

Rexnord Corp
Form 10-Q
February 11, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark one)

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

For the fiscal quarter ended December 29, 2012

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: 001-35475

REXNORD CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

20-5197013

(State or Other Jurisdiction of Incorporation or
Organization)

(I.R.S. Employer Identification No.)

4701 West Greenfield Avenue, Milwaukee,
Wisconsin

53214

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (414) 643-3739

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 checkmark 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 (§229.405 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 Smaller reporting company

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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2013
Rexnord Corporation Common Stock, \$0.01 par value per share	97,072,190 shares

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Private Securities Litigation Reform Act Safe Harbor Statement

Our disclosure and analysis in this report concerning our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business and the realization of sales from our backlog, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates” and similar expressions are forward-looking statements. Although these statements are based upon reasonable assumptions, including projections of orders, sales, operating margins, earnings, cash flows, research and development costs, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in our Annual Report on Form

10-K for the year ended March 31, 2012 in Part I, Item 1A, “Risk Factors” and in Part I under the heading “Cautionary Notice Regarding Forward-Looking Statements.” Additionally, we have announced that our Board of Directors is undertaking an evaluation of strategic alternatives for the Company; the alternatives to be considered could include the possible sale of the Company, the possible sale of one or both of its business platforms or the maintenance of the current structure and execution of the existing business strategy. Further risks and uncertainties include, but are not limited to uncertainty regarding the complexity or length of the process, the possibility that the Company will not enter into any transaction, the potential that the process will distract the Company's Board of Directors and management from the Company's business, the potential that the Company will incur significant expenses in unsuccessfully pursuing one or more transactions, the risk that the process will impair relationships with partners, suppliers and employees, the risk that announcements regarding the process will cause a decline in the Company's stock price, and the risk of claims or other litigation arising from the pursuit of one or more transactions. Accordingly, we can give no assurance that we will achieve the results anticipated or implied by our forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

General

Unless otherwise indicated, the information contained in this report reflects that each share of common stock outstanding immediately prior to the Company's March 19, 2012 4.1627-for-one stock split has been split into 4.1627 shares of common stock. In addition, 27,236,842 shares of common stock were issued in connection with our initial public offering, which closed on April 3, 2012.

Our fiscal year is the year ending March 31 of the corresponding calendar year. For example, our fiscal year 2013, or fiscal 2013, means the period from April 1, 2012 to March 31, 2013 and the third quarters of fiscal 2013 and 2012 mean the fiscal quarters ended December 29, 2012 and December 31, 2011, respectively.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Rexnord Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(in Millions, except share amounts)
(Unaudited)

	December 29, 2012	March 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$452.5	\$298.0
Receivables, net	295.9	337.9
Inventories, net	356.9	320.3
Other current assets	49.8	62.1
Total current assets	1,155.1	1,018.3
Property, plant and equipment, net	412.5	419.2
Intangible assets, net	627.3	647.1
Goodwill	1,121.2	1,114.7
Insurance for asbestos claims	42.0	42.0
Other assets	48.8	49.6
Total assets	\$3,406.9	\$3,290.9
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Current maturities of debt	\$21.9	\$10.3
Trade payables	180.3	215.6
Compensation and benefits	52.8	61.8
Current portion of pension and postretirement benefit obligations	6.4	6.3
Interest payable	19.9	49.9
Other current liabilities	132.5	124.7
Total current liabilities	413.8	468.6
Long-term debt	2,115.4	2,413.4
Pension and postretirement benefit obligations	149.7	160.5
Deferred income taxes	226.8	245.7
Reserve for asbestos claims	42.0	42.0
Other liabilities	34.6	41.5
Total liabilities	2,982.3	3,371.7
Stockholders' equity (deficit):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 200,000,000 shares authorized; shares issued: 97,970,674 at December 29, 2012 and 67,741,271 at March 31, 2012	1.0	0.7
Additional paid-in capital	781.4	298.6
Retained deficit	(335.4) (361.6
Accumulated other comprehensive loss	(16.1) (11.3
Treasury stock at cost; 900,904 shares at December 29, 2012 and March 31, 2012	(6.3) (6.3

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Total Rexnord stockholders' equity (deficit)	424.6	(79.9)
Non-controlling interest	—	(0.9)
Total stockholders' equity (deficit)	424.6	(80.8)
Total liabilities and stockholders' equity (deficit)	\$3,406.9	\$3,290.9	

See notes to the condensed consolidated financial statements.

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Rexnord Corporation and Subsidiaries
 Condensed Consolidated Statements of Operations
 (in Millions, except share and per share amounts)
 (Unaudited)

	Third Quarter Ended		Nine Months Ended	
	December 29, 2012	December 31, 2011	December 29, 2012	December 31, 2011
Net sales	\$471.7	\$485.9	\$1,464.8	\$1,404.1
Cost of sales	303.8	321.4	931.6	914.3
Gross profit	167.9	164.5	533.2	489.8