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ACTUANT CORP  
Form 8-K  
March 20, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): March 20, 2003

ACTUANT CORPORATION  
(Exact name of Registrant as specified in its charter)

Wisconsin	1-11288	39-0168610
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

6100 North Baker Road  
Milwaukee, WI 53209

Mailing address: P.O. Box 3241, Milwaukee, Wisconsin 53201  
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (414) 352-4160

Item 5. Other Events and Regulation FD Disclosure.

On March 19, 2003, the company announced its results of operations for the second quarter of fiscal 2003 ending February 28, 2003. A copy of the press release announcing the company's second quarter fiscal 2003 results is filed as an exhibit to this report on Form 8-K and is incorporated herein by reference.

Item 7. Financial Statements and Exhibits

(c) Exhibits

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Exhibit 99.1

Press Release dated March 19, 2003  
announcing second quarter results

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ACTUANT CORPORATION  
(Registrant)

Date: March 20, 2003

By: /s/ Andrew G. Lapereur

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Andrew G. Lampereur  
Vice President and Chief Financial Officer  
(Duly authorized to sign on behalf of the  
Registrant)

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Exhibit 99.1

Actuant Reports 32% Year-Over-Year Increase in Second Quarter Diluted  
EPS

MILWAUKEE, Wis.--(BUSINESS WIRE)--March 19, 2003--Actuant Corporation (NYSE:ATU) today announced results for its second quarter ended February 28, 2003. Second quarter sales increased approximately 31% to \$142.1 million compared to \$108.4 million in the prior year. Current year results include those from Heinrich Kopp AG ("Kopp"), which was acquired on September 3, 2002. Excluding Kopp and the impact of foreign currency exchange rate changes on translated results, second quarter sales increased approximately 2%. Second quarter fiscal 2003 net earnings and diluted earnings per share ("diluted EPS") were \$7.1 million and \$0.58 per diluted share, respectively. This compares favorably to net earnings of \$4.0 million, or \$0.44 per diluted share, for the second quarter of fiscal 2002.

Sales for the six months ended February 28, 2003 were \$290.0 million, approximately 31% higher than the \$221.6 million in the comparable prior year period. Excluding Kopp and the impact of foreign currency rate changes on translated results, sales for the six-month period increased 3%. Net earnings for the six-months ended February 28, 2003 were \$9.0 million, or \$0.73 per diluted share, compared to \$1.4 million, or \$0.16 per diluted share for the comparable prior year period. The Company recorded net of tax special charges of \$1.3

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million, or \$0.10 per diluted share, in the first quarter of fiscal 2003 related to the early extinguishment of debt and \$4.7 million, or \$0.39 per diluted share, related to litigation matters associated with businesses divested prior to the spin-off of APW Ltd. in July 2000. In addition, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" at the beginning of fiscal 2002, which resulted in a net cumulative effect of accounting change charge of \$7.2 million, or \$0.81 per diluted share. Excluding these special charges, fiscal 2003 first-half net earnings and diluted EPS were \$15.0 million and \$1.22 per diluted share, compared to \$8.6 million and \$0.97 per diluted share, respectively, in the prior year.

Commenting on the results, Robert C. Arzbaecher, President and CEO of Actuant, stated, "Overall we are pleased with second quarter results. We favorably settled the patent infringement litigation in our RV business, generated strong cash flow and made significant progress with integration and restructuring activities at Kopp. Sales grew 2%, excluding acquisitions and currency rate changes, and diluted earnings per share increased 32% despite challenging economic conditions. Actuant is positioned for additional future growth from convertible top actuation as well as profit improvements at both Kopp and our core businesses due to cost reduction activities. Excluding special charges, diluted EPS has increased in each of the last seven quarters.

"Economic conditions and customer demand in some of our markets weakened as the second quarter progressed. To reduce the impact of further economic deterioration, we will be taking actions in the third and fourth quarters to reduce costs including headcount reductions and facility closures. This is expected to result in pretax restructuring provisions of \$2-\$3 million over the next six months, which will be partially offset by an expected pretax currency gain of \$1 million upon the liquidation of a Mexican subsidiary. Despite the weakening economy and the restructuring costs, we continue to believe that forecasted results, excluding the special charges from the first quarter, will be in the previously endorsed ranges of \$545-\$575 million of sales, \$90-\$95 million of EBITDA (earnings before interest, taxes, depreciation, and amortization) and \$2.75-\$3.00 of diluted EPS. However, given the restructuring costs and uncertainties in the Middle East, it is likely we will be in the lower half of our full year EPS range. We are expecting third quarter sales to be in the \$140-\$145 million range, and diluted EPS, excluding restructuring costs, of approximately \$0.77-\$0.83. The effect on the Company of any armed conflict involving the United States or any terrorist activity cannot be predicted, but could be significant."

Fiscal 2003 second quarter sales in the Tools & Supplies segment were \$90.7 million, or approximately 45%, higher than last year's \$62.3 million due primarily to the Kopp acquisition and foreign currency rate changes. Excluding Kopp and the impact of foreign currency rate changes, Tools & Supplies segment revenues were essentially unchanged. Current year second quarter sales in the Engineered Solutions segment increased approximately 12% to \$51.4 million, compared to \$46.1 million in the previous year, on higher demand in the heavy-duty truck cab-tilt and automotive convertible top markets, and the favorable impact of foreign currency. Excluding foreign currency rate changes, Engineered Solutions sales increased 4%.

Actuant's second quarter EBITDA was \$20.6 million, or 7% higher than the \$19.2 million reported last year. As expected, EBITDA margins declined due to the addition of Kopp, which currently generates lower

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margins than other Actuant business units.

Total debt decreased approximately \$14 million during the quarter to \$193.7 million at February 28, 2003. Due to the significant reduction in average outstanding debt as compared to fiscal 2002 and lower market interest rates, net financing costs declined 45% from \$9.8 million in the second quarter of last year to approximately \$5.4 million for the current year second quarter.

Actuant, headquartered in Milwaukee, Wisconsin, is a diversified industrial company with operations in more than 20 countries. The Actuant businesses are leading companies in highly engineered position and motion control systems and branded tools. Products are offered under such established brand names as Enerpac, Gardner Bender, Kopp, Milwaukee Cylinder, Nielsen Sessions, Power-Packer, and Power Gear.

### Safe Harbor Statement

Certain of the above comments represent forward-looking statements made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Management cautions that these projections are based on current estimates of future performance and are highly dependent upon a variety of factors, which could cause actual results to differ from these estimates. Actuant's results are also subject to general economic conditions, variation in demand from customers, the impact on the economy of terrorist attacks and threats of war, the length of the current recession in the Company's markets, continued market acceptance of the Company's new product introductions, the successful integration of business unit acquisitions and related restructuring, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material and labor cost increases, foreign currency fluctuations and interest rate risk. See the Company's registration statements filed with the Securities and Exchange Commission for further information regarding risk factors.

For further information on Actuant and its business units, visit the company's website at [www.actuant.com](http://www.actuant.com).

### Actuant Corporation Consolidated Balance Sheets (Dollars in thousands)

	February 28, 2003	August 31, 2002
	-----	-----
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,927	\$ 3,043
Accounts receivable, net	83,464	58,304
Inventories, net	67,893	54,898
Deferred income taxes	20,926	9,127
Other current assets	4,322	4,592
	-----	-----
Total Current Assets	178,532	129,964
Property, plant and equipment, net	60,117	36,828

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Goodwill	101,354	101,361
Other intangible assets, net	19,790	18,466
Other long-term assets	9,611	7,992
	-----	-----
Total Assets	\$ 369,404	\$ 294,611
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	\$ 693	\$ 2,993
Trade accounts payable	51,389	47,834
Accrued compensation and benefits	16,074	12,362
Income taxes payable	16,069	18,365
Current maturities of long-term debt	8,536	6,788
Other current liabilities	55,337	23,924
	-----	-----
Total Current Liabilities	148,098	112,266
Long-term debt, less current maturities	184,487	182,783
Deferred income taxes	7,455	4,409
Pension and postretirement benefit accruals	28,314	11,550
Other long-term liabilities	27,616	27,222
Minority interest in net equity of consolidated affiliates	3,671	-
Shareholders' equity		
Capital stock	2,338	2,319
Additional paid-in capital	(521,968)	(523,419)
Accumulated other comprehensive income (loss)	(18,735)	(21,675)
Stock held in trust	(564)	(511)
Deferred compensation liability	564	511
Retained earnings	508,128	499,156
	-----	-----
Total Shareholders' Deficit	(30,237)	(43,619)
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 369,404	\$ 294,611
	=====	=====

Actuant Corporation  
Consolidated Statements of Earnings  
(In thousands except per share amounts)

	Three Months Ended February 28,		Six Months Ended February 28,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Net Sales	\$142,099	\$108,434	\$289,957	\$221,574
Cost of Products Sold	95,610	71,744	197,566	146,851
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Gross Profit	46,489	36,690	92,391	74,723
Selling, Administrative and Engineering Expenses	29,867	21,059	56,954	40,986
Amortization of Intangible Assets	593	620	1,220	1,232
Operating Profit	16,029	15,011	34,217	32,505
Net Financing Costs	5,443	9,808	11,105	19,697
Charge for Early Extinguishment of Debt	-	-	1,974	-
Litigation Charge associated with Divested Businesses	-	-	7,300	-
Other (Income) Expense, net	(752)	(1,101)	(506)	(741)
Earnings from Continuing Operations Before Income Taxes and Minority Interest	11,338	6,304	14,344	13,549
Income Tax Expense	4,025	2,270	5,092	4,950
Minority Interest, net of Income Taxes	197	-	280	-
Earnings from Continuing Operations	7,116	4,034	8,972	8,599
Cumulative Effect of Change In Accounting Principle, net of Income Taxes	-	-	-	(7,200)
Net Earnings (Loss)	\$ 7,116	\$ 4,034	\$ 8,972	\$ 1,399
Basic Earnings (Loss) per Share				
Earnings from Continuing Operations	\$ 0.61	\$ 0.46	\$ 0.77	\$ 1.03
Cumulative Effect of Change in Accounting Principle, net of Income Taxes	-	-	-	(0.86)
Total	\$ 0.61	\$ 0.46	\$ 0.77	\$ 0.17
Diluted Earnings (Loss) per Share				
Earnings from Continuing Operations	\$ 0.58	\$ 0.44	\$ 0.73	\$ 0.97
Cumulative Effect of Change in Accounting Principle, net of Income Taxes	-	-	-	(0.81)
Total	\$ 0.58	\$ 0.44	\$ 0.73	\$ 0.16
Weighted Average Common Shares Outstanding (1)				
Basic	11,641	8,723	11,629	8,370
Diluted	12,223	9,268	12,226	8,857

(1) The increase in weighted average number of shares outstanding for the three and six months ended February 28, 2003 as compared to

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the three and six months ended February 28, 2002, reflects the impact of the February 13, 2002 equity offering.

ACTUANT CORPORATION  
 SUPPLEMENTAL UNAUDITED SEGMENT DATA  
 (US dollars, in thousands)

	FISCAL 2002				
	Q1	Q2	Q3	Q4	TOTAL
<b>SALES</b>					
TOOLS & SUPPLIES					
SEGMENT	\$ 64,067	\$ 62,338	\$ 65,746	\$ 67,357	\$ 259,508
ENGINEERED SOLUTIONS					
SEGMENT	49,073	46,096	54,263	54,010	203,442
TOTAL REPORTED SALES					
	\$ 113,140	\$ 108,434	\$ 120,009	\$ 121,367	\$ 462,950

% SALES GROWTH  
 TOOLS & SUPPLIES  
 SEGMENT  
 ENGINEERED SOLUTIONS  
 SEGMENT  
 TOTAL REPORTED SALES

<b>OPERATING PROFIT</b>					
TOOLS & SUPPLIES					
SEGMENT	\$ 11,565	\$ 11,030	\$ 12,805	\$ 11,997	\$ 47,397
ENGINEERED SOLUTIONS					
SEGMENT	7,036	4,984	8,317	8,436	28,773
CORPORATE / GENERAL	(1,107)	(1,003)	(1,454)	(1,474)	(5,038)
TOTAL REPORTED RESULTS					
	\$ 17,494	\$ 15,011	\$ 19,668	\$ 18,959	\$ 71,132

OPERATING PROFIT %  
 TOOLS & SUPPLIES

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SEGMENT	18.1%	17.7%	19.5%	17.8%	18.3%
ENGINEERED SOLUTIONS					
SEGMENT	14.3%	10.8%	15.3%	15.6%	14.1%
TOTAL (INCL. CORPORATE)	15.5%	13.8%	16.4%	15.6%	15.4%
EBITDA (1) (4)					
TOOLS & SUPPLIES					
SEGMENT	\$ 13,271	\$ 13,213	\$ 14,574	\$ 13,862	\$ 54,920
ENGINEERED SOLUTIONS					
SEGMENT (2)	8,014	6,776	8,997	8,900	32,687
CORPORATE / GENERAL	(1,143)	(798)	(842)	(471)	(3,254)
-----					
TOTAL RECURRING EBITDA	20,142	19,191	22,729	22,291	84,353
OTHER ITEMS (3)	-	-	-	-	-
-----					
TOTAL	\$ 20,142	\$ 19,191	\$ 22,729	\$ 22,291	\$ 84,353
=====					

EBITDA %					
TOOLS & SUPPLIES					
SEGMENT	20.7%	21.2%	22.2%	20.6%	21.2%
ENGINEERED SOLUTIONS					
SEGMENT	16.3%	14.7%	16.6%	16.5%	16.1%
TOTAL RECURRING (INCL. CORPORATE)	17.8%	17.7%	18.9%	18.4%	18.2%

FISCAL 2003

	Q1	Q2	Q3	Q4	TOTAL
-----					
SALES					
TOOLS & SUPPLIES					
SEGMENT	\$ 92,014	\$ 90,651			\$ 182,665
ENGINEERED SOLUTIONS					
SEGMENT	55,844	51,448			107,292
-----					
TOTAL REPORTED SALES	\$ 147,858	\$ 142,099	\$ -	\$ -	\$ 289,957
=====					

% SALES GROWTH					
TOOLS & SUPPLIES					
SEGMENT	43.6%	45.4%			44.5%
ENGINEERED SOLUTIONS					



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SEGMENT	13.8%	11.6%			12.7%
TOTAL					
REPORTED					
SALES	30.7%	31.0%			30.9%
OPERATING					
PROFIT					
TOOLS &					
SUPPLIES					
SEGMENT	\$ 12,818	\$ 12,224			\$ 25,042
ENGINEERED					
SOLUTIONS					
SEGMENT	6,616	5,760			12,376
CORPORATE /					
GENERAL	(1,246)	(1,955)			(3,201)
TOTAL					
REPORTED					
RESULTS	\$ 18,188	\$ 16,029	\$ -	\$ -	\$ 34,217
OPERATING					
PROFIT %					
TOOLS &					
SUPPLIES					
SEGMENT	13.9%	13.5%			13.7%
ENGINEERED					
SOLUTIONS					
SEGMENT	11.8%	11.2%			11.5%
TOTAL (INCL.					
CORPORATE)	12.3%	11.3%			11.8%
EBITDA (1) (4)					
TOOLS &					
SUPPLIES					
SEGMENT	\$ 15,126	\$ 14,454			\$ 29,580
ENGINEERED					
SOLUTIONS					
SEGMENT (2)	7,666	7,501			15,167
CORPORATE /					
GENERAL	(1,161)	(1,354)			(2,515)
TOTAL					
RECURRING					
EBITDA	21,631	20,601	-	-	42,232
OTHER					
ITEMS (3)	(9,274)	-	-	-	(9,274)
TOTAL	\$ 12,357	\$ 20,601	\$ -	\$ -	\$ 32,958
EBITDA %					
TOOLS &					
SUPPLIES					
SEGMENT	16.4%	15.9%			16.2%
ENGINEERED					
SOLUTIONS					
SEGMENT	13.7%	14.6%			14.1%
TOTAL					
RECURRING					
(INCL.					
CORPORATE)	14.6%	14.5%			14.6%

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- (1) Fiscal 2002 EBITDA excludes discontinued operations, extraordinary items, and cumulative effect of change in accounting principle.
- (2) Second quarter 2002 EBITDA includes a gain on insurance recoveries in excess of cost on a replacement value policy of \$0.6 million.
- (3) In fiscal 2003 other EBITDA includes a \$2.0 million charge related to the early redemption of senior subordinated notes and a \$7.3 million charge related to business units divested prior to the July 31, 2000 spin-off.
- (4) EBITDA includes minority interests in net earnings of consolidated subsidiaries.

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