

Federal Signal Q4 2009 Earnings Call



Bill Osborne & Bill Barker
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Headlines

- **Reported Q4 EPS, Con't Ops = \$0.18 vs. \$0.06 in 2008**
- **Overhead Costs Reduced \$30 Million in 2009**
- **Strong Cash Flow from Operations for the year**
 - **\$58 million vs. \$(7 million) in 2008**
 - **Primary Working Capital Reduced \$28 million**
- **Net Debt Reduced \$65 Million in 2009**
 - **Over \$160 million of global liquidity available at year-end**
- **Double-Digit Q4 Operating Margins in Safety & Security and Fire Rescue Groups**



Q4 Income Comparison

(\$ Millions)

	Q4	
	2009	2008
Net Sales	\$ 206.3	\$ 231.9
Variable Costs	130.0	146.5
Fixed Mfg OH	22.0	20.7
Gross Margin	\$ 54.4	\$ 64.6
Operating Expenses	40.6	52.5
Operating Income	\$ 13.8	\$ 12.1
Interest Expense	2.7	2.6
<i>Effective Tax Rate</i>	26.3%	(225.0%)
EPS, Cont Ops	\$ 0.18	\$ 0.06

Q4 Results

(\$ Millions)	Q4		% B/(W) vs 2008
	2009	2008	
SSG			
Orders	72.3	79.9	(9.5%)
Sales	78.6	88.8	(11.5%)
Op Income	8.8	11.6	(24.1%)
OI Margin	11.2%	13.1%	
Bronto			
Orders	28.4	26.7	6.4%
Sales	58.6	53.0	10.6%
Op Income	9.6	5.8	65.5%
OI Margin	16.4%	10.9%	
ESG			
Orders	73.5	87.0	(15.5%)
Sales	69.1	90.1	(23.3%)
Op Income	3.0	5.2	(42.3%)
OI Margin	4.3%	5.8%	
Corp Exp	(7.6)	(10.5)	27.6%
Total FSS			
Orders	174.2	193.6	(10.0%)
Sales	206.3	231.9	(11.0%)
Op Income	13.8	12.1	14.0%
OI Margin	6.7%	5.2%	

FY Income Comparison

(\$ Millions)	FY	
	2009	2008
Net Sales	\$ 752.5	\$ 879.0
Variable Costs	475.2	554.7
Fixed Mfg OH	83.7	88.9
Gross Margin	\$ 193.6	\$ 235.4
Operating Expenses	160.6	185.6
Operating Income	\$ 33.0	\$ 49.8
Interest Expense	11.4	15.3
<i>Effective Tax Rate</i>	20.6%	(31.4%)
EPS, Cont Ops	\$ 0.36	\$ 0.57

Cash Flow Summary

(\$ Millions)

	FY	
	2009 ACT	2008 ACT
Operating Cash Flow:		
Income from Continuing Ops	17.7	27.2
(Gain)/Loss on JV	(1.2)	13.0
Deprec & Amort	15.3	14.9
Pension	(1.0)	(11.5)
Primary Working Capital	27.8	(43.2)
Other	(0.3)	(7.8)
Subtotal Operating Cash Flow	\$ 58.3	\$ (7.4)
Capital Expenditures	(14.6)	(28.0)
Asset Sales / Divestitures	4.0	38.0
Acquisitions	(13.5)	-
Dividends	(11.7)	(11.5)
Stock Buybacks	-	(6.0)
Other	11.0	(10.6)
Net Cash Flow before Financing	\$ 33.5	\$ (25.5)
Cash Flow from Disc Ops	41.9	56.5

Balance Sheet

<i>(\$ Millions)</i>	December 2009	December 2008
Cash	\$ 21.1	\$ 33.4
Other Current Assets	258.3	288.7
PP&E, net	65.5	62.5
Goodwill & Other	391.5	387.1
Manufacturing Assets Subtotal	\$ 736.4	\$ 771.7
Net Assets of Disc Ops	8.5	67.3
Net Assets	\$ 744.9	\$ 839.0
Current Liabilities (excl. debt)	\$ 124.5	\$ 136.4
Total Debt	201.6	278.9
Deferred Taxes & Other	76.0	97.5
Net Liabilities of Disc Ops	14.1	39.1
Equity	328.7	287.1
Liabilities & Equity	\$ 744.9	\$ 839.0
Debt / Capital	38%	49%
Net Debt / Capital	35%	46%

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