

GEORGIA GULF CORP /DE/
Form 10-Q
November 06, 2009

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**UNITED STATES
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 September 30, 2009

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 1-9753

GEORGIA GULF CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

58-1563799
(I.R.S. Employer
Identification No.)

115 Perimeter Center Place, Suite 460,
Atlanta, Georgia
(Address of principal executive offices)

30346
(Zip Code)

(770) 395-4500

(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 (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, non-accelerated filer, or a smaller reporting company. See definition 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

Smaller reporting company

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Non-accelerated filer 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 y

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$0.01 par value

Outstanding as of November 3, 2009
32,967,546

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GEORGIA GULF CORPORATION FORM 10-Q
QUARTERLY PERIOD ENDED SEPTEMBER 30, 2009

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GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)	September 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 28,339	\$ 89,975
Receivables, net of allowance for doubtful accounts of \$15,922 in 2009 and \$12,307 in 2008	172,350	117,287
Inventories	238,715	240,199
Prepaid expenses	31,544	21,360
Income tax receivables	3,796	2,264
Deferred income taxes	21,009	22,505
 Total current assets	 495,753	 493,590
Property, plant and equipment, net	701,205	760,760
Goodwill	201,331	189,003
Intangible assets, net of accumulated amortization of \$10,745 in 2009 and \$9,988 in 2008	15,420	15,905
Other assets, net	132,639	150,643
Non-current assets held for sale	14,227	500
 Total assets	 \$ 1,560,575	 \$ 1,610,401
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current portion of long-term debt	\$ 23,609	\$ 56,843
Accounts payable	121,339	105,052
Interest payable	5,052	16,115
Income taxes payable	1,635	3,476
Accrued compensation	14,525	9,890
Liability for unrecognized income tax benefits and other tax reserves	9,448	27,334
Other accrued liabilities	52,025	49,693
 Total current liabilities	 227,633	 268,403
Long-term debt	478,318	1,337,307
Liability for unrecognized income tax benefits	61,613	34,592
Deferred income taxes	237,065	70,141
Other non-current liabilities	36,075	39,886
 Total liabilities	 1,040,704	 1,750,329
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock \$0.01 par value; 75,000,000 shares authorized; no shares issued		
Common stock \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 32,967,546 in 2009 and 1,379,273 in 2008	330	14
Additional paid-in capital	472,028	105,815
Retained earnings (accumulated deficit)	56,981	(218,502)
Accumulated other comprehensive loss, net of tax	(9,468)	(27,255)

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Total stockholders' equity (deficit)	519,871	(139,928)
Total liabilities and stockholders' equity (deficit)	\$ 1,560,575	\$ 1,610,401

See accompanying notes to unaudited condensed consolidated financial statements.

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GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net sales	\$ 556,342	\$ 818,564	\$ 1,488,016	\$ 2,380,868
Operating costs and expenses:				
Cost of sales	472,643	756,503	1,313,924	2,217,656
Selling, general and administrative expenses	46,864	44,095	129,724	130,459
Long-lived asset impairment charges	4,167	2,516	20,357	18,695
Restructuring (gain) costs, net	(5,928)	1,169	5,927	8,758
Loss (gain) on sale of assets, net		33	62	(27,282)
 Total operating costs and expenses	 517,746	 804,316	 1,469,994	 2,348,286
 Operating income	 38,596	 14,248	 18,022	 32,582
Gain on substantial modification of debt			121,033	
Gain on debt exchange	400,835		400,835	
Interest expense, net	(30,709)	(32,280)	(107,229)	(98,157)
Foreign exchange loss	(48)	(1,864)	(981)	(585)
 Income (loss) before income taxes	 408,674	 (19,896)	 431,680	 (66,160)
Provision (benefit) for income taxes	178,523	(2,494)	156,196	(7,205)
 Net income (loss)	 \$ 230,151	 \$ (17,402)	 \$ 275,484	 \$ (58,955)
 Earnings (loss) per share:				
Basic	\$ 9.21	\$ (14.64)	\$ 29.49	\$ (48.86)
Diluted	\$ 9.20	\$ (14.64)	\$ 29.47	\$ (48.86)
 Weighted average common shares:				
Basic	23,355	1,379	8,788	1,378
Diluted	25,006	1,379	9,349	1,378

See accompanying notes to unaudited condensed consolidated financial statements.

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GEORGIA GULF CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ 275,484	\$ (58,955)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	89,147	112,495
Accretion of fair value discount on term loan	8,888	
Gain on substantial modification of debt	(121,033)	
Gain on debt exchange	(400,835)	
Foreign exchange gain	(627)	
Deferred income taxes	154,938	(13,089)
Tax deficiency related to stock plans	(1,414)	(861)
Stock based compensation	10,212	2,493
Long-lived asset impairment charges and loss on sale of assets	20,419	21,872
Net gain on sale of property, plant and equipment, and assets held for sale		(27,125)
Payment of Quebec trust tax settlement		(20,073)
Other non-cash items	1,844	1,608
Change in operating assets, liabilities and other	11,845	(25,752)
Net cash provided by (used in) operating activities	48,868	(7,387)
Cash flows from investing activities:		
Capital expenditures	(24,958)	(44,023)
Proceeds from sale of property, plant and equipment, and assets held-for sale	1,900	78,095
Proceeds from insurance recoveries related to property, plant and equipment	1,980	
Net cash (used in) provided by investing activities	(21,078)	34,072
Cash flows from financing activities:		
Net change in revolving line of credit	(29,411)	107,718
Repayment of long-term debt	(19,727)	(73,094)
Purchases and retirement of common stock	(25)	(110)
Fees paid to amend and exchange debt	(43,256)	(9,823)
Dividends paid		(8,379)
Net cash (used in) provided by financing activities	(92,419)	16,312
Effect of exchange rate changes on cash and cash equivalents	2,993	496
Net change in cash and cash equivalents	(61,636)	43,493
Cash and cash equivalents at beginning of period	89,975	9,227
Cash and cash equivalents at end of period	\$ 28,339	\$ 52,720

See accompanying notes to unaudited condensed consolidated financial statements.

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GEORGIA GULF CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying condensed consolidated financial statements do reflect all the adjustments that, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the interim periods reported. Such adjustments are of a normal, recurring nature. Our operating results for the nine-month period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. For purposes of subsequent events, we have evaluated our operations through November 6, 2009.

These condensed consolidated financial statements should be read in conjunction wit