

WATTS WATER TECHNOLOGIES INC

FORM 8-K (Unscheduled Material Events)

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Address	815 CHESTNUT ST NORTH ANDOVER, Massachusetts 01845
Telephone	978-688-1811
CIK	0000795403
Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2005

Watts Water Technologies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	1-11499	04-2916536

(State or other juris- diction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

815 Chestnut Street, North Andover, MA 01845
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (978) 688-1811

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 3, 2005, Watts Water Technologies, Inc. announced its financial results for the fiscal quarter ended April 3, 2005. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits. The following exhibits are being furnished herewith:

Exhibit No. -----	Title -----
99.1	Press release dated May 3, 2005

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 hereunto duly authorized.

Date: May 4, 2005

WATTS WATER TECHNOLOGIES, INC.

By: /s/ William C. McCartney

William C. McCartney
Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE Contact: William C. McCartney ----- Chief Financial Officer

Telephone: (978) 688-1811 Fax: (978) 688-2976

WATTS WATER TECHNOLOGIES REPORTS FIRST QUARTER 2005 RESULTS

North Andover, MA...May 3, 2005. Watts Water Technologies, Inc. (NYSE Symbol "WTS") today announced results for the first quarter ended April 3, 2005. Sales for the first quarter ended April 3, 2005 were \$219,027,000, an increase of \$33,019,000, or 18%, from the first quarter ended March 28, 2004. Net income for the first quarter ended April 3, 2005, was \$12,358,000, or \$0.37 per share, which includes a net loss from discontinued operations of \$39,000. Income from continuing operations increased \$1,402,000, or 13%, for the first quarter ended April 3, 2005, to \$12,397,000, or \$0.37 per share, compared to income from continuing operations for the first quarter ended March 28, 2004 of \$10,995,000, or \$0.34 per share.

Restructuring costs, net of tax, incurred in the first quarters of 2005 and 2004 were \$496,000, or \$0.02 per share, and \$724,000, or \$0.02 per share, respectively.

Patrick S. O'Keefe, Chief Executive Officer, commented, "Our overall increase in sales was achieved by internal growth, contributions from acquired companies and the change in foreign exchange rates. Our internal growth contributed \$20,104,000 of the increase in sales in the first quarter ended April 3, 2005 over the first quarter ended March 28, 2004. Our acquisitions contributed \$9,303,000 of sales for the first quarter ended April 3, 2005 over the first quarter ended March 28, 2004. This acquired growth was attributable to the January 2005 acquisitions of HF Scientific, Inc. and Sea Tech, Inc., the May 2004 acquisition of Orion Enterprises, Inc. and the April 2004 acquisition of TEAM Precision Pipework, Ltd. The change in foreign exchange rates for the first quarter ended April 3, 2005 increased our sales by \$3,612,000 over the first quarter ended March 28, 2004 due primarily to the strengthening of the euro versus the U.S. dollar.

"Our North American segment increased sales for the first quarter ended April 3, 2005 by 22% to \$147,477,000 compared to \$120,982,000 for the first quarter ended March 28, 2004. This increase in North American sales was achieved through internal sales growth of \$19,245,000, the inclusion of sales from the acquisitions of HF Scientific, Inc., Sea Tech, Inc. and Orion Enterprises, Inc. totaling \$6,500,000, and \$750,000 due to favorable foreign exchange rates associated with the strengthening of the Canadian dollar versus the U.S. dollar."

"Internal sales growth in the North American wholesale market for the first quarter ended April 3, 2005 increased 14% over the first quarter ended March 28, 2004. This increase was led by increased sales of backflow prevention units, as well as strength in our plumbing and under-floor radiant heating product lines. Our internal sales growth in the North American home improvement retail market increased 22% for the first quarter ended April 3, 2005 over the first quarter ended March 28, 2004. This increase was led by new product introductions including pre-soldered copper fittings, hot water re-circulation pumps and hot water heater connector kits."

"We derived 30% of our total sales for the first quarter ended April 3, 2005 from Europe compared to 32% in the first quarter ended March 28, 2004. Sales in Europe for the first quarter ended April 3, 2005 increased \$6,401,000, or 11% to \$66,434,000, compared to the first quarter ended March 28, 2004. This increase is due to the favorable foreign exchange rates associated with the strengthening of the euro versus the U.S. dollar, which accounted for \$2,862,000, the inclusion of the sales from the TEAM Precision Pipework, Ltd. acquisition of \$2,803,000 and internal sales growth of \$736,000. The appreciation of the euro also had a positive impact on European income of \$0.01 per share in the first quarter ended April 3, 2005, compared with a \$0.02 per share effect for the first quarter ended March 28, 2004."

"Sales in China increased 2% to \$5,116,000 for the quarter ended April 3, 2005 from \$4,993,000 for the quarter ended March 28, 2004. The improvement in earnings from Chinese operations over last year was primarily due to the increased production levels and lower scrap expenses."

"We continue with the consolidation of our manufacturing plants in North America and Europe while continuing to expand our manufacturing capacity in China and other areas of the world in an effort to lower our cost of manufacturing. For the first quarter ended April 3, 2005 we recorded a pre-tax charge of approximately \$774,000, which was comprised of \$412,000 recorded in cost of sales primarily for accelerated depreciation for both the expected closure of a U.S. manufacturing plant and a reduction in the estimated useful lives of certain manufacturing equipment and \$362,000 recorded in selling, general and administrative expenses for severance costs related to European restructuring. This compares to \$1,177,000 recorded in cost of goods sold in the first quarter ended March 28, 2004 for accelerated depreciation for both the expected closure of a U.S. manufacturing plant and a reduction in the estimated useful lives of certain manufacturing equipment.

"We also incurred incremental pretax charges in the first quarter of 2005 including \$709,000 for an acquisition earn-out being treated as compensation expense and costs related to compliance with Sarbanes-Oxley requirements of approximately \$1,200,000."

On January 5, 2005, the Company acquired 100% of the outstanding stock of HF Scientific, Inc., located in Fort Myers, Florida for approximately \$7,000,000 in cash plus \$800,000 in assumed debt. HF Scientific manufactures and distributes a line of instrumentation equipment, test kits and chemical reagents used for monitoring water quality in a variety of applications.

On January 4, 2005, the Company acquired substantially all of the assets of Sea Tech, Inc. located in Wilmington, North Carolina for approximately \$10,000,000 in cash. Sea Tech provides cost effective solutions for fluidic connection needs. Sea Tech offers a wide range of standard and custom quick connect fittings, valves and manifolds and pex tubing designed to address specific customer requirements.

On May 21, 2004, a wholly-owned subsidiary of the Company acquired 100% of the outstanding stock of McCoy Enterprises, Inc., which was subsequently renamed Orion Enterprises, Inc. (Orion), located in Kansas City, Kansas, for approximately \$27,900,000 in cash. Orion distributes its products under the brand names of Orion, Flo Safe and Laboratory Enterprises. Orion's product lines include a complete line of acid resistant waste disposal products, double containment piping systems, as well as a line of high purity pipes, fittings and faucets.

On April 16, 2004, a wholly-owned subsidiary of the Company acquired 90% of the stock of TEAM Precision Pipework, Ltd. (TEAM), located in Ammanford, West Wales, United Kingdom for approximately \$17,200,000 in cash subject to final adjustments, if any, as stipulated in the purchase and sale agreement. TEAM custom designs and manufactures manipulated pipe and hose tubing assemblies, which are utilized in the heating ventilation and air conditioning markets. TEAM is a supplier to major original equipment manufacturers of air conditioning systems and several of the major European automotive air conditioning manufacturers.

On March 29, 2004, a wholly-owned subsidiary of the Company acquired the 40% equity interest in Taizhou Shida Plumbing Manufacturing Co., Ltd. (Shida), that had been held by the Company's former joint venture partner for approximately \$3,000,000 in cash and the payment of \$3,500,000 in connection with a know-how transfer and non-compete agreement. As of April 3, 2005 the Company had paid \$5,750,000 in cash. The Company now owns 100% of Shida. The Company had made prior investments in 2003 and 2002 totaling \$8,000,000 in cash for its initial 60% interest. Shida is a manufacturer of a variety of plumbing products sold both into the Chinese domestic market and export markets.

This Press Release includes statements that are not historical facts and are considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Watts Water Technologies' current views about future results of operations and other forward-looking information. In some cases you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will" and "would" or similar words. You should not rely on forward-looking statements because Watts' actual results may differ materially from those indicated by these forward-looking statements as a

result of a number of important factors. These factors include, but are not limited to, the following: shortages in and pricing of raw materials and supplies including price increases by suppliers of raw materials and the Company's ability to pass these costs on to customers, loss of market share through competition, introduction of competing products by other companies, pressure on prices from competitors, suppliers, and/or customers, diversion of management's attention and costs associated with efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002, failure to meet the requirements under Section 404 of the Sarbanes-Oxley Act of 2002, identification and disclosure of material weaknesses in our internal controls over financial reporting, failure to expand our markets through acquisitions, failure or delay in developing new products, lack of acceptance of new products, failure to manufacture products that meet required performance and safety standards, foreign exchange rate fluctuations, cyclicality of industries, such as plumbing and heating wholesalers and home improvement retailers, in which the Company markets certain of its products, economic factors, such as the levels of housing starts and remodeling, impacting the markets where the Company's products are sold, manufactured, or marketed, environmental compliance costs, product liability risks, the results and timing of the Company's manufacturing restructuring plan, changes in the status of current litigation, including the James Jones case, and other risks and uncertainties discussed under the heading "Certain Factors Affecting Future Results" in the Watts Water Technologies, Inc. Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities Exchange Commission and other reports Watts files from time to time with the Securities and Exchange Commission. Watts does not intend to, and undertakes no duty to, update the information contained in this Press Release.

Watts Water Technologies, Inc. will hold a live web cast of its conference call to discuss first quarter results for 2005 on Wednesday, May 4, 2005, at 2:00 p.m. Eastern Time. The press release and the live web cast can be accessed by visiting the Investors section of the Company's website at www.wattswater.com. Following the web cast, an archived version of the call will be available at the same address until May 4, 2006.

Watts Water Technologies, Inc. is a world leader in the manufacture of innovative products to control the efficiency, safety, and quality of water within residential, commercial, and institutional applications. Its expertise in a wide variety of water technologies enables it to be a comprehensive supplier to the water industry.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share information)

(Unaudited)

	First Quarter Ended	
	April 3, 2005	March 28, 2004
STATEMENTS OF INCOME		
Net sales	\$ 219,027	\$186,008
Income from continuing operations	\$ 12,397	\$ 10,995
Income (loss) from discontinued operations	(39)	6
	-----	-----
Net income	\$ 12,358	\$ 11,001
	-----	-----
DILUTED EARNINGS PER SHARE		
Weighted Average Number of Common Shares & Equivalents	33,032	32,549
Earnings per Share:		
Continuing operations	\$ 0.37	\$ 0.34
Discontinued operations	--	--
	-----	-----
Net income	\$ 0.37	\$ 0.34
	-----	-----
Cash dividends per share	\$ 0.08	\$ 0.07

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share information)

(Unaudited)

	April 3, 2005	December 31, 2004
ASSETS	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,532	\$ 65,913
Investment securities	--	26,600
Trade accounts receivable, less allowance for doubtful accounts of \$7,319 at April 3, 2005 and \$7,551 at December 31, 2004	156,675	150,073
Inventories, net:		
Raw materials	55,778	53,942
Work in process	28,637	28,020
Finished goods	128,319	121,082
	-----	-----
Total Inventories	212,734	203,044
Prepaid expenses and other assets	15,317	14,359
Deferred income taxes	27,809	27,463
Assets of discontinued operations	8,644	10,227
	-----	-----
Total Current Assets	482,711	497,679
	-----	-----
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost	322,709	321,655
Accumulated depreciation	(174,698)	(170,966)
	-----	-----
Property, plant and equipment, net	148,011	150,689
	-----	-----
OTHER ASSETS:		
Goodwill	234,039	226,178
Other	54,120	49,702
	-----	-----
TOTAL ASSETS	\$ 918,881	\$ 924,248
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 72,071	\$ 73,606
Accrued expenses and other liabilities	63,051	64,604
Accrued compensation and benefits	25,638	29,679
Current portion of long-term debt	5,542	4,981
Liabilities of discontinued operations	23,456	24,303
	-----	-----
Total Current Liabilities	189,758	197,173
	-----	-----
LONG-TERM DEBT, NET OF CURRENT PORTION	178,983	180,562
DEFERRED INCOME TAXES	20,476	19,578
OTHER NONCURRENT LIABILITIES	25,558	26,632
MINORITY INTEREST	7,544	7,515
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.10 par value; 5,000,000 shares authorized; no shares issued or outstanding	--	--
Class A Common Stock, \$.10 par value; 80,000,000 shares authorized; 1 vote per share; issued and outstanding: 25,091,676 shares at April 3, 2005 and 25,049,338 shares at December 31, 2004	2,509	2,505
Class B Common Stock, \$.10 par value; 25,000,000 shares authorized; 10 votes per share; issued and outstanding: 7,343,880 shares at April 3, 2005 and at December 31, 2004	734	734
Additional paid-in capital	142,082	140,172
Retained earnings	333,884	324,145
Deferred compensation	(2,380)	(1,386)
Accumulated other comprehensive income	19,733	26,618
	-----	-----
Total Stockholders' Equity	496,562	492,788
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 918,881	\$ 924,248
	=====	=====

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share information)

(Unaudited)

	First Quarter Ended	
	April 3, 2005	March 28, 2004
Net sales	\$ 219,027	\$ 186,008
Cost of goods sold	141,649	121,096
GROSS PROFIT	77,378	64,912
Selling, general & administrative expenses	55,706	45,134
Restructuring	362	--
OPERATING INCOME	21,310	19,778
Other (income) expense:		
Interest income	(309)	(302)
Interest expense	2,521	2,544
Minority interest	65	175
Other	(87)	(164)
	2,190	2,253
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES...	19,120	17,525
Provision for income taxes	6,723	6,530
INCOME FROM CONTINUING OPERATIONS	12,397	10,995
Income (loss) from discontinued operations, net of taxes ...	(39)	6
NET INCOME	\$ 12,358	\$ 11,001
	=====	=====
BASIC EPS		
Income per share:		
Continuing operations	\$ 0.38	\$ 0.34
Discontinued operations	--	--
NET INCOME	\$ 0.38	\$ 0.34
	=====	=====
Weighted average number of shares	32,408	32,136
	=====	=====
DILUTED EPS		
Income per share:		
Continuing operations	\$ 0.37	\$ 0.34
Discontinued operations	--	--
NET INCOME	\$ 0.37	\$ 0.34
	=====	=====
Weighted average number of shares	33,032	32,549
	=====	=====
Dividends per share	\$ 0.08	\$ 0.07
	=====	=====

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Amounts in thousands)

(Unaudited)

	Net Sales	
	First Quarter Ended	
	April 3, 2005	March 28, 2004
	-----	-----
North America	\$ 147,477	\$ 120,982
Europe	66,434	60,033
China	5,116	4,993
	-----	-----
Total	\$ 219,027	\$ 186,008
	=====	=====

	Operating Income	
	First Quarter Ended	
	April 3, 2005	March 28, 2004
	-----	-----
North America	\$ 18,446	\$ 16,434
Europe	7,493	7,445
China	545	(458)
Corporate	(5,174)	(3,643)
	-----	-----
Total	\$ 21,310	\$ 19,778
	=====	=====

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