

MINERALS TECHNOLOGIES INC
Form 10-Q
August 01, 2007

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 July 1, 2007

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-3295

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MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

25-1190717

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

405 Lexington Avenue, New York, New York 10174-0002

(Address of principal executive offices, including zip code)

(212) 878-1800

(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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 [X]

Accelerated filer []

Non-accelerated filer
[]

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 July 23, 2007
Common Stock, \$0.10 par value	19,275,894

MINERALS TECHNOLOGIES INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

(in thousands, except per share data)	<u>Three months Ended</u>		<u>Six Months Ended</u>	
	<u>July 1, 2007</u>	<u>July 2, 2006</u>	<u>July 1, 2007</u>	<u>July 2, 2006</u>
Net sales	\$ 279,475	\$ 266,356	\$ 553,016	\$ 531,058
Cost of goods sold	<u>220,837</u>	<u>210,303</u>	<u>439,463</u>	<u>421,276</u>
Production margin	58,638	56,053	113,553	109,782
Marketing and administrative expenses	27,010	27,234	54,353	54,902

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Research and development expenses	<u>7,365</u>	<u>7,861</u>	<u>15,053</u>	<u>15,080</u>
Income from operations	24,263	20,958	44,147	39,800
Non-operating income (deductions), net	<u>1,750</u>	<u>1,597</u>	<u>4,346</u>	<u>886</u>
Income before provision for taxes				
on income and minority interests	22,513	19,361	39,801	38,914
Provision for taxes on income	7,316	5,867	12,935	11,788
Minority interests	<u>823</u>	<u>873</u>	<u>1,671</u>	<u>1,774</u>
Income from continuing operations	14,374	12,621	25,195	25,352
Income (loss) from discontinued operations, net of tax	<u> --</u>	<u> (51)</u>	<u> --</u>	<u> 30</u>
Net income	<u>\$ 14,374</u>	<u>\$ 12,570</u>	<u>\$ 25,195</u>	<u>\$ 25,382</u>

Earnings per share:

Basic:

Income from continuing operations	\$ 0.75	\$ 0.64	\$ 1.32	\$ 1.28
Income from discontinued operations	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Basic earnings per share	<u>\$ 0.75</u>	<u>\$ 0.64</u>	<u>\$ 1.32</u>	<u>\$ 1.28</u>

Diluted:

Income from continuing operations	\$ 0.74	\$ 0.63	\$ 1.30	\$ 1.27
Income from discontinued operations	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Diluted earnings per share	<u>\$ 0.74</u>	<u>\$ 0.63</u>	<u>\$ 1.30</u>	<u>\$ 1.27</u>

Cash dividends declared per common share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
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Shares used in computation of earnings per share:

Basic	19,202	19,836	19,133	19,892
Diluted	19,457	19,994	19,358	20,039

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

		July 1,	December
		2007*	31,
(thousands of dollars)			2006**

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Current assets:		
Cash and cash equivalents	\$ 86,064	\$ 67,929
Short-term investments, at cost which approximates market	9,866	8,380
Accounts receivables, net	196,884	188,784
Inventories	125,794	129,894
Prepaid expenses and other current assets	<u>19,096</u>	<u>16,775</u>
Total current assets	437,704	411,762
Property, plant and equipment, less accumulated depreciation and depletion - July 1, 2007 - \$875,131; December 31, 2006 - \$826,125	644,414	652,797
Goodwill	72,811	68,977
Prepaid pension costs	35,455	25,717
Other assets and deferred charges	<u>38,994</u>	<u>33,871</u>
Total assets	<u>\$ 1,229,378</u>	<u>\$ 1,193,124</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt	\$ 52,443	\$ 87,644
Current maturities of long-term debt	8,458	2,063
Accounts payable	59,397	60,963
Other current liabilities	<u>56,683</u>	<u>61,393</u>
Total current liabilities	176,981	212,063
Long-term debt	112,201	113,351
Other non-current liabilities	<u>135,638</u>	<u>115,153</u>
Total liabilities	<u>424,820</u>	<u>440,567</u>
Shareholders' equity:		
Common stock	2,841	2,810
Additional paid-in capital	285,950	269,101
Retained earnings	892,736	867,512
Accumulated other comprehensive income (loss)	<u>(4,060)</u>	<u>(21,248)</u>
	1,177,467	1,118,175
Less treasury stock	<u>(372,909)</u>	<u>(365,618)</u>
Total shareholders' equity	<u>804,558</u>	<u>752,557</u>
Total liabilities and shareholders' equity	<u>\$ 1,229,378</u>	<u>\$ 1,193,124</u>

* Unaudited

** Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(thousands of dollars)	Six Months Ended	
	July 1, 2007	July 2, 2006
Operating Activities:		
Net income	\$ 25,195	\$ 25,382
Income from discontinued operations	--	30
Income from continuing operations	25,195	25,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	45,180	41,067
Tax benefits related to stock incentive programs	1,830	363
Other non-cash items	4,278	5,401
Net changes in operating activities	(4,188)	(2,259)
Net cash provided by continuing operations	72,295	69,924
Net cash provided by discontinued operations	--	513
Net cash provided by operating activities	72,295	70,437
Investing Activities:		
Purchases of property, plant and equipment	(26,774)	(51,800)
Proceeds from sale of short-term investments	8,527	2,350
Purchases of short-term investments	(9,840)	(8,135)
Proceeds from settlement of insurance claim	--	2,398
Other	--	330
Net cash used in investing activities	(28,087)	(54,857)
Financing Activities:		
Proceeds from issuance of long-term debt	7,741	--
Repayment of long-term debt	(2,509)	(2,329)
Net proceeds/(repayment) of short-term debt	(35,450)	(302)
Purchase of common shares for treasury	(7,291)	(19,796)
Proceeds from issuance of stock under option plan	11,922	2,180
Excess tax benefits related to stock incentive programs	560	144
Cash dividends paid	(1,914)	(1,986)
Indemnification proceeds from former parent company	--	4,500
Net cash used in financing activities	(26,941)	(17,589)