

OSHKOSH CORP
Form 10-Q/A
September 27, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
Amendment No. 1

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

For the quarterly period ended June 30, 2013

or

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

Commission file number: 1-31371

Oshkosh Corporation
(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	39-0520270 (I.R.S. Employer Identification No.)
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P.O. Box 2566 Oshkosh, Wisconsin (Address of principal executive offices)	54903-2566 (Zip Code)
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Registrant's telephone number, including area code: (920) 235-9151

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 Website, 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.

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Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 26, 2013, 86,981,752 shares of the registrant's Common Stock were outstanding.

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EXPLANATORY NOTE

Oshkosh Corporation (the “Company”) is filing this Amendment No. 1 (“Amendment”) to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, originally filed with the Securities and Exchange Commission (“SEC”) on July 30, 2013 (the “Original Form 10-Q”). The Company is filing this Amendment solely for the purpose of correcting a typographical error as a result of which there was an incorrect date in the certification by the Company's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed as Exhibit 32.2 to the Original Form 10-Q. In accordance with Compliance and Disclosure Interpretations published by the SEC Staff, the entire Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 is included in this Amendment, and certifications have been updated to reflect the filing date of this Amendment. Other than as described above, no other statement or amount has been changed from those presented in the Original Form 10-Q, and this Amendment does not modify, amend or update in any way any of the financial or other information contained in the Original Form 10-Q. This Amendment does not reflect events that may have occurred subsequent to the filing date of the Original Form 10-Q.

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PART I - FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

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OSHKOSH CORPORATION

Condensed Consolidated Statements of Income

(In millions, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net sales	\$2,204.4	\$2,159.8	\$5,938.6	\$6,090.6
Cost of sales	1,818.9	1,885.2	5,003.7	5,347.0
Gross income	385.5	274.6	934.9	743.6
Operating expenses:				
Selling, general and administrative	146.0	134.3	451.6	410.8
Amortization of purchased intangibles	13.9	14.1	42.8	43.4
Total operating expenses	159.9	148.4	494.4	454.2
Operating income	225.6	126.2	440.5	289.4
Other income (expense):				
Interest expense	(16.6	) (18.3	) (49.4	) (56.8
Interest income	3.1	0.4	7.3	1.6
Miscellaneous, net	(4.7	) (0.8	) (4.3	) (5.1
Income from continuing operations before income taxes and equity in earnings of unconsolidated affiliates	207.4	107.5	394.1	229.1
Provision for income taxes	59.9	31.6	115.7	68.4
Income from continuing operations before equity in earnings of unconsolidated affiliates	147.5	75.9	278.4	160.7
Equity in earnings of unconsolidated affiliates	0.9	1.2	2.2	1.9
Income from continuing operations, net of tax	148.4	77.1	280.6	162.6
Income (loss) from discontinued operations, net of tax	0.3	(1.4	) 1.1	(9.6
Net income	148.7	75.7	281.7	153.0
Net income attributable to noncontrolling interest	—	—	—	(1.1
Net income attributable to Oshkosh Corporation	\$148.7	\$75.7	\$281.7	\$151.9
Earnings (loss) per share attributable to Oshkosh Corporation common shareholders-basic:				
From continuing operations	\$1.69	\$0.85	\$3.16	\$1.77
From discontinued operations	—	(0.02	) 0.01	(0.11
	\$1.69	\$0.83	\$3.17	\$1.66
Earnings (loss) per share attributable to Oshkosh Corporation common shareholders-diluted:				
From continuing operations	\$1.67	\$0.84	\$3.12	\$1.76
From discontinued operations	—	(0.02	) 0.01	(0.11
	\$1.67	\$0.82	\$3.13	\$1.65

The accompanying notes are an integral part of these financial statements

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OSHKOSH CORPORATION

Condensed Consolidated Statements of Comprehensive Income

(In millions; unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net income	\$148.7	\$75.7	\$281.7	\$153.0
Other comprehensive income (loss), net of tax:				
Change in fair value of derivative instruments	—	—	—	1.4
Employee pension and postretirement benefits	1.2	1.5	3.2	4.5
Currency translation adjustments	(3.4	) (22.2	) (4.8	) (18.5
Total other comprehensive income (loss), net of tax	(2.2	) (20.7	) (1.6	) (12.6
Comprehensive income	146.5	55.0	280.1	140.4
Comprehensive (income) loss attributable to noncontrolling interest	—	—	—	(1.1
Comprehensive income attributable to Oshkosh Corporation	\$146.5	\$55.0	\$280.1	\$139.3

The accompanying notes are an integral part of these financial statements

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OSHKOSH CORPORATION

Condensed Consolidated Balance Sheets

(In millions, except share and per share amounts; unaudited)

	June 30, 2013	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$585.8	\$540.7
Receivables, net	934.0	1,018.6
Inventories, net	878.7	937.5
Deferred income taxes	66.0	69.9
Prepaid income taxes	22.8	98.0
Other current assets	33.6	29.8
Total current assets	2,520.9	2,694.5
Investment in unconsolidated affiliates	21.1	18.8
Property, plant and equipment, net	347.9	369.9
Goodwill	1,032.5	1,033.8
Purchased intangible assets, net	736.3	775.4
Other long-term assets	71.9	55.4
Total assets	\$4,730.6	\$4,947.8
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving credit facility and current maturities of long-term debt	\$48.8	\$—
Accounts payable	516.5	683.3
Customer advances	358.1	510.4
Payroll-related obligations	134.2	130.1
Accrued warranty	99.6	95.0
Deferred revenue	26.1	113.0
Other current liabilities	196.8	172.7
Total current liabilities	1,380.1	1,704.5
Long-term debt, less current maturities	906.2	955.0
Deferred income taxes	111.9	129.6
Other long-term liabilities	333.7	305.2
Commitments and contingencies		
Shareholders' equity:		
Preferred Stock (\$.01 par value; 2,000,000 shares authorized; none issued and outstanding)	—	—
Common Stock (\$.01 par value; 300,000,000 shares authorized; 92,096,465 and 92,086,465 shares issued, respectively)	0.9	0.9
Additional paid-in capital	715.6	703.5
Retained earnings	1,545.2	1,263.5
Accumulated other comprehensive loss	(103.0	) (101.4
Common Stock in treasury, at cost (5,119,713 and 528,695 shares, respectively)	(160.0	) (13.0
Total shareholders' equity	1,998.7	1,853.5
Total liabilities and shareholders' equity	\$4,730.6	\$4,947.8

The accompanying notes are an integral part of these financial statements

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OSHKOSH CORPORATION

Condensed Consolidated Statements of Equity

(In millions; unaudited)

	Oshkosh Corporation's Shareholders					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury at Cost	Non- Controlling Interest
Balance at September 30, 2011	\$0.9	\$685.6	\$1,032.7	\$ (122.6)	\$(0.1)	\$0.1
Net income	—	—	151.9	—	—	1.1
Change in fair value of derivative instruments, net of tax of \$0.8	—	—	—	1.4	—	—
Employee pension and postretirement benefits, net of tax of \$2.6	—	—	—	4.5	—	—
Currency translation adjustments, net	—	—	—	(18.5)	—	—
Exercise of stock options	—	2.4	—	—	0.7	—
Stock-based compensation and award of nonvested shares	—	9.0	—	—	—	—
Other	—	0.4	0.1	—	(0.7)	(1.2)
Balance at June 30, 2012	\$0.9	\$697.4	\$1,184.7	\$ (135.2)	\$(0.1)	\$—

	Oshkosh Corporation's Shareholders					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury at Cost	Non- Controlling Interest
Balance at September 30, 2012	\$0.9	\$703.5	\$1,263.5	\$ (101.4)	\$(13.0)	\$—
Net income	—	—	281.7	—	—	—
Employee pension and postretirement benefits, net of tax of \$1.9	—	—	—	3.2	—	—
Currency translation adjustments, net	—	—	—	(4.8)	—	—
Repurchase of common stock	—	—	—	—	(169.0)	—
Exercise of stock options	—	(1.5)	—	—	21.4	—
Stock-based compensation and award of nonvested shares	—	15.3	—	—	—	—
Tax benefit related to stock-based compensation	—	(0.9)	—	—	—	—
Other	—	(0.8)	—	—	0.6	—
Balance at June 30, 2013	\$0.9	\$715.6	\$1,545.2	\$ (103.0)	\$(160.0)	\$—

The accompanying notes are an integral part of these financial statements

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OSHKOSH CORPORATION

Condensed Consolidated Statements of Cash Flows

(In millions; unaudited)

	Nine Months Ended June 30,	
	2013	2012
Operating activities:		
Net income	\$281.7	\$153.0
Depreciation and amortization	95.2	95.8
Stock-based compensation expense	15.3	9.0
Deferred income taxes	(17.2)	(35.2)
Dividends from equity method investees	—	6.5
Other non-cash adjustments	(2.7)	0.8
Changes in operating assets and liabilities	(124.8)	(155.6)
Net cash provided by operating activities	247.5	74.3
Investing activities:		
Additions to property, plant and equipment	(25.2)	(33.9)
Additions to equipment held for rental	(13.1)	(5.9)
Contribution to rabbi trust	(19.4)	—
Proceeds from sale of property, plant and equipment	0.1	7.5
Proceeds from sale of equipment held for rental	6.9	3.2
Proceeds from sale of equity method investments	—	8.7
Other investing activities	(3.1)	7.2
Net cash used by investing activities	(53.8)	(13.2)
Financing activities:		
Repayment of long-term debt	—	(105.0)
Repurchase of common stock	(169.0)	—
Proceeds from exercise of stock options	19.9	3.1
Other financing activities	0.6	(0.2)
Net cash used by financing activities	(148.5)	(102.1)
Effect of exchange rate changes on cash	(0.1)	3.2
Increase (decrease) in cash and cash equivalents	45.1	(37.8)
Cash and cash equivalents at beginning of period	540.7	428.5
Cash and cash equivalents at end of period	\$585.8	\$390.7
Supplemental disclosures:		
Cash paid for interest	\$35.0	\$44.1
Cash paid for income taxes	45.4	59.5

The accompanying notes are an integral part of these financial statements

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OSHKOSH CORPORATION

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments (which include normal recurring adjustments, unless otherwise noted) necessary to present fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto included in Oshkosh Corporation and its subsidiaries (the "Company") Annual Report on Form 10-K for the year ended September 30, 2012. "Oshkosh" refers to Oshkosh Corporation, not including its subsidiaries. The interim results are not necessarily indicative of results for the full year.

2. New Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") amended Accounting Standards Codification ("ASC") Topic 220, Comprehensive Income, to require all non-owner changes in shareholders' equity to be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Under this amendment, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. An entity is no longer permitted to present the components of other comprehensive income as part of the statement of equity. The Company adopted the new presentation requirements as of October 1, 2012. The adoption of the new presentation requirements did not have a material impact on the Company's financial condition, results of operations or cash flows.

3. Discontinued Operations

In April 2012, the Company discontinued production of mobile medical trailers in the United States, which were sold under the Oshkosh Specialty Vehicles brand name. In August 2012, the Company sold its interest in SMIT, a European mobile medical trailer manufacturer, for nominal cash consideration. In March 2013, the Company discontinued production of ambulances, which were sold under the Medtec brand name. All three businesses were previously included in the Company's fire & emergency segment. Due to the sale and/or closure of these businesses, they have been segregated from continuing operations and reported as discontinued operations in the Condensed Consolidated Statements of Income. Results of discontinued operations were as follows (in millions):

	Three Months Ended		Nine Months Ended		
	June 30		June 30		
	2013	2012	2013	2012	
Net sales	\$0.4	\$16.5	\$20.6	\$39.6	
Cost of sales	(0.2) 18.0	18.6	48.2	
Gross income (loss)	0.6	(1.5) 2.0	(8.6)
Operating expenses:					

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Selling, general and administrative	—	0.1	(0.2) 4.6	
Amortization of purchased intangibles	—	0.1	—	0.5	
Total operating expenses	—	0.2	(0.2	) 5.1	
Operating income (loss)	0.6	(1.7	) 2.2	(13.7)
Other income (expense)	—	(0.2	) (0.4	) (0.5)
Income (loss) before income taxes	0.6	(1.9	) 1.8	(14.2)
Provision for (benefit from) income taxes	0.3	(0.5) 0.7	(4.6)
Income (loss) from discontinued operations, net of tax	\$0.3	\$(1.4) \$1.1	\$(9.6)

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OSHKOSH CORPORATION

Notes to Condensed Consolidated Financial Statements

(Unaudited)

4. Receivables

Receivables consisted of the following (in millions):

	June 30, 2013	September 30, 2012
U.S. government:		
Amounts billed	\$129.3	\$99.2
Costs and profits not billed	59.0	251.7
	188.3	350.9
Other trade receivables	727.5	633.0
Finance receivables	4.4	5.2
Notes receivable	23.8	24.6
Other receivables	25.7	35.6
	969.7	1,049.3
Less allowance for doubtful accounts	(21.9	) (18.0
	\$947.8	\$1,031.3

Costs and profits not billed generally result from undefinitized change orders on existing long-term contracts and “not-to-exceed” undefinitized contracts whereby the Company cannot invoice the customer the full price under the contract or contract change order until such contract or change order is definitized and agreed to with the customer following a review of costs under such a contract or change order, even though the contract deliverables may have been met. Definitization of a change order on an existing long-term contract or a sole source contract begins when the U.S. government customer undertakes a detailed review of the Company’s submitted costs and proposed margin related to the contract and concludes with a final change order. The Company recognizes revenue on undefinitized contracts to the extent that it can reasonably and reliably estimate the expected final contract price and when collectability is reasonably assured. At June 30, 2013, the Company had recorded \$99.1 million of revenue on contracts which remained undefinitized as of that date. To the extent that contract definitization results in changes to previously estimated or incurred costs or revenues, the Company records those adjustments as a change in estimate. The Company recorded pre-tax income (expense) of \$5.0 million and \$(7.8) million for the three months ended June 30, 2013 and 2012, respectively, related to changes in estimates on these contracts. The changes increased (decreased) net income by \$3.1 million, or \$0.04 per share, and \$(4.9) million, or \$(0.05) per share, respectively. The Company recorded pre-tax income (expense) of \$9.6 million and \$(11.2) million for the nine months ended June 30, 2013 and 2012, respectively, related to changes in estimates on these contracts. The changes increased (decreased) net income by \$6.1 million, or \$0.07 per share, and \$(7.1) million, or \$(0.08) per share, respectively.

Classification of receivables in the Condensed Consolidated Balance Sheets consisted of the following (in millions):

	June 30, 2013	September 30, 2012
Current receivables	\$934.0	\$1,018.6
Long-term receivables	13.8	12.7
	\$947.8	\$1,031.3

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OSHKOSH CORPORATION

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Finance Receivables: Finance receivables represent sales-type leases resulting from the sale of the Company's products and the purchase of finance receivables from lenders pursuant to customer defaults under program agreements with finance companies. Finance receivables originated by the Company generally include a residual value component. Residual values are determined based on the expectation that the underlying equipment will have a minimum fair market value at the end of the lease term. This residual value accrues to the Company at the end of the lease. The Company uses its experience and knowledge as an original equipment manufacturer and participant in end markets for the related products along with third-party studies to estimate residual values. The Company monitors these values for impairment on a periodic basis and reflects any resulting reductions in value in current earnings. Finance receivables are written down if management determines that the specific borrower does not have the ability to repay the loan amounts due in full.

Finance receivables consisted of the following (in millions):

	June 30, 2013	September 30, 2012
Finance receivables	\$5.2	\$6.0
Less unearned income	(0.8	) (0.8
Net finance receivables	4.4	5.2
Less allowance for doubtful accounts	(1.1	) (1.4
	\$3.3	\$3.8

Contractual maturities of the Company's finance receivables at June 30, 2013 were as follows: 2013 (remaining three months) - \$1.5 million; 2014 - \$1.1 million; 2015 - \$0.8 million; 2016 - \$0.4 million; 2017 - \$0.4 million; 2018 - \$0.3 million; and thereafter - \$0.7 million. Historically, obligors have paid off finance receivables prior to their contractual due dates, although actual repayment timing is impacted by a number of factors, including the economic environment at the time. As a result, contractual maturities are not to be regarded as a forecast of future cash flows.

Delinquency is the primary indicator of credit quality of finance receivables. The Company maintains a general allowance for finance receivables considered doubtful of future collection based upon historical experience. Additional allowances are established based upon the Company's perception of the quality of the finance receivables, including the length of time the receivables are past due, past experience of collectability and underlying economic conditions. In circumstances where the Company believes collectability is no longer reasonably assured, a specific allowance is recorded to reduce the net recognized receivable to the amount reasonably expected to be collected. The terms of the finance agreements generally give the Company the ability to take possession of the underlying collateral. The Company may incur losses in excess of recorded allowances if the financial condition of its customers were to deteriorate or the full amount of any anticipated proceeds from the sale of the collateral supporting its customers' financial obligations is not realized.

Notes Receivable: Notes receivable include amounts related to refinancing of trade accounts and finance receivables. As of June 30, 2013, approximately 94% of the notes receivable balance outstanding was due from two parties. The Company routinely evaluates the creditworthiness of its customers and establishes reserves where the Company believes collectability is no longer reasonably assured. Notes receivable are written down if management determines that the specific borrower does not have the ability to repay the loan in full. Certain notes receivable are collateralized by a security interest in the underlying assets and/or other assets owned by the debtor. The Company may incur losses in excess of recorded allowances if the financial condition of its customers were to deteriorate or the full amount of

any anticipated proceeds from the sale of the collateral supporting its customers' financial obligations is not realized.

Quality of Finance and Notes Receivable: The Company does not accrue interest income on finance and notes receivables in circumstances where the Company believes collectability is no longer reasonably assured. Any cash payments received on nonaccrual finance and notes receivable are applied first to principal balances. The Company does not resume accrual of interest income until the customer has shown that it is capable of meeting its financial obligations by making timely payments over a sustained period of time. The Company determines past due or delinquency status based upon the due date of the receivable.

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OSHKOSH CORPORATION

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Finance and notes receivable aging and accrual status consisted of the following (in millions):

	Finance Receivables		Notes Receivables	
	June 30, 2013	September 30, 2012	June 30, 2013	September 30, 2012
Aging of receivables that are past due:				
Greater than 30 days and less than 60 days	\$—	\$0.1	\$—	\$—
Greater than 60 days and less than 90 days	—	—	—	—
Greater than 90 days	1.7	1.3	—	—
Receivables on nonaccrual status	2.9	3.4	18.9	19.0
Receivables past due 90 days or more and still accruing	—	—	—	—
Receivables subject to general reserves	1.5	1.5	1.4	—
Allowance for doubtful accounts	(0.1) —	—	—
Receivables subject to specific reserves	2.9	3.7	22.4	24.6
Allowance for doubtful accounts	(1.0	) (1.4	) (11.0	) (8.0

Receivables subject to specific reserves also include loans that the Company has modified in troubled debt restructurings as a concession to customers experiencing financial difficulty. To minimize the economic loss, the Company may modify certain finance and notes receivable. Modifications generally consist of restructured payment terms and time frames in which no payments are required. At June 30, 2013, restructured finance receivables and notes receivables were \$3.6 million and \$22.6 million, respectively. Losses on troubled debt restructurings were not significant during the three and nine months ended June 30, 2013.