

Edgar Filing: AIRGAS INC - Form 10-Q/A

AIRGAS INC  
Form 10-Q/A  
August 24, 2001

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2001

Commission file number: 1-9344

AIRGAS, INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

56-0732648

-----  
(State or other jurisdiction of  
incorporation or organization)

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

259 North Radnor-Chester Road, Suite 100  
Radnor, PA

19087-5283

-----  
(Address of principal executive offices)

-----  
(ZIP code)

(610) 687-5253

-----  
(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

Common Stock outstanding at August 23, 2001: 68,810,866 shares

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EXPLANATORY NOTE

-----  
Airgas, Inc. (the "Company") is filing this Amendment on Form 10-Q/A to the Company's Form 10-Q for the period ended June 30, 2001, which was

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originally filed with the Securities and Exchange Commission on August 14, 2001. The Company is amending the previously filed Form 10-Q for the purpose of including Note 13 to the Consolidated Financial Statements for the quarter ended June 30, 2001 under Item 1 of Part I. The information contained in Note 13 consists of supplementary financial information of subsidiary guarantors related to the issuance of senior subordinated notes on July 30, 2001.

### Part I. Financial Information

#### Item 1. Financial Statements

AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

(13) SUPPLEMENTARY CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF  
SUBSIDIARY GUARANTORS

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On July 30, 2001, the Company refinanced its revolving credit facilities and issued \$225 million of senior subordinated notes (the "Notes"). The obligations of the Company under the Notes are guaranteed by the Company's domestic subsidiaries that guarantee the Company's new credit facilities (the "Guarantors"). The Company's joint venture operations, foreign holdings and bankruptcy remote special purpose entity (the "Non-guarantors") are not guarantors of the Notes. The guarantees are made on a joint and several basis. The claims of creditors of Non-guarantor subsidiaries have priority over the rights of the Company to receive dividends or distributions from such subsidiaries. Presented below is supplementary condensed consolidating financial information for the Company, the Guarantors and the Non-guarantors as of June 30, 2001 and March 31, 2001 and for the three-month periods ended June 30, 2001 and 2000.

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AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Condensed Consolidating Balance Sheet  
Senior Subordinated Notes  
June 30, 2001

(In thousands, except  
per share amounts)

|                        | Parent | Guarantors | Non-<br>Guarantors | Elimination<br>Entries | Consolidate |
|------------------------|--------|------------|--------------------|------------------------|-------------|
| -----                  |        |            |                    |                        |             |
| <b>ASSETS</b>          |        |            |                    |                        |             |
| Current Assets         |        |            |                    |                        |             |
| Trade receivables, net | \$     | --         | \$ 4,325           | \$ 77,112              | \$ 81,437   |
| Intercompany           |        |            |                    | \$ --                  |             |

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|  |             |             |            |               |             |
|--|-------------|-------------|------------|---------------|-------------|
| receivable/(payable)                           | 170         | (15,726)    | 15,556     | --            | --          |
| Inventories, net                               | --          | 153,890     | 4,080      | --            | 157,970     |
| Deferred income tax asset, net                 | 6,298       | 4,096       | --         | --            | 10,394      |
| Prepaid expenses and other current assets      | 3,800       | 10,102      | 4,972      | --            | 18,874      |
|  | -----       | -----       | -----      | -----         | -----       |
| Total current assets                           | 10,268      | 156,687     | 101,720    | --            | 268,675     |
| Plant and equipment, net                       | 9,522       | 672,717     | 21,316     | --            | 703,555     |
| Goodwill, net                                  | --          | 430,055     | 10,431     | --            | 440,486     |
| Other intangible assets, net                   | 1,207       | 26,165      | 208        | --            | 27,580      |
| Investments in unconsolidated affiliates       | 56,961      | 6,473       | 15         | --            | 63,449      |
| Investments in subsidiaries                    | 1,160,027   | --          | --         | (1,160,027)   | --          |
| Intercompany receivable/(payable)              | (116,532)   | 148,718     | (32,186)   | --            | --          |
| Other non-current assets                       | 3,632       | 15,685      | 212        | --            | 19,529      |
|  | -----       | -----       | -----      | -----         | -----       |
| Total assets                                   | \$1,125,085 | \$1,456,500 | \$ 101,716 | \$(1,160,027) | \$1,523,274 |
|  | =====       | =====       | =====      | =====         | =====       |
| LIABILITIES AND STOCKHOLDERS' EQUITY           |             |             |            |               |             |
| Current Liabilities                            |             |             |            |               |             |
| Accounts payable, trade                        | \$ 3,156    | \$ 72,358   | \$ 2,055   | \$ --         | \$ 77,569   |
| Accrued expenses and other current liabilities | 44,985      | 78,212      | 1,832      | --            | 125,029     |
| Current portion of long-term debt              | --          | 18,543      | 85         | --            | 18,628      |
|  | -----       | -----       | -----      | -----         | -----       |
| Total current liabilities                      | 48,141      | 169,113     | 3,972      | --            | 221,226     |
| Long-term debt, excluding current portion      | 562,541     | 9,799       | 27,232     | --            | 599,572     |
| Deferred income tax liability, net             | (1,409)     | 160,822     | 3,044      | --            | 162,457     |
| Other non-current liabilities                  | 5,788       | 24,782      | (575)      | --            | 29,995      |
| Commitments and contingencies                  | --          | --          | --         | --            | --          |
| Stockholders' Equity                           |             |             |            |               |             |
| Preferred stock, no par value                  | --          | --          | --         | --            | --          |
| Common stock, par value \$.01 per share        | 747         | 7           | --         | (7)           | 747         |
| Capital in excess of par value                 | 189,991     | 697,141     | 32,105     | (729,246)     | 189,991     |
| Retained earnings                              | 369,047     | 395,135     | 36,555     | (431,690)     | 369,047     |
| Accumulated other comprehensive loss           | (4,872)     | (239)       | (617)      | 856           | (4,872)     |
| Treasury stock                                 | (4,289)     | (60)        | --         | 60            | (4,289)     |
| Employee benefits trust                        | (40,600)    | --          | --         | --            | (40,600)    |
|  | -----       | -----       | -----      | -----         | -----       |
| Total stockholders' equity                     | 510,024     | 1,091,984   | 68,043     | (1,160,027)   | 510,024     |
|  | -----       | -----       | -----      | -----         | -----       |
| Total liabilities and stockholders' equity     | \$1,125,085 | \$1,456,500 | \$ 101,716 | \$(1,160,027) | \$1,523,274 |
|  | =====       | =====       | =====      | =====         | =====       |

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### Condensed Consolidating Balance Sheet Senior Subordinated Notes March 31, 2001

(In thousands, except  
per share amounts)

|   | Parent             | Guarantors         | Non-<br>Guarantors | Elimination<br>Entries | Consolidate        |
|---|--------------------|--------------------|--------------------|------------------------|--------------------|
| <b>ASSETS</b>                                     |                    |                    |                    |                        |                    |
| <b>Current Assets</b>                             |                    |                    |                    |                        |                    |
| Trade receivables, net                            | \$ --              | \$ 111,081         | \$ 32,048          | \$ --                  | \$ 143,129         |
| Intercompany<br>receivable/(payable)              | 170                | (14,183)           | 14,013             | --                     | --                 |
| Inventories, net                                  | --                 | 151,402            | 3,622              | --                     | 155,024            |
| Deferred income tax asset, net                    | 6,297              | 3,846              | --                 | --                     | 10,143             |
| Prepaid expenses and other<br>current assets      | 10,167             | 13,901             | 1,481              | --                     | 25,549             |
|   | -----              | -----              | -----              | -----                  | -----              |
| <b>Total current assets</b>                       | <b>16,634</b>      | <b>266,047</b>     | <b>51,164</b>      | <b>--</b>              | <b>333,845</b>     |
| Plant and equipment, net                          | 6,851              | 677,480            | 20,315             | --                     | 704,646            |
| Goodwill, net                                     | --                 | 429,942            | 10,115             | --                     | 440,057            |
| Other intangible assets, net                      | 1,120              | 28,345             | 203                | --                     | 29,668             |
| Investments in unconsolidated<br>affiliates       | 56,656             | 6,591              | 15                 | --                     | 63,262             |
| Investments in subsidiaries                       | 1,197,952          | --                 | --                 | (1,197,952)            | --                 |
| Intercompany<br>receivable/(payable)              | (107,248)          | 99,842             | 7,406              | --                     | --                 |
| Other non-current assets                          | 5,294              | 4,311              | 207                | --                     | 9,812              |
|   | -----              | -----              | -----              | -----                  | -----              |
| <b>Total assets</b>                               | <b>\$1,177,259</b> | <b>\$1,512,558</b> | <b>\$ 89,425</b>   | <b>\$(1,197,952)</b>   | <b>\$1,581,290</b> |
|   | =====              | =====              | =====              | =====                  | =====              |
| <b>LIABILITIES AND<br/>STOCKHOLDERS' EQUITY</b>   |                    |                    |                    |                        |                    |
| <b>Current Liabilities</b>                        |                    |                    |                    |                        |                    |
| Accounts payable, trade                           | \$ 3,339           | \$ 71,045          | \$ 1,953           | \$ --                  | \$ 76,337          |
| Accrued expenses and other<br>current liabilities | 41,291             | 88,253             | 1,329              | --                     | 130,873            |
| Current portion of<br>long-term debt              | 50,000             | 22,863             | 82                 | --                     | 72,945             |
|   | -----              | -----              | -----              | -----                  | -----              |
| <b>Total current liabilities</b>                  | <b>94,630</b>      | <b>182,161</b>     | <b>3,364</b>       | <b>--</b>              | <b>280,155</b>     |
| Long-term debt, excluding<br>current portion      | 585,465            | 10,354             | 24,845             | --                     | 620,664            |
| Deferred income tax<br>liability, net             | 194                | 157,906            | 3,076              | --                     | 161,176            |
| Other non-current liabilities                     | 121                | 22,935             | (610)              | --                     | 22,446             |
| Commitments and contingencies                     | --                 | --                 | --                 | --                     | --                 |
| <b>Stockholders' Equity</b>                       |                    |                    |                    |                        |                    |
| Preferred stock, no par value                     | --                 | --                 | --                 | --                     | --                 |
| Common stock, par value \$.01<br>per share        | 744                | 7                  | --                 | (7)                    | 744                |
| Capital in excess of par value                    | 188,629            | 754,926            | 31,783             | (786,709)              | 188,629            |
| Retained earnings                                 | 355,596            | 384,631            | 27,818             | (412,449)              | 355,596            |
| Accumulated other                                 |                    |                    |                    |                        |                    |

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|  |             |             |           |                |             |
|--|-------------|-------------|-----------|----------------|-------------|
| comprehensive loss                         | (1,153)     | (302)       | (851)     | 1,153          | (1,153)     |
| Treasury stock                             | (3,982)     | (60)        | --        | 60             | (3,982)     |
| Employee benefits trust                    | (42,985)    | --          | --        | --             | (42,985)    |
|  | -----       | -----       | -----     | -----          | -----       |
| Total stockholders' equity                 | 496,849     | 1,139,202   | 58,750    | (1,197,952)    | 496,849     |
|  | -----       | -----       | -----     | -----          | -----       |
| Total liabilities and stockholders' equity | \$1,177,259 | \$1,512,558 | \$ 89,425 | \$ (1,197,952) | \$1,581,290 |
|  | =====       | =====       | =====     | =====          | =====       |

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AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Condensed Consolidating Statement of Earnings  
Senior Subordinated Notes  
Three Months Ended  
June 30, 2001

| (In thousands)  | Parent    | Guarantors | Non-Guarantors | Elimination Entries | Consolidated |
|---|-----------|------------|----------------|---------------------|--------------|
|   | -----     | -----      | -----          | -----               | -----        |
| Net sales   | \$ --     | \$410,522  | \$ 5,153       | \$ --               | \$415,675    |
| Costs and Expenses  |           |            |                |                     |              |
| Costs of products sold (excluding depreciation and amortization)                      | --        | 210,928    | 1,295          | --                  | 212,223      |
| Selling, distribution and administrative expenses                                     | 13,625    | 134,407    | 4,687          | --                  | 152,719      |
| Depreciation  | 690       | 14,440     | 542            | --                  | 15,672       |
| Amortization  | 110       | 2,071      | 96             | --                  | 2,277        |
|   | -----     | -----      | -----          | -----               | -----        |
| Operating Income (Loss)   | (14,425)  | 48,676     | (1,467)        | --                  | 32,784       |
| Interest (expense) income, net (Discount) gain on securitization of trade receivables | (12,211)  | 805        | 493            | --                  | (10,913)     |
| Other income (expense), net   | --        | (16,260)   | 14,768         | --                  | (1,492)      |
| Equity in earnings of unconsolidated affiliates                                       | 17,166    | (17,339)   | (20)           | --                  | (193)        |
|   | -----     | -----      | -----          | -----               | -----        |
| Earnings before income taxes  | 562       | 351        | --             | --                  | 913          |
| Income tax expense (benefit)  | (8,908)   | 16,233     | 13,774         | --                  | 21,099       |
| Equity in earnings of subsidiaries  | (3,118)   | 5,728      | 5,038          | --                  | 7,648        |
|   | -----     | -----      | -----          | -----               | -----        |
| Net Earnings  | 19,241    | --         | --             | (19,241)            | --           |
|   | -----     | -----      | -----          | -----               | -----        |
|   | \$ 13,451 | \$ 10,505  | \$ 8,736       | \$ (19,241)         | \$ 13,451    |
|   | =====     | =====      | =====          | =====               | =====        |

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AIRGAS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

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### Condensed Consolidating Statement of Earnings Senior Subordinated Notes Three Months Ended June 30, 2000

| (In thousands)   | Parent   | Guarantors | Non-<br>Guarantors | Elimination<br>Entries | Consolidated |
|--|----------|------------|--------------------|------------------------|--------------|
| Net sales  | \$ --    | \$403,200  | \$ 5,798           | \$ --                  | \$408,998    |
| Costs and Expenses   |          |            |                    |                        |              |
| Costs of products sold (excluding depreciation and amortization) | --       | 213,638    | 1,558              | --                     | 215,196      |
| Selling, distribution and administrative expenses                | 6,783    | 131,163    | 2,069              | --                     | 140,015      |
| Depreciation   | 673      | 14,983     | 669                | --                     | 16,325       |
| Amortization   | 57       | 6,263      | 99                 | --                     | 6,419        |
| Operating Income (Loss)  | (7,513)  | 37,153     | 1,403              | --                     | 31,043       |
| Interest (expense) income, net                                   | (16,118) | 179        | 174                | --                     | (15,765)     |
| Other income (expense), net                                      | 17,040   | (16,991)   | 3                  | --                     | 52           |
| Equity in earnings of unconsolidated affiliates                  | 716      | 710        | (62)               | --                     | 1,364        |
| Earnings before taxes  | (5,875)  | 21,051     | 1,518              | --                     | 16,694       |
| Income tax expense (benefit)                                     | (2,307)  | 8,490      | 695                | --                     | 6,878        |
| Equity in earnings of subsidiaries                               | 13,384   | --         | --                 | (13,384)               | --           |
| Net Earnings   | \$ 9,816 | \$ 12,561  | \$ 823             | \$ (13,384)            | \$ 9,816     |

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### AIRGAS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### Condensed Consolidating Statement of Cash Flows Senior Subordinated Notes Three Months Ended June 30, 2001

| (In thousands)                                      | Parent   | Guarantors | Non-<br>Guarantors | Elimination<br>Entries | Consolidated |
|---|----------|------------|--------------------|------------------------|--------------|
| Net cash provided by (used in) operating activities | \$ 4,326 | \$135,255  | \$ (40,492)        | \$ --                  | \$ 99,089    |
| CASH FLOWS FROM INVESTING ACTIVITIES                |          |            |                    |                        |              |
| Capital expenditures                                | (641)    | (15,681)   | (669)              | --                     | (16,991)     |
| Proceeds from sales of plant and equipment          | --       | 309        | --                 | --                     | 309          |
| Dividends and fees from unconsolidated affiliates   | 562      | 222        | --                 | --                     | 784          |
| Other, net  | 1,398    | 1,749      | (819)              | --                     | 2,328        |
| Net cash provided by (used in)                      |          |            |                    |                        |              |

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|   |           |           |         |       |           |
|---|-----------|-----------|---------|-------|-----------|
| investing activities                                | 1,319     | (13,401)  | (1,488) | --    | (13,570)  |
|   | -----     | -----     | -----   | ----- | -----     |
| CASH FLOWS FROM FINANCING ACTIVITIES                |           |           |         |       |           |
| Proceeds from borrowings                            | 54,857    | --        | 2,514   | --    | 57,371    |
| Repayment of debt                                   | (127,780) | (9,950)   | (126)   | --    | (137,856) |
| Purchase of treasury stock                          | --        | --        | --      | --    | --        |
| Exercise of stock options                           | 826       | --        | --      | --    | 826       |
| Cash overdraft                                      | --        | (5,860)   | --      | --    | (5,860)   |
| Inter-company                                       | 66,452    | (106,044) | 39,592  | --    | --        |
|   | -----     | -----     | -----   | ----- | -----     |
| Net cash provided by (used in) financing activities | (5,645)   | (121,854) | 41,980  | --    | (85,519)  |
|   | -----     | -----     | -----   | ----- | -----     |
| CHANGE IN CASH                                      |           |           |         |       |           |
| Cash - Beginning of year                            | \$ --     | \$ --     | \$ --   | \$ -- | \$ --     |
|   | -----     | -----     | -----   | ----- | -----     |
| Cash - End of year                                  | \$ --     | \$ --     | \$ --   | \$ -- | \$ --     |
|   | =====     | =====     | =====   | ===== | =====     |

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AIRGAS, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (Unaudited)

Condensed Consolidating Statement of Cash Flows  
 Senior Subordinated Notes  
 Three Months Ended  
 June 30, 2000

| (In thousands)                                      | Parent   | Guarantors | Non-Guarantors | Elimination Entries | Consolidated |
|---|----------|------------|----------------|---------------------|--------------|
|   | -----    | -----      | -----          | -----               | -----        |
| Net cash provided by operating activities           | \$ 1,383 | \$ 10,052  | \$ 771         | \$ --               | \$ 12,206    |
|   | -----    | -----      | -----          | -----               | -----        |
| CASH FLOWS FROM INVESTING ACTIVITIES                |          |            |                |                     |              |
| Capital expenditures                                | --       | (14,129)   | (877)          | --                  | (15,006)     |
| Proceeds from sales of plant and equipment          | --       | 332        | 188            | --                  | 520          |
| Proceeds from divestitures                          | --       | 577        | --             | --                  | 577          |
| Business acquisitions, net of cash acquired         | --       | (1,034)    | --             | --                  | (1,034)      |
| Dividends and fees from unconsolidated affiliates   | --       | 800        | --             | --                  | 800          |
| Other, net  | --       | 1,131      | 417            | --                  | 1,548        |
|   | -----    | -----      | -----          | -----               | -----        |
| Net cash provided by (used in) investing activities | --       | (12,323)   | (272)          | --                  | (12,595)     |
|   | -----    | -----      | -----          | -----               | -----        |
| CASH FLOWS FROM FINANCING ACTIVITIES                |          |            |                |                     |              |
| Proceeds from borrowings                            | 58,000   | --         | --             | --                  | 58,000       |
| Repayment of debt                                   | (43,000) | (6,089)    | (398)          | --                  | (49,487)     |

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|  |          |       |       |       |          |
|--|----------|-------|-------|-------|----------|
| Purchase of treasury stock                             | (11,214) | --    | --    | --    | (11,214) |
| Exercise of stock options                              | 532      | --    | --    | --    | 532      |
| Cash overdraft   | --       | 2,558 | --    | --    | 2,558    |
| Inter-company  | (5,701)  | 5,802 | (101) | --    | --       |
|  | -----    | ----- | ----- | ----- | -----    |
| Net cash provided by (used in)<br>financing activities | (1,383)  | 2,271 | (499) | --    | 389      |
|  | -----    | ----- | ----- | ----- | -----    |
| CHANGE IN CASH   | \$ --    | \$ -- | \$ -- | \$ -- | \$ --    |
| Cash - Beginning of year                               | --       | --    | --    | --    | --       |
|  | -----    | ----- | ----- | ----- | -----    |
| Cash - End of year                                     | \$ --    | \$ -- | \$ -- | \$ -- | \$ --    |
|  | =====    | ===== | ===== | ===== | =====    |

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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 thereunto duly authorized.

Airgas, Inc.

-----

(Registrant)

Date: August 24, 2001

/s/ Robert M. McLaughlin

-----

Robert M. McLaughlin  
Vice President and Controller  
(Principal Accounting Officer)

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