

CIRCOR INTERNATIONAL INC
Form 10-Q
May 03, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 1, 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 001-14962

CIRCOR INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: CIRCOR INTERNATIONAL INC - Form 10-Q

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

04-3477276
(I.R.S. Employer
Identification No.)

c/o CIRCOR, Inc.

25 Corporate Drive, Suite 130, Burlington, MA
(Address of principal executive offices)

01803-4238
(Zip Code)

(781) 270-1200

(Registrant's telephone number, including area code)

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 (§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 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 (Do not check if a 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

As of April 19, 2012, there were 17,402,483 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

Table of Contents

CIRCOR INTERNATIONAL, INC.

TABLE OF CONTENTS

	Page
PART I. <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Balance Sheets as of April 1, 2012 (Unaudited) and December 31, 2011</u>	3
<u>Consolidated Statements of Income for the Three Months Ended April 1, 2012 and April 3, 2011 (Unaudited)</u>	4
<u>Statements of Consolidated Comprehensive Income for the Three Months Ended April 1, 2012 and April 3, 2011 (Unaudited)</u>	5
<u>Consolidated Statements of Cash Flows for Three Months Ended April 1, 2012 and April 3, 2011 (Unaudited)</u>	6
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	22
Item 4. <u>Controls and Procedures</u>	22
PART II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	23
Item 1A. <u>Risk Factors</u>	24
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
Item 3. <u>Defaults Upon Senior Securities</u>	24
Item 4. <u>Mine Safety Disclosures</u>	24
Item 5. <u>Other Information</u>	24
Item 6. <u>Exhibits</u>	25
<u>Signatures</u>	27
<u>Certifications</u>	

Table of Contents**PART I FINANCIAL INFORMATION.****ITEM 1. FINANCIAL STATEMENTS.****CIRCOR INTERNATIONAL, INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands, except per share data)

	April 1, 2012 (Unaudited)	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 41,291	\$ 54,855
Short-term investments	101	99
Trade accounts receivable, less allowance for doubtful accounts of \$1,152 and \$1,127, respectively	154,930	156,075
Inventories	208,125	203,777
Prepaid expenses and other current assets	17,067	12,376
Deferred income tax asset	16,578	16,320
Assets held for sale	542	542
Total Current Assets	438,634	444,044
PROPERTY, PLANT AND EQUIPMENT, NET	105,973	104,434
OTHER ASSETS:		
Goodwill	78,676	77,829
Intangibles, net	58,188	58,442
Deferred income tax asset	28,054	27,949
Other assets	11,008	9,825
TOTAL ASSETS	\$ 720,533	\$ 722,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 87,420	\$ 92,493
Accrued expenses and other current liabilities	61,332	63,386
Accrued compensation and benefits	23,457	24,328
Asbestos liability	1,000	1,000
Income taxes payable	4,310	5,553
Notes payable and current portion of long-term debt	3,159	8,796
Total Current Liabilities	180,678	195,556
LONG-TERM DEBT, NET OF CURRENT PORTION	95,496	96,327
DEFERRED INCOME TAXES	11,480	11,284
OTHER NON-CURRENT LIABILITIES	33,861	35,271
CONTINGENCIES AND COMMITMENTS (See Note 10)		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock, \$0.01 par value; 29,000,000 shares authorized; 17,392,225 and 17,268,212 shares issued and outstanding at April 1, 2012 and December 31, 2011, respectively	174	173

Edgar Filing: CIRCOR INTERNATIONAL INC - Form 10-Q

Additional paid-in capital	259,538	258,209
Retained earnings	138,296	130,373
Accumulated other comprehensive income (loss)	1,010	(4,670)
Total Shareholders' Equity	399,018	384,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 720,533	\$ 722,523

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Table of Contents**CIRCOR INTERNATIONAL, INC.****CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	April 1, 2012	April 3, 2011
Net revenues	\$ 214,280	\$ 203,370
Cost of revenues	155,668	147,142
GROSS PROFIT	58,612	56,228
Selling, general and administrative expenses	44,912	42,455
Leslie asbestos and bankruptcy charges, net	0	1,001
OPERATING INCOME	13,700	12,772
Other (income) expense:		
Interest income	(83)	(43)
Interest expense	1,164	816
Other, net	138	915
TOTAL OTHER EXPENSE	1,219	1,688
INCOME BEFORE INCOME TAXES	12,481	11,084
Provision for income taxes	3,896	3,178
NET INCOME	\$ 8,585	\$ 7,906
Earnings per common share:		
Basic	\$ 0.50	\$ 0.46
Diluted	\$ 0.49	\$ 0.45
Weighted average number of common shares outstanding:		
Basic	17,315	17,163
Diluted	17,390	17,378
Dividends paid per common share	\$ 0.0375	\$ 0.0375

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Table of Contents**CIRCOR INTERNATIONAL, INC.****STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

(In thousands)

(Unaudited)

	Three Months Ended	
	April 1, 2012	April 3, 2011
Net income	\$ 8,585	\$ 7,906
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	5,680	9,449
Other comprehensive income	5,680	9,449
COMPREHENSIVE INCOME	\$ 14,265	\$ 17,355

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Table of Contents**CIRCOR INTERNATIONAL, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	Three Months Ended	
	April 1, 2012	April 3, 2011
OPERATING ACTIVITIES		
Net income	\$ 8,585	\$ 7,906
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	4,008	3,575
Amortization	964	1,418
Compensation expense of share-based plans	1,195	1,136
Tax effect of share-based compensation	479	(256)
Loss on disposal of property, plant and equipment	2	2
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Trade accounts receivable	3,539	3,734
Inventories	(2,179)	(2,818)
Prepaid expenses and other assets	(5,549)	(6,657)
Accounts payable, accrued expenses and other liabilities	(14,011)	(4,822)
Net cash (used in) provided by operating activities	(2,967)	3,218
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,122)	(2,693)
Proceeds from the sale of property, plant and equipment	15	12
Purchase of investments	0	(1)
Business acquisitions, net of cash acquired	0	(20,221)
Net cash used in investing activities	(4,107)	(22,903)
FINANCING ACTIVITIES		
Proceeds from long-term debt	41,123	60,748
Payments of long-term debt	(47,806)	(34,778)
Dividends paid	(666)	(663)
Proceeds from the exercise of stock options	73	213
Tax effect of share-based compensation	(479)	256
Net cash (used in) provided by financing activities	(7,755)	25,776
Effect of exchange rate changes on cash and cash equivalents	1,265	1,648
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,564)	7,739
Cash and cash equivalents at beginning of period	54,855	45,752
CASH AND CASH EQUIVALENTS AT END OF PERIOD		