

GRAFTECH INTERNATIONAL LTD

Form 10-Q

April 25, 2013

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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, 2013

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: 1-13888

GRAFTECH INTERNATIONAL LTD.
(Exact name of registrant as specified in its charter)

Delaware 27-2496053
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

12900 Snow Road 44130
Parma, OH (Zip code)

(Address of principal executive offices)
Registrant's telephone number, including area code: (216) 676-2000

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.

Large Accelerated Filer Accelerated Filer

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Non-Accelerated Filer

Smaller Reporting Company

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

As of April 15, 2013, 134,868,616 shares of common stock, par value \$.01 per share, were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

(Unaudited)

	As of December 31, 2012	As of March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$17,317	\$11,304
Accounts and notes receivable, net of allowance for doubtful accounts of \$7,573 as of December 31, 2012 and \$6,336 as of March 31, 2013	236,429	188,761
Inventories	513,065	538,222
Prepaid expenses and other current assets	56,190	58,087
Total current assets	823,001	796,374
Property, plant and equipment	1,532,359	1,537,488
Less: accumulated depreciation	698,452	705,785
Net property, plant and equipment	833,907	831,703
Deferred income taxes	6,157	5,876
Goodwill	498,261	497,681
Other assets	136,589	130,513
Total assets	\$2,297,915	\$2,262,147
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$128,120	\$94,437
Short-term debt	8,426	2,102
Accrued income and other taxes	30,923	28,682
Supply chain financing liability	26,962	12,659
Other accrued liabilities	50,953	58,784
Total current liabilities	245,384	196,664
Long-term debt	535,709	551,886
Other long-term obligations	125,005	121,587
Deferred income taxes	41,966	38,301
Contingencies – Note 12		
Stockholders' equity:		
Preferred stock, par value \$.01, 10,000,000 shares authorized, none issued	—	—
Common stock, par value \$.01, 225,000,000 shares authorized, 150,869,227 shares issued as of December 31, 2012 and 151,356,901 shares issued as of March 31, 2013	1,509	1,516
Additional paid-in capital	1,812,592	1,816,133
Accumulated other comprehensive loss	(280,678)	(284,454)
Retained earnings	66,884	71,094
Less: cost of common stock held in treasury, 16,418,710 shares as of December 31, 2012 and 16,503,525 shares as of March 31, 2013	(249,487)	(249,656)
Less: common stock held in employee benefit and compensation trusts, 76,095 shares as of December 31, 2012 and 73,522 shares as of March 31, 2013	(969)	(924)

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Total stockholders' equity	1,349,851	1,353,709
Total liabilities and stockholders' equity	\$2,297,915	\$2,262,147
See accompanying Notes to Consolidated Financial Statements		

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 (Dollars in thousands, except per share amounts)
 (Unaudited)

	For the Three Months Ended March 31,	
	2012	2013
CONSOLIDATED STATEMENTS OF INCOME		
Net sales	\$240,938	\$253,727
Cost of sales	174,007	205,177
Gross profit	66,931	48,550
Research and development	4,199	3,093
Selling and administrative expenses	38,725	29,713
Operating income	24,007	15,744
Other (income) expense, net	(3,423) 550
Interest expense	4,762	9,008
Interest income	(81) (64
Income before provision for income taxes	22,749	6,250
Provision for income taxes	5,220	2,040
Net income	\$17,529	\$4,210
Basic income per common share:		
Net income per share	\$0.12	\$0.03
Weighted average common shares outstanding		