

ENPRO INDUSTRIES, INC  
Form 10-Q  
November 04, 2015

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 30, 2015

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

Commission File Number 001-31225

ENPRO INDUSTRIES, INC.  
(Exact name of registrant, as specified in its charter)

North Carolina  
(State or other jurisdiction  
of incorporation)

01-0573945  
(I.R.S. Employer  
Identification No.)

5605 Carnegie Boulevard, Suite 500, Charlotte,  
North Carolina  
(Address of principal executive offices)  
(704) 731-1500  
(Registrant's telephone number, including area code)

28209  
(Zip 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 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  (Do not check if a smaller reporting company) 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 October 30, 2015, there were 21,957,544 shares of common stock of the registrant outstanding, which does not include 196,593 shares of common stock held by a subsidiary of the registrant and accordingly are not entitled to be voted. There is only one class of common stock.



## PART I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

## ENPRO INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Quarters and Nine Months Ended September 30, 2015 and 2014

(in millions, except per share amounts)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$306.6	\$302.6	\$882.5	\$902.9
Cost of sales	205.2	196.4	590.0	592.1
Gross profit	101.4	106.2	292.5	310.8
Operating expenses:				
Selling, general and administrative	74.8	77.4	226.2	239.8
Goodwill and other intangible asset impairment	—	—	47.0	—
Other	1.7	1.2	3.3	1.9
Total operating expenses	76.5	78.6	276.5	241.7
Operating income	24.9	27.6	16.0	69.1
Interest expense	(12.9	) (10.8	) (39.0	) (32.3
Interest income	0.1	0.3	0.4	0.8
Other income (expense)	0.1	(4.0	) (4.2	) (10.7
Income (loss) before income taxes	12.2	13.1	(26.8	) 26.9
Income tax expense	(0.8	) (4.5	) (0.7	) (8.7
Net income (loss)	\$11.4	\$8.6	\$(27.5	) \$18.2
Comprehensive income (loss)	\$7.5	\$(3.2	) \$(39.5	) \$7.4
Basic earnings (loss) per share	\$0.52	\$0.36	\$(1.21	) \$0.80
Diluted earnings (loss) per share	\$0.51	\$0.33	\$(1.21	) \$0.71

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
Nine Months Ended September 30, 2015 and 2014  
(in millions)

	2015	2014	
<b>OPERATING ACTIVITIES</b>			
Net income (loss)	\$(27.5	) \$18.2	
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	22.4	22.2	
Amortization	20.9	20.8	
Loss on exchange and repurchase of convertible debentures	2.8	10.0	
Goodwill and other intangible asset impairment	47.0	—	
Deferred income taxes	0.3	(22.4	)
Stock-based compensation	3.6	7.8	
Other non-cash adjustments	1.1	4.8	
Change in assets and liabilities, net of effects of acquisitions of businesses:			
Accounts receivable, net	(2.1	) (27.2	)
Inventories	(12.6	) (9.8	)
Accounts payable	(9.5	) (2.8	)
Other current assets and liabilities	—	10.4	
Other non-current assets and liabilities	(14.4	) (41.9	)
Net cash provided by (used in) operating activities	32.0	(9.9	)
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	(23.4	) (20.4	)
Payments for capitalized internal-use software	(3.6	) (7.1	)
Acquisitions, net of cash acquired	(45.5	) (4.3	)
Other	0.3	0.1	
Net cash used in investing activities	(72.2	) (31.7	)
<b>FINANCING ACTIVITIES</b>			
Net proceeds from short-term borrowings	3.6	1.9	
Proceeds from debt	177.7	637.0	
Repayments of debt	(123.1	) (399.0	)
Debt issuance costs	—	(5.2	)
Repurchase of common stock	(80.0	) —	
Dividends paid	(13.8	) —	
Repurchase of convertible debentures conversion option	(21.6	) (53.6	)
Other	(2.1	)	