

RTI INTERNATIONAL METALS INC

Form 10-Q

August 06, 2012

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **June 30, 2012**

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: **001-14437**

## **RTI INTERNATIONAL METALS, INC.**

(Exact name of registrant as specified in its charter)

**Ohio**

(State or other jurisdiction of incorporation or organization)

**Westpointe Corporate Center One, 5<sup>th</sup> Floor**

**1550 Coraopolis Heights Road**

**Pittsburgh, Pennsylvania**

(Address of principal executive offices)

**52-2115953**

(I.R.S. Employer Identification No.)

**15108-2973**

(Zip Code)

**(412) 893-0026**

Registrant's telephone number, including area code:

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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.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes**       **No**

Number of shares of the Corporation's common stock ( "Common Stock" ) outstanding as of July 31, 2012 was 30,317,173.

**Table of Contents****RTI INTERNATIONAL METALS, INC AND CONSOLIDATED SUBSIDIARIES**

As used in this report, the terms RTI, Company, Registrant, we, our, and us, mean RTI International Metals, Inc., its predecessors, and consolidated subsidiaries, taken as a whole, unless the context indicates otherwise.

**INDEX**

	<b>Page</b>
<b>PART I FINANCIAL INFORMATION</b>	
Item 1. <u>Financial Statements</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Six Months Ended June 30, 2012 and 2011</u>	1
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Months Ended June 30, 2012 and 2011</u>	2
<u>Condensed Consolidated Balance Sheets (Unaudited) as of June 30, 2012 and December 31, 2011</u>	3
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2012 and 2011</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
Item 4. <u>Controls and Procedures</u>	36
<b>PART II OTHER INFORMATION</b>	
Item 1A. <u>Risk Factors</u>	37
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
Item 4. <u>Mine Safety Disclosures</u>	37
Item 6. <u>Exhibits</u>	37
<u>Signatures</u>	38
<u>Index to Exhibits</u>	39

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations****(Unaudited)****(In thousands, except share and per share amounts)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 190,277	\$ 123,213	\$ 353,127	\$ 244,063
Cost and expenses:				
Cost of sales	153,781	98,624	280,926	193,469
Selling, general, and administrative expenses	23,458	17,618	45,080	35,076
Research, technical, and product development expenses	1,104	890	2,169	1,522
Asset and asset-related charges (income)				(1,501)
Operating income	11,934	6,081	24,952	15,497
Other income (expense), net	570	133	302	(436)
Interest income	33	355	115	580
Interest expense	(4,209)	(4,250)	(8,487)	(8,550)
Income before income taxes	8,328	2,319	16,882	7,091
Provision for income taxes	3,165	191	6,094	2,621
Net income	\$ 5,163	\$ 2,128	\$ 10,788	\$ 4,470
Earnings per share:				
Basic	\$ 0.17	\$ 0.07	\$ 0.36	\$ 0.15
Diluted	\$ 0.17	\$ 0.07	\$ 0.36	\$ 0.15
Weighted-average shares outstanding:				
Basic	30,126,774	30,019,933	30,107,998	30,008,108
Diluted	30,222,380	30,318,084	30,215,503	30,273,669

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Comprehensive Income****(Unaudited)****(In thousands, except share and per share amounts)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net income	\$ 5,163	\$ 2,128	\$ 10,788	\$ 4,470
Other comprehensive income:				
Foreign currency translation	(2,577)	(114)	(385)	3,590
Unrealized loss on investments, net of tax of \$0, \$67, \$0 and \$22		124		40
Realized loss on investments, net of tax of \$0, \$0, \$4, and \$0			8	
Benefit plan amortization, net of tax of \$725, \$490, \$1,450 and \$980	1,204	909	2,407	1,818
Other comprehensive income (loss), net of tax	(1,373)	919	2,030	5,448
Comprehensive income	\$ 3,790	\$ 3,047	\$ 12,818	\$ 9,918

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(Unaudited)****(In thousands, except share and per share amounts)**

	June 30, 2012	December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 99,525	\$ 156,842
Short-term investments		164,255
Receivables, less allowance for doubtful accounts of \$993 and \$872	107,455	95,022
Inventories, net	349,432	275,059
Deferred income taxes	19,332	18,674
Other current assets	12,900	9,932
<b>Total current assets</b>	<b>588,644</b>	<b>719,784</b>
Property, plant, and equipment, net	365,788	289,434
Marketable securities		12,683
Goodwill	140,211	55,864
Other intangible assets, net	58,251	22,576
Deferred income taxes	29,239	27,424
Other noncurrent assets	5,407	5,173
<b>Total assets</b>	<b>\$ 1,187,540</b>	<b>\$ 1,132,938</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 64,278	\$ 59,591
Accrued wages and other employee costs	25,135	27,260
Unearned revenues	42,056	31,690
Other accrued liabilities	21,716	20,085
<b>Total current liabilities</b>	<b>153,185</b>	<b>138,626</b>
Long-term debt	193,727	186,981
Liability for post-retirement benefits	42,000	41,388
Liability for pension benefits	13,402	20,830
Deferred income taxes	38,817	13,606
Other noncurrent liabilities	8,969	8,755
<b>Total liabilities</b>	<b>450,100</b>	<b>410,186</b>
Commitments and Contingencies		
Shareholders' equity:		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,097,449 and 30,948,209 shares issued; 30,314,874 and 30,198,780 shares outstanding	311	309
Additional paid-in capital	481,855	479,245
Treasury stock, at cost; 782,575 and 749,429 shares	(18,399)	(17,657)
Accumulated other comprehensive loss	(37,181)	(39,211)
Retained earnings	310,854	300,066

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Total shareholders' equity	737,440	722,752
Total liabilities and shareholders' equity	\$ 1,187,540	\$ 1,132,938

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Cash Flows****(Unaudited)****(In thousands)**

	<b>Six Months Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b><u>OPERATING ACTIVITIES:</u></b>		
Net income	\$ 10,788	\$ 4,470
Adjustment for non-cash items included in net income:		
Depreciation and amortization	18,957	11,279
Asset and asset-related charges (income)		(597)
Deferred income taxes	(2,025)	(2,547)
Stock-based compensation	2,518	2,502
Excess tax benefits from stock-based compensation activity		