

CABOT CORP
Form 10-Q
August 06, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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 1-5667

Cabot Corporation

(Exact name of registrant as specified in its charter)

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Delaware
(State of Incorporation)

04-2271897
(I.R.S. Employer Identification No.)

Two Seaport Lane

Boston, Massachusetts
(Address of principal executive offices)

02210-2019
(Zip Code)

Registrant's telephone number, including area code: (617) 345-0100

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, a non-accelerated filer, or a smaller reporting company. See definitions 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 Non-accelerated filer (Do not check if a smaller reporting company)
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 No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

As of July 30, 2012 the Company had 63,294,813 shares of Common Stock, par value \$1 per share, outstanding.

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CABOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(In millions, except per share amounts)			
Net sales and other operating revenues	\$ 846	\$ 836	\$ 2,452	\$ 2,269
Cost of sales	671	684	1,961	1,852
Gross profit	175	152	491	417
Selling and administrative expenses	68	61	199	186
Research and technical expenses	17	16	54	49
Income from operations	90	75	238	182
Interest and dividend income	1	1	3	2
Interest expense	(11)	(9)	(30)	(29)
Other (expense) income	(2)	(5)	(2)	1
Income from continuing operations before income taxes and equity in net earnings of affiliated companies	78	62	209	156
Provision for income taxes	(16)	(10)	(55)	(4)
Equity in net earnings of affiliated companies	4	2	8	6
Income from continuing operations	66	54	162	158
Income from discontinued operations, net of tax	4	13	204	45
Net income	70	67	366	203
Net income attributable to noncontrolling interests, net of tax	4	7	14	17
Net income attributable to Cabot Corporation	\$ 66	\$ 60	\$ 352	\$ 186
Weighted-average common shares outstanding, in millions:				
Basic	63.4	64.7	63.3	64.6
Diluted	64.3	65.6	64.2	65.4
Income per common share:				
Basic:				
Income from continuing operations attributable to Cabot Corporation	\$ 0.97	\$ 0.74	\$ 2.32	\$ 2.16
Income from discontinued operations	0.07	0.19	3.18	0.68
Net income attributable to Cabot Corporation	\$ 1.04	\$ 0.93	\$ 5.50	\$ 2.84

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Diluted:

Income from continuing operations attributable to Cabot Corporation	\$ 0.96	\$ 0.73	\$ 2.29	\$ 2.13
Income from discontinued operations	0.06	0.19	3.14	0.68
Net income attributable to Cabot Corporation	\$ 1.02	\$ 0.92	\$ 5.43	\$ 2.81
Dividends per common share	\$ 0.20	\$ 0.18	\$ 0.56	\$ 0.54

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

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CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

UNAUDITED

	June 30, 2012	September 30, 2011
	(In millions)	
Current assets:		
Cash and cash equivalents	\$ 407	\$ 286
Accounts and notes receivable, net of reserve for doubtful accounts of \$4 and \$4	710	659
Inventories:		
Raw materials	113	120
Work in process	3	3
Finished goods	255	233
Other	40	37
Total inventories	411	393
Prepaid expenses and other current assets	64	76
Deferred income taxes	25	35
Current assets held for sale		106
Total current assets	1,617	1,555
Property, plant and equipment, net	1,073	1,036
Goodwill	40	40
Equity affiliates	69	60
Assets held for rent	47	46
Notes receivable from sale of business	243	
Deferred income taxes	187	261
Other assets	93	104
Noncurrent assets held for sale		39
Total assets	\$ 3,369	\$ 3,141

The accompanying notes are an integral part of these financial statements.

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CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS EQUITY
UNAUDITED

	June 30, 2012	September 30, 2011
	(In millions, except share amounts)	
Current liabilities:		
Notes payable to banks	\$ 102	\$ 86
Accounts payable and accrued liabilities	440	461
Income taxes payable	43	34
Deferred income taxes	7	6
Current portion of long-term debt	38	57
Current liabilities held for sale		12
Total current liabilities	630	656
Long-term debt	559	556
Deferred income taxes	10	8
Other liabilities	280	299
Noncurrent liabilities held for sale		6
Commitments and contingencies (Note F)		
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Issued and Outstanding : None and none		
Common stock:		
Authorized: 200,000,000 shares of \$1 par value		
Issued: 63,538,821 and 63,894,443 shares		
Outstanding: 63,284,702 and 63,860,777 shares	64	64
Less cost of 254,119 and 33,666 shares of common treasury stock	(8)	(1)
Additional paid-in capital	16	18
Retained earnings	1,630	1,314
Deferred employee benefits	(10)	(14)
Accumulated other comprehensive income	71	106
Total Cabot Corporation stockholders' equity	1,763	1,487
Noncontrolling interests	127	129
Total stockholders' equity	1,890	