

WATTS WATER TECHNOLOGIES INC  
Form 10-Q  
May 09, 2013  
[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended March 31, 2013**

or

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from            to**

**Commission file number 001-11499**

**WATTS WATER TECHNOLOGIES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of Incorporation or  
Organization)

**04-2916536**  
(I.R.S. Employer Identification No.)

**815 Chestnut Street, North Andover, MA**  
(Address of Principal Executive Offices)

**01845**  
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(978) 688-1811**

(Former Name, Former Address and Former Fiscal year, if changed since last report.)

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 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. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 6, 2013
Class A Common Stock, \$0.10 par value	28,762,203
Class B Common Stock, \$0.10 par value	6,588,680



Table of Contents

**WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES**

**INDEX**

Part I. Financial Information

Item 1. Financial Statements

Consolidated Balance Sheets at March 31, 2013 and December 31, 2012 (unaudited)

Consolidated Statements of Operations for the First Quarters Ended March 31, 2013 and April 1, 2012 (unaudited)

Consolidated Statements of Comprehensive Income (Loss) for the First Quarters Ended March 31, 2013 and April 1, 2012 (unaudited)

Consolidated Statements of Cash Flows for the First Quarters Ended March 31, 2013 and April 1, 2012 (unaudited)

Notes to Consolidated Financial Statements (unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

Part II. Other Information

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 6. Exhibits

Signatures

Exhibit Index

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements**

## WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except share information)

(Unaudited)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 251.0	\$ 271.8
Short-term investment securities	2.1	2.1
Trade accounts receivable, less allowance for doubtful accounts of \$10.4 million at March 31, 2013 and \$9.7 million at December 31, 2012	218.5	207.1
Inventories, net:		
Raw materials	104.9	111.7
Work in process	21.7	20.5
Finished goods	173.1	158.5
Total Inventories	299.7	290.7
Prepaid expenses and other assets	27.8	22.7
Deferred income taxes	23.3	21.6
Total Current Assets	822.4	816.0
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Property, plant and equipment, at cost	514.9	515.0
Accumulated depreciation	(292.7)	(291.4)
Property, plant and equipment, net	222.2	223.6
<b>OTHER ASSETS:</b>		
Goodwill	499.5	508.2
Intangible assets, net	140.5	146.6
Deferred income taxes	3.9	4.8
Other, net	9.6	9.8
<b>TOTAL ASSETS</b>	<b>\$ 1,698.1</b>	<b>\$ 1,709.0</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 134.1	\$ 131.6
Accrued expenses and other liabilities	114.1	116.8
Accrued compensation and benefits	40.1	42.5
Current portion of long-term debt	77.0	77.1
Total Current Liabilities	365.3	368.0
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	<b>306.8</b>	<b>307.5</b>
<b>DEFERRED INCOME TAXES</b>	<b>44.5</b>	<b>45.2</b>
<b>OTHER NONCURRENT LIABILITIES</b>	<b>45.5</b>	<b>48.8</b>

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STOCKHOLDERS EQUITY:

Preferred Stock, \$0.10 par value; 5,000,000 shares authorized; no shares issued or outstanding		
Class A Common Stock, \$0.10 par value; 80,000,000 shares authorized; 1 vote per share; issued and outstanding 28,761,901 shares at March 31, 2013 and 28,673,639 shares at December 31, 2012	<b>2.9</b>	2.9
Class B Common Stock, \$0.10 par value; 25,000,000 shares authorized; 10 votes per share; issued and outstanding, 6,588,680 shares at March 31, 2013 and at December 31, 2012	<b>0.6</b>	0.6
Additional paid-in capital	<b>453.8</b>	448.7
Retained earnings	<b>509.2</b>	498.1
Accumulated other comprehensive loss	<b>(30.5)</b>	(10.8)
Total Stockholders Equity	<b>936.0</b>	939.5
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ <b>1,698.1</b>	\$ 1,709.0

See accompanying notes to consolidated financial statements.

Table of Contents

## WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in millions, except per share information)

(Unaudited)

	First Quarter Ended	
	March 31, 2013	April 1, 2012
Net sales	\$ 362.1	\$ 361.2
Cost of goods sold	232.6	232.7
<b>GROSS PROFIT</b>	<b>129.5</b>	<b>128.5</b>
Selling, general and administrative expenses	99.0	100.2
Restructuring and other charges, net	2.2	1.7
<b>OPERATING INCOME</b>	<b>28.3</b>	<b>26.6</b>
Other (income) expense:		
Interest income	(0.1)	(0.2)
Interest expense	6.0	6.2
Other income, net		