

TOOTSIE ROLL INDUSTRIES INC

Form 10-Q

August 07, 2015

Table of Contents

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 June 30, 2015

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 1-1361

Tootsie Roll Industries, Inc.

(Exact Name of Registrant as Specified in its Charter)

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VIRGINIA 22-1318955
(State of Incorporation) (I.R.S. Employer Identification No.)

7401 South Cicero Avenue, Chicago, Illinois 60629
(Address of Principal Executive Offices) (Zip Code)

773-838-3400

(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 "accelerated filer," "large 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

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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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (June 30, 2015).

Class	Outstanding
Common Stock, \$.69 4/9 par value	38,029,047
Class B Common Stock, \$.69 4/9 par value	23,564,199

Table of Contents

TOOTSIE ROLL INDUSTRIES, INC.

June 30, 2015

INDEX

	Page No.
<u>Part I— Financial Information</u>	
<u>Item 1. Financial Statements:</u>	
<u>Condensed Consolidated Statements of Financial Position</u>	3-4
<u>Condensed Consolidated Statements of Earnings and Retained Earnings</u>	5
<u>Condensed Consolidated Statements of Comprehensive Earnings</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8-15
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	16-21
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	21
<u>Item 4. Controls and Procedures</u>	21
<u>Part II—Other Information</u>	
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
<u>Item 6. Exhibits</u>	22
<u>Signatures</u>	23
<u>Certifications</u>	25-27

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See “Forward-Looking Statements” under Part I — Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this

Quarterly Report on Form 10-Q.

2

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TOOTSIE ROLL INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands) (UNAUDITED)

	June 30, 2015	December 31, 2014	June 28, 2014
ASSETS			
CURRENT ASSETS:			
Cash & cash equivalents	\$87,005	\$ 100,108	\$ 57,091
Restricted cash	1,272	-	-
Investments	51,210	39,450	38,995
Trade accounts receivable, less allowances of \$2,019, \$1,968 & \$1,806	27,909	43,253	25,698
Other receivables	3,673	3,577	2,240
Inventories:			
Finished goods & work-in-process	70,598	44,549	73,747
Raw material & supplies	31,357	25,830	29,651
Prepaid expenses	6,310	6,060	7,200
Deferred income taxes	7,130	1,794	3,186
Total current assets	286,464	264,621	237,808
PROPERTY, PLANT & EQUIPMENT, at cost:			
Land	22,262	22,360	22,536
Buildings	113,181	113,279	111,418
Machinery & equipment	349,588	350,929	341,672
Construction in progress	8,639	1,641	9,148
	493,670	488,209	484,774
Less-accumulated depreciation	306,629	298,128	289,248
Net property, plant and equipment	187,041	190,081	195,526
OTHER ASSETS:			
Goodwill	73,237	73,237	73,237

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Trademarks	175,024	175,024	175,024
Investments	158,111	163,579	162,275
Split dollar officer life insurance	30,813	33,632	40,296
Prepaid expenses	4,930	6,927	8,753
Restricted cash	-	1,589	1,791
Deferred income taxes	1,616	1,696	4,030
Total other assets	443,731	455,684	465,406
Total assets	\$917,236	\$ 910,386	\$ 898,740

(The accompanying notes are an integral part of these statements.)

3

Table of Contents

(in thousands except per share data) (UNAUDITED)

	June 30, 2015	December 31, 2014	June 28, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 15,494	\$ 11,641	\$ 14,040
Bank loans	153	124	151
Dividends payable	5,544	4,814	4,856
Accrued liabilities	46,891	46,482	44,598
Postretirement health care and life insurance benefits	328	328	111
Income taxes payable	550	1,070	-
Liability for uncertain tax positions	1,001	-	-
Deferred compensation	14,347	-	-
Total current liabilities	84,308	64,459	63,756
NONCURRENT LIABILITIES:			
Deferred income taxes	52,154	47,356	54,503
Bank loans	467	694	930
Postretirement health care and life insurance benefits	12,319	11,983	9,338
Industrial development bonds	7,500	7,500	7,500
Liability for uncertain tax positions	6,639	8,584	9,977
Deferred compensation and other liabilities	67,558	78,674	74,028
Total noncurrent liabilities	146,637	154,791	156,276
TOOTSIE ROLL INDUSTRIES, INC. SHAREHOLDERS' EQUITY:			
Common stock, \$.69-4/9 par value- 120,000 shares authorized; 38,029, 37,285 & 37,777, respectively, issued			