

SCHWEITZER MAUDUIT INTERNATIONAL INC
Form 10-Q
May 02, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from _____ to _____

1-13948

(Commission file number)

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

62-1612879
(I.R.S. Employer Identification No.)

100 North Point Center East, Suite 600
Alpharetta, Georgia
(Address of principal executive offices)

30022
(Zip code)

1-800-514-0186
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 Smaller reporting company
(Do not check if a 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

There were 15,605,586 shares of Common Stock, par value \$0.10 per share, of the registrant issued and outstanding as of April 27, 2012.

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PART I

Item 1. Financial Statements

SCHWEITZER-MAUDUIT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended	
	2012	2011
Net Sales	\$202.1	\$180.7
Cost of products sold	137.7	133.5
Gross Profit	64.4	47.2
Selling expense	6.0	5.1
Research expense	2.2	2.0
General expense	13.1	12.7
Total nonmanufacturing expenses	21.3	19.8
Restructuring and impairment expense	18.7	1.0
Operating Profit	24.4	26.4
Interest expense	0.9	—
Other income, net	0.3	0.2
Income from Continuing Operations before Income Taxes and Income from Equity Affiliates	23.8	26.6
Provision for income taxes	9.7	10.9
Income from equity affiliates	0.5	0.9
Income from Continuing Operations	14.6	16.6
Loss from Discontinued Operations	—	(0.4)
Net Income	\$14.6	\$16.2
Net Income (Loss) per Share - Basic:		
Income per share from continuing operations	\$0.91	\$0.93
Loss per share from discontinued operations	—	(0.02)
Net income per share – basic	\$0.91	\$0.91
Net Income (Loss) per Share – Diluted:		
Income per share from continuing operations	\$0.90	\$0.93
Loss per share from discontinued operations	—	(0.02)
Net income per share – diluted	\$0.90	\$0.91
Weighted Average Shares Outstanding:		
Basic	15,873,500	17,432,800
Diluted	16,028,700	17,537,200

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

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in millions)

(Unaudited)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Net Income	\$14.6	\$16.2
Other Comprehensive Income, net of tax:		
Foreign currency translation adjustments	12.1	13.4
Unrealized gains on derivative instruments	3.3	2.9
Less: Reclassification adjustment for gains on derivative instruments included in net income	(1.2)	(1.4)
Net gain from postretirement benefit plans	1.1	2.2
Less: Amortization of postretirement benefit plans' costs included in net periodic benefit cost	(1.5)	(1.3)
Other Comprehensive Income	13.8	15.8
Comprehensive Income	\$28.4	\$32.0

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

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CONSOLIDATED BALANCE SHEETS

(dollars in millions, except per share amounts)

(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$85.3	\$76.5
Accounts receivable	110.5	112.3
Inventories	122.1	113.8
Income taxes receivable	—	2.9
Current deferred income tax benefits	17.9	18.2
Other current assets	4.5	3.3
Total Current Assets	340.3	327.0
Property, Plant and Equipment, net	420.4	428.8
Deferred Income Tax Benefits	15.7	11.8
Investment in Equity Affiliates	43.7	38.7
Goodwill and Intangible Assets	7.0	7.1
Other Assets	33.5	31.8
Total Assets	\$860.6	\$845.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current debt	\$3.3	\$5.0
Accounts payable	54.8	53.7
Income taxes payable	5.2	—
Accrued expenses	78.4	82.1
Total Current Liabilities	141.7	140.8
Long-Term Debt	144.2	141.0
Pension and Other Postretirement Benefits	44.5	42.3
Deferred Income Tax Liabilities	23.1	19.8
Other Liabilities	25.0	25.4
Total Liabilities	378.5	369.3
Stockholders' Equity:		
Preferred stock, \$0.10 par value; 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.10 par value; 100,000,000 shares authorized; 18,799,424 and 18,793,649 shares issued at March 31, 2012 and December 31, 2011, respectively; 15,942,670 and 16,183,442 shares outstanding at March 31, 2012 and December 31, 2011, respectively	1.9	1.9
Additional paid-in-capital	210.1	211.7
Common stock in treasury, at cost, 2,856,754 and 2,610,207 shares at March 31, 2012 and December 31, 2011, respectively	(150.3)	(132.1)
Retained earnings	431.1	418.9

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Accumulated other comprehensive loss, net of tax	(10.7) (24.5)
Total Stockholders' Equity	482.1	475.9	
Total Liabilities and Stockholders' Equity	\$860.6	\$845.2	

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

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SCHWEITZER-MAUDUIT INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(dollars in millions, except per share amounts)

(Unaudited)

	Common Stock Issued		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	
	Shares	Amount	Additional Paid-In Capital	Shares				Amount
Balance, December 31, 2010	18,721,474	\$ 1.9	\$ 208.8	693,571	\$(24.4)	\$ 336.4	\$ 1.5	\$ 524.2
Net income					16.2			16.2
Other comprehensive income, net of tax						15.8		15.8
Dividends declared (\$0.15 per share)					(2.7)			(2.7)
Restricted stock issuances, net			(12.9)	(315,310)	12.9			—
Stock-based employee compensation expense			0.9					0.9
Excess tax benefits of stock-based employee compensation			9.0					9.0
Stock issued to directors as compensation	476		—					—
Issuance of shares for options exercised	500		—	—				—
Purchases of treasury stock				803,337	(45.8)			(45.8)
Balance, March 31, 2011	18,722,450	\$ 1.9	\$ 205.8	1,181,598	\$(57.3)	\$ 349.9	\$ 17.3	\$ 517.6
Balance, December 31, 2011	18,793,649	\$ 1.9	\$ 211.7	2,610,207	\$(132.1)	\$ 418.9	\$(24.5)	\$ 475.9
Net income					14.6			14.6
Other comprehensive income, net of tax						13.8		13.8
Dividends declared (\$0.15 per share)					(2.4)			