

ROGERS CORP
Form 10-Q
May 01, 2019

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 March 31, 2019

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 1-4347

ROGERS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Massachusetts

06-0513860

(State or Other Jurisdiction of

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

Incorporation or Organization)

2225 W. Chandler Blvd., Chandler, Arizona 85224-6155

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (480) 917-6000

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 every Interactive Data File required to be submitted 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 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

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 Act). Yes No

The number of shares outstanding of the registrant's capital stock as of April 26, 2019 was 18,546,854.

ROGERS CORPORATION
FORM 10-Q

March 31, 2019

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Refer to “Forward-Looking Statements” in Item 2, Management’s Discussion and Analysis of Results of Operations and Financial Position for additional information.

Part I – Financial Information

Item 1. Financial Statements

ROGERS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars and shares in thousands, except per share amounts)

	Three Months Ended	
	March 31,	March 31,
	2019	2018
Net sales	\$239,798	\$214,611
Cost of sales	154,404	138,005
Gross margin	85,394	76,606
Selling, general and administrative expenses	43,252	40,597
Research and development expenses	7,609	8,134
Restructuring and impairment charges	822	422
Other operating (income) expense, net	911	(3,591)
Operating income	32,800	31,044
Equity income in unconsolidated joint ventures	837	1,007
Other income (expense), net	1,404	66
Interest expense, net	(1,938)	(1,210)
Income before income tax expense	33,103	30,907
Income tax expense	4,704	4,771
Net income	\$28,399	\$26,136
Basic earnings per share	\$1.53	\$1.43
Diluted earnings per share	\$1.52	\$1.40
Shares used in computing:		
Basic earnings per share	18,557	18,288
Diluted earnings per share	18,692	18,610

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

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ROGERS CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (Unaudited)
 (Dollars in thousands)

	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income	\$28,399	\$26,136
Foreign currency translation adjustment	(4,257)	7,000
Derivative instrument designated as cash flow hedge:		
Change in unrealized gain (loss) before reclassifications, net of tax (Note 4)	(394)	805
Unrealized (gain) loss reclassified into earnings, net of tax (Note 4)	(94)	(27)
Pension and other postretirement benefits:		
Amortization of loss, net of tax (Note 4)	156	43
Other comprehensive income (loss)	(4,589)	7,821
Comprehensive income	\$23,810	\$33,957

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

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ROGERS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Dollars and shares in thousands, except par value)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 162,074	\$ 167,738
Accounts receivable, less allowance for doubtful accounts of \$1,184 and \$1,354	160,696	144,623
Contract assets	27,315	22,728
Inventories	133,242	132,637
Prepaid income taxes	3,190	3,093
Asbestos-related insurance receivables, current portion	4,138	4,138
Other current assets	13,255	10,829
Total current assets	503,910	485,786
Property, plant and equipment, net of accumulated depreciation of \$323,623 and \$317,414	244,911	242,759
Investments in unconsolidated joint ventures	15,799	18,667
Deferred income taxes	11,316	8,236
Goodwill	263,251	264,885
Other intangible assets, net of amortization	172,234	177,008
Pension assets	19,596	19,273
Asbestos-related insurance receivables, non-current portion	59,685	59,685
Other long-term assets	8,692	3,045
Total assets	\$ 1,299,394	\$ 1,279,344
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 43,481	\$ 40,321
Accrued employee benefits and compensation	26,984	30,491
Accrued income taxes payable	8,720	7,032
Asbestos-related liabilities, current portion	5,547	5,547
Other accrued liabilities	23,633	23,789
Total current liabilities	108,365	107,180
Borrowings under revolving credit facility	223,482	228,482
Pension and other postretirement benefits liabilities	1,739	1,739