

CYTEC INDUSTRIES INC/DE/
Form 10-Q
April 20, 2015
Table of Contents

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 1934
For the quarterly period ended March 31, 2015
Commission file number 1-12372

CYTEC INDUSTRIES INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3268660 (I.R.S. Employer Identification No.)
---	---

Five Garret Mountain Plaza Woodland Park, New Jersey (Address of principal executive offices)	07424 (Zip Code)
---	---------------------

Registrant's telephone number, including area code (973) 357-3100

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 Website, 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 small reporting company. See definition of "accelerated filer, large accelerated filer, and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Small reporting company <input type="checkbox"/>

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 71,396,882 shares of common stock outstanding at April 13, 2015.

Table of Contents

CYTEC INDUSTRIES INC. AND SUBSIDIARIES

10-Q Table of Contents

	Page
<u>Part I – Financial Information</u>	
Item 1. <u>Consolidated Financial Statements</u>	<u>3</u>
<u>Consolidated Statements of Income</u>	<u>3</u>
<u>Consolidated Balance Sheets</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>26</u>
Item 4. <u>Controls and Procedures</u>	<u>26</u>
<u>Part II – Other Information</u>	
Item 1. <u>Legal Proceedings</u>	<u>28</u>
Item 6. <u>Exhibits</u>	<u>28</u>
<u>Signature</u>	<u>29</u>
<u>Exhibit Index</u>	<u>30</u>

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

CYTEC INDUSTRIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2015	2014
Net sales	\$515.0	\$489.0
Manufacturing cost of sales	371.0	329.0
Selling and technical services	35.3	36.8
Research and process development	12.4	12.8
Administrative and general	32.2	29.4
Amortization of acquisition intangibles	3.4	3.6
Earnings from operations	60.7	77.4
Other income (expense), net	0.3	(0.6
Interest expense, net	3.7	3.2
Earnings from continuing operations before income taxes	57.3	73.6
Income tax provision	14.8	17.7
Earnings from continuing operations	42.5	55.9
Earnings from operations of discontinued business, net of tax	—	—
Net gain on sale of discontinued operations, net of tax	—	—
Earnings from discontinued operations, net of tax	—	—
Net earnings	\$42.5	\$55.9
Comprehensive (loss) income	\$(14.0) \$49.6
Earnings per share:		
Basic earnings per common share:		
Continuing operations	\$0.59	\$0.78
Discontinued operations	—	—
	\$0.59	\$0.78
Diluted earnings per common share:		
Continuing operations	\$0.58	\$0.76
Discontinued operations	—	—
	\$0.58	\$0.76
Dividends per common share	\$0.125	\$0.063

See accompanying Notes to Consolidated Financial Statements

Table of ContentsCYTEC INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in millions, except per share amounts)

	March 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 107.3	\$ 133.9
Trade accounts receivable, less allowance for doubtful accounts of \$3.4 and \$3.8 at March 31, 2015 and December 31, 2014, respectively	300.8	265.1
Other accounts receivable	76.2	74.6
Inventories	284.2	307.6
Deferred income taxes	31.7	27.4
Other current assets	21.6	26.2
Total current assets	821.8	834.8
Plants, equipment and facilities, at cost	1,665.0	1,680.8
Less: accumulated depreciation	(563.5) (559.4
Net plant investment	1,101.5	1,121.4
Acquisition intangibles, net of accumulated amortization of \$73.1 and \$70.8 at March 31, 2015 and December 31, 2014, respectively	133.8	141.6
Goodwill	500.9	508.8
Deferred income taxes	38.3	41.2
Other assets	126.4	119.4
Total assets	\$2,722.7	\$2,767.2
Liabilities		
Current liabilities		
Accounts payable	\$ 177.9	\$ 172.4
Current maturities of long-term debt	1.5	1.2
Accrued expenses	156.2	184.6
Income taxes payable	9.8	8.4
Deferred income taxes	0.2	0.3
Total current liabilities	345.6	366.9
Long-term debt	740.4	741.7
Pension and other postretirement benefit liabilities	239.0	245.9
Other noncurrent liabilities	168.4	170.3
Deferred income taxes	29.6	31.4
Stockholders' equity		
Preferred stock, 20,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$.01 par value per share, 150,000,000 shares authorized; issued 99,800,369 at March 31, 2015 and 99,772,436 at December 31, 2014	1.0	1.0
Additional paid-in capital	474.5	474.2
Retained earnings	1,733.1	1,699.6
Accumulated other comprehensive income	(43.4) 13.1
Treasury stock, at cost, 28,409,686 shares at March 31, 2015 and 28,732,931 shares at December 31, 2014	(965.5) (976.9
Total stockholders' equity	1,199.7	1,211.0
Total liabilities and stockholders' equity		