

RTI INTERNATIONAL METALS INC  
Form 10-Q  
November 12, 2013  
Table of Contents

**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, 2013**

**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: 001-14437**

**RTI INTERNATIONAL METALS, INC.**

**(Exact name of registrant as specified in its charter)**

**Ohio**

**(State or other jurisdiction of**

**incorporation or organization)**

**Westpointe Corporate Center One, 5<sup>th</sup> Floor**

**1550 Coraopolis Heights Road**

**Pittsburgh, Pennsylvania**

**(Address of principal executive offices)**

**(412) 893-0026**

**52-2115953**

**(I.R.S. Employer**

**Identification No.)**

**15108-2973**

**(Zip Code)**

**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, 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 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

Number of shares of the Corporation's common stock ( Common Stock ) outstanding as of November 1, 2013 was 30,557,195.

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND CONSOLIDATED SUBSIDIARIES**

As used in this report, the terms RTI, Company, Registrant, we, our, and us, mean RTI International Metals, predecessors, and consolidated subsidiaries, taken as a whole, unless the context indicates otherwise.

**INDEX**

	<b>Page</b>
<b><u>PART I FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2013 and 2012 (Restated)</u>	1
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Nine Months Ended September 30, 2013 and 2012 (Restated)</u>	2
<u>Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2013 and December 31, 2012 (Restated)</u>	3
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2013 and 2012 (Restated)</u>	4
<u>Condensed Consolidated Statement of Shareholders' Equity (Unaudited) for the Nine Months Ended September 30, 2013</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	36
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	46
Item 4. <u>Controls and Procedures</u>	47
<b><u>PART II OTHER INFORMATION</u></b>	
Item 1A. <u>Risk Factors</u>	47
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
Item 6. <u>Exhibits</u>	48
<u>Signatures</u>	49
<u>Index to Exhibits</u>	50

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations****(Unaudited)****(In thousands, except share and per share amounts)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012 (As Restated)</b>	<b>2013</b>	<b>2012 (As Restated)</b>
Net sales	\$ 196,532	\$ 182,545	\$ 588,514	\$ 521,077
Cost and expenses:				
Cost of sales	151,435	148,895	460,192	420,901
Selling, general, and administrative expenses	22,491	21,725	70,040	65,236
Research, technical, and product development expenses	1,041	1,012	3,024	3,181
Asset and asset-related charges		1,617		1,617
Operating income	21,565	9,296	55,258	30,142
Other income (expense), net	(294)	16	965	318
Interest income	78	18	159	133
Interest expense	(7,387)	(4,708)	(32,876)	(13,195)
Income before income taxes	13,962	4,622	23,506	17,398
Provision for income taxes	1,670	1,423	3,507	6,048
Net income attributable to continuing operations	\$ 12,292	\$ 3,199	\$ 19,999	\$ 11,350
Net income (loss) attributable to discontinued operations, net of tax		389	(156)	1,413
Net income	\$ 12,292	\$ 3,588	\$ 19,843	\$ 12,763
Earnings per share attributable to continuing operations:				
Basic	\$ 0.40	\$ 0.11	\$ 0.66	\$ 0.37
Diluted	\$ 0.37	\$ 0.11	\$ 0.65	\$ 0.37

Earnings (loss) per share attributable to discontinued operations:				
Basic	\$	\$	0.01	\$ (0.01) \$ 0.05
Diluted	\$	\$	0.01	\$ (0.01) \$ 0.05
Weighted-average shares outstanding:				
Basic	30,325,662	30,137,187	30,285,004	30,117,204
Diluted	40,374,609	30,247,372	30,498,847	30,232,304

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Comprehensive Income****(Unaudited)****(In thousands, except share and per share amounts)**

	<b>Three Months Ended September 30, 2012</b>		<b>Nine Months Ended September 30, 2012</b>	
	<b>2013</b>	<b>(As Restated)</b>	<b>2013</b>	<b>(As Restated)</b>
Net income	\$ 12,292	\$ 3,588	\$ 19,843	\$ 12,763
Other comprehensive income (loss):				
Foreign currency translation, net of tax of \$1,449, \$2,427, \$(2,471) and \$2,220	2,691	4,508	(4,589)	4,123
Unrealized gains (losses) on investments, net of tax of \$10, \$0, \$(2) and \$0	18		(4)	
Realized losses on investments, net of tax of \$0, \$0, \$0 and \$4				8
Benefit plan amortization, net of tax of \$767, \$725, \$4,572, and \$2,175	1,250	1,201	9,324	3,608
Other comprehensive income (loss), net of tax	3,959	5,709	4,731	7,739
Comprehensive income	\$ 16,251	\$ 9,297	\$ 24,574	\$ 20,502

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(Unaudited)****(In thousands, except share and per share amounts)**

	<b>September 30, 2013</b>	<b>December 31, 2012 (As Restated)</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 315,021	\$ 97,190
Short-term investments	45,187	
Receivables, less allowance for doubtful accounts of \$736 and \$722	118,827	105,317
Inventories, net	420,400	385,116
Costs in excess of billings	3,425	2,260
Deferred income taxes	31,406	31,380
Assets of discontinued operations		14,741
Other current assets	23,041	11,270
<b>Total current assets</b>	<b>957,307</b>	<b>647,274</b>
Property, plant, and equipment, net	367,849	375,949
Goodwill	129,838	130,610
Other intangible assets, net	53,042	56,495
Deferred income taxes	29,435	33,287
Other noncurrent assets	14,910	8,866
<b>Total assets</b>	<b>\$ 1,552,381</b>	<b>\$ 1,252,481</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 75,039	\$ 91,661
Accrued wages and other employee costs	29,801	34,096
Unearned revenues	38,467	24,998
Liabilities of discontinued operations		2,332
Other accrued liabilities	26,037	22,550
<b>Total current liabilities</b>	<b>169,344</b>	<b>175,637</b>
Long-term debt	419,249	198,337
Liability for post-retirement benefits	44,112	45,066
Liability for pension benefits	10,297	20,711
Deferred income taxes	73,882	46,384
Unearned revenues	12,033	13,013
Other noncurrent liabilities	12,134	11,798

Total liabilities	741,051	510,946
<b>Commitments and Contingencies</b>		
Shareholders' equity:		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,360,663 and 31,136,899 shares issued; 30,554,253 and 30,354,324 shares outstanding	314	311
Additional paid-in capital	530,415	484,798
Treasury stock, at cost; 806,410 and 782,575 shares	(18,798)	(18,399)
Accumulated other comprehensive loss	(39,991)	(44,722)
Retained earnings	339,390	319,547
Total shareholders' equity.	811,330	741,535
Total liabilities and shareholders' equity	\$ 1,552,381	\$ 1,252,481

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*



Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Cash Flows****(Unaudited)****(In thousands, except per share amounts)**

	<b>Nine Months Ended September 30, 2012</b>	
	<b>2013</b>	<b>(As Restated)</b>
<b><u>OPERATING ACTIVITIES:</u></b>		
Net income	\$ 19,843	\$ 12,763
Adjustment for non-cash items included in net income:		
Depreciation and amortization	32,469	29,405
Asset and asset related charges		1,617
Goodwill impairments	484	
Deferred income taxes	349	(4,717)
Stock-based compensation	4,543	3,658
Excess tax benefits from stock-based compensation activity	(405)	(100)
Amortization of discount on long-term debt	10,592	7,192
Deferred financing cost writedown	1,498	
Other	1,115	1,498
Changes in assets and liabilities:		
Receivables	(14,169)	(11,799)
Inventories	(36,394)	(71,352)
Accounts payable	(11,866)	10,424
Income taxes payable	(11,566)	8,893
Unearned revenue	13,502	8,907
Cost in excess of billings	(1,165)	(1,751)
Other current assets and liabilities	(2,493)	(7,181)
Other assets and liabilities	3	(12,907)
Cash provided by (used in) operating activities	6,340	(25,450)
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchase of investments	(128,324)	(4,037)
Maturity/sale of investments	82,957	176,809
Capital expenditures	(26,357)	(47,879)
Divestitures	10,475	
Acquisitions, net of cash acquired		(182,811)
Cash used in investing activities	(61,249)	(57,918)

**FINANCING ACTIVITIES:**

Borrowings on long-term debt	402,500	
Repayments on long-term debt	(120,590)	(543)
Deferred financing costs	(12,370)	(823)
Proceeds from exercise of employee stock options	1,960	335
Excess tax benefits from stock-based compensation activity	405	100
Purchase of common stock held in treasury	(399)	(742)
Cash provided by (used in) financing activities	271,506	(1,673)
Effect of exchange rate changes on cash and cash equivalents	1,234	1,588
Increase (decrease) in cash and cash equivalents	217,831	(83,453)
Cash and cash equivalents at beginning of period	97,190	156,842
Cash and cash equivalents at end of period	\$ 315,021	\$ 73,389

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Shareholders Equity****(Unaudited)****(In thousands, except per share amounts)**

	<b>Common Stock Shares Outstanding</b>	<b>Amount</b>	<b>Additional Paid-In Capital</b>	<b>Treasury Stock</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
Balance at December 31, 2012 (As Restated)	30,354,324	\$ 311	\$ 484,798	\$ (18,399)	\$ 319,547	\$ (44,722)	\$ 741,535
Net income					19,843		19,843
Other comprehensive income, net						4,731	4,731
Shares issued for directors compensation	25,574						
Shares issued for restricted stock award plans	91,282	1	1				2
Stock-based compensation expense recognized			4,543				4,543
Treasury stock purchased at cost	(14,116)			(399)			(399)
Exercise of employee options	97,432	2	1,699				1,701
Forfeiture of restricted stock awards	(9,719)						
Tax benefits from stock-based compensation activity			(210)				(210)
Shares issued for employee stock purchase plan	9,476		260				260
Recognition of Equity component of 2019 Convertible Notes, net of deferred taxes			52,687				52,687
Derecognition of equity component of 2015 Convertible Notes, net of deferred taxes			(13,363)				(13,363)
	30,554,253	\$ 314	\$ 530,415	\$ (18,798)	\$ 339,390	\$ (39,991)	\$ 811,330

Balance at September 30,  
2013

*The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.*

**Table of Contents**

**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

**(In thousands, except share and per share amounts, unless otherwise indicated)**

**Note 1 BASIS OF PRESENTATION:**

The accompanying unaudited Condensed Consolidated Financial Statements of RTI International Metals, Inc. and its subsidiaries (the Company or RTI ) have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. In the opinion of management, these financial statements contain all of the adjustments of a normal and recurring nature considered necessary to state fairly the results for the interim periods presented. The results for the interim periods are not necessarily indicative of the results to be expected for the year.

The balance sheet at December 31, 2012 has been derived from the audited Consolidated Financial Statements at that date, but does not include all of the information and notes required by GAAP for complete financial statements. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these Condensed Consolidated Financial Statements be read in conjunction with accounting policies and Notes to the Consolidated Financial Statements included in the Company's second amended Annual Report on Form 10-K/A for the year ended December 31, 2012 as filed with the Securities and Exchange Commission (the SEC ) on November 12, 2013.

**Note 2 RESTATEMENTS AND REVISIONS:**

The Company historically recognized revenues for certain of its long-term contracts upon the delivery of products or the performance of services. In July 2013, the Company began a review of these contracts, and determined that for certain of these contracts, this treatment was incorrect, and a project-based accounting model would be more appropriate. As such, the Company filed Amendment No. 1 to its Annual Report on Form 10-K/A ( Amendment No. 1 ) on September 24, 2013 to correctly present the Consolidated Financial Statements as if these contracts were accounted for using the percentage-of-completion accounting model under Accounting Standards Codification ( ASC ) 605-35, *Construction-Type and Production-Type Contracts*, as well as other related adjustments. ASC 605-35 requires that management continually update estimates of projected revenues and costs for each contract to determine the appropriate amount of revenue and costs to recognize in each period. For certain contracts, since the Company had not been historically recording revenue and expenses in accordance with ASC 605-35, such estimates were not available for historical periods and it was not practicable to create such estimates. As a result, revenues and costs under these contracts have been recorded in equal amounts using the zero profit method under ASC 605-35 until the period when the Company believed it would have been able to estimate its remaining revenues and costs, at which point the cumulative contract gross profit earned to date was recorded. This generally occurred when the primary deliverable under the contract was delivered.

In connection with the preparation of Amendment No. 1, multiple spreadsheets had been created and used to calculate the historic revenue and costs of goods sold under the contracts requiring application of the percentage of-completion

methodology under ASC 605-35. During the Company's third quarter closing process, the Company determined that one of these spreadsheets inadvertently contained computational errors resulting in an inaccurate calculation of the revenues and costs of sales for these contracts. As a result, the Company filed its second amended Annual Report on Form 10-K/A for the year ended December 31, 2012 ( Amendment No. 2 ), with the SEC on November 12, 2013.

**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)****(In thousands, except share and per share amounts, unless otherwise indicated)**

The Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2012 were restated in Amendment No. 1 and Amendment No. 2. In conjunction with Amendment No. 2, the Company also made immaterial corrections associated with its acquisition of its RTI Remmele Engineering and RTI Remmele Medical subsidiaries which increased current deferred tax assets \$192, while decreasing goodwill and non-current deferred tax liabilities by \$5,260 and \$5,068, respectively. The effects of the restatements on the Condensed Consolidated Financial Statements as previously filed for the three and nine months ended September 30, 2012 and the Condensed Consolidated Balance Sheet as of December 31, 2012 are presented below. Columns labeled **Second Restatement Adjustment** represent the reconciling difference between Amendment No. 1 and Amendment No. 2. Additionally, the Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2012 and the Condensed Consolidated Balance Sheet as of December 31, 2012 have been recast for the effects of reporting RTI Pierce Spafford as a discontinued operation.

The Condensed Consolidated Financial Statements have been restated for the three and nine months ended September 30, 2012 and for the year ended December 31, 2012 as follows:

	<b>Three Months Ended September 30, 2012</b>					
	<b>Previously Reported</b>	<b>First Restatement Adjustment</b>	<b>Second Restatement Adjustment</b>	<b>As Corrected</b>	<b>Discontinued Operations</b>	<b>Currently Reported</b>
<b>Condensed Consolidated Statement of Operations</b>						
Net sales	\$ 189,075	\$ 439	\$ 259	\$ 189,773	\$ (7,228)	\$ 182,545
Cost of sales	151,128	3,689	19	154,836	(5,941)	148,895
Operating income	12,884	(3,250)	240	9,874	(578)	9,296
Income before income taxes	8,226	(3,250)	240	5,216	(594)	4,622
Provision for income taxes	2,601	(1,049)	76	1,628	(205)	1,423
Net income attributable to continuing operations	5,625	(2,201)	164	3,588	(389)	3,199
Basic earnings per share continuing operations	\$ 0.19	\$ (0.07)	\$ 0.01	\$ 0.12	\$ (0.01)	\$ 0.11
Diluted earnings per share continuing operations	\$ 0.19	\$ (0.07)	\$ 0.01	\$ 0.12	\$ (0.01)	\$ 0.11

	<b>Nine Months Ended September 30, 2012</b>					
	<b>Previously Reported</b>	<b>First Restatement Adjustment</b>	<b>Second Restatement Adjustment</b>	<b>As Corrected</b>	<b>Discontinued Operations</b>	<b>Currently Reported</b>

**Adjustment Adjustment**

<b>Condensed Consolidated Statement of Operations</b>						
Net sales	\$ 542,202	\$ 1,600	\$ 752	\$ 544,554	\$ (23,477)	\$ 521,077
Cost of sales	432,054	7,583	276	439,913	(19,012)	420,901
Operating income	37,836	(5,983)	476	32,329	(2,187)	30,142
Income before income taxes	25,108	(5,983)	476	19,601	(2,203)	17,398
Provision for income taxes	8,695	(2,017)	160	6,838	(790)	6,048
Net income attributable to continuing operations	16,413	(3,966)	316	12,763	(1,413)	11,350
Basic earnings per share continuing operations	\$ 0.54	\$ (0.13)	\$ 0.01	\$ 0.42	\$ (0.05)	\$ 0.37
Diluted earnings per share continuing operations	\$ 0.54	\$ (0.13)	\$ 0.01	\$ 0.42	\$ (0.05)	\$ 0.37



**Table of Contents****RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)****(In thousands, except share and per share amounts, unless otherwise indicated)**

	<b>December 31, 2012</b>					
	<b>Previously Reported</b>	<b>First Restatement Adjustment</b>	<b>Second Restatement Adjustment</b>	<b>As Corrected</b>	<b>Discontinued Operations</b>	<b>Currently Reported</b>
<b>Condensed Consolidated Balance Sheet</b>						
Receivables	\$ 108,767	\$	\$ (1,261)	\$ 107,506	\$ (2,189)	\$ 105,317
Inventories, net	405,289	(5,208)	(3,841)	396,240	(11,124)	385,116
Cost in excess of billings		1,841	419	2,260		2,260
Deferred income taxes	28,899	1,733	748	31,380		31,380
Assets of discontinued operations					14,741	14,741
Other current assets	10,709	561		11,270		11,270
Total current assets	650,854	(1,073)	(3,935)	645,846	1,428	647,274
Property, plant and equipment, net	375,996			375,996	(47)	375,949
Goodwill	137,251		(5,260)	131,991	(1,381)	130,610
Other noncurrent assets	5,844	3,022		8,866		8,866
Total assets	1,259,727	1,949	(9,195)	1,252,481		1,252,481
Accounts payable	93,656			93,656	(1,995)	91,661
Accrued wages and other employment costs	34,433			34,433	(337)	34,096
Unearned revenues	26,164	1,984	(3,150)	24,998		24,998
Liabilities of discontinued operations					2,332	2,332
Total current liabilities	176,803	1,984	(3,150)	175,637		175,637
Deferred income taxes	51,452		(5,068)	46,384		46,384
Unearned revenues	9,991	3,022		13,013		13,013
Total liabilities	514,158	5,006	(8,218)	510,946		510,946
Retained earnings	323,581	(3,057)	(977)	319,547		319,547
Total shareholders equity	745,569	(3,057)	(977)	741,535		741,535
Total liabilities and shareholders equity	1,259,727	1,949	(9,195)	1,252,481		1,252,481

**Nine Months Ended September 30, 2012**

	<b>Previously</b>	<b>First Restatement</b>	<b>Second Restatement</b>	<b>As</b>
--	-------------------	------------------------------	-------------------------------	-----------

	Reported	Adjustment	Adjustment	Corrected
<b>Condensed Consolidated Statement of Cash Flows</b>				
Operating Activities:				
Net income	\$ 16,413	\$ (3,966)	\$ 316	\$ 12,763
Adjustment for non-cash items included in net income:				
Deferred income taxes	(2,860)	(2,017)	160	(4,717)
Other	675		823	1,498
Changes in assets and liabilities:				
Inventories	(81,086)	5,785	3,949	(71,352)
Unearned revenue	11,581	350	(3,024)	8,907
Cost in excess of billings		(350)	(1,401)	(1,751)
Other current assets and liabilities	(6,844)	(145)	(192)	(7,181)
Other assets and liabilities	(13,442)	343	192	(12,907)
Cash used in operating activities	(26,273)		823	(25,450)
Financing Activities:				
Deferred financing costs			(823)	(823)
Cash used in financing activities	(850)		(823)	(1,673)

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)****(In thousands, except share and per share amounts, unless otherwise indicated)***Revision of Prior Period Financial Statements*

The Company has determined that the impact of errors related to the second amendment of its Annual Report on Form 10-K/A on the quarterly periods in 2013 was not material to the Quarterly Reports on Form 10-Q for March 31, 2013 and June 30, 2013, respectively, and has corrected the impact of the 2013 errors in this Quarterly Report on Form 10-Q for the nine months ended September 30, 2013. Therefore, the Condensed Consolidated Financial Statements for the three months ended March 31, 2013 and the three and six months ended June 30, 2013 will be revised in future filings. For the three months ended March 31, 2013, Net Sales were overstated by \$662 and Cost of Sales was overstated by \$26, resulting in an overstatement of Operating Income of \$636. For the three months ended June 30, 2013, Net Sales were overstated by \$206 and Cost of Sales was understated by \$15, resulting in an overstatement of Operating Income of \$221. The results for the three and nine months ended September 30, 2013 include an out of period adjustment related to the correction of the error from 2011 as a result of the errors related to Amendment No. 2, which decreased operating income \$202. The reconciling difference between the *As Revised* balances for the three months ended March 31, 2013, presented below, and the balances reported in the March 31, 2013 Form 10-Q/A is the column labeled *Revision Adjustment*. The effects of the revision on the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Cash Flows for the periods ending March 31, 2013 and June 30, 2013, and the Condensed Consolidated Balance Sheets at March 31, 2013 and June 30, 2013 are presented below.

**Condensed Consolidated Statements of Operations:**

	Three months ended March 31, 2013			Three months ended June 30, 2013			Six months ended June 30, 2013			
	As Reported	Restatement Adjustment	Revision Adjustment	As Revised	As Reported	As Revision	As Revised	As Reported	As Revision	As Revised
Net sales	\$ 187,470	\$ 4,430	\$ (662)	\$ 191,238	\$ 200,950	\$ (206)	\$ 200,744	\$ 392,850	\$ (868)	\$ 391,982
Cost and expenses:										
Cost of Sales	149,381	2,605	(26)	151,960	156,782	15	156,797	308,768	(11)	308,757
Operating income	12,180	1,825	(636)	13,369	20,545	(221)	20,324	34,550	(857)	33,693
Income before income taxes	7,974	1,825	(636)	9,163	602	(221)	381	10,401	(857)	9,544

Edgar Filing: RTI INTERNATIONAL METALS INC - Form 10-Q

Provision for income taxes	2,470	512	(178)	2,804	(878)	(89)	(967)	2,104	(267)	1,837
Net income attributable to continuing operations	5,504	1,313	(458)	6,359	1,480	(132)	1,348	8,297	(590)	7,707
Net income	5,655	1,313	(458)	6,510	1,173	(132)	1,041	8,141	(590)	7,551
Earnings per share attributable to continuing operations:										
Basic	\$ 0.18	\$ 0.04	\$ (0.02)	\$ 0.21	\$ 0.05	\$	\$ 0.04	\$ 0.27	\$ (0.02)	\$ 0.25
Diluted	\$ 0.18	\$ 0.04	\$ (0.02)	\$ 0.21	\$ 0.05	\$	\$ 0.04	\$ 0.27	\$ (0.02)	\$ 0.25

**Table of Contents**

**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

**(In thousands, except share and per share amounts, unless otherwise indicated)**

**Condensed Consolidated Balance Sheets:**

	March 31, 2013			June 30, 2013		
	As Reported	Restatement Adjustment	Revision Adjustment	As Revised	As Reported	Revision Adjustment
						As Revised
Inventories, net	\$ 421,402	\$ (6,430)	\$ (3,952)	\$ 411,020	\$ 421,152	\$ (4,265)