

Edgar Filing: AIRGAS INC - Form 10-Q/A

AIRGAS INC  
Form 10-Q/A  
August 24, 2001

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2001

Commission file number: 1-9344

AIRGAS, INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

56-0732648

-----  
(State or other jurisdiction of  
incorporation or organization)

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

259 North Radnor-Chester Road, Suite 100  
Radnor, PA

19087-5283

-----  
(Address of principal executive offices)

-----  
(ZIP code)

(610) 687-5253

-----  
(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

Common Stock outstanding at August 23, 2001: 68,810,866 shares

1

EXPLANATORY NOTE

-----  
Airgas, Inc. (the "Company") is filing this Amendment on Form 10-Q/A to the Company's Form 10-Q for the period ended June 30, 2001, which was

## Edgar Filing: AIRGAS INC - Form 10-Q/A

originally filed with the Securities and Exchange Commission on August 14, 2001. The Company is amending the previously filed Form 10-Q for the purpose of including Note 13 to the Consolidated Financial Statements for the quarter ended June 30, 2001 under Item 1 of Part I. The information contained in Note 13 consists of supplementary financial information of subsidiary guarantors related to the issuance of senior subordinated notes on July 30, 2001.

### Part I. Financial Information

#### Item 1. Financial Statements

AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

(13) SUPPLEMENTARY CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF  
SUBSIDIARY GUARANTORS

-----

On July 30, 2001, the Company refinanced its revolving credit facilities and issued \$225 million of senior subordinated notes (the "Notes"). The obligations of the Company under the Notes are guaranteed by the Company's domestic subsidiaries that guarantee the Company's new credit facilities (the "Guarantors"). The Company's joint venture operations, foreign holdings and bankruptcy remote special purpose entity (the "Non-guarantors") are not guarantors of the Notes. The guarantees are made on a joint and several basis. The claims of creditors of Non-guarantor subsidiaries have priority over the rights of the Company to receive dividends or distributions from such subsidiaries. Presented below is supplementary condensed consolidating financial information for the Company, the Guarantors and the Non-guarantors as of June 30, 2001 and March 31, 2001 and for the three-month periods ended June 30, 2001 and 2000.

2

AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Condensed Consolidating Balance Sheet  
Senior Subordinated Notes  
June 30, 2001

(In thousands, except  
per share amounts)

	Parent	Guarantors	Non- Guarantors	Elimination Entries	Consolidate
-----					
ASSETS					
Current Assets					
Trade receivables, net	\$	--	\$ 4,325	\$ 77,112	\$ 81,437
Intercompany				\$ --	

Edgar Filing: AIRGAS INC - Form 10-Q/A

receivable/(payable)	170	(15,726)	15,556	--	--
Inventories, net	--	153,890	4,080	--	157,970
Deferred income tax asset, net	6,298	4,096	--	--	10,394
Prepaid expenses and other current assets	3,800	10,102	4,972	--	18,874
	-----	-----	-----	-----	-----
Total current assets	10,268	156,687	101,720	--	268,675
Plant and equipment, net	9,522	672,717	21,316	--	703,555
Goodwill, net	--	430,055	10,431	--	440,486
Other intangible assets, net	1,207	26,165	208	--	27,580
Investments in unconsolidated affiliates	56,961	6,473	15	--	63,449
Investments in subsidiaries	1,160,027	--	--	(1,160,027)	--
Intercompany receivable/(payable)	(116,532)	148,718	(32,186)	--	--
Other non-current assets	3,632	15,685	212	--	19,529
	-----	-----	-----	-----	-----
Total assets	\$1,125,085	\$1,456,500	\$ 101,716	\$(1,160,027)	\$1,523,274
	=====	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable, trade	\$ 3,156	\$ 72,358	\$ 2,055	\$ --	\$ 77,569
Accrued expenses and other current liabilities	44,985	78,212	1,832	--	125,029
Current portion of long-term debt	--	18,543	85	--	18,628
	-----	-----	-----	-----	-----
Total current liabilities	48,141	169,113	3,972	--	221,226
Long-term debt, excluding current portion	562,541	9,799	27,232	--	599,572
Deferred income tax liability, net	(1,409)	160,822	3,044	--	162,457
Other non-current liabilities	5,788	24,782	(575)	--	29,995
Commitments and contingencies	--	--	--	--	--
Stockholders' Equity					
Preferred stock, no par value	--	--	--	--	--
Common stock, par value \$.01 per share	747	7	--	(7)	747
Capital in excess of par value	189,991	697,141	32,105	(729,246)	189,991
Retained earnings	369,047	395,135	36,555	(431,690)	369,047
Accumulated other comprehensive loss	(4,872)	(239)	(617)	856	(4,872)
Treasury stock	(4,289)	(60)	--	60	(4,289)
Employee benefits trust	(40,600)	--	--	--	(40,600)
	-----	-----	-----	-----	-----
Total stockholders' equity	510,024	1,091,984	68,043	(1,160,027)	510,024
	-----	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$1,125,085	\$1,456,500	\$ 101,716	\$(1,160,027)	\$1,523,274
	=====	=====	=====	=====	=====

# Edgar Filing: AIRGAS INC - Form 10-Q/A

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### Condensed Consolidating Balance Sheet Senior Subordinated Notes March 31, 2001

(In thousands, except  
per share amounts)

	Parent	Guarantors	Non- Guarantors	Elimination Entries	Consolidate
<hr style="border-top: 1px dashed black;"/>					
<b>ASSETS</b>					
<b>Current Assets</b>					
Trade receivables, net	\$ --	\$ 111,081	\$ 32,048	\$ --	\$ 143,129
Intercompany receivable/(payable)	170	(14,183)	14,013	--	--
Inventories, net	--	151,402	3,622	--	155,024
Deferred income tax asset, net	6,297	3,846	--	--	10,143
Prepaid expenses and other current assets	10,167	13,901	1,481	--	25,549
	-----	-----	-----	-----	-----
Total current assets	16,634	266,047	51,164	--	333,845
Plant and equipment, net	6,851	677,480	20,315	--	704,646
Goodwill, net	--	429,942	10,115	--	440,057
Other intangible assets, net	1,120	28,345	203	--	29,668
Investments in unconsolidated affiliates	56,656	6,591	15	--	63,262
Investments in subsidiaries	1,197,952	--	--	(1,197,952)	--
Intercompany receivable/(payable)	(107,248)	99,842	7,406	--	--
Other non-current assets	5,294	4,311	207	--	9,812
	-----	-----	-----	-----	-----
Total assets	\$1,177,259	\$1,512,558	\$ 89,425	\$ (1,197,952)	\$1,581,290
<hr style="border-top: 1px dashed black;"/>					
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable, trade	\$ 3,339	\$ 71,045	\$ 1,953	\$ --	\$ 76,337
Accrued expenses and other current liabilities	41,291	88,253	1,329	--	130,873
Current portion of long-term debt	50,000	22,863	82	--	72,945
	-----	-----	-----	-----	-----
Total current liabilities	94,630	182,161	3,364	--	280,155
Long-term debt, excluding current portion	585,465	10,354	24,845	--	620,664
Deferred income tax liability, net	194	157,906	3,076	--	161,176
Other non-current liabilities	121	22,935	(610)	--	22,446
Commitments and contingencies	--	--	--	--	--
<b>Stockholders' Equity</b>					
Preferred stock, no par value	--	--	--	--	--
Common stock, par value \$.01 per share	744	7	--	(7)	744
Capital in excess of par value	188,629	754,926	31,783	(786,709)	188,629
Retained earnings	355,596	384,631	27,818	(412,449)	355,596
Accumulated other					

Edgar Filing: AIRGAS INC - Form 10-Q/A

comprehensive loss	(1,153)	(302)	(851)	1,153	(1,153)
Treasury stock	(3,982)	(60)	--	60	(3,982)
Employee benefits trust	(42,985)	--	--	--	(42,985)
	-----	-----	-----	-----	-----
Total stockholders' equity	496,849	1,139,202	58,750	(1,197,952)	496,849
	-----	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$1,177,259	\$1,512,558	\$ 89,425	\$ (1,197,952)	\$1,581,290
	=====	=====	=====	=====	=====

4

AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Condensed Consolidating Statement of Earnings  
Senior Subordinated Notes  
Three Months Ended  
June 30, 2001

(In thousands)	Parent	Guarantors	Non-Guarantors	Elimination Entries	Consolidated
	-----	-----	-----	-----	-----
Net sales	\$ --	\$410,522	\$ 5,153	\$ --	\$415,675
Costs and Expenses					
Costs of products sold (excluding depreciation and amortization)	--	210,928	1,295	--	212,223
Selling, distribution and administrative expenses	13,625	134,407	4,687	--	152,719
Depreciation	690	14,440	542	--	15,672
Amortization	110	2,071	96	--	2,277
	-----	-----	-----	-----	-----
Operating Income (Loss)	(14,425)	48,676	(1,467)	--	32,784
Interest (expense) income, net (Discount) gain on securitization of trade receivables	(12,211)	805	493	--	(10,913)
Other income (expense), net	--	(16,260)	14,768	--	(1,492)
Equity in earnings of unconsolidated affiliates	17,166	(17,339)	(20)	--	(193)
	-----	-----	-----	-----	-----
Earnings before income taxes	562	351	--	--	913
Income tax expense (benefit)	(8,908)	16,233	13,774	--	21,099
Equity in earnings of subsidiaries	(3,118)	5,728	5,038	--	7,648
	-----	-----	-----	-----	-----
Net Earnings	19,241	--	--	(19,241)	--
	-----	-----	-----	-----	-----
	\$ 13,451	\$ 10,505	\$ 8,736	\$ (19,241)	\$ 13,451
	=====	=====	=====	=====	=====

5

AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## Edgar Filing: AIRGAS INC - Form 10-Q/A

### Condensed Consolidating Statement of Earnings Senior Subordinated Notes Three Months Ended June 30, 2000

(In thousands)	Parent	Guarantors	Non- Guarantors	Elimination Entries	Consolidated
Net sales	\$ --	\$403,200	\$ 5,798	\$ --	\$408,998
Costs and Expenses					
Costs of products sold (excluding depreciation and amortization)	--	213,638	1,558	--	215,196
Selling, distribution and administrative expenses	6,783	131,163	2,069	--	140,015
Depreciation	673	14,983	669	--	16,325
Amortization	57	6,263	99	--	6,419
Operating Income (Loss)	(7,513)	37,153	1,403	--	31,043
Interest (expense) income, net	(16,118)	179	174	--	(15,765)
Other income (expense), net	17,040	(16,991)	3	--	52
Equity in earnings of unconsolidated affiliates	716	710	(62)	--	1,364
Earnings before taxes	(5,875)	21,051	1,518	--	16,694
Income tax expense (benefit)	(2,307)	8,490	695	--	6,878
Equity in earnings of subsidiaries	13,384	--	--	(13,384)	--
Net Earnings	\$ 9,816	\$ 12,561	\$ 823	\$ (13,384)	\$ 9,816

6

### AIRGAS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### Condensed Consolidating Statement of Cash Flows Senior Subordinated Notes Three Months Ended June 30, 2001

(In thousands)	Parent	Guarantors	Non- Guarantors	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	\$ 4,326	\$135,255	\$ (40,492)	\$ --	\$ 99,089
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(641)	(15,681)	(669)	--	(16,991)
Proceeds from sales of plant and equipment	--	309	--	--	309
Dividends and fees from unconsolidated affiliates	562	222	--	--	784
Other, net	1,398	1,749	(819)	--	2,328
Net cash provided by (used in)					

Edgar Filing: AIRGAS INC - Form 10-Q/A

investing activities	1,319	(13,401)	(1,488)	--	(13,570)
	-----	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	54,857	--	2,514	--	57,371
Repayment of debt	(127,780)	(9,950)	(126)	--	(137,856)
Purchase of treasury stock	--	--	--	--	--
Exercise of stock options	826	--	--	--	826
Cash overdraft	--	(5,860)	--	--	(5,860)
Inter-company	66,452	(106,044)	39,592	--	--
	-----	-----	-----	-----	-----
Net cash provided by (used in) financing activities	(5,645)	(121,854)	41,980	--	(85,519)
	-----	-----	-----	-----	-----
CHANGE IN CASH					
Cash - Beginning of year	\$ --	\$ --	\$ --	\$ --	\$ --
	-----	-----	-----	-----	-----
Cash - End of year	\$ --	\$ --	\$ --	\$ --	\$ --
	=====	=====	=====	=====	=====

7

AIRGAS, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (Unaudited)

Condensed Consolidating Statement of Cash Flows  
 Senior Subordinated Notes  
 Three Months Ended  
 June 30, 2000

(In thousands)	Parent	Guarantors	Non-Guarantors	Elimination Entries	Consolidated
	-----	-----	-----	-----	-----
Net cash provided by operating activities	\$ 1,383	\$ 10,052	\$ 771	\$ --	\$ 12,206
	-----	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	--	(14,129)	(877)	--	(15,006)
Proceeds from sales of plant and equipment	--	332	188	--	520
Proceeds from divestitures	--	577	--	--	577
Business acquisitions, net of cash acquired	--	(1,034)	--	--	(1,034)
Dividends and fees from unconsolidated affiliates	--	800	--	--	800
Other, net	--	1,131	417	--	1,548
	-----	-----	-----	-----	-----
Net cash provided by (used in) investing activities	--	(12,323)	(272)	--	(12,595)
	-----	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	58,000	--	--	--	58,000
Repayment of debt	(43,000)	(6,089)	(398)	--	(49,487)

Edgar Filing: AIRGAS INC - Form 10-Q/A

Purchase of treasury stock	(11,214)	--	--	--	(11,214)
Exercise of stock options	532	--	--	--	532
Cash overdraft	--	2,558	--	--	2,558
Inter-company	(5,701)	5,802	(101)	--	--
	-----	-----	-----	-----	-----
Net cash provided by (used in) financing activities	(1,383)	2,271	(499)	--	389
	-----	-----	-----	-----	-----
CHANGE IN CASH	\$ --	\$ --	\$ --	\$ --	\$ --
Cash - Beginning of year	--	--	--	--	--
	-----	-----	-----	-----	-----
Cash - End of year	\$ --	\$ --	\$ --	\$ --	\$ --
	=====	=====	=====	=====	=====

8

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Airgas, Inc.

-----

(Registrant)

Date: August 24, 2001

/s/ Robert M. McLaughlin

-----

Robert M. McLaughlin  
Vice President and Controller  
(Principal Accounting Officer)

9