

CYTEC INDUSTRIES INC/DE/
Form 10-Q
April 25, 2011
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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, 2011

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 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 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):

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Large accelerated filer Accelerated filer Non-accelerated filer Small 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

There were 49,205,860 shares of common stock outstanding at April 15, 2011.

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CYTEC INDUSTRIES INC. AND SUBSIDIARIES

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CYTEC INDUSTRIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	2011	2010
Net sales	\$ 766.0	\$ 646.5
Manufacturing cost of sales	585.6	488.7
Selling and technical services	54.7	48.2
Research and process development	19.2	17.6
Administrative and general	32.3	28.8
Amortization of acquisition intangibles	9.5	9.5
Gain on sale of assets	3.3	
Earnings from operations	68.0	53.7
Other expense, net	4.0	0.3
Net loss on early extinguishment of debt	0.1	0.7
Equity in earnings of associated companies	0.6	0.1
Interest expense, net	9.2	8.2
Earnings from continuing operations before income taxes	55.3	44.6
Income tax provision	15.0	22.6
Earnings from continuing operations	40.3	22.0
Earnings from operations of discontinued business, net of tax	6.8	3.8
Gain on sale of discontinued operations, net of tax	36.8	
Earnings from discontinued operations, net of tax	43.6	3.8
Net earnings	83.9	25.8
Less: Net earnings attributable to noncontrolling interests	(0.7)	(1.0)
Net earnings attributable to Cytec Industries Inc.	\$ 83.2	\$ 24.8
Earnings per share attributable to Cytec Industries Inc.		
Basic earnings per common share		
Continuing operations	\$ 0.80	\$ 0.43
Discontinued operations	0.88	\$ 0.08
	\$ 1.68	\$ 0.51

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Diluted earnings per common share		
Continuing operations	\$ 0.79	\$ 0.42
Discontinued operations	0.87	0.08
	\$ 1.66	\$ 0.50
Dividends per common share	\$ 0.1250	\$ 0.0125
	See accompanying Notes to Consolidated Financial Statements	

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CYTEC INDUSTRIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in millions, except per share amounts)

	March 31, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 522.0	\$ 383.3
Trade accounts receivable, less allowance for doubtful accounts of \$4.4 and \$4.2 in 2011 and 2010, respectively	447.5	370.6
Other accounts receivable	56.0	51.4
Inventories	406.4	350.0
Deferred income taxes	44.5	40.6
Other current assets	27.0	22.4
Current assets held for sale		93.1
 Total current assets	 1,503.4	 1,311.4
Investment in associated companies	21.5	19.7
Plants, equipment and facilities, at cost	1,983.0	1,937.5
Less: accumulated depreciation	(859.1)	(811.3)
 Net plant investment	 1,123.9	 1,126.2
Acquisition intangibles, net of accumulated amortization of \$263.7 and \$245.9 in 2011 and 2010, respectively	350.1	347.0
Goodwill	700.3	685.7
Deferred income taxes	23.5	24.1
Other assets	103.8	88.5
Non-current assets held for sale		71.3
 Total assets	 \$ 3,826.5	 \$ 3,673.9
Liabilities		
Current liabilities		
Accounts payable	\$ 380.5	\$ 263.6
Short-term borrowings	6.3	6.1
Accrued expenses	191.8	223.2
Income taxes payable	55.8	19.7
Deferred income taxes	2.7	3.1
Current liabilities held for sale		63.9
 Total current liabilities	 637.1	 579.6
Long-term debt	639.9	641.5
Pension and other postretirement benefit liabilities	341.6	364.2
Other noncurrent liabilities	289.7	272.8
Deferred income taxes	69.1	71.3
Non-current liabilities held for sale		7.6

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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 49,575,035 in 2011 and 49,445,350 in 2010	0.5	0.5
Additional paid-in capital	459.0	451.5
Retained earnings	1,370.0	1,293.0
Accumulated other comprehensive income (loss)	39.2	(14.4)
Treasury stock, at cost, 440,026 shares in 2011 and 767 shares in 2010	(23.8)	
Total Cytec Industries Inc. stockholders' equity	1,844.9	1,730.6
Noncontrolling interests	4.2	6.3
Total equity	1,849.1	1,736.9
Total liabilities and stockholders' equity	\$ 3,826.5	\$ 3,673.9

See accompanying Notes to Consolidated Financial Statements

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CYTEC INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in millions)

	Three months ended March 31,	
	2011	2010
Cash flows provided by (used in) operating activities		
Net earnings	\$ 83.9	\$ 25.8
Earnings from discontinued operations	(43.6)	(3.8)
Earnings from continuing operations	40.3	22.0
Noncash items included in earnings from continuing operations:		
Depreciation	23.2	21.9
Amortization	11.3	11.3
Share-based compensation	3.9	2.9
Deferred income taxes	2.8	13.3
Gain on sale of assets	(3.3)	(2.3)
Loss on early extinguishment of debt	0.1	0.7
Unrealized gain on derivative instruments	(4.2)	
Other	(0.6)	(0.1)
Changes in operating assets and liabilities (excluding effects of divestiture):		
Trade accounts receivable	(59.6)	(51.0)
Other receivables	(3.7)	8.3
Inventories	(49.4)	(31.1)
Other assets	(2.3)	(4.8)
Accounts payable	114.6	76.1
Accrued expenses	(39.1)	(18.5)
Income taxes payable	4.5	(1.4)
Other liabilities	(17.0)	(15.1)
Net cash provided by operating activities of continuing operations	21.5	32.2
Net cash provided by operating activities of discontinued operations	5.0	5.9
Net cash provided by operating activities	26.5	38.1
Cash flows provided by (used in) investing activities:		
Additions to plants, equipment and facilities	(26.4)	(27.9)
Net proceeds received on sale of assets	3.4	1.7
Net cash used in investing activities of continuing operations	(23.0)	(26.2)
Net cash provided by (used in) investing activities of discontinued operations	156.5	(1.1)
Net cash provided by (used in) investing activities		