

AMERICAN VANGUARD CORP

Form 10-Q

August 06, 2013

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

.. **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 001-13795

AMERICAN VANGUARD CORPORATION

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Delaware
(State or other jurisdiction of
Incorporation or organization)

95-2588080
(I.R.S. Employer
Identification Number)

4695 MacArthur Court,
Newport Beach, California
(Address of principal executive offices)

92660
(Zip Code)

(949) 260-1200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Common Stock, \$.10 Par Value 28,664,462 shares as of July 29, 2013.

Table of Contents

AMERICAN VANGUARD CORPORATION

INDEX

	Page Number
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited)	
<u>Consolidated Statements of Operations and Comprehensive Income for the three months and six months ended June 30, 2013 and 2012</u>	3
<u>Consolidated Balance Sheets as of June 30, 2013 and December 31, 2012</u>	4
<u>Consolidated Statement of Stockholders' Equity for the three months ended March 31, 2013 and June 30, 2013</u>	5
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012</u>	6
<u>Notes to 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>	23
Item 4. <u>Controls and Procedures</u>	23
PART II OTHER INFORMATION	24
Item 1. <u>Legal Proceedings</u>	24
Item 6. <u>Exhibits</u>	25
<u>SIGNATURES</u>	26

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(In thousands, except per share data)****(Unaudited)**

	For the three months ended June 30		For the six months ended June 30	
	2013	2012	2013	2012
Net sales	\$ 86,761	\$ 84,837	\$ 208,298	\$ 172,092
Cost of sales	44,695	46,491	112,451	96,368
Gross profit	42,066	38,346	95,847	75,724
Operating expenses	29,169	24,104	56,798	47,080
Operating income	12,897	14,242	39,049	28,644
Interest expense	701	721	1,248	1,456
Interest capitalized	(31)	(112)	(225)	(148)
Income before provision for income taxes	12,227	13,633	38,026	27,336
Income tax expense	3,961	4,889	12,941	9,858
Net income	8,266	8,744	25,085	17,478
Net loss attributable to non-controlling interest	120		216	
Net income attributable to American Vanguard	8,386	8,744	25,301	17,478
Change in fair value of interest rate swap	174	24	352	46
Foreign currency translation adjustment	(476)	(420)	(69)	122
Comprehensive income	\$ 8,084	\$ 8,348	\$ 25,584	\$ 17,646
Earnings per common share basic	\$.29	\$.31	\$.89	\$.63
Earnings per common share assuming dilution	\$.29	\$.30	\$.88	\$.61
Weighted average shares outstanding basic	28,295	27,858	28,280	27,740
Weighted average shares outstanding assuming dilution	28,886	28,737	28,884	28,544

See notes to consolidated financial statements.

Table of Contents**AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(In thousands, except per share data)

	June 30, 2013 (Unaudited)	Dec. 31, 2012 (Note)
ASSETS		
Current assets:		
Cash	\$ 32,414	\$ 38,476
Receivables:		
Trade, net of allowance for doubtful accounts of \$557 and \$623, respectively	67,376	76,073
Income taxes receivable	148	
Other	1,414	1,230
	68,938	77,303
Inventories	127,150	87,951
Prepaid expenses	13,411	13,710
Deferred income tax assets	4,877	4,877
Total current assets	246,790	222,317
Property, plant and equipment, net	49,828	45,701
Intangible assets	110,247	113,521
Other assets	30,372	18,351
	\$ 437,237	\$ 399,890
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 70	\$ 16,247
Current installments of other liabilities	1,524	1,839
Accounts payable	23,953	32,838
Deferred revenue	278	20,427
Accrued program costs	88,508	32,335
Accrued expenses and other payables	8,793	8,671
Income taxes payable		1,313
Total current liabilities	123,126	113,670
Long-term debt, excluding current installments	40,911	36,196
Other liabilities, excluding current installments	4,291	5,425
Deferred income taxes	19,163	19,163
Total liabilities	187,491	174,454
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued		
Common stock, \$.10 par value per share; authorized 40,000,000 shares; issued 30,972,048 shares at June 30, 2013 and 30,766,730 shares at December 31, 2012	3,099	3,077
Additional paid-in capital	56,632	54,323
Accumulated other comprehensive loss	(1,479)	(1,762)

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Retained earnings	196,155	174,243
	254,407	229,881
Less treasury stock, at cost, 2,310,634 shares at both June 30, 2013 and December 31, 2012	(4,804)	(4,804)
American Vanguard stockholders' equity	249,603	225,077
Non-controlling interest	143	359
Total stockholders' equity	249,746	225,436
	\$ 437,237	\$ 399,890

Note: The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date.

See notes to consolidated financial statements.

Table of Contents

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(In thousands, except per share data)

For The Three Months Ended March 31, 2013 and June 30, 2013

(Unaudited)

	Common Stock			Retained Earnings	Accumulated	Non-Controlling Interest	Treasury Stock		Total
	Shares	Amount	Additional Paid-in Capital		Other Comprehensive Income (Loss)		Shares	Amount	
Balance, December 31, 2012	30,766,730	\$ 3,077	\$ 54,323	\$ 174,243	\$ (1,762)	\$ 359	2,310,634	\$ (4,804)	\$ 225,436
Stocks issued under ESPP	12,263	2	376						378
Cash dividends on common stock (\$0.07 per share)				(1,976)					(1,976)
Foreign currency translation adjustment, net					407				407
Stock based compensation									