

# CARLISLE COMPANIES INC

## FORM 10-Q (Quarterly Report)

Filed 11/12/97 for the Period Ending 09/30/97

Address	11605 NORTH COMMUNITY HOUSE ROAD SUITE 600 CHARLOTTE, NC 28277
Telephone	704-501-1100
CIK	0000790051
Symbol	CSL
SIC Code	3060 - Fabricated Rubber Products, Not Elsewhere
Industry	Chemicals - Plastics & Rubber
Sector	Basic Materials
Fiscal Year	12/31

# CARLISLE COMPANIES INC

## FORM 10-Q (Quarterly Report)

Filed 11/12/1997 For Period Ending 9/30/1997

Address	15800 JOHN J DELANEY DRIVE SUITE 350 CHARLOTTE, North Carolina 28277
Telephone	704-752-1100
CIK	0000790051
Industry	Fabricated Plastic & Rubber
Sector	Basic Materials
Fiscal Year	12/31

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13**  
**[X] OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 1997

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 1-9278

**CARLISLE COMPANIES INCORPORATED**

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(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

31-1168055  
(I.R.S. employer  
identification no.)

250 South Clinton Street, Suite 201, Syracuse, New York 13202  
(Address of principal executive offices) (Zip code)

315-474-2500

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(Registrant's telephone number, including area code)

Indicate by check mark whether 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 X No

Shares of common stock outstanding at November 1, 1997 30,155,909

# PART I. FINANCIAL INFORMATION

## CARLISLE COMPANIES INCORPORATED AND SUBSIDIARIES

Condensed Consolidated Statement of Earnings Three Months and Nine Months ended September 30, 1997 and 1996

(Dollars in thousands except per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT. 30, 1997	SEPT. 30, 1996	SEPT. 30, 1997	SEPT. 30, 1996
Net Sales.....	\$ 315,707	\$ 252,603	\$ 940,897	\$ 740,039
Cost and expenses:				
Cost of goods sold.....	240,618	189,965	725,505	560,547
Selling and administrative.....	36,331	32,519	105,811	95,446
Research and development.....	3,942	3,032	11,705	9,110
	280,891	225,516	843,021	665,103
Operating profit.....	34,816	27,087	97,876	74,936
Other income (deductions):				
Investment income.....	409	247	991	452
Interest expense.....	(3,961)	(1,888)	(12,231)	(5,987)
Other, net.....	1,045	175	2,652	1,088
	(2,507)	(1,466)	(8,588)	(4,447)
Earnings before income taxes.....	32,309	25,621	89,288	70,489
Income taxes.....	12,791	10,160	35,369	27,948
Net earnings.....	\$ 19,518	\$ 15,461	\$ 53,919	\$ 42,541
Average common shares outstanding.....	31,036	30,980	31,024	30,895
Net earnings per share:.....	\$ 0.63	\$ 0.50	\$ 1.74	\$ 1.38
Dividends declared and paid per share.....	\$ .1400	\$ .1225	\$ .3850	\$ .3425

See accompanying notes to interim financial statements.

**CARLISLE COMPANIES INCORPORATED AND SUBSIDIARIES**  
Condensed Consolidated Balance Sheets

September 30, 1997 and December 31, 1996

(Dollars in thousands except share amounts)

	SEPT. 30, 1997	DEC. 31, 1996
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 16,274	\$ 8,312
Receivables, less allowances of \$4,840 in 1997 and \$4,097 in 1996.....	193,367	158,463
Inventories.....	162,009	137,092
Deferred income taxes.....	25,282	25,036
Prepaid expenses and other.....	21,022	17,030
	-----	-----
Total current assets.....	417,954	345,933
	-----	-----
Property, plant and equipment.....	520,649	483,013
Less accumulated depreciation.....	239,720	218,775
	-----	-----
Net property, plant and equipment.....	280,929	264,238
	-----	-----
Other assets		
Patents and other intangibles.....	114,305	108,648
Investments and advances to affiliates.....	14,770	11,976
Receivables and other assets.....	9,637	9,854
Deferred income taxes.....	3,713	1,814
	-----	-----
Total other assets.....	142,425	132,292
	-----	-----
	\$ 841,308	\$ 742,463
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 94,424	\$ 74,338
Accrued expenses.....	120,148	96,310
	-----	-----
Total current liabilities.....	214,572	170,648
	-----	-----
Long-term liabilities		
Long-term debt.....	218,744	191,167
Product warranties.....	72,047	71,478
Deferred compensation and other liabilities.....	(512)	1,667
	-----	-----
Total long-term liabilities.....	290,279	264,312
	-----	-----
Stockholders' equity:		
Common stock, \$1 par value. Authorized 50,000,000 shares; issued 39,330,624 shares.....	39,331	39,331
Additional paid-in capital.....	1,753	480
Retained earnings.....	390,829	348,558
Cost of shares in treasury (1997--9,174,815 shares; 1996--9,124,858 shares).....	(95,456)	(80,866)
	-----	-----
Total stockholders' equity.....	336,457	307,503
	-----	-----
	\$ 841,308	\$ 742,463
	-----	-----

See accompanying notes to interim financial statements.

# CARLISLE COMPANIES INCORPORATED AND SUBSIDIARIES

## Condensed Statements of Consolidated Cash Flows Nine Months ended September 30, 1997 and 1996

(Dollars in thousands)

	1997	1996
	-----	-----
Operating Activities		
Net earnings.....	\$ 53,919	\$ 42,541
Reconciliation of net earnings to cash flows:		
Depreciation.....	25,238	19,196
Amortization.....	4,652	2,896
Changes in assets and liabilities, excluding effects of acquisitions and sale of business:		
Current & long-term receivables.....	(29,259)	(19,579)
Inventories.....	(19,319)	(3,760)
Accounts payable & accrued expenses.....	22,027	14,516
Prepaid, deferred & current income taxes.....	10,972	(2,853)
Loss on sale of facility.....	332	--
Long-term liabilities.....	(1,612)	4,063
Other.....	2,138	2,419
	-----	-----
	69,088	59,439
	-----	-----
Investing Activities		
Capital expenditures.....	(39,218)	(26,061)
Acquisitions, net of cash.....	(30,603)	(53,437)
Sales of property, equipment & business.....	12,336	4,158
Other.....	(2,794)	(1,698)
	-----	-----
	(60,279)	(77,038)
	-----	-----
Financing Activities		
Proceeds from short-term borrowings.....	--	55,989
Proceeds from long-term debt.....	153,796	--
Reductions of long-term debt.....	(125,127)	(11,590)
Dividends.....	(11,647)	(10,376)
Purchases of treasury shares.....	(17,869)	(11,951)
	-----	-----
	(847)	22,072
	-----	-----
Change in cash and cash equivalents.....	7,962	4,473
Cash and cash equivalents		
Beginning of period.....	8,312	3,198
	-----	-----
End of period.....	\$ 16,274	\$ 7,671
	-----	-----

See accompanying notes to interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**NINE AND THREE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996**

(1) The accompanying unaudited condensed consolidated financial statements include the accounts of Carlisle Companies Incorporated and its wholly-owned subsidiaries (together, the "Company"). Intercompany transactions and balances have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with Article 10-01 of Regulation S-X of the Securities and Exchange Commission and, as such, do not include all information required by generally accepted accounting principles. However, in the opinion of the Company, these financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position as of September 30, 1997 and December 31, 1996, the results of its operations for the three months and the nine months ended September 30, 1997 and 1996, and its cash flows for the nine months ended September 30, 1997 and 1996.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and notes included in the Company's 1996 Annual Report to Stockholders.

(2) The components of inventories are as follows:

	SEPT. 30, 1997	DEC. 31, 1996
	-----	-----
	(000) 'S	
First-in, first-out (FIFO) costs:		
Finished goods.....	\$ 96,769	\$ 82,253
Work in process.....	22,982	17,574
Raw materials.....	57,056	51,872
	-----	-----
	\$ 176,807	\$ 151,699
Excess of FIFO cost over Last-in, First-out (LIFO) inventory value.....	(14,798)	(14,607)
	-----	-----
LIFO inventory value.....	\$ 162,009	\$ 137,092
	-----	-----

(3) Net earnings per share of common stock are based on the weighted average number of shares outstanding of 31,035,746 for the three months ended September 30, 1997 and 31,023,928 for the nine months ended September 30, 1997 assuming the exercise of dilutive stock options.

Carlisle Companies Incorporated reported record third quarter sales and earnings. For the quarter ended September 30, 1997 sales of \$315.7 million reflect a 25% increase over 1996 third quarter sales of \$252.6 million. Earnings of \$19.5 million, or \$.63 a share, increased 26% over 1996 earnings of \$15.5 million, or \$.50 a share. For the nine months ended September 30, 1997, sales totaled \$940.9 million, a 27% increase over 1996 sales of \$740.0 million. Year-to-date earnings rose 27% to \$53.9 million, or \$1.74 a share, from 1996 earnings of \$42.5 million, or \$1.38 a share.

Construction Materials segment sales of \$94.4 million, for the third quarter 1997, remained flat over 1996 third quarter sales levels, after eliminating the sales of Carlisle's engineered metal roofing business, which was sold in February 1997. On a year-to-date basis, sales of \$222.2 million, are down slightly this year compared to 1996, net of engineered metals' sales impact. Declines in volumes in the roofing market overall and tight roofer-labor market conditions have had a negative impact on sales. Favorable product mix, cost control efforts and elimination of the losses of divested engineered metals operations contributed to the 13% increase in 1997 third quarter earnings of \$17.1 million and to the 15% increase in year-to-date earnings of \$37.0 million.

Transportation Products segment sales of \$124.2 million for the third quarter reflect a 49% increase over 1996, while earnings of \$10.6 million exceeded 1996 levels by 71%. On a year-to-date basis, both sales and earnings increased 51% over 1996. Repeated positive performances at the Company's container leasing joint venture, coupled with significantly improved results at the Company's container manufacturing operations, contributed to this quarter's results. Sales and earnings of the Company's engineered plastics operations continue to benefit from its 1996 integration of the Engineered Plastics Division of Johnson Controls. Fueled by higher sales and production volumes and manufacturing efficiencies, the Company's aerospace wire operations continue to exceed 1996 sales and earnings. Strong performances by the Company's specialized trailer operations continue to contribute positively to this segment's sales and earnings. The negative impact of the strengthening US dollar to European currencies in the heavy friction business offset record sales and earnings attained in the Company's industrial friction business.

General Industry segment sales of \$97.1 million increased 36% over 1996 third quarter sales of \$71.3 million while earnings increased 32% over 1996 to \$11.2 million. For the nine-months ended September 30, 1997, segment sales totaled \$331.6 million versus \$242.7 in 1996. Year-to-date earnings rose 29% to \$40.4 million. Increased sales volumes across most OE and aftermarket product lines coupled with improved manufacturing efficiencies and cost reduction programs, continue to produce record sales and earnings at the Company's tire and wheel operations. In July of 1997, the Company completed the acquisition of The City Machine and Wheel Company, a manufacturer and seller of stamped steel wheels to customers in the United States and Canada. In September of 1997, the Company completed the acquisition of Conestoga Tire & Rim Inc. and Wheeltech North America, Inc. Conestoga and Wheeltech are in the business of



assembling, marketing and distributing tire and wheel assemblies to various markets in the United States and Canada. Additionally, on October 31, 1997, the Company acquired Tilden Corporation, a value-added distributor of tire and wheel assemblies for the lawn and garden and other specialty tire and wheel markets. Sales in the Company's speciality electronic wire business reached record levels due to the growth of its low density cable products. Third quarter sales in the Foodservice operations maintained the upward trend over 1996 levels while intense competition dampened margins for the quarter. The Company's stainless steel processing equipment operations continue to report favorable results.

There are no trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way nor are there any known material trends, favorable or unfavorable, in the Company's capital resources.

Working capital was \$203.4 million at September 30, 1997 compared to \$207.1 million at June 30, 1997 and \$123.2 million a year ago. Working capital at September 30, 1996 included short term borrowings which were refinanced in 1997.

## **PART II. OTHER INFORMATION**

### **ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits applicable to the filing of this report are as follows:

(12) Ratio of Earnings to Fixed Charges.

(27) Financial Data Schedule as of September 30, 1997 and for the nine months ended September 30, 1997.

(b) Report on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report on Form 10-Q is filed.

## SIGNATURE

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

### CARLISLE COMPANIES INCORPORATED

*Date*            *November 12, 1997*

*By*   */s/ Robert J. Ryan, Jr.*

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*Robert J. Ryan, Jr.*  
*Vice President, Treasurer and*  
*Chief Financial Officer*

## Exhibit 12

### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the Company's ratio of earnings to fixed charges for periods indicated:

	NINE MONTHS ENDED 9/30/97	YEAR ENDED DECEMBER 31				
		1996	1995	1994	1993	1992
Ratio of Earnings to Fixed Charges.....	6.26%	7.47%	8.70%	9.73	9.89%	7.78%

For purposes of computing the ratio of earnings to fixed charges, earnings are defined as earnings before income taxes plus fixed charges. Fixed charges consist of interest expense (including capitalized interest) and the portion of rental expense that is representative of the interest factor (deemed to be one- third of minimum operating lease rentals). The earnings to fixed charges calculation reflects the Company's proportionate share of income, expense and fixed charges attributable to the Company's investment in majority-owned unconsolidated subsidiaries and joint ventures.

## ARTICLE 5

This schedule contains Summary Financial Information extracted from the Financial Statements of Carlisle Companies Incorporated for the nine month period ending September 30, 1997, and is qualified in its entirety by reference to such Financial Statements.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	SEP 30 1997
CASH	16,274
SECURITIES	0
RECEIVABLES	198,207
ALLOWANCES	4,840
INVENTORY	162,009
CURRENT ASSETS	417,954
PP&E	520,649
DEPRECIATION	239,720
TOTAL ASSETS	841,308
CURRENT LIABILITIES	214,572
BONDS	218,744
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	39,331
OTHER SE	297,126
TOTAL LIABILITY AND EQUITY	841,308
SALES	940,897
TOTAL REVENUES	940,897
CGS	725,505
TOTAL COSTS	843,021
OTHER EXPENSES	(2,652)
LOSS PROVISION	914
INTEREST EXPENSE	11,240
INCOME PRETAX	89,288
INCOME TAX	35,369
INCOME CONTINUING	53,919
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	53,919
EPS PRIMARY	1.74
EPS DILUTED	1.74

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