

HARSCO CORP
Form 10-Q
July 31, 2012
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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 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 001-03970

HARSCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

23-1483991

(State or other jurisdiction of incorporation or organization)

(I.R.S. employer identification number)

350 Poplar Church Road, Camp Hill, Pennsylvania 17011
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 717-763-7064

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 o

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 o

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.

Large accelerated filer ✓ Accelerated filer o

Non-accelerated filer o Smaller reporting company 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 registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 13, 2012
Common stock, par value \$1.25 per share	80,584,628

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HARSCO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	June 30 2012	December 31 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 121,369	\$ 121,184
Trade accounts receivable, net	615,198	618,475
Other receivables	33,014	44,431
Inventories	260,961	241,934
Other current assets	114,738	133,407
Total current assets	1,145,280	1,159,431
Property, plant and equipment, net	1,208,058	1,274,484
Goodwill	671,598	680,901
Intangible assets, net	83,964	93,501
Other assets	157,020	130,560
Total assets	\$ 3,265,920	\$ 3,338,877
LIABILITIES		
Current liabilities:		
Short-term borrowings	\$ 25,745	\$ 51,414
Current maturities of long-term debt	2,195	3,558
Accounts payable	242,306	252,329
Accrued compensation	85,293	92,603
Income taxes payable	14,003	8,409
Dividends payable	16,516	16,498
Insurance liabilities	21,579	25,075
Advances on contracts	94,880	111,429
Other current liabilities	205,888	220,953
Total current liabilities	708,405	782,268
Long-term debt	949,625	853,800
Deferred income taxes	22,593	27,430
Insurance liabilities	60,433	60,864
Retirement plan liabilities	320,783	343,842
Other liabilities	44,492	50,755
Total liabilities	2,106,331	2,118,959
COMMITMENTS AND CONTINGENCIES		
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Preferred stock	—	—
Common stock	140,055	139,914
Additional paid-in capital	151,619	149,066
Accumulated other comprehensive loss	(383,347) (364,191)
Retained earnings	1,946,518	1,996,234
Treasury stock	(745,205) (744,644)
Total Harsco Corporation stockholders' equity	1,109,640	1,176,379
Noncontrolling interests	49,949	43,539
Total equity	1,159,589	1,219,918

Total liabilities and equity	\$3,265,920	\$3,338,877
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See accompanying notes to unaudited condensed consolidated financial statements.

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HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2012	2011	2012	2011
Revenues from continuing operations:				
Service revenues	\$598,823	\$723,516	\$1,197,523	\$1,377,043
Product revenues	171,752	151,575	325,387	277,103
Total revenues	770,575	875,091	1,522,910	1,654,146
Costs and expenses from continuing operations:				
Cost of services sold	469,998	572,216	953,423	1,098,194
Cost of products sold	114,782	94,997	225,024	179,438
Selling, general and administrative expenses	125,594	141,162	254,797	278,951
Research and development expenses	2,686	1,373	4,746	2,713
Other expenses	22,876	910	62,968	1,381
Total costs and expenses	735,936	810,658	1,500,958	1,560,677
Operating income from continuing operations	34,639	64,433	21,952	93,469
Interest income	882	619	1,556	1,339
Interest expense	(11,608)	(12,644)	(24,432)	(24,579)
Income (loss) from continuing operations before income taxes and equity income	23,913	52,408	(924)	70,229
Income tax expense	(10,446)	(13,335)	(14,944)	(17,735)
Equity in income of unconsolidated entities, net	128	125	297	336
Income (loss) from continuing operations	13,595	39,198	(15,571)	52,830
Discontinued operations:				
Loss on disposal of discontinued business	(515)	(744)	(1,165)	(2,072)
Income tax benefit related to discontinued business	193	286	437	789
Loss from discontinued operations	(322)	(458)	(728)	(1,283)
Net income (loss)	13,273	38,740	(16,299)	51,547
Less: Net income attributable to noncontrolling interests	(562)	(1,013)	(359)	(2,389)
Net income (loss) attributable to Harsco Corporation	\$12,711	\$37,727	\$(16,658)	\$49,158
Amounts attributable to Harsco Corporation common stockholders:				
Income (loss) from continuing operations, net of tax	\$13,033	\$38,185	\$(15,930)	\$50,441
Loss from discontinued operations, net of tax	(322)	(458)	(728)	(1,283)
Net income (loss) attributable to Harsco Corporation common stockholders	\$12,711	\$37,727	\$(16,658)	\$49,158

(continued on next page)

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HARSCO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME - Continued (Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30 2012	2011	June 30 2012	2011
Weighted-average shares of common stock outstanding	80,631	80,749	80,605	80,722
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	\$0.16	\$0.47	\$(0.20)) \$0.62
Discontinued operations	—	(0.01)) (0.01)) (0.02)
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	\$0.16	\$0.47	(a) \$(0.21)) \$0.61 (a)
Diluted weighted-average shares of common stock outstanding	80,882	81,010	80,605	80,977
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:				