

TIMKEN CO
Form 10-Q
October 28, 2015

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 30, 2015

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: 1-1169

THE TIMKEN COMPANY
(Exact name of registrant as specified in its charter)

OHIO 34-0577130
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

4500 Mount Pleasant Street NW 44720-5450
North Canton, Ohio
(Address of principal executive offices) (Zip Code)

234.262.3000
(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 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 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	Outstanding at September 30, 2015
Common Shares, without par value	82,993,555 shares

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE TIMKEN COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(Dollars in millions, except per share data)				
Net sales	\$707.4	\$788.0	\$2,157.9	\$2,314.0
Cost of products sold	512.0	562.5	1,554.9	1,636.8
Gross Profit	195.4	225.5	603.0	677.2
Selling, general and administrative expenses	120.7	132.2	375.3	410.8
Impairment and restructuring charges	4.4	99.4	12.0	108.0
Pension settlement charges	3.6	—	223.2	0.7
Operating Income (Loss)	66.7	(6.1)	(7.5)	157.7
Interest expense	(8.6)	(9.1)	(25.0)	(20.4)
Interest income	0.6	1.0	2.0	3.1
Gain on sale of real estate	—	—	—	22.6
Other income (expense), net	(0.8)	1.8	(1.1)	(1.9)
Income (Loss) From Continuing Operations Before Income Taxes	57.9	(12.4)	(31.6)	161.1
Provision (benefit) for income taxes	(6.6)	(2.2)	1.0	53.4
Income (Loss) From Continuing Operations	64.5	(10.2)	(32.6)	107.7
Income (loss) from discontinued operations, net of income taxes	—	(11.0)	—	18.7
Net Income (Loss)	64.5	(21.2)	(32.6)	126.4
Less: Net income attributable to noncontrolling interest	1.1	0.7	2.5	2.1
Net Income (Loss) attributable to The Timken Company	\$63.4	\$(21.9)	\$(35.1)	\$124.3
Amounts attributable to The Timken Company's Common Shareholders				
Income (loss) from continuing operations	\$63.4	\$(10.9)	\$(35.1)	\$105.6
Income (loss) from discontinued operations, net of income taxes	—	(11.0)	—	18.7
Net income (loss) attributable to The Timken Company	\$63.4	\$(21.9)	\$(35.1)	\$124.3
Net Income (Loss) per Common Share attributable to The Timken Company's Common Shareholders				
Earnings (loss) per share - Continuing Operations	\$0.76	\$(0.12)	\$(0.41)	\$1.16
Earnings (loss) per share - Discontinued Operations	—	(0.12)	—	0.21
Basic earnings (loss) per share	\$0.76	\$(0.24)	\$(0.41)	\$1.37
Diluted earnings (loss) per share - Continuing Operations				
Diluted earnings (loss) per share - Continuing Operations	\$0.75	\$(0.12)	\$(0.41)	\$1.15
Diluted earnings (loss) per share - Discontinued Operations	—	(0.12)	—	0.20
Diluted earnings (loss) per share	\$0.75	\$(0.24)	\$(0.41)	\$1.35
Dividends per share	\$			