

KAMAN Corp  
Form 10-Q  
October 27, 2016

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 September 30, 2016

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: 001-35419

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut 06-0613548  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1332 Blue Hills Avenue  
Bloomfield, Connecticut 06002  
(Address of principal executive offices) (Zip Code)  
(860) 243-7100  
(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 (§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  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.

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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

At October 21, 2016, there were 27,107,702 shares of Common Stock outstanding.

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## PART I

## Item 1. Financial Statements

## CONDENSED CONSOLIDATED BALANCE SHEETS

## KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except share and per share amounts) (Unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,551	\$ 16,462
Accounts receivable, net	248,474	238,102
Inventories	394,223	385,747
Income tax refunds receivable	2,713	3,591
Other current assets	30,518	32,133
Total current assets	701,479	676,035
Property, plant and equipment, net of accumulated depreciation of \$220,856 and \$202,648, respectively	178,774	175,586
Goodwill	348,243	352,710
Other intangible assets, net	132,928	144,763
Deferred income taxes	57,334	66,815
Other assets	23,319	23,702
Total assets	\$ 1,442,077	\$ 1,439,611
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 118,906	\$ 5,000
Accounts payable – trade	124,769	121,044
Accrued salaries and wages	42,595	40,284
Advances on contracts	14,847	11,274
Other accruals and payables	59,267	58,761
Income taxes payable	982	326
Total current liabilities	361,366	236,689
Long-term debt, excluding current portion	301,566	434,227
Deferred income taxes	7,067	15,207
Underfunded pension	140,220	158,984
Other long-term liabilities	50,152	51,427
Commitments and contingencies (Note 11)		
Temporary equity, convertible notes	2,344	—
Shareholders' equity:		
Preferred stock, \$1 par value, 200,000 shares authorized; none outstanding	—	—
Common stock, \$1 par value, 50,000,000 shares authorized; voting; 28,056,402 and 27,735,757 shares issued, respectively	28,056	27,736
Additional paid-in capital	166,745	156,803
Retained earnings	549,954	520,865
Accumulated other comprehensive income (loss)	(133,412)	(140,138)
Less 936,449 and 698,183 shares of common stock, respectively, held in treasury, at cost	(31,981)	(22,189)
Total shareholders' equity	579,362	543,077
Total liabilities and shareholders' equity	\$ 1,442,077	\$ 1,439,611

See accompanying notes to condensed consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except per share amounts) (Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2016	October 2, 2015	September 30, 2016	October 2, 2015
Net sales	\$453,474	\$433,742	\$1,375,314	\$1,322,848
Cost of sales	317,984	303,816	961,628	933,059
Gross profit	135,490	129,926	413,686	389,789
Selling, general and administrative expenses	104,404	100,153	334,417	307,660
Net (gain)/loss on sale of assets	24	(10 )	10	(415 )
Operating income	31,062	29,783	79,259	82,544
Interest expense, net	4,165	3,208	11,960	9,757
Other expense (income), net	(332 )	185	243	120
Earnings before income taxes	27,229	26,390	67,056	72,667
Income tax expense	9,774	9,166	23,329	21,003
Net earnings	\$17,455	\$17,224	\$43,727	\$51,664
Earnings per share:				
Basic earnings per share	\$0.64	\$0.63	\$1.61	\$1.90
Diluted earnings per share	\$0.62	\$0.62	\$1.56	\$1.85
Average shares outstanding:				