

Koppers Holdings Inc.
Form 10-Q
November 09, 2012

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 September 30, 2012

Commission file number 1-32737

KOPPERS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State of incorporation)

20-1878963
(IRS Employer Identification No.)

436 Seventh Avenue

Pittsburgh, Pennsylvania 15219

(Address of principal executive offices)

(412) 227-2001

(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 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

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

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Common Stock, par value \$0.01 per share, outstanding at October 31, 2012 amounted to 20,580,166 shares.

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

KOPPERS HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Three Months Ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>(Dollars in millions, except per share amounts)</i>				
Net sales	\$ 387.9	\$ 381.2	\$ 1,180.1	\$ 1,097.2
Cost of sales (excluding items below)	331.4	315.0	1,003.2	922.4
Depreciation and amortization	6.7	6.7	21.1	19.5
Selling, general and administrative expenses	19.0	19.4	55.1	55.6
Operating profit	30.8	40.1	100.7	99.7
Other income	0.6	0.1	1.7	0.2
Interest expense	6.9	6.7	20.8	20.3
Income before income taxes	24.5	33.5	81.6	79.6
Income taxes	8.3	11.0	28.5	27.5
Income from continuing operations	16.2	22.5	53.1	52.1
Income (loss) from discontinued operations, net of tax benefit (expense) of \$0.0, \$(0.3), \$0.2 and \$0.6	0.0	0.2	(0.1)	(0.5)
Net income	16.2	22.7	53.0	51.6
Net income attributable to noncontrolling interests	0.2	0.3	1.0	0.5
Net income attributable to Koppers	\$ 16.0	\$ 22.4	\$ 52.0	\$ 51.1
Earnings per common share attributable to Koppers common shareholders:				
Basic				
Continuing operations	\$ 0.77	\$ 1.07	\$ 2.52	\$ 2.51
Discontinued operations	0.00	0.01	(0.01)	(0.03)
Earnings per basic common share	\$ 0.77	\$ 1.08	\$ 2.51	\$ 2.48
Diluted				
Continuing operations	\$ 0.77	\$ 1.07	\$ 2.50	\$ 2.49
Discontinued operations	0.00	0.01	(0.01)	(0.03)
Earnings per diluted common share	\$ 0.77	\$ 1.08	\$ 2.49	\$ 2.46
Comprehensive income	\$ 25.3	\$ 8.7	\$ 60.8	\$ 52.1
Comprehensive income attributable to noncontrolling interests	0.3	0.3	1.0	0.8
Comprehensive income attributable to Koppers	\$ 25.0	\$ 8.4	\$ 59.8	\$ 51.3
Weighted average shares outstanding (<i>in thousands</i>):				
Basic	20,694	20,603	20,709	20,598
Diluted	20,900	20,746	20,940	20,749

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Dividends declared per common share	\$	0.24	\$	0.22	\$	0.72	\$	0.66
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The accompanying notes are an integral part of these condensed consolidated financial statements.

KOPPERS HOLDINGS INC.

CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2012 (Unaudited)	December 31, 2011
<i>(Dollars in millions, except per share amounts)</i>		
Assets		
Cash and cash equivalents	\$ 68.9	\$ 54.1
Accounts receivable, net of allowance of \$3.7 and \$0.3	172.9	160.9
Income tax receivable	2.9	10.6
Inventories, net	190.5	159.0
Deferred tax assets	9.7	9.3
Loan to related party	11.7	11.7
Other current assets	23.2	21.8
Total current assets	479.8	427.4
Equity in non-consolidated investments	5.9	4.9
Property, plant and equipment, net	152.4	155.6
Goodwill	73.0	72.1
Deferred tax assets	34.5	44.3
Other assets	21.2	26.4
Total assets	\$ 766.8	\$ 730.7
Liabilities		
Accounts payable	\$ 109.3	\$ 102.1
Accrued liabilities	70.9	63.1
Dividends payable	5.6	5.2
Total current liabilities	185.8	170.4
Long-term debt	297.4	302.1
Accrued postretirement benefits	91.9	104.1
Other long-term liabilities	40.9	46.9
Total liabilities	616.0	623.5
Commitments and contingent liabilities (Note 16)		
Equity		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	0.0	0.0
Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 21,531,192 and 21,309,210 shares issued	0.2	0.2
Additional paid-in capital	149.1	142.9
Retained earnings	43.5	6.7
Accumulated other comprehensive loss	(22.5)	(30.2)
Treasury stock, at cost, 951,026 and 706,161 shares	(32.9)	(24.8)
Total Koppers shareholders' equity	137.4	94.8
Noncontrolling interests	13.4	12.4
Total equity	150.8	107.2
Total liabilities and equity	\$ 766.8	\$ 730.7

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

KOPPERS HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Nine months ended September 30,</i>	
	<i>2012</i>	<i>2011</i>
<i>(Dollars in millions)</i>	<i>(Unaudited)</i>	
Cash provided by (used in) operating activities:		
Net income	\$ 53.0	\$ 51.6
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	21.1	20.8
Gain on sale of assets	(0.2)	(0.2)
Deferred income taxes	7.7	4.2
Equity income, net of dividends received	(0.9)	(0.2)
Change in other liabilities	(8.3)	(3.2)
Non-cash interest expense	1.2	1.2
Stock-based compensation	5.1	3.7
Other	(0.2)	(2.9)
(Increase) decrease in working capital:		
Accounts receivable	(11.4)	(50.8)
Inventories	(29.9)	(2.5)
Accounts payable	6.7	9.5
Accrued liabilities and other working capital	10.6	13.3
Net cash provided by operating activities	54.5	44.5
Cash provided by (used in) investing activities:		
Capital expenditures	(15.6)	(19.6)
Acquisitions	(0.2)	(1.0)
Net cash proceeds from divestitures and asset sales	0.7	0.7
Net cash used in investing activities	(15.1)	(19.9)
Cash provided by (used in) financing activities:		
Borrowings of revolving credit	225.9	165.2
Repayments of revolving credit	(230.9)	(150.2)
Repayments of long-term debt	0.0	(1.0)
Issuances of Common Stock	0.8	0.2
Repurchases of Common Stock	(8.2)	(0.2)
Payment of deferred financing costs	(0.1)	(0.5)
Dividends paid		