

GEORGIA GULF CORP /DE/
Form 10-Q
August 09, 2007

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 June 30, 2007

OR

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 1-9753

GEORGIA GULF CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)
115 Perimeter Center Place, Suite 460,
Atlanta, Georgia
(Address of principal executive offices)

58-1563799
(I.R.S. Employer
Identification No.)
30346
(Zip Code)

(770) 395-4500

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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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	Outstanding as of August 3, 2007
Common Stock, \$0.01 par value	34,396,410

**GEORGIA GULF CORPORATION FORM 10-Q
QUARTERLY PERIOD ENDED JUNE 30, 2007
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PART I. FINANCIAL INFORMATION.**Item 1. FINANCIAL STATEMENTS.****GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)**

(In thousands)	June 30, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 4,870	\$ 9,641
Receivables, net of allowance for doubtful accounts of \$21,686 in 2007 and \$16,147 in 2006	350,268	237,496
Inventories, net	365,234	339,405
Prepaid expenses	42,086	29,577
Income tax receivable	748	37,143
Deferred income taxes	27,350	30,664
Current assets held-for-sale and of discontinued operations		11,080
Total current assets	790,556	695,006
Property, plant and equipment, net	1,006,700	1,023,004
Goodwill	384,195	377,124
Intangible assets, net of accumulated amortization of \$3,927 in 2007 and \$1,156 in 2006	91,580	88,361
Other assets, net	213,467	204,813
Non-current assets held for sale and of discontinued operations	54,670	69,919
Total assets	\$ 2,541,168	\$ 2,458,227
LIABILITIES AND STOCKHOLDERS EQUITY		
Current portion of long-term debt	\$ 95,477	\$ 32,495
Accounts payable	298,589	215,282
Interest payable	18,240	21,290
Accrued compensation	32,154	37,218
Liability for unrecognized income tax benefits and other tax reserves	71,796	88,338
Other accrued liabilities	56,653	97,428
Total current liabilities	572,909	492,051
Long-term debt	1,420,611	1,465,639
Liability for unrecognized income tax benefits	32,299	
Deferred income taxes	99,492	88,476
Other non-current liabilities	22,673	18,538
Total liabilities	2,147,984	2,064,704
Commitments and contingencies (note 10)		
Stockholders' equity:		
Preferred stock \$0.01 par value; 75,000 shares authorized; no shares issued		
Common stock \$0.01 par value; 75,000 shares authorized; shares issued and outstanding: 34,396 in 2007 and 34,390 in 2006	344	344
Additional paid-in-capital	100,354	94,046
Retained earnings	277,511	324,007
Accumulated other comprehensive income (loss), net of tax	14,975	(24,874)
Stockholders' equity	393,184	393,523
Total liabilities and stockholders' equity	\$ 2,541,168	\$ 2,458,227

See accompanying notes to condensed consolidated financial statements.

GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2007	2006	June 30, 2007	2006
Net sales	\$ 851,865	\$ 602,159	\$ 1,565,561	\$ 1,170,032
Operating costs and expenses:				
Cost of sales	760,463	509,590	1,424,020	998,474
Selling, general and administrative expenses	59,012	17,217	117,129	37,431
Total operating costs and expenses	819,475	526,807	1,541,149	1,035,905
Operating income	32,390	75,352	24,412	134,127
Interest expense, net	(33,382)	(3,473)	(65,456)	(7,809)
Foreign exchange gains (losses)	2,679	(11,387)	5,510	(11,387)
(Loss) income from continuing operations before income taxes	1,687	60,492	(35,534)	114,931
Provision (benefit) for income taxes	3,561	21,102	(7,150)	41,860
(Loss) income from continuing operations	(1,874)	39,390	(28,384)	73,071
Loss from discontinued operations, net of tax	(2,346)		(10,407)	
Net (loss) income	\$ (4,220)	\$ 39,390	\$ (38,791)	\$ 73,071
(Loss) earnings per share:				
Basic:				
(Loss) income from continuing operations	\$ (0.05)	\$ 1.16	\$ (0.83)	\$ 2.14
Loss from discontinued operations	(0.07)		(0.30)	
Net (loss) income	\$ (0.12)	\$ 1.16	\$ (1.13)	\$ 2.14
Diluted:				
(Loss) income from continuing operations	\$ (0.05)	\$ 1.15	\$ (0.83)	\$ 2.12
Loss from discontinued operations	(0.07)		(0.30)	
Net (loss) income	\$ (0.12)	\$ 1.15	\$ (1.13)	\$ 2.12
Weighted average common shares:				
Basic	34,359	34,101	34,332	34,075
Diluted	34,359	34,397	34,332	34,387

See accompanying notes to condensed consolidated financial statements.

GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Six Months Ended	
	June 30, 2007	2006
Cash flows from operating activities:		
Net (loss) income	\$ (38,791)	\$ 73,071
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	73,541	31,956
Foreign exchange (gains) losses	(5,170)	11,387
Deferred income taxes	(11,383)	(8,541)
Excess tax benefit related to stock plans	(661)	(231)
Stock based compensation	7,654	8,075
Change in operating assets, liabilities and other	(52,466)	10,599
Net cash (used in) provided by operating activities from continuing operations	(27,276)	126,316
Net cash provided by operating activities from discontinued operations	398	
Net cash (used in) provided by operating activities	(26,878)	126,316
Cash flows from investing activities:		
Capital expenditures	(53,867)	(27,558)
Proceeds from sales of property, plant and equipment, assets held-for sale and discontinued operations	74,472	
Net cash provided by (used in) investing activities	20,605	(27,558)
Cash flows from financing activities:		
Net change in revolving line of credit	63,505	(104,200)
Repayment of long-term debt	(151,426)	
Proceeds from lease financing	95,865	
Proceeds from issuance of common stock		301
Purchases and retirement of common stock	(684)	(1,032)
Tax benefits from employee share-based exercises		1,424
Dividends paid	(5,555)	(5,497)
Net cash provided by (used in) financing activities	1,705	(109,004)
Effect of exchange rate changes on cash and cash equivalents	(203)	
Net change in cash and cash equivalents	(4,771)	(10,246)
Cash and cash equivalents at beginning of period	9,641	14,298
Cash and cash equivalents at end of period	\$ 4,870	\$ 4,052

See accompanying notes to condensed consolidated financial statements.

GEORGIA GULF CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS