

AIRGAS INC
 Form 10-Q
 February 05, 2016
Table of Contents

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

FORM 10-Q

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

For the quarterly period ended: December 31, 2015
 Commission file number: 1-9344

AIRGAS, INC.
 (Exact name of registrant as specified in its charter)

Delaware 56-0732648
 (State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) Identification No.)

259 North Radnor-Chester Road, Suite 100 19087-5283
 Radnor, PA (ZIP code)
 (Address of principal executive offices)
 (610) 687-5253
 (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

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. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer 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

Edgar Filing: AIRGAS INC - Form 10-Q

The number of shares of common stock outstanding as of February 3, 2016 was 72,428,483.

Table of Contents

AIRGAS, INC.

FORM 10-Q

December 31, 2015

TABLE OF CONTENTS

	PAGE
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Statements of Earnings for the Three and Nine Months Ended December 31, 2015 and 2014 (Unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended December 31, 2015 and 2014 (Unaudited)</u>	<u>4</u>
<u>Consolidated Balance Sheets as of December 31, 2015 (Unaudited) and March 31, 2015</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows for the Nine Months Ended December 31, 2015 and 2014 (Unaudited)</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>36</u>
<u>Item 4. Controls and Procedures</u>	<u>36</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>37</u>
<u>Item 1A. Risk Factors</u>	<u>37</u>
<u>Item 6. Exhibits</u>	<u>38</u>
<u>SIGNATURE</u>	<u>39</u>

Table of Contents

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

AIRGAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Net Sales	\$1,295,414	\$1,331,820	\$4,019,693	\$4,003,162
Costs and Expenses:				
Cost of products sold (excluding depreciation)	553,582	588,933	1,751,921	1,772,873
Selling, distribution and administrative expenses	506,143	496,409	1,535,298	1,491,497
Merger costs	21,393	—	21,393	—
Depreciation	79,940	75,556	237,266	221,351
Amortization	8,769	8,036	25,505	23,693
Total costs and expenses	1,169,827	1,168,934	3,571,383	3,509,414
Operating Income	125,587	162,886	448,310	493,748
Interest expense, net	(15,142)	(13,673)	(44,440)	(48,374)
Other income (expense), net	4,316	(238)	5,853	1,712
Earnings before income taxes	114,761	148,975	409,723	447,086
Income taxes	(40,897)	(55,776)	(149,590)	(166,723)
Net Earnings	\$73,864	\$93,199	\$260,133	\$280,363
Net Earnings per Common Share:				
Basic earnings per share	\$1.02	\$1.25	\$3.53	\$3.76
Diluted earnings per share	\$1.01	\$1.23	\$3.49	\$3.70
Weighted Average Shares Outstanding:				
Basic	72,127	74,767	73,732	74,534
Diluted	73,112	75,954	74,603	75,721
Dividends Declared per Common Share	\$0.60	\$0.55	\$1.80	\$1.65

See accompanying notes to consolidated financial statements.

Table of Contents

AIRGAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	2015	2014	2015	2014
Net earnings	\$73,864	\$93,199		