

RPM INTERNATIONAL INC/DE/
Form 10-Q
April 06, 2017

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 February 28, 2017,

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)

DELAWARE	02-0642224
(State or other jurisdiction of	(IRS Employer
incorporation or organization)	Identification No.)
P.O. BOX 777;	44258
2628 PEARL ROAD;	(Zip Code)
MEDINA, OHIO	

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(Address of principal executive offices)

(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 April 3, 2017 133,573,447 Shares of RPM International Inc. Common Stock were outstanding.

RPM INTERNATIONAL INC. AND SUBSIDIARIES*

INDEX

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements:</u>	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	4
<u>Consolidated Statements of Comprehensive Income</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	24
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	35
Item 4. <u>Controls and Procedures</u>	35
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 2. <u>Unregistered Sale of Equity Securities and Use of Proceeds</u>	37
Item 6. <u>Exhibits</u>	38
<u>Signatures</u>	39

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

PART I. – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RPM INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)

	February 28, 2017	May 31, 2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 210,796	\$265,152
Trade accounts receivable (less allowances of \$41,357 and \$24,600, respectively)	788,275	963,092
Inventories	856,461	685,818
Prepaid expenses and other current assets	224,347	221,286
Total current assets	2,079,879	2,135,348
Property, Plant and Equipment, at Cost	1,433,413	1,344,830
Allowance for depreciation	(731,279)	(715,377)
Property, plant and equipment, net	702,134	629,453
Other Assets		
Goodwill	1,133,013	1,219,630
Other intangible assets, net of amortization	579,237	575,401
Deferred income taxes	25,872	19,771
Other	212,084	185,366
Total other assets	1,950,206	2,000,168
Total Assets	\$ 4,732,219	\$ 4,764,969
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 417,730	\$500,506
Current portion of long-term debt	383,980	4,713
Accrued compensation and benefits	133,588	183,768
Accrued losses	37,123	35,290
Other accrued liabilities	258,102	277,914
Total current liabilities	1,230,523	1,002,191
Long-Term Liabilities		
Long-term debt, less current maturities	1,597,553	1,635,260
Other long-term liabilities	569,859	702,979
Deferred income taxes	48,557	49,791
Total long-term liabilities	2,215,969	2,388,030
Commitments and contingencies (Note 13)		
Stockholders' Equity		

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Preferred stock, par value \$0.01; authorized 50,000 shares; none issued	-	-
Common stock, par value \$0.01; authorized 300,000 shares; issued 141,220 and outstanding 133,583 as of February 28, 2017; issued 140,195 and outstanding 132,944 as of May 31, 2016	1,336	1,329
Paid-in capital	946,955	921,956
Treasury stock, at cost	(216,366)	(196,274)
Accumulated other comprehensive (loss)	(533,165)	(502,047)
Retained earnings	1,084,462	1,147,371
Total RPM International Inc. stockholders' equity	1,283,222	1,372,335
Noncontrolling Interest	2,505	2,413
Total equity	1,285,727	1,374,748
Total Liabilities and Stockholders' Equity	\$ 4,732,219	\$ 4,764,969

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

RPM INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net Sales	\$ 1,022,496	\$ 988,555	\$ 3,465,329	\$ 3,387,065
Cost of Sales	593,923	575,593	1,963,033	1,947,211
Gross Profit	428,573	412,962	1,502,296	1,439,854
Selling, General and Administrative Expenses	386,032	370,913	1,189,611	1,096,361
Goodwill and Other Intangible Asset Impairments	4,900		193,198	
Interest Expense	23,769	23,140	69,452	68,078
Investment (Income), Net	(3,627)	(2,909)	(9,881)	(8,077)
Other Expense (Income), Net	502	(88)	1,301	(876)
Income Before Income Taxes	16,997	21,906	58,615	284,368
Provision for Income Taxes	4,313	2,613	2,793	80,564
Net Income	12,684	19,293	55,822	203,804
Less: Net Income Attributable to Noncontrolling Interests	756	711	2,051	1,974
Net Income Attributable to RPM International Inc.				
Stockholders	\$ 11,928	\$ 18,582	\$ 53,771	\$ 201,830
Average Number of Shares of Common Stock Outstanding:				
Basic	130,677	129,068	130,657	129,506
Diluted	130,677	129,068	130,657	136,848
Earnings per Share of Common Stock Attributable to				
RPM International Inc. Stockholders:				
Basic	\$0.09	\$ 0.14	\$0.41	\$ 1.53
Diluted	\$0.09	\$ 0.14	\$0.41	\$ 1.50
Cash Dividends Declared per Share of Common Stock	\$0.300	\$ 0.275	\$0.875	\$ 0.810

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

RPM INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Three Months Ended		Nine Months Ended	
	February 28,	February 29,	February 28,	February 29,
	2017	2016	2017	2016
Net Income	\$ 12,684	\$ 19,293	\$ 55,822	\$ 203,804
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments		16,576		