

DOVER Corp
Form 10-Q
April 21, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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: 1-4018

Dover Corporation
(Exact name of registrant as specified in its charter)

Delaware 53-0257888
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3005 Highland Parkway
Downers Grove, Illinois 60515
(Address of principal executive offices) (Zip Code)

(630) 541-1540
(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 (§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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

Edgar Filing: DOVER Corp - Form 10-Q

company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Smaller

reporting company

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

The number of shares outstanding of the Registrant's common stock as of April 14, 2016 was 155,148,745.

Dover Corporation
 Form 10-Q
 Table of Contents

	Page
<u>PART I — FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Statements of Earnings for the three months ended March 31, 2016 and 2015</u>	<u>1</u>
<u>Condensed Consolidated Statements of Comprehensive Earnings for the three months ended March 31, 2016 and 2015</u>	<u>2</u>
<u>Condensed Consolidated Balance Sheets at March 31, 2016 and December 31, 2015</u>	<u>3</u>
<u>Condensed Consolidated Statement of Stockholders' Equity for the three months ended March 31, 2016</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</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>36</u>
<u>Item 1A. Risk Factors</u>	<u>36</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>36</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>37</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>37</u>
<u>Item 5. Other Information</u>	<u>37</u>
<u>Item 6. Exhibits</u>	<u>38</u>
<u>SIGNATURES</u>	<u>39</u>
<u>EXHIBIT INDEX</u>	<u>40</u>

Table of Contents

Item 1. Financial Statements

DOVER CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenue	\$1,622,273	\$1,715,501
Cost of goods and services	1,033,009	1,088,342
Gross profit	589,264	627,159
Selling and administrative expenses	443,448	434,634
Operating earnings	145,816	192,525
Interest expense, net	31,714	32,037
Other income, net	(13,522)	(4,187)
Earnings before provision for income taxes and discontinued operations	127,624	164,675
Provision for income taxes	28,268	47,485
Earnings from continuing operations	99,356	117,190
Earnings from discontinued operations, net	—	92,320
Net earnings	\$99,356	\$209,510
Earnings per share from continuing operations:		
Basic	\$0.64	\$0.72
Diluted	\$0.64	\$0.72
Earnings per share from discontinued operations:		
Basic	\$—	\$0.57
Diluted	\$—	\$0.57
Net earnings per share:		
Basic	\$0.64	\$1.30
Diluted	\$0.64	\$1.28
Weighted average shares outstanding:		
Basic	155,064	161,650
Diluted	156,161	163,323
Dividends paid per common share	\$0.42	\$0.40

See Notes to Condensed Consolidated Financial Statements

Table of Contents

DOVER CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
 (in thousands)
 (unaudited)

	Three Months Ended March 31,	
	2016	2015
Net earnings	\$99,356	\$209,510
Other comprehensive earnings (loss), net of tax		
Foreign currency translation adjustments:		
Foreign currency translation gains (losses) during period	8,769	(83,829)
Reclassification of foreign currency translation gains to earnings upon sale of subsidiaries	—	(280)
Total foreign currency translation	8,769	(84,109)
Pension and other postretirement benefit plans:		
Amortization of actuarial losses included in net periodic pension cost	1,409	2,598
Amortization of prior service costs included in net periodic pension cost	1,041	1,228
Total pension and other postretirement benefit plans	2,450	3,826
Changes in fair value of cash flow hedges:		
Unrealized net (losses) gains arising during period	(49)	1,158
Net gains reclassified into earnings	(47)	(99)
Total cash flow hedges	(96)	1,059
Other	1,839	214
Other comprehensive earnings (loss)	12,962	(79,010)
Comprehensive earnings	\$112,318	\$130,500

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsDOVER CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	March 31, December 31,	
	2016	2015
Current assets:		
Cash and cash equivalents	\$ 243,720	\$ 362,185
Receivables, net of allowances of \$20,445 and \$18,050	1,167,313	1,120,490
Inventories, net	849,830	802,895
Prepaid and other current assets	84,893	133,440
Total current assets	2,345,756	2,419,010
Property, plant and equipment, net	858,984	854,269