

COOPER TIRE & RUBBER CO
Form 10-Q
August 06, 2018

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
^x 1934

For the quarterly period ended June 30, 2018

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

Commission File No. 1-4329

COOPER TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE 34-4297750
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)
701 Lima Avenue, Findlay, Ohio 45840
(Address of principal executive offices)
(Zip code)
(419) 423-1321
(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, 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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

Number of shares of common stock of registrant outstanding as of August 3, 2018: 50,059,790

Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

COOPER TIRE & RUBBER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(Dollar amounts in thousands except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net sales	\$698,408	\$720,753	\$1,299,904	\$1,363,778
Cost of products sold	604,185	581,202	1,121,196	1,105,642
Gross profit	94,223	139,551	178,708	258,136
Selling, general and administrative expense	61,460	55,350	119,490	115,941
Operating profit	32,763	84,201	59,218	142,195
Interest expense	(8,417)	(8,210)	(16,108)	(16,037)
Interest income	1,988	1,755	4,303	3,557
Other pension and postretirement benefit expense	(6,967)	(9,369)	(13,953)	(18,693)
Other non-operating expense	(1,391)	(255)	(3,050)	(491)
Income before income taxes	17,976	68,122	30,410	110,531
Provision for income taxes	2,267	22,298	5,718	35,325
Net income	15,709	45,824	24,692	75,206
Net income (loss) attributable to noncontrolling shareholders' interests	701	514	1,400	(666)
Net income attributable to Cooper Tire & Rubber Company	\$15,008	\$45,310	\$23,292	\$75,872
Earnings per share:				
Basic	\$0.30	\$0.86	\$0.46	\$1.44
Diluted	\$0.30	\$0.85	\$0.46	\$1.42
Cash dividends declared per share	\$0.105	\$0.105	\$0.210	\$0.210

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

COOPER TIRE & RUBBER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(UNAUDITED)
(Dollar amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$15,709	\$45,824	\$24,692	\$75,206
Other comprehensive income (loss):				
Foreign currency translation adjustments	(35,851)	14,184	(10,982)	29,572
Financial instruments:				
Change in the fair value of derivatives	470	(2,678)	2,610	(3,077)
Income tax (provision) benefit on derivative instruments	(159)	958	(747)	1,111
Financial instruments, net of tax	311	(1,720)	1,863	(1,966)
Postretirement benefit plans:				
Amortization of actuarial loss	9,320	10,631	18,666	21,222
Amortization of prior service credit	(135)	(142)	(270)	(283)
Income tax provision on postretirement benefit plans	(2,206)	(3,725)	(4,416)	(7,444)
Foreign currency translation effect	4,082	(3,702)	1,180	(4,567)
Postretirement benefit plans, net of tax	11,061	3,062	15,160	8,928
Other comprehensive (loss) income	(24,479)	15,526	6,041	36,534
Comprehensive (loss) income	(8,770)	61,350	30,733	111,740
Less: comprehensive (loss) income attributable to noncontrolling shareholders' interests	(4,382)	1,822	261	3,513
Comprehensive (loss) income attributable to Cooper Tire & Rubber Company	\$(4,388)	\$59,528	\$30,472	\$