

OM GROUP INC
Form 10-Q/A
February 19, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment 1

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 001-12515

OM GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

52-1736882
(I.R.S. Employer Identification No.)

127 Public Square,
1500 Key Tower,
Cleveland, Ohio
(Address of principal executive offices)

44114-1221
(Zip Code)

216-781-0083
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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

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 July 31, 2012 the registrant had 32,371,519 shares of Common Stock, par value \$.01 per share, outstanding.

Table of Contents

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A (the “Amendment”) amends the Quarterly Report on Form 10-Q of OM Group, Inc. (the “Company”) for the quarterly period ended June 30, 2012 as originally filed with the Securities and Exchange Commission on August 9, 2012 (the “Original Filing”). This Form 10-Q/A amends the Original Filing to correct and restate the Company's classification of a portion of its Magnetic Technologies costs by reclassifying certain amounts previously reported in Selling, general and administrative (SG&A) expense into Cost of goods sold. The Company is also amending its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012 and September 30, 2012 to correct the classification of these costs.

In August 2011, the Company completed the acquisition of VAC Holding GmbH (“VAC”) and formed the Magnetic Technologies segment for that business. In the Fourth Quarter of 2012, the Company, as a result of enhancing its financial planning and analysis efforts, discovered that a portion of Magnetic Technologies' Cost of goods sold were misclassified in Selling, general and administrative expenses since the acquisition when the business converted the basis of its financial reporting from International Financial Reporting Standards to US GAAP. The Company is correcting the classification of these expenses by restating its Quarterly Reports on Form 10-Q filed during 2012. The reclassification has no impact on previously-reported net sales, operating profit, net income, or net income per share on the Company's Condensed Statements of Consolidated Operations, nor does it have any effect on the Company's previously-reported Condensed Consolidated Balance Sheets, Statements of Consolidated Comprehensive Income (Loss), Condensed Statements of Consolidated Cash Flows, Condensed Statements of Consolidated Total Equity or segment net sales and operating profit.

The following line items have been amended and restated in this Amendment:

(in millions)	Reported	Restated	Reported	Restated
	Three Months Ended June 30, 2012	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012	Six Months Ended June 30, 2012
Cost of products sold	\$380.3	\$393.3	\$733.7	\$760.2
Gross profit	56.2	43.1	169.0	142.4
SG&A expenses	78.3	65.3	156.7	130.2

For ease of reference, this Amendment amends and restates the Original Filing in its entirety. Revisions to the Original Filing have been made in the following sections:

¶Item 1 - Unaudited Financial Statements

¶Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

¶Item 4 - Controls and Procedures

The Company's principal executive officer and principal financial officer have provided new certifications in connection with this Amendment, and those certifications are attached as Exhibits to this Amendment. Except as described above, no other amendments have been made to the Original Filing, and the Company has not updated the disclosure contained in this Amendment to reflect events that have occurred since the date of the Original Filing. This Amendment should be read in conjunction with the Company's other filings made with the Securities and Exchange Commission subsequent to the Original Filing.

OM Group, Inc.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Unaudited Financial Statements</u>	<u>2</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>27</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>29</u>

PART II - OTHER INFORMATION

<u>Item 1A.</u>	<u>Risk Factors</u>	<u>29</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>30</u>
	<u>Signatures</u>	<u>31</u>

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements.

OM Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Balance Sheets

	June 30, 2012	December 31, 2011
(In thousands, except share data)		
ASSETS		
Current assets		
Cash and cash equivalents	\$317,560	\$292,146
Restricted cash on deposit	99,382	92,813
Accounts receivable, less allowance of \$5,062 in 2012 and \$4,793 in 2011	226,165	212,152
Inventories	478,195	615,018
Refundable and prepaid income taxes	45,289	42,480
Other current assets	51,628	54,833
Total current assets	1,218,219	1,309,442
Property, plant and equipment, net	474,268	482,313
Goodwill	531,428	544,471
Intangible assets, net	427,511	433,275
Notes receivable from joint venture partner, less allowance of \$3,100 in 2012 and 2011	16,015	16,015
Other non-current assets	86,495	84,207
Total assets	\$2,753,936	\$2,869,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$10,703	\$13,265
Accounts payable	107,883	170,466
Liability related to joint venture partner injunction	99,382	92,813
Accrued income taxes	22,370	19,806
Accrued employee costs	38,301	49,699
Deferred income taxes	7,986	23,449
Other current liabilities	80,431	79,026
Total current liabilities	367,056	448,524
Long-term debt	651,594	663,167
Deferred income taxes	137,565	129,945
Pension liabilities	197,523	204,248
Purchase price of VAC payable to seller	86,513	86,513
Other non-current liabilities	58,864	62,032
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized 2,000,000 shares, no shares issued or outstanding	—	—
Common stock, \$.01 par value:		
Authorized 90,000,000 shares; 32,108,212 shares issued in 2012 and 32,073,642 shares issued in 2011	321	320
Capital in excess of par value	629,336	625,515
Retained earnings	695,394	705,784
Treasury stock (216,695 shares in 2012 and 208,157 shares in 2011, at cost)	(7,681) (7,427
Accumulated other comprehensive income (loss)	(106,703) (93,399

Edgar Filing: OM GROUP INC - Form 10-Q/A

Total OM Group, Inc. stockholders' equity	1,210,667	1,230,793
Noncontrolling interests	44,154	44,501
Total equity	1,254,821	1,275,294
Total liabilities and equity	\$2,753,936	\$2,869,723

See accompanying notes to unaudited condensed consolidated financial statements.

2

Table of Contents

OM Group, Inc. and Subsidiaries
 Unaudited Condensed Statements of Consolidated Operations

	Three Months Ended June 30, (restated)		Six Months Ended June 30, (restated)	
	2012	2011	2012	2011
(In thousands, except per share data)				
Net sales	\$436,467	\$329,522	\$902,646	