

OM GROUP INC
Form 10-Q
August 04, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-12515

OM GROUP, INC.

(Exact name of Registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	52-1736882 (I.R.S. Employer Identification No.)
127 Public Square 1500 Key Tower Cleveland, Ohio (Address of principal executive offices)	44114-1221 (Zip Code)
216-781-0083	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Act). Yes No

As of August 2, 2011, there were 32,316,693 shares of Common Stock, par value \$.01 per share, outstanding.

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OM Group, Inc.

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Table of Contents**Part I - FINANCIAL INFORMATION****Item 1. Unaudited Financial Statements****OM Group, Inc. and Subsidiaries****Unaudited Condensed Consolidated Balance Sheets**

<i>(In thousands, except share data)</i>	June 30, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 451,712	\$ 400,597
Restricted cash on deposit	81,105	68,096
Accounts receivable, less allowance of \$4,089 in 2011 and \$5,187 in 2010	180,624	155,465
Inventories	296,510	293,625
Refundable and prepaid income taxes	40,547	40,740
Other current assets	40,199	44,602
Total current assets	1,090,697	1,003,125
Property, plant and equipment, net	251,904	256,098
Goodwill	309,069	306,888
Intangible assets, net	148,957	153,390
Notes receivable from joint venture partner, less allowance of \$5,200 in 2011 and 2010	13,915	13,915
Other non-current assets	41,729	39,292
Total assets	\$ 1,856,271	\$ 1,772,708
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current portion of long-term debt	\$	\$ 30,000
Accounts payable	119,752	105,900
Liability related to joint venture partner injunction	81,105	68,096
Accrued income taxes	4,815	8,321
Accrued employee costs	28,850	37,932
Deferred revenue	7,731	9,417
Other current liabilities	29,421	24,658
Total current liabilities	271,674	284,324
Long-term debt	120,000	90,000
Deferred income taxes	23,632	23,499
Uncertain tax positions	12,898	14,796
Pension liabilities	52,292	58,107
Other non-current liabilities	27,294	25,364
Stockholders equity:		
Preferred stock, \$.01 par value:		
Authorized 2,000,000 shares, no shares issued or outstanding		
Common stock, \$.01 par value:		
Authorized 90,000,000 shares; 30,752,606 shares issued in 2011 and 30,725,792 shares issued in 2010		
	307	307
Capital in excess of par value	582,628	578,948
Retained earnings	723,154	667,882
Treasury stock (208,157 shares in 2011 and 202,556 shares in 2010, at cost)	(7,427)	(7,234)

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Accumulated other comprehensive income (loss)	8,499	(3,119)
Total OM Group, Inc. stockholders equity	1,307,161	1,236,784
Noncontrolling interests	41,320	39,834
Total equity	1,348,481	1,276,618
Total liabilities and equity	\$ 1,856,271	\$ 1,772,708

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**OM Group, Inc. and Subsidiaries****Unaudited Condensed Statements of Consolidated Income**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In thousands, except per share data)	2011	2010	2011	2010
Net sales	\$ 329,522	\$ 303,099	\$ 660,867	\$ 606,296
Cost of products sold	256,016	235,109	505,323	466,484
Gross profit	73,506	67,990	155,544	139,812
Selling, general and administrative expenses	45,489	37,677	89,767	77,606
Operating profit	28,017	30,313	65,777	62,206
Other income (expense):				
Interest expense	(1,393)	(1,644)	(2,815)	(2,313)
Interest income	467	219	687	386
Foreign exchange loss	(636)	(4,224)	(161)	(7,400)
Other, net	(324)	(384)	(329)	(393)
	(1,886)	(6,033)	(2,618)	(9,720)
Income from continuing operations before income tax expense	26,131	24,280	63,159	52,486
Income tax expense	(330)	(18,283)	(6,076)	(22,632)
Income from continuing operations, net of tax	25,801	5,997	57,083	29,854
Loss from discontinued operations, net of tax	(89)	(518)	(329)	(381)
Consolidated net income	25,712	5,479	56,754	29,473
Net (income) loss attributable to the noncontrolling interest	(1,092)	7,310	(1,482)	5,916
Net income attributable to OM Group, Inc.	\$ 24,620	\$ 12,789	\$ 55,272	\$ 35,389
Earnings per common share - basic:				
Income from continuing operations attributable to OM Group, Inc. common shareholders	\$ 0.81	\$ 0.44	\$ 1.82	\$ 1.18
Loss from discontinued operations attributable to OM Group, Inc. common shareholders		(0.02)	(0.01)	(0.02)
Net income attributable to OM Group, Inc. common shareholders	\$ 0.81	\$ 0.42	\$ 1.81	\$ 1.16
Earnings per common share - assuming dilution:				
Income from continuing operations attributable to OM Group, Inc. common shareholders	\$ 0.80	\$ 0.43	\$ 1.81	\$ 1.17
Loss from discontinued operations attributable to OM Group, Inc. common shareholders		(0.01)	(0.01)	(0.01)
Net income attributable to OM Group, Inc. common shareholders	\$ 0.80	\$ 0.42	\$ 1.80	\$ 1.16
Weighted average shares outstanding - basic	30,535	30,471	30,531	30,388
Weighted average shares outstanding - assuming dilution	30,721	30,591	30,708	30,522

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Amounts attributable to OM Group, Inc. common shareholders:

Income from continuing operations, net of tax	\$ 24,709	\$ 13,307	\$ 55,601	\$ 35,770
Loss from discontinued operations, net of tax	(89)	(518)	(329)	(381)
Net income	\$ 24,620	\$ 12,789	\$ 55,272	\$ 35,389

See accompanying notes to unaudited condensed consolidated financial statements.

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OM Group, Inc. and Subsidiaries

Unaudited Statements of Consolidated Comprehensive Income

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,	2010	June 30,	2010
	2011		2011	
