

BALCHEM CORP
Form 10-Q
May 05, 2014

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One) Quarterly Report Pursuant to Section 13 or 15(d) of
x the Securities Exchange Act of 1934

For The Quarterly Period Ended March 31, 2014

or

o 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 1-13648

BALCHEM CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

13-2578432

(I.R.S. Employer Identification Number)

52 Sunrise Park Road, New Hampton, New York

(Address of principal executive offices)

10958

(Zip Code)

845-326-5600

Registrant's telephone number, including area code:

Indicate by a 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 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

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company” in 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

As of May 1, 2014 the registrant had 30,417,372 shares of its Common Stock, \$.06 2/3 par value, outstanding.

Part I. Financial Information
Item 1. Financial Statements

BALCHEM CORPORATION
Condensed Consolidated Balance Sheets
(Dollars in thousands, except per share data)

| | March 31, 2014 (unaudited) | December 31, 2013 |
|---|----------------------------------|-------------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 207,330 | \$ 208,747 |
| Accounts receivable, net of allowance for doubtful accounts of \$115 at March 31, 2014 and December 31, 2013 | 43,812 | 39,386 |
| Inventories | 24,860 | 24,824 |
| Prepaid expenses | 2,127 | 2,580 |
| Prepaid income taxes | - | 899 |
| Deferred income taxes | 887 | 893 |
| Other current assets | 5,866 | 445 |
| Total current assets | 284,882 | 277,774 |
| Property, plant and equipment, net | 54,394 | 54,916 |
| Goodwill | 28,515 | 28,515 |
| Intangible assets with finite lives, net | 14,158 | 15,126 |
| Other assets | 501 | 541 |
| Total assets | \$ 382,450 | \$ 376,872 |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 13,236 | \$ 12,395 |
| Accrued expenses | 12,605 | 10,732 |
| Accrued compensation and other benefits | 2,273 | 4,770 |
| Dividends payable | - | 7,856 |
| Income taxes payable | 225 | - |
| Total current liabilities | 28,339 | 35,753 |
| Deferred income taxes | 5,931 | 5,884 |
| Other long-term obligations | 3,977 | 3,877 |
| Total liabilities | 38,247 | 45,514 |
| Commitments and contingencies (note 12) | | |
| Stockholders' equity: | | |
| Preferred stock, \$25 par value. Authorized 2,000,000 shares; none issued and outstanding | - | - |
| Common stock, \$.0667 par value. Authorized 60,000,000 shares; 30,368,219 shares issued and outstanding at March 31, 2014 and 30,225,763 shares issued and outstanding at December 31, 2013 | 2,025 | 2,016 |
| Additional paid-in capital | 81,479 | 77,517 |
| Retained earnings | 260,521 | 251,627 |
| Accumulated other comprehensive income | 178 | 198 |

| | | |
|--|------------|------------|
| Total stockholders' equity | 344,203 | 331,358 |
| Total liabilities and stockholders' equity | \$ 382,450 | \$ 376,872 |

See accompanying notes to condensed consolidated financial statements.

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BALCHEM CORPORATION
 Condensed Consolidated Statements of Earnings
 (Dollars in thousands, except per share data)
 (unaudited)

| | Three Months Ended March 31, | |
|---|------------------------------------|----------|
| | 2014 | 2013 |
| Net sales | \$85,995 | \$84,651 |
| Cost of sales | 62,780 | 60,419 |
| Gross margin | 23,215 | 24,232 |
| Operating expenses: | | |
| Selling expenses | 4,189 | 4,287 |
| Research and development expenses | 773 | 838 |
| General and administrative expenses | 4,898 | 3,242 |
| | 9,860 | 8,367 |
| Earnings from operations | 13,355 | 15,865 |
| Other expenses (income): | | |
| Interest income | (46) | (52) |
| Interest expense | 1 | 1 |
| Other, net | 28 | 53 |
| Earnings before income tax expense | 13,372 | 15,863 |
| Income tax expense | 4,478 | 4,975 |
| Net earnings | \$8,894 | \$10,888 |
| Net earnings per common share - basic | \$0.30 | \$0.37 |
| Net earnings per common share - diluted | \$0.29 | \$0.36 |

See accompanying notes to condensed consolidated financial statements.

BALCHEM CORPORATION
 Condensed Consolidated Statements of Comprehensive Income
 (Dollars in thousands)
 (unaudited)

| | Three Months Ended March 31, | |
|---|------------------------------------|----------|
| | 2014 | 2013 |
| Net earnings | \$8,894 | \$10,888 |
| Other comprehensive loss, net of tax: | | |
| Net foreign currency translation adjustment | (18) | (507) |
| Net change in postretirement benefit plan, net of taxes of \$1 for each of the three months ended March 31, 2014 and 2013 | (2) | (5) |
| Other comprehensive loss | (20) | (512) |
| Comprehensive income | \$8,874 | \$10,376 |

See accompanying notes to condensed consolidated financial statements.

BALCHEM CORPORATION
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)
(unaudited)

Three
Months
Ended