

CNH GLOBAL N V  
Form 6-K  
May 03, 2006

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**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the month of May 2006  
CNH GLOBAL N.V.  
(Translation of Registrant's Name Into English)  
World Trade Center  
Tower B, 10<sup>th</sup> Floor  
Amsterdam Airport  
The Netherlands  
(Address of Principal Executive Offices)**

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_.)

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**FOR IMMEDIATE RELEASE**

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*CNH Reports First Quarter 2006 Net Income of \$43 million, up \$28 million from the First Quarter 2005*

**n Strong customer response to new brand focus**

**n Equipment Operations first quarter margins higher**

**n Full-year 2006 outlook stronger, with an expected range of diluted EPS of \$1.30 to \$1.40**

LAKE FOREST, Illinois (May 2, 2006) CNH Global N.V. (NYSE:CNH) today reported first quarter 2006 net income of \$43 million, compared to net income of \$15 million in the first quarter of 2005. Results include restructuring charges, net of tax, of \$3 million in the first quarter of 2006, and \$4 million in the first quarter of 2005. First quarter diluted earnings per share were \$0.18, compared with \$0.06 in 2005. Before restructuring, net of tax, first quarter diluted earnings were \$0.20 per share, compared with \$0.08 in 2005.

Our results show that CNH's renewed focus on customers and dealers, through its new global brand structure implemented last year, is gaining traction, said Harold Boyanovsky, CNH president and chief executive officer. Our global brands organization Case IH and New Holland in agricultural equipment and Case and New Holland Construction in construction equipment is making an impact in the marketplace. We now expect our net sales of equipment for the full year will rise by about 5 to 10%.

We are particularly pleased by the 2 percentage point improvement in our Equipment Operations gross margin, Boyanovsky said. We are on track for another year of improved results.

Highlights for the quarter included the following:

Case IH launched 10 new models of its highest horsepower agricultural tractors, featuring new Tier 3 compliant engines and innovative fuel-savings options

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including high pressure fuel injection systems and AutoShift and Powershift transmissions.

New Holland introduced new models of its highest horsepower agricultural tractors with Tier 3 compliant engines.

Case Construction launched two models of crawler excavators with Tier 3 compliant engines.

New Holland Construction introduced a new line of five backhoe loaders and launched two new models of compact wheel loaders and new styling for its entire product offering.

Pricing, in the quarter, was higher than all economics and currency related cost increases, resulting in positive net recovery. Pricing was strongest in North America. Raw material cost increases are moderating, except for oil related commodities which are continuing to increase.

Research and development spending increased in the quarter from the same period in 2005, reflecting CNH's investments in quality and product differentiation.

Inventory levels at the end of the first quarter 2006, in terms of days supply, were the same as at the end of the first quarter last year.

CNH Equipment Operations \$500 million bond offering, completed in the quarter, is facilitating further repayment of debt to Fiat and debt guaranteed by Fiat.

**EQUIPMENT OPERATIONS – First Quarter Financial Results**

Net sales of equipment, comprising the company's agricultural and construction equipment businesses, were \$3.0 billion for the 2006 first quarter, compared to \$2.8 billion for the same period in 2005. Net of currency variations, net sales increased by 6% over the prior year's first quarter, including approximately 2% pricing.

**Agricultural Equipment Net Sales**

Agricultural equipment net sales were \$2.0 billion for the first quarter, essentially at the same level as the prior year, but up 2% excluding currency variations.

Excluding currency variations, sales in North America are up 7% and sales in Rest-of-World markets were up 14%, while sales in Western Europe declined by 4%. Excluding currency variations, sales in Latin America declined by 18% as the market for combines has continued to decline, more than anticipated.

Total retail unit sales of CNH's agricultural tractors and combines increased by approximately 11% compared to the first quarter last year. First quarter 2006 production of agricultural tractors and combines was approximately 23% higher than retail, following the company's normal seasonal pattern to increase company and dealer inventories in anticipation of the spring selling season.

**Construction Equipment Net Sales**

Net sales of construction equipment were approximately \$1.0 billion for the first quarter, an increase of 14% compared to approximately \$0.9 billion in the first quarter of last year, and up 16% excluding currency variations.

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Excluding currency variations, sales in North America were up 13%, in Latin America up 50%, in Rest-of-World markets up 40%, and in Western Europe sales were up 6%.

Total retail unit sales of CNH's major construction equipment products increased by approximately 21% compared to the first quarter last year. Production was higher than retail by approximately 13%.

**Gross Margin**

*Equipment Operations gross margin* (defined as net sales of equipment less cost of goods sold) for agricultural and construction equipment was \$488 million in the first quarter of 2006, compared to \$409 million in the first quarter of last year. As a percent of net sales, gross margin was 16.5% for the first quarter of 2006, up 2 percentage points from the first quarter of 2005.

Agricultural equipment gross margin increased in both dollars and as a percent of net sales compared to the prior year's first quarter. The improvement was more than accounted for by positive net pricing which was higher than currency and economics cost changes.

Construction equipment gross margin also increased in both dollars and as a percent of net sales. Higher volume, mix, positive net price recovery and manufacturing efficiencies contributed to the improvement.

**Industrial Operating Margin**

*Equipment Operations industrial operating margin* (defined as net sales of equipment, less cost of goods sold, SG&A and R&D costs) was \$154 million in the first quarter of 2006, or 5.2% of net sales, compared to \$99 million or 3.5% of net sales in the same period of 2005. The improvement was driven by the higher Equipment Operations gross margin, noted above. Increased investments in R&D to improve product quality and increase product differentiation by brand, were partial offsets to the gross margin improvement. SG&A remained constant as a percent of net sales. Currency variations related to SG&A costs were favorable.

**Adjusted EBITDA**

*Adjusted EBITDA for Equipment Operations* (defined as net income excluding net interest expense, income tax provision (benefit), depreciation and amortization and restructuring) was \$157 million for the quarter, or 5.3% of net sales, compared to \$130 million in the first quarter of 2005, or 4.6% of net sales. Interest coverage, on a last 12 months basis (defined as total adjusted EBITDA for the past 12 months divided by total net interest expense for the past 12 months) was 3.9 times for the period ending March 31, 2006, compared with 3.0 times for the similar period ending March 31, 2005.

**FINANCIAL SERVICES First Quarter Financial Results**

Financial Services operations reported net income of \$52 million, compared to \$49 million for the first quarter last year. In the first quarter of 2006, Financial Services in the U.S. closed a \$1.2 billion retail asset backed securitization (ABS) transaction. In

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the first quarter of 2005, Financial Services closed a \$1.4 billion ABS transaction. Financial Services recorded higher credit losses in the first quarter of 2006 than in the first quarter of 2005, primarily related to its operations in Brazil.

**NET DEBT AND OPERATING CASH FLOW**

*Equipment Operations Net Debt* (defined as total debt less cash and cash equivalents, deposits in Fiat affiliates cash management pools and intersegment notes receivables) was \$0.6 billion at March 31, 2006, compared to \$0.7 billion at December 31, 2005 and \$1.6 billion at March 31, 2005. Net debt to net capitalization was 10.8% at March 31, 2006, down from 12.5% at December 31, 2005. Net debt decreased in the quarter principally because of the \$122 million of cash generated by operating activities.

Cash generation was positive as improved net income and changes in accruals more than offset the small increase in working capital in the period. Working capital (defined as accounts and notes receivable, excluding inter-segment notes receivable, plus inventories less accounts payables), net of currency variations, increased by approximately \$80 million in the quarter, substantially less than the \$466 million increase in the first quarter of 2005. At incurred currency rates, working capital at March 31, 2006 was \$2.2 billion, compared to \$2.1 billion on December 31, 2005 and to \$2.8 billion on March 31, 2005.

*Financial Services Net Debt* increased by approximately \$240 million to \$4.0 billion at March 31, 2006 from December 31, 2005, reflecting increases in the receivables portfolio, mostly in North America.

**AGRICULTURAL EQUIPMENT MARKET OUTLOOK FOR 2006**

CNH believes that for the full year 2006, worldwide industry unit retail sales of agricultural tractors will be slightly higher than in 2005. Industry unit retail sales of under-40 horsepower tractors in North America are expected to be down 5 to 10% from the high levels of 2005. Sales of over-40 horsepower tractors in North America are expected to remain at about the same level as in 2005. Agricultural tractor markets in Western Europe and Latin America could be down as much as 5%, but tractor industry unit retail sales in Rest-of-World markets are now expected to be up from 10 to 15%.

Worldwide industry unit retail sales of combine harvesters may be down about 10%, with North America down about 5% and Western Europe and Rest-of-World Markets down 5 to 10%. Industry sales in Latin America could be down 30 to 35%, continuing the decline which started in the fourth quarter of 2004.

**CONSTRUCTION EQUIPMENT MARKET OUTLOOK FOR 2006**

CNH believes that for the full year 2006, worldwide industry unit retail sales of construction equipment will be stronger than in 2005. Worldwide industry unit retail sales of heavy construction equipment are expected to increase by 5 to 10%, led by

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increases of 10 to 15% in the North American and Rest-of-World markets. Industry unit sales in Western Europe and Latin America should be flat to perhaps down 5%.

Worldwide industry unit retail sales of light construction equipment also could be up 5 to 10%, with sales in North America, Latin America and Rest-of-World Markets all up 5 to 10%. In Western Europe, industry retail unit sales are expected to be flat to up as much as 5% compared with full year 2005.

**CNH OUTLOOK FOR 2006**

CNH expects that its net sales of equipment for the full year will increase in the range of 5 to 10%. Continuing pricing and ongoing margin improvements at Equipment Operations will drive better results. Profitability at Financial Services is expected to be up slightly compared with 2005 results. Results of CNH's joint ventures are expected to remain in line with 2005. The benefit of the improvement at Equipment Operations will be partially offset by an increase in CNH's effective tax rate, as previously stated.

CNH anticipates that 2006 diluted earnings per share, before restructuring, net of tax, should be in the range of \$1.30 to \$1.40, compared with \$0.95 for the full year 2005.

Full-year restructuring costs, net of tax, are expected to be slightly higher than in 2005, as CNH recognizes the balance of the costs related to the planned manufacturing rationalization in Europe.

The company's previously announced \$120 million contribution to its U.S. defined benefit pension plan was made in April, 2006. After considering this contribution, Equipment Operations expects to generate cash and to use that cash to further reduce its net debt by approximately \$250 million, as compared with year-end 2005 levels.

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CNH management will hold a conference call later today to review its first quarter results. The conference call Webcast will begin at approximately 10:00 a.m. U.S. Eastern Time. This call can be accessed through the investor information section of the company's Web site at [www.cnh.com](http://www.cnh.com) and is being carried by CCBN.

CNH Case New Holland is a world leader in the agricultural and construction equipment businesses. Supported by more than 11,000 dealers in 160 countries, CNH brings together the knowledge and heritage of its Case and New Holland brand families with the strength and resources of its worldwide commercial, industrial, product support and finance organizations. More information about CNH and its Case and New Holland products can be found online at [www.cnh.com](http://www.cnh.com).

Forward looking statements. This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this press release, including statements regarding our competitive strengths, business strategy, future financial position, budgets, projected costs and plans and objectives of management, are forward-looking statements. These statements may

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include terminology such as may, will, expect, , could , should, intend, estimate, anticipate, believe, remain, on track, goal, or similar terminology.

Our outlook is predominantly based on our interpretation of what we consider key economic assumptions and involves risks and uncertainties that could cause actual results to differ. Crop production and commodity prices are strongly affected by weather and can fluctuate significantly. Housing starts and other construction activity are sensitive to interest rates and government spending. Some of the other significant factors for us include general economic and capital market conditions, the cyclical nature of our business, customer buying patterns and preferences, foreign currency exchange rate movements, our hedging practices, our and our customers' access to credit, actions by rating agencies concerning the ratings on our debt and asset backed securities and the ratings of Fiat S.p.A., risks related to our relationship with Fiat S.p.A., political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), technological difficulties, results of our research and development activities, changes in environmental laws, employee and labor relations, pension and health care costs, relations with and the financial strength of dealers, the cost and availability of supplies from our suppliers, raw material costs and availability, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm programs and consumer confidence, housing starts and construction activity, concerns related to modified organisms and fuel and fertilizer costs. Additionally, our achievement of the anticipated benefits of our profit improvement initiatives depends upon, among other things, industry volumes as well as our ability to effectively rationalize our operations and to execute our brand strategy. Further information concerning factors that could significantly affect expected results is included in our Form 20-F for the year ended December 31, 2005.

We can give no assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by the factors we disclose that could cause our actual results to differ materially from our expectations. We undertake no obligation to update or revise publicly any forward-looking statements.



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**CNH Global N.V.**  
**Estimates of Worldwide Retail Industry Unit Sales Performance (1)**

	<b>Worldwide 06 B(W)</b>	<b>N.A. 06 B(W)</b>	<b>W.E 06 B(W)</b>	<b>L.A. 06 B(W)</b>	<b>ROW 06 B(W)</b>
<b>First Quarter 2006 Industry Unit Sales Preliminary Estimate Compared with First Quarter 2005 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	3%	n/a	n/a	n/a
- Over 40 horsepower	n/a	4%	n/a	n/a	n/a
Total Tractors	14%	4%	2%	(4)%	33%
Combine Harvesters	(12)%	9%	(12)%	(37)%	4%
Total Tractors and Combines	13%	4%	1%	(8)%	32%

**Construction Equipment:**

## Light Construction Equipment:

Tractor Loaders & Backhoes	6%	(1)%	(11)%	13%	25%
Skid Steer Loaders	5%	2%	(6)%	77%	27%
Other Light Equipment	16%	47%	8%	29%	9%
Total Light Equipment	11%	15%	4%	27%	14%
Total Heavy Equipment	14%	25%	(4)%	17%	16%
Total Light & Heavy Equipment	12%	18%	2%	21%	15%

**Second Quarter 2006 Industry Unit Sales Forecast Compared with Second Quarter 2005 Actual****Agricultural Equipment:**

Agricultural Tractors	0-5%	(0-5)%	~(5)%	FLAT	~20%
Combine Harvesters	~(10)%	(10-15)%	(0-5)%	(35-40)%	(5-10)%

**Construction Equipment:**

Total Light Equipment	5-10%	10-15%	0-5%	10-15%	5-10%
Total Heavy Equipment	5-10%	5-10%	0-5%	(0-5)%	10-15%

**Full Year 2006 Industry Unit Sales Forecast Compared with Full Year 2005 Estimated Actual****Agricultural Equipment:**

Agricultural Tractors	0-5%	(0-5)%	(0-5)%	(0-5)%	10-15%
Combine Harvesters	~(10)%	~(5)%	(5-10)%	(30-35)%	(5-10)%

**Construction Equipment:**

Total Light Equipment	5-10%	5-10%	0-5%	5-10%	5-10%
Total Heavy Equipment	5-10%	10-15%	(0-5)%	(0-5)%	10-15%

(1) Excluding  
India

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**CNH Global N.V.**  
**Estimates of 2005 Worldwide Retail Industry Unit Sales Performance<sup>(1)</sup>**

	Worldwide 05 B(W)	N.A. 05 B(W)	W.E 05 B(W)	L.A. 05 B(W)	ROW 05 B(W)
<b>1st Qtr 05 Industry Unit Sales Revised Estimate Compared with 1st Qtr 04 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	0%	n/a	n/a	n/a
- Over 40 horsepower	n/a	14%	n/a	n/a	n/a
Total Tractors	5%	6%	(2)%	(3)%	12%
Combine Harvesters	(16)%	39%	9%	(55)%	28%
Total Tractors and Combines	5%	7%	(1)%	(16)%	12%
<b>Construction Equipment:</b>					
Light Construction Equipment:					
Tractor Loaders & Backhoes	28%	23%	6%	79%	42%
Skid Steer Loaders	6%	4%	26%	4%	3%
Other Light Equipment	20%	50%	16%	29%	12%
Total Light Equipment	17%	18%	16%	53%	16%
Total Heavy Equipment	0%	20%	12%	33%	(16)%
Total Light & Heavy Equipment	10%	19%	14%	42%	(3)%
<b>2nd Qtr 05 Industry Unit Sales Revised Estimate Compared with 2nd Qtr 04 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	(7)%	n/a	n/a	n/a
- Over 40 horsepower	n/a	7%	n/a	n/a	n/a
Total Tractors	4%	(2)%	(3)%	(21)%	25%
Combine Harvesters	(9)%	2%	9%	(66)%	18%
Total Tractors and Combines	3%	(2)%	(2)%	(27)%	25%
<b>Construction Equipment:</b>					
Light Construction Equipment:					
Tractor Loaders & Backhoes	15%	5%	8%	63%	28%
Skid Steer Loaders	3%	(5)%	10%	74%	39%
Other Light Equipment	22%	38%	14%	122%	26%
Total Light Equipment	15%	8%	13%	69%	28%
Total Heavy Equipment	13%	21%	(1)%	44%	12%
Total Light & Heavy Equipment	14%	12%	9%	54%	19%
<b>3rd Qtr 05 Industry Unit Sales Revised Estimate Compared with 3rd Qtr 04 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	(7)%	n/a	n/a	n/a
- Over 40 horsepower	n/a	3%	n/a	n/a	n/a
Total Tractors	10%	(3)%	(9)%	(26)%	46%
Combine Harvesters	(12)%	2%	4%	(68)%	44%
Total Tractors and Combines	9%	(3)%	(8)%	(31)%	46%

**Construction Equipment:**

Light Construction Equipment:

Tractor Loaders & Backhoes	12%	11%	(16)%	21%	31%
Skid Steer Loaders	9%	9%	(11)%	44%	28%
Other Light Equipment	15%	38%	5%	58%	15%
Total Light Equipment	13%	18%	0%	30%	20%
Total Heavy Equipment	13%	13%	(1)%	15%	19%
Total Light & Heavy Equipment	13%	16%	0%	21%	20%

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**CNH Global N.V.**  
**Estimates of 2005 Worldwide Retail Industry Unit Sales Performance<sup>(1)</sup>**

	Worldwide 05 B(W)	N.A. 05 B(W)	W.E 05 B(W)	L.A. 05 B(W)	ROW 05 B(W)
<b>4th Qtr 05 Industry Unit Sales Revised Estimate Compared with 4th Qtr 04 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	5%	n/a	n/a	n/a
- Over 40 horsepower	n/a	(2)%	n/a	n/a	n/a
Total Tractors	12%	1%	(11)%	(20)%	60%
Combine Harvesters	(19)%	(14)%	20%	(45)%	(12)%
Total Tractors and Combines	11%	1%	(11)%	(23)%	58%
<b>Construction Equipment:</b>					
Light Construction Equipment:					
Tractor Loaders & Backhoes	10%	20%	0%	41%	22%
Skid Steer Loaders	0%	(1)%	11%	6%	(3)%
Other Light Equipment	14%	32%	0%	16%	21%
Total Light Equipment	9%	7%	2%	28%	18%
Total Heavy Equipment	7%	8%	(5)%	0%	15%
Total Light & Heavy Equipment	8%	7%	0%	12%	17%
<b>Full Year 2005 Industry Unit Sales Revised Estimate Compared with Full Year 2004 Actual</b>					
<b>Agricultural Equipment:</b>					
Agricultural Tractors:					
- Under 40 horsepower	n/a	(4)%	n/a	n/a	n/a
- Over 40 horsepower	n/a	5%	n/a	n/a	n/a
Total Tractors	8%	0%	(6)%	(19)%	34%
Combine Harvesters	(14)%	1%	10%	(58)%	19%
Total Tractors and Combines	7%	0%	(6)%	(25)%	34%
<b>Construction Equipment:</b>					
Light Construction Equipment:					
Tractor Loaders & Backhoes	15%	9%	(1)%	47%	30%
Skid Steer Loaders	4%	1%	8%	32%	16%
Other Light Equipment	18%	39%	9%	45%	18%
Total Light Equipment	13%	12%	8%	43%	20%
Total Heavy Equipment	8%	15%	1%	21%	5%
Total Light & Heavy Equipment	11%	13%	6%	30%	13%

<sup>(1)</sup> Excluding  
India

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**CNH Global N.V.**  
**Revenues and Net Sales**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>2006</b>	<b>2005</b>	
	<b>March 31,</b>		
	<b>(In Millions)</b>		
Revenues:			
Net sales			
Agricultural equipment	\$ 1,935	\$ 1,931	
Construction equipment	1,015	892	14%
Total net sales	2,950	2,823	4%
Financial services	223	187	19%
Eliminations and other	(12)	(7)	
Total revenues	\$ 3,161	\$ 3,003	5%
Net sales:			
North America	\$ 1,434	\$ 1,300	10%
Western Europe	833	924	(10%)
Latin America	229	200	15%
Rest of World	454	399	14%
Total net sales	\$ 2,950	\$ 2,823	4%

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**CNH GLOBAL N.V.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
AND SUPPLEMENTAL INFORMATION  
(Unaudited)**

<b>CONSOLIDATED Three Months Ended March 31,</b>	<b>EQUIPMENT OPERATIONS Three Months Ended March 31,</b>	<b>FINANCIAL SERVICES Three Months Ended</b>
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