

GRAFTECH INTERNATIONAL LTD

Form 10-Q

November 09, 2015

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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, 2015

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: 1-13888

GRAFTECH INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-2496053

(I.R.S. Employer Identification Number)

Suite 300 Park Center I
6100 Oak Tree Boulevard
Independence, OH

44131
(Zip code)

(Address of principal executive offices)

Registrant's telephone number, including area code: (216) 676-2000

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

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Non-Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

As of October 15, 2015, 1,000 shares of common stock, par value \$.01 per share, were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

Unaudited

| | Predecessor As of December 31, 2014 | Successor As of September 30, 2015 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,550 | \$ 13,461 |
| Accounts and notes receivable, net of allowance for doubtful accounts of \$7,471 as of December 31, 2014 and \$6,422 as of September 30, 2015 | 162,919 | 111,024 |
| Inventories | 382,903 | 322,268 |
| Prepaid expenses and other current assets | 81,623 | 66,562 |
| Total current assets | 644,995 | 513,315 |
| Property, plant and equipment | 1,500,821 | 657,247 |
| Less: accumulated depreciation | 846,781 | 6,899 |
| Net property, plant and equipment | 654,040 | 650,348 |
| Deferred income taxes | 16,819 | 13,846 |
| Goodwill | 420,129 | 170,021 |
| Other assets | 97,822 | 162,474 |
| Total assets | \$ 1,833,805 | \$ 1,510,004 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 86,409 | \$ 61,987 |
| Short-term debt | 188,104 | 9,600 |
| Accrued income and other taxes | 24,506 | 17,750 |
| Rationalizations | 9,563 | 5,263 |
| Other accrued liabilities | 43,319 | 37,072 |
| Total current liabilities | 351,901 | 131,672 |
| Long-term debt | 341,615 | 368,589 |
| Other long-term obligations | 107,566 | 89,643 |
| Deferred income taxes | 28,197 | 79,269 |
| Contingencies – Note 12 | | |
| Stockholders' equity: | | |
| Preferred stock, par value \$.01, 10,000,000 shares authorized, none issued | — | — |
| Common stock, par value \$.01, 225,000,000 shares authorized, 152,821,011 shares issued as of December 31, 2014 and 1,000 shares authorized and 1,000 issued as of September 30, 2015 | 1,528 | — |
| Additional paid-in capital | 1,825,880 | 854,337 |
| Accumulated other comprehensive loss | (336,524 |) (6,203 |
| Accumulated deficit | (245,751 |) (7,303 |
| Less: cost of common stock held in treasury, 15,922,729 shares as of December 31, 2014 and 0 shares as of September 30, 2015 | (239,811 |) — |
| Less: common stock held in employee benefit and compensation trusts, 80,967 shares as of December 31, 2014 and 0 shares as of | (796 |) — |

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| | | |
|---|-------------|-------------|
| September 30, 2015 | | |
| Total stockholders' equity | 1,004,526 | 840,831 |
| Total liabilities and stockholders' equity | \$1,833,805 | \$1,510,004 |
| See accompanying Notes to Condensed Consolidated Financial Statements | | |

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
 (Dollars in thousands, except per share amounts)
 (Unaudited)

| | Predecessor | | Successor |
|--|--|---|---|
| | For the Three Months Ended September 30, 2014 | For the Period July 1, 2015 Through August 14, 2015 | For the Period August 15, 2015 Through September 30, 2015 |
| CONSOLIDATED STATEMENTS OF OPERATIONS | | | |
| Net sales | \$260,458 | \$65,598 | \$94,591 |
| Cost of sales | 242,814 | 64,187 | 85,600 |
| Gross profit | 17,644 | 1,411 | 8,991 |
| Research and development | 2,871 | 1,211 | 660 |
| Selling and administrative expenses | 26,980 | 29,604 | 9,806 |
| Rationalizations | 10,844 | 244 | 637 |
| Operating loss | (23,051 |) (29,648 |) (2,112 |
| Other expense (income), net | 1,149 | 243 | 678 |
| Interest expense | 9,069 | 9,002 | 3,701 |
| Interest income | (144 |) (22 |) (21 |
| Loss before provision for income taxes | (33,125 |) (38,871 |) |