

RPM INTERNATIONAL INC/DE/
Form 10-Q
January 05, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 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 No. 1-14187

RPM International Inc.

(Exact name of Registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of
incorporation or organization)

02-0642224
(IRS Employer
Identification No.)

P.O. BOX 777;

2628 PEARL ROAD;

MEDINA, OHIO
(Address of principal executive offices)

44258
(Zip Code)

(330) 273-5090

(Registrant's telephone number including area code)

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. (Check one):

Large accelerated filer

Accelerated filer

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

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

As of January 2, 2012

131,259,620 Shares of RPM International Inc. Common Stock were outstanding.

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RPM INTERNATIONAL INC. AND SUBSIDIARIES*

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* As used herein, the terms "RPM" and the "Company" refer to RPM International Inc. and its subsidiaries, unless the context indicates otherwise.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****RPM INTERNATIONAL INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS***(In thousands, except per share amounts)*

	November 30, 2011 (Unaudited)	May 31, 2011
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 300,955	\$ 435,011
Trade accounts receivable (less allowances of \$27,839 and \$27,597, respectively)	661,825	712,863
Inventories	510,527	463,120
Deferred income taxes	16,950	17,764
Prepaid expenses and other current assets	230,954	239,212
Total current assets	1,721,211	1,867,970
Property, Plant and Equipment, at Cost	1,010,673	998,245
Allowance for depreciation and amortization	(628,546)	(608,218)
Property, plant and equipment, net	382,127	390,027
Other Assets		
Goodwill	865,529	831,489
Other intangible assets, net of amortization	353,652	312,867
Other	109,494	112,676
Total other assets	1,328,675	1,257,032
Total Assets	\$ 3,432,013	\$ 3,515,029
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities		
Accounts payable	\$ 324,519	\$ 358,790
Current portion of long-term debt	1,950	2,549
Accrued compensation and benefits	124,262	156,981
Accrued loss reserves	52,783	57,645
Other accrued liabilities	149,266	159,324
Total current liabilities	652,780	735,289
Long-Term Liabilities		
Long-term debt, less current maturities	1,092,454	1,106,304
Other long-term liabilities	225,519	224,026
Deferred income taxes	73,233	62,042
Total long-term liabilities	1,391,206	1,392,372

Stockholders Equity		
Preferred stock, par value \$0.01; authorized 50,000 shares; none issued		
Common stock, par value \$0.01; authorized 300,000 shares; issued 135,376 and outstanding 131,233 as of November 2011; issued 134,406 and outstanding 130,580 as of May 2011		
	1,312	1,306
Paid-in capital	743,118	735,245
Treasury stock, at cost	(68,494)	(62,495)
Accumulated other comprehensive (loss) income	(74,999)	6,073
Retained earnings	654,157	583,035
Total RPM International Inc. stockholders equity	1,255,094	1,263,164
Noncontrolling interest	132,933	124,204
Total Equity	1,388,027	1,387,368
Total Liabilities and Stockholders Equity	\$ 3,432,013	\$ 3,515,029

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

Table of ContentsRPM INTERNATIONAL INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2011	2010	2011	2010
Net Sales	\$ 916,085	\$ 826,343	\$ 1,902,003	\$ 1,721,153
Cost of Sales	547,064	486,846	1,123,356	1,006,230
Gross Profit	369,021	339,497	778,647	714,923
Selling, General and Administrative Expenses	281,874	250,648	555,817	504,670
Interest Expense	17,909	16,468	35,715	32,510
Investment (Income), Net	(1,045)	(4,309)	(1,069)	(6,286)
Other (Income), Net	(5,887)	(578)	(6,690)	(1,179)
Income Before Income Taxes	76,170	77,268	194,874	185,208
Provision for Income Taxes	22,251	23,765	57,615	56,711
Net Income	53,919	53,503	137,259	128,497
Less: Net Income Attributable to Noncontrolling Interests	3,988	4,712	10,517	10,710
Net Income Attributable to RPM International Inc. Stockholders	\$ 49,931	\$ 48,791	\$ 126,742	\$ 117,787
Average Number of Shares of Common Stock Outstanding:				
Basic	127,986	127,012	128,048	127,491
Diluted	128,432	127,670	128,537	128,050
Earnings per Share of Common Stock Attributable to RPM International Inc. Stockholders:				
Basic	\$ 0.38	\$ 0.38	\$ 0.97	\$ 0.91
Diluted	\$ 0.38	\$ 0.38	\$ 0.97	\$ 0.91
Cash Dividends Declared per Share of Common Stock	\$ 0.215	\$ 0.210	\$ 0.425	\$ 0.415

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

Table of Contents**RPM INTERNATIONAL INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

(In thousands)

	Six Months Ended November 30,	
	2011	2010
Cash Flows From Operating Activities:		
Net income	\$ 137,259	\$ 128,497
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25,891	26,788
Amortization	11,027	9,906
Deferred income taxes	(1,620)	5,323
Stock-based compensation expense	6,692	6,027
Other	(5,204)	(64)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:		
Decrease in receivables	76,864	66,393
(Increase) in inventory	(24,687)	(44,880)
(Increase) in prepaid expenses and other current and long-term assets	(10,040)	(11,155)
(Decrease) in accounts payable	(46,345)	(27,969)
(Decrease) in accrued compensation and benefits	(36,662)	(21,700)
(Decrease) in accrued loss reserves	(5,313)	(2,092)
(Decrease) increase in other accrued liabilities	(14,952)	45,067
Other	(2,880)	2,973
Cash From Operating Activities	110,030	183,114
Cash Flows From Investing Activities:		
Capital expenditures	(18,353)	(15,333)
Acquisition of businesses, net of cash acquired	(132,905)	