

FMC CORP
Form 10-Q
November 06, 2007
Table of Contents

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 September 30, 2007

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 1-2376

FMC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-0479804
(I.R.S. Employer
Identification No.)

1735 Market Street
Philadelphia, Pennsylvania

19103

Edgar Filing: FMC CORP - Form 10-Q

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 215/299-6000

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 IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, OR A NON-ACCELERATED FILER (AS DEFINED IN RULE 12b-2 OF THE ACT.) (CHECK ONE)

LARGE ACCELERATED FILER 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 September 30, 2007
Common Stock, par value \$0.10 per share	75,611,338

Table of Contents

FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES

INDEX

	Page No.
<u>Part I FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Statements of Operations Three and Nine Months Ended September 30, 2007 and 2006 (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets September 30, 2007 and December 31, 2006 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows Nine-Months Ended September 30, 2007 and 2006 (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	34
Item 4. <u>Controls and Procedures</u>	34
<u>Part II OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
Item 6. <u>Exhibits</u>	36
SIGNATURES	39

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS
FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in Millions, Except Per Share Data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007 (unaudited)	2006 (unaudited)	2007 (unaudited)	2006 (unaudited)
Revenue	\$ 626.6	\$ 572.2	\$ 1,958.6	\$ 1,758.6
Costs and Expenses				
Costs of sales and services	440.2	412.6	1,351.4	1,220.9
Selling, general and administrative expenses	73.8	69.5	229.1	207.5
Research and development expenses	20.5	25.6	67.4	70.2
In-process research and development	1.0		2.0	2.0
Restructuring and other charges	23.0	0.8	140.0	67.6
Total costs and expenses	558.5	508.5	1,789.9	1,568.2
Income from continuing operations before equity in (earnings) loss of affiliates, minority interests, interest expense, net, loss on extinguishment of debt and income taxes	68.1	63.7	168.7	190.4
Equity in (earnings) loss of affiliates	0.4	(0.4)	(2.3)	(1.7)
Minority interests	2.9	2.0	6.1	6.5
Interest expense, net	8.6	7.5	27.0	25.1
Loss on extinguishment of debt	0.3		0.3	
Income from continuing operations before income taxes	55.9	54.6	137.6	160.5
Provision for income taxes	14.5	16.0	26.8	48.3
Income from continuing operations	41.4	38.6	110.8	112.2
Discontinued operations, net of income taxes	(4.3)	(3.5)	(19.3)	6.9
Net income	\$ 37.1	\$ 35.1	\$ 91.5	\$ 119.1
Basic earnings per common share:				
Continuing operations	\$ 0.55	\$ 0.50	\$ 1.47	\$ 1.46
Discontinued operations	(0.06)	(0.04)	(0.26)	0.09
Net income	\$ 0.49	\$ 0.46	\$ 1.21	\$ 1.55
Diluted earnings per common share:				
Continuing operations	\$ 0.54	\$ 0.49	\$ 1.42	\$ 1.41
Discontinued operations	(0.06)	(0.05)	(0.24)	0.09
Net income	\$ 0.48	\$ 0.44	\$ 1.18	\$ 1.50

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

Table of Contents**FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in Millions, Except Share and Par Value Data)	September 30, 2007	December 31, 2006 (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 115.9	\$ 165.5
Trade receivables, net of allowance of \$20.7 at September 30, 2007 and \$13.5 at December 31, 2006	613.1	537.9
Inventories	256.6	219.4
Prepaid and other current assets	120.8	91.3
Deferred income taxes	67.8	53.7
Total current assets	1,174.2	1,067.8
Investments	21.3	22.1
Property, plant and equipment, net	935.1	1,025.1
Goodwill	175.4	163.6
Other assets	140.4	125.6
Deferred income taxes	291.8	330.8
Total assets	\$ 2,738.2	\$ 2,735.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term debt	\$ 65.8	\$ 53.7
Current portion of long-term debt	89.9	52.5
Accounts payable, trade and other	296.5	301.4
Accrued and other liabilities	288.3	228.5
Guarantees of vendor financing	22.0	25.6
Accrued pensions and other postretirement benefits, current	7.5	7.5
Income taxes	1.3	33.3
Total current liabilities	771.3	702.5
Long-term debt, less current portion	416.4	523.5
Accrued pension and other postretirement benefits, long-term	100.8	132.9
Environmental liabilities, continuing and discontinued	167.4	157.8
Reserve for discontinued operations	33.7	36.3
Other long-term liabilities	138.1	103.5
Minority interests in consolidated companies	55.4	59.0
Commitments and contingent liabilities (Note 18)		
Stockholders' equity		
Preferred stock, no par value, authorized 5,000,000 shares; no shares issued in 2007 or 2006		
Common stock, \$0.10 par value, authorized 130,000,000 shares in 2007 and 2006; 92,991,896 issued shares at September 30, 2007 and December 31, 2006, respectively	9.3	9.3
Capital in excess of par value of common stock	407.7	426.3
Retained earnings	1,232.2	1,166.4
Accumulated other comprehensive loss	(23.7)	(57.1)
Treasury stock, common, at cost: 17,380,558 shares at September 30, 2007 and 16,356,838 shares at December 31, 2006	(570.4)	(525.4)
Total stockholders' equity	1,055.1	1,019.5

Edgar Filing: FMC CORP - Form 10-Q

Total liabilities and stockholders equity	\$ 2,738.2	\$	2,735.0
--	------------	----	---------

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

Table of Contents**FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in Millions)	Nine Months Ended September 30,	
	2007	2006
	(unaudited)	
Cash provided (required) by operating activities of continuing operations:		
Net Income	\$ 91.5	\$ 119.1
Discontinued operations	19.3	(6.9)
Income from continuing operations	110.8	112.2
Adjustments from income from continuing operations to cash (required) provided by operating activities of continuing operations:		
Depreciation and amortization	100.7	98.0
Loss on extinguishment of debt	0.3	
Equity in (earnings) loss of affiliates	(2.3)	(1.7)
Restructuring and other charges	140.0	67.6
In-process research and development	2.0	2.0
Deferred income taxes	11.1	48.3
Minority interests	6.1	6.5
Other	5.4	16.4
Changes in operating assets and liabilities:		
Trade receivables, net	(64.4)	(36.6)
Guarantees of vendor financing	(3.6)	(7.1)
Inventories	(24.1)	28.0
Other current assets and other assets	3.3	(13.0)
Accounts payable	(15.9)	(36.6)
Accrued and other current liabilities and other liabilities	22.7	29.1
Income taxes	5.1	11.4
Accrued pension and other postretirement benefits, net	(37.2)	(36.3)
Environmental spending, continuing	(4.0)	(3.2)
Restructuring and other spending	(25.9)	(33.9)
Cash provided by operating activities	230.1	251.1
Cash provided (required) by operating activities of discontinued operations:		
Environmental spending, discontinued	(15.7)	(18.3)
Proceeds from sale of formerly environmentally impaired property		25.3
Payments of other discontinued reserves	(13.9)	(16.8)
Cash provided (required) by operating activities of discontinued operations	(29.6)	(9.8)

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

Table of Contents**FMC CORPORATION AND CONSOLIDATED SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

(in Millions)	Nine Months Ended September 30,	
	2007	2006
Cash provided (required) by investing activities:		(unaudited)
Capital expenditures	\$ (76.5)	\$ (80.5)
In-process research and development expenditure	(1.0)	