

ANIXTER INTERNATIONAL INC
Form 10-Q
April 29, 2014
Table of Contents

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 April 4, 2014

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: 001-10212

ANIXTER INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

2301 Patriot Blvd.
Glenview, Illinois 60026
(224) 521-8000

94-1658138
(I.R.S. Employer Identification No.)

(Address and telephone number of principal executive offices)

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 (Do not check if a smaller reporting company) 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

At April 22, 2014, 32,667,812 shares of the registrant's Common Stock, \$1.00 par value, were outstanding.

Table of ContentsANIXTER INTERNATIONAL INC.
TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Condensed Consolidated Financial Statements</u>	<u>1</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>9</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>14</u>
Item 4. <u>Controls and Procedures</u>	<u>14</u>
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>14</u>
Item 1A. <u>Risk Factors</u>	<u>14</u>
Item 6. <u>Exhibits</u>	<u>15</u>

This report may contain various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “intends”, “anticipates”, “contemplates”, “estimates”, “plans”, “projects”, “should”, “may”, “will” or the negative thereof or other variations thereon or comparable terminology indicating our expectations or beliefs concerning future events. We caution that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, a number of which are identified in this report. Other factors could also cause actual results to differ materially from expected results included in these statements. These factors include general economic conditions, changes in supplier or customer relationships, risks associated with nonconforming products and services, political and technology changes, economic and currency risks of non-U.S. operations, new or changed competitors, risks associated with inventory and accounts receivable risk, copper and commodity price fluctuations, risks associated with the integration of acquired companies, capital project volumes and the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

ANIXTER INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended	
	April 4, 2014	March 29, 2013
(In millions, except per share amounts)		
Net sales	\$1,523.8	\$1,490.9
Cost of goods sold	1,170.2	1,152.7
Gross profit	353.6	338.2
Operating expenses	267.9	257.2
Operating income	85.7	81.0
Other expense:		
Interest expense	(11.2) (13.6
Other, net	(10.3) (2.0
Income before income taxes	64.2	65.4
Income tax expense	16.8	22.9
Net income	\$47.4	\$42.5
Income per share:		
Basic	\$1.44	\$1.30
Diluted	\$1.43	\$1.27
Basic weighted-average common shares outstanding	32.9	32.6
Effect of dilutive securities:		
Stock options and units	0.4	0.3
Convertible notes due 2013	—	0.6
Diluted weighted-average common shares outstanding	33.3	33.5
Net income	\$47.4	\$42.5
Other comprehensive loss:		
Foreign currency translation	\$(6.4) \$(8.1
Changes in unrealized pension cost, net of tax	(0.2) (0.1
Other comprehensive loss	(6.6) (8.2
Comprehensive income	\$40.8	\$34.3

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

ANIXTER INTERNATIONAL INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	April 4, 2014	January 3, 2014
(In millions, except share and per share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$89.8	\$57.3
Accounts receivable (Includes \$487.0 and \$524.2 at April 4, 2014 and January 3, 2014, respectively, associated with securitization facility)	1,207.5	1,182.8
Inventories	951.5	959.8
Deferred income taxes	33.0	32.8
Other current assets	44.8	43.0
Total current assets	2,326.6	2,275.7
Property and equipment, at cost	327.6	328.0
Accumulated depreciation	(220.3) (224.0
Net property and equipment	107.3	104.0
Goodwill	343.3	342.1
Other assets	142.5	139.0
Total assets	\$2,919.7	\$2,860.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$697.6	\$691.9
Accrued expenses	181.9	210.5
Total current liabilities	879.5	902.4
Long-term debt (Includes \$225.0 and \$145.0 at April 4, 2014 and January 3, 2014, respectively, associated with securitization facility)	869.6	836.0
Other liabilities	98.1	95.0
Total liabilities	1,847.2	1,833.4
Stockholders' equity:		
Common stock - \$1.00 par value, 100,000,000 shares authorized, 32,972,642 and 32,853,702 shares issued and outstanding at April 4, 2014 and January 3, 2014, respectively	33.0	32.9
Capital surplus	220.4	216.3
Retained earnings	852.3	804.8
Accumulated other comprehensive income (loss):		
Foreign currency translation	(6.0) 0.4
Unrecognized pension liability, net	(27.4) (27.2
Unrealized gain on derivatives, net	0.2	0.2
Total accumulated other comprehensive loss	(33.2) (26.6
Total stockholders' equity	1,072.5	1,027.4
Total liabilities and stockholders' equity	\$2,919.7	\$2,860.8

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

ANIXTER INTERNATIONAL INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	Three Months Ended	
	April 4, 2014	March 29, 2013
(In millions)		
Operating activities:		
Net income	\$47.4	\$42.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5.6	5.6
Stock-based compensation	3.3	