

NORDSON CORP
Form 10-Q
September 05, 2012
Table of Contents

UNITED STATES
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 July 31, 2012

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 0-7977

NORDSON CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State of incorporation)

34-0590250
(I.R.S. Employer
Identification No.)

28601 Clemens Road

Westlake, Ohio
(Address of principal executive offices)

44145
(Zip Code)

(440) 892-1580

(Telephone Number)

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

Common Shares, without par value

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

None

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, 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 (§232.405 of this chapter) 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 definition of large accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

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: Common Shares, without par value, as of July 31, 2012: 64,103,778

Table of Contents

Table of Contents

<u>PART I FINANCIAL INFORMATION</u>	3
<u>ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)</u>	3
<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>	3
<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u>	4
<u>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</u>	5
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	6
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	20
<u>Results of Operations</u>	20
<u>Financial Condition</u>	24
<u>Critical Accounting Policies</u>	25
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	26
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	26
<u>PART II OTHER INFORMATION</u>	27
<u>ITEM 1. LEGAL PROCEEDINGS</u>	27
<u>ITEM 1A. RISK FACTORS</u>	27
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	27
<u>ITEM 6. EXHIBITS</u>	28
<u>SIGNATURES</u>	29
<u>CERTIFICATIONS</u>	30

Table of Contents**Nordson Corporation****PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)****Condensed Consolidated Statements of Income**

	Three Months Ended		Nine Months Ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
<i>(In thousands, except for per share data)</i>				
Sales	\$ 379,872	\$ 312,255	\$ 970,901	\$ 902,141
Operating costs and expenses:				
Cost of sales	156,658	124,205	386,645	350,168
Cost of sales restructuring			2,040	
Selling and administrative expenses	124,555	109,330	347,666	315,301
Severance and restructuring	121	64	2,668	64
	281,334	233,599	739,019	665,533
Operating profit	98,538	78,656	231,882	236,608
Other income (expense):				
Interest expense	(2,796)	(827)	(6,925)	(3,560)
Interest and investment income	109	190	375	430
Other net	(716)	169	413	2,896
	(3,403)	(468)	(6,137)	(234)
Income before income taxes	95,135	78,188	225,745	236,374
Income taxes	28,441	21,638	68,602	68,685
Net income	\$ 66,694	\$ 56,550	\$ 157,143	\$ 167,689
Average common shares	64,029	67,945	64,507	67,998
Incremental common shares attributable to outstanding stock options, nonvested stock, and deferred stock-based compensation	696	836	670	864
Average common shares and common share equivalents	64,725	68,781	65,177	68,862
Basic earnings per share	\$ 1.04	\$ 0.83	\$ 2.44	\$ 2.47
Diluted earnings per share	\$ 1.03	\$ 0.82	\$ 2.41	\$ 2.44
Dividends declared per share	\$ 0.125	\$ 0.105	\$ 0.375	\$ 0.315

See accompanying notes.

Table of Contents**Nordson Corporation****Condensed Consolidated Balance Sheets**

<i>(In thousands)</i>	July 31, 2012	October 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 53,639	\$ 37,408
Receivables	301,369	254,310
Inventories	179,139	141,912
Deferred income taxes	37,311	35,693
Prepaid expenses	10,792	7,634
Total current assets	582,250	476,957
Property, plant and equipment net	174,109	130,883
Goodwill	784,991	547,826
Intangible assets net	224,139	120,699
Other assets	26,713	28,085
	\$ 1,792,202	\$ 1,304,450
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable	\$ 50,003	\$ 33
Accounts payable	57,610	46,381
Income taxes payable	26,193	15,283
Accrued liabilities	110,588	101,294
Customer advanced payments	29,989	9,375
Current maturities of long-term debt	55,664	5,664
Current obligations under capital leases	4,414	4,131
Total current liabilities	334,461	182,161
Long-term debt	587,977	313,459
Deferred income taxes	27,046	17,415
Pension obligations	119,070	123,058
Postretirement obligations	73,927	71,943
Other liabilities	34,787	25,091
Shareholders' equity:		
Common shares	12,253	12,253
Capital in excess of stated value	280,178	272,928
Retained earnings	1,123,175	990,221
Accumulated other comprehensive loss	(94,487)	(80,012)
Common shares in treasury, at cost	(706,185)	(624,067)
Total shareholders' equity	614,934	571,323
	\$ 1,792,202	\$ 1,304,450

See accompanying notes.

Table of Contents**Nordson Corporation****Condensed Consolidated Statement of Cash Flows**

Nine Months Ended (In thousands)	July 31, 2012	July 31, 2011
Cash flows from operating activities:		
Net income	\$ 157,143	\$ 167,689
Depreciation and amortization	25,519	20,805
Non-cash stock compensation	7,675	6,770
Deferred income tax expense	3,512	1,024
Other non-cash expense	1,231	1,763
Loss on sale of property, plant and equipment	365	227
Tax benefit from the exercise of stock options	(1,248)	(7,150)
Changes in operating assets and liabilities	(16,622)	(10,836)
Net cash provided by operating activities	177,575	180,292
Cash flows from investing activities:		
Additions to property, plant and equipment	(21,550)	(14,306)
Proceeds from sale of property, plant and equipment	1,229	130
Proceeds from sale of product lines	2,213	
Purchase of businesses, net of cash acquired	(405,202)	(34,627)
Proceeds from sale of marketable securities		7,552
Net cash used in investing activities	(423,310)	(41,251)
Cash flows from financing activities:		
Proceeds from short-term borrowings	250,000	
Repayment of short-term borrowings	(200,031)	(1,827)
Proceeds from long-term debt	372,975	49,500
Repayment of long-term debt	(48,456)	(107,810)
Repayment of capital lease obligations	(3,634)	(3,522)
Issuance of common shares	3,191	9,620
Purchase of treasury shares	(86,982)	(46,342)
Tax benefit from the exercise of stock options	1,248	7,150
Dividends paid	(24,189)	(21,442)
Net cash provided by (used in) financing activities	264,122	