

CURTISS WRIGHT CORP
Form 10-Q
August 07, 2009

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 June 30, 2009

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 1-134

CURTISS-WRIGHT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-0612970
(I.R.S. Employer Identification No.)

10 Waterview Boulevard
Parsippany, New Jersey
(Address of principal executive offices)

07054
(Zip Code)

(973) 541-3700
(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 of time 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 (§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

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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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, par value \$1.00 per share 45,557,089 shares (as of July 31, 2009).

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(In thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales	\$ 447,371	\$ 453,464	\$ 871,163	\$ 886,843
Cost of sales	302,789	296,230	590,821	591,140
Gross profit	144,582	157,234	280,342	295,703
Research and development costs	13,200	13,017	26,324	25,853
Selling expenses	27,415	28,842	53,278	54,182
General and administrative expenses	60,204	65,703	125,834	125,269
Operating income	43,763	49,672	74,906	90,399
Other income, net	47	224	348	698
Interest expense	(6,542)	(7,176)	(13,482)	(14,759)
Earnings before income taxes	37,268	42,720	61,772	76,338
Provision for income taxes	12,814	15,643	21,513	27,482
Net earnings	\$ 24,454	\$ 27,077	\$ 40,259	\$ 48,856
Basic earnings per share	\$ 0.54	\$ 0.61	\$ 0.89	\$ 1.10
Diluted earnings per share	\$ 0.54	\$ 0.60	\$ 0.88	\$ 1.08
Dividends per share	\$ 0.08	\$ 0.08	\$ 0.16	\$ 0.16
Weighted average shares outstanding:				
Basic	45,127	44,631	45,063	44,607
Diluted	45,537	45,355	45,504	45,290

See notes to condensed consolidated financial statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands)

	June 30, 2009	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 59,209	\$ 60,705
Receivables, net	397,535	395,659
Inventories, net	305,394	281,508
Deferred tax assets, net	37,341	37,314
Other current assets	35,655	26,833
Total current assets	835,134	802,019
Property, plant, and equipment, net	389,927	364,032
Goodwill	632,609	608,898
Other intangible assets, net	243,929	234,596
Deferred tax assets, net	16,998	23,128
Other assets	10,177	9,357
Total Assets	\$ 2,128,774	\$ 2,042,030
Liabilities		
Current Liabilities:		
Short-term debt	\$ 1,951	\$ 3,249
Accounts payable	107,327	140,954
Dividends payable	3,636	-
Accrued expenses	84,140	103,973
Income taxes payable	3,498	8,213
Deferred revenue	162,236	138,753
Other current liabilities	44,426	56,542
Total current liabilities	407,214	451,684
Long-term debt	559,449	513,460
Deferred tax liabilities, net	26,173	26,850
Accrued pension and other postretirement benefit costs	134,392	125,762
Long-term portion of environmental reserves	20,189	20,377
Other liabilities	45,381	37,135
Total Liabilities	1,192,798	1,175,268
Contingencies and Commitments (Note 14)		
Stockholders' Equity		
Common stock, \$1 par value	48,042	47,903
Additional paid-in capital	99,830	94,500
Retained earnings	932,934	899,928
Accumulated other comprehensive loss	(48,337)	(72,551)
	1,032,469	969,780
Less: Cost of treasury stock	(96,493)	(103,018)
Total Stockholders' Equity	935,976	866,762

Total Liabilities and Stockholders' Equity	\$ 2,128,774	\$ 2,042,030
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See notes to condensed consolidated financial statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net earnings	\$ 40,259	\$ 48,856
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	38,045	37,510
Net loss on sales and disposals of long lived assets	644	285
Gain on bargain purchase	(1,937)	-
Deferred income taxes	2,246	127
Share-based compensation	6,574	5,550
Changes in operating assets and liabilities, net of businesses acquired:		
Decrease in receivables	13,148	7,168
Increase in inventories	(13,000)	(35,830)
(Decrease) increase in progress payments	(5,302)	4,755
Decrease in accounts payable and accrued expenses	(57,894)	(28,589)
Increase in deferred revenue	22,936	25,954
Decrease in income taxes payable	(9,750)	(15,715)
Increase in net pension and postretirement liabilities	7,917	6,261
(Increase) decrease in other current and long-term assets	(1,287)	2,075
(Decrease) increase in other current and long-term liabilities	(8,334)	782
Total adjustments	(5,994)	10,333
Net cash provided by operating activities	34,265	59,189
Cash flows from investing activities:		
Proceeds from sales and disposals of long lived assets	2,640	7,906
Acquisitions of intangible assets	(321)	(175)
Additions to property, plant, and equipment	(37,528)	(46,596)
Acquisition of new businesses	(49,726)	(886)
Net cash used for investing activities	(84,935)	(39,751)
Cash flows from financing activities:		
Borrowings of debt	437,880	205,500
Principal payments on debt	(393,218)	(207,531)
Proceeds from exercise of stock options	5,315	4,039
Dividends paid	(3,617)	(3,589)
Excess tax benefits from share based compensation	74	360
Net cash provided by (used for) financing activities	46,434	(1,221)
Effect of exchange-rate changes on cash	2,740	427
Net (decrease) increase in cash and cash equivalents	(1,496)	18,644
Cash and cash equivalents at beginning of period	60,705	66,520
Cash and cash equivalents at end of period	\$ 59,209	\$ 85,164
Supplemental disclosure of investing activities:		
Fair value of assets acquired in current year acquisitions	\$ 55,504	\$ 3,128

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Additional consideration received on prior year acquisitions	(870)	(1,467)
Liabilities assumed from current year acquisitions	(2,969)	(775)
Gain on bargain purchase	(1,937)	-
Cash acquired	(2)	-
	\$ 49,726	\$ 886

See notes to condensed consolidated financial statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock
December 31, 2007	\$ 47,715	\$ 79,550	\$ 807,413	\$ 93,327	\$ (113,220)
Net earnings	-	-	109,390	-	-
Pension and postretirement adjustment, net	-	-	-	(87,313)	-
Foreign currency translation adjustments, net	-	-	-	(78,743)	-
Adjustment for SFAS No. 158 measurement date change, net	-	-	(2,494)	178	-
Dividends paid	-	-	(14,381)	-	-
Stock options exercised, net	188	6,050	-	-	5,439
Share-based compensation	-	9,278	-	-	4,385
Other	-	(378)	-	-	378
December 31, 2008	47,903	94,500	899,928	(72,551)	(103,018)
Net earnings	-	-	40,259	-	-
Pension and postretirement adjustments, net	-	-	-	(147)	-
Foreign currency translation adjustments, net	-	-	-	-	-