

KAISER ALUMINUM CORP
Form 10-Q
April 25, 2014

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 March 31, 2014

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: 0-52105

KAISER ALUMINUM CORPORATION
(Exact name of registrant as specified in its charter)
Delaware
(State of incorporation)

94-3030279
(I.R.S. Employer
Identification No.)

27422 Portola Parkway, Suite
200 Foothill Ranch, California
(Address of principal executive
offices)

92610-2831
(Zip Code)

(949) 614-1740

(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, 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. (Check one):

Large accelerated filer

Accelerated filer

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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 April 17, 2014, there were 18,030,319 shares of common stock of the registrant outstanding.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS

(in millions of dollars, except share and per share amounts)

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$185.6	\$169.5
Short-term investments	104.5	129.5
Receivables:		
Trade, less allowance for doubtful receivables of \$0.8 at March 31, 2014 and December 31, 2013	123.5	119.8
Other	11.7	13.4
Inventories	203.1	214.4
Prepaid expenses and other current assets	48.6	44.2
Total current assets	677.0	690.8
Property, plant, and equipment – net	436.7	429.3
Net asset of VEBAs	414.1	406.0
Deferred tax assets – net (including deferred tax liability relating to the VEBAs of \$155.4 at March 31, 2014 and \$152.4 at December 31, 2013)	59.2	69.1
Intangible assets – net	33.3	33.7
Goodwill	37.2	37.2
Other assets	108.5	104.8
Total	\$1,766.0	\$1,770.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$72.3	\$62.9
Accrued salaries, wages, and related expenses	33.2	42.7
Other accrued liabilities	37.1	44.8
Short-term capital lease	0.2	0.2
Total current liabilities	142.8	150.6
Deferred tax liability	1.2	1.2
Long-term liabilities	149.0	146.4
Long-term debt	390.7	388.5
Total liabilities	683.7	686.7
Commitments and contingencies – Note 7		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized at both March 31, 2014 and December 31, 2013; no shares were issued and outstanding at March 31, 2014 and December 31, 2013	—	—
Common stock, par value \$0.01, 90,000,000 shares authorized at both March 31, 2014 and at December 31, 2013; 21,171,683 shares issued and 18,030,600 shares outstanding at March 31, 2014; 21,103,700 shares issued and 18,147,017 shares outstanding at December 31, 2013	0.2	0.2
Additional paid in capital	1,023.6	1,023.1
Retained earnings	243.2	233.8

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Treasury stock, at cost, 3,141,083 shares at March 31, 2014 and 2,956,683 shares at December 31, 2013, respectively	(164.9) (152.2)
Accumulated other comprehensive loss	(19.8) (20.7)
Total stockholders' equity	1,082.3	1,084.2	
Total	\$1,766.0	\$1,770.9	

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

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
 STATEMENTS OF CONSOLIDATED INCOME (UNAUDITED)
 (in millions, except share and per share amounts)

	Quarter Ended	
	March 31,	
	2014	2013
Net sales	\$335.1	\$337.4
Costs and expenses:		
Cost of products sold:		
Cost of products sold, excluding depreciation and amortization and other items	282.9	263.6
Unrealized (gains) losses on derivative instruments	(2.0) 0.7
Depreciation and amortization	7.4	7.0
Selling, administrative, research and development, and general:		
Selling, administrative, research and development, and general	20.3	21.7
Net periodic pension benefit income relating to VEBAs (includes accumulated other comprehensive income reclassifications related to VEBA of \$2.5 and \$1.4 for the quarters ended March 31, 2014 and March 31, 2013, respectively)	(5.6) (5.6
Total selling, administrative, research and development, and general	14.7	16.1
Total costs and expenses	303.0	287.4
Operating income	32.1	50.0
Other (expense) income:		
Interest expense	(8.8) (9.3
Other income, net (includes accumulated other comprehensive income reclassifications for realized gains on available for sale securities of \$0.1 and \$0.4 for the quarters ended March 31, 2014 and March 31, 2013, respectively)	1.9	1.0
Income before income taxes	25.2	41.7
Income tax provision (includes aggregate income tax expense from reclassification items of \$(0.9) and \$(0.4) for the quarters ended March 31, 2014 and March 31, 2013, respectively)	(9.4) (8.2
Net income	\$15.8	\$33.5
Earnings per common share, Basic:		
Net income per share	\$0.88	\$1.75
Earnings per common share, Diluted:		
Net income per share	\$0.85	\$1.73
Weighted-average number of common shares outstanding (in thousands):		
Basic	17,921	19,143
Diluted	18,514	19,366

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

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Quarter Ended	
	March 31,	
	2014	2013
Net income	\$15.8	