NOTE C - In December 1995, the Company completed the private placement of 50,000 shares of Series A Convertible Preferred Stock ("Series A"), \$.01 par value, \$100 stated value. Subject to the terms of the Series A, all 50,000 shares of Series A were converted into 1,904,324 shares of the Company's common stock at an average conversion rate of \$2.63 per share during the first quarter of 1996.

NOTE D - On March 29, 1996, the Company entered into a credit agreement (the "Credit Agreement") with BT Commercial Corporation, as Agent for a group of lenders (the "Lenders"). Under the terms of the Credit Agreement, the Lenders have provided the Company with a \$35.0 million revolving line of credit and a \$6.0 million term loan. Borrowings under the Credit Agreement are secured by substantially all of the Company's assets.

In connection with the closing of the Credit Agreement, the Company terminated its line of credit with its former lender, repaying all indebtedness under that line. In addition, the Company repaid other long-term debt and obligations under capital leases totaling \$14.1 million. As a result, costs previously deferred related to certain indebtedness and prepayment penalties resulted in an extraordinary charge to earnings of approximately \$410,000 after the benefit of income taxes.

NOTE E - Inventories are stated at the lower of cost or market, with cost being determined under the specific identification method. Market is the lower of replacement cost or net realizable value. Inventories consisted of the following at:

	June 30, 1996 -----	December 31, 1995 -----
Raw material and supplies	\$3,640,996	\$2,858,181
Work-in-process	1,203,804	883,814
Finished containers	1,671,331	1,451,227
	-----	-----
	\$6,516,131	\$5,193,222
	=====	=====

NOTE F - Property, plant and equipment consisted of the following at:

	June 30, 1996 -----	December 31, 1995 -----
Land	\$ 663,555	\$ 328,555
Vehicles and equipment	10,331,584	9,469,092
Buildings and improvements	6,500,446	6,363,154
Office fixtures and equipment	1,906,504	1,714,312
	-----	-----
	19,402,089	17,875,113
Less accumulated depreciation	(3,014,570)	(2,402,949)
	-----	-----
	\$ 16,387,519	\$ 15,472,164
	=====	=====

NOTE G - On March 29, 1996, the Company purchased property adjacent to its Maricopa facility from Mr. Richard E. Bunger, the Company's President, for a purchase price of \$335,000, which management believes reflects the fair market value of the property. Prior to the purchase date, this property was leased from Mr. Bunger.

6

Transactions with affiliates are on terms no less favorable than could be obtained from unaffiliated parties and are approved by a majority of the independent and disinterested directors.

NOTE H - Revenues for the six months ended June 30, 1995 include the sale of certain storage containers under sale/leaseback arrangements. Gains from these transactions have been deferred and are being amortized over the life of the related asset.

7

## RESULTS OF OPERATIONS

### Three Months Ended June 30, 1996 Compared to Three Months Ended June 30, 1995

Revenues for the quarter ended June 30, 1996 were \$10,261,000 which represents a 1.2% decrease from revenues of \$10,390,000 for the quarter ended June 30, 1995. Revenues from both the sales of the Company's products and leasing of portable storage and office units were higher, posting increases of 11.2% and 7.2% respectively, exclusive of container sales revenue recorded under sale/leaseback transactions. In 1995, the Company's sales revenues included approximately \$1,145,000 in revenue recorded under sale/leaseback transactions related principally to storage containers and portable office units. These revenues were offset by equivalent cost of container sales and did not produce gross margin. During the current year, the Company did not enter into any sale/leaseback transactions.

Excluding the effect of sale/leaseback transactions, cost of container and modular building sales as a percentage of container and modular building sales for the quarter ended June 30, 1996 was 89.1% compared to 72.4% for the same quarter in 1995. This increase is attributable to the mix of products sold, a shortage in supply of used ISO containers which caused an increase in the cost of these containers and led the Company to increase its sales of lower margin manufactured new containers, and a refinement in the Company's method of allocating certain indirect manufacturing costs.

Excluding the effect of sale/leaseback transactions, leasing, selling and general expenses were 31.3% of total revenue in the quarter ended June 30, 1996 compared to 44.8% in the quarter ended June 30, 1995. The decrease primarily results from continued efficiencies obtained by the Company's Texas operations, which were in their start-up phase during 1995 in addition to the refinement in the Company's method of allocating certain indirect manufacturing costs.

Interest expense totalled 9.8% of revenues during the second quarter of 1996 compared to 7.0% of revenues during the quarter ended June 30, 1995. This increase was due largely to the costs related to financing a substantial increase in the Company's equipment and container lease fleet, increasing the Company's average debt level by 60%. This increase was partially offset by a decrease of nearly 2% in the Company's borrowing rate resulting from lower interest rates under the Company's new credit facility.

Depreciation and amortization increased from 3.0% of revenues for the quarter ended June 30, 1995 to 3.7% for the quarter ended June 30, 1996. This increase is related primarily to the increase in size of the Company's manufacturing facility, the increase in the Company's lease fleet and additional equipment at the Company's locations.

The Company posted a 72.7% increase in net income to \$323,000, or \$.05 per share, for the quarter ended June 30, 1996, compared to net income of \$187,000, or \$.04 per share, for the quarter ended June 30, 1995. The weighted average common shares outstanding increased by 39% during the quarter ended June 30, 1996, as compared to the prior year.

### Six Months Ended June 30, 1996 Compared to Six Months Ended June 30, 1995

Revenues for the six months ended June 30, 1996 were \$19,118,000 which represents a 0.3% increase over revenues of \$19,065,000 for the six months ended June 30, 1995. Revenues from both the sales of the Company's products and leasing of portable storage and office units were higher, both increasing 15.7%, exclusive of container sale revenue recorded under sale/leaseback transactions. In 1995, the Company's sales revenues included approximately \$2,546,000 in revenue recorded under sale/leaseback transactions related principally to storage containers and portable office units. These revenues were offset by equivalent cost of container sales and did not produce gross margin. During the current year, the Company did not enter into any sale/leaseback transactions.

Excluding the effect of sale/leaseback transactions, cost of container and modular building sales as a percentage of container and modular building sales for the six months ended June 30, 1996 was 84.8% compared to 72.6% for the same period in 1995. This increase is attributable to the mix of products sold, a shortage in supply of used ISO containers which caused an increase in the cost

of these containers and led the Company to increase its sales of lower margin manufactured new containers, and a refinement in the Company's method of allocating certain indirect manufacturing costs.

Excluding the effect of sale/leaseback transactions, leasing, selling and general expenses were 37.1% of total revenue for the six months ended June 30, 1996 compared to 46.1% for the six months ended June 30, 1995. The decrease primarily results from the continued efficiencies obtained by the Company's Texas operations, which were in their start-up phase during 1995, in addition to the refinement in the Company's method of allocating certain indirect manufacturing costs.

Interest expense totalled 10.2% of revenues during the six months ended June 30, 1996 compared to 7.2% of revenues during the same period ended June 30, 1995. This increase was due largely to the costs related to financing a substantial increase in the Company's equipment and container lease fleet, increasing the Company's average debt level by 58%. This increase was partially offset by a decrease of nearly 2% in the Company's borrowing rate resulting from lower interest rates under the Company's new credit facility.

Depreciation and amortization increased to 3.9% of revenues for the six months ended June 30, 1996 from 2.9% for the six months ended June 30, 1995. This increase is related primarily to the increase in size of the Company's manufacturing facility, the increase in the Company's lease fleet and additional equipment at the Company's locations.

The Company posted income before extraordinary item of \$209,000, or \$.03 per share, for the six months ended June 30, 1996, compared to net income of \$237,000, or \$.05 per share, for the six months ended June 30, 1995. The weighted average common shares outstanding increased by 39% during the six months ended June 30, 1996 as compared to the prior year.

In the first quarter of 1996, the Company prepaid certain debt and capital leases in connection with entering into a credit agreement (see Liquidity and Capital Resources). The Company recognized an extraordinary charge to earnings of \$410,000, or \$.06 per share, net of the benefit for income taxes, as a result of this early extinguishment of debt. The Company also incurred costs of \$1,960,000 to complete the credit agreement, which have been deferred and are amortized over the term of the credit agreement.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company has required increasing amounts of financing to support the growth of its business during the last several years. This financing has been required primarily to fund the acquisition of containers for the Company's lease fleet and also to fund the acquisition of property, plant and equipment and to support both the Company's container leasing and manufacturing operations. The financing consisted primarily of capital leases or secured borrowings, equity offerings and other borrowings.

In order to improve its cash flow, increase its borrowing availability and fund its continued growth, on March 29, 1996, the Company entered into a credit agreement (the "Credit Agreement") with BT Commercial Corporation, as Agent for a group of lenders (the "Lenders"). Under the terms of the Credit Agreement, the Lenders provided the Company with a \$35.0 million revolving line of credit and a \$6.0 million term loan. Borrowings under the Credit Agreement are secured by substantially all of the Company's assets.

Borrowings under the term loan are to be repaid over a five-year period. Interest on the term loan is at the Company's option at either prime plus 1.75% or the Eurodollar rate plus 3.25%. Borrowings under the term loan are payable monthly as follows (plus interest):

Months 1 through 12	\$62,500
Months 13 through 24	83,333
Months 25 through 60	118,056

Additional principal payments equal to 75% of Excess Cash Flow, as defined, are required annually.

Available borrowings under the revolving line of credit are based upon the level of the Company's inventories, receivables and container lease fleet. The container lease fleet will be appraised at least annually, and up to 90% of the lesser of cost or appraised orderly liquidation value may be included in the

borrowing base. Interest accrues at the Company's option at either prime plus 1.5% or the Eurodollar rate plus 3% and is payable monthly or at the end of the term of any Eurodollar borrowing. The term of this line of credit is three years, with a one-year extension option. As of June 30, 1996, \$1.8 million of additional borrowing was available under the revolving line of credit, in addition to the \$18.4 million outstanding as of June 30, 1996. As of July 31, 1996 the additional borrowing availability remained the same at approximately \$1.8 million.

The Credit Agreement contains several covenants including a minimum tangible net worth requirement, a minimum fixed charge coverage ratio, a maximum ratio of debt-to-equity, minimum operating income levels and minimum required utilization rates. In addition, the Credit Agreement contains limits on capital expenditures, acquisitions, changes in control, the incurrence of additional debt and the payment of dividends.

In connection with the closing of the Credit Agreement in March 1996, the Company terminated its line of credit with its previous lender, repaying all indebtedness under that line. In addition, the Company repaid other long-term debt and obligations under capital leases totaling \$14.1 million.

During the six months ended June 30, 1996, the Company utilized cash flow from operations of \$2,260,000. This net use of cash was attributable primarily to a reduction in accounts payable and an increases in inventories. This was partially offset by a decrease in receivables.

During the six months ended June 30, 1996, the Company invested \$1,214,000 in equipment and the container lease fleet. This amount is net of the \$676,000 in related sales and financing.

Cash flow from financing activities totaled \$2,734,000 during the six months ended June 30, 1996. This was the result of restructuring the Company's long-term debt and obligations under capital leases under the Credit Agreement described above, partially offset by the principal payments on indebtedness and an increase in other assets associated with deferred financing costs incurred in connection with the closing of the Credit Agreement.

The Company believes that cash flow generated from operations along with the borrowing capacity under the Credit Agreement will be sufficient to meet its obligations and capital needs for the next twelve months. However, there can be no assurance that additional financing will not be required, and, if required, will be available on terms acceptable to the Company.

The statement regarding the Company's ability to meet its obligations and capital needs for the next twelve months is a forward looking statement. Unanticipated events, however, including a decrease in cash flow generated from operations or a material increase in the borrowing rates under the Credit Agreement, could cause actual results to differ materially from anticipated results.

#### EFFECTS OF INFLATION

The results of operations of the Company for the periods discussed have not been significantly affected by inflation.

10

#### PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Number	Description
27	Selected Financial Data

(b) Reports on Form 8-K

none

11

SIGNATURES



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

MOBILE MINI, INC.  
(Registrant)

Dated: August 13, 1996

By: /s/ Larry Trachtenberg  
-----  
Larry Trachtenberg  
Chief Financial Officer

<ARTICLE> 5  
<MULTIPLIER> 1  
<CURRENCY> U.S. DOLLARS

<PERIOD-TYPE> 6-MOS  
<FISCAL-YEAR-END> DEC-31-1996  
<PERIOD-START> JAN-01-1996  
<PERIOD-END> JUN-30-1996  
<EXCHANGE-RATE> 1  
<CASH> 683,903  
<SECURITIES> 0  
<RECEIVABLES> 4,115,758  
<ALLOWANCES> 137,409  
<INVENTORY> 6,516,131  
<CURRENT-ASSETS> 11,992,083  
<PP&E> 19,402,089  
<DEPRECIATION> 3,014,570  
<TOTAL-ASSETS> 57,000,886  
<CURRENT-LIABILITIES> 7,401,201  
<BONDS> 0  
<PREFERRED-MANDATORY> 0  
<PREFERRED> 0  
<COMMON> 67,393  
<OTHER-SE> 0  
<TOTAL-LIABILITY-AND-EQUITY> 57,000,886  
<SALES> 10,661,443  
<TOTAL-REVENUES> 19,117,769  
<CGS> 9,045,348  
<TOTAL-COSTS> 2,235,108  
<OTHER-EXPENSES> 0  
<LOSS-PROVISION> 0  
<INTEREST-EXPENSE> 1,949,408  
<INCOME-PRETAX> 372,761  
<INCOME-TAX> 164,015  
<INCOME-CONTINUING> 208,746  
<DISCONTINUED> 0  
<EXTRAORDINARY> 410,354  
<CHANGES> 0  
<NET-INCOME> (201,608)  
<EPS-PRIMARY> (0.03)  
<EPS-DILUTED> (0.03)