PENTAIR plc
Form 10-Q
July 28, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended June 30, 2016
OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 001-11625
Pentair plc

(Exact name of Registrant as specified in its charter)

Ireland	98-1141328
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification number)

P.O. Box 471, Sharp Street, Walkden, Manchester, M28 8BU United Kingdom
(Address of principal executive offices)
Registrant's telephone number, including area code: 44-161-703-1885
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 þ 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 (§223.405 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 þ 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 company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
On June 30, 2016, 181,093,366 shares of Registrant's common stock were outstanding.

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Pentair plc and Subsidiaries

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
Pentair plc and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

In millions, except per-share data	Three months ended June 30, 2016	Three months ended June 27, 2015	Six months ended June 30, 2016	Six months ended June 27, 2015
Net sales	$1,733.3	$1,661.2	$3,308.8	$3,136.2
Cost of goods sold	1,134.1	1,095.0	2,174.2	2,059.8
Gross profit	599.2	566.2	1,134.6	1,076.4
Selling, general and administrative	348.4	319.3	680.0	628.5
Research and development	33.9	29.0	67.1	58.8
Operating income	216.9	217.9	387.5	389.1
Other (income) expense:				
Equity income of unconsolidated subsidiaries	(1.0)	(0.6)	(1.9)	(1.1)
Net interest expense	35.5	18.6	71.9	36.8
Income from continuing operations before income taxes	182.4	199.9	317.5	353.4
Provision for income taxes	39.6	46.0	67.3	81.3
Net income from continuing operations	142.8	153.9	250.2	272.1
Loss from discontinued operations, net of tax	—	(1.3)	—	(5.6)
Loss from sale / impairment of discontinued operations, net of tax	—	(4.8)	—	(4.8)
Net income	$142.8	$147.8	$250.2	$261.7
Comprehensive income (loss), net of tax				
Net income	$142.8	$147.8	$250.2	$261.7
Changes in cumulative translation adjustment	(25.8)	21.6	2.2	(152.6)
Changes in market value of derivative financial instruments, net of $0.0, $0.3, ($0.5), and $0.4, respectively	10.9	(0.8)	(3.8)	(0.9)
Comprehensive income	$127.9	$168.6	$248.6	$108.2
Earnings (loss) per ordinary share				
Basic				
Continuing operations	$0.79	$0.85	$1.38	$1.51
Discontinued operations	—	(0.03)	—	(0.06)
Basic earnings per ordinary share	$0.79	$0.82	$1.38	$1.45
Diluted				
Continuing operations	$0.78	$0.84	1.37	1.49
Discontinued operations	—	(0.03)	—	(0.06)
Diluted earnings per ordinary share	$0.78	$0.81	$1.37	$1.43
Weighted average ordinary shares outstanding				
Basic	180.9	179.8	180.8	180.1
Diluted	183.0	182.3	182.8	182.6
Cash dividends paid per ordinary share	$0.33	$0.32	$0.66	$0.64

See accompanying notes to condensed consolidated financial statements.

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Pentair plc and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per-share data	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$173.3	$ 126.3
Accounts and notes receivable, net of allowances of $90.6 and $103.7, respectively	1,086.2	1,167.7
Inventories	1,133.2	1,174.3
Other current assets	400.1	309.3
Total current assets	2,792.8	2,777.6
Property, plant and equipment, net	937.6	942.8
Other assets		
Goodwill	5,231.5	5,255.4
Intangibles, net	2,419.6	2,490.1
Other non-current assets	362.3	367.6
Total other assets	8,013.4	8,113.1
Total assets	$11,743.8	$ 11,833.5
Liabilities and Equity		
Current liabilities		
Current maturities of long-term debt and short-term borrowings	$—	$ 0.7
Accounts payable	531.7	578.8
Employee compensation and benefits	216.3	262.9
Other current liabilities	667.9	644.1
Total current liabilities	1,415.9	1,486.5
Other liabilities		
Long-term debt	4,551.7	4,685.8
Pension and other post-retirement compensation and benefits	282.0	287.2
Deferred tax liabilities	815.2	844.2
Other non-current liabilities	512.7	521.0
Total liabilities	7,577.5	7,824.7
Equity		
Ordinary shares $0.01 par value, 426.0 authorized, 181.1 and 180.5 issued at June 30, 2016 and December 31, 2015, respectively	1.8	1.8
Additional paid-in capital	2,890.9	2,860.3
Retained earnings	1,920.2	1,791.7
Accumulated other comprehensive loss	(646.6)	(645.0)
Total equity	4,166.3	4,008.8
Total liabilities and equity	$11,743.8	$ 11,833.5

See accompanying notes to condensed consolidated financial statements.

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Pentair plc and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Six months ended June 30, 2016	June 27, 2015
Operating activities		
Net income	$250.2	$261.7
Loss from discontinued operations, net of tax	—	5.6
Loss from sale / impairment of discontinued operations, net of tax	—	4.8
Adjustments to reconcile net income from continuing operations to net cash provided by (used for) operating activities of continuing operations		
Equity income of unconsolidated subsidiaries	(1.9)	(1.1)
Depreciation	68.3	66.8
Amortization	75.2	55.6
Deferred income taxes	(26.6)	4.9
Share-based compensation	22.3	19.4
Excess tax benefits from share-based compensation	(3.2)	(4.6)
Loss (gain) on sale of assets	7.5	(8.3)
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	89.7	2.7
Inventories	36.7	(97.6)
Other current assets	(75.9)	(35.6)
Accounts payable	(47.3)	(43.4)
Employee compensation and benefits	(48.0)	(41.2)
Other current liabilities	37.0	30.3
Other non-current assets and liabilities	(14.5)	(24.9)
Net cash provided by (used for) operating activities of continuing operations	369.5	195.1
Net cash provided by (used for) operating activities of discontinued operations	—	(9.6)
Net cash provided by (used for) operating activities	369.5	185.5
Investing activities		
Capital expenditures	(74.6)	(66.8)
Proceeds from sale of property and equipment	9.5	23.1
Acquisitions, net of cash acquired	—	(99.0)
Other	(3.0)	(0.5)
Net cash provided by (used for) investing activities of continuing operations	(68.1)	(143.2)
Net cash provided by (used for) investing activities of discontinued operations	—	59.0
Net cash provided by (used for) investing activities	(68.1)	(84.2)
Financing activities		
Net repayments of short-term borrowings	—	(0.3)
Net (repayments) receipts of commercial paper and revolving long-term debt	(139.8)	263.4
Repayments of long-term debt	(0.7)	(4.3)
Excess tax benefits from share-based compensation	3.2	4.6
Shares issued to employees, net of shares withheld	8.3	17.3
Repurchases of ordinary shares	—	(200.0)
Dividends paid	(119.7)	(115.6)
Net cash provided by (used for) financing activities	(248.7)	(34.9)
Effect of exchange rate changes on cash and cash equivalents	(5.7)	(29.5)
Change in cash and cash equivalents	47.0	36.9

Cash and cash equivalents, beginning of period	126.3	110.4
Cash and cash equivalents, end of period	$173.3	$147.3

See accompanying notes to condensed consolidated financial statements.

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Pentair plc and Subsidiaries
Condensed Consolidated Statements of Changes in Equity (Unaudited)

In millions	Ordinary shares		Treasury shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
	Number	Amount	Number	Amount				
Balance - December 31, 2015	180.5	$ 1.8	—	$ —	$ 2,860.3	$ 1,791.7	$ (645.0)	$ 4,008.8
Net income	—	—	—	—	—	250.2	—	250.2
Other comprehensive loss, net of tax	—	—	—	—	—	—	(1.6)	(1.6)
Dividends declared	—	—	—	—	—	(121.7)	—	(121.7)
Exercise of options, net of shares tendered for payment	0.4	—	—	—	13.8	—	—	13.8
Issuance of restricted shares, net of cancellations	0.3	—	—	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.1)	—	—	—	(5.5)	—	—	(5.5)
Share-based compensation	—	—	—	—	22.3	—	—	22.3
Balance - June 30, 2016	181.1	$ 1.8	—	$ —	$ 2,890.9	$ 1,920.2	$ (646.6)	$ 4,166.3

In millions	Ordinary shares		Treasury shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
	Number	Amount	Number	Amount				
Balance - December 31, 2014	202.4	$ 2.0	(19.9)	$ (1,251.9)	$ 4,250.0	$ 2,044.0	$ (380.3)	$ 4,663.8
Net income	—	—	—	—	—	261.7	—	261.7
Other comprehensive loss, net of tax	—	—	—	—	—	—	(153.5)	(153.5)
Dividends declared	—	—	—	—	1.5	(58.1)	—	(56.6)
Share repurchase	(3.1)	—	—	—	(200.0)	—	—	(200.0)
Exercise of options, net of shares tendered for payment	—	—	0.5	27.7	(6.8)	—	—	20.9
Issuance of restricted shares, net of cancellations	—	—	0.2	8.5	(8.5)	—	—	—
Shares surrendered by employees to pay taxes	—	—	(0.1)	(2.7)	(0.9)	—	—	(3.6)
Share-based compensation	—	—	—	—	19.4	—	—	19.4
Balance - June 27, 2015	199.3	$ 2.0	(19.3)	$ (1,218.4)	$ 4,054.7	$ 2,247.6	$ (533.8)	$ 4,552.1

See accompanying notes to condensed consolidated financial statements.

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Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

1.Basis of Presentation and Responsibility for Interim Financial Statements
The accompanying unaudited condensed consolidated financial statements of Pentair plc (formerly Pentair Ltd.) and its subsidiaries ("we," "us," "our," "Pentair," or "the Company") have been prepared following the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America can be condensed or omitted.
We are responsible for the unaudited financial statements included in this document. The financial statements include all normal recurring adjustments that are considered necessary for the fair presentation of our financial position and operating results. As these are condensed financial statements, one should also read our consolidated financial statements and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2015.
Revenues, expenses, cash flows, assets and liabilities can and do vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be indicative of those for a full year.
Our fiscal year ends on December 31. Beginning in the first quarter of 2016, we report our interim quarterly periods on a calendar quarter basis. Prior to the first quarter of 2016, we reported our interim quarterly periods on a 13-week basis ending on a Saturday.
New accounting standards
In March 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard that will change certain aspects of accounting for share-based payments to employees, including the accounting for income taxes, forfeitures and statutory withholding requirements, as well as classification in the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the impact this standard will have on our financial condition or results of operations.

In February 2016, the FASB issued new accounting requirements regarding accounting for leases, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the potential effects on our financial condition or results of operations.

In November 2015, the FASB issued a new accounting standard which clarifies and simplifies the balance sheet classification of deferred tax assets and liabilities. Under the new standard, all deferred tax assets and liabilities are required to be classified as non-current in a classified balance sheet. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the impact this standard will have on our financial condition.

In April 2015, the FASB issued a new accounting standard which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard was effective for annual and interim periods beginning after December 15, 2015. We adopted the new standard during the first quarter of 2016 and, as a result, reclassified unamortized debt issuance costs of $23.5 million from Other current assets and Other non-current assets to Long-term debt on the Condensed Consolidated Balance Sheet as of December 31, 2015.

In May 2014, the FASB issued new accounting requirements for the recognition of revenue from contracts with customers. The new requirements include additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The requirements are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for reporting periods beginning after December 15, 2016. We have not yet determined the potential effects on our financial condition or results of operations.

2. Acquisitions and Divestitures

Acquisitions

On September 18, 2015, we acquired, as part of Technical Solutions, all of the outstanding shares of capital stock of ERICO Global Company ("ERICO") for approximately $1.8 billion (the "ERICO Acquisition"). ERICO is a leading global manufacturer and marketer of engineered electrical and fastening products for electrical, mechanical and civil applications.

ERICO has employees in 30 countries across the world with recognized brands including CADDY fixing, fastening and support products; ERICO electrical grounding, bonding and connectivity products and LENTON engineered systems.
The purchase price has been preliminarily allocated based on the estimated fair value of assets acquired and liabilities assumed at the date of the ERICO Acquisition. The preliminary purchase price allocation is subject to further refinement and may require significant adjustments to arrive at the final purchase price allocation. These changes will primarily relate to income tax-related items. The purchase price allocation will be completed in the third quarter of 2016. There can be no assurance that such finalization will not result in material changes from the preliminary purchase price allocations.
The following table summarizes our preliminary estimates of the fair values of the assets acquired and liabilities assumed in the ERICO Acquisition as previously reported at December 31, 2015 and as revised at June 30, 2016:

In millions	As Previously Reported	As Revised
Cash	$ 11.8	$ 11.8
Accounts receivable	75.9	75.9
Inventories	102.4	101.8
Other current assets	2.9	2.8
Property, plant and equipment	53.4	53.4
Identifiable intangible assets	1,033.8	1,033.8
Goodwill	1,061.9	1,028.6
Current liabilities	(97.2)	(94.1)
Deferred income taxes, including current	(418.8)	(382.8)
Other liabilities	(8.0)	(13.1)
Purchase price	$ 1,818.1	$ 1,818.1

The excess of purchase price over tangible net assets and identified intangible assets acquired has been preliminarily allocated to goodwill in the amount of $1,028.6 million, none of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired as part of the ERICO Acquisition include $228.4 million of indefinite-lived trade name intangible assets and $805.4 million of definite-lived customer relationships with an estimated useful life of 21 years.

The following unaudited pro forma consolidated condensed financial results of operations are presented as if the ERICO Acquisition was consummated on January 1, 2014:

In millions, except per-share data	Three months ended June 27, 2015	Six months ended June 27, 2015
Pro forma net sales	$ 1,804.5	$ 3,403.6
Pro forma net income from continuing operations	164.2	285.2
Pro forma earnings per ordinary share - continuing operations		
Basic	$ 0.91	$ 1.58
Diluted	0.90	1.56

The pro forma condensed consolidated financial information has been prepared for comparative purposes only and includes certain adjustments, as noted above. The adjustments are estimates based on currently available information and actual amounts may differ materially from these estimates. They do not reflect the effect of costs or synergies that would have been expected to result from the integration of the ERICO Acquisition. The pro forma information does

not purport to be indicative of the results of operations that actually would have resulted had the ERICO Acquisition occurred on January 1, 2014.
In April 2015, we acquired, as part of Technical Solutions, all of the outstanding shares of capital stock of Nuheat Industries Limited ("Nuheat") for $96.0 million in cash (120.5 million Canadian dollars translated at the April 2, 2015 exchange rate), net

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Notes to condensed consolidated financial statements (unaudited)

of cash acquired. In November 2015, cash of $0.9 million (1.2 million Canadian dollars translated at the average monthly exchange rate) was paid to Nuheat in settlement of a working capital adjustment. Based in Canada, Nuheat is a leading manufacturer of electric floor heating systems that are distributed across North America. Total goodwill recorded as part of the purchase allocation was $43.2 million, none of which is tax deductible. Identified intangible assets acquired consisted of definite-lived customer relationships of $53.3 million, with an estimated useful life of 17 years. The pro forma impact of this acquisition was deemed to not be material.

Discontinued operations

During the first and second quarters of 2015, we sold the remaining portions of the Water Transport business in Australia and received cash proceeds of $59.0 million. The results of the Water Transport business have been presented as discontinued operations.

Operating results of discontinued operations are summarized below:

In millions	Three months ended June 30, 2016	Three months ended June 27, 2015	Six months ended June 30, 2016	Six months ended June 27, 2015
Net sales	$ —	$ —	$ —	$ 18.6
Cost of goods sold	—	—	—	18.1
Gross profit	$ —	$ —	$ —	$ 0.5
Loss from discontinued operations before income taxes	$ —	$ (1.6)	$ —	$ (7.1)
Income tax benefit	—	0.3	—	1.5
Loss from discontinued operations, net of tax	$ —	$ (1.3)	$ —	$ (5.6)
				—
Loss from sale / impairment of discontinued operations before income taxes	$ —	$ (4.8)	$ —	$ (4.8)
Income tax benefit	—	—	—	—
Loss from sale / impairment of discontinued operations, net of tax	$ —	$ (4.8)	$ —	$ (4.8)

3. Share Plans

Total share-based compensation expense for the three and six months ended June 30, 2016 and June 27, 2015 was as follows:

Three months ended

In millions	June 30, 2016	June 27, 2015	Six months ended June 30, 2016	June 27, 2015
Restricted stock units	$ 3.6	$ 6.3	$10.6	$ 12.5
Stock options	1.8	3.4	7.2	6.9
Performance share units	0.8	—	4.5	—
Total share-based compensation expense	$ 6.2	$ 9.7	$22.3	$ 19.4

In the first quarter of 2016, we issued our annual share-based compensation grants under the Pentair plc 2012 Stock and Incentive Plan to eligible employees. The total number of awards issued was approximately 1.7 million, of which 1.1 million were stock options, 0.3 million were restricted stock units and 0.3 million were performance share units. The weighted-average grant date fair value of the stock options, restricted stock units and performance share units issued was $10.23, $49.21 and $49.21, respectively.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

We estimated the fair value of each stock option award issued in the annual share-based compensation grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

	2016 Annual Grant
Risk-free interest rate	1.57 %
Expected dividend yield	2.47 %
Expected share price volatility	27.3 %
Expected term (years)	5.9

These estimates require us to make assumptions based on historical results, observance of trends in our share price, changes in option exercise behavior, future expectations and other relevant factors. If other assumptions had been used, share-based compensation expense, as calculated and recorded under the accounting guidance, could have been affected.

We based the expected life assumption on historical experience as well as the terms and vesting periods of the options granted. For purposes of determining expected share price volatility, we considered a rolling average of historical volatility measured over a period approximately equal to the expected option term. The risk-free interest rate for periods that coincide with the expected life of the options is based on the U.S. Treasury Department yield curve in effect at the time of grant.

4. Restructuring

During the six months ended June 30, 2016 and the year ended December 31, 2015, we continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business. Initiatives during the six months ended June 30, 2016 included the reduction in hourly and salaried headcount of approximately 600 employees, consisting of approximately 50 in Water Quality Systems, 100 in Flow & Filtration Solutions, 150 in Technical Solutions and 300 in Valves & Controls. Initiatives during the year ended December 31, 2015 included the reduction in hourly and salaried headcount of approximately 3,000 employees, consisting of approximately 100 in Water Quality Systems, 200 in Flow & Filtration Solutions, 200 in Technical Solutions and 2,500 in Valves & Controls.

Restructuring related costs included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) included costs for severance and other restructuring costs as follows:

In millions	Three months ended		Six months ended	
	June 30, 2016	June 27, 2015	June 30, 2016	June 27, 2015
Severance and related costs	$ 23.2	$ 20.6	$ 24.0	$ 20.6
Other	3.6	3.4	3.5	3.4
Total restructuring costs	$ 26.8	$ 24.0	$ 27.5	$ 24.0

Other restructuring costs primarily consist of asset impairment and various contract termination costs.

Restructuring costs by reportable segment for the three and six months ended June 30, 2016 and June 27, 2015 were as follows:

In millions	Three months ended		Six months ended	
	June 30, 2016	June 27, 2015	June 30, 2016	June 27, 2015
Water Quality Systems	$ 3.8	$ 3.3	$ 4.3	$ 3.3
Flow & Filtration Solutions	3.7	3.7	2.6	3.7
Technical Solutions	3.7	3.4	3.9	3.4

Valves & Controls	14.7	13.6	14.9	13.6
Other	0.9	—	1.8	—
Consolidated	$26.8	$ 24.0	$27.5	$ 24.0

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Activity in the restructuring accrual recorded in Other current liabilities and Employee compensation and benefits in the Condensed Consolidated Balance Sheets is summarized as follows for the six months ended June 30, 2016:

In millions	June 30, 2016
Beginning balance	$ 91.2
Costs incurred	24.0
Cash payments and other	(36.6)
Ending balance	$ 78.6

5. Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

	Three months ended		Six months ended	
In millions, except per-share data	June 30, 2016	June 27, 2015	June 30, 2016	June 27, 2015
Net income	$ 142.8	$ 147.8	$ 250.2	$ 261.7
Net income from continuing operations	$ 142.8	$ 153.9	$ 250.2	$ 272.1
Weighted average ordinary shares outstanding				
Basic	180.9	179.8	180.8	180.1
Dilutive impact of stock options, restricted stock units and performance share units	2.1	2.5	2.0	2.5
Diluted	183.0	182.3	182.8	182.6
Earnings (loss) per ordinary share				
Basic				
Continuing operations	$ 0.79	$ 0.85	$ 1.38	$ 1.51
Discontinued operations	—	(0.03)	—	(0.06)
Basic earnings per ordinary share	$ 0.79	$ 0.82	$ 1.38	$ 1.45
Diluted				
Continuing operations	$ 0.78	$ 0.84	$ 1.37	$ 1.49
Discontinued operations	—	(0.03)	—	(0.06)
Diluted earnings per ordinary share	$ 0.78	$ 0.81	$ 1.37	$ 1.43
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	1.2	1.1	2.0	1.1

6. Supplemental Balance Sheet Information

In millions	June 30, 2016	December 31, 2015
Inventories		
Raw materials and supplies	$427.0	$ 433.0
Work-in-process	236.7	249.2
Finished goods	469.5	492.1
Total inventories	$1,133.2	$ 1,174.3
Other current assets		
Cost in excess of billings	$135.9	$ 114.4
Prepaid expenses	130.2	84.6
Deferred income taxes	118.1	96.7
Other current assets	15.9	13.6
Total other current assets	$400.1	$ 309.3
Property, plant and equipment, net		
Land and land improvements	$157.9	$ 161.9
Buildings and leasehold improvements	520.5	518.8
Machinery and equipment	1,236.8	1,287.6
Construction in progress	80.2	79.3
Total property, plant and equipment	1,995.4	2,047.6
Accumulated depreciation and amortization	1,057.8	1,104.8
Total property, plant and equipment, net	$937.6	