

USG CORP
Form 10-Q
July 25, 2018
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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 June 30, 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 1-8864

USG CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 36-3329400

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

550 West Adams Street, Chicago, Illinois 60661-3676

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (312) 436-4000

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, 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

The number of shares of the registrant's common stock outstanding as of June 30, 2018 was 139,493,175.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

USG CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(millions, except per-share and share data)	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2018	2017	2018	2017
Net sales	\$880	\$ 811	\$1,666	\$ 1,578
Cost of products sold	696	643	1,343	1,251
Gross profit	184	168	323	327
Selling and administrative expenses	109	73	202	148
Operating profit	75	95	121	179
Income from equity method investments	12	14	21	27
Interest expense	(15)	(19)	(29)	(39)
Interest income	2	—	3	1
Loss on extinguishment of debt	—	(22)	—	(22)
Other (expense) income, net	(3)	(2)	—	4
Income from continuing operations before income taxes	71	66	116	150
Income tax expense	(13)	(20)	(22)	(49)
Income from continuing operations	58	46	94	101
Income (loss) from discontinued operations, net of tax	—	(10)	1	(10)
Net income	\$58	\$ 36	\$95	\$ 91
Earnings per average common share - basic:				
Income from continuing operations	\$0.41	\$ 0.32	\$0.66	\$ 0.69
Income (loss) from discontinued operations	—	(0.07)	0.01	(0.07)
Net income	\$0.41	\$ 0.25	\$0.67	\$ 0.62
Earnings per average common share - diluted:				
Income from continuing operations	\$0.41	\$ 0.31	\$0.65	\$ 0.68
Income (loss) from discontinued operations	—	(0.07)	0.01	(0.07)
Net income	\$0.41	\$ 0.24	\$0.66	\$ 0.61
Average common shares	139,617,187	145,526,900	140,540,426	145,753,098
Dilutive awards under long-term incentive plan	1,262,046			