

TEXTRON INC

FORM 8-K (Current report filing)

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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): October 17, 2012

TEXTRON INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State of
Incorporation)

1-5480
(Commission File Number)

05-0315468
(IRS Employer
Identification Number)

40 Westminster Street, Providence, Rhode Island 02903
(Address of principal executive offices)

Registrant's telephone number, including area code: (401) 421-2800

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 Instructions 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 October 17, 2012, Textron Inc. (“Textron”) issued a press release announcing its financial results for the fiscal quarter ended September 29, 2012. This press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

A discussion of the reasons why management believes that the presentation of non-GAAP financial measures provides useful information to investors regarding Textron’s financial condition and results of operations is attached to the press release attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit is filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated October 17, 2012 related to earnings.

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.

TEXTRON INC.
(Registrant)

By: /s/ Richard L. Yates
Richard L. Yates
Senior Vice President and Corporate Controller

Date: October 17, 2012

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated October 17, 2012 related to earnings.



Corporate Communications
Department

NEWS Release

Investor Contacts:

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FOR IMMEDIATE RELEASE

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Textron Reports Third Quarter Earnings from Continuing Operations of \$0.48 per Share, up 6.7% from a Year Ago; Increases Full-year EPS Guidance

Providence, Rhode Island – October 17, 2012 – Textron Inc. (NYSE: TXT) today reported third quarter 2012 income from continuing operations of \$0.48 per share, up 6.7% from \$0.45 per share in the third quarter of 2011. Total revenues in the quarter were \$3.0 billion, up 6.6% from the third quarter of 2011.

Manufacturing segment profit was \$254 million compared to \$260 million in the third quarter of 2011. Manufacturing cash flow before pension contributions was \$153 million during the third quarter compared to \$339 million during last year's third quarter. The company contributed \$16 million to its pension plans during the third quarter.

"Third quarter results reflected strength in our helicopter and industrial units, favorable liquidation activity in our finance portfolio and good execution at Cessna in an environment of weak business jet demand, partially offset by lower overall volumes in our Textron Systems segment and charges associated with our new fee-for-service unmanned aerial systems programs," said Textron Chairman and CEO Scott C. Donnelly.

Donnelly continued, "Through the first three quarters of the year, we have had strong results at Bell, Industrial and Finance relative to our original EPS outlook. Based on this performance and our outlook for the fourth quarter, we are raising our full-year EPS guidance."

Outlook

Textron raised its 2012 earnings per share from continuing operations guidance from its previous range of \$1.80 - \$2.00 to a revised range of \$1.95 to \$2.05. The company also confirmed that cash flow from continuing operations of the manufacturing group before pension contributions is expected to be between \$700 and \$750 million, with planned pension contributions of about \$200 million.

Third Quarter Segment Results

Cessna

Revenues at Cessna increased \$7 million as higher used aircraft sales more than offset a decline in new Citation jet deliveries. Cessna delivered 41 new Citations in the third quarter this year, down from 47 units in last year's third quarter.

Segment profit of \$30 million was down \$3 million from a year ago.

Cessna backlog at the end of the third quarter was \$1.3 billion, down \$196 million from the second quarter of 2012.

Bell

Bell revenues increased \$181 million in the third quarter from the same period in the prior year, primarily reflecting commercial deliveries of 46 units in the third quarter of 2012, compared to 26 helicopters in last year's third quarter. Military deliveries included 11 V-22's and 5 H-1's compared to 9 V-22's and 7 H-1's in last year's third quarter.

Segment profit increased \$22 million, primarily reflecting higher volumes.

Bell backlog at the end of the second quarter was \$6.3 billion, down \$434 million from the second quarter of 2012.

Textron Systems

Revenues at Textron Systems decreased \$62 million primarily due to lower volumes. Segment profit decreased \$26 million, reflecting charges associated with new fee-for-service unmanned aerial system contracts and lower volumes.

Textron Systems' backlog at the end of the third quarter was \$2.9 billion, up \$263 million from the second quarter of 2012.

Industrial

Industrial revenues increased \$28 million reflecting higher volumes in our golf and turf and automotive businesses partially offset by unfavorable foreign exchange. Segment profit increased \$1 million primarily due to the higher volume, partially offset by inflation that exceeded price increases.

Finance

Finance segment revenues increased \$32 million compared to the third quarter of 2011. The segment reported a profit of \$28 million compared to a \$24 million loss in last year's third quarter.

Conference Call Information

Textron will host its conference call today, October 17, 2012 at 8:00 a.m. (Eastern) to discuss its results and outlook. The call will be available via webcast at www.textron.com or by direct dial at (800) 230-1059 in the U.S. or (612) 234-9959 outside of the U.S. (request the Textron Earnings Call).

In addition, the call will be recorded and available for playback beginning at 10:30 a.m. (Eastern) on Wednesday October 17, 2012 by dialing (320) 365-3844 internationally; Access Code: 225827.

A package containing key data that will be covered on today's call can be found in the Investor Relations section of the company's website at www.textron.com.

About Textron Inc.

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna Aircraft Company, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, and Textron Systems. More information is available at www.textron.com.

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Non-GAAP Measures

Manufacturing cash flow before pension contributions is a non-GAAP measure that is defined and reconciled to GAAP in an attachment to this release.

Forward-looking Information

Certain statements in this release and other oral and written statements made by us from time to time are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which may describe strategies, goals, outlook or other non-historical matters, or project revenues, income, returns or other financial measures, often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "guidance," "project," "target," "potential," "will," "should," "could," "likely" or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. In addition to those factors described under "Risk Factors" in our Annual Report on Form 10-K, among the factors that could cause actual results to differ materially from past and projected future results are the following: changing priorities or reductions in the U.S. Government defense budget, including those related to military operations in foreign countries; changes in worldwide economic or political conditions that impact demand for our products, interest rates or foreign exchange rates; our ability to perform as anticipated and to control costs under contracts with the U.S. Government; the U.S. Government's ability to unilaterally modify or terminate its contracts with us for the U.S. Government's convenience or for our failure to perform, to change applicable procurement and accounting policies, or, under certain circumstances, to withhold payment or suspend or debar us as a contractor eligible to receive future contract awards; changes in foreign military funding priorities or budget constraints and determinations, or changes in government regulations or policies on the export and import of military and commercial products; our Finance segment's ability to maintain portfolio credit quality or to realize full value of receivables and of assets acquired upon foreclosure of receivables; our ability to access the capital markets at reasonable rates; performance issues with key suppliers, subcontractors or business partners; legislative or regulatory actions impacting our operations or demand for our products; our ability to control costs and successfully implement various cost-reduction activities; the efficacy of research and development investments to develop new products or unanticipated expenses in connection with the launching of significant new products or programs; the timing of our new product launches or certifications of our new aircraft products; our ability to keep pace with our competitors in the introduction of new products and upgrades with features and technologies desired by our customers; the extent to which we are able to pass raw material price increases through to customers or offset such price increases by reducing other costs; increases in pension expenses or employee and retiree medical benefits; uncertainty in estimating reserves, including reserves established to address contingent liabilities, unrecognized tax benefits, or potential losses on our Finance segment's receivables; difficult conditions in the financial markets which may adversely impact

our customers' ability to fund or finance purchases of our products; and volatility in the global economy resulting in demand softness or volatility in the markets in which we do business.

TEXTRON INC.
Revenues by Segment and Reconciliation of Segment Profit to Net Income
Three and Nine Months Ended September 29, 2012 and October 1, 2011
(Dollars in millions, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
REVENUES				
MANUFACTURING:				
Cessna	\$ 778	\$ 771	\$ 2,210	\$ 1,979
Bell	1,075	894	3,125	2,515
Textron Systems	400	462	1,166	1,359
Industrial	683	655	2,194	2,077
	<u>2,936</u>	<u>2,782</u>	<u>8,695</u>	<u>7,930</u>
FINANCE	64	32	180	91
Total revenues	\$ 3,000	\$ 2,814	\$ 8,875	\$ 8,021
SEGMENT PROFIT				
MANUFACTURING:				
Cessna	\$ 30	\$ 33	\$ 59	\$ -
Bell	165	143	462	354
Textron Systems	21	47	96	149
Industrial	38	37	172	153
	<u>254</u>	<u>260</u>	<u>789</u>	<u>656</u>
FINANCE	28	(24)	62	(101)
Segment Profit	282	236	851	555
Corporate expenses and other, net	(38)	(13)	(105)	(75)
Interest expense, net for Manufacturing group	(35)	(37)	(105)	(113)
Income from continuing operations before income taxes	209	186	641	367
Income tax expense	(67)	(50)	(206)	(108)
Income from continuing operations	142	136	435	259
Discontinued operations, net of income taxes	9	6	6	2
Net Income	\$ 151	\$ 142	\$ 441	\$ 261
Earnings per share:				
Income from continuing operations	\$ 0.48	\$ 0.45	\$ 1.47	\$ 0.83
Discontinued operations, net of income taxes	0.03	0.02	0.02	-
Net income	\$ 0.51	\$ 0.47	\$ 1.49	\$ 0.83
Diluted average shares outstanding	296,920,000	300,866,000	295,697,000	312,754,000

Textron Inc.
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

Assets

Cash and equivalents
Accounts receivable, net
Inventories
Other current assets
Net property, plant and equipment
Other assets
Finance group assets
Total Assets

Liabilities and Shareholders' Equity

Current portion of long-term debt
Other current liabilities
Other liabilities
Long-term debt
Finance group liabilities
Total Liabilities
 Total Shareholders' Equity
Total Liabilities and Shareholders' Equity

	September 29, 2012	December 31, 2011
	\$ 1,232	\$ 871
	914	856
	2,831	2,402
	549	1,134
	2,078	1,996
	3,066	3,143
	2,395	3,213
	\$ 13,065	\$ 13,615
	\$ 521	\$ 146
	2,694	2,785
	2,679	2,826
	1,817	2,313
	2,046	2,800
	9,757	10,870
	3,308	2,745
	\$ 13,065	\$ 13,615

TEXTRON INC.
MANUFACTURING GROUP

Condensed Schedule of Cash Flows and Manufacturing Cash Flow GAAP to Non-GAAP Reconciliations

(In millions)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
Cash flows from operating activities:				
Income from continuing operations	\$ 127	\$ 155	\$ 394	\$ 330
Dividends received from TFC	30	-	345	179
Capital contributions paid to TFC	-	(40)	(240)	(152)
Depreciation and amortization	87	87	257	267
Changes in working capital	(36)	140	(401)	(98)
Changes in other assets and liabilities and non-cash items	108	31	42	(7)
Net cash from operating activities of continuing operations	316	373	397	519
Cash flows from investing activities:				
Capital expenditures	(156)	(102)	(314)	(271)
Other investing activities, net	(1)	12	1	(30)
Net cash from investing activities	(157)	(90)	(313)	(301)
Cash flows from financing activities:				
Increase in short-term debt	-	38	-	227
Principal payments on long-term debt	-	-	(139)	(13)
Proceeds from issuance of long-term debt	-	496	-	496
Net intergroup borrowings	173	120	418	(275)
Dividends paid	(6)	(6)	(17)	(17)
Other financing activities, net	4	(17)	15	(18)
Net cash from financing activities	171	631	277	400
Total cash flows from continuing operations	330	914	361	618
Total cash flows from discontinued operations	(2)	(1)	(5)	(3)
Effect of exchange rate changes on cash and equivalents	6	(6)	5	4
Net change in cash and equivalents	334	907	361	619
Cash and equivalents at beginning of period	898	610	871	898
Cash and equivalents at end of period	\$ 1,232	\$ 1,517	\$ 1,232	\$ 1,517

Manufacturing Cash Flow GAAP to Non-GAAP Reconciliations:

Net cash from operating activities of continuing operations - GAAP	\$ 316	\$ 373	\$ 397	\$ 519
Less: Capital expenditures	(156)	(102)	(314)	(271)
Dividends received from TFC	(30)	-	(345)	(179)
Plus: Capital contributions paid to TFC	-	40	240	152
Proceeds on sale of property, plant and equipment	7	12	9	13
Total pension contributions	16	16	181	221
Manufacturing cash flow before pension contributions- Non-GAAP	\$ 153	\$ 339	\$ 168	\$ 455

Net cash from operating activities of continuing operations - GAAP	
Less: Capital expenditures	
Dividends received from TFC	
Plus: Capital contributions paid to TFC	
Total pension contributions	
Manufacturing cash flow before pension contributions- Non-GAAP	

2012 Outlook
\$ 1,055 - \$ 1,105
(450)
(345)
240
200
\$ 700 - \$ 750

Free cash flow is a measure generally used by investors, analysts and management to gauge a company's ability to generate cash from operations in excess of that necessary to be reinvested to sustain and grow the business and fund its obligations. Our definition of Manufacturing free cash flow adjusts net cash from operating activities of continuing operations for dividends received from TFC, capital contributions provided under the Support Agreement, capital expenditures, proceeds from the sale of property, plant and equipment and contributions to our pension plans. We believe that our calculation provides a relevant measure of liquidity and is a useful basis for assessing our ability to fund operations and obligations. This measure is not a financial measure under GAAP and should be used in conjunction with GAAP cash measures provided in our Consolidated Statement of Cash Flows.

TEXTRON INC.
Condensed Consolidated Schedule of Cash Flows

(In millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
Cash flows from operating activities:				
Income from continuing operations	\$ 142	\$ 136	\$ 435	\$ 259
Depreciation and amortization	94	94	277	289
Changes in working capital	49	193	(353)	44
Changes in other assets and liabilities and non-cash items	89	21	43	71
Net cash from operating activities of continuing operations	374	444	402	663
Cash flows from investing activities:				
Finance receivables originated or purchased	(3)	(39)	(22)	(149)
Finance receivables repaid	142	243	478	665
Proceeds on receivable sales	44	19	113	276
Capital expenditures	(156)	(102)	(314)	(271)
Proceeds from sale of repossessed assets and properties	23	5	71	77
Other investing activities, net	(17)	21	13	50
Net cash from investing activities	33	147	339	648
Cash flows from financing activities:				
Principal payments on long-term and nonrecourse debt	(81)	(132)	(474)	(643)
Proceeds from issuance of long-term debt	-	526	88	791
Repayment of borrowings under line of credit facilities	-	(100)	-	(1,040)
Increase in short-term debt	-	38	-	227
Dividends paid	(6)	(6)	(17)	(17)
Other financing activities, net	3	(17)	15	(18)
Net cash from financing activities	(84)	309	(388)	(700)
Total cash flows from continuing operations	323	900	353	611
Total cash flows from discontinued operations	(2)	(1)	(5)	(3)
Effect of exchange rate changes on cash and equivalents	6	(8)	5	3
Net change in cash and equivalents	327	891	353	611
Cash and equivalents at beginning of period	911	651	885	931
Cash and equivalents at end of period	\$ 1,238	\$ 1,542	\$ 1,238	\$ 1,542