

Rockwood Holdings, Inc.
Form 10-Q
August 04, 2011

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 June 30, 2011

Or

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

Commission file number 001-32609

Rockwood Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2277366
(I.R.S. Employer
Identification No.)

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100 Overlook Center, Princeton, New Jersey 08540

(Address of principal executive offices) (Zip Code)

(609) 514-0300

(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 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

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

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

As of August 1, 2011, there were 76,666,149 outstanding shares of common stock, par value \$0.01 per share, of the Registrant.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts;

shares in thousands)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net sales	\$ 1,000.0	\$ 813.7	\$ 1,914.0	\$ 1,592.1
Cost of products sold	654.4	543.8	1,247.3	1,066.3
Gross profit	345.6	269.9	666.7	525.8
Selling, general and administrative expenses	181.2	169.2	361.8	334.1
Restructuring and other severance costs	4.0	0.9	5.0	1.3
Asset write-downs and other	0.2	0.5	0.3	2.3
Operating income	160.2	99.3	299.6	188.1
Other expenses, net:				
Interest expense, net (a)	(24.7)	(36.3)	(47.7)	(78.1)
Loss on early extinguishment/modification of debt	(0.3)		(16.5)	
Foreign exchange gain (loss) on financing activities, net	2.2	(0.4)	4.2	(0.1)
Other, net	(0.1)		(0.1)	0.5
Other expenses, net	(22.9)	(36.7)	(60.1)	(77.7)
Income from continuing operations before taxes	137.3	62.6	239.5	110.4
Income tax provision	37.8	14.3	66.6	30.0
Income from continuing operations	99.5	48.3	172.9	80.4
Income from discontinued operations, net of tax	0.7	6.5	0.9	11.1
Gain on sale of discontinued operations, net of tax	4.9		119.4	
Net income	105.1	54.8	293.2	91.5
Net income attributable to noncontrolling interest	(10.6)	(2.4)	(20.7)	(2.2)
Net income attributable to Rockwood Holdings, Inc.	\$ 94.5	\$ 52.4	\$ 272.5	\$ 89.3
Amounts attributable to Rockwood Holdings, Inc.:				
Income from continuing operations	\$ 88.9	\$ 45.9	\$ 152.2	\$ 78.2
Income from discontinued operations	5.6	6.5	120.3	11.1
Net income	\$ 94.5	\$ 52.4	\$ 272.5	\$ 89.3
Basic earnings per share attributable to Rockwood Holdings, Inc.:				
Earnings from continuing operations	\$ 1.16	\$ 0.61	\$ 1.99	\$ 1.05
Earnings from discontinued operations	0.08	0.09	1.58	0.15
Basic earnings per share	\$ 1.24	\$ 0.70	\$ 3.57	\$ 1.20

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Diluted earnings per share attributable to Rockwood Holdings, Inc.:								
Earnings from continuing operations	\$	1.11	\$	0.59	\$	1.91	\$	1.01
Earnings from discontinued operations		0.07		0.09		1.51		0.14
Diluted earnings per share	\$	1.18	\$	0.68	\$	3.42	\$	1.15
Weighted average number of basic shares outstanding								
		76,446		74,701		76,292		74,500
Weighted average number of diluted shares outstanding								
		79,946		77,583		79,778		77,359

(a) Interest expense, net includes:								
Interest expense on debt, net	\$	(22.1)	\$	(40.4)	\$	(50.1)	\$	(82.7)
Mark-to-market (losses) gains on interest rate swaps		(1.4)		5.6		4.9		7.7
Deferred financing costs		(1.2)		(1.5)		(2.5)		(3.1)
Total	\$	(24.7)	\$	(36.3)	\$	(47.7)	\$	(78.1)

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions, except per share amounts;

shares in thousands)

(Unaudited)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 235.2	\$ 324.1
Accounts receivable, net	570.9	436.8
Inventories	610.9	541.8
Deferred income taxes	22.1	82.6
Prepaid expenses and other current assets	81.1	79.2
Assets of discontinued operations		154.1
Total current assets	1,520.2	1,618.6
Property, plant and equipment, net	1,658.1	1,566.9
Goodwill	950.0	877.1
Other intangible assets, net	587.8	587.6
Deferred debt issuance costs, net of accumulated amortization of \$17.8 and \$15.7, respectively	17.9	17.2
Deferred income taxes	17.8	18.4
Other assets	45.7	38.5
Total assets	\$ 4,797.5	\$ 4,724.3
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 243.4	\$ 249.6
Income taxes payable	44.4	20.2
Accrued compensation	140.0	165.2
Accrued expenses and other current liabilities	169.5	164.9
Deferred income taxes	2.8	2.6
Long-term debt, current portion	68.6	465.7
Liabilities of discontinued operations		27.6
Total current liabilities	668.7	1,095.8
Long-term debt	1,721.9	1,695.3
Pension and related liabilities	434.4	399.6
Deferred income taxes	108.5	77.9
Other liabilities	106.4	104.3
Total liabilities	3,039.9	3,372.9
Restricted stock units	10.2	10.1
EQUITY		
Rockwood Holdings, Inc. stockholders' equity:		
Common stock (\$0.01 par value, 400,000 shares authorized, 76,613 shares issued and 76,519 shares outstanding at June 30, 2011; 400,000 shares authorized, 75,991 shares issued and 75,897 shares outstanding at December 31, 2010)	0.8	0.8
Paid-in capital	1,218.3	1,202.6
Accumulated other comprehensive income	227.0	132.7
Accumulated deficit	(10.3)	(282.8)
Treasury stock, at cost	(1.4)	(1.4)
Total Rockwood Holdings, Inc. stockholders' equity	1,434.4	1,051.9

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Noncontrolling interest	313.0	289.4
Total equity	1,747.4	1,341.3
Total liabilities and equity	\$ 4,797.5	\$ 4,724.3

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)

(Unaudited)

	Six months ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 293.2	\$ 91.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of tax	(0.9)	(11.1)
Gain on sale of discontinued operations, net of tax	(119.4)	
Depreciation and amortization	133.2	126.6
Deferred financing costs amortization	2.5	3.1
Loss on early extinguishment/modification of debt	16.5	
Foreign exchange (gain) loss on financing activities, net	(4.2)	0.1
Fair value adjustment of derivatives	(4.9)	(7.7)
Bad debt provision	0.5	(0.7)
Stock-based compensation	6.4	5.8
Deferred income taxes	14.8	16.8
Asset write-downs and other	0.3	2.3
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:		