

Edgar Filing: AIRGAS INC - Form 8-K

AIRGAS INC
Form 8-K
July 01, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported):
June 27, 2003

AIRGAS, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-9344

56-0732648

(State or other
jurisdiction of
incorporation)

(Commission File Number)

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

259 North Radnor-Chester Road, Suite 100
Radnor, PA 19087-5283

(Address of principal executive offices)

Registrant's telephone number, including area code: (610) 687-5253

Item 9. Regulation FD Disclosure

In accordance with the Securities and Exchange Commission's interim guidance regarding Form 8-K Item 12 filing requirements as set forth in Release No. 33-8216, the following information is intended to be furnished by Airgas, Inc. (the "Company") under Item 12, "Disclosure of Results of Operations and Financial Condition," rather than under Item 9. The information in this Form 8-K report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference in any filing under the Securities Exchange Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Edgar Filing: AIRGAS INC - Form 8-K

On June 27, 2003, the Company began mailing for distribution to its stockholders its annual report and definitive proxy statement. The Company's annual report includes a Financial Highlights section (on page 17 of the annual report) that contains certain material financial information relating to fiscal years 1999 through 2003. The following financial information had not previously been disseminated to the public:

	1999	2000	2001	2002	2003
	----	----	----	----	----
Free Cash Flow (in millions of dollars)	\$5.0	\$38.9	\$63.5	\$132.9	\$104.0
Diluted Earnings per Share, excluding certain gains and charges	\$0.66	\$0.72	\$0.72	\$0.78	\$0.97
Return on Capital	8.3%	8.2%	8.0%	8.5%	9.1%

The Company has provided the following reconciliations of these non-GAAP financial metrics to their most comparable measure under generally accepted accounting principles on page 62 of the annual report.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	1999	2000	2001	2002
(In thousands)				
Years Ended March 31,	1999	2000	2001	2002
Net cash provided by operating activities	\$ 102,063	\$ 100,092	\$ 199,005	\$ 249,381
PLUS:				
Dividends and fees from equity affiliates	4,533	3,973	3,668	2,583
LESS:				
Cash provided by the securitization of trade receivables	-	-	(73,200)	(60,800)
Capital expenditures	(101,638)	(65,211)	(65,910)	(58,297)
Free Cash Flow	\$ 4,958	\$ 38,854	\$ 63,563	\$ 132,867
	=====	=====	=====	=====

The Company believes Free Cash Flow provides investors meaningful insight into the ability of the Company to generate cash from continuing operations, which can be used to make acquisitions, repay debt or support other investing and financing activities.

Reconciliation of Diluted Earnings Per Share as Reported to Diluted Earnings Per Share, excluding certain gains and charges

	1999	2000	2001	2002
Years Ended March 31,	1999	2000	2001	2002

Edgar Filing: AIRGAS INC - Form 8-K

Diluted Earnings Per Share As Reported	\$ 0.72	\$ 0.54	\$ 0.42	\$(0.15)
Change in accounting principle	-	0.01	-	0.84
Goodwill amortization, prior to the adoption of SFAS 142	0.18	0.19	0.20	-
Litigation settlements/charges	-	0.07	0.06	0.08
Restructuring/special charges (recoveries), net	(0.01)	(0.02)	0.03	-
Non-recurring (gains) losses from divestitures	(0.21)	(0.11)	-	0.01
Other	(0.02)	0.04	0.01	-
	-----	-----	-----	-----
Diluted Earnings Per Share, excluding certain gains and charges	\$ 0.66	\$ 0.72	\$ 0.72	\$ 0.78
	=====	=====	=====	=====

The Company believes that diluted earnings per share, excluding certain gains and charges noted above, are more indicative of the Company's on-going operations and provide investors meaningful trend information.

Reconciliation and Computation of Return on Capital

(In thousands)				
Years Ended March 31,	1999	2000	2001	2002
	-----	-----	-----	-----
Operating income	\$ 112,996	\$ 106,731	\$ 107,949	\$ 125,033
PLUS (LESS):				
Restructuring/special charges (recoveries), net	(1,000)	(2,829)	3,643	-
Litigation settlements/charges	-	7,500	5,791	8,501
Other	-	3,800	-	-
Depreciation and amortization	87,926	89,308	86,754	72,945
Dividends and fees from unconsolidated affiliates	4,533	3,973	3,668	2,583
Eighty percent of depreciation expense	(49,521)	(50,908)	(50,350)	(51,828)
Current income tax (expense) benefit	(18,392)	(18,428)	(15,566)	4,772
Current taxes related to divestitures	10,673	7,680	5,069	-
Deferred income tax reclassification	-	-	-	(18,986)
Tax benefit from interest expense and discount on securitization of trade receivables	(24,525)	(23,873)	(25,219)	(19,706)
	-----	-----	-----	-----
TOTAL RETURN	122,690	122,954	121,739	123,314
Five-quarter average capital employed (1)	1,484,697	1,507,761	1,522,763	1,457,613
Return on Capital	8.3%	8.2%	8.0%	8.5%

(1) Average capital employed represents total assets plus trade receivables under the securitization program, less accounts payable, accrued expenses and other current liabilities.

The Company believes this return on capital computation provides investors a measure to reflect the relationship between operating results and average capital employed. This measure helps investors assess how effectively the Company uses the capital invested in its operations.

Signatures

Edgar Filing: AIRGAS INC - Form 8-K

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AIRGAS, INC.
(Registrant)

BY: /s/ Roger F. Millay

Roger F. Millay
Senior Vice President - Finance &
Chief Financial Officer

DATED: June 27, 2003