

SENSIENT TECHNOLOGIES CORP
Form 10-Q
May 07, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2018

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 7626

SENSIENT TECHNOLOGIES CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin 39 0561070
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202-5304
(Address of principal executive offices)

Registrant's telephone number, including area code: (414) 271 6755

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 at least 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | |
|---------------------------|-------------------------|---|
| Large accelerated filer | Accelerated filer | Non-accelerated filer (Do not check if a smaller reporting company) |
| Smaller reporting company | Emerging growth company | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 30, 2018 |
|--|-------------------------------|
| Common Stock, par value \$0.10 per share | 42,336,473 |

SENSIENT TECHNOLOGIES CORPORATION
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SENSIENT TECHNOLOGIES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

(In thousands except per share amounts)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2018 | 2017 |
| Revenue | \$356,477 | \$341,397 |
| Cost of products sold | 233,406 | 220,452 |
| Selling and administrative expenses | 67,390 | 96,908 |
| Operating income | 55,681 | 24,037 |
| Interest expense | 5,555 | 4,811 |
| Earnings before income taxes | 50,126 | 19,226 |
| Income taxes | 11,932 | 6,034 |
| Net earnings | \$38,194 | \$13,192 |
| Weighted average number of shares outstanding: | | |
| Basic | 42,879 | 44,202 |
| Diluted | 43,034 | 44,479 |
| Earnings per common share: | | |
| Basic | \$0.89 | \$0.30 |
| Diluted | \$0.89 | \$0.30 |
| Dividends declared per common share | \$0.33 | \$0.30 |

See accompanying notes to consolidated condensed financial statements.

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SENSIENT TECHNOLOGIES CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

Three Months
Ended March 31,

2018 2017

Comprehensive Income \$62,058 \$37,271

See accompanying notes to consolidated condensed financial statements.

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CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)

| <u>ASSETS</u> | March, 31 2018 (Unaudited) | December 31, 2017 |
|---|----------------------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 30,420 | \$ 29,344 |
| Trade accounts receivable, net | 216,480 | 195,439 |
| Inventories | 467,996 | 463,517 |
| Prepaid expenses and other current assets | 45,023 | 43,206 |
| Assets held for sale | 2,022 | 1,969 |
| TOTAL CURRENT ASSETS | 761,941 | 733,475 |
| OTHER ASSETS | 67,432 | 68,251 |
| DEFERRED TAX ASSETS | 10,980 | 7,885 |
| INTANGIBLE ASSETS, NET | 7,680 | 7,211 |
| GOODWILL | 425,321 | 408,995 |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Land | 35,925 | 35,198 |
| Buildings | 323,001 | 317,464 |
| Machinery and equipment | 709,085 | 687,896 |
| Construction in progress | 35,966 | 40,833 |
| | 1,103,977 | 1,081,391 |
| Less accumulated depreciation | (601,943) | (582,868) |
| | 502,034 | 498,523 |
| TOTAL ASSETS | \$ 1,775,388 | \$ 1,724,340 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES: | | |
| Trade accounts payable | \$ 96,136 | \$ 109,780 |
| Accrued salaries, wages and withholdings from employees | 21,586 | 23,613 |
| Other accrued expenses | 50,230 | 51,764 |
| Income taxes | 15,049 | 11,036 |
| Short-term borrowings | 20,237 | 20,130 |
| TOTAL CURRENT LIABILITIES | 203,238 | 216,323 |
| DEFERRED TAX LIABILITIES | 17,722 | 18,724 |
| OTHER LIABILITIES | 13,686 | 13,539 |
| ACCRUED EMPLOYEE AND RETIREE BENEFITS | 22,021 | 19,294 |
| LONG TERM DEBT | 691,265 | 604,159 |
| SHAREHOLDERS' EQUITY: | | |

| | | |
|-----------------|-------|-------|
| Common stock | 5,396 | 5,396 |
| Additional paid | | |