

TIMKEN CO
Form 10-Q
July 28, 2016

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 June 30, 2016

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: 1-1169

THE TIMKEN COMPANY
(Exact name of registrant as specified in its charter)

OHIO 34-0577130
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

4500 Mount Pleasant Street NW 44720-5450
North Canton, Ohio (Address of principal executive offices) (Zip Code)
234.262.3000
(Registrant's telephone number, including area code)

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 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.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2016
Common Shares, without par value	78,284,317 shares

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
THE TIMKEN COMPANY AND SUBSIDIARIESConsolidated Statements of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
(Dollars in millions, except per share data)				
Net sales	\$673.6	\$728.0	\$1,357.6	\$1,450.5
Cost of products sold	491.3	522.9	994.4	1,042.9
Gross Profit	182.3	205.1	363.2	407.6
Selling, general and administrative expenses	110.2	126.1	228.5	254.6
Impairment and restructuring charges	2.9	1.4	13.4	7.6
Loss on divestitures	—	0.3	—	0.3
Pension settlement charges	0.4	4.4	1.6	219.6
Operating Income (Loss)	68.8	72.9	119.7	(74.5)
Interest expense	(8.7)	(8.4)	(17.1)	(16.4)
Interest income	0.4	0.7	0.7	1.4
Continued Dumping & Subsidy Offset Act income, net of related expenses	6.1	—	53.8	—
Other (expense) income, net	(1.7)	1.4	(1.7)	—
Income (Loss) Before Income Taxes	64.9	66.6	155.4	(89.5)
Provision for income taxes	20.0	28.9	47.6	7.6
Net Income (Loss)	44.9	37.7	107.8	(97.1)
Less: Net (loss) income attributable to noncontrolling interest	—	1.0	(0.1)	1.4
Net Income (Loss) attributable to The Timken Company	\$44.9	\$36.7	\$107.9	\$(98.5)
Net Income (Loss) per Common Share attributable to The Timken Company's Common Shareholders				
Basic earnings (loss) per share	\$0.57	\$0.43	\$1.36	\$(1.14)
Diluted earnings (loss) per share	\$0.57	\$0.43	\$1.35	\$(1.14)
Dividends per share	\$0.26	\$0.26	\$0.52	\$0.51
See accompanying Notes to the Consolidated Financial Statements.				

Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2015	
(Dollars in millions)				
Net Income (Loss)	\$44.9	\$37.7	\$107.8	\$(97.1)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(18.4)	6.6	(3.6)	(21.2)
Pension and postretirement liability adjustment	8.3	2.4	12.0	107.5
Change in fair value of derivative financial instruments	0.7	(0.3)	(1.6)	(0.3)
Other comprehensive (loss) income, net of tax	(9.4)	8.7	6.8	86.0
Comprehensive Income (Loss), net of tax	35.5	46.4		