

CARLISLE COMPANIES INC  
Form 10-Q  
October 21, 2015

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

(Mark One)

**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.**

**Commission file number 1-9278**

## **CARLISLE COMPANIES INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**31-1168055**  
(I.R.S. Employer Identification No.)

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11605 North Community House Road, Suite 600, Charlotte, North Carolina 28277  
(Address of principal executive office, including zip code)

(704) 501-1100  
(Telephone Number)

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

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

Shares of common stock outstanding at October 16, 2015: 65,005,401

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## Item 1. Financial Statements

## Carlisle Companies Incorporated

## Unaudited Condensed Consolidated Statements of Earnings and Comprehensive Income

(in millions except share and per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 973.1	\$ 904.1	\$ 2,667.0	\$ 2,414.0
Cost of goods sold	677.6	667.0	1,913.1	1,790.2
Selling and administrative expenses	121.7	94.4	345.4	282.0
Research and development expenses	11.3	8.6	31.0	25.0
Other expense (income), net	0.7	0.1	1.3	(2.5)
Earnings before interest and income taxes	161.8	134.0	376.2	319.3
Interest expense, net	8.7	7.7	25.6	23.8
Earnings before income taxes from continuing operations	153.1	126.3	350.6	295.5
Income tax expense (Note 6)	49.5	40.0	112.7	97.1
Income from continuing operations	103.6	86.3	237.9	198.4
Discontinued operations				
Loss before income taxes		(0.6)		(1.7)
Income tax benefit		(1.6)		(1.7)
Income from discontinued operations		1.0		
Net income	\$ 103.6	\$ 87.3	\$ 237.9	\$ 198.4
Basic earnings per share attributable to common shares				
Income from continuing operations	\$ 1.59	\$ 1.34	\$ 3.64	\$ 3.07
Income from discontinued operations		0.01		
Basic earnings per share	\$ 1.59	\$ 1.35	\$ 3.64	\$ 3.07
Diluted earnings per share attributable to common shares				
Income from continuing operations	\$ 1.56	\$ 1.31	\$ 3.58	\$ 3.01
Income from discontinued operations		0.01		
Diluted earnings per share	\$ 1.56	\$ 1.32	\$ 3.58	\$ 3.01
Average shares outstanding - in thousands				
Basic	64,970	64,149	64,952	64,043
Diluted	65,987	65,447	66,052	65,315
Dividends declared and paid	\$ 19.6	\$ 16.2	\$ 52.7	\$ 45.0
Dividends declared and paid per share	\$ 0.30	\$ 0.25	\$ 0.80	\$ 0.69
<b>Comprehensive Income</b>				
Net income	\$ 103.6	\$ 87.3	\$ 237.9	\$ 198.4
Other comprehensive income (loss)				
Change in foreign currency translation	(9.2)	(18.1)	(17.7)	(16.4)
	0.8	0.7	2.4	1.3

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Change in accrued post-retirement benefit liability, net of tax							
Loss on hedging activities, net of tax		<b>(0.1)</b>		(0.1)		<b>(0.3)</b>	(0.3)
Other comprehensive loss		<b>(8.5)</b>		(17.5)		<b>(15.6)</b>	(15.4)
Comprehensive income	\$	<b>95.1</b>	\$	69.8	\$	<b>222.3</b>	\$ 183.0

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

**Carlisle Companies Incorporated**  
**Condensed Consolidated Balance Sheets**

(in millions except share and per share amounts)	September 30, 2015 (Unaudited)	December 31, 2014
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 354.4	\$ 730.8
Receivables, net of allowance of \$5.0 in 2015 and \$4.8 in 2014	600.8	439.2
Inventories (Note 8)	383.8	339.1
Deferred income taxes	35.2	35.4
Prepaid expenses and other current assets	52.2	67.0
<b>Total current assets</b>	<b>1,426.4</b>	<b>1,611.5</b>
<b>Property, plant, and equipment, net of accumulated depreciation of \$554.0 in 2015 and \$513.7 in 2014 (Note 9)</b>	<b>580.0</b>	<b>547.3</b>
<b>Other assets:</b>		
Goodwill, net (Note 10)	1,137.2	964.5
Other intangible assets, net (Note 10)	906.1	611.7
Other long-term assets	25.9	23.7
<b>Total other assets</b>	<b>2,069.2</b>	<b>1,599.9</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,075.6</b>	<b>\$ 3,758.7</b>
<b>Liabilities and Shareholders Equity</b>		
<b>Current liabilities:</b>		
Short-term debt, including current maturities (Note 12)	\$ 149.9	\$ 198.0
Accounts payable	267.5	198.0
Accrued expenses	216.9	176.3
Deferred revenue (Note 14)	27.3	17.9
<b>Total current liabilities</b>	<b>661.6</b>	<b>392.2</b>
<b>Long-term liabilities:</b>		
Long-term debt (Note 12)	598.7	749.8
Deferred revenue (Note 14)	155.9	151.1
Other long-term liabilities (Note 16)	295.3	260.6
<b>Total long-term liabilities</b>	<b>1,049.9</b>	<b>1,161.5</b>
<b>Shareholders equity:</b>		
Preferred stock, \$1 par value per share. Authorized and unissued 5,000,000 shares		
Common stock, \$1 par value per share. Authorized 200,000,000 shares; 78,661,248 shares issued; 64,855,456 outstanding in 2015 and 64,691,059 outstanding in 2014	78.7	78.7
Additional paid-in capital	284.9	247.8
Deferred compensation equity (Note 5)	8.4	6.0
Cost of shares in treasury - 13,578,670 shares in 2015 and 13,723,201 shares in 2014	(250.1)	(200.1)
Accumulated other comprehensive loss (Note 17)	(77.4)	(61.8)
Retained earnings	2,319.6	2,134.4
<b>Total shareholders equity</b>	<b>2,364.1</b>	<b>2,205.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>\$ 4,075.6</b>	<b>\$ 3,758.7</b>

See accompanying notes to Unaudited Condensed Consolidated Financial Statements



## Carlisle Companies Incorporated

## Unaudited Condensed Consolidated Statements of Cash Flows

(in millions)	Nine Months Ended September 30,	
	2015	2014
<b>Operating activities</b>		
Net income	\$ 237.9	\$ 198.4
Reconciliation of net income to cash flows provided by operating activities:		
Depreciation	54.6	47.4
Amortization	40.8	28.4
Non-cash compensation, net of tax benefit	1.0	10.3
(Gain) loss on sale of property and equipment, net	0.4	(1.9)
Deferred taxes	2.3	(0.7)
Foreign exchange (gain) loss	0.2	(0.3)
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:		
Receivables	(108.3)	(152.5)
Inventories	(6.5)	(38.1)
Prepaid expenses and other assets	0.6	(2.4)
Accounts payable	49.4	57.8
Accrued expenses and deferred revenues	77.4	16.0
Long-term liabilities	1.9	3.1
Other operating activities	1.2	(0.8)
<b>Net cash provided by operating activities</b>	<b>352.9</b>	<b>164.7</b>
<b>Investing activities</b>		