

AMERICAN STANDARD COMPANIES INC
Form 10-Q
October 30, 2007

UNITED STATES
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, 2007

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 1-11415

AMERICAN STANDARD COMPANIES INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3465896
(I.R.S. Employer
Identification No.)

One Centennial Avenue, P.O. Box 6820, Piscataway, NJ
(Address of principal executive offices)

08855-6820
(Zip Code)

Registrant's telephone number, including area code (732) 980-6000

Edgar Filing: AMERICAN STANDARD COMPANIES INC - Form 10-Q

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one).

Large Accelerated filer Accelerated filer Non-Accelerated filer

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.

Edgar Filing: AMERICAN STANDARD COMPANIES INC - Form 10-Q

Common stock, \$.01 par value, outstanding at
October 29, 2007

192,594,962 shares

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN STANDARD COMPANIES INC.

UNAUDITED SUMMARY CONSOLIDATED STATEMENT OF INCOME

(Dollars in millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Sales	\$ 1,982.0	\$ 1,840.0	\$ 5,627.2	\$ 5,161.9
Costs and expenses				
Cost of sales	1,404.7	1,303.9	3,986.4	3,649.7
Selling and administrative expenses	348.6	329.8	1,040.8	970.8
Other (income)/expense	3.7	(0.4)	2.8	7.9
Interest expense	30.5	27.9	83.8	87.3
	1,787.5	1,661.2	5,113.8	4,715.7
Income from continuing operations before income taxes	194.5	178.8	513.4	446.2
Income taxes	65.3	55.7	175.8	134.7
Income from continuing operations applicable to common shares	129.2	123.1	337.6	311.5
(Loss)/income from discontinued operations, net of income taxes	(67.3)	27.8	73.6	115.2
Net income	\$ 61.9	\$ 150.9	\$ 411.2	\$ 426.7
Net income per share				
Basic				
Income from continuing operations	\$ 0.65	\$ 0.62	\$ 1.68	\$ 1.54
(Loss)/income from discontinued operations	(0.34)	0.14	0.37	0.57
Net income	\$ 0.31	\$ 0.76	\$ 2.05	\$ 2.11
Diluted				
Income from continuing operations	\$ 0.63	\$ 0.60	\$ 1.63	\$ 1.51
(Loss)/income from discontinued operations	(0.33)	0.14	0.36	0.55
Net income	\$ 0.30	\$ 0.74	\$ 1.99	\$ 2.06
Cash dividends per share of common stock	\$ 0.16	\$ 0.18	\$ 0.52	\$ 0.54
Average common shares outstanding				
Basic	199,485,773	199,767,912	200,959,806	202,387,266
Diluted	204,455,659	204,222,846	206,517,498	206,879,990

See accompanying notes

AMERICAN STANDARD COMPANIES INC.

UNAUDITED SUMMARY CONSOLIDATED BALANCE SHEET

(Dollars in millions, except share data)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 316.2	\$ 232.9
Accounts receivable, less allowance for doubtful accounts: Sept. 2007 \$41.2; Dec. 2006 \$38.3	1,236.2	930.3
Inventories:		
Finished products	482.2	432.0
Products in process	166.7	171.4
Raw materials	114.1	88.5
Other current assets	312.4	389.9
Assets of discontinued operations Bath and Kitchen	2,477.5	2,162.7
Assets of discontinued operations Vehicle Control Systems		1,234.4
Total current assets	5,105.3	5,642.1
Facilities, less accumulated depreciation:		
Sept. 2007 \$302.5; Dec. 2006 \$244.4	794.3	758.7
Goodwill	314.1	305.2
Long-term asbestos receivable	336.0	336.6
Long-term future income tax benefits	221.2	194.6
Other assets	265.4	175.9
Total assets	\$ 7,036.3	\$ 7,413.1
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Loans payable to banks, including current maturities of long-term debt	\$ 31.6	\$ 100.6
Accounts payable	707.4	549.7
Accrued payrolls	263.6	244.6
Current portion of warranties	155.3	137.3
Taxes on income	115.6	48.8
Other accrued liabilities	541.2	547.0
Liabilities of discontinued operations Bath and Kitchen	862.4	855.9
Liabilities of discontinued operations Vehicle Control Systems		927.4
Total current liabilities	2,677.1	3,411.3
Long-term debt	2,231.2	1,543.4
Post-retirement benefits	308.5	325.4
Long-term portion of asbestos liability	637.0	652.8
Warranties	302.1	275.3
Deferred tax liabilities	98.4	70.6
Other liabilities	291.1	210.8
Total liabilities	6,545.4	6,489.6
Shareholders equity:		
Preferred stock, 2,000,000 shares authorized; none issued and outstanding		
Common stock, \$.01 par value, 560,000,000 shares authorized; shares issued: 251,776,794 in 2007; 251,773,228 in 2006; and shares outstanding: 192,409,806 in 2007; 199,891,689 in 2006	2.5	2.5
Capital surplus	950.9	897.0

Edgar Filing: AMERICAN STANDARD COMPANIES INC - Form 10-Q

Treasury stock, at cost: 59,366,988 shares in 2007; 51,881,539 shares in 2006	(1,827.8)	(1,523.3)
Retained earnings	1,742.0	1,972.4
Accumulated other comprehensive income:		
Foreign currency translation effects	(153.0)	(138.9)
Deferred gain on hedge contracts, net of tax	1.8	3.3
Unrealized losses on benefit plans, net of tax	(225.5)	(289.5)
Total shareholders' equity	490.9	923.5
Total liabilities and shareholders' equity	\$ 7,036.3	\$ 7,413.1

See accompanying notes

AMERICAN STANDARD COMPANIES INC.

UNAUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in millions)

	Nine months ended September 30,	
	2007	2006
Cash provided/(used) by:		
Operating activities:		
Net income	\$ 411.2	\$ 426.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	106.2	143.3
Amortization of capitalized software and other intangibles	40.4	63.7
Accelerated depreciation associated with restructuring programs	25.4	6.4
Equity in earnings of unconsolidated joint ventures, net of dividends received	(11.7)	(13.7)
Non-cash stock compensation	75.3	75.0
Gain on sale of a non-strategic business and other asset sale gains	(82.3)	(3.9)
Changes in assets and liabilities:		
Accounts receivable	(687.3)	(364.8)
Inventories	(97.5)	(209.1)
Accounts payable	158.9	138.9
Other accrued liabilities and taxes	74.1	217.9
Post-retirement benefits	(8.9)	(29.2)
Asbestos receivable/liability, net	(15.2)	(5.3)
Other current and long-term assets	25.2	(9.8)
Other long-term liabilities	47.0	(12.5)
 Net cash provided by operating activities	 60.8	 423.6
Investing activities:		
Purchases of property, plant and equipment	(160.4)	(138.3)
Investments in businesses	(12.4)	
Investment in computer software	(31.0)	(27.9)
Proceeds from repayment of loan from unconsolidated joint venture, net		3.9
Proceeds from sale of a non-strategic business and other asset sales	171.7	16.0
 Net cash used by investing activities	 (32.1)	 (146.3)
Financing activities:		
Proceeds from issuance of long-term debt	26.5	14.9
Repayments of long-term debt	(45.7)	(311.6)
Net change in revolving credit facilities	613.2	285.2
Net change in other short-term debt	(65.1)	91.2
Purchases of treasury stock	(443.3)	(450.0)
Dividend payments	(104.9)	(108.9)
Proceeds from exercise of stock options	74.2	33.2
Proceeds from settlement of foreign exchange forward contracts		1.4
Cash distributed to WABCO	(100.5)	
Proceeds from issuance of shares to ESPP and excess tax benefit recognized upon exercise of stock options	41.0	16.0
 Net cash used by financing activities	 (4.6)	 (428.6)
 Effect of exchange rate changes on cash and cash equivalents	 14.6	 8.0

Edgar Filing: AMERICAN STANDARD COMPANIES INC - Form 10-Q

Net increase/(decrease) in cash and cash equivalents	38.7	(143.3)
Cash and cash equivalents at beginning of period	293.8	390.7

Cash and cash equivalents at end of period (includes \$16.3 million and \$49.1 million reported in discontinued operations at September 30, 2007 and 2006, respectively)	\$ 332.5	\$ 247.4
--	----------	----------

Cash interest paid	\$ 89.4	\$ 88.6
--------------------	---------	---------

Item 9.	Notice of Dissolution of Group.
---------	---------------------------------------

Not Applicable.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

CUSIP No. 053774105 SCHEDULE 13G Page 10 of 11

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: July 20, 2015

Marcato Capital Management
LP*

By: Marcato Holdings LLC

By: /s/ Richard T. McGuire III
Richard T. McGuire III,
Authorized Person

/s/ Richard T. McGuire III*
Richard T. McGuire III

Marcato, L.P.

By: MCM General Partner
LLC, its General Partner

By: /s/ Richard T. McGuire III
Richard T. McGuire III,
Authorized Person

Marcato II, L.P.

By: MCM General Partner
LLC, its General Partner

By: /s/ Richard T. McGuire III
Richard T. McGuire III,
Authorized Person

Marcato International Master Fund, Ltd.

By: /s/ Richard T. McGuire III
Richard T. McGuire III,
Director

* This reporting person disclaims beneficial ownership of these reported securities except to the extent of its pecuniary interest therein, and this report shall not be deemed an admission that any such person is the beneficial owner of these securities for purposes of Section 16 of the U.S. Securities Exchange Act of 1934, as amended, or for any other purpose.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

CUSIP No. 053774105 SCHEDULE 13G Page 11 of 11

Exhibit A

AGREEMENT

Each of the undersigned hereby consents and agrees to this joint filing of the Schedule 13G.

Dated: July 20, 2015

Marcato Capital Management

LP*

By: Marcato Holdings LLC

By: /s/ Richard T. McGuire III

Richard T. McGuire III,
Authorized Person

/s/ Richard T. McGuire III*

Richard T. McGuire III

Marcato, L.P.

By: MCM General Partner

LLC, its General Partner

By: /s/ Richard T. McGuire III

Richard T. McGuire III,
Authorized Person

Marcato II, L.P.

By: MCM General Partner

LLC, its General Partner

By: /s/ Richard T. McGuire III

Richard T. McGuire III,
Authorized Person

Marcato International Master Fund, Ltd.

By: /s/ Richard T. McGuire III

Richard T. McGuire III,

Director

* This reporting person disclaims beneficial ownership of these reported securities except to the extent of its pecuniary interest therein, and this report shall not be deemed an admission that any such person is the beneficial owner of these securities for purposes of Section 16 of the U.S. Securities Exchange Act of 1934, as amended, or for any other purpose.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).
