

TRINITY INDUSTRIES INC  
Form 10-Q  
October 25, 2012

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 SEPTEMBER 30, 2012

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 1-6903

Trinity Industries, Inc.  
(Exact name of registrant as specified in its charter)

Delaware 75-0225040  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

2525 Stemmons Freeway 75207-2401  
Dallas, Texas (Zip Code)  
(Address of principal executive offices)  
(214) 631-4420  
(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 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  (Do not check if a smaller reporting company) 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 .

At October 15, 2012 the number of shares of common stock outstanding was 78,933,933.

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TRINITY INDUSTRIES, INC.  
FORM 10-Q  
TABLE OF CONTENTS

Caption	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	<u>2</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>39</u>
<u>Item 4. Controls and Procedures</u>	<u>40</u>
<u>PART II OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>41</u>
<u>Item 1A. Risk Factors</u>	<u>41</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>41</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>41</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>41</u>
<u>Item 5. Other Information</u>	<u>41</u>
<u>Item 6. Exhibits</u>	<u>42</u>
<u>SIGNATURES</u>	<u>43</u>
CERTIFICATIONS	

Table of Contents

## PART I

## Item 1. Financial Statements

Trinity Industries, Inc. and Subsidiaries  
Consolidated Statements of Operations  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in millions, except per share amounts)			
Revenues:				
Manufacturing	\$778.2	\$643.7	\$2,397.5	\$1,738.2
Leasing	159.3	147.4	493.7	395.4
	937.5	791.1	2,891.2	2,133.6
Operating costs:				
Cost of revenues:				
Manufacturing	658.2	548.4	2,025.1	1,478.3
Leasing	84.3	78.6	269.8	202.4
Other	13.1	7.1	38.6	22.6
	755.6	634.1	2,333.5	1,703.3
Selling, engineering, and administrative expenses:				
Manufacturing	38.6	35.8	114.2	103.2
Leasing	7.5	6.2	20.9	17.5
Other	12.4	11.5	33.3	30.6
	58.5	53.5	168.4	151.3
Gains on disposition of property, plant, and equipment:				
Net gains on railcar lease fleet sales	17.0	1.6	22.3	3.1
Other	1.5	0.3	7.6	4.2
Total operating profit	141.9	105.4	419.2	286.3
Other (income) expense:				
Interest income	(0.4	) (0.5	) (1.1	) (1.2
Interest expense	47.8	47.9	143.6	136.2
Other, net	(1.4	) 5.3	(4.4	) 4.2
	46.0	52.7	138.1	139.2
Income before income taxes	95.9	52.7	281.1	147.1
Provision for income taxes	32.8	21.1	98.2	58.3
Net income	63.1	31.6	182.9	88.8
Net income (loss) attributable to noncontrolling interest	(0.1	) (0.3	) (1.0	) 2.7
Net income attributable to Trinity Industries, Inc.	\$63.2	\$31.9	\$183.9	\$86.1
Net income attributable to Trinity Industries, Inc. per common share:				
Basic	\$0.80	\$0.40	\$2.30	\$1.07
Diluted	\$0.80	\$0.40	\$2.29	\$1.07
Weighted average number of shares outstanding:				
Basic	76.5	77.7	77.3	77.4
Diluted	76.7	77.9	77.5	77.7
Dividends declared per common share	\$0.11	\$0.09	\$0.31	\$0.26

See accompanying notes to consolidated financial statements.

2

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Table of ContentsTrinity Industries, Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2012	2011	2012	2011	
	(in millions)				
Net income	\$63.1	\$31.6	\$182.9	\$88.8	
Unrealized loss on derivative financial instruments:					
Unrealized gain (loss) arising during the period	2.2	(10.7	) 5.2	(8.9	)
Reclassification adjustments for losses included in net income	2.3	1.5	6.8	3.2	
Currency translation adjustment – reclassification adjustment for loss included in net income	0.0	0.0	1.1	(0.1	)
Funded status of pension liability – amortization of actuarial loss	0.8	—	2.5	—	
Other comprehensive income (loss), before tax	5.3	(9.2	) 15.6	(5.8	)
Income tax expense (benefit) related to components of other comprehensive income (loss)	2.1	(3.3	) 6.1	(2.2	)
Other comprehensive income (loss), net of tax	3.2	(5.9	) 9.5	(3.6	)
Comprehensive income	66.3	25.7	192.4	85.2	
Less: comprehensive income (loss) attributable to noncontrolling interest	0.2	(1.0	) 0.0	2.4	
Comprehensive income attributable to Trinity Industries, Inc.	\$66.1	\$26.7	\$192.4	\$82.8	

See accompanying notes to consolidated financial statements.

Table of ContentsTrinity Industries, Inc. and Subsidiaries  
Consolidated Balance Sheets

	September 30, 2012 (unaudited) (in millions)	December 31, 2011
<b>Assets</b>		
Cash and cash equivalents	\$312.2	\$351.1
Receivables, net of allowance	423.5	384.3
Income tax receivable	5.1	1.6
<b>Inventories:</b>		
Raw materials and supplies	400.3	324.8
Work in process	180.5	125.6
Finished goods	110.9	99.5
	691.7	549.9
Restricted cash, including TRIP Holdings of \$59.0 and \$74.6	234.8	240.3
Property, plant, and equipment, at cost, including TRIP Holdings of \$1,272.3 and \$1,257.7	5,636.5	5,407.9
Less accumulated depreciation, including TRIP Holdings of \$145.2 and \$122.7	(1,352.8	) (1,228.4
	4,283.7	4,179.5
Goodwill	229.8	225.9
Other assets	238.3	188.4
	\$6,419.1	\$6,121.0
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$212.6	\$207.4
Accrued liabilities	478.1	421.3
<b>Debt:</b>		
Recourse, net of unamortized discount of \$90.7 and \$99.8	462.3	457.7
<b>Non-recourse:</b>		
Parent and wholly-owned subsidiaries	1,646.9	1,616.0
TRIP Holdings	868.9	901.2
	2,978.1	2,974.9
Deferred income	37.0	38.7
Deferred income taxes	543.0	434.7
Other liabilities	83.3	95.7
	4,332.1	4,172.7
<b>Stockholders' equity:</b>		
Preferred stock – 1.5 shares authorized and unissued	—	—
Common stock – 200.0 shares authorized	81.7	81.7
Capital in excess of par value	643.2	626.5
Retained earnings	1,474.0	1,314.7
Accumulated other comprehensive loss	(125.5	) (134.0
	(70.9	) (25.1
Treasury stock	2,002.5	1,863.8
Noncontrolling interest	84.5	84.5
	2,087.0	1,948.3
	\$6,419.1	\$6,121