

CARLISLE COMPANIES INC

Form 10-Q

July 23, 2013

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# 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 JUNE 30, 2013**

**OR**

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**Commission file number 1-9278**

## CARLISLE COMPANIES INCORPORATED

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of

**31-1168055**

(I.R.S. Employer Identification No.)

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incorporation or organization)

**11605 North Community House Road, Suite 600, Charlotte, North Carolina 28277**

(Address of principal executive office, including zip code)

**(704) 501-1100**

(Telephone Number)

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 ☐

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 ☒

Shares of common stock outstanding at July 18, 2013: 63,521,258

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## Unaudited Condensed Consolidated Statements of Comprehensive Income

(in millions except share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	\$ 996.1	\$ 984.6	\$ 1,853.1	\$ 1,873.9
Cost and expenses:				
Cost of goods sold	755.9	729.2	1,425.3	1,407.3
Selling and administrative expenses	106.6	106.0	215.4	213.5
Research and development expenses	9.2	8.5	18.6	16.3
Impairment of assets	100.0		100.0	
Other expense, net	1.9	0.6	1.2	0.3
Earnings before interest and income taxes	22.5	140.3	92.6	236.5
Interest expense, net	8.6	6.5	16.9	13.0
Earnings before income taxes from continuing operations	13.9	133.8	75.7	223.5
Income tax expense (Note 8)	5.7	44.4	12.2	74.1
Income from continuing operations	8.2	89.4	63.5	149.4
Discontinued operations (Note 5)				
Income (loss) from discontinued operations		3.6	(0.1)	3.6
Income tax expense		0.2		0.2
Income (loss) from discontinued operations		3.4	(0.1)	3.4
Net income	\$ 8.2	\$ 92.8	\$ 63.4	\$ 152.8
Basic earnings per share attributable to common shares (Note 9)				
Income from continuing operations	\$ 0.13	\$ 1.42	\$ 1.00	\$ 2.39
Income from discontinued operations		0.06		0.05
Basic earnings per share	\$ 0.13	\$ 1.48	\$ 1.00	\$ 2.44
Diluted earnings per share attributable to common shares (Note 9)				
Income from continuing operations	\$ 0.13	\$ 1.39	\$ 0.98	\$ 2.34
Income from discontinued operations		0.06		0.05
Diluted earnings per share	\$ 0.13	\$ 1.45	\$ 0.98	\$ 2.39
Average shares outstanding - in thousands (Note 9)				
Basic	63,409	62,419	63,343	62,166
Diluted	64,695	63,797	64,620	63,483
Dividends declared and paid	\$ 12.8	\$ 11.3	\$ 25.6	\$ 22.5
Dividends declared and paid per share	\$ 0.20	\$ 0.18	\$ 0.40	\$ 0.36

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<b>Comprehensive Income</b>					
Net income	\$	8.2	\$	92.8	\$ 63.4 \$ 152.8
Other comprehensive income (loss) (Note 19)					
Change in foreign currency translation, net of tax		(0.1)		(8.7)	(10.4) (4.4)
Change in accrued post-retirement benefit liability, net of tax		1.0		0.8	2.4 1.6
Loss on hedging activities, net of tax		(0.1)		(0.1)	(0.2) (0.2)
Other comprehensive income (loss)		0.8		(8.0)	(8.2) (3.0)
Comprehensive income	\$	9.0	\$	84.8	\$ 55.2 \$ 149.8

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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**Carlisle Companies Incorporated**
**Condensed Consolidated Balance Sheets**

(in millions except share amounts)	June 30, 2013 (Unaudited)	December 31, 2012
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 168.2	\$ 112.5
Receivables, less allowance of \$5.6 in 2013 and \$6.0 in 2012	597.5	482.7
Inventories (Note 11)	493.0	538.0
Deferred income taxes (Note 8)	42.9	43.1
Prepaid expenses and other current assets	26.7	29.0
<b>Total current assets</b>	<b>1,328.3</b>	<b>1,205.3</b>
<b>Property, plant and equipment, net of accumulated depreciation of \$665.9 in 2013 and \$635.7 in 2012 (Note 12)</b>	<b>634.5</b>	<b>637.1</b>
<b>Other assets:</b>		
Goodwill, net (Note 13)	858.0	958.8
Other intangible assets, net (Note 13)	596.4	617.5
Other long-term assets	34.4	38.6
Non-current assets held for sale (Note 5)	10.8	
<b>Total other assets</b>	<b>1,499.6</b>	<b>1,614.9</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,462.4</b>	<b>\$ 3,457.3</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Short-term debt, including current maturities (Note 15)	\$	\$
Accounts payable	283.5	259.7
Accrued expenses	164.8	193.3
Deferred revenue (Note 17)	16.9	17.6
<b>Total current liabilities</b>	<b>465.2</b>	<b>470.6</b>
<b>Long-term liabilities:</b>		
Long-term debt (Note 15)	752.6	752.5
Deferred revenue (Note 17)	138.3	135.4
Other long-term liabilities (Note 18)	265.1	310.7
<b>Total long-term liabilities</b>	<b>1,156.0</b>	<b>1,198.6</b>
<b>Shareholders' equity:</b>		
Preferred stock, \$1 par value per share. Authorized and unissued 5,000,000 shares		
Common stock, \$1 par value per share. Authorized 100,000,000 shares; 78,661,248 shares issued; 63,516,542 outstanding in 2013 and 63,127,299 outstanding in 2012	78.7	78.7
Additional paid-in capital	188.0	171.4
Deferred compensation equity (Note 7)	3.3	0.6
Cost of shares in treasury - 14,901,476 shares in 2013 and 15,249,714 shares in 2012	(211.1)	(215.4)
Accumulated other comprehensive loss (Note 19)	(43.7)	(35.5)
Retained earnings	1,826.0	1,788.3
<b>Total shareholders' equity</b>	<b>1,841.2</b>	<b>1,788.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,462.4</b>	<b>\$ 3,457.3</b>

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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**Carlisle Companies Incorporated**

## Unaudited Condensed Consolidated Statements of Cash Flows

(in millions)	Six Months Ended June 30,	
	2013	2012
<b>Operating activities</b>		
Net income	\$ 63.4	\$ 152.8
Reconciliation of net income to cash flows from operating activities:		
Depreciation	39.4	37.0
Amortization	20.5	15.5
Non-cash compensation, net of tax benefit	8.6	4.0
Gain on sale of businesses		(3.7)
Loss on sale of property and equipment, net	0.9	0.8
Impairment of assets	100.0	
Deferred taxes	(46.3)	(4.3)
Foreign exchange gain	(0.1)	
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:		
Receivables	(118.3)	(138.7)
Inventories	42.7	(2.4)
Prepaid expenses and other assets	5.7	23.6
Accounts payable	24.8	49.7
Accrued expenses and deferred revenues	(26.6)	14.0
Long-term liabilities	6.0	5.2
Other operating activities	(1.2)	0.8
<b>Net cash provided by operating activities</b>	<b>119.5</b>	<b>154.3</b>
<b>Investing activities</b>		
Capital expenditures	(49.4)	(60.6)
Acquisitions, net of cash		(49.3)
Proceeds from sale of property and equipment	0.3	
Proceeds from sale of business		25.8
<b>Net cash used in investing activities</b>	<b>(49.1)</b>	<b>(84.1)</b>
<b>Financing activities</b>		
Net change in short-term borrowings and revolving credit lines	(0.1)	(64.3)
Dividends	(25.6)	(22.5)
Stock options and treasury shares, net	11.8	18.5
<b>Net cash used in financing activities</b>	<b>(13.9)</b>	<b>(68.3)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(0.8)</b>	<b>0.2</b>
<b>Change in cash and cash equivalents</b>	<b>55.7</b>	<b>2.1</b>
<b>Cash and cash equivalents</b>		
Beginning of period	112.5	74.7
End of period	\$ 168.2	\$ 76.8

See accompanying notes to Unaudited Condensed Consolidated Financial Statements





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**Notes to the Unaudited Condensed Consolidated Financial Statements**

**Note 1 Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared by Carlisle Companies Incorporated (the Company or Carlisle) in accordance and consistent with the accounting policies stated in the Company's Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements therein. The unaudited condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States and, of necessity, include some amounts that are based upon management estimates and judgments. Future actual results could differ from such current estimates. The unaudited condensed consolidated financial statements include assets, liabilities, revenues, and expenses of all majority-owned subsidiaries. Carlisle accounts for other investments in minority-owned companies where it exercises significant influence, but does not have control, on the equity basis. Intercompany transactions and balances are eliminated in consolidation.

The Company has reclassified certain prior period amounts in the condensed consolidated financial statements to be consistent with the current period presentation. See Note 3 regarding the transition of the Styled Wheels business between Carlisle Transportation Products (CTP) and Carlisle Brake & Friction (CBF).

**Note 2 New Accounting Pronouncements**

*Newly Adopted Accounting Standards*

On February 5, 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 requires that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source (e.g., the release due to cash flow hedges from interest rate contracts) and the income statement line items affected by the reclassification (e.g., interest income or interest expense). If a component is not required to be reclassified to net income in its entirety (e.g., the net periodic pension cost), companies would instead cross reference to the related footnote for additional information (e.g., the pension footnote). ASU 2013-02 is effective for fiscal and interim reporting periods beginning after December 15, 2012. The adoption of this ASU had no material effect on the Company's consolidated financial statements.

In July 2012, FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. ASU 2012-02 amends the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the revised guidance, entities have the option of first performing a qualitative assessment to determine whether there are any events or circumstances indicating that it is more likely than not that an indefinite-lived intangible asset is impaired. ASU 2012-02 is effective for fiscal and interim impairment tests performed in fiscal years beginning after September 15, 2012. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements.

*New Accounting Standards Issued but not yet adopted*

There are currently no new accounting standards that have been issued that will have a significant impact on the Company's financial position, results of operations, and cash flows upon adoption.

**Note 3 Segment Information**

The Company's operations are reported in the following segments:

**Carlisle Construction Materials ( CCM or the Construction Materials segment )** the principal products of this segment are rubber (EPDM) and thermoplastic polyolefin (TPO) roofing membranes used predominantly on non-residential low-sloped roofs, related roofing accessories, including flashings, fasteners, sealing tapes, coatings and waterproofing, and insulation products. The markets served include new construction, re-roofing and maintenance of low-sloped roofs, water containment, HVAC sealants, and coatings and waterproofing.

**Carlisle Transportation Products ( CTP or the Transportation Products segment )** the principal products of this segment include bias-ply, steel belted radial trailer tires, stamped or roll-formed steel wheels, tires, and tire and wheel assemblies, as well as industrial belts and related components. The markets served include lawn and garden, power sports, high-speed trailer, agriculture, and construction.

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**Carlisle Brake & Friction ( CBF or the Brake & Friction segment )** the principal products of this segment include high-performance brakes and friction material, and clutch and transmission friction material for the mining, construction, aerospace, agriculture, motor sports, and alternative energy markets.

**Carlisle Interconnect Technologies ( CIT or the Interconnect Technologies segment )** the principal products of this segment are high-performance wire, cable, connectors, contacts, and cable assemblies primarily for the aerospace, defense electronics, industrial, and test and measurement equipment markets.

**Carlisle FoodService Products ( CFSP or the FoodService Products segment )** the principal products of this segment include commercial and institutional foodservice permanentware, table coverings, cookware, catering equipment, fiberglass and composite material trays and dishes, industrial brooms, brushes, mops, and rotary brushes for commercial and non-commercial foodservice operators and sanitary maintenance professionals.

**Corporate** includes general corporate expenses. Corporate assets consist primarily of cash and cash equivalents, facilities, deferred taxes, and other invested assets. Corporate operations also maintain a captive insurance program for workers compensation costs on behalf of all the Carlisle operating companies.

Effective January 1, 2012, the Company's Styled Wheels business was transitioned from CTP to CBF. Styled wheels continued to be manufactured by CTP, but were marketed and sold by the performance racing group within CBF. Effective December 1, 2012, due to sales, marketing, and administrative inefficiencies, the Styled Wheels business was transitioned from CBF back to CTP. Prior period results have been retrospectively adjusted to reflect the Styled Wheels business in the Transportation Products segment.

Unaudited financial information for operations by reportable segment is included in the following summary:

Three Months Ended June 30, (in millions)	2013		2012	
	Sales(1)	EBIT	Sales(1)	EBIT
Carlisle Construction Materials	\$ 490.5	\$ 78.2	\$ 470.0	\$ 85.5
Carlisle Transportation Products	203.5	(86.8)	211.3	19.3
Carlisle Brake & Friction	93.6	12.4	125.3	23.9
Carlisle Interconnect Technologies	145.7	22.3	114.7	17.4
Carlisle FoodService Products	62.8	7.3	63.3	5.7
Corporate		(10.9)		(11.5)
Total	\$ 996.1	\$ 22.5	\$ 984.6	\$ 140.3

Six Months Ended June 30, (in millions)	2013		2012	
	Sales(1)	EBIT	Sales(1)	EBIT
Carlisle Construction Materials	\$ 830.1	\$ 114.0	\$ 823.9	\$ 127.5
Carlisle Transportation Products	430.9	(72.3)	451.3	40.2
Carlisle Brake & Friction	184.4	23.4	250.7	47.9

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Carlisle Interconnect Technologies	<b>286.9</b>	<b>40.7</b>	<b>1,042.3</b>	225.4	34.1	794.7
Carlisle FoodService Products	<b>120.8</b>	<b>12.4</b>	<b>198.0</b>	122.6	11.2	210.8
Corporate		<b>(25.6)</b>	<b>197.2</b>		(24.4)	85.2
Total	\$ 1,853.1	\$ 92.6	\$ 3,462.4	\$ 1,873.9	\$ 236.5	\$ 3,296.6

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(1) Excludes intersegment sales

(2) Corporate assets include assets of ceased operations not classified as held for sale

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On December 17, 2012, the Company acquired certain assets and assumed certain liabilities of Thermax (Thermax), an unincorporated North American division of Belden Inc., and acquired all of the outstanding shares of Raydex/CDT Limited (Raydex) and together with Thermax, Thermax/Raydex), a company incorporated in England and Wales, for total cash consideration of approximately \$265.5 million, net of \$0.1 million cash acquired. The Company funded the acquisition with proceeds from its 3.75% senior unsecured notes due 2022 issued in November 2012. Thermax/Raydex designs, manufactures, and sells wire and cable products for the commercial and military aerospace markets and certain industrial markets. The acquisition of Thermax/Raydex adds capabilities and technology to strengthen the Company's interconnect products business by expanding its product and service range to its customers. Thermax/Raydex operates within the Interconnect Technologies segment.

The following table summarizes the consideration transferred to acquire Thermax/Raydex and the preliminary allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

	Preliminary Allocation	Measurement Period Adjustments Six Months Ended	Revised Preliminary Allocation
(in millions)	As of 12/31/2012	6/30/2013	As of 6/30/2013
Total cash consideration transferred	\$ 265.6	\$	\$ 265.6
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>			
Cash & cash equivalents	\$ 0.1	\$	\$ 0.1
Receivables	14.3		14.3
Inventories	15.4		15.4
Prepaid expenses and other current assets	0.9		0.9
Property, plant and equipment	7.2		7.2
Definite-lived intangible assets	135.1		135.1
Indefinite-lived intangible assets	9.1		9.1
Accounts payable	(12.0)		(12.0)
Accrued expenses	(2.6)		(2.6)
Deferred tax liabilities	(2.8)		(2.8)
Total identifiable net assets	164.7		164.7

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Goodwill	\$	100.9	\$	100.9
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The preliminary goodwill recognized in the acquisition of Thermax/Raydex is attributable to the workforce of Thermax/Raydex, the consistent financial performance of this complementary supplier of high-reliability interconnect products to leading aerospace, avionics and electronics companies and the enhanced scale that Thermax/Raydex brings to the Company. Thermax/Raydex brings additional high-end cable products and qualified positions to serve the Company's existing commercial aerospace and industrial customers. Goodwill arising from the acquisition of Thermax is deductible for income tax purposes as the acquisition of Thermax was an asset purchase. All of the preliminary goodwill was assigned to the Interconnect Technologies reporting unit. Preliminary indefinite-lived intangible assets of \$9.1 million represent acquired trade names. The \$135.1 million value preliminarily allocated to definite-lived intangible assets consists of \$111.4 million of customer relationships with preliminary useful lives ranging from 17 to 18 years, \$23.5 million of acquired technology with preliminary useful lives ranging from 9 to 11 years, and a \$0.2 million non-compete agreement with a preliminary useful life of 5 years.

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The fair values of the inventory, property, plant and equipment, and other intangible assets are preliminary and subject to change pending receipt of the final third-party valuations for those assets. The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the December 17, 2012 closing date.

Hertalan Holding B.V.

On March 9, 2012, the Company acquired 100% of the equity of Hertalan Holding B.V. ( Hertalan ) for a total cash purchase price of 37.3 million, or \$48.9 million, net of 0.1 million, or \$0.1 million, cash acquired. The Company funded the acquisition with borrowings under its \$600 million senior unsecured revolving credit facility (the Facility ) and cash on hand. See Note 15 for further information regarding borrowings. The acquisition of Hertalan strengthens the Company's ability to efficiently serve European customers in the EPDM roofing market in Europe with local manufacturing and established distribution channels. Hertalan operates within the Construction Materials segment.

The following table summarizes the consideration transferred to acquire Hertalan and the allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

	Preliminary Allocation	Measurement Period Adjustments Twelve Months Ended	Final Allocation
(in millions)	As of 3/31/2012	3/9/2013	As of 3/9/2013
Total cash consideration transferred	\$ 49.3	\$ (0.3)	\$ 49.0
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>			
Cash & cash equivalents	\$ 0.1	\$	\$ 0.1
Receivables	3.7		3.7
Inventories	10.5	(1.0)	9.5
Prepaid expenses and other current assets	0.2		0.2
Property, plant and equipment	13.0	(0.1)	12.9
Definite-lived intangible assets	9.9	4.8	14.7
Indefinite-lived intangible assets	2.6	5.4	8.0
Other long-term assets	0.3		0.3
Accounts payable	(3.3)		(3.3)
Accrued expenses	(2.5)		(2.5)
Long-term debt	(1.3)		(1.3)
Deferred tax liabilities	(4.4)	(2.3)	(6.7)
Other long-term liabilities	(0.1)		(0.1)
Total identifiable net assets	28.7	6.8	35.5
Goodwill	\$ 20.6	\$ (7.1)	\$ 13.5



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The goodwill recognized in the acquisition of Hertalan is attributable to the workforce of Hertalan, the solid financial performance of this leading manufacturer of EPDM roofing and waterproofing systems and the significant strategic value of the business to Carlisle. Hertalan provides Carlisle with a solid manufacturing and knowledge base for EPDM roofing products in Europe and provides an established distribution network throughout Europe, both of which enhance Carlisle's goal of expanding its global presence. The European market shows favorable trends towards EPDM roofing applications and Carlisle can provide additional product development and other growth resources to Hertalan. Goodwill arising from the acquisition of Hertalan is not deductible for income tax purposes. All of the goodwill was assigned to the Construction Materials reporting unit. Indefinite-lived intangible assets

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of \$8.0 million represent acquired trade names. The \$14.7 million value allocated to definite-lived intangible assets represents customer relationships with useful lives of 9 years.

The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the March 9, 2012 closing date.

*2011 Acquisitions*Tri-Star Electronics International, Inc.

On December 2, 2011, the Company acquired 100% of the equity of TSEI Holdings, Inc. ( Tri-Star ) for a total cash purchase price of \$284.8 million, net of \$4.5 million cash acquired. The total cash purchase price includes a \$0.4 million purchase price adjustment during the three months ended March 31, 2012. The Company funded the acquisition with borrowings under the Facility. See Note 15 for further information regarding borrowings. The acquisition of Tri-Star adds capabilities and technology to strengthen the Company's interconnect products business by expanding its product and service range to its customers. Tri-Star operates within the Interconnect Technologies segment.

The following table summarizes the consideration transferred to acquire Tri-Star and the preliminary allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

(in millions)	Preliminary Allocation		Measurement Period Adjustments Twelve Months Ended		Final Allocation	
	As of 12/31/2011		12/2/2012		As of 12/2/2012	
Total cash consideration transferred	\$	288.9	\$	0.4	\$	289.3
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>						
Cash & cash equivalents	\$	4.5	\$		\$	4.5
Receivables		14.0				14.0
Inventories		22.8				22.8
Prepaid expenses and other current assets		5.6				5.6
Property, plant and equipment		15.4		(2.1)		13.3
Definite-lived intangible assets		112.0		9.5		121.5
Indefinite-lived intangible assets		28.0		(8.6)		19.4
Other long-term assets		0.1				0.1
Accounts payable		(6.5)				(6.5)
Accrued expenses		(4.4)				(4.4)

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Deferred tax liabilities	(58.9)	3.4	(55.5)
Other long-term liabilities	(0.4)		(0.4)
Total identifiable net assets	132.2	2.2	134.4
Goodwill	\$ 156.7	\$ (1.8)	\$ 154.9

The goodwill recognized in the acquisition of Tri-Star is attributable to the workforce of Tri-Star, the consistent financial performance of this complementary supplier of high-reliability interconnect products to leading aerospace, avionics and electronics companies and the enhanced scale that Tri-Star brings to the Company. Tri-Star brings additional high-end connector products and qualified positions to serve the Company's existing commercial aerospace and industrial customers. Tri-Star will also supply the Company with efficient machining and plating processes that will lower costs and improve product quality. Favorable trends in the

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commercial aerospace markets and increasing electronic content in several industrial end markets provide a solid growth platform for the Interconnect Technologies segment. Goodwill arising from the acquisition of Tri-Star is not deductible for income tax purposes. All of the goodwill was assigned to the Interconnect Technologies segment. Indefinite-lived intangible assets of \$19.4 million represent acquired trade names. The \$121.5 million value allocated to definite-lived intangible assets consists of \$94.8 million of customer relationships with useful lives ranging from 12 to 21 years, \$23.2 million of acquired technology with useful lives of 16 years, \$2.5 million of non-compete agreements with useful lives ranging from 3 to 5 years, and \$1.0 million of customer certifications and approvals with useful lives of 3 years.

The Company has also recorded deferred tax liabilities related to the property, plant and equipment and intangible assets as of the December 2, 2011 closing date.

PDT Phoenix GmbH

On August 1, 2011, the Company acquired 100% of the equity of PDT Phoenix GmbH (PDT) for 77.0 million, or \$111.0 million, net of 5.3 million, or \$7.6 million, cash acquired. Of the 82.3 million, or \$118.6 million gross purchase price, 78.7 million, or \$113.4 million, was paid in cash initially funded with borrowings under the Facility and cash on hand. PDT is a leading manufacturer of EPDM-based (rubber) roofing membranes and industrial components serving European markets. The acquisition of PDT provides a platform to serve the European market for single-ply roofing systems, and expands the Company's growth internationally. PDT operates within the Construction Materials segment.

The agreement to acquire PDT provided for contingent consideration based on future earnings. The fair value of contingent consideration recognized at the acquisition date was 3.6 million, or \$5.2 million, and was estimated using a discounted cash flow model based on financial projections of the acquired company.

The purchase price of PDT included certain assets of the PDT Profiles business, which the Company sold on January 2, 2012 for 17.1 million, or \$22.1 million. The PDT Profiles business was classified as held for sale at the date of acquisition and on the Company's consolidated balance sheet as of December 31, 2011.

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The following table summarizes the consideration transferred to acquire PDT and the allocation among the assets acquired and liabilities assumed. The acquisition has been accounted for using the acquisition method of accounting which requires that the consideration be allocated to the acquired assets and assumed liabilities based on their acquisition date fair values with the remainder allocated to goodwill.

	<b>Preliminary Allocation</b>	<b>Measurement Period Adjustments Twelve Months Ended</b>	<b>Final Allocation</b>
<b>(in millions)</b>	<b>As of 12/31/2011</b>	<b>8/1/2012</b>	<b>As of 8/1/2012</b>
<b>Consideration transferred:</b>			
Cash consideration	\$ 113.4	\$	\$ 113.4
Contingent consideration	5.2		5.2
Total cash consideration transferred	\$ 118.6	\$	\$ 118.6
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>			
Cash & cash equivalents	\$ 7.6	\$	\$ 7.6
Receivables	12.2		12.2
Inventories	10.5		10.5
Prepaid expenses and other current assets	0.8		0.8
Current assets held for sale	3.6		3.6
Property, plant and equipment	3.4		3.4
Definite-lived intangible assets	57.1		57.1
Indefinite-lived intangible assets	6.9		6.9
Other long-term assets	0.1		0.1
Non-current assets held for sale	21.6	(0.6)	21.0
Accounts payable	(9.0)		(9.0)
Accrued expenses	(1.2)		(1.2)
Deferred tax liabilities	(21.5)		(21.5)
Other long-term liabilities	(3.3)		(3.3)