

CIRCOR INTERNATIONAL INC  
Form 10-Q  
August 04, 2011  
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**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 3, 2011.

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 25, 2011, there were 17,252,006 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

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(In thousands, except per share data)

	July 3, 2011 (Unaudited)	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 48,302	\$ 45,752
Short-term investments	107	101
Trade accounts receivable, less allowance for doubtful accounts of \$845 and \$822, respectively	151,567	138,860
Inventories	210,103	167,797
Income taxes refundable	0	1,625
Prepaid expenses and other current assets	11,504	5,749
Deferred income tax asset	20,585	20,111
Insurance receivables	0	38
Assets held for sale	542	542
<b>Total Current Assets</b>	<b>442,710</b>	<b>380,575</b>
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>106,586</b>	<b>95,768</b>
<b>OTHER ASSETS:</b>		
Goodwill	79,930	63,175
Intangibles, net	62,738	62,322
Deferred income tax asset	12,589	11,829
Other assets	4,644	2,526
<b>TOTAL ASSETS</b>	<b>\$ 709,197</b>	<b>\$ 616,195</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 99,778	\$ 80,577
Accrued expenses and other current liabilities	70,372	51,248
Accrued compensation and benefits	21,144	22,305
Leslie asbestos and bankruptcy related liabilities	1,642	79,831
Income taxes payable	0	38
Notes payable and current portion of long-term debt	2,154	851
<b>Total Current Liabilities</b>	<b>195,090</b>	<b>234,850</b>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	<b>103,083</b>	<b>684</b>
<b>DEFERRED INCOME TAXES</b>	<b>3,250</b>	<b>0</b>
<b>OTHER NON-CURRENT LIABILITIES</b>	<b>21,941</b>	<b>23,841</b>
<b>CONTINGENCIES AND COMMITMENTS (See Note 10)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	0	0

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Common stock, \$0.01 par value; 29,000,000 shares authorized; 17,250,798 and 17,112,688 shares issued and outstanding at July 3, 2011 and December 31, 2010, respectively	173	171
Additional paid-in capital	256,094	254,154
Retained earnings	110,497	96,389
Accumulated other comprehensive income	19,069	6,106
<b>Total Shareholders' Equity</b>	<b>385,833</b>	<b>356,820</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 709,197</b>	<b>\$ 616,195</b>

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

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

(In thousands, except per share data)

**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 3, 2011</b>	<b>July 4, 2010</b>	<b>July 3, 2011</b>	<b>July 4, 2010</b>
Net revenues	\$ 191,908	\$ 168,005	\$ 395,278	\$ 314,274
Cost of revenues	137,302	118,463	284,444	222,013
<b>GROSS PROFIT</b>	<b>54,606</b>	<b>49,542</b>	<b>110,834</b>	<b>92,261</b>
Selling, general and administrative expenses	42,180	37,959	84,635	73,376
Leslie asbestos and bankruptcy charges (recoveries)	(124)	28,908	877	28,260
<b>OPERATING INCOME (LOSS)</b>	<b>12,550</b>	<b>(17,325)</b>	<b>25,322</b>	<b>(9,375)</b>
<b>Other expense (income):</b>				
Interest income	(54)	(50)	(97)	(92)
Interest expense	1,286	636	2,102	1,233
Other, net	560	258	1,476	207
<b>TOTAL OTHER EXPENSE</b>	<b>1,792</b>	<b>844</b>	<b>3,481</b>	<b>1,348</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>10,758</b>	<b>(18,169)</b>	<b>21,841</b>	<b>(10,723)</b>
Provision (benefit) for income taxes	3,261	(6,928)	6,439	(5,216)
<b>NET INCOME (LOSS)</b>	<b>\$ 7,497</b>	<b>\$ (11,241)</b>	<b>\$ 15,402</b>	<b>\$ (5,507)</b>
<b>Earnings (loss) per common share:</b>				
Basic	\$ 0.43	\$ (0.66)	\$ 0.90	\$ (0.32)
Diluted	\$ 0.43	\$ (0.66)	\$ 0.88	\$ (0.32)
<b>Weighted average number of common shares outstanding:</b>				
Basic	17,251	17,108	17,206	17,080
Diluted	17,434	17,108	17,406	17,080
Dividends paid per common share	\$ 0.0375	\$ 0.0375	\$ 0.075	\$ 0.075

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)**

	<b>Six Months Ended</b>	
	<b>July 3, 2011</b>	<b>July 4, 2010</b>
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 15,402	\$ (5,507)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	7,496	6,343
Amortization	2,196	1,942
(Payment) Provision for Leslie bankruptcy settlement	(76,625)	24,974
Compensation expense of share-based plans	1,960	1,814
Tax effect of share-based compensation	(637)	(90)
(Gain) loss on sale/disposal of property, plant and equipment	(39)	275
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Trade accounts receivable	(9,486)	(19,247)
Inventories	(37,714)	(14,850)
Prepaid expenses and other assets	(6,163)	3,228
Accounts payable, accrued expenses and other liabilities	36,208	15,511
Net cash (used in) provided by operating activities	(67,402)	14,393
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(7,463)	(8,187)
Proceeds from the disposal of (purchases of) property, plant and equipment	50	(233)
Business acquisitions, net of cash acquired	(20,221)	(5,210)
Purchases of investments	(2)	0
Proceeds from the sale of investments	0	21,427