

CNH GLOBAL N V
Form 6-K
April 29, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of April, 2004.

CNH GLOBAL N.V.

(Translation of Registrant's Name Into English)

**World Trade Center
Tower B, 10th Floor
Amsterdam Airport
The Netherlands**

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____.)

News Release

CNH Reports Significantly Improved First Quarter Results

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Lake Forest, Illinois (April 28, 2004) CNH Global N.V. (NYSE:CNH) today reported first quarter net income of \$4 million compared to a first quarter 2003 net loss of \$40 million, excluding restructuring charges in both periods. In the first quarter of 2004, CNH took a \$13 million restructuring charge, net of tax, related primarily to the execution of its manufacturing rationalization plan. Including this restructuring charge, the company recorded a first quarter 2004 net loss of \$.07 per share, compared to a first quarter of 2003 net loss of \$.35 per share, which included restructuring charges of \$6 million, net of tax.

The improved margins and higher volumes we saw in the first quarter are the direct result of our product renewal program, Paolo Monferino, CNH president and chief executive officer said. Thanks to strong sales in the Americas, particularly for combines, CNH is off to a good start in 2004. As our recently launched products become more widely available, and more new products enter production, our bottom line should benefit through the second half of the year.

First quarter sales of agricultural equipment. Net sales of agricultural equipment increased to \$1.919 billion for the quarter, compared to \$1.600 billion for the first quarter of 2003. The increase in revenues from the sale of agricultural equipment was due mainly to improved volume and pricing in North and Latin America, as well as currency variations.

First quarter 2004 North American industry unit sales of over-40 horsepower agricultural tractors increased significantly compared to the same period last year, while combine sales were up slightly. In Western Europe, industry unit sales of tractors were unchanged from year-earlier levels; industry sales of combines declined moderately, however. Industry sales in Latin America were up substantially in the quarter for both combines and tractors.

During the quarter, retail unit sales of CNH agricultural equipment increased in nearly all markets, with the greatest gains coming from combines, where the company gained share in all three major regions. Retail sales of the company's over-40 horsepower tractors increased in North and Latin America, but declined slightly in Western Europe.

First quarter sales of construction equipment. Net sales of construction equipment totaled \$744 million, compared to \$677 million for the first quarter of 2003. Much

- CNH Global N.V. Global Management Office 100 South Saunders Rd, Lake Forest, IL 60045 U.S.A.
<http://www.cnh.com> -

improved wholesale activity in North America, along with currency variations, were partially offset by lower than expected wholesales in Europe.

First quarter industry sales of heavy equipment improved dramatically in North America and Asia, and increased slightly in Western Europe. Industry sales of light equipment showed moderate to significant gains in all regions.

Retail unit sales of CNH heavy construction equipment increased in North and Latin America, as did sales of most lines of light equipment. First quarter retail sales of CNH construction equipment in North America were constrained by limited availability of certain models, particularly backhoe loaders. In Western Europe retail sales of CNH heavy and light equipment declined more than expected for nearly all product lines.

Equipment Operations first quarter financial results. First quarter net sales of equipment were \$2.663 billion, compared to \$2.277 billion for the same period in 2003. Net of currency variations, sales increased by 7% compared to the same period last year.

CNH Equipment Operations first quarter gross margin improved year-over-year, reflecting the positive impact of pricing, currency variations, reduced product cost, and volume increases in both the agricultural and construction equipment businesses. The improvement in gross margin was the primary factor driving the company's first quarter industrial operating margin of \$117 million, or 4.4% of net sales, compared to \$50 million, or 2.2% of net sales, in the first quarter of 2003.

CNH Equipment Operations adjusted EBITDA was \$128 million for the quarter compared to \$65 million in the same period last year. Interest coverage was 2.0 times for the first quarter of 2004, compared to 1.0 times for the same period last year.

Financial Services first quarter financial results. In the first quarter of 2004, CNH Capital reported net income of \$27 million, compared to \$6 million in the same period last year. The difference is due mainly to the timing of the company's ABS transactions and lower risk costs in 2004. During the first quarter of 2004 the company completed the fulfillment of late-2003 ABS transactions, while in 2003, the first ABS transactions occurred in the second quarter. The steady improvement in the quality of CNH Capital's loan portfolio accounts for the year-over-year reduction in bad debt expenses. The total managed portfolio at the end of the quarter increased by 2% compared to the December 31, 2003 level.

Balance sheet. Equipment Operations net debt was \$1.944 billion on March 31, 2004, compared with \$1.902 billion on December 31, 2003, reflecting the normal seasonal build up of working capital. Equipment Operations working capital was approximately \$132 million higher on March 31, 2004 than on December 31, 2003, net of currency variations. The normal seasonal buildup of working capital in the first quarter of 2004 was somewhat less than in the first quarter of 2003.

Agricultural equipment market outlook for 2004. CNH expects North American industry sales of combines and over-40 horsepower tractors to remain strong in the second quarter and return to a more sustainable level of growth in the second half. In Europe, industry sales of tractors and combines are expected to decline slightly for the year. Industry sales in Latin America should be flat to up slightly from 2003 levels for the full year.

Construction equipment market outlook for 2004. Industry sales of both heavy and light construction equipment are expected to increase moderately in North America in 2004, although not at the exceptionally high level of industry sales seen in the first quarter. In

Western Europe, where there is still no clear sign of recovery, CNH continues to believe that industry sales of both heavy and light construction equipment should be flat.

CNH outlook for 2004. First quarter improvements in CNH's industrial operating margin have confirmed the company's confidence that new products launched in 2002 and 2003 will yield both higher volumes and improved pricing realization. These new products should position CNH to take full advantage of the growth now evident in most markets, strengthening the company's bottom line in 2004.

Continued progress on the company's profit improvement initiatives should also yield tangible results with most of the benefits in 2004 coming from CNH's footprint rationalization actions. These initiatives, begun in 2000, have helped position CNH for continued bottom line growth in 2004 and beyond. In the current year, CNH expects to incur restructuring charges of about \$100 million, pretax, as the company should complete most of its restructuring initiatives.

Through a combination of top line growth and stronger margins, CNH expects to achieve a 2004 improvement in the bottom line substantially better than what was achieved in 2003, excluding restructuring charges. Both the agricultural and construction equipment businesses are expected to be profitable, and CNH Capital's contribution to the bottom line should increase moderately.

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CNH management will hold a conference call later today to review its first quarter results. The conference call webcast will begin at approximately 10:00 am U.S. Eastern Time. This call can be accessed through the investor information section of the company's web site at www.cnh.com and is being carried by CCBN.

CNH is the power behind leading agricultural and construction equipment brands of the Case and New Holland brand families. Supported by more than 12,000 dealers in approximately 160 countries, CNH brings together the knowledge and heritage of its brands with the strength and resources of its worldwide commercial, industrial, product support and finance organizations. More information about CNH and its products can be found on line at www.cnh.com.

Forward looking statements. This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this press release, including statements regarding our competitive strengths, business strategy, future financial position, budgets, projected costs and plans and objectives of management, are forward-looking statements. These statements may include terminology such as may, will, expect, should, intend, estimate, anticipate, believe, continue, similar terminology.

Our outlook is predominantly based on our interpretation of what we consider key economic assumptions and involves risks and uncertainties that could cause actual results to differ. Crop production and commodity prices are strongly affected by weather and can fluctuate significantly. Housing starts and other construction activity are sensitive to interest rates and government spending. Some of the other significant factors for us include general economic and capital market conditions, the cyclical nature of our business, customer buying patterns and preferences, foreign currency exchange rate movements, our hedging practices, our and our customers' access to credit, actions by rating agencies, political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in

production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), results of legal proceedings, technological difficulties, results of our research and development activities, changes in environmental laws, employee and labor relations, pension and health care costs, raw material costs and availability, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm programs and consumer confidence, housing starts and construction activity, concerns related to modified organisms, and fertilizer costs. Additionally, our achievement of the anticipated benefits of our profit improvement initiatives depends upon, among other things, industry volumes as well as our ability to effectively rationalize operations and to execute our multiple brand strategy. Further information concerning factors that could significantly affect expected results is included in our Form 20-F for the year ended December 31, 2003.

We can give no assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by the factors we disclose that could cause our actual results to differ materially from our expectations. We undertake no obligation to update or revise publicly any forward-looking statements.

CNH Global N.V.
Revenues and Net Sales
(Dollars in Millions)
(Unaudited)

	Three Months Ended March 31,		
	2004	2003	% Change
Revenues:			
Net sales			
Agricultural Equipment	\$1,919	\$1,600	20%
Construction Equipment	744	677	10%
Total net sales	2,663	2,277	17%
Financial Services	151	133	14%
Eliminations and other	(7)	(13)	
Total revenues	\$2,807	\$2,397	17%
Net sales:			
North America	\$1,196	\$1,020	17%
Western Europe	898	830	8%
Latin America	232	120	93%
Rest of World	337	307	10%
Total net sales	\$2,663	\$2,277	17%

CNH GLOBAL N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND SUPPLEMENTAL INFORMATION
(Millions, except per share data)
(Unaudited)

	CONSOLIDATED		EQUIPMENT		FINANCIAL	
	Three Months		OPERATIONS		SERVICES	
	Ended		Three Months		Three Months	
	March 31,		Ended		Ended	
	March 31,		March 31,		March 31,	
	2004	2003	2004	2003	2004	2003
Revenues						
Net sales	\$ 2,663	\$ 2,277	\$ 2,663	\$ 2,277	\$	\$
Finance and interest income	144	120	16	21	151	133
Total	2,807	2,397	2,679	2,298	151	133
Costs and Expenses						
Cost of goods sold	2,249	1,939	2,249	1,939		
Selling, general and administrative	281	270	232	218	48	52
Research and development	65	70	65	70		
Restructuring	19	8	18	6	1	2
Interest expense	121	122	79	88	46	53
Interest compensation to Financial Services			25	18		
Other, net	81	55	59	33	17	19
Total	2,816	2,464	2,727	2,372	112	126
Equity in income (loss) of unconsolidated subsidiaries and affiliates:						
Financial Services	2	2	27	6	2	2
Equipment Operations	2	2	2	2		
Income (loss) before income taxes and minority interest	(5)	(63)	(19)	(66)	41	9
Income tax provision (benefit)	3	(17)	(11)	(20)	14	3
Minority interest	1		1			
Net income (loss)	\$ (9)	\$ (46)	\$ (9)	\$ (46)	\$ 27	\$ 6

Per Share Data:

Basic and diluted earnings (loss) per share

(EPS):

EPS before restructuring, net of tax	\$ 0.03	(\$0.30)
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EPS	(\$0.07)	(\$0.35)
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See Notes to Condensed Financial Statements.



CNH GLOBAL N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
AND SUPPLEMENTAL INFORMATION
(Millions)
(Unaudited)

	CONSOLIDATED		EQUIPMENT OPERATIONS		FINANCIAL SERVICES	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Assets						
Cash and cash equivalents	\$ 1,909	\$ 1,944	\$ 1,743	\$ 1,801	\$ 166	\$ 143
Accounts, notes receivable and other net	6,370	5,996	2,215	2,347	4,383	4,003
Intersegment notes receivable			920	1,012		
Inventories	2,711	2,478	2,711	2,478		
Property, plant and equipment net	1,483	1,528	1,474	1,518	9	10
Equipment on operating leases net	315	353			315	353
Investment in Financial Services			1,258	1,241		
Investments in unconsolidated affiliates	443	429	375	364	68	65
Goodwill and intangibles	3,387	3,393	3,243	3,248	144	145
Other assets	2,495	2,540	2,126	2,141	369	399
Total Assets	\$19,113	\$ 18,661	\$16,065	\$ 16,150	\$ 5,454	\$ 5,118
Liabilities and Equity						
Short-term debt	\$ 2,328	\$ 2,110	\$ 1,522	\$ 1,522	\$ 806	\$ 588
Intersegment short-term debt					220	312
Accounts payable	1,759	1,635	1,840	1,836	132	139
Long-term debt	4,972	4,886	3,085	3,193	1,887	1,693
Intersegment long-term debt					700	700

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Accrued and other liabilities	<u>5,201</u>	<u>5,156</u>	<u>4,765</u>	<u>4,725</u>	<u>451</u>	<u>445</u>
Total Liabilities	14,260	13,787	11,212	11,276	4,196	3,877
Equity	<u>4,853</u>	<u>4,874</u>	<u>4,853</u>	<u>4,874</u>	<u>1,258</u>	<u>1,241</u>
Total Liabilities and Equity	<u>\$ 19,113</u>	<u>\$ 18,661</u>	<u>\$ 16,065</u>	<u>\$ 16,150</u>	<u>\$ 5,454</u>	<u>\$ 5,118</u>
Total debt less cash and cash equivalents and intersegment notes receivables (Net Debt)	<u>\$ 5,391</u>	<u>\$ 5,052</u>	<u>\$ 1,944</u>	<u>\$ 1,902</u>	<u>\$ 3,447</u>	<u>\$ 3,150</u>

See Notes to Condensed Financial Statements.

CNH GLOBAL N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
AND SUPPLEMENTAL INFORMATION
(Millions)
(Unaudited)

	CONSOLIDATED		EQUIPMENT		FINANCIAL	
	Three Months		OPERATIONS		SERVICES	
	Ended		Three Months		Three Months	
	March 31,		Ended		Ended	
	March 31,		March 31,		March 31,	
	2004	2003	2004	2003	2004	2003
Operating Activities:						
Net income (loss)	\$ (9)	\$ (46)	\$ (9)	\$ (46)	\$ 27	\$ 6
Adjustments to reconcile net income (loss) to net cash from operating activities:						
Depreciation and amortization	85	82	66	56	19	26
Intersegment activity			(102)	(170)	102	170
Changes in operating assets and liabilities	(571)	(691)	37	77	(608)	(768)
Other, net	1	3	(23)	(4)	(3)	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash from operating activities	(494)	(652)	(31)	(87)	(463)	(565)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investing Activities:						
Expenditures for property, plant and equipment	(34)	(34)	(34)	(33)		(1)
Expenditures for equipment on operating leases	(8)	(15)			(8)	(15)
Other, net (primarily acquisitions and divestitures)	31	39	3	(2)	28	41
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash from investing activities	(11)	(10)	(31)	(35)	20	25
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financing Activities:						
Intersegment activity			92	(227)	(92)	227
Net increase (decrease) in indebtedness	483	724	(75)	575	558	149
Dividends paid						
Other, net	(1)		(1)			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash from financing activities	482	724	16	348	466	376

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Other, net	(12)	6	(12)	4		2
	—	—	—	—	—	—
Increase (decrease) in cash and cash equivalents	(35)	68	(58)	230	23	(162)
Cash and cash equivalents, beginning of period	1,944	775	1,801	469	143	306
	—	—	—	—	—	—
Cash and cash equivalents, end of period	\$ 1,909	\$ 843	\$ 1,743	\$ 699	\$ 166	\$ 144
	—	—	—	—	—	—

See Notes to Condensed Financial Statements.

CNH GLOBAL N.V.

Notes to Unaudited Condensed Consolidated Financial Statements

1. **Principles of Consolidation and Basis of Presentation** The accompanying unaudited condensed financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the consolidated results of CNH Global N.V. and its consolidated subsidiaries (CNH or the Company) in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP); however, because of their condensed nature, they do not include all of the information and note disclosures required by US GAAP for complete financial statements. These financial statements should therefore be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2003 included in the Company s Annual Report on Form 20-F filed with the SEC on April 7, 2004.

The condensed financial statements include the accounts of CNH s majority-owned and controlled subsidiaries and reflect the interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. The operations and key financial measures and financial analysis differ significantly for manufacturing and distribution businesses and financial services businesses; therefore, management believes that certain supplemental disclosures are important in understanding the consolidated operations and financial results of CNH. The supplemental financial information captioned Equipment Operations includes the results of operations of CNH s agricultural and construction equipment operations, with the Company s financial services businesses reflected on the equity method basis. The supplemental financial information captioned Financial Services reflects the consolidation of CNH s financial services businesses.

2. **Stock-Based Compensation Plans** CNH has stock-based employee compensation plans which are more fully described in Note 19, Option and Incentive Plans to our 2003 Form 20-F. In December 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock-Based Compensation Transition and Disclosure (an amendment of FASB Statement No. 123) (SFAS No. 148). SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation (SFAS No. 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. During 2003, CNH elected to change to a fair value based method of accounting for stock-based compensation, using the Prospective Method, in accordance with SFAS No. 148.

Additionally, compensation expense is reflected in net income (loss) for stock options granted during 2001 with an exercise price less than the quoted market price of CNH common shares on the date of grant.

CNH GLOBAL N.V.
Notes to Unaudited Condensed Consolidated Financial Statements

The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to all stock-based compensation for the three months ended March 31, 2004 and 2003:

	Three Months Ended March 31,	
	2004	2003
	(in millions, except per share data)	
Net income (loss), as reported	\$ (9)	\$ (46)
Add: Stock-based employee compensation expense included in reported net income (loss), net of tax		
Deduct: Total stock - based employee compensation expense determined under fair value based methods, net of tax	(1)	(1)
Pro forma net income (loss)	\$ (10)	\$ (47)
Earnings (loss) per share (EPS):		
Basic and Diluted EPS as reported	\$ (0.07)	\$ (0.35)
Basic and Diluted EPS pro forma	\$ (0.08)	\$ (0.36)

3. **Accounts and Notes Receivable** In CNH's receivable asset securitization programs, retail finance receivables are sold to limited purpose, bankruptcy remote, consolidated subsidiaries of CNH. In turn, these subsidiaries establish separate trusts to which they transfer the receivables in exchange for the proceeds from asset-backed securities sold by the trusts. Due to the nature of the assets held by the trusts and the limited nature of each trust's activities, they are each classified as a qualifying special purpose entity (QSPE) under SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS No. 140). In accordance with SFAS No. 140, assets and liabilities of the QSPEs are not consolidated in the Company's consolidated balance sheets. The amounts outstanding under these programs were \$4.1 billion and \$4.5 billion at March 31, 2004 and December 31, 2003, respectively. In addition to the retail securitization programs, certain subsidiaries of CNH securitized or discounted wholesale receivables without recourse. As of March 31, 2004 and December 31, 2003, \$1.9 billion and \$1.7 billion, respectively, remained outstanding under these programs.

In December 2003, the FASB issued FASB Interpretation No. 46, (Revised December 2003), Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 (Interpretation No. 46R) This standard replaces FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46) that was issued in January 2003. Interpretation No. 46R modifies or clarifies various provisions of FIN 46. Interpretation No. 46R addresses the consolidation by business enterprises of variable interest entities (VIEs), as defined by Interpretation No. 46R. Interpretation No. 46R exempts certain entities from its requirements and provides for special effective dates for entities that have fully or partially applied FIN 46 prior to issuance of Interpretation No. 46R. Otherwise, application of Interpretation No. 46R was required in financial statements of public entities that have interest in structures commonly referred to as special purpose entities (SPE) for periods ending after December 15, 2003. The Company adopted the provisions of Interpretation No. 46R during the quarter ended March 31, 2004.

As disclosed above and in Note 4, Accounts and Notes Receivables of our Form 20-F, our Financial Services operation uses SPEs in the securitization and sale of its receivables. These SPEs meet the criteria of QSPEs, which are exempt from consolidation under Interpretation No. 46R. The Company has also evaluated its other VIEs, the result of which did not have a material effect on the Company's financial condition or results of operations.

CNH GLOBAL N.V.
Notes to Unaudited Condensed Consolidated Financial Statements

4. **Inventories** Inventories as of March 31, 2004 and December 31, 2003 consist of the following:

	March 31, 2004	December 31, 2003
(in millions)		
Raw materials	\$ 439	\$ 416
Work-in-process	283	243
Finished goods and parts	1,989	1,819
 Total Inventories	 \$2,711	 \$ 2,478

5. **Goodwill and Intangibles** The following table sets forth changes in goodwill and intangibles for the three months ended March 31, 2004:

Balance at January 1,	Foreign Currency Translation	Balance at March 31,
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