

Knowles Corp  
Form 10-Q  
November 04, 2015  
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, 2015.

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: 001-36102

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

Delaware  
(State or other jurisdiction of incorporation or organization)

90-1002689  
(I.R.S. Employer Identification No.)

1151 Maplewood Drive  
Itasca, Illinois  
(Address of principal executive offices)

60143  
(Zip Code)

(630) 250-5100  
(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

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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 smaller reporting company)

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

The number of shares outstanding of the registrant's common stock as of October 28, 2015 was 88,439,130.

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Knowles Corporation  
 Form 10-Q  
 Table of Contents

	Page
<u>PART I — FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Financial Statements</u>	<u>1</u>
<u>Consolidated Statements of Earnings (unaudited) for the three and nine months ended September 30, 2015 and 2014</u>	<u>1</u>
<u>Consolidated Statements of Comprehensive Earnings (unaudited) for the three and nine months ended September 30, 2015 and 2014</u>	<u>2</u>
<u>Consolidated Balance Sheets at September 30, 2015 (unaudited) and December 31, 2014</u>	<u>3</u>
<u>Consolidated Statement of Stockholders' Equity (unaudited) for the nine months ended September 30, 2015</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2015 and 2014</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>6</u>
<u>Forward-Looking Statements</u>	<u>18</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>33</u>
<u>Item 4. Controls and Procedures</u>	<u>34</u>
 <u>PART II — OTHER INFORMATION</u>	 <u>34</u>
<u>Item 1. Legal Proceedings</u>	<u>34</u>
<u>Item 1A. Risk Factors</u>	<u>35</u>
<u>Item 6. Exhibits</u>	<u>36</u>
<u>SIGNATURES</u>	<u>37</u>
<u>EXHIBIT INDEX</u>	<u>38</u>

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Table of Contents

## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## KNOWLES CORPORATION

## CONSOLIDATED STATEMENTS OF EARNINGS

(in millions, except share and per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues	\$294.6	\$300.8	\$774.1	\$855.3
Cost of goods sold	205.4	243.9	574.6	665.2
Restructuring charges - cost of goods sold	0.5	4.7	0.4	21.1
Gross profit	88.7	52.2	199.1	169.0
Research and development expenses	33.0	21.0	75.3	62.0
Selling and administrative expenses	59.2	46.5	151.4	150.8
Restructuring charges	8.9	1.1	9.5	5.6
Operating expenses	101.1	68.6	236.2	218.4
Operating loss	(12.4	) (16.4	) (37.1	) (49.4
Interest expense	3.7	2.0	9.2	4.5
Other expense (income), net	2.2	(2.3	) 0.1	(2.1
Loss before income taxes	(18.3	) (16.1	) (46.4	) (51.8
(Benefit from) provision for income taxes	(3.4	) (1.5	) 0.4	34.1
Net loss	\$(14.9	) \$(14.6	) \$(46.8	) \$(85.9
Basic loss per share	\$(0.17	) \$(0.17	) \$(0.54	) \$(1.01
Diluted loss per share	\$(0.17	) \$(0.17	) \$(0.54	) \$(1.01
Weighted average common shares outstanding:				
Basic	88,429,627	85,047,991	86,239,337	85,038,151
Diluted	88,429,627	85,047,991	86,239,337	85,038,151

See accompanying Notes to Consolidated Financial Statements

Table of Contents

KNOWLES CORPORATION  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in millions)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net loss	\$ (14.9	) \$ (14.6	) \$ (46.8	) \$ (85.9
Other comprehensive loss, net of tax				
Foreign currency translation	(17.0	) (34.5	) (60.1	) (45.4
Employee benefit plans:				
Actuarial losses arising during period	—	—	—	(0.1
Amortization or settlement of actuarial	—	0.3	0.2	0.4
losses included in net periodic pension cost				
Net change in employee benefit plans	—	0.3	0.2	0.3