

FMC TECHNOLOGIES INC
Form 10-Q
May 10, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2005

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 1-16489

FMC Technologies, Inc.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	36-4412642 (I.R.S. Employer Identification No.)
1803 Gears Road, Houston, Texas (Address of principal executive offices)	77067 (Zip code)

(281) 591-4000

(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

Indicate by check mark whether the registrant is an accelerated filer (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.

<u>Class</u>	<u>Outstanding at April 29, 2005</u>
Common Stock, par value \$0.01 per share	69,174,222

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**FMC Technologies, Inc. and Consolidated SubsidiariesConsolidated Statements of Income (Unaudited)

(In millions, except per share data)

	Three Months Ended March 31,	
	2005	2004
Revenue	\$ 681.6	\$ 562.7
Costs and expenses:		
Cost of sales	580.3	450.2
Selling, general and administrative expense	88.6	79.4
Research and development expense	13.3	12.4
Total costs and expenses	682.2	542.0
Minority interests	(0.8)	0.2
(Loss) income before net interest expense and income taxes	(1.4)	20.9
Net interest expense	(1.2)	(2.0)
(Loss) income before income taxes	(2.6)	18.9
(Benefit) provision for income taxes	(2.6)	5.5
Net income	\$ 0.0	\$ 13.4
Earnings per share (Note 2)		
Basic	\$ 0.00	\$ 0.20
Diluted	\$ 0.00	\$ 0.20
Weighted average shares outstanding (Note 2)		
Basic	69.1	66.8
Diluted	69.1	68.4

The accompanying notes are an integral part of the consolidated financial statements.

FMC Technologies, Inc. and Consolidated SubsidiariesConsolidated Balance Sheets

(In millions, except per share data)

	March 31, 2005	December 31, 2004
	(Unaudited)	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 72.4	\$ 124.1
Trade receivables, net of allowances of \$11.2 in 2005 and \$10.9 in 2004	634.0	671.7
Inventories (Note 3)	392.2	316.3
Prepaid expenses	21.4	15.0
Other current assets	75.5	90.0
Total current assets	1,195.5	1,217.1
Investments	76.2	76.6
Property, plant and equipment, net of accumulated depreciation of \$443.6 in 2005 and \$441.1 in 2004	322.6	332.8
Goodwill (Note 4)	114.8	116.8
Intangible assets, net (Note 4)	69.1	72.0
Deferred income taxes	65.3	47.0
Other assets	32.2	31.6
Total assets	\$ 1,875.7	\$ 1,893.9
Liabilities and stockholders' equity:		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$ 2.1	\$ 2.7
Accounts payable, trade and other	335.7	368.8
Advance payments	342.1	297.5
Other current liabilities	213.3	237.4
Income taxes payable	57.5	57.0
Current portion of accrued pension and other postretirement benefits (Note 9)	27.7	28.7
Deferred income taxes	7.1	3.3
Total current liabilities	985.5	995.4
Long-term debt, less current portion	164.3	160.4
Accrued pension and other postretirement benefits, less current portion	19.5	20.6
Reserve for discontinued operations	6.3	6.9
Other liabilities	40.9	42.5
Minority interests in consolidated companies	6.5	5.9
Commitments and contingent liabilities (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 12.0 shares authorized; no shares issued in 2005 or 2004		
Common stock, \$0.01 par value, 195.0 shares authorized; 69.3 and 68.8 shares issued in 2005 and 2004, respectively; 69.0 and 68.7 shares outstanding in 2005 and 2004, respectively	0.7	0.7
Common stock held in employee benefit trust, at cost, 0.1 shares outstanding in 2005 and 2004	(2.6)	(2.4)
Common stock held in treasury, at cost; 0.2 shares in 2005, no shares in 2004 (Note 11)	(5.7)	
Capital in excess of par value of common stock	653.9	637.8
Retained earnings	87.1	87.1
Accumulated other comprehensive loss (Note 11)	(80.7)	(61.0)

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Total stockholders' equity	<u>652.7</u>	<u>662.2</u>
Total liabilities and stockholders' equity	<u>\$ 1,875.7</u>	<u>\$ 1,893.9</u>

The accompanying notes are an integral part of the consolidated financial statements.

FMC Technologies, Inc. and Consolidated SubsidiariesConsolidated Statements of Cash Flows (Unaudited)

(In millions)

	Three Months Ended	
	March 31,	
	2005	2004
Cash provided (required) by operating activities of continuing operations:		
Net income	\$ 0.0	\$ 13.4
Adjustments to reconcile net income to cash provided (required) by operating activities of continuing operations:		
Depreciation	13.0	14.2
Amortization	3.0	2.3
Employee benefit plan costs	9.7	9.0
Deferred income tax benefit	(9.7)	(2.4)
(Gain) loss on sale of assets	(2.7)	0.4
Other	3.1	1.0
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	24.2	(28.4)
Inventories	(85.9)	(22.3)
Other current assets and other assets	3.2	5.5
Accounts payable, trade and other	(26.8)	(15.8)
Advance payments	51.2	27.5
Other current liabilities and other liabilities	(25.5)	(11.6)
Income taxes payable	1.3	(0.7)
Accrued pension and other postretirement benefits, net	(7.5)	(1.8)
	<u> </u>	<u> </u>
Cash required by operating activities of continuing operations	\$ (49.4)	\$ (9.7)
	<u> </u>	<u> </u>

(Continued)

FMC Technologies, Inc. and Consolidated SubsidiariesConsolidated Statements of Cash Flows (Unaudited) (Continued)

(In millions)

	Three Months Ended March 31,	
	2005	2004
Cash required by operating activities of continuing operations	\$ (49.4)	\$ (9.7)
Cash required by discontinued operations	(0.1)	(2.0)
Cash provided (required) by investing activities:		
Capital expenditures	(11.3)	(10.3)
Business acquisition, net of cash acquired, and joint venture investments		(2.1)
Proceeds from disposal of property, plant and equipment and other long-lived assets	4.7	0.3
Increase in investments		(0.2)
Cash required by investing activities	(6.6)	(12.3)
Cash provided (required) by financing activities:		
Net (decrease) increase in short-term debt and current portion of long-term debt	(0.3)	24.2
Net increase in commercial paper	3.9	
Repayments of long-term debt	(0.4)	
Proceeds from issuance of common stock upon exercise of stock options	9.4	9.1
Increase in common stock held in treasury	(5.7)	
Net (increase) decrease in common stock held in employee benefit trust	(0.2)	0.8
Cash provided by financing activities	6.7	34.1
Effect of exchange rate changes on cash and cash equivalents	(2.3)	(0.8)
(Decrease) increase in cash and cash equivalents	(51.7)	9.3
Cash and cash equivalents, beginning of period	124.1	29.0
Cash and cash equivalents, end of period	\$ 72.4	\$ 38.3

The accompanying notes are an integral part of the consolidated financial statements.

FMC Technologies, Inc. and Consolidated SubsidiariesNotes to Consolidated Financial Statements (Unaudited)Note 1: Basis of Presentation

The accompanying unaudited consolidated financial statements, and notes thereto (the "statements"), of FMC Technologies, Inc. and its subsidiaries ("FMC Technologies" or the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. As permitted under those rules, certain footnotes or other financial information that are normally required by United States generally accepted accounting principles can be condensed or omitted. Therefore, these statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, which are included in the Company's 2004 Annual Report on Form 10-K.

In the opinion of management, the statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the Company's financial condition and operating results as of and for the periods presented. Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these statements may not be representative of those for the full year. Certain reclassifications have been made to prior period amounts to conform to the current period's presentation.

Note 2: Earnings Per Share ("EPS")

The following schedule is a reconciliation of the basic and diluted EPS computations:

(In millions, except per share data)	Three Months Ended March 31,	
	2005	2004
<u>Basic earnings per share:</u>		
Net income	\$ 0.0	\$ 13.4
Weighted average number of shares outstanding	69.1	66.8
Basic earnings per share	\$ 0.00	\$ 0.20
<u>Diluted earnings per share:</u>		
Net income	\$ 0.0	\$ 13.4
Weighted average number of shares outstanding	69.1	66.8
Effect of dilutive securities:		
Options on common stock		1.3
Restricted stock		0.3
Total shares and diluted securities	69.1	68.4

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Diluted earnings per share	\$ 0.00	\$ 0.20
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For the three months ended March 31, 2005, 1.7 m