

FRANKLIN ELECTRIC CO INC
Form 10-Q
November 08, 2012
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 September 29, 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 0-362

FRANKLIN ELECTRIC CO., INC.
(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of incorporation or
organization)

35-0827455
(I.R.S. Employer Identification No.)

400 East Spring Street
Bluffton, Indiana
(Address of principal executive offices)

46714
(Zip Code)

(260) 824-2900
(Registrant's telephone number, including area code)

Not Applicable
(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 (Section 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).

Edgar Filing: FRANKLIN ELECTRIC CO INC - Form 10-Q

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 Smaller Reporting Company

1

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 of Common Stock	Outstanding at
\$.10 par value	October 31, 2012
	23,509,063 shares

FRANKLIN ELECTRIC CO., INC.
TABLE OF CONTENTS

	Page Number	
PART I.	<u>FINANCIAL INFORMATION</u>	
Item 1.	<u>Financial Statements</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Income for the Third Quarter and Nine Months Ended September 29, 2012 and October 1, 2011</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Comprehensive Income for the Third Quarter and Nine Months Ended September 29, 2012 and October 1, 2011</u>	<u>5</u>
	<u>Condensed Consolidated Balance Sheets as of September 29, 2012 and December 31, 2011</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 29, 2012 and October 1, 2011</u>	<u>8</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>10</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>35</u>
Item 4.	<u>Controls and Procedures</u>	<u>35</u>
PART II.	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>36</u>
Item 1A.	<u>Risk Factors</u>	<u>37</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>37</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>37</u>
Item 6.	<u>Exhibits</u>	<u>37</u>
	<u>Signatures</u>	<u>38</u>
	<u>Exhibit Index</u>	<u>39</u>
Exhibits		

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Third Quarter Ended		Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
Net sales	\$237,557	\$224,391	\$686,177	\$633,841
Cost of sales	154,976	150,674	452,986	422,381
Gross profit	82,581	73,717	233,191	211,460
Selling, general, and administrative expenses	49,001	44,840	141,117	132,915
Restructuring (income)/expense	88	553	74	1,473
Operating income	33,492	28,324	92,000	77,072
Interest expense	(2,367	) (2,917	) (7,317	) (7,529
Other income/(expense)	430	1,542	14,416	4,110
Foreign exchange income/(expense)	(896	) (554	) (1,551	) (1,911
Income before income taxes	30,659	26,395	97,548	71,742
Income taxes	8,653	7,098	27,139	19,531
Net income	\$22,006	\$19,297	\$70,409	\$52,211
Less: Net income attributable to noncontrolling interests	(140	) (77	) (690	) (657
Net income attributable to Franklin Electric Co., Inc.	\$21,866	\$19,220	\$69,719	\$51,554
Income per share:				
Basic	\$0.93	\$0.82	\$2.98	\$2.20
Diluted	\$0.91	\$0.80	\$2.91	\$2.16
Dividends per common share	\$0.15	\$0.14	\$0.43	\$0.40

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)	Third Quarter Ended		Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
Net income	\$22,006	\$19,297	\$70,409	\$52,211
Other comprehensive income/(loss), before tax:				
Foreign currency translation adjustments	9,799	(26,841	) 284	