

CALGON CARBON Corp
Form 10-Q
November 06, 2015
[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from to

Commission file number: 1-10776

CALGON CARBON CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

25-0530110
(I.R.S. Employer
Identification No.)

3000 GSK Drive
Moon Township, Pennsylvania
(Address of principal executive offices)

15108
(Zip Code)

(412) 787-6700

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$.01 par value per share

Outstanding at October 27, 2015
51,455,930 shares

Table of Contents

CALGON CARBON CORPORATION

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2015

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements. Forward-looking statements typically contain words such as expects, believes, estimates, anticipates, or similar words indicating that future outcomes are uncertain. Statements looking forward in time, including statements regarding future growth and profitability, price increases, cost savings, broader product lines, enhanced competitive posture and acquisitions, are included in this Quarterly Report on Form 10-Q and in the Company's most recent Annual Report on Form 10-K pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties that may cause Calgon Carbon Corporation's (the Company) actual results in future periods to be materially different from any future performance suggested herein. Further, the Company operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond the Company's control. Some of the factors that could affect future performance of the Company are changes in, or delays in the implementation of, regulations that cause a market for our products, acquisitions, higher energy and raw material costs, costs of imports and related tariffs, labor relations, availability of capital, and environmental requirements as they relate both to our operations and our customers, changes in foreign currency exchange rates, borrowing restrictions, validity of patents and other intellectual property, and pension costs. In the context of the forward-looking information provided in this Quarterly Report on Form 10-Q and in other reports, please refer to the discussions of risk factors and other information detailed in, as well as the other information contained in the Company's most recent Annual Report. Any forward-looking statement speaks only as of the date on which such statement is made and the Company does not intend to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the Federal securities laws of the United States.

In reviewing any agreements incorporated by reference in this Form 10-Q, please remember such agreements are included to provide information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about the Company. The agreements may contain representations and warranties by the Company, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties should those statements prove to be inaccurate. The representation and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

Table of Contents

INDEX

	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
<u>Financial Statements</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Results of Operations and Financial Condition</u>	19
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	26
<u>Item 4.</u>	
<u>Controls and Procedures</u>	26
<u>PART II OTHER INFORMATION</u>	
<u>Item 1.</u>	
<u>Legal Proceedings</u>	27
<u>Item 1A.</u>	
<u>Risk Factors</u>	27
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
<u>Item 6.</u>	
<u>Exhibits</u>	28
<u>SIGNATURES</u>	29
<u>CERTIFICATIONS</u>	
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101 INSTANCE DOCUMENT	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABEL LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

CALGON CARBON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in Thousands except Per Share Data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 132,976	\$ 137,699	\$ 404,131	\$ 414,463
Cost of products sold (excluding depreciation and amortization)	84,804	90,106	256,636	272,822
Depreciation and amortization	8,624	7,570	25,788	22,124
Selling, general and administrative expenses	20,713	19,544	62,813	59,181
Research and development expenses	1,867	1,638	4,841	4,794
Restructuring income		(27)		(252)
	116,008	118,831	350,078	358,669
Income from operations	16,968	18,868	54,053	55,794
Interest income	6	15	51	56
Interest expense	(254)	(32)	(500)	(196)
Other income (expense) net	890	(401)	(261)	(1,329)
Income before income tax provision	17,610	18,450	53,343	54,325
Income tax provision	5,504	6,226	17,596	17,089
Net income	12,106	12,224	35,747	37,236
Other comprehensive income (loss), net of tax (Note 8)				
Foreign currency translation	(2,490)	(9,207)	(9,462)	(8,112)
Defined benefit pension plans	503	503	1,460	825
Derivatives	(559)	665	(677)	246
Total other comprehensive loss	(2,546)	(8,039)	(8,679)	(7,041)
Total comprehensive income	\$ 9,560	\$ 4,185	\$ 27,068	\$ 30,195
Net income per common share				
Basic	\$ 0.23	\$ 0.23	\$ 0.68	\$ 0.70
Diluted	\$ 0.23	\$ 0.23	\$ 0.67	\$ 0.69

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Dividends per common share	\$	0.05	\$	0.15	\$
Weighted average shares outstanding					
Basic		51,890,984	52,856,846	52,216,540	53,132,952
Diluted		52,634,325	53,759,306	53,045,376	54,039,057

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents

CALGON CARBON CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands except Per Share Data)

(Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 55,256	\$ 53,133
Receivables (net of allowance of \$1,728 and \$1,526)	98,568	95,232
Revenue recognized in excess of billings on uncompleted contracts	9,631	10,763
Inventories	108,256	98,446
Deferred income taxes - current	16,987	19,827
Other current assets	14,676	15,561
Total current assets	303,374	292,962
Property, plant and equipment, net	310,532	290,586
Intangibles, net	4,882	6,281
Goodwill	25,895	26,197
Deferred income taxes - long-term	2,586	2,870
Other assets	1,905	2,765
Total assets	\$ 649,174	\$ 621,661
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 55,730	\$ 53,614
Restructuring reserve	132	280
Billings in excess of revenue recognized on uncompleted contracts	3,628	5,430
Payroll and benefits payable	12,217	14,725
Accrued income taxes	3,848	537
Short-term debt	835	833
Current portion of long-term debt	5,625	
Total current liabilities	82,015	75,419
Long-term debt	96,331	70,448
Deferred income taxes - long-term	32,017	31,879
Accrued pension and other liabilities	33,416	38,442
Total liabilities	243,779	216,188
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, \$.01 par value, 100,000,000 shares authorized, 57,633,570 and 57,469,389 shares issued	576	575
Additional paid-in capital	180,682	176,475
Retained earnings	393,469	365,594
Treasury stock, at cost, 9,426,260 and 8,196,372 shares	(133,143)	(109,661)
Accumulated other comprehensive loss	(36,189)	(27,510)
Total stockholders' equity	405,395	405,473

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Total liabilities and stockholders' equity	\$	649,174	\$	621,661
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents

CALGON CARBON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities		
Net income	\$ 35,747	\$ 37,236
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,788	22,124
Employee benefit plan provisions	1,325	(144)
Stock-based compensation	2,875	2,840
Deferred income tax expense	2,362	3,717
Restructuring income		(252)
Restructuring cash payments		(83)
Changes in assets and liabilities net of effects from foreign exchange:		
Increase in receivables	(5,915)	(806)
(Increase) decrease in inventories	(11,682)	3,935
Decrease in revenue in excess of billings on uncompleted contracts and other current assets	438	1,481
Increase (decrease) in accounts payable and accrued liabilities	3,056	(5,508)
Pension contributions	(2,310)	(2,366)
Other items net	1,349	(795)