

TITANIUM METALS CORP  
Form 10-Q  
August 04, 2009

-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, 2009

OR

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

Commission file number 1-14368

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

Delaware  
(State or other jurisdiction of incorporation or organization)

13-5630895  
(IRS Employer Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (972) 233-1700

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, 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

\* The registrant has not yet been phased into the interactive data requirements

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined by Rule 12b-2 of the Exchange Act).

Large accelerated filer       Accelerated filer       Non-accelerated filer       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

Number of shares of common stock outstanding on July 29, 2009: 180,566,821

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## TITANIUM METALS CORPORATION

## INDEX

Page Number		
PART FINANCIAL INFORMATION		
I.		
Item 1.	Condensed Consolidated Financial Statements	
	<u>Condensed Consolidated Balance Sheets – December 31, 2008; June 30, 2009 (unaudited)</u>	2
	<u>Condensed Consolidated Statements of Income – Three and six months ended June 30, 2008 and 2009 (unaudited)</u>	4
	<u>Condensed Consolidated Statements of Cash Flows – Six months ended June 30, 2008 and 2009 (unaudited)</u>	5
	<u>Condensed Consolidated Statement of Changes in Equity and Comprehensive Income – Six months ended June 30, 2009 (unaudited)</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	25
Item 4.	<u>Controls and Procedures</u>	26
PART OTHER INFORMATION		
II.		
Item 1.	<u>Legal Proceedings</u>	27
Item 1A.	<u>Risk Factors</u>	27
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>	27
Item 6	<u>Exhibits</u>	28

Items 3 and 5 of Part II are omitted because there is no information to report.



TITANIUM METALS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In millions)

ASSETS	December 31, 2008	June 30, 2009 (unaudited)
Current assets:		
Cash and cash equivalents	\$45.0	\$106.6
Accounts and other receivables	145.4	128.9
Inventories	569.7	547.0
Refundable income taxes	2.3	2.3
Prepaid expenses and other	4.8	4.4
Deferred income taxes	21.7	22.4
Total current assets	788.9	811.6
Marketable securities	16.4	12.0
Notes receivable from affiliates	58.4	57.9
Property and equipment, net	427.1	427.3
Deferred income taxes	17.8	22.1
Other	59.1	59.7
Total assets	\$1,367.7	\$1,390.6

See accompanying Notes to Condensed Consolidated Financial Statements.

[Index](#)

TITANIUM METALS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)  
(In millions)

LIABILITIES AND EQUITY	December 31, 2008	June 30, 2009 (unaudited)
Current liabilities:		
Accounts payable	\$58.5	\$40.1
Accrued and other current liabilities	76.1	62.6
Customer advances	17.6	18.9
Income taxes payable	-	1.9
<b>Total current liabilities</b>	<b>152.2</b>	<b>123.5</b>
Accrued OPEB cost	28.5	29.3
Accrued pension cost	77.5	82.3
Deferred income taxes	-	1.4
Other	9.2	9.4
<b>Total liabilities</b>	<b>267.4</b>	<b>245.9</b>
Equity:		
TIMET stockholders' equity:		
Series A Preferred Stock	3.2	3.2
Common stock	1.8	1.8
Additional paid-in capital	523.4	519.3
Retained earnings	696.7	725.0
Accumulated other comprehensive loss	(145.5 )	(121.5 )
<b>Total TIMET stockholders' equity</b>	<b>1,079.6</b>	<b>1,127.8</b>
Noncontrolling interest in subsidiary	20.7	16.9
<b>Total equity</b>	<b>1,100.3</b>	<b>1,144.7</b>
<b>Total liabilities and equity</b>	<b>\$1,367.7</b>	<b>\$1,390.6</b>
Commitments and contingencies (Note 10)		

See accompanying Notes to Condensed Consolidated Financial Statements.

Index

TITANIUM METALS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In millions, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2008	2009	2008	2009
	(unaudited)			
Net sales	\$297.3	\$205.7	\$591.0	\$409.1
Cost of sales	213.0	174.1	425.6	338.1
Gross margin	84.3	31.6	165.4	71.0
Selling, general, administrative and development expense	16.2	15.8	33.5	30.6
Other income (expense), net	0.7	(0.2 )	(0.3 )	1.7
Operating income	68.8	15.6	131.6	42.1
Other non-operating income (expense), net	0.6	(0.8 )	(1.5 )	0.5
Income before income taxes	69.4	14.8	130.1	42.6
Provision for income taxes	20.8	5.7	38.7	12.8
Net income	48.6	9.1	91.4	29.8
Noncontrolling interest in net income of subsidiary	1.2	0.4	3.6	1.4
Net income attributable to TIMET stockholders	47.4	8.7	87.8	28.4
Dividends on Series A Preferred Stock	0.1	0.1	0.2	0.1
Net income attributable to TIMET common stockholders	\$47.3	\$8.6	\$87.6	\$28.3
Earnings per share attributable to TIMET common stockholders	\$0.26	\$0.05	\$0.48	\$0.16
Weighted average shares outstanding:				
Basic	181.0	181.0	181.8	181.0
Diluted	182.0	181.0	183.0	182.0
Cash dividends per common share	\$0.075	\$-	\$0.15	\$-

See accompanying Notes to Condensed Consolidated Financial Statements.

Index





TITANIUM METALS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In millions)

	Six months ended June 30,	
	2008	2009 (unaudited)
Cash flows from operating activities:		
Net income	\$91.4	\$29.8
Depreciation and amortization	23.4	25.1
Deferred income taxes	(5.8 )	(1.3 )
Other, net	1.0	0.7
Change in assets and liabilities:		
Receivables	27.7	21.0
Inventories	(29.7 )	38.0
Accounts payable and accrued liabilities	(13.4 )	(40.1 )
Income taxes	3.1	1.8
Other, net	(11.3 )	1.4
Net cash provided by operating activities	86.4	76.4
Cash flows from investing activities:		
Capital expenditures	(66.2 )	(16.3 )
Proceeds from sale of property	-	3.5
Purchases of marketable securities	(21.4 )	(0.7 )
Other, net	(1.8 )	0.6
Net cash used in investing activities	(89.4 )	(12.9 )
Cash flows from financing activities:		
Indebtedness:		
Borrowings	46.6	-
Repayments	(24.1 )	-
Common stock dividends	(27.3 )	-
Dividends paid to noncontrolling interest in subsidiary	(5.4 )	-
Treasury stock purchases	(36.5 )	(4.4 )
Other, net	0.3	-
Net cash used in financing activities	(46.4 )	(4.4 )
Net cash (used in) provided by operating, investing and financing activities	(49.4 )	59.1
Effect of exchange rate changes on cash	0.8	2.5
Net cash (used) provided during period	(48.6 )	61.6
Cash and cash equivalents at beginning of period	90.0	45.0
Cash and cash equivalents at end of period	\$41.4	\$106.6
Supplemental disclosures of cash paid for:		
Interest	\$0.5	\$0.3
Income taxes	\$41.3	\$12.3

Non-cash investing and financing activities:

Asset retirement obligation recognized	\$-	\$0.5
Dividends declared to noncontrolling interest in subsidiary	\$-	\$5.5

See accompanying Notes to Condensed Consolidated Financial Statements.

Index

TITANIUM METALS CORPORATION  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AND COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2009  
(UNAUDITED)  
(In millions)

	TIMET stockholders' equity							Total	Comprehensive income
	Series A Preferred Stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Non-controlling interest		
Balance at January 1, 2009	\$ 3.2	\$ 1.8	\$ 523.4	\$ 696.7	\$ (145.5 )	\$ -	\$ 20.7	\$ 1,100.3	
Net income	-	-	-	28.4	-	-	1.4	29.8	\$ 29.8
Other comprehensive income	-	-	-	-	24.0	-	0.3	24.3	24.3
Treasury stock purchases	-	-	-	-	-	(4.4 )	-	(4.4 )	-
Treasury stock retirement	-	-	(4.4 )	-	-	4.4	-	-	-
Dividends declared to noncontrolling interest in subsidiary	-	-	-	-	-	-	(5.5 )	(5.5 )	
Other	-	-	0.3	(0.1 )	-	-	-	0.2	-
Balance at June 30, 2009	\$ 3.2	\$ 1.8	\$ 519.3	\$ 725.0	\$ (121.5 )	\$ -	\$ 16.9	\$ 1,144.7	