

REGAL BELOIT CORP  
Form 10-Q  
August 07, 2013

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 June 29, 2013  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
Commission file number 001-07283

REGAL BELOIT CORPORATION  
(Exact name of registrant as specified in its charter)

Wisconsin  
(State of other jurisdiction of  
incorporation) 39-0875718  
(IRS Employer  
Identification No.)  
200 State Street, Beloit, Wisconsin 53511  
(Address of principal executive office)  
(608) 364-8800  
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. (Check one):

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 August 1, 2013 there were 45,058,652 shares of the registrant's common stock, \$.01 par value per share, outstanding.



REGAL BELOIT CORPORATION  
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## CAUTIONARY STATEMENT

Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are based on management’s expectations, beliefs, current assumptions, and projections. When used in this Quarterly Report on Form 10-Q, words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or the negative thereof or similar words are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Those factors include, but are not limited to:

- uncertainties regarding our ability to execute our restructuring plans within expected costs and timing;
- actions taken by our competitors and our ability to effectively compete in the increasingly competitive global electric motor, power generation and mechanical motion control industries;
- our ability to develop new products based on technological innovation and the marketplace acceptance of new and existing products;
- unexpected issues in implementation or conversion of ERP systems;
- fluctuations in commodity prices and raw material costs;
- our dependence on significant customers;
- issues and costs arising from the integration of recently acquired companies and businesses, including the timing and impact of purchase accounting adjustments;
- our dependence on key suppliers and the potential effects of supply disruptions;
- infringement of our intellectual property by third parties, challenges to our intellectual property, and claims of infringement by us of third party technologies;
- increases in our overall debt levels as a result of acquisitions or otherwise and our ability to repay principal and interest on our outstanding debt;
- product liability and other litigation, or the failure of our products to perform as anticipated, particularly in high volume applications;
- unanticipated costs or expenses that could be incurred relating to product warranty matters;
- economic changes in global markets where we do business, such as reduced demand for the products we sell, currency exchange rates, inflation rates, interest rates, recession, foreign government policies and other external factors that we cannot control;
- unanticipated liabilities of acquired businesses;
- cyclical downturns affecting the global market for capital goods;
- difficulties associated with managing foreign operations; and
- other risks and uncertainties including but not limited to those described in “Risk Factors” in this Quarterly Report on Form 10-Q and from time to time in our reports filed with Securities and Exchange Commission.

Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and we undertake no obligation to update these statements to reflect subsequent events or circumstances. Additional information regarding these and other risks and factors is included in Item 1A - Risk Factors in our Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on March 26, 2013.



## PART I—FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## REGAL BELOIT CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net Sales	\$822.0	\$863.9	\$1,600.2	\$1,671.8
Cost of Sales	612.8	643.8	1,191.5	1,254.1
Gross Profit	209.2	220.1	408.7	417.7
Operating Expenses	128.1	116.8	251.7	235.3
Income From Operations	81.1	103.3	157.0	182.4
Interest Expense	10.7	11.2	21.3	23.0
Interest Income	1.1	0.4	1.8	0.8
Income Before Taxes	71.5	92.5	137.5	160.2
Provision For Income Taxes	17.9	28.2	33.2	46.0
Net Income	53.6	64.3	104.3	114.2
Less: Net Income Attributable to Noncontrolling Interests	2.5	1.6	3.7	2.8
Net Income Attributable to Regal Beloit Corporation	\$51.1	\$62.7	\$100.6	\$111.4
Earnings Per Share Attributable to Regal Beloit Corporation:				
Basic	\$1.14	\$1.50	\$2.24	\$2.68
Assuming Dilution	\$1.13	\$1.49	\$2.22	\$2.65
Cash Dividends Declared	\$0.20	\$0.19	\$0.39	\$0.37
Weighted Average Number of Shares Outstanding:				
Basic	45.0	41.7	45.0	41.6
Assuming Dilution	45.3	42.0	45.3	42.0
See accompanying Notes to Condensed Consolidated Financial Statements				

REGAL BELOIT CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited)  
 (Dollars in Millions)

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net Income	\$53.6	\$64.3	\$104.3	\$114.2
Other Comprehensive Income (Loss):				
Foreign Currency Translation Adjustments	(23.1	) (30.4	) (28.8	) (6.7
Hedging Activities				
Change in fair value of hedging activities, net of tax effects of \$(8.0) million and \$(15.3) million for the three months ended June 29, 2013 and June 30, 2012, and \$(5.6) million and \$5.6 million for the six months ended June 29, 2013 and June 30, 2012, respectively	(13.1	) (25.5	) (9.2	)