

OLIN CORP
Form 10-Q
July 24, 2012

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, 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 1-1070

Olin Corporation
(Exact name of registrant as specified in its charter)

Virginia 13-1872319
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

190 Carondelet Plaza, Suite 1530, Clayton, MO 63105-3443
(Address of principal executive offices) (Zip Code)

(314) 480-1400
(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

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

As of June 30, 2012, 80,008,221 shares of the registrant's common stock were outstanding.

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Part I — Financial Information

Item 1. Financial Statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Balance Sheets

(In millions, except per share data)

(Unaudited)

	June 30, 2012	December 31, 2011	June 30, 2011
ASSETS			
Current assets:			
Cash and cash equivalents	\$198.6	\$304.8	\$276.5
Receivables, net	279.4	237.1	306.4
Income tax receivable	6.3	0.7	4.1
Inventories	197.6	176.6	182.0
Current deferred income taxes	56.0	50.9	47.6
Other current assets	11.4	10.2	25.7
Total current assets	749.3	780.3	842.3
Property, plant and equipment (less accumulated depreciation of \$1,192.1, \$1,144.0 and \$1,098.2)	961.4	885.4	780.6
Prepaid pension costs	40.5	19.2	36.9
Restricted cash	25.4	51.7	97.8
Other assets	81.9	85.6	79.5
Goodwill	627.4	627.4	627.4
Total assets	\$2,485.9	\$2,449.6	\$2,464.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current installments of long-term debt	\$23.6	\$12.2	\$88.5
Accounts payable	130.0	149.7	142.9
Accrued liabilities	234.8	237.2	222.8
Total current liabilities	388.4	399.1	454.2
Long-term debt	503.9	524.2	494.3
Accrued pension liability	57.6	59.1	57.2
Deferred income taxes	128.7	99.6	113.3
Other liabilities	359.6	381.8	357.7
Total liabilities	1,438.2	1,463.8	1,476.7
Commitments and contingencies			
Shareholders' equity:			
Common stock, par value \$1 per share: authorized, 120.0 shares; issued and outstanding 80.0, 80.1 and 80.2 shares	80.0	80.1	80.2
Additional paid-in capital	851.4	852.0	853.2
Accumulated other comprehensive loss	(285.9)	(294.2)	(259.6)
Retained earnings	402.2	347.9	314.0
Total shareholders' equity	1,047.7	985.8	987.8
Total liabilities and shareholders' equity	\$2,485.9	\$2,449.6	\$2,464.5

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Income

(In millions, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Sales	\$508.7	\$529.1	\$1,015.9	\$965.1
Operating expenses:				
Cost of goods sold	391.4	413.7	784.3	772.9
Selling and administration	45.1	42.5	88.8	82.0
Restructuring charges	1.8	2.4	3.7	2.5
Other operating (expense) income	(0.1)) 0.2	0.4	1.6
Operating income	70.3	70.7	139.5	109.3
Earnings of non-consolidated affiliates	0.6	0.7	0.8	7.7
Interest expense	5.8	7.4	12.3	14.6
Interest income	0.3	0.3	0.5	0.5
Other (expense) income	(2.1)) (0.6)) (4.7)) 180.6
Income before taxes	63.3	63.7	123.8	283.5
Income tax provision	15.7	21.6	37.5	107.7
Net income	\$47.6	\$42.1	\$86.3	\$175.8
Net income per common share:				
Basic	\$0.59	\$0.53	\$1.08	\$2.20
Diluted	\$0.59	\$0.52	\$1.07	\$2.18
Dividends per common share	\$0.20	\$0.20	\$0.40	\$0.40
Average common shares outstanding:				
Basic	80.1	80.0	80.1	79.8
Diluted	80.7	81.1	80.8	80.7

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net income	\$47.6	\$42.1	\$86.3	\$175.8
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(0.8)	1.0	(0.5)	2.3
Unrealized (losses) gains on derivative contracts	(3.0)	(3.1)	1.3	(6.2)
Amortization of prior service costs and actuarial losses	4.3	3.3	7.5	6.1
Total other comprehensive income, net of tax	0.5	1.2	8.3	2.2
Comprehensive income	\$48.1	\$43.3	\$94.6	\$178.0

The accompanying notes to condensed financial statements are an integral part of the condensed financial statements.

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

Condensed Statements of Shareholders' Equity

(In millions, except per share data)

(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Par Value				
Balance at January 1, 2011	79.6	\$79.6	\$842.3	\$(261.8)	\$170.2	\$830.3
Net income	—	—	—	—	175.8	175.8
Other comprehensive income	—	—	—	2.2	—	2.2
Dividends paid:						
Common stock (\$0.40 per share)	—	—	—	—	(32.0)	(32.0)
Common stock issued for:						
Stock options exercised	0.5	0.5	8.8	—	—	9.3
Other transactions	0.1	0.1	1.6	—	—	1.7
Stock-based compensation	—	—	0.5	—	—	0.5
Balance at June 30, 2011	80.2	\$80.2	\$853.2	\$(259.6)	\$314.0	\$987.8
Balance at January 1, 2012	80.1	\$80.1	\$852.0	\$(294.2)	\$347.9	\$985.8
Net income	—	—	—	—	86.3	86.3
Other comprehensive income	—	—	—	8.3	—	8.3
Dividends paid:						
Common stock (\$0.40 per share)	—	—	—	—	(32.0)	(32.0)
Common stock repurchased and retired	(0.2)	(0.2)	(2.9)	—	—	(3.1)
Common stock issued for:						
Stock options exercised	—	—	0.5	—	—	0.5
Other transactions	0.1	0.1	0.9	—	—	1.0
Stock-based compensation	—	—	0.9	—	—	0.9
Balance at June 30, 2012	80.0	\$80.0				