

PARKER HANNIFIN CORP
Form 10-Q
February 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 31, 2014
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 1-4982

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

OHIO 34-0451060
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

6035 Parkland Blvd., Cleveland, Ohio 44124-4141
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (216) 896-3000

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of Common Shares outstanding at December 31, 2014 142,455,351

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
 CONSOLIDATED STATEMENT OF INCOME
 (Dollars in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Net sales	\$3,134,993	\$3,106,006	\$6,404,925	\$6,332,150
Cost of sales	2,401,584	2,419,971	4,861,449	4,896,380
Gross profit	733,409	686,035	1,543,476	1,435,770
Selling, general and administrative expenses	379,804	398,636	780,644	805,566
Goodwill and intangible asset impairment	—	188,870	—	188,870
Interest expense	27,645	20,851	48,606	41,809
Other (income), net	(17,306)	(417,638)	(25,675)	(419,881)
Income before income taxes	343,266	495,316	739,901	819,406
Income taxes	75,931	241,912	192,395	321,682
Net income	267,335	253,404	547,506	497,724
Less: Noncontrolling interest in subsidiaries' earnings	83	116	165	120
Net income attributable to common shareholders	\$267,252	\$253,288	\$547,341	\$497,604
Earnings per share attributable to common shareholders:				
Basic	\$1.84	\$1.70	\$3.72	\$3.34
Diluted	\$1.80	\$1.66	\$3.66	\$3.28
Cash dividends per common share	\$0.63	\$0.45	\$1.11	\$0.90

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Net income	\$267,335	\$253,404	\$547,506	\$497,724
Less: Noncontrolling interests in subsidiaries' earnings	83	116	165	120
Net income attributable to common shareholders	267,252	253,288	547,341	497,604
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	(216,964)	22,606	(519,042)	179,840
Retirement benefits plan activity	25,064	27,129	51,922	54,622
Realized loss	51	51	102	102
Other comprehensive income (loss)	(191,849)	49,786	(467,018)	234,564
Less: Other comprehensive income (loss) for noncontrolling interests	(52)	34	(153)	(115)
Other comprehensive income (loss) attributable to common shareholders	(191,797)	49,752	(466,865)	234,679
Total comprehensive income attributable to common shareholders	\$75,455	\$303,040	\$80,476	\$732,283

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	(Unaudited) December 31, 2014	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,075,307	\$ 1,613,555
Marketable securities and other investments	886,879	573,701
Trade accounts receivable, net	1,572,864	1,858,176
Non-trade and notes receivable	428,090	388,437
Inventories	1,453,996	1,371,681
Prepaid expenses	160,335	