

PENTAIR plc
Form 8-K
February 02, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): February 2, 2016
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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 Results of Operations and Financial Condition

On February 2, 2016, Pentair plc (the “Company”) issued a press release announcing its earnings for the fourth quarter of 2015 and a conference call in connection therewith. A copy of the release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

In the fourth quarter of 2015, we performed step one of the goodwill impairment analysis required under U.S. GAAP. As a result, we determined the fair value of our Valves & Controls reporting unit was less than its carrying value. We are currently in the process of completing the second step of the goodwill impairment test in order to determine the implied fair value of the goodwill of Valves & Controls. We will complete the necessary work to determine an estimated impairment amount prior to the issuance of our 2015 Annual Report on Form 10-K. We estimate we will record a pre-tax, non-cash impairment charge of \$400 million to \$600 million for the year ended December 31, 2015. This press release includes certain financial measures that exclude the impact of this impairment charge.

This press release refers to certain non-GAAP financial measures (core sales, segment income, return on sales, adjusted earnings per share from continuing operations and free cash flow) and a reconciliation of those non-GAAP financial measures to the corresponding financial measures contained in the Company’s financial statements prepared in accordance with generally accepted accounting principles.

The 2015 segment income, return on sales and adjusted earnings per share from continuing operations (“EPS”) eliminate intangible amortization, certain targeted restructuring activities, acquisition-related expenses, “mark-to-market” gain for pension and other post-retirement plans, loss on sale of a business and certain tax items. The 2014 segment income, return on sales and adjusted EPS eliminate intangible amortization, certain targeted restructuring activities, certain expenses related to the redomicile of the Company, “mark-to-market” loss for pension and other post-retirement plans and certain tax items.

We use the term “core sales” to refer to GAAP net sales excluding 1) the impact of currency translation and 2) the impact of revenue from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to divested product lines not considered discontinued operations (“acquisition sales”). The portion of GAAP net sales attributable to currency translation is calculated as the difference between (a) the period-to-period change in net sales (excluding acquisition sales) and (b) the period-to-period change in net sales (excluding acquisition sales) after applying current period foreign exchange rates to the prior year period. We use the term “core sales growth” to refer to the measure of comparing current period core net sales with the corresponding period of the prior year. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Management utilizes these adjusted financial measures to assess the run-rate of its continuing operations against those of prior periods without the distortion of these factors. The Company believes that these non-GAAP financial measures will be useful to investors as well to assess the continuing strength of the Company’s underlying operations. The Company uses free cash flow to assess its cash flow performance. The Company believes free cash flow is an important measure of operating performance because it provides the Company and its investors a measurement of cash generated from continuing operations that is available to pay dividends and repay debt. In addition, free cash flow is used as criterion to measure and pay compensation-based incentives. The Company’s measure of free cash flow may not be comparable to similarly titled measures reported by other companies.

ITEM 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Not applicable.

(b) Pro Forma Financial Information

Not applicable.

(c) Shell Company Transactions

Not applicable

(d) Exhibits

The following exhibit is provided as part of the information furnished under Item 2.02 of this Current Report on Form 8-K:

Exhibit	Description
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99.1 Pentair plc press release dated February 2, 2016 announcing earnings results for the fourth quarter of 2015.

SIGNATURE

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, on February 2, 2016.

PENTAIR PLC
Registrant

By /s/ John L. Stauch
John L. Stauch
Executive Vice President and Chief Financial
Officer

PENTAIR PLC

Exhibit Index to Current Report on Form 8-K

Dated February 2, 2016

Exhibit
Number

Description

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