

TREDEGAR CORP  
Form 10-Q  
May 05, 2006

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 March 31, 2006

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 1-10258

Tredegear Corporation

(Exact Name of Registrant as Specified in Its Charter)

Virginia

54-1497771

(State or Other Jurisdiction of  
Incorporation or Organization)

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

1100 Boulders Parkway  
Richmond, Virginia

23225

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (804) 330-1000

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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of Common Stock, no par value, outstanding as of April 26, 2006: 38,793,138.

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

**Tredegar Corporation**  
**Consolidated Balance Sheets**  
(In Thousands)  
(Unaudited)

	<u>March 31,</u> <u>2006</u>	<u>Dec. 31,</u> <u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,138	\$ 23,434
Accounts and notes receivable, net of allowance for doubtful accounts and sales returns of \$4,963 in 2006 and \$5,423 in 2005	152,380	119,330
Income taxes recoverable	7,447	7,163
Inventories	60,514	62,438
Deferred income taxes	10,830	7,778
Prepaid expenses and other	3,753	4,224
	<u>265,062</u>	<u>224,367</u>
Total current assets	265,062	224,367
Property, plant and equipment, at cost	645,604	632,717
Less accumulated depreciation	320,520	309,841
	<u>325,084</u>	<u>322,876</u>
Net property, plant and equipment	325,084	322,876
Other assets and deferred charges	96,400	96,527
Goodwill and other intangibles	138,065	137,988
	<u>824,611</u>	<u>781,758</u>
Total assets	\$ 824,611	\$ 781,758
<b>Liabilities and Shareholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 83,311	\$ 61,731
Accrued expenses	37,983	36,031
Current portion of long-term debt	3,795	
	<u>125,089</u>	<u>97,762</u>
Total current liabilities	125,089	97,762
Long-term debt	112,607	113,050
Deferred income taxes	82,228	74,287
Other noncurrent liabilities	11,135	11,297
	<u>331,059</u>	<u>296,396</u>
Total liabilities	331,059	296,396
Commitments and contingencies (Notes 1 and 2)		
Shareholders' equity:		
Common stock, no par value	110,503	110,706
Common stock held in trust for savings restoration plan	(1,286)	(1,284)
Unearned compensation on restricted stock		(966)
Unrealized gain on available-for-sale securities		23
Foreign currency translation adjustment	14,804	14,114

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Gain on derivative financial instruments	873	776
Minimum pension liability	(2,434)	(2,434)
Retained earnings	371,092	364,427
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Total shareholders' equity	493,552	485,362
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 824,611	\$ 781,758
	<hr/>	<hr/>

See accompanying notes to financial statements.

**Tredegar Corporation**  
**Consolidated Statements of Income**  
(In Thousands, Except Per Share Data)  
(Unaudited)

	<b>Three Months Ended March 31</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenues and other items:</b>		
Sales	\$ 267,964	\$ 232,757
Other income (expense), net	12	2,560
	267,976	235,317
<b>Costs and expenses:</b>		
Cost of goods sold	226,638	198,352
Freight	6,474	5,943
Selling, general and administrative	16,252	17,064
Research and development	1,849	2,800
Amortization of intangibles	37	106
Interest expense	1,432	963
Asset impairments and costs associated with exit and disposal activities	1,692	867
	254,374	226,095
Income before income taxes	13,602	9,222
Income taxes	5,387	3,672
	\$ 8,215	\$ 5,550
<b>Earnings per share:</b>		
Basic	\$ .21	\$ .14
Diluted	.21	.14
<b>Shares used to compute earnings per share:</b>		
Basic	38,602	38,440
Diluted	38,664	38,636
<b>Dividends per share</b>	\$ .04	\$ .04

See accompanying notes to financial statements.

**Tredegear Corporation**  
**Consolidated Statements of Cash Flows**  
(In Thousands)  
(Unaudited)

	<b>Three Months Ended March 31</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 8,215	\$ 5,550
Adjustments for noncash items:		
Depreciation	10,713	9,185
Amortization of intangibles	37	106
Deferred income taxes	4,478	1,730
Accrued pension and postretirement benefits	828	(618)
Gain on sale of assets	(56)	(1,815)
Loss on asset impairments and divestitures	1,150	100
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivable	(32,633)	(9,044)
Inventories	2,226	1,028
Income taxes recoverable	(284)	
Prepaid expenses and other	482	358
Accounts payable	21,265	(1,947)
Accrued expenses and income taxes payable	1,714	(2,030)
Other, net	(681)	1,882
	17,454	4,485
<b>Cash flows from investing activities:</b>		
Capital expenditures	(13,074)	(17,952)
Proceeds from the sale of assets and property disposals	56	2,120
Other, net	(158)	222
	(13,176)	(15,610)
<b>Cash flows from financing activities:</b>		
Dividends paid	(1,552)	(1,553)
Debt principal payments	(648)	(10,035)
Borrowings	4,000	24,500
Book overdrafts		1,448
Proceeds from exercise of stock options	461	192
	2,261	14,552
<b>Effect of exchange rate changes on cash</b>	165	(849)
<b>Increase in cash and cash equivalents</b>	6,704	2,578
<b>Cash and cash equivalents at beginning of period</b>	23,434	22,994
<b>Cash and cash equivalents at end of period</b>	\$ 30,138	\$ 25,572

See accompanying notes to financial statements.



**Tredegar Corporation**  
**Consolidated Statement of Shareholders' Equity**  
**(In Thousands, Except Per Share Data)**  
**(Unaudited)**