

Edgar Filing: AAR CORP - Form 10-Q

Delaware

(State or other jurisdiction of incorporation

or organization)

36-2334820

(I.R.S. Employer Identification No.)

One AAR Place, 1100 N. Wood Dale Road

Wood Dale, Illinois

(Address of principal executive offices)

60191

(Zip Code)

(630) 227-2000

(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

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

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

As of August 31, 2014, there were 39,877,641 shares of the registrant's Common Stock, \$1.00 par value per share, outstanding.

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AAR CORP. and Subsidiaries

Quarterly Report on Form 10-Q

For the Quarter Ended August 31, 2014

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AAR CORP. and Subsidiaries

Condensed Consolidated Balance Sheets

As of August 31, 2014 and May 31, 2014

(In millions, except share data)

ASSETS

	August 31, 2014 (Unaudited)	May 31, 2014
Current assets:		
Cash and cash equivalents	\$ 81.8	\$ 89.2
Accounts receivable, less allowances of \$6.0 and \$6.2, respectively	294.9	283.1
Inventories	532.0	495.3
Rotable spares and equipment on or available for short-term lease	137.3	137.6
Deposits, prepaids and other	79.3	81.6
Deferred tax assets	30.6	30.1
Total current assets	1,155.9	1,116.9
Property, plant and equipment, net of accumulated depreciation of \$420.6 and \$424.3, respectively	287.9	314.9
Other assets:		
Goodwill	258.0	261.7
Intangible assets, net of accumulated amortization of \$38.4 and \$36.2, respectively	159.7	165.4
Equipment on or available for long-term lease	102.6	98.4
Capitalized program development costs	111.4	112.2
Investment in joint ventures	29.8	29.9
Other	100.1	100.1
	761.6	767.7
	\$ 2,205.4	\$ 2,199.5

The accompanying Notes to Condensed Consolidated Financial

Statements are an integral part of these statements.

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AAR CORP. and Subsidiaries

Condensed Consolidated Balance Sheets

As of August 31, 2014 and May 31, 2014

(In millions, except share data)

LIABILITIES AND EQUITY

	August 31, 2014 (Unaudited)	May 31, 2014
Current liabilities:		
Current maturities of long-term debt	\$ 78.5	\$ 69.7
Accounts and trade notes payable	196.6	171.1
Accrued liabilities	141.2	161.3
Total current liabilities	416.3	402.1
Long-term debt, less current maturities	548.6	564.3
Deferred tax liabilities	163.0	162.2
Other liabilities and deferred income	73.0	70.2
	784.6	796.7
Equity:		
Preferred stock, \$1.00 par value, authorized 250,000 shares; none issued		
Common stock, \$1.00 par value, authorized 100,000,000 shares; issued 44,993,858 and 44,674,186 shares at cost, respectively	45.0	44.7
Capital surplus	438.3	436.4
Retained earnings	657.4	646.0
Treasury stock, 5,116,217 and 5,113,939 shares at cost, respectively	(99.0)	(98.3)
Accumulated other comprehensive loss	(37.9)	(29.3)
Total AAR stockholders' equity	1,003.8	999.5
Noncontrolling interest	0.7	1.2
Total equity	1,004.5	1,000.7
	\$ 2,205.4	\$ 2,199.5

The accompanying Notes to Condensed Consolidated Financial

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AAR CORP. and Subsidiaries

Condensed Consolidated Statements of Income

For the Three Months Ended August 31, 2014 and 2013

(Unaudited)

(In millions)

	Three Months Ended August 31,		
	2014	2013	
Sales:			
Sales from products	\$ 294.7	\$ 305.5	