

MODINE MANUFACTURING CO  
Form 10-Q  
November 06, 2012

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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

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 1-1373

MODINE MANUFACTURING COMPANY  
(Exact name of registrant as specified in its charter)

WISCONSIN  
(State or other jurisdiction of incorporation or organization)

39-0482000  
(I.R.S. Employer Identification No.)

1500 DeKoven Avenue, Racine, Wisconsin  
(Address of principal executive offices)

53403  
(Zip Code)

Registrant's telephone number, including area code (262) 636-1200

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 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,

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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  (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 Act). Yes  No

The number of shares outstanding of the registrant's common stock, \$0.625 par value, was 47,198,088 at November 1, 2012.

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MODINE MANUFACTURING COMPANY

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

MODINE MANUFACTURING COMPANY  
CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and six months ended September 30, 2012 and 2011

(In thousands, except per share amounts)

(Unaudited)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Net sales	\$339,922	\$397,290	\$690,298	\$815,153
Cost of sales	287,326	334,916	586,117	682,977
Gross profit	52,596	62,374	104,181	132,176
Selling, general and administrative expenses	41,318	50,176	84,472	99,720
Impairment charges	16,748	-	16,748	-
Restructuring and repositioning expenses	1,317	-	5,877	-
(Loss) income from operations	(6,787 )	12,198	(2,916 )	32,456
Interest expense	3,370	3,297	6,409	6,287
Other (income) expense – net	(139 )	6,223	(305 )	5,884
(Loss) earnings from continuing operations before income taxes	(10,018 )	2,678	(9,020 )	20,285
Provision for income taxes	1,830	1,678	3,883	6,719
(Loss) earnings from continuing operations	(11,848 )	1,000	(12,903 )	13,566
(Loss) earnings from discontinued operations (net of income taxes)	(105 )	373	72	373
Net (loss) earnings	(11,953 )	1,373	(12,831 )	13,939
Less: Net earnings attributable to noncontrolling interest	267	38	568	29
Net (loss) earnings attributable to Modine	\$(12,220 )	\$1,335	\$(13,399 )	\$13,910
(Loss) earnings per share from continuing operations attributable to Modine shareholders:				
Basic	\$(0.26 )	\$0.02	\$(0.29 )	\$0.29
Diluted	\$(0.26 )	\$0.02	\$(0.29 )	\$0.29
Net (loss) earnings per share attributable to Modine shareholders:				
Basic	\$(0.26 )	\$0.03	\$(0.29 )	\$0.30
Diluted	\$(0.26 )	\$0.03	\$(0.29 )	\$0.30
Weighted average shares outstanding:				
Basic	46,584	46,477	46,565	46,419
Diluted	46,584	46,858	46,565	46,919

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



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MODINE MANUFACTURING COMPANY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the three and six months ended September 30, 2012 and 2011  
(In thousands)  
(Unaudited)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Net (loss) earnings	\$(11,953 )	\$1,373	\$(12,831 )	\$13,939
Other comprehensive income (loss), net of tax:				
Foreign currency translation	5,134	(30,926 )	(13,831 )	(23,264 )
Cash flow hedges	991	(3,462 )	1,715	(5,574 )
Change in benefit plan adjustment	825	1,670	1,824	3,223
Total other comprehensive income (loss)	6,950	(32,718 )	(10,292 )	(25,615 )
Comprehensive loss	(5,003 )	(31,345 )	(23,123 )	(11,676 )
Comprehensive income attributable to noncontrolling interest	267	38	568	29
Comprehensive loss attributable to Modine	\$(5,270 )	\$(31,383 )	\$(23,691 )	\$(11,705 )

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

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## MODINE MANUFACTURING COMPANY

## CONSOLIDATED BALANCE SHEETS

September 30, 2012 and March 31, 2012

(In thousands, except per share amounts)

(Unaudited)

	September 30, 2012	March 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 29,620	\$ 31,445
Trade receivables, less allowance for doubtful accounts of \$1,011 and \$809	177,788	216,103
Inventories	121,585	120,819
Other current assets	71,498	59,164
Total current assets	400,491	427,531
Property, plant and equipment – net	372,077	412,059
Investment in affiliate	4,000	3,728
Goodwill	29,527	29,933
Intangible assets – net	8,903	5,805
Other noncurrent assets	17,490	14,405
Total assets	\$ 832,488	\$ 893,461
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 19,750	\$ 21,296
Long-term debt – current portion	737	1,093
Accounts payable	130,187	156,907
Accrued compensation and employee benefits	48,408	50,643
Other current liabilities	66,169	67,612
Total current liabilities	265,251	297,551
Long-term debt	142,566	141,892
Deferred income taxes	11,943	12,297
Pensions	87,445	94,091
Postretirement benefits	6,557	6,426
Other noncurrent liabilities	14,263	15,072
Total liabilities	528,025	567,329
Commitments and contingencies (See Note 18)		
Shareholders' equity:		
Preferred stock, \$0.025 par value, authorized 16,000 shares, issued - none	-	-
Common stock, \$0.625 par value, authorized 80,000 shares, issued 47,720 and 47,361 shares, respectively	29,825	29,600
Additional paid-in capital	169,629	168,290
Retained earnings	218,429	231,828
Accumulated other comprehensive loss	(100,598 )	(90,306 )
Treasury stock at cost: 617 and 594 shares, respectively	(14,648 )	(14,505 )
Total Modine shareholders' equity	302,637	324,907
Noncontrolling interest	1,826	1,225
Total equity	304,463	326,132
Total liabilities and equity	\$ 832,488	\$ 893,461

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



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MODINE MANUFACTURING COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the six months ended September 30, 2012 and 2011  
(In thousands)  
(Unaudited)

	Six months ended September 30	
	2012	2011
Cash flows from operating activities:		
Net (loss) earnings	\$ (12,831 )	\$ 13,939
Adjustments to reconcile net (loss) earnings with net cash provided by operating activities:		
Depreciation and amortization	28,189	29,154
Impairment charges	16,748	-
Other – net	6,235	6,379
Net changes in operating assets and liabilities	(11,579 )	(46,315 )
Net cash provided by operating activities	26,762	3,157
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(20,717 )	(32,532 )
Acquisition, net of cash acquired	(4,938 )	-
Other – net	(1,621 )	1,794
Net cash used for investing activities	(27,276 )	(30,738 )
Cash flows from financing activities:		
Short-term debt – net	(1,354 )	2,264
Borrowings of long-term debt	59,541	82,749
Repayments of long-term debt	(59,000 )	(59,680 )
Other – net	(28 )	921
Net cash (used for) provided by financing activities	(841 )	26,254
Effect of exchange rate changes on cash	(470 )	(1,385 )
Net decrease in cash and cash equivalents	(1,825 )	(2,712 )
Cash and cash equivalents at beginning of period	31,445	32,930
Cash and cash equivalents at end of period	\$ 29,620	\$