

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

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**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): November 2, 2004

**Watts Water Technologies, Inc.**

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(Exact Name of Registrant as Specified in Charter)

Delaware	1-11499	04-2916536
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(State or other juris- diction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
815 Chestnut Street, North Andover, MA		01845
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(Address of principal executive offices)		(Zip Code)
Registrant's telephone number, including area code: (978) 688-1811		
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(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 November 2, 2004, Watts Water Technologies, Inc. announced its financial results for the fiscal quarter and nine months ended September 26, 2004. 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 November 2, 2004

## 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: November 3, 2004*

*WATTS WATER TECHNOLOGIES, INC.*

*By: /s/ William C. McCartney*

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*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 THIRD QUARTER 2004 RESULTS

North Andover, MA...November 2, 2004. Watts Water Technologies, Inc. (NYSE: WTS) today announced results for the third quarter ended September 26, 2004, reflecting increases in sales and net income of 22% and 54%, respectively, over the third quarter ended September 28, 2003. Sales were \$214,843,000, an increase of \$39,334,000, or 22%, compared to the third quarter of 2003. Net income was \$13,705,000, an increase of \$4,800,000, or 54%, compared to the third quarter of 2003. Net income for the third quarters of 2004 and 2003 included losses from discontinued operations of \$125,000 and \$114,000, respectively.

Income from continuing operations for the third quarter of 2004 was \$13,830,000, or \$0.42 per share, an increase of \$4,811,000, or 53%, compared to income from continuing operations for the third quarter of 2003 of \$9,019,000, or \$0.33 per share. Income from continuing operations for the third quarter of 2004 includes costs incurred for our manufacturing restructuring plan of \$349,000, or \$0.01 per share.

The nine months ended September 26, 2004 reflected increases in sales and net income of 20% and 64%, respectively, over the nine months ended September 28, 2003. Sales were \$618,183,000, an increase of \$103,470,000, or 20%, compared to the nine months ended September 28, 2003. Net income for the nine months ended September 26, 2004, was \$38,659,000, an increase of \$15,038,000, or 64%, compared to the nine months ended September 28, 2003. Net income for the nine months ended September 26, 2004 and September 28, 2003 included losses from discontinued operations of \$220,000 and \$3,014,000, respectively.

Income from continuing operations for the nine months ended September 26, 2004 was \$38,879,000, or \$1.19 per share, an increase of \$12,244,000, or 46%, compared to income from continuing operations for the nine months ended September 28, 2003 of \$26,635,000, or \$0.97 per share. Income from continuing operations for the nine months ended September 26, 2004 and September 28, 2003 included net costs incurred for our manufacturing restructuring plan of \$1,417,000, or \$0.04 per share, and \$640,000, or \$0.02 per share, respectively.

Earnings per share for the third quarter and nine months of 2004 includes an increase of 17% in outstanding shares resulting from the Company's Class A Common Stock Offering in December 2003.

Patrick S. O'Keefe, Chief Executive Officer, commented, "We are pleased with the third quarter results from all three of our geographic segments, North America, Europe and China. Our overall increase in sales was achieved by internal growth, the contribution from acquired companies, and the change in foreign exchange rates. In comparing quarterly year over year sales, our internal growth rate was 10% and contributed \$17,987,000, the acquisitions of McCoy Enterprises, Inc, TEAM Precision Pipework, Ltd, and Flowmatic Systems, Inc. contributed \$10,756,000, or 6%, and the change in foreign exchange rates contributed \$5,938,000, or 3%, due primarily to the strengthening of the euro versus the U.S. dollar. Additionally, due to the adoption of Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities-Revised" (FIN 46R) we recorded \$4,653,000 of revenue in the third quarter of 2004 as a result of the consolidation of our minority owned subsidiary, Jameco International LLC."

Mr. O'Keefe continued, "Our North American segment sales for the third quarter of 2004 increased 20% to \$145,056,000 compared to \$121,001,000 for the third quarter of 2003. This increase in North American sales was due to internal sales growth of \$10,462,000, or 9%, the inclusion of \$8,358,000 in sales from the acquisition of McCoy Enterprises, Inc., acquired on May 21, 2004, and Flowmatic Systems, Inc., acquired on January 5, 2004, the inclusion of \$4,653,000 in sales resulting from the consolidation of Jameco International LLC, and \$582,000 due to favorable foreign exchange rates associated with the strengthening of the Canadian dollar versus the U.S. dollar."

Mr. O'Keefe continued, "Internal sales growth in the North American wholesale market was 9% over the third quarter of 2003. 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 was 8% for the third quarter of 2004 over the third quarter of 2003.

Mr. O'Keefe continued, "We derived 29% of our total sales for the third quarter of 2004 from Europe. European sales increased \$12,175,000, or 24%, compared to the third quarter of 2003. This increase includes internal sales growth of \$4,421,000, or 9%, the inclusion of \$2,398,000 in sales from the acquisition of TEAM Precision Pipework, Ltd., acquired on April 16, 2004, and \$5,356,000 due to favorable foreign exchange rates associated with the strengthening of the euro versus the U.S. dollar. The internal sales growth is attributable to market share gains in the European wholesale markets."

Mr. O'Keefe continued, "We are pleased with the positive operating trends in our Chinese subsidiaries. The plants continue to increase capacity utilization and gain manufacturing efficiencies. These increased manufacturing efficiencies allowed our Chinese operations to generate a profit for the second consecutive quarter. Year-to-date, the operations are also profitable."

Mr. O'Keefe continued, "In the third quarter of 2004 we recorded a tax benefit of approximately \$876,000 for prior years state tax credits. We also recorded in cost of sales a pre-tax charge of approximately \$567,000 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, both part of our cost reduction program. In this quarter we incurred and recorded pre-tax charges of approximately \$1,200,000 for costs to comply with the Sarbanes-Oxley Act ("SOX"). In addition, we expect to record approximately \$3,000,000 in the fourth quarter of 2004 for additional costs to comply with SOX".

On January 5, 2004, the Company acquired substantially all of the assets of Flowmatic Systems, Inc. located in Dunnellon, Florida, for approximately \$16,800,000 in cash. Flowmatic designs and distributes high quality reverse osmosis components and filtration equipment. Their product lines include stainless steel and plastic housings, filter cartridges, storage tanks, control valves, as well as complete reverse osmosis systems for residential and commercial applications.

On April 16, 2004, the Company acquired 90% of the stock of TEAM Precision Pipework, Ltd., located in Ammanford, West Wales, United Kingdom for approximately \$17,200,000 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 May 21, 2004, the Company acquired 100% of the stock of McCoy Enterprises, Inc., which we subsequently renamed Orion Enterprises, Inc. (Orion), located in Kansas City, Kansas, for approximately \$27,800,000 in cash. Orion distributes its products under the brand names of Orion, FloSafe and Laboratory Enterprises. Orion's product lines include a complete line of acid resistant waste products, double containment piping systems, as well as, a line of high purity pipes, fittings and faucets.

Watts Water Technologies, Inc. will hold a live web cast of its conference call to discuss third quarter results for 2004 on Wednesday, November 3, 2004, at 3:00 p.m. Eastern Time. This press release and the live webcast can be accessed by visiting the Investor Relations section of the Company's website at [www.wattswater.com](http://www.wattswater.com). Following the web cast, an archived version of the call will be available at the same address until November 3, 2005.

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.

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 recent 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 new requirements under Section 404 of the Sarbanes-Oxley Act of 2002 in a timely manner, 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, cyclicalities 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, 2003 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. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands, except per share information)

(Unaudited)

	Third Quarter Ended September 26, 2004 -----	September 28, 2003 -----	Nine Months Ended September 26, 2004 -----	September 28, 2003 -----
STATEMENTS OF INCOME				
Net sales	\$ 214,843	\$ 175,509	\$ 618,183	\$ 514,713
Income from continuing operations	\$ 13,830	\$ 9,019	\$ 38,879	\$ 26,635
Loss from discontinued operations	(125)	(114)	(220)	(3,014)
	-----	-----	-----	-----
Net income	\$ 13,705	\$ 8,905	\$ 38,659	\$ 23,621
	=====	=====	=====	=====
DILUTED EARNINGS PER SHARE				
Weighted Average Number of Common Shares & Equivalents	32,792	27,632	32,673	27,428
Earnings per Share:				
Continuing operations	\$ 0.42	\$ 0.33	\$ 1.19	\$ 0.97
Discontinued operations	--	(0.01)	(0.01)	(0.11)
	-----	-----	-----	-----
Net income	\$ 0.42	\$ 0.32	\$ 1.18	\$ 0.86
	=====	=====	=====	=====
Cash dividends per share	\$ 0.07	\$ 0.06	\$ 0.21	\$ 0.18



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

(Unaudited)

	September 26, 2004	December 31, 2003
	-----	-----
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 69,751	\$ 149,361
Trade accounts receivable, less allowance for doubtful accounts of \$9,132 at September 26, 2004 and \$7,772 at December 31, 2003 .....	161,920	136,064
Inventories, net:		
Raw materials .....	53,915	41,998
Work in process .....	26,569	24,348
Finished goods .....	127,747	90,253
	-----	-----
Total Inventories .....	208,231	156,599
Prepaid expenses and other assets .....	15,856	10,438
Deferred income taxes .....	23,032	23,552
Assets of discontinued operations .....	9,394	4,460
	-----	-----
Total Current Assets .....	488,184	480,474
	-----	-----
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Property, plant and equipment, at cost .....	306,589	284,250
Accumulated depreciation .....	(158,713)	(138,539)
	-----	-----
Property, plant and equipment, net .....	147,876	145,711
	-----	-----
<b>OTHER ASSETS:</b>		
Goodwill .....	216,531	184,901
Other .....	49,344	27,557
	-----	-----
<b>TOTAL ASSETS .....</b>	<b>\$ 901,935</b>	<b>\$ 838,643</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable .....	\$ 77,551	\$ 74,068
Accrued expenses and other liabilities .....	60,504	55,252
Accrued compensation and benefits .....	22,516	18,466
Current portion of long-term debt .....	9,433	13,251
Liabilities of discontinued operations .....	22,159	11,302
	-----	-----
Total Current Liabilities .....	192,163	172,339
	-----	-----
LONG-TERM DEBT, NET OF CURRENT PORTION .....	187,781	179,061
DEFERRED INCOME TAXES .....	20,786	15,978
OTHER NONCURRENT LIABILITIES .....	24,572	25,588
MINORITY INTEREST .....	7,457	9,286
<b>STOCKHOLDERS' EQUITY:</b>		
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: 25,009,049 shares at September 26, 2004 and 24,459,121 shares at December 31, 2003 .....	2,501	2,446
Class B Common Stock, \$.10 par value; 25,000,000 shares authorized; 10 votes per share; issued and outstanding: 7,343,880 shares at September 26, 2004 and 7,605,224 shares at December 31, 2003 .....	734	761
Additional paid-in capital .....	138,380	132,983
Deferred compensation .....	(716)	--
Retained earnings .....	318,254	286,396
Accumulated other comprehensive income .....	10,023	13,805
	-----	-----
Total Stockholders' Equity .....	469,176	436,391
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....</b>	<b>\$ 901,935</b>	<b>\$ 838,643</b>
	=====	=====

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

(Unaudited)

	Third Quarter Ended		Nine Months Ended	
	September 26, 2004	September 28, 2003	September 26, 2004	September 28, 2003
Net sales .....	\$ 214,843	\$ 175,509	618,183	\$ 514,713
Cost of goods sold .....	139,828	116,136	400,964	341,011
GROSS PROFIT .....	75,015	59,373	217,219	173,702
Selling, general & administrative expenses .....	52,235	41,396	150,099	123,361
Restructuring .....	--	--	--	114
OPERATING INCOME .....	22,780	17,977	67,120	50,227
Other (income) expense:				
Interest income .....	(202)	(362)	(721)	(744)
Interest expense .....	2,641	3,659	7,994	8,563
Minority interest .....	371	(410)	877	(448)
Other .....	(371)	23	(850)	(129)
	2,439	2,910	7,300	7,242
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES ..	20,341	15,067	59,820	42,985
Provision for income taxes .....	6,511	6,048	20,941	16,350
INCOME FROM CONTINUING OPERATIONS .....	13,830	9,019	38,879	26,635
Loss from discontinued operations, net of taxes .....	(125)	(114)	(220)	(3,014)
NET INCOME .....	\$ 13,705	\$ 8,905	38,659	\$ 23,621
BASIC EPS Income (loss) per share:				
Continuing operations .....	\$ 0.43	\$ 0.33	1.21	\$ 0.98
Discontinued operations .....	(0.01)	--	(0.01)	(0.11)
NET INCOME .....	\$ 0.42	\$ 0.33	1.20	\$ 0.87
Weighted average number of shares .....	32,320	27,306	32,242	27,196
DILUTED EPS Income (loss) per share:				
Continuing operations .....	\$ 0.42	\$ 0.33	1.19	\$ 0.97
Discontinued operations .....	--	(0.01)	(0.01)	(0.11)
NET INCOME .....	\$ 0.42	\$ 0.32	1.18	\$ 0.86
Weighted average number of shares .....	32,792	27,632	32,673	27,428
Dividends per share .....	\$ 0.07	\$ 0.06	0.21	\$ 0.18

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

(Unaudited)

Net Sales

	Third Quarter Ended		Nine Months Ended	
	September 26, 2004	September 28, 2003	September 26, 2004	September 28, 2003
North America	145,056	121,001	415,198	352,118
Europe	62,386	50,211	183,400	149,109
China	7,401	4,297	19,585	13,486
Total	214,843	175,509	618,183	514,713
	=====	=====	=====	=====

Operating Income

	Third Quarter Ended		Nine Months Ended	
	September 26, 2004	September 28, 2003	September 26, 2004	September 28, 2003
North America	19,775	18,735	58,451	50,704
Europe	8,023	6,453	23,460	15,623
China	1,277	(1,730)	1,276	(2,854)
Corporate	(6,295)	(5,481)	(16,067)	(13,246)
Total	22,780	17,977	67,120	50,227
	=====	=====	=====	=====