

ESTERLINE TECHNOLOGIES CORP  
Form 10-Q  
June 01, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 27, 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 1-6357

ESTERLINE TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other Jurisdiction)

13-2595091  
(I.R.S. Employer

of incorporation or organization)

Identification No.)

500 108th Avenue N.E., Bellevue, Washington 98004

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code 425/453-9400

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  X  No \_\_\_\_\_

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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, 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. (Check one):

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

As of May 29, 2012, 30,810,727 shares of the issuer's common stock were outstanding.

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**PART I FINANCIAL INFORMATION**
**Item 1. Financial Statements**

## ESTERLINE TECHNOLOGIES CORPORATION

## CONSOLIDATED BALANCE SHEET

As of April 27, 2012 and October 28, 2011

(In thousands, except share amounts)

<u>ASSETS</u>	April 27, 2012 (Unaudited)	October 28, 2011
Current Assets		
Cash and cash equivalents	\$ 191,095	\$ 185,035
Cash in escrow	5,012	5,011
Accounts receivable, net of allowances of \$9,622 and \$7,063	361,304	369,826
Inventories		
Raw materials and purchased parts	141,058	130,445
Work in process	179,686	187,922
Finished goods	93,111	84,181
	413,855	402,548
Income tax refundable	6,226	2,857
Deferred income tax benefits	49,199	48,251
Prepaid expenses	25,065	19,245
Other current assets	5,128	6,540
Total Current Assets	1,056,884	1,039,313
Property, Plant and Equipment	688,531	669,920
Accumulated depreciation	324,974	301,504
	363,557	368,416
Other Non-Current Assets		
Goodwill	1,141,347	1,163,725
Intangibles, net	652,457	693,915
Debt issuance costs, net of accumulated amortization of \$3,638 and \$2,700	9,757	10,695
Deferred income tax benefits	83,381	79,605
Other assets	20,175	22,917
	\$ 3,327,558	\$ 3,378,586

## ESTERLINE TECHNOLOGIES CORPORATION

## CONSOLIDATED BALANCE SHEET

As of April 27, 2012 and October 28, 2011

(In thousands, except share amounts)

<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>	April 27, 2012 (Unaudited)	October 28, 2011
Current Liabilities		
Accounts payable	\$ 114,386	\$ 119,888
Accrued liabilities	259,168	270,422
Credit facilities	0	5,000
Current maturities of long-term debt	13,139	11,595
Deferred income tax liabilities	5,095	9,538
Federal and foreign income taxes	11,829	1,918
Total Current Liabilities	403,617	418,361
Long-Term Liabilities		
Credit facilities	300,000	360,000
Long-term debt, net of current maturities	660,935	660,028
Deferred income tax liabilities	228,603	238,709
Pension and post-retirement obligations	103,054	107,877
Other liabilities	13,809	19,693
Shareholders Equity		
Common stock, par value \$.20 per share, authorized 60,000,000 shares, issued and outstanding 30,694,290 and 30,613,448 shares	6,139	6,123
Additional paid-in capital	561,332	551,703
Retained earnings	1,075,800	1,007,821
Accumulated other comprehensive loss	(35,933)	(2,812)
Total Esterline shareholders equity	1,607,338	1,562,835
Noncontrolling interests	10,202	11,083
Total Shareholders Equity	1,617,540	1,573,918
	\$ 3,327,558	\$ 3,378,586

## ESTERLINE TECHNOLOGIES CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS

For the Three and Six Month Periods Ended April 27, 2012 and April 29, 2011

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	April 27, 2012	April 29, 2011	April 27, 2012	April 29, 2011
Net Sales	\$ 504,831	\$ 435,277	\$ 975,713	\$ 806,076
Cost of Sales	320,308	274,330	633,109	513,007
	184,523	160,947	342,604	293,069
Expenses				
Selling, general & administrative	98,950	72,409	193,647	138,501
Research, development & engineering	29,545	21,251	55,940	40,870
Gain on settlement of contingency	(11,891)	0	(11,891)	0
Total Expenses	116,604	93,660	237,696	179,371
Operating Earnings from Continuing Operations	67,919	67,287	104,908	113,698
Interest income	(116)	(430)	(211)	(770)
Interest expense	11,484	8,958	23,012	18,095
Loss on extinguishment of debt	0	831	0	831
Income from Continuing Operations Before Income Taxes	56,551	57,928	82,107	95,542
Income Tax Expense	11,138	11,848	13,714	19,502
Income from Continuing Operations Including Noncontrolling Interests	45,413	46,080	68,393	76,040
Income Attributable to Noncontrolling Interests	(222)	(129)	(414)	(106)
Income from Continuing Operations Attributable to Esterline	45,191	45,951	67,979	75,934
Loss from Discontinued Operations Attributable to Esterline, Net of Tax	0	(37)	0	(29)
Net Earnings Attributable to Esterline	\$ 45,191	\$ 45,914	\$ 67,979	\$ 75,905
Earnings Per Share Attributable to Esterline Basic: Continuing operations	\$ 1.47	\$ 1.51	\$ 2.22	\$ 2.50

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Discontinued operations		.00		.00		.00		.00
Earnings Per Share Attributable to Esterline Basic	\$	1.47	\$	1.51	\$	2.22	\$	2.50
Earnings Per Share Attributable to Esterline Diluted:								
Continuing operations	\$	1.44	\$	1.47	\$	2.18	\$	2.44
Discontinued operations		.00		.00		.00		.00
Earnings Per Share Attributable to Esterline Diluted	\$	1.44	\$	1.47	\$	2.18	\$	2.44

ESTERLINE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Month Periods Ended April 27, 2012 and April 29, 2011

(Unaudited)

(In thousands)

	Six Months Ended	
	April 27, 2012	April 29, 2011
Cash Flows Provided (Used) by Operating Activities		
Net earnings including noncontrolling interests	\$	68,393