

Rexnord Corp
Form 10-Q
August 06, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q
(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal quarter ended June 30, 2014

☐ 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: 001-35475

REXNORD CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

20-5197013

(State or Other Jurisdiction of Incorporation or
Organization)

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

4701 West Greenfield Avenue, Milwaukee,
Wisconsin

53214

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (414) 643-3739

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 checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 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 ☐

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Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). 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	Outstanding at July 31, 2014
Rexnord Corporation Common Stock, \$0.01 par value per share	101,351,586 shares

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Private Securities Litigation Reform Act Safe Harbor Statement

Our disclosure and analysis in this report concerning our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business and the realization of sales from our backlog, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates” and similar expressions are forward-looking statements. Although these statements are based upon reasonable assumptions, including projections of orders, sales, operating margins, earnings, cash flows, research and development costs, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in our Annual Report on Form

10-K for the year ended March 31, 2014 in Part I, Item 1A, “Risk Factors” and in Part I under the heading "Cautionary Notice Regarding Forward-Looking Statements." Accordingly, we can give no assurance that we will achieve the results anticipated or implied by our forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

General

Our fiscal year is the year ending March 31 of the corresponding calendar year. For example, our fiscal year 2015, or fiscal 2015, means the period from April 1, 2014 to March 31, 2015 and the first quarters of fiscal 2015 and 2014 mean the fiscal quarters ended June 30, 2014 and June 29, 2013, respectively.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Rexnord Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(in Millions, except share amounts)
(Unaudited)

	June 30, 2014	March 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$311.3	\$339.0
Receivables, net	339.3	368.3
Inventories, net	380.6	359.7
Other current assets	52.2	53.8
Total current assets	1,083.4	1,120.8
Property, plant and equipment, net	435.0	440.9
Intangible assets, net	589.5	592.6
Goodwill	1,168.6	1,150.7
Insurance for asbestos claims	36.0	36.0
Other assets	41.9	42.5
Total assets	\$3,354.4	\$3,383.5
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of debt	\$33.4	\$29.0
Trade payables	198.6	241.1
Compensation and benefits	52.1	61.4
Current portion of pension and postretirement benefit obligations	5.1	5.8
Other current liabilities	106.2	112.2
Total current liabilities	395.4	449.5
Long-term debt	1,938.9	1,943.0
Pension and postretirement benefit obligations	145.7	147.7
Deferred income taxes	219.7	207.1
Liability for asbestos claims	36.0	36.0
Other liabilities	46.7	38.1
Total liabilities	2,782.4	2,821.4
Stockholders' equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 200,000,000 shares authorized; shares issued: 102,214,378 at June 30, 2014 and 102,055,058 at March 31, 2014	1.0	1.0
Additional paid-in capital	876.3	872.7
Retained deficit	(269.2)) (281.3)
Accumulated other comprehensive loss	(29.5)) (23.8)
Treasury stock at cost; 900,904 shares at June 30, 2014 and March 31, 2014	(6.3)) (6.3)
Total Rexnord stockholders' equity	572.3	562.3
Non-controlling interest	(0.3)) (0.2)
Total stockholders' equity	572.0	562.1

Total liabilities and stockholders' equity	\$3,354.4	\$3,383.5
See notes to the condensed consolidated financial statements.		

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Rexnord Corporation and Subsidiaries
 Condensed Consolidated Statements of Operations
 (in Millions, except share and per share amounts)
 (Unaudited)

	First Quarter Ended	
	June 30, 2014	June 29, 2013
Net sales	\$509.8	\$508.7
Cost of sales	330.5	326.8
Gross profit	179.3	181.9
Selling, general and administrative expenses	104.8	106.6
Restructuring and other similar charges	3.4	1.8
Amortization of intangible assets	13.5	12.5
Income from operations	57.6	61.0
Non-operating expense:		
Interest expense, net	(22.5) (35.0
Loss on the extinguishment of debt)