

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP
Form 10-Q
October 29, 2015

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 September 30, 2015

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: 033-90866

WESTINGHOUSE AIR BRAKE TECHNOLOGIES
CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 25-1615902
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

1001 Air Brake Avenue 15148
Wilmerding, PA (Zip code)
(Address of principal executive offices)

412-825-1000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 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 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.

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Class

Outstanding at October 26, 2015

Common Stock, \$.01 par value per share

96,478,074 shares

WESTINGHOUSE AIR BRAKE
TECHNOLOGIES CORPORATION
September 30, 2015
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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

| In thousands, except shares and par value | Unaudited September 30, 2015 | December 31, 2014 |
|---|------------------------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$208,241 | \$425,849 |
| Accounts receivable | 474,213 | 443,464 |
| Unbilled accounts receivable | 151,131 | 187,762 |
| Inventories | 517,486 | 510,949 |
| Deposit in escrow | 209,128 | — |
| Deferred income taxes | 46,025 | 43,953 |
| Other | 43,867 | 25,887 |
| Total current assets | 1,650,091 | 1,637,864 |
| Property, plant and equipment | 707,925 | 683,034 |
| Accumulated depreciation | (356,691) | (343,923) |
| Property, plant and equipment, net | 351,234 | 339,111 |
| Other Assets | | |
| Goodwill | 852,995 | 862,338 |
| Other intangibles, net | 436,991 | 422,811 |
| Other noncurrent assets | 34,771 | 41,717 |
| Total other assets | 1,324,757 | 1,326,866 |
| Total Assets | \$3,326,082 | \$3,303,841 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | \$319,225 | \$399,845 |
| Customer deposits | 106,889 | 111,797 |
| Accrued compensation | 71,478 | 70,857 |
| Accrued warranty | 72,693 | 68,031 |
| Current portion of long-term debt | 430 | 792 |
| Other accrued liabilities | 83,934 | 87,480 |
| Total current liabilities | 654,649 | 738,802 |
| Long-term debt | 450,589 | 520,403 |
| Accrued postretirement and pension benefits | 78,437 | 81,908 |
| Deferred income taxes | 113,758 | 112,915 |
| Accrued warranty | 22,257 | 19,818 |
| Other long-term liabilities | 20,951 | 21,697 |
| Total liabilities | 1,340,641 | 1,495,543 |
| Shareholders' Equity | | |
| Preferred stock, 1,000,000 shares authorized, no shares issued | — | — |
| Common stock, \$.01 par value; 200,000,000 shares authorized: 132,349,534 shares issued and 96,478,074 and 96,274,395 outstanding at September 30, 2015 and December 31, 2014, respectively | 1,323 | 1,323 |
| Additional paid-in capital | 463,151 | 448,531 |
| Treasury stock, at cost, 35,871,460 and 36,075,139 shares, at at September 30, 2015 and December 31, 2014, respectively | (409,792) | (392,262) |

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| | | |
|--|-------------|-------------|
| Retained earnings | 2,186,673 | 1,909,136 |
| Accumulated other comprehensive loss | (257,208) | (159,486) |
| Total Westinghouse Air Brake Technologies Corporation shareholders' equity | 1,984,147 | 1,807,242 |
| Non-controlling interest (minority interest) | 1,294 | 1,056 |
| Total shareholders' equity | 1,985,441 | 1,808,298 |
| Total Liabilities and Shareholders' Equity | \$3,326,082 | \$3,303,841 |

The accompanying notes are an integral part of these statements.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| In thousands, except per share data | Unaudited Three Months Ended September 30, | | Unaudited Nine Months Ended September 30, | |
|-------------------------------------|--|------------|---|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | \$ 809,527 | \$ 797,271 | \$ 2,475,149 | \$ 2,223,588 |
| Cost of sales | (552,458) | (549,813) | (1,694,961) | (1,541,903) |
| Gross profit | 257,069 | | | |