

OLIN CORP
Form 10-Q
May 03, 2017
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, 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 number 1-1070

Olin Corporation
(Exact name of registrant as specified in its charter)

Virginia 13-1872319
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
190 Carondelet Plaza, Suite 1530, Clayton, MO 63105
(Address of principal executive offices) (Zip Code)

(314) 480-1400
(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 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 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, 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

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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

As of March 31, 2017, 165,890,561 shares of the registrant's common stock were outstanding.

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Part I — Financial Information

Item 1. Financial Statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Balance Sheets

(In millions, except per share data)

(Unaudited)

	March 31, 2017	December 31, 2016	March 31, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$168.5	\$ 184.5	\$315.6
Receivables, net	774.5	675.0	813.2
Income taxes receivable	25.5	25.5	36.3
Inventories	656.3	630.4	679.5
Other current assets	44.9	30.8	32.8
Total current assets	1,669.7	1,546.2	1,877.4
Property, plant and equipment (less accumulated depreciation of \$2,001.1, \$1,891.6 and \$1,587.9)	3,659.2	3,704.9	3,859.0
Deferred income taxes	112.7	119.5	107.4
Other assets	637.2	644.4	463.8
Intangible assets, net	615.4	629.6	663.2
Goodwill	2,119.0	2,118.0	2,146.1
Total assets	\$8,813.2	\$ 8,762.6	\$9,116.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current installments of long-term debt	\$81.8	\$ 80.5	\$205.1
Accounts payable	637.3	570.8	478.1
Income taxes payable	8.1	7.5	14.1
Accrued liabilities	258.2	263.8	352.3
Total current liabilities	985.4	922.6	1,049.6
Long-term debt	3,530.8	3,537.1	3,627.9
Accrued pension liability	627.5	638.1	635.2
Deferred income taxes	1,033.0	1,032.5	1,091.0
Other liabilities	364.9	359.3	340.4
Total liabilities	6,541.6	6,489.6	6,744.1
Commitments and contingencies			
Shareholders' equity:			
Common stock, par value \$1 per share: authorized, 240.0 shares; issued and outstanding, 165.9, 165.4 and 165.2 shares	165.9	165.4	165.2
Additional paid-in capital	2,253.7	2,243.8	2,238.9
Accumulated other comprehensive loss	(502.1)	(510.0)	(470.2)
Retained earnings	354.1	373.8	438.9
Total shareholders' equity	2,271.6	2,273.0	2,372.8
Total liabilities and shareholders' equity	\$8,813.2	\$ 8,762.6	\$9,116.9

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Operations

(In millions, except per share data)

(Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Sales	\$1,567.1	\$1,348.2
Operating expenses:		
Cost of goods sold	1,393.7	1,175.4
Selling and administration	88.2	88.1
Restructuring charges	8.2	92.8
Acquisition-related costs	7.0	10.2
Other operating (expense) income	(0.4) 10.9
Operating income (loss)	69.6	(7.4)
Earnings of non-consolidated affiliates	0.5	0.2
Interest expense	52.4	48.5
Interest income	0.2	0.3
Income (loss) before taxes	17.9	(55.4)
Income tax provision (benefit)	4.5	(17.5)
Net income (loss)	\$13.4	\$(37.9)
Net income (loss) per common share:		
Basic	\$0.08	\$(0.23)
Diluted	\$0.08	\$(0.23)
Dividends per common share	\$0.20	\$0.20
Average common shares outstanding:		
Basic	165.6	165.1
Diluted	167.9	165.1

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Comprehensive Income (Loss)

(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Net income (loss)	\$13.4	\$(37.9)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments, net	6.0	15.5
Unrealized (losses) gains on derivative contracts, net	(2.0)	3.0
Amortization of prior service costs and actuarial losses, net	3.9	3.8
Total other comprehensive income, net of tax	7.9	22.3
Comprehensive income (loss)	\$21.3	\$(15.6)

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Shareholders' Equity

(In millions, except per share data)

(Unaudited)

	Common Stock Shares Issued	Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
Balance at January 1, 2016	165.1	\$165.1	\$2,236.4	\$ (492.5)	\$ 509.8	\$ 2,418.8
Net loss	—	—	—	—	(37.9)	(37.9)
Other comprehensive income	—	—	—	22.3	—	22.3
Dividends paid:						
Common stock (\$0.20 per share)	—	—	—	—	(33.0)	(33.0)
Common stock issued for:						
Other transactions	0.1	0.1	0.9	—	—	1.0
Stock-based compensation	—	—	1.6	—	—	1.6
Balance at March 31, 2016	165.2	\$165.2	\$2,238.9	\$ (470.2)	\$ 438.9	\$ 2,372.8
Balance at January 1, 2017	165.4	\$165.4	\$2,243.8	\$ (510.0)	\$ 373.8	\$ 2,273.0
Net income	—	—	—	—	13.4	13.4
Other comprehensive income	—	—	—	7.9	—	7.9
Dividends paid:						