

AXIALL CORP/DE/
Form 10-Q
November 08, 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 September 30, 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 1-9753

AXIALL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

115 Perimeter Center Place, Suite 460, Atlanta, Georgia

(Address of principal executive offices)

58-1563799

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

30346

(Zip Code)

(770) 395-4500

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

Large accelerated filer

Accelerated filer

Smaller reporting company

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Non-accelerated filer o
(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o 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 as of November 4, 2013
Common Stock, \$0.01 par value	69,883,188

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<i>(In millions, except share data)</i>	September 30, 2013	December 31, 2012
Assets:		
Cash and cash equivalents	\$ 79.9	\$ 200.3
Receivables, net of allowance for doubtful accounts of \$5.6 million and \$4.5 million at September 30, 2013 and December 31, 2012, respectively.	637.1	314.9
Inventories	414.8	288.4
Prepaid expenses and other	65.6	14.7
Deferred income taxes	10.4	21.1
Total current assets	1,207.8	839.4
Property, plant and equipment, net	1,649.3	637.7
Goodwill	1,720.0	217.2
Intangible assets, net	1,139.6	43.4
Other assets, net	76.4	63.6
Total assets	\$ 5,793.1	\$ 1,801.3
Liabilities and Equity:		
Current portion of long-term debt	\$ 2.8	\$ -
Accounts payable	332.0	211.2
Interest payable	12.8	18.9
Income taxes payable	3.8	15.1
Accrued compensation	47.5	44.7
Other accrued current liabilities	128.7	61.2
Total current liabilities	527.6	351.1
Long-term debt, excluding the current portion of long-term debt	1,330.5	448.1
Lease financing obligation	108.3	112.3
Deferred income taxes	743.9	177.9
Pensions and other postretirement benefits	331.5	48.3
Other non-current liabilities	171.1	60.1
Total liabilities	3,212.9	1,197.8
Commitments and contingencies		
Equity:		
Preferred stock \$0.01 par value; 75,000,000 shares authorized; no shares issued	-	-
Common stock \$0.01 par value; shares authorized: 200,000,000 and 100,000,000 at September 30, 2013 and December 31, 2012, respectively; issued and outstanding: 69,883,188 and 34,546,767 at September 30, 2013 and December 31, 2012, respectively.	0.7	0.3
Additional paid-in capital	2,269.5	487.1

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Retained earnings	223.6	138.0
Accumulated other comprehensive loss, net of tax	(32.2)	(21.9)
Total Axiall stockholders' equity	2,461.6	603.5
Noncontrolling interest	118.6	-
Total equity	2,580.2	603.5
Total liabilities and equity	\$ 5,793.1	\$ 1,801.3

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

<i>(In millions, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$ 1,197.5	\$ 813.5	\$ 3,531.5	\$ 2,541.1
Operating costs and expenses:				
Cost of sales	984.9	673.2	2,925.6	2,210.5
Selling, general and administrative expenses	93.9	53.5	269.9	153.0
Long-lived asset impairment charges (recoveries), net	25.8	-	28.4	(0.8)
Transaction related costs and other, net	14.8	14.8	33.7	27.2
Gain on sale of assets, net	-	(1.9)	-	(19.3)
Total operating costs and expenses	1,119.4	739.6	3,257.6	2,370.6
Operating income	78.1	73.9	273.9	170.5
Interest expense, net	(19.7)	(14.7)	(57.4)	(43.6)
Foreign exchange loss	(0.4)	(0.2)	-	(0.6)
Loss on redemption and other debt costs	-	-	(78.5)	-
Gain on acquisition of controlling interest	-	-	23.5	-
Income before income taxes	58.0	59.0	161.5	126.3
Provision for income taxes	18.7	19.7	51.3	38.1
Consolidated net income	39.3	39.3	110.2	88.2
Less net income attributable to noncontrolling interest	0.3	-	1.9	-
Net income attributable to Axiall	\$ 39.0	\$ 39.3	\$ 108.3	\$ 88.2
Earnings per share attributable to Axiall:				
Basic	\$ 0.56	\$ 1.13	\$ 1.63	\$ 2.54
Diluted	\$ 0.55	\$ 1.12	\$ 1.62	\$ 2.53
Weighted average common shares outstanding:				
Basic	69.9	34.5	66.4	34.4
Diluted	70.4	34.9	66.8	34.6
Dividends per common share	\$ 0.16	\$ 0.08	\$ 0.32	\$ 0.16

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Consolidated net income	\$ 39.3	\$ 39.3	\$ 110.2	\$ 88.2
Less net income attributable to noncontrolling interest	0.3	-	1.9	-
Net income attributable to Axiall	39.0	39.3	108.3	88.2
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	10.2	14.6	(16.4)	12.8
Unrealized gain (loss) on derivatives	(0.3)	-	(1.1)	0.7
Pension liability adjustment	0.5	0.4	1.6	1.3
Other comprehensive income (loss), before income taxes	10.4	15.0	(15.9)	14.8
Expense (benefit) from income taxes related to other comprehensive income items	3.0	7.0	(5.6)	6.8
Other comprehensive income (loss), net of tax	7.4	8.0	(10.3)	8.0
Comprehensive income, net of income taxes	46.7	47.3	99.9	96.2
Less comprehensive income attributable to noncontrolling interest	0.3		1.9	
Comprehensive income attributable to Axiall	\$ 46.4	\$ 47.3	\$ 98.0	\$ 96.2

See accompanying notes to unaudited condensed consolidated financial statements.

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AXIALL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

**Nine Months Ended September 30,
2013**

(In millions)