

Edgar Filing: Woodward, Inc. - Form 10-Q

Woodward, Inc.
Form 10-Q
February 09, 2016
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 December 31, 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 000-08408
WOODWARD, INC.
(Exact name of registrant as specified in its charter)

Delaware 36-1984010

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

1000 East Drake Road, Fort Collins, Colorado 80525

(Address of principal executive offices) (Zip Code)
(970) 482-5811

(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

Edgar Filing: Woodward, Inc. - Form 10-Q

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 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

As of February 5, 2016, 61,915,755 shares of the registrant’s common stock with a par value of \$0.001455 per share were outstanding.

TABLE OF CONTENTS

	Page
PART I – FINANCIAL INFORMATION	
Item 1. <u>Financial Statements</u>	2
<u>Condensed Consolidated Statements of Earnings</u>	2
<u>Condensed Consolidated Statements of Comprehensive Earnings</u>	3
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
<u>Forward Looking Statements</u>	27
<u>Overview</u>	30
<u>Results of Operations</u>	31
<u>Liquidity and Capital Resources</u>	35
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	38
Item 4. <u>Controls and Procedures</u>	39
PART II – OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	39
Item 1A. <u>Risk Factors</u>	39
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
Item 6. <u>Exhibits</u>	40
<u>Signatures</u>	41

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

WOODWARD, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share amounts)

(Unaudited)

	Three-Months Ended December 31,	
	2015	2014
Net sales	\$ 445,110	\$ 487,646
Costs and expenses:		
Cost of goods sold	333,377	343,760
Selling, general and administrative expenses	40,782	39,843
Research and development costs	31,597	34,029
Amortization of intangible assets	6,946	7,575
Interest expense	6,908	5,949
Interest income	(447)	(127)
Other (income) expense, net (Note 15)	(2,009)	(455)
Total costs and expenses	417,154	430,574
Earnings before income taxes	27,956	57,072
Income tax expense	2,345	13,288
Net earnings	\$ 25,611	\$ 43,784
Earnings per share (Note 3):		
Basic earnings per share	\$ 0.41	\$ 0.67
Diluted earnings per share	\$ 0.40	\$ 0.66
Weighted Average Common Shares Outstanding (Note 3):		
Basic	63,054	65,322
Diluted	64,373	66,739
Cash dividends per share paid to Woodward common stockholders	\$ 0.10	\$ 0.08

See accompanying Notes to Condensed Consolidated Financial Statements

2

WOODWARD, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(In thousands)

(Unaudited)

	Three-Months Ended December 31,	
	2015	2014
Net earnings	\$ 25,611	\$ 43,784
Other comprehensive earnings:		
Foreign currency translation adjustments	(10,254)	(12,933)
Unrealized gain on foreign currency transaction designated as a hedge of a net investment in a foreign subsidiary (Note 6)	862	