

QUAKER CHEMICAL CORP
Form 10-Q
October 25, 2011

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, 2011

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 001-12019

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

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Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-0993790
(I.R.S. Employer
Identification No.)

One Quaker Park, 901 E. Hector Street,
Conshohocken, Pennsylvania
(Address of principal executive offices)

19428 – 2380
(Zip Code)

Registrant's telephone number, including area code: 610-832-4000

Not Applicable

Former name, former address and former fiscal year, if changed since last report.

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.

Large accelerated filer
Non-accelerated filer (Do not check if smaller reporting
company)

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

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

Number of Shares of Common Stock
Outstanding on September 30, 2011

12,875,113

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

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FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

	Unaudited (Dollars in thousands, except par value and share amounts)	
	September 30, 2011	December 31, 2010*
ASSETS		
Current assets		
Cash and cash equivalents	\$ 20,579	\$ 25,766
Accounts receivable, net	147,414	116,266
Inventories		
Raw materials and supplies	44,718	31,909
Work-in-process and finished goods	34,150	28,932
Prepaid expenses and other current assets	15,744	12,609
Total current assets	262,605	215,482
Property, plant and equipment, at cost	215,257	205,359
Less accumulated depreciation	(135,066)	(128,824)
Net property, plant and equipment	80,191	76,535
Goodwill	57,764	52,758
Other intangible assets, net	26,315	24,030
Investments in associated companies	7,937	9,218
Deferred income taxes	22,862	28,846
Other assets	42,159	42,561
Total assets	\$ 499,833	\$ 449,430
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 754	\$ 890
Accounts and other payables	73,616	63,893
Accrued compensation	13,997	17,140
Other current liabilities	23,314	19,268
Total current liabilities	111,681	101,191
Long-term debt	43,397	73,855
Deferred income taxes	7,492	6,108
Other non-current liabilities	78,033	81,177
Total liabilities	240,603	262,331

Equity					
Common stock \$1 par value; authorized 30,000,000					
shares; issued and outstanding					
	2011 – 12,875,113 shares; 2010 – 11,492,142 shares	12,875		11,492	
	Capital in excess of par value	88,492		38,275	
	Retained earnings	169,265		144,347	
	Accumulated other comprehensive loss	(19,097)		(13,736)	
	Total Quaker shareholders' equity	251,535		180,378	
	Noncontrolling interest	7,695		6,721	
	Total equity	259,230		187,099	
	Total liabilities and equity	\$	499,833	\$	449,430

*Condensed from audited financial statements

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

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Quaker Chemical Corporation

Condensed Consolidated Statement of Income

	Unaudited (Dollars in thousands, except per share and share amounts) Three Months Ended September 30,		Unaudited (Dollars in thousands, except per share and share amounts) Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales	\$ 182,313	\$ 137,669	\$ 509,970	\$ 401,980
Cost of goods sold	122,827	88,641	343,984	257,081
Gross profit	59,486	49,028	165,986	144,899
Selling, general and administrative expenses	41,982	34,699	119,441	103,486
Non-income tax contingency charge	—	3,581	—	3,581
CEO transition costs	—	1,317	—	1,317
Operating income	17,504	9,431	46,545	36,515
Other income (expense), net	2,740			