

Mueller Water Products, Inc.  
Form 10-Q  
February 06, 2015

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 December 31, 2014

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

Commission File Number 001-32892

MUELLER WATER PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

1200 Abernathy Road N.E.

Suite 1200

Atlanta, GA 30328

(Address of principal executive offices)

(770) 206-4200

(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 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

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or 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

There were 160,744,136 shares of common stock of the registrant outstanding at January 31, 2015.

## PART I

## Item 1. FINANCIAL STATEMENTS

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	December 31, 2014	September 30, 2014
	(in millions, except share amounts)	
Assets:		
Cash and cash equivalents	\$45.1	\$161.1
Receivables, net	138.8	182.1
Inventories	217.3	198.0
Deferred income taxes	35.6	38.6
Other current assets	53.1	44.1
Total current assets	489.9	623.9
Property, plant and equipment, net	143.4	146.3
Intangible assets	526.4	533.6
Other noncurrent assets	17.3	13.3
Total assets	\$1,177.0	\$1,317.1
Liabilities and equity:		
Current portion of long-term debt	\$6.1	\$46.2
Accounts payable	76.7	116.0
Other current liabilities	59.5	82.2
Total current liabilities	142.3	244.4
Long-term debt	493.5	499.4
Deferred income taxes	142.3	150.4
Other noncurrent liabilities	74.5	71.3
Total liabilities	852.6	965.5
Commitments and contingencies (Note 10)		
Common stock: 600,000,000 shares authorized; 160,601,903 and 159,760,671 shares outstanding at December 31, 2014 and September 30, 2014, respectively	1.6	1.6
Additional paid-in capital	1,581.2	1,582.8
Accumulated deficit	(1,193.9	) (1,173.7
Accumulated other comprehensive loss	(66.0	) (60.7
Total Company stockholders' equity	322.9	350.0
Noncontrolling interest	1.5	1.6
Total equity	324.4	351.6
Total liabilities and equity	\$1,177.0	\$1,317.1

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (UNAUDITED)

	Three months ended December 31,	
	2014	2013
	(in millions, except per share amounts)	
Net sales	\$261.8	\$257.4
Cost of sales	190.5	190.3
Gross profit	71.3	67.1
Operating expenses:		
Selling, general and administrative	55.0	53.0
Restructuring	8.2	0.1
Total operating expenses	63.2	53.1
Operating income	8.1	14.0
Interest expense, net	9.4	12.6
Loss on early extinguishment of debt	31.3	—
Income (loss) before income taxes	(32.6	) 1.4
Income tax expense (benefit)	(12.4	) 0.3
Net income (loss)	\$(20.2	) \$1.1
Net income (loss) per share:		
Basic	\$(0.13	) \$0.01
Diluted	\$(0.13	) \$0.01
Weighted average shares outstanding:		
Basic	160.1	158.5
Diluted	160.1	161.7
Dividends declared per share	\$0.0175	\$0.0175

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
 (UNAUDITED)

	Three months ended December 31,	
	2014	2013
	(in millions)	
Net income (loss)	\$ (20.2	) \$ 1.1
Other comprehensive loss:		
Minimum pension liability	(5.2	) (4.9
Income tax effects	2.0	1.9
Foreign currency translation	(2.1	) (2.0
	(5.3	) (5.0
Comprehensive loss	\$ (25.5	) \$ (3.9

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

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MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF EQUITY  
 THREE MONTHS ENDED DECEMBER 31,  
 (UNAUDITED)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interest	Total
	(in millions)					
Balance at September 30, 2014	\$ 1.6	\$ 1,582.8	\$(1,173.7	) \$(60.7	) \$ 1.6	\$ 351.6
Net loss	—	—	(20.2	) —	(0.1	) (20.3
Dividends declared	—	(2.8	) —			