

ESCO TECHNOLOGIES INC  
Form 10-Q  
February 08, 2013

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 DECEMBER 31, 2012

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 1-10596

ESCO TECHNOLOGIES INC.  
(Exact name of registrant as specified in its charter)

MISSOURI  
(State or other jurisdiction of  
incorporation or organization)

43-1554045  
(I.R.S. Employer  
Identification No.)

9900A CLAYTON ROAD  
ST. LOUIS, MISSOURI  
(Address of principal executive offices)

63124-1186  
(Zip Code)

(314) 213-7200  
(Registrant's telephone number, including area code)

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

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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 (Section 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

Smaller reporting company

(Do not check if a 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2013
Common stock, \$.01 par value per share	26,409,114 shares

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended December 31,	
	2012	2011
Net sales	\$ 145,265	152,925
Costs and expenses:		
Cost of sales	94,038	92,721
Selling, general and administrative expenses	46,939	48,690
Amortization of intangible assets	3,500	3,153
Interest expense, net	563	491
Other (income) expenses, net	(72 )	(472 )
Total costs and expenses	144,968	144,583
Earnings before income taxes	297	8,342
Income tax expense	51	3,135
Net earnings	\$246	5,207
Earnings per share:		
Basic – Net earnings	\$0.01	0.20
Diluted – Net earnings	\$0.01	0.19

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited)  
 (Dollars in thousands)

	Three Months Ended December 31,	
	2012	2011
Net earnings	\$246	5,207
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	975	(1,556 )
Pension adjustment	(109 )	-
Interest rate swap adjustment	-	2
Total other comprehensive income (loss), net of tax	866	(1,554 )
Comprehensive income	\$1,112	3,653

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

	December 31, 2012 (Unaudited)	September 30, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$33,489	30,215
Accounts receivable, net	132,411	151,051
Costs and estimated earnings on long-term contracts, less progress billings of \$23,491 and \$30,534, respectively	10,669	14,567
Inventories	118,934	108,061
Current portion of deferred tax assets	22,577	22,313
Other current assets	25,551	17,237
Total current assets	343,631	343,444
Property, plant and equipment, net	79,806	75,876
Intangible assets, net	244,526	231,473
Goodwill	388,352	361,280
Other assets	22,516	21,680
Total assets	\$1,078,831	1,033,753
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$51,630	50,000
Accounts payable	45,985	54,049
Advance payments on long-term contracts, less costs incurred of \$32,693 and \$31,534, respectively	22,016	21,700
Accrued salaries	19,589	25,717
Current portion of deferred revenue	28,355	24,920
Accrued other expenses	27,371	27,819
Total current liabilities	194,946	204,205
Pension obligations	35,018	35,480
Deferred tax liabilities	90,737	88,675
Other liabilities	23,937	9,080
Long-term debt	113,000	65,000
Total liabilities	457,638	402,440
Shareholders' equity:		
Preferred stock, par value \$.01 per share, authorized 10,000,000 shares	—	—
Common stock, par value \$.01 per share, authorized 50,000,000 shares, issued 30,112,741 and 30,044,486 shares, respectively	301	300
Additional paid-in capital	279,921	279,392
Retained earnings	439,680	441,566
Accumulated other comprehensive loss, net of tax	(24,512 )	(25,378 )
	695,390	695,880

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Less treasury stock, at cost: 3,719,107 and 3,453,249 common shares, respectively	(74,197 )	(64,567 )
Total shareholders' equity	621,193	631,313