

LENNOX INTERNATIONAL INC
Form 10-Q
April 22, 2013

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 MARCH 31, 2013
Commission file number 001-15149

LENNOX INTERNATIONAL INC.
Incorporated pursuant to the Laws of the State of DELAWARE

Internal Revenue Service Employer Identification No. 42-0991521
2140 LAKE PARK BLVD., RICHARDSON, TEXAS, 75080
(972-497-5000)

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 Securities Exchange Act of 1934.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of April 18, 2013, the number of shares outstanding of the registrant's common stock, par value \$.01 per share, was 50,392,316.

LENNOX INTERNATIONAL INC.
FORM 10-Q
For the Three Months Ended March 31, 2013

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Part I - Financial Information

Item 1. Financial Statements

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except shares and par value)

	As of March 31, 2013 (unaudited)	As of December 31, 2012	
ASSETS			
Current assets:			
Cash and cash equivalents	\$34.9	\$51.8	
Accounts and notes receivable, net of allowances of \$10.0 and \$9.5 in 2013 and 2012, respectively	407.0	373.4	
Inventories, net	464.3	374.8	
Deferred income taxes, net	29.7	27.5	
Other assets	68.2	61.0	
Assets of discontinued operations	—	98.6	
Total current assets	1,004.1	987.1	
Property, plant and equipment, net of accumulated depreciation of \$593.0 and \$584.8 in 2013 and 2012, respectively	295.1	298.2	
Goodwill	223.4	223.8	
Deferred income taxes	109.9	102.8	
Other assets, net	81.6	80.0	
Total assets	\$1,714.1	\$1,691.9	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Short-term debt	\$26.0	\$34.9	
Current maturities of long-term debt	0.6	0.7	
Accounts payable	312.4	284.7	
Accrued expenses	222.6	259.6	
Income taxes payable	0.8	4.5	
Liabilities of discontinued operations	—	55.2	
Total current liabilities	562.4	639.6	
Long-term debt	489.8	351.0	
Post-retirement benefits, other than pensions	5.8	6.1	
Pensions	135.7	134.4	
Other liabilities	68.4	64.0	
Total liabilities	1,262.1	1,195.1	
Commitments and contingencies			
Stockholders' equity			
Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	—	—	
Common stock, \$.01 par value, 200,000,000 shares authorized, 87,170,197 shares issued	0.9	0.9	
Additional paid-in capital	906.7	898.3	
Retained earnings	742.4	744.4	
Accumulated other comprehensive loss	(71.6) (22.3)
Treasury stock, at cost, 36,785,644 shares and 36,937,632 shares for 2013 and 2012, respectively	(1,126.4) (1,124.5)

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Total stockholders' equity	452.0	496.8
Total liabilities and stockholders' equity	\$1,714.1	\$1,691.9

The accompanying notes are an integral part of these consolidated financial statements.

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LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in millions, except per share data)

	For the Three Months Ended March 31,	
	2013	2012
Net sales	\$668.4	\$614.4
Cost of goods sold	506.4	473.5
Gross profit	162.0	140.9
Operating expenses:		
Selling, general and administrative expenses	135.6	123.2
Losses (gains) and other expenses, net	1.1	(1.4)
Restructuring charges	0.5	2.6
Income from equity method investments	(3.1)	(2.4)
Operational income from continuing operations	27.9	18.9
Interest expense, net	3.4	4.7
Other expense, net	0.1	—
Income from continuing operations before income taxes	24.4	14.2
Provision for income taxes	8.6	4.9
Income from continuing operations	15.8	9.3
Discontinued operations:		
Loss from discontinued operations	(13.4)	(23.5)
Benefit from income taxes	(5.6)	(8.1)
Loss from discontinued operations	(7.8)	(15.4)
Net income (loss)	\$8.0	\$(6.1)
Earnings per share – Basic:		
Income from continuing operations	\$0.32	\$0.18
Loss from discontinued operations	(0.16)	(0.30)
Net income (loss)	\$0.16	\$(0.12)
Earnings per share – Diluted:		
Income from continuing operations	\$0.31	\$0.18
Loss from discontinued operations	(0.15)	(0.30)
Net income (loss)	\$0.16	\$(0.12)
Average shares outstanding:		
Basic	50.3	50.9
Diluted	51.0	50.9
Cash dividends declared per share	\$0.20	\$0.18

The accompanying notes are an integral part of these consolidated financial statements.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in millions)