

SMITH A O CORP
Form 10-Q
August 04, 2009
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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 1-475

A. O. Smith Corporation

(Exact name of registrant as specified in its charter)

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(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	39-0619790 (I.R.S. Employer Identification No.)
11270 West Park Place, Milwaukee, Wisconsin (Address of principal executive office)	53224-9508 (Zip Code)
(414)359-4000	

(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 (§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 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 Act.) Yes No

Class A Common Stock Outstanding as of July 31, 2009 5,572,735 shares

Common Stock Outstanding as of July 31, 2009 24,582,874 shares

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A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Three and Six Months ended June 30, 2009 and 2008

(dollars in millions, except for per share data)

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Water Products	\$ 337.1	\$ 380.8	\$ 676.1	\$ 732.9
Electrical Products	162.4	242.4	306.1	462.9
Inter-segment sales	(0.8)	(1.1)	(1.8)	(2.2)
Net Sales	498.7	622.1	980.4	1,193.6
Cost of products sold	376.3	480.6	756.5	919.5
Gross Profit	122.4	141.5	223.9	274.1
Selling, general and administrative expenses	88.6	94.4	173.3	188.5
Restructuring and other charges		1.2	1.5	5.7
Interest expense	3.1	5.3	6.3	10.9
Other (income)/expense - net	0.7	(0.1)	1.5	(0.4)
	30.0	40.7	41.3	69.4
Provision for income taxes	6.1	9.5	8.8	17.0
Earnings before equity loss in joint venture and discontinued operations	23.9	31.2	32.5	52.4
Equity loss in joint venture	(0.2)	(0.1)	(0.2)	(0.2)
Earnings from continuing operations	23.7	31.1	32.3	52.2
Discontinued SICO operations		0.2		0.3
Net earnings	23.7	31.3	32.3	52.5
Less: Net earnings attributable to noncontrolling interest	(2.4)	(21.8)	(8.3)	(36.6)
Net earnings attributable to A. O. Smith Corporation	\$ 21.3	\$ 9.5	\$ 24.0	\$ 15.9
Earnings per Common Share				
Basic				
Before discontinued operations	\$ 0.85	\$ 0.98	\$ 1.38	\$ 1.64
Discontinued operations		0.02		0.03
Net	\$ 0.85	\$ 1.00	\$ 1.38	\$ 1.67
Diluted				

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Before discontinued operations	\$ 0.84	\$ 0.98	\$ 1.38	\$ 1.64
Discontinued operations		0.02		0.03
Net	\$ 0.84	\$ 1.00	\$ 1.38	\$ 1.67
Dividends to A. O. Smith Shareholders	\$ 0.19	\$ 0.18	\$ 0.38	\$ 0.36

See accompanying notes to unaudited condensed consolidated financial statements

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A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2009 and December 31, 2008

(dollars in millions)

	(unaudited) June 30, 2009	December 31, 2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 53.5	\$ 35.3
Receivables	370.6	363.5
Inventories	226.0	282.0
Deferred income taxes	41.4	64.2
Other current assets	26.0	46.6
Current assets - discontinued SICO operations		31.9
Total Current Assets	717.5	823.5
Property, plant and equipment	994.0	980.7
Less accumulated depreciation	585.0	561.6
Net property, plant and equipment	409.0	419.1
Goodwill	507.6	505.1
Other intangibles	77.8	78.3
Deferred income taxes	41.1	52.3
Other assets	38.8	50.4
Total Assets	\$ 1,791.8	\$ 1,928.7
Liabilities		
Current Liabilities		
Trade payables	\$ 246.1	\$ 274.8
Accrued payroll and benefits	36.8	44.1
Derivative contracts liability	15.7	73.0
Accrued liabilities	54.0	61.9
Product warranties	38.1	40.2
Long-term debt due within one year	21.1	17.5
Current liabilities - discontinued SICO operations		3.3
Total Current Liabilities	411.8	514.8
Long-term debt	272.3	317.3
Pension liabilities	250.2	264.0
Other liabilities	153.9	156.8
Total Liabilities	1,088.2	1,252.9
Redeemable Stock		12.6
Stockholders Equity		

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Class A Common Stock, \$5 par value: authorized 14,000,000 shares; issued 5,818,107 and 8,067,252	29.1	40.3
Common Stock, \$1 par value: authorized 60,000,000 shares; issued 26,588,453 and 1,559,076	26.6	1.6
Capital in excess of par value	655.7	(41.6)
Retained earnings	319.9	316.1
Accumulated other comprehensive loss	(243.4)	(89.8)
Treasury stock at cost	(84.3)	
Noncontrolling interest		436.6
Total Stockholders Equity	703.6	663.2
Total Liabilities and Stockholders Equity	\$ 1,791.8	\$ 1,928.7

See accompanying notes to unaudited condensed consolidated financial statements

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A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six Months ended June 30, 2009 and 2008

(dollars in millions)

(unaudited)

	Six Months Ended June 30	
	2009	2008
Continuing		
Operating Activities		
Earnings from continuing operations	\$ 32.3	\$ 52.2
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	33.5	33.6
Net changes in operating assets and liabilities, net of acquisitions:		
Current assets and liabilities	31.4	(67.0)
Noncurrent assets and liabilities	(3.9)	(0.9)
Other	0.3	2.4
Cash Provided by Operating Activities	93.6	20.3
Investing Activities		
Capital expenditures	(21.6)	(25.4)
Net cash distributed with spin-off of discontinued businesses	(7.1)	
Acquisition of business	(0.4)	
Proceeds from sale of restricted marketable securities	8.9	12.0
Cash Used in Investing Activities	(20.2)	(13.4)
Financing Activities		
Long-term debt repaid	(45.6)	(11.6)
Dividends paid	(9.6)	(9.2)