

MINERALS TECHNOLOGIES INC
Form 10-Q
October 27, 2008

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 28, 2008

or

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

Commission File Number 1-3295

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MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

25-1190717

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

405 Lexington Avenue, New York, New York 10174-0002

(Address of principal executive offices, including zip code)

(212) 878-1800

(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 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

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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

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

Class	Outstanding at October 20, 2008
Common Stock, \$0.10 par value	18,741,379

MINERALS TECHNOLOGIES INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 28, 2008	Sept. 30, 2007	Sept. 28, 2008	Sept. 30, 2007
(in thousands, except per share data)				
Net sales	\$ 294,917	\$ 266,548	\$ 872,231	\$ 803,463
Cost of goods sold	<u>235,482</u>	<u>210,203</u>	<u>689,779</u>	<u>630,484</u>
Production margin	59,435	56,345	182,452	172,979
Marketing and administrative expenses	26,009	25,630	78,639	79,099
Research and development expenses	5,433	6,689	17,567	20,217
Impairment of assets	--	94,070	--	94,070

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Restructuring and other costs	<u>5,013</u>	<u>12,150</u>	<u>7,344</u>	<u>12,150</u>
Income (loss) from operations	22,980	(82,194)	78,902	(32,557)
Non-operating income (deductions), net	<u>285</u>	<u>(1,309)</u>	<u>(1,953)</u>	<u>(5,737)</u>
Income (loss) before provision for taxes on income, minority interests and discontinued operations	23,265	(83,503)	76,949	(38,294)
Provision (benefit) for taxes on income	6,329	(12,250)	22,927	2,558
Minority interests	<u>879</u>	<u>490</u>	<u>2,445</u>	<u>2,161</u>
Income (loss) from continuing operations	16,057	(71,743)	51,577	(43,013)
Income (loss) from discontinued operations, net of tax	<u>2,951</u>	<u>(33,728)</u>	<u>7,973</u>	<u>(37,263)</u>
Net income (loss)	<u>\$ 19,008</u>	<u>\$ (105,471)</u>	<u>\$ 59,550</u>	<u>\$ (80,276)</u>

Earnings per share:

Basic:

Income (loss) from continuing operations	\$ 0.85	\$ (3.72)	\$ 2.72	\$ (2.24)
Income (loss) from discontinued operations	<u>0.16</u>	<u>(1.75)</u>	<u>0.42</u>	<u>(1.95)</u>
Basic earnings (loss) per share	<u>\$ 1.01</u>	<u>\$ (5.47)</u>	<u>\$ 3.14</u>	<u>\$ (4.19)</u>

Diluted:

Income (loss) from continuing operations	\$ 0.85	\$ (3.72)	\$ 2.71	\$ (2.24)
Income (loss) from discontinued operations	<u>0.15</u>	<u>(1.75)</u>	<u>0.41</u>	<u>(1.95)</u>
Diluted earnings (loss) per share	<u>\$ 1.00</u>	<u>\$ (5.47)</u>	<u>\$ 3.12</u>	<u>\$ (4.19)</u>

Cash dividends declared per common share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>
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Shares used in computation of earnings per share:

Basic	18,859	19,273	18,957	19,172
Diluted	18,962	19,273	19,064	19,172

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(thousands of dollars)	ASSETS	Sept. 28,	December
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	2008*	31, 2007**
	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 151,115	\$ 128,985
Short-term investments, at cost which approximates market	14,758	9,697
Accounts receivable, net	209,234	180,868
Inventories	136,631	103,373
Prepaid expenses and other current assets	22,960	22,773
Assets held for disposal	<u>19,571</u>	<u>27,614</u>
Total current assets	554,269	473,310
Property, plant and equipment, less accumulated depreciation and depletion - September 28, 2008 - 906,265; December 31, 2007 - \$862,457	455,853	489,386
Goodwill	70,643	71,964
Prepaid pension costs	39,947	53,667
Other assets and deferred charges	<u>34,150</u>	<u>40,566</u>
Total assets	<u>\$1,154,862</u>	<u>\$ 1,128,893</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt	\$ 14,522	\$ 9,518
Current maturities of long-term debt	371	7,210
Accounts payable	72,370	66,084
Restructuring liabilities	3,867	14,479
Other current liabilities	66,998	65,057
Liabilities of assets held for disposal	<u>1,382</u>	<u>4,801</u>
Total current liabilities	159,510	167,149
Long-term debt	101,221	111,006
Other non-current liabilities	<u>116,424</u>	<u>99,565</u>
Total liabilities	<u>377,155</u>	<u>377,720</u>
Shareholders' equity:		
Common stock	2,882	2,854
Additional paid-in capital	311,156	294,367
Retained earnings	858,800	802,096
Accumulated other comprehensive gain	37,095	45,365
Less common stock held in treasury	<u>(432,226)</u>	<u>(393,509)</u>
Total shareholders' equity	<u>777,707</u>	<u>751,173</u>
Total liabilities and shareholders' equity	<u>\$1,154,862</u>	<u>\$ 1,128,893</u>

* Unaudited

** Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(thousands of dollars)	Nine Months Ended	
	Sept. 28, 2008	Sept. 30, 2007
Operating Activities:		
Net income (loss)	\$ 59,550	\$ (80,276)
Income (loss) from discontinued operations	<u>7,973</u>	<u>(37,263)</u>
Income (loss) from continuing operations	51,577	(43,013)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	61,186	65,494
Writedown of impaired assets	--	94,070
Payments relating to restructuring activities	(12,900)	--
Tax benefits related to stock incentive programs	1,671	1,961
Pension settlement loss	5,062	--
Other non-cash items	8,252	(11,901)
Net changes in operating assets and liabilities	<u>(37,267)</u>	<u>19,409</u>
Net cash provided by continuing operations	77,581	126,020
Net cash provided by (used in) discontinued operations	<u>1,632</u>	<u>(5,939)</u>
Net cash provided by operating activities	<u>79,213</u>	<u>120,081</u>
Investing Activities:		
Purchases of property, plant and equipment	(24,247)	(38,053)
Proceeds from sale of short-term investments	520	12,252
Purchases of short-term investments	(8,357)	(9,527)
Other	491	43