

ENPRO INDUSTRIES, INC
Form 10-Q
November 08, 2012

UNITED STATES
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 September 30, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 001-31225

ENPRO INDUSTRIES, INC.

(Exact name of registrant, as specified in its charter)

North Carolina
(State or other jurisdiction)

01-0573945
(I.R.S. Employer)

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of incorporation)

Identification No.)

5605 Carnegie Boulevard, Suite 500, Charlotte,

North Carolina
(Address of principal executive offices)

(704) 731-1500

28209
(Zip Code)

(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 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 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 October 25, 2012, there were 20,712,612 shares of common stock of the registrant outstanding. There is only one class of common stock.

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

ENPRO INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Quarters and Nine Months Ended September 30, 2012 and 2011

(in millions, except per share amounts)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	\$ 291.7	\$ 300.8	\$ 904.9	\$ 834.1
Cost of sales	192.9	204.0	595.9	544.0
Gross profit	98.8	96.8	309.0	290.1
Operating expenses:				
Selling, general and administrative expenses	68.8	66.8	218.1	200.3
Other operating expenses	1.2	0.4	3.5	0.9
	70.0	67.2	221.6	201.2
Operating income	28.8	29.6	87.4	88.9
Interest expense	(10.9)	(10.2)	(32.5)	(30.1)
Interest income		0.3	0.2	1.1
Other income (expenses)	(0.5)	2.9	(1.0)	2.9
Income before income taxes	17.4	22.6	54.1	62.8
Income tax expense	(6.1)	(8.4)	(18.8)	(21.2)
Net income	\$ 11.3	\$ 14.2	\$ 35.3	\$ 41.6
Basic earnings per share	\$ 0.54	\$ 0.70	\$ 1.71	\$ 2.03
Diluted earnings per share	\$ 0.53	\$ 0.66	\$ 1.64	\$ 1.92

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

Quarters and Nine Months Ended September 30, 2012 and 2011

(in millions)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	\$ 11.3	\$ 14.2	\$ 35.3	\$ 41.6
Other comprehensive income (loss):				
Foreign currency translation adjustments	8.0	(15.6)	0.9	(1.0)
Amortization of pension and post-retirement benefits included in net income	2.4	1.3	7.1	3.8
Change in fair value of cash flow hedges	(0.4)	(1.2)	0.1	(0.1)
Realized loss from settled cash flow hedges included in net income		0.1		1.1
Other comprehensive income (loss), before tax	10.0	(15.4)	8.1	3.8
Income tax expense related to items of other comprehensive income (loss)	(0.8)		(2.7)	(1.8)
Other comprehensive income (loss), net of tax	9.2	(15.4)	5.4	2.0
Comprehensive income (loss)	\$ 20.5	\$ (1.2)	\$ 40.7	\$ 43.6

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Nine Months Ended September 30, 2012 and 2011

(in millions)

	2012	2011
OPERATING ACTIVITIES		
Net income	\$ 35.3	\$ 41.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21.0	18.1
Amortization	19.6	16.3
Accretion of debt discount	5.1	4.7
Deferred income taxes	3.5	(11.5)
Stock-based compensation	4.6	3.8
Change in assets and liabilities, net of effects of acquisitions of businesses:		
Accounts receivable	(12.5)	(33.2)
Inventories	(14.2)	(21.0)
Accounts payable	(7.6)	(2.1)
Other current assets and liabilities	3.2	20.4
Other non-current assets and liabilities	(5.7)	(4.5)
Net cash provided by operating activities	52.3	32.6
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(20.4)	(17.0)
Acquisitions, net of cash acquired	(85.3)	(228.2)
Other	0.1	1.6
Net cash used in investing activities	(105.6)	(243.6)
FINANCING ACTIVITIES		
Repayments of short-term borrowings	(0.5)	(12.5)
Proceeds from debt	226.4	48.5
Repayments of debt	(162.2)	(20.9)
Other	0.2	(0.9)
Net cash provided by financing activities	63.9	14.2
Effect of exchange rate changes on cash and cash equivalents	0.8	0.5
Net increase (decrease) in cash and cash equivalents	11.4	(196.3)
Cash and cash equivalents at beginning of period	30.7	219.2
Cash and cash equivalents at end of period	\$ 42.1	\$ 22.9
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 20.6	\$ 18.8
Income taxes, net	\$ 15.3	\$ 32.6
See notes to consolidated financial statements (unaudited).		

ENPRO INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share amounts)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 42.1	\$ 30.7
Accounts receivable	214.4	195.3
Inventories	131.8	112.6
Prepaid expenses and other current assets	46.7	44.1
Total current assets	435.0	382.7
Property, plant and equipment	176.7	164.2
Goodwill	220.1	201.2
Other intangible assets	228.6	195.7
Investment in GST	236.9	236.9
Other assets	74.4	71.4
Total assets	\$ 1,371.7	\$ 1,252.1
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 10.0	\$ 9.9
Notes payable to GST	10.7	10.2
Current maturities of long-term debt	1.0	1.6
Accounts payable	80.6	83.9
Accrued expenses	121.3	119.5
Total current liabilities	223.6	225.1
Long-term debt	218.3	148.6
Notes payable to GST	237.4	227.2
Pension liability	104.1	108.7
Other liabilities	48.6	48.4
Total liabilities		