

TEXTRON INC
Form 10-Q
October 24, 2014
[Table of Contents](#)

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 September 27, 2014

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 1-5480

Textron Inc.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

05-0315468

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

40 Westminster Street, Providence, RI

(Address of principal executive offices)

02903

(Zip code)

(401) 421-2800

(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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

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 Act). Yes No

As of October 10, 2014, there were 276,048,870 shares of common stock outstanding.

Table of Contents

TEXTRON INC.

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Statements of Operations (Unaudited)</u>	3
<u>Consolidated Statements of Comprehensive Income (Unaudited)</u>	4
<u>Consolidated Balance Sheets (Unaudited)</u>	5
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	6
<u>Notes to the Consolidated Financial Statements (Unaudited)</u>	
<u>Note 1. Basis of Presentation</u>	8
<u>Note 2. Business Acquisitions</u>	9
<u>Note 3. Retirement Plans</u>	11
<u>Note 4. Earnings per Share</u>	11
<u>Note 5. Accounts Receivable and Finance Receivables</u>	12
<u>Note 6. Inventories</u>	14
<u>Note 7. Accrued Liabilities</u>	14
<u>Note 8. Debt</u>	15
<u>Note 9. Accumulated Other Comprehensive Loss and Other Comprehensive Income</u>	15
<u>Note 10. Commitments and Contingencies</u>	17
<u>Note 11. Derivative Instruments and Fair Value Measurements</u>	17
<u>Note 12. Income Tax Expense</u>	18
<u>Note 13. Segment Information</u>	19
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	32
<u>Item 4. Controls and Procedures</u>	32
<u>PART II. OTHER INFORMATION</u>	
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
<u>Item 6. Exhibits</u>	34
<u>Signatures</u>	34

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****TEXTRON INC.
Consolidated Statements of Operations (Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
<i>(In millions, except per share amounts)</i>				
Revenues				
Manufacturing revenues	\$ 3,405	\$ 2,871	\$ 9,701	\$ 8,492
Finance revenues	25	33	81	106
Total revenues	3,430	2,904	9,782	8,598
Costs and expenses				
Cost of sales	2,845	2,473	8,077	7,193
Selling and administrative expense	304	245	959	820
Interest expense	47	41	141	134
Acquisition and restructuring costs	3		39	
Total costs and expenses	3,199	2,759	9,216	8,147
Income from continuing operations before income taxes	231	145	566	451
Income tax expense	71	47	174	124
Income from continuing operations	160	98	392	327
Income (loss) from discontinued operations, net of income taxes	(1)	1	(4)	4
Net income	\$ 159	\$ 99	\$ 388	\$ 331
Basic earnings per share				
Continuing operations	\$ 0.57	\$ 0.35	\$ 1.40	\$ 1.18
Discontinued operations			(0.02)	0.01
Basic earnings per share	\$ 0.57	\$ 0.35	\$ 1.38	\$ 1.19
Diluted earnings per share				
Continuing operations	\$ 0.57	\$ 0.35	\$ 1.39	\$ 1.15
Discontinued operations			(0.02)	0.01
Diluted earnings per share	\$ 0.57	\$ 0.35	\$ 1.37	\$ 1.16
Dividends per share				
Common stock	\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.06

See Notes to the consolidated financial statements.

Table of Contents**TEXTRON INC.****Consolidated Statements of Comprehensive Income (Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
<i>(In millions)</i>				
Net income	\$ 159	\$ 99	\$ 388	\$ 331
Other comprehensive income, net of tax:				
Pension and postretirement benefits adjustments, net of reclassifications	17	64	62	127
Deferred gains/losses on hedge contracts, net of reclassifications	(5)	2	2	(11)
Foreign currency translation adjustments	(43)	12	(47)	3
Other comprehensive income (loss)	(31)	78	17	119
Comprehensive income	\$ 128	\$ 177	\$ 405	\$ 450

See Notes to the consolidated financial statements.

Table of Contents

TEXTRON INC.

Consolidated Balance Sheets (Unaudited)

<i>(Dollars in millions)</i>	September 27, 2014	December 28, 2013
Assets		
Manufacturing group		
Cash and equivalents	\$ 430	\$ 1,163
Accounts receivable, net	1,150	979
Inventories	4,081	2,963
Other current assets	539	467
Total current assets	6,200	5,572
Property, plant and equipment, less accumulated depreciation and amortization of \$3,662 and \$3,463	2,442	2,215
Goodwill	2,020	1,735
Other assets	2,509	1,697
Total Manufacturing group assets	13,171	11,219
Finance group		
Cash and equivalents	81	48
Finance receivables, net	1,308	1,493
Other assets	179	184
Total Finance group assets	1,568	1,725
Total assets	\$ 14,739	\$ 12,944
Liabilities and shareholders equity		
Liabilities		
Manufacturing group		
Short-term and current portion of long-term debt	\$ 383	\$ 8
Accounts payable	1,135	1,107
Accrued liabilities	2,375	1,888
Total current liabilities	3,893	3,003
Other liabilities	2,451	2,118
Long-term debt	2,474	1,923
Total Manufacturing group liabilities	8,818	7,044
Finance group		
Other liabilities	238	260
Debt	1,111	1,256
Total Finance group liabilities	1,349	1,516
Total liabilities	10,167	8,560
Shareholders equity		
Common stock	36	35
Capital surplus	1,432	1,331
Treasury stock	(302)	
Retained earnings	4,416	4,045
Accumulated other comprehensive loss	(1,010)	(1,027)
Total shareholders equity	4,572	4,384
Total liabilities and shareholders equity	\$ 14,739	\$ 12,944
Common shares outstanding (in thousands)	276,195	282,059

See Notes to the consolidated financial statements.

Table of Contents

TEXTRON INC.

Consolidated Statements of Cash Flows (Unaudited)

For the Nine Months Ended September 27, 2014 and September 28, 2013, respectively