John Bean Technologies CORP
Form 10-Q
August 05, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2009

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 1-34036

John Bean Technologies Corporation

(Exact name of registrant as specified in its charter)

Delaware	**91-1650317**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200 East Randolph Drive, Chicago, Illinois	**60601**
(Address of principal executive offices)	**(Zip code)**

(312) 861-5900

(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 x 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, non-accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x	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 x

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 August 1, 2009**
Common Stock, par value $0.01 per share	27,580,359

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

John Bean Technologies Corporation

Condensed Consolidated and Combined Statements of Income (Unaudited)

(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Revenue	$ 230.2	$ 276.8	$ 399.2	$ 537.0
Costs and expenses:				
Cost of sales	171.2	209.0	293.3	407.3
Selling, general and administrative expense	38.0	41.0	72.8	80.2
Research and development expense	4.5	6.5	8.5	12.0
Total costs and expenses	213.7	256.5	374.6	499.5
Other income (expense), net	0.6	(1.0)	0.9	1.1
Income before net interest expense and income taxes	17.1	19.3	25.5	38.6
Net interest (expense) income	(2.3)	0.2	(4.5)	0.3
Income from continuing operations before income taxes	14.8	19.5	21.0	38.9
Provision for income taxes	5.1	6.5	7.2	13.9
Income from continuing operations	9.7	13.0	13.8	25.0
Income from discontinued operations, net of taxes				0.3
Net income	$ 9.7	$ 13.0	$ 13.8	$ 25.3
Basic earnings per share:				
Income from continuing operations	$ 0.35	$ 0.47	$ 0.50	$ 0.91
Income from discontinued operations				0.01
Basic earnings per share	$ 0.35	$ 0.47	$ 0.50	$ 0.92
Diluted earnings per share:				
Income from continuing operations	$ 0.34	$ 0.47	$ 0.49	$ 0.91
Income from discontinued operations				0.01
Diluted earnings per share	$ 0.34	$ 0.47	$ 0.49	$ 0.92
Weighted average shares outstanding:				
Basic	27.6	27.5	27.6	27.5
Diluted	28.5	27.5	28.3	27.5

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

John Bean Technologies Corporation

Condensed Consolidated Balance Sheets

(In millions, except per share data and number of shares)

	June 30, 2009 (Unaudited)	December 31, 2008
Assets:		
Current Assets:		
Cash and cash equivalents	$ 17.1	$ 43.6
Trade receivables, net of allowances of $5.2 and $5.0, respectively	131.0	159.0
Inventories	140.7	123.0
Other current assets	27.6	31.4
Total current assets	316.4	357.0
Property, plant and equipment, net of accumulated depreciation of $210.2 and $197.0, respectively	123.3	119.7
Other assets	121.1	114.6
Total Assets	$ 560.8	$ 591.3
Liabilities and Stockholders Equity:		
Current Liabilities:		
Accounts payable, trade and other	$ 67.5	$ 67.2
Advance and progress payments	83.5	92.9
Other current liabilities	93.5	104.3
Total current liabilities	244.5	264.4
Long-term debt, less current portion	149.0	185.0
Accrued pension and other postretirement benefits, less current portion	117.6	118.3
Other liabilities	36.0	32.4
Stockholders equity:		
Preferred stock, $0.01 par value; 20,000,000 shares authorized; no shares issued		
Common stock, $0.01 par value; 120,000,000 shares authorized;		
2009: 27,632,501 issued and 27,580,359 outstanding;		
2008: 27,594,664 issued and 27,539,510 outstanding	0.3	0.3
Common stock held in treasury, at cost;		
2009: 52,142 shares;		
2008: 55,154 shares	(0.7)	(0.8)
Additional paid-in capital	46.2	41.9
Retained earnings	29.7	20.2
Accumulated other comprehensive loss	(61.8)	(70.4)
Total Liabilities and Stockholders Equity	$ 560.8	$ 591.3

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

John Bean Technologies Corporation

Condensed Consolidated and Combined Statements of Cash Flows (Unaudited)

(In millions)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash Flows From Operating Activities:		
Net income	$ 13.8	$ 25.3
Income from discontinued operations, net of income taxes		(0.3)
Income from continuing operations	13.8	25.0
Adjustments to reconcile income from continuing operations to cash provided (required) by operating activities of continuing operations:		
Depreciation and amortization	10.6	12.6
Stock-based compensation	3.8	4.3
Other	5.9	(0.6)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	32.3	16.2
Inventories	(12.4)	(12.7)
Accounts payable, trade and other	(0.7)	(12.1)
Advance payments and progress billings	(13.1)	(2.3)
Other assets and liabilities, net	(12.3)	4.1
Cash provided by continuing operating activities	27.9	34.5
Net cash required by discontinued operating activities		(0.2)
Cash provided by operating activities	27.9	34.3
Cash Flows From Investing Activities:		
Acquisitions	(6.7)	
Capital expenditures	(9.8)	(12.2)
Proceeds from disposal of assets	0.4	0.6
Cash required by continuing investing activities	(16.1)	(11.6)
Cash provided by discontinued investing activities		0.7
Cash required by investing activities	(16.1)	(10.9)
Cash Flows From Financing Activities:		
Net payments on credit facilities	(36.0)	(0.1)
Distributions to former parent, net		(27.7)
Dividends paid	(3.9)	
Other	0.6	
Cash required by financing activities	(39.3)	(27.8)
Effect of foreign exchange rate changes on cash and cash equivalents	1.0	0.6
Decrease in cash and cash equivalents	(26.5)	(3.8)
Cash and cash equivalents, beginning of period	43.6	9.5
Cash and cash equivalents, end of period	$ 17.1	$ 5.7

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

John Bean Technologies Corporation

Notes to Condensed Consolidated and Combined Financial Statements (Unaudited)

Note 1: Description of Business and Basis of Presentation

Description of Business John Bean Technologies Corporation and its consolidated subsidiaries (JBT Corporation or we) provide global technology solutions for the food processing and air transportation industries. We design, manufacture, test and service technologically sophisticated systems and products for customers through our JBT FoodTech and JBT AeroTech segments. We have manufacturing operations worldwide and are strategically located to facilitate delivery of our products and services to our customers.

Basis of Presentation The (a) condensed balance sheet as of December 31, 2008, which has been derived from audited financial statements, and (b) unaudited interim condensed financial statements, and notes thereto (the statements), of JBT Corporation have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States (GAAP) can be condensed or omitted. Therefore, these statements should be read in conjunction with our audited annual consolidated and combined financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

In the opinion of management, the statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our financial condition and operating results as of and for the periods presented. Revenue, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these statements may not be representative of those for the full year or any future period.

Prior to July 31, 2008, we operated as the FoodTech and Airport Systems businesses of FMC Technologies, Inc. (FMC Technologies). Effective July 31, 2008, we were spun-off from FMC Technologies and became a separate, publicly-traded company. This transaction is referred to in this Quarterly Report on Form 10-Q as the spin-off. Our combined financial statements for the periods prior to July 31, 2008 have been prepared in accordance with GAAP on a carve-out basis from the consolidated financial statements of FMC Technologies using the historical results of operations and bases of the assets and liabilities of the FoodTech and Airport Systems businesses and including allocations from FMC Technologies. This presentation incorporates the same principles used when preparing consolidated financial statements, including elimination of intercompany transactions. Allocated expenses include general and administrative services such as accounting, treasury, tax, legal, human resources, information technology and other corporate and infrastructure services. Many assets, liabilities and expenses could be specifically identified with JBT Corporation businesses or personnel and were directly allocated. To the extent amounts could not be specifically identified and allocated, we primarily used our proportion of FMC Technologies total revenue as a reasonable allocation method. Allocations have been determined on the basis of assumptions and estimates that management believes to be a reasonable reflection of our utilization of those services. These allocations and estimates, however, are not necessarily indicative of the assets, liabilities and expenses that would have resulted if we had operated as a separate entity in the past, or that may result in the future.

Upon the effectiveness of the spin-off, we significantly changed our capital structure. The financial statements prior to the separation do not reflect the debt or interest expense we might have incurred if we were a stand-alone entity. In addition, the financial statements may not be indicative of our consolidated financial position, operating results or cash flows in the future or what our financial position, operating results and cash flows would have been had we been a separate, stand-alone entity during the periods presented prior to the spin-off.

We have evaluated subsequent events through August 5, 2009, the date of issuance of the condensed consolidated financial statements.

Recently adopted accounting pronouncements On January 1, 2009, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 141 (revised 2007), *Business Combinations* (SFAS 141R), which replaced SFAS No. 141. SFAS 141R establishes principles and requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any non-controlling interest in the acquiree. The adoption of SFAS 141R did not have a material impact on our consolidated financial position or results of operations.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which provided a one year deferral of the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted the provisions of SFAS 157 on January 1, 2008 with respect to financial assets and financial liabilities that are measured at fair value within the financial statements. On January 1, 2009, we adopted the provisions of SFAS 157 with respect to non-financial assets and non-financial liabilities. The adoption of SFAS 157 in respect to non-financial assets and non-financial liabilities did not have a material impact on our consolidated financial position or results of operations.

On January 1, 2009, we adopted the provisions of SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an Amendment to ARB No. 51* (SFAS 160). This statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but affects only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. The adoption of SFAS 160 had no impact on our consolidated financial position or results of operations.

On January 1, 2009, we adopted the provisions of SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 requires enhanced disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*; and (c) derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. The adoption of SFAS 161 had no impact on our consolidated financial position or results of operations. The additional disclosures required by this statement are included in Note 9.

On January 1, 2009, we adopted the provisions of FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets* (SFAS 142). The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other GAAP. FSP FAS 142-3 requires an entity to disclose information for a recognized intangible asset that enables users of the financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity s intent and/or ability to renew or extend the arrangement. The requirements for determining the useful life of intangible assets apply to intangible assets acquired after January 1, 2009. The adoption of FSP FAS 142-3 did not have a material impact on our consolidated financial position or results of operations.

On January 1, 2009, we adopted the provisions of FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (FSP EITF 03-6-1). This FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and therefore need to be included in the earnings allocation in calculating earnings per share under the two-class method described in SFAS No. 128, *Earnings per Share*. The FSP requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings per share. The adoption of FSP EITF 03-6-1 had no impact on our results of operations or earnings per share as our dividends on unvested share-based payment awards are forfeitable.

On April 1, 2009, we adopted the provisions of FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1 and APB 28-1). FSP FAS 107-1 and APB 28-1 amends SFAS 107, *Disclosures about Fair Values of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements and amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in all interim financial statements. The adoption of FSP FAS 107-1 and APB 28-1 had no impact on our consolidated financial position or results of operations. The additional disclosures required by this FSP are included in Note 4.

On April 1, 2009, we adopted the provisions of FSP 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased in Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 provides guidance in determining fair value when the volume and level of activity for the asset or liability have significantly decreased and on identifying transactions that are not orderly. FSP 157-4 did not have a significant impact on our consolidated financial position or results of operations.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS 165), which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events. SFAS 165 is effective for interim and annual reporting periods ending after June 15, 2009. The additional disclosure required by this statement is included in Note 1.

Note 2: Inventories