

CIRCOR INTERNATIONAL INC
Form 10-Q
August 02, 2010
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 July 4, 2010.

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)

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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 July 26, 2010, there were 17,093,793 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 July 4, 2010 (Unaudited) and December 31, 2009</u>	3
<u>Consolidated Statements of Operations for the Three and Six Months Ended July 4, 2010 and June 28, 2009 (Unaudited)</u>	4
<u>Consolidated Statements of Cash Flows for the Six Months Ended July 4, 2010 and June 28, 2009 (Unaudited)</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	29
Item 4. <u>Controls and Procedures</u>	30
PART II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	30
Item 1A <u>Risk Factors</u>	33
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
Item 3. <u>Defaults Upon Senior Securities</u>	35
Item 4. <u>(Removed and Reserved)</u>	35
Item 5. <u>Other Information</u>	35
Item 6. <u>Exhibits</u>	36
<u>Signatures</u>	37
Certifications	

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

(In thousands, except share data)

	July 4, 2010 (Unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 60,857	\$ 46,350
Short-term investments	94	21,498
Trade accounts receivable, less allowance for doubtful accounts of \$1,432 and \$1,992, respectively	125,468	115,260
Inventories	152,996	145,031
Income taxes refundable	0	726
Prepaid expenses and other current assets	7,697	4,195
Deferred income tax asset	42,187	15,847
Insurance receivables	1,180	4,614
Assets held for sale	542	1,167
Total Current Assets	391,021	354,688
PROPERTY, PLANT AND EQUIPMENT, NET	91,426	95,167
OTHER ASSETS:		
Goodwill	50,580	47,893
Intangibles, net	50,310	55,238
Deferred income tax asset	0	5,676
Other assets	3,058	3,391
TOTAL ASSETS	\$ 586,395	\$ 562,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 77,900	\$ 57,239
Accrued expenses and other current liabilities	46,379	46,736
Accrued compensation and benefits	18,444	18,617
Leslie asbestos and bankruptcy related liabilities	82,431	12,476
Income taxes payable	417	0
Notes payable and current portion of long-term debt	696	5,914
Total Current Liabilities	226,267	140,982
LONG-TERM DEBT, NET OF CURRENT PORTION	4,279	1,565
DEFERRED INCOME TAXES	11,512	0
LONG-TERM LESLIE ASBESTOS & BANKRUPTCY RELATED LIABILITIES	0	47,785

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OTHER NON-CURRENT LIABILITIES	20,209	21,313
COMMITMENTS AND CONTINGENCIES (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; 17,093,206 and 16,991,365 shares issued and outstanding at July 4, 2010 and December 31, 2009, respectively	171	170
Additional paid-in capital	252,098	249,960
Retained earnings	79,620	86,408
Accumulated other comprehensive (loss) income	(7,761)	13,870
Total Shareholders' Equity	324,128	350,408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 586,395	\$ 562,053

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

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

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2010	June 28, 2009	July 4, 2010	June 28, 2009
Net revenues	\$ 168,005	\$ 164,535	\$ 314,274	\$ 340,182
Cost of revenues	118,463	116,032	222,013	235,660
GROSS PROFIT	49,542	48,503	92,261	104,522
Selling, general and administrative expenses	37,959	34,242	73,376	68,340
Leslie asbestos and bankruptcy charges	28,908	3,442	28,260	11,705
Special (recoveries) charges	0	0	0	(1,135)
OPERATING (LOSS) INCOME	(17,325)	10,819	(9,375)	25,612
Other (income) expense:				
Interest income	(50)	(167)	(92)	(314)
Interest expense	636	208	1,233	386
Other expense (income), net	258	(267)	207	(449)
Total other expense (income)	844	(226)	1,348	(377)
(LOSS) INCOME BEFORE INCOME TAXES	(18,169)	11,045	(10,723)	25,989
Benefit (Provision) for income taxes	6,928	(3,313)	5,216	(7,797)
NET (LOSS) INCOME	\$ (11,241)	\$ 7,732	\$ (5,507)	\$ 18,192
(Loss) earnings per common share:				
Basic	\$ (0.66)	\$ 0.46	\$ (0.32)	\$ 1.07
Diluted	\$ (0.66)	\$ 0.45	\$ (0.32)	\$ 1.07
Weighted average number of common shares outstanding:				
Basic	17,108	16,970	17,080	16,944
Diluted	17,108	17,066	17,080	17,040
Dividends paid per common share	\$ 0.0375	\$ 0.0375	\$ 0.075	\$ 0.075

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

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

(In thousands)

(Unaudited)

	Six Months Ended	
	July 4, 2010	June 28, 2009
OPERATING ACTIVITIES		
Net (loss) income	\$ (5,507)	\$ 18,192
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	6,343	6,084
Amortization	1,942	1,249
Provision for Leslie bankruptcy settlement	24,974	0
Compensation expense of share-based plans	1,814	1,585
Tax effect of share-based compensation	(90)	403
Loss (gain) on sale/disposal of property, plant and equipment	275	(33)
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Trade accounts receivable	(19,247)	16,791
Inventories	(14,850)	27,371
Prepaid expenses and other assets	3,228	701
Accounts payable, accrued expenses and other liabilities	15,511	(56,594)
Net cash provided by operating activities	14,393	15,749
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(8,187)	(4,501)
Proceeds (purchases) from the disposal of property, plant and equipment	(233)	43
Business acquisitions, net of cash acquired	(5,210)	(7,510)
Purchases of short-term investments	0	(214,925)
Proceeds from the sale of short-term investments	21,427	201,826
Net cash provided by (used in) investing activities	7,797	(25,067)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	32,458	64,187
Payments of long-term debt	(34,645)	(68,545)
Dividends paid	(1,279)	(1,294)
Proceeds from the exercise of stock options	293	36
Tax effect of share-based compensation	90	(403)
Net cash used in financing activities	(3,083)	(6,019)