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THOMAS INDUSTRIES INC
Form 8-K/A
August 13, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 31, 2004
(Previously reported as August 2, 2004)

THOMAS INDUSTRIES INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-5426
(Commission File Number)

61-0505332
(IRS Employer Identification No.)

4360 Brownsboro Road, Suite 300
Louisville, Kentucky
(Address of principal executive offices)

40207
(Zip Code)

Registrant's telephone number, including area code
502/893-4600

N/A
(Former name or former address, if changed since last report)

ITEM 2. Acquisition or Disposition of Assets

On July 31, 2004, Thomas Industries Inc. (the "Company" or "Thomas") completed the sale of its 32% joint venture interest in Genlyte Thomas Group LLC (GTG) to the Genlyte Group Incorporated for approximately \$400 million, which is an estimate that will not be finalized until March 2005 due to tax considerations.

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits.

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(b) Pro Forma Financial Information

The Unaudited Pro Forma Consolidated Statements of Income set forth below give the effect to the sale of GTG (described in ITEM 2 above) as if the sale had occurred at the beginning of each period presented. The Unaudited Pro Forma Consolidated Condensed Balance Sheet at June 30, 2004 includes adjustments to reflect an estimated after-tax gain of approximately \$84.6 million (based on a 6/30/04 book basis) on the sale of GTG assuming the sale had been completed as of that date. The pro forma gain adjustment has not been made to the Unaudited Pro Forma Consolidated Statements of Income, as it will not have a continuing impact on the Company's results of operations.

The pro forma adjustments are based on presently available information and assumptions that management believes are reasonable and are described in the Notes to Unaudited Pro Forma Consolidated Condensed Financial Statements. The unaudited pro forma financial information has been included as required by the Securities and Exchange Commission and is not necessarily indicative of the results that would have been reported had the disposition actually occurred on the dates specified, nor is it indicative of the results that may be obtained in the future.

The Unaudited Pro Forma Consolidated Condensed Financial Statements should be read in conjunction with the Company's Annual Report for the year ended December 31, 2003 and the Company's unaudited financial statements for the six months ended June 30, 2004.

THOMAS INDUSTRIES INC. AND SUBSIDIARIES
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF INCOME
 FOR THE SIX MONTHS ENDED JUNE 30, 2004
 (IN THOUSANDS, EXCEPT SHARE DATA)

| | Actual | Sale of GTG | Pro Forma Ad |
|--|------------|-------------|--------------|
| | ----- | ----- | ----- |
| Net sales | \$ 212,174 | \$ - | |
| Cost of products sold | 136,228 | - | |
| | ----- | ----- | |
| Gross profit | 75,946 | - | |
| Selling, general and administrative expenses | 58,368 | - | |

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| | | |
|--|-----------|--------------|
| Equity income from GTG | 15,419 | (15,419) (C) |
| Operating income | 32,997 | (15,419) |
| Interest expense | 1,961 | - |
| Interest income (expense) and other | 434 | - |
| Income before income taxes | 31,470 | (15,419) |
| Income taxes | 11,015 | (5,397) (E) |
| Net income | \$ 20,455 | \$ (10,022) |
| Net income per share - basic | \$ 1.18 | \$ (0.58) |
| Net income per share - dilutive | \$ 1.15 | \$ (0.56) |
| Shares used in computing basic net income per share | 17,355 | 17,355 |
| Shares used in computing dilutive net income per share | 17,743 | 17,743 |

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THOMAS INDUSTRIES INC. AND SUBSIDIARIES
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF INCOME
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003
 (IN THOUSANDS, EXCEPT SHARE DATA)

| | Actual | Sale of GTG | Pro Forma A |
|--|------------|--------------|-------------|
| Net sales | \$ 376,774 | \$ - | |
| Cost of products sold | 246,832 | - | |
| Gross profit | 129,942 | - | |
| Selling, general and administrative expenses | 101,943 | - | |
| Equity income from GTG | 32,138 | (32,138) (C) | |
| Operating income | 60,137 | (32,138) | |
| Interest expense | 4,237 | - | |

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| | | |
|--|-----------|--------------|
| Interest income (expense) and other | (221) | - |
| Income before income taxes | 55,679 | (32,138) |
| Income taxes | 18,340 | (10,573) (E) |
| Net income before minority interest | 37,339 | (21,565) |
| Minority interest, net of tax | 25 | - |
| Net income | \$ 37,314 | \$ (21,565) |
| Net income per share - basic | \$ 2.17 | \$ (1.25) |
| Net income per share - dilutive | \$ 2.12 | \$ (1.23) |
| Shares used in computing basic net income per share | 17,200 | 17,200 |
| Shares used in computing dilutive net income per share | 17,570 | 17,570 |

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THOMAS INDUSTRIES INC. AND SUBSIDIARIES
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEETS
 AT JUNE 30, 2004
 (IN THOUSANDS)

| | Actual | Sale of GTG | Pro Forma Adju |
|-----------------------------|-----------|----------------|----------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 37,379 | \$ 316,382 (G) | |
| Accounts receivable, net | 59,448 | - | |
| Deferred income taxes | 70,021 | - | |
| Other current assets | 6,804 | - | |
| | 5,806 | - | |
| Total current assets | 179,458 | 316,382 | |
| Property, plant & equipment | 106,789 | - | |

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| | | |
|---|------------|---------------|
| Investment in GTG | 224,767 | (224,767) (G) |
| Other intangible assets, net | 21,110 | - |
| Goodwill | 62,545 | - |
| Other assets | 4,828 | (284) (G) |
| | ----- | ----- |
| TOTAL ASSETS | \$ 599,497 | \$ 91,331 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable | \$ 5,082 | \$ - |
| Accounts payable | 15,350 | - |
| Accrued expense and other current liabilities | 33,342 | - |
| Dividends payable | 1,651 | - |
| Income taxes payable | 3,985 | - |
| Current portion of long-term debt | 9,775 | - |
| | ----- | ----- |
| Total current liabilities | 69,185 | - |
| Deferred income taxes | 5,788 | 497 (G) |
| Long-term debt, less current portion | 103,812 | - |
| Long-term pension liability | 13,189 | - |
| Other long-term liabilities | 9,184 | - |
| | ----- | ----- |
| TOTAL LIABILITIES | 201,158 | 497 |
| Shareholders' equity: | | |
| Preferred stock | - | - |
| Common stock | 18,275 | - |
| Capital surplus | 139,791 | 760 (G) |
| Deferred compensation | 1,518 | - |
| Treasury stock held for deferred compensation | (1,518) | - |
| Retained earnings | 233,454 | 84,646 (G) |
| Accumulated other comprehensive income (loss) | 18,878 | 5,428 (G) |
| Less cost of treasury shares | (12,059) | - |
| | ----- | ----- |
| TOTAL SHAREHOLDERS' EQUITY | 398,339 | 90,834 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 599,497 | \$ 91,331 |
| | ===== | ===== |

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THOMAS INDUSTRIES INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Transaction Summary

The Company received \$400.4 million of cash proceeds from the sale of its 32% interest in GTG. From this amount, we assumed transaction costs of \$2.8 million and income taxes of \$81.2 million would be paid, which would leave \$316.4 million of net cash proceeds.

From the net cash proceeds, \$109.0 million was used to pay short-term notes payable to banks of \$5.1 million, \$7.7 million of current portion of long-term debt, and \$96.2 million of long-term debt.

Using the Company's book value at June 30, 2004, the Company's estimated net

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gain from the sale of GTG is \$84.6 million, which was only included as an adjustment to the pro forma balance sheet as of June 30, 2004. The net gain was not included for pro forma income statement purposes for any period presented, since this net gain will not have a continuing impact on the Company's results of operations.

Adjustments to Unaudited Pro Forma Consolidated Condensed Financial Statements:

- (A) Represents the Company's pro forma statements of income and balance sheet for the periods and as of the date indicated. Pro forma as adjusted reflects the sale of its 32% interest in GTG and the use of a portion of the net proceeds from the sale to repay short-term and long-term debt.
- (B) The adjustment reflects the reduced bank fees and deferred loan amortization due to using a portion of the proceeds from the sale of GTG to pay down bank debt as of the beginning of the period, as follows:

| Description | Six Months Ended June 30, 2004 | Twelve Months Ended December 31, 2003 |
|---|-----------------------------------|--|
| | (In thousands) | |
| Reduced bank fees due to paying down debt | \$160 | \$318 |
| Reduced deferred loan amortization | 124 | 248 |
| | ---- | ---- |
| Total | \$284 | \$566 |
| | ==== | ==== |

- (C) The adjustment reflects the elimination of GTG equity income due to the sale of GTG as of the beginning of the period.
- (D) The adjustment reflects the reduced interest expense due to using a portion of the proceeds from the sale of GTG to pay down debt as of the beginning of the period. Specifically, the interest expense was calculated as follows for the respective period:

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| Description | Six Months Ended June 30, 2004 | Twelve Months Ended December 31, 2003 |
|---|-----------------------------------|--|
| | (In thousands) | |
| Revolving credit notes at variable interest rates based on actual interest incurred | \$1,048 | \$2,053 |
| Industrial revenue bonds at variable interest rates based on actual interest incurred | 8 | 17 |
| Senior notes at a 9.36% fixed rate for the outstanding balance multiplied | | |

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by the appropriate number of days:

| | | |
|--|---------|---------|
| \$7.7 million outstanding 1/1/03-1/31/03 | - | 62 |
| \$7.7 million outstanding 1/1/03-1/31/04 | 62 | 724 |
| \$7.7 million outstanding 1/1/03-6/30/04 | 360 | 720 |
| | ----- | ----- |
| Total related to senior notes | 422 | 1,506 |
| | ----- | ----- |
| Total Interest Expense | \$1,478 | \$3,576 |
| | ===== | ===== |

(E) The adjustment reflects the tax effect of the pro forma adjustments at the Company's actual effective tax rates as follows:

| | Six Months Ended June 30, 2004 | Twelve Months Ended December 31, 2003 |
|----------------------------------|-----------------------------------|--|
| Description | (In thousands) | |
| ----- | ----- | ----- |
| Elimination of GTG equity income | \$15,419 | \$32,138 |
| Effective tax rate | x 35% | x 32.9% |
| | ----- | ----- |
| Total | \$ 5,397 | \$10,573 |
| | ===== | ===== |

(F) The adjustment reflects the tax effect of the pro forma adjustments as follows:

| | Six Months Ended June 30, 2004 | Twelve Months Ended December 31, 2003 |
|--|-----------------------------------|--|
| Description | (In thousands) | |
| ----- | ----- | ----- |
| Reduced bank fees due to paying down debt | \$ 160 | \$ 318 |
| Reduced deferred loan amortization | 124 | 248 |
| Reduced interest expense due to paying down debt (see Footnote (D)) | 1,478 | 3,576 |
| | ----- | ----- |
| Income before income taxes | 1,762 | 4,142 |
| Effective tax rate | x 35% | x 32.9% |
| | ----- | ----- |
| Subtotal | 617 | 1,363 |
| | ----- | ----- |
| To adjust overall effective tax rate: | | |
| Pro forma as adjusted-income before income taxes | 17,813 | 27,683 |
| Tax rate differential: | | |
| From 35% to 38.1% | x 3.1% | |
| From 32.98% to 34.9% | | x 1.92% |
| | ----- | ----- |
| Subtotal | 552 | 531 |
| | ----- | ----- |
| Total | \$ 1,169 | \$ 1,894 |
| | ===== | ===== |

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The increase in the Company's overall effective tax rate is primarily due to the impact of GTG's foreign equity earnings (recorded net of tax), which previously reduced the Company's effective tax rate.

(G) The adjustments reflect the sale of GTG as follows:

| Description ----- | (In th ----- |
|--|-----------------|
| Gross cash proceeds from sale of GTG | \$40 |
| Estimated transaction costs | (|
| Estimated income taxes | (8 |
| | ----- |
| Net cash proceeds from sale of GTG | 31 |
| Less balances as of June 30, 2004: | |
| Elimination of the investment in GTG | (22 |
| Elimination of deferred loan costs related to debt being paid down | |
| Elimination of deferred income tax assets related to GTG | |
| Acceleration of the expensing of stock options issued to GTG employees | |
| Accumulated other comprehensive income (loss) adjustments: | |
| Elimination of minimum pension liabilities (net of tax) related to GTG | (4,938) |
| Elimination of foreign currency translation related to GTG | (490) |
| | ----- |
| Adjustment to retained earnings | \$ 8 |
| | ===== |

(H) The adjustments reflect the use of a portion of the proceeds from the sale of GTG to pay off the June 30, 2004 debt balances as follows:

| Description ----- | (In ----- |
|---|--------------|
| Payoff short-term notes payable to banks | \$ |
| Payoff senior notes | |
| Long-term debt, less current portion adjustments: | |
| Payoff revolving credit notes | 95,000 |
| Payoff industrial revenue bonds | 1,250 |
| | ----- |
| Total reduction in cash | = |

(c) Exhibits

| Exhibit Number ----- | Description ----- |
|-------------------------|---|
| 2 | Purchase Agreement dated May 20, 2004 among Genlyte Thomas Group LLC, The Genlyte Group Incorporated and the Company, filed as Exhibit 2 to registrant's report on Form 8-K filed May 21, 2004, hereby incorporated by reference. |

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99.1 Press Release dated August 2, 2004 announcing sale of its interest in Genlyte Thomas Group LLC, filed as Exhibit 99.1 to registrant's report on Form 8-K filed August 2, 2004, hereby incorporated by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THOMAS INDUSTRIES INC.
(Registrant)

By: /s/ Phillip J. Stuecker

Phillip J. Stuecker, Vice President
of Finance, Chief Financial Officer,
and Secretary

Dated: August 13, 2004

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