

TECHNITROL, INC.
Form 10-Q
May 04, 2010

UNITED STATES
SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

The Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the three months ended March 26, 2010, 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 No. 1-5375

TECHNITROL, INC.
(Exact name of registrant as specified in its Charter)

PENNSYLVANIA
(State or other jurisdiction of incorporation or
organization)

23-1292472
(IRS Employer Identification Number)

1210 Northbrook Drive, Suite 470
Trevose, Pennsylvania
(Address of principal executive offices)

19053
(Zip Code)

Registrant's telephone number, including area code: 215-355-2900

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 the filing requirements for at least 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 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 or a non-accelerated filer (as defined in Rule 12b-2 of the 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).

Edgar Filing: TECHNITROL, INC. - Form 10-Q

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of May 4, 2010:
41,242,286

1

TABLE OF CONTENTS

PART I	FINANCIAL INFORMATION	PAGE
Item 1.	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets (Unaudited)</u>	3
	<u>Consolidated Statements of Operations (Unaudited)</u>	4
	<u>Consolidated Statements of Cash Flows (Unaudited)</u>	5
	<u>Consolidated Statements of Changes in Equity (Unaudited)</u>	6
	<u>Notes to Unaudited Consolidated Financial Statements</u>	7
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	31
Item 4.	<u>Controls and Procedures</u>	31
PART II OTHER INFORMATION		
Item 1.	<u>Legal Proceedings</u>	32
Item 1a.	<u>Risk Factors</u>	32
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 3.	<u>Defaults Upon Senior Securities</u>	32
Item 4.	<u>Other Information</u>	32
Item 5.	<u>Exhibits</u>	32
	<u>Exhibit Index</u>	42

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

Technitrol, Inc. and Subsidiaries
Consolidated Balance Sheets

In thousands

Assets	March 26, 2010 (unaudited)	December 25, 2009
Current assets:		
Cash and cash equivalents	\$28,978	\$ 39,707
Accounts receivable, net	62,194	70,237
Inventory	39,031	39,677
Prepaid expenses and other current assets	25,851	19,832
Assets of discontinued operations held for sale	62,702	84,672
Total current assets	218,756	254,125
Long-term assets:		
Property, plant and equipment	114,614	134,660
Less accumulated depreciation	78,759	94,256
Net property, plant and equipment	35,855	40,404
Deferred income taxes	34,413	34,700
Goodwill, net	--	15,857
Other intangibles, net	10,136	23,308
Other assets	11,489	11,517
	\$310,649	\$ 379,911
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$44,722	\$ 49,614
Accrued expenses and other current liabilities	55,852	58,333
Liabilities held of discontinued operations held for sale	25,960	24,905
Total current liabilities	126,534	132,852
Long-term liabilities:		
Long-term debt	76,650	81,000
Convertible senior notes	50,000	50,000
Deferred income taxes	9,783	12,288
Other long-term liabilities	33,477	36,524
Equity:		
Technitrol, Inc. shareholders' equity:		
Common stock and additional paid-in capital	221,416	222,139
Retained loss	(248,184)	(194,257)
Accumulated other comprehensive earnings	29,605	28,304
Total Technitrol, Inc. shareholders' equity	2,837	56,186

Non-controlling interest	11,368	11,061
Total equity	14,205	67,247
	\$310,649	\$ 379,911

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

Technitrol, Inc. and Subsidiaries
Consolidated Statements of Operations

(Unaudited)

In thousands, except per share data

	Three Months Ended	
	March 26, 2010	March 27, 2009
Net sales	\$92,860	\$99,973
Cost of sales	73,268	77,504
Gross profit	19,592	22,469
Selling, general and administrative expenses	22,698	22,210
Severance, impairment and other associated costs	27,327	77,055
Operating loss	(30,433)	(76,796)
Other (expense) income:		
Interest expense, net	(1,349)	(679)
Other (expense) income, net	(5,904)	3,924
Total other (expense) income	(7,253)	3,245
Loss from continuing operations before income taxes	(37,686)	(73,551)