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FRANKLIN ELECTRIC CO INC

Form 10-Q

November 02, 2018

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018**

OR

**o 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 0-362

FRANKLIN ELECTRIC CO., INC.
(Exact name of registrant as specified in its charter)

Indiana **35-0827455**
(State or other jurisdiction of incorporation or organization) **(I.R.S. Employer Identification No.)**

9255 Coverdale Road
Fort Wayne, Indiana **46809**
(Address of principal executive offices) **(Zip Code)**

(260) 824-2900
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 x NO o

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 x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer **Accelerated Filer** **Non-Accelerated Filer** **Smaller Reporting Company**
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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 of Common Stock Par Value	Outstanding at
\$0.10	October 31, 2018
	46,746,108 shares

FRANKLIN ELECTRIC CO., INC.
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PART I - FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)	Third Quarter Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net sales	\$341,866	\$ 311,113	\$981,466	\$ 836,714
Cost of sales	228,900	207,271	653,442	554,303
Gross profit	112,966	103,842	328,024	282,411
Selling, general, and administrative expenses	72,483	70,850	223,723	196,077
Restructuring expense	346	1,009	990	1,575
Operating income	40,137	31,983	103,311	84,759
Interest (expense)	(2,443)	(2,297)	(7,477)	(8,055)
Other income/(expense), net	(422)	438	(581)	6,616
Foreign exchange income/(expense)	(1,601)	193	(3,151)	296
Income before income taxes	35,671	30,317	92,102	83,616
Income tax expense	5,739	5,769	10,916	12,890
Net income	\$29,932	\$ 24,548	\$81,186	\$ 70,726
Less: Net (income)/loss attributable to noncontrolling interests	74	(78)	491	(617)
Net income attributable to Franklin Electric Co., Inc.	\$30,006	\$ 24,470	\$81,677	\$ 70,109
Income per share:				