

HARSCO CORP
Form 10-Q
May 07, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 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 1-3970

HARSCO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

23-1483991
(I.R.S. employer identification number)

350 Poplar Church Road, Camp Hill,
Pennsylvania
(Address of principal executive offices)

17011
(Zip Code)

Registrant's telephone number, including area code 717-763-7064

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

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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 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 reporting 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

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

Class	Outstanding at April 30, 2009
Common stock, par value \$1.25 per share	80,293,445

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended March 31	
(In thousands, except per share amounts)	2009	2008 (a)
Revenues from continuing operations:		
Service revenues	\$ 562,432	\$ 852,628
Product revenues	134,458	135,162
Total revenues	696,890	987,790
Costs and expenses from continuing operations:		
Cost of services sold	440,619	638,058
Cost of products sold	96,266	92,947
Selling, general and administrative expenses	124,997	156,632
Research and development expenses	643	1,053
Other income	(2,806)	(280)
Total costs and expenses	659,719	888,410
Operating income from continuing operations	37,171	99,380
Equity in income of unconsolidated entities, net	87	405
Interest income	545	914
Interest expense	(15,313)	(17,120)
Income from continuing operations before income taxes	22,490	83,579
Income tax expense	(1,511)	(24,188)
Income from continuing operations	20,979	59,391
Discontinued operations:		
Income (loss) from discontinued business	(1,754)	255
Income tax benefit (expense)	530	(107)
Income (loss) from discontinued operations	(1,224)	148
Net Income	19,755	59,539
Less: Net income attributable to noncontrolling interest	(1,163)	(2,500)
Net income attributable to Harsco Corporation	\$ 18,592	\$ 57,039
Amounts attributable to Harsco Corporation common stockholders:		
Income from continuing operations, net of tax	\$ 19,816	\$ 56,891
Income (loss) from discontinued operations, net of tax	(1,224)	148
Net income	\$ 18,592	\$ 57,039
Average shares of common stock outstanding	80,249	84,374
Basic earnings per share attributable to Harsco Corporation common stockholders:		

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Continuing operations	\$	0.25	\$	0.67
Discontinued operations		(0.02)		0.00
Basic earnings per share attributable to Harsco Corporation common stockholders	\$	0.23	\$	0.68(b)
Diluted average shares of common stock outstanding		80,484		84,851
Diluted earnings per share attributable to Harsco Corporation common stockholders:				
Continuing operations	\$	0.25	\$	0.67
Discontinued operations		(0.02)		0.00
Diluted earnings per share attributable to Harsco Corporation common stockholders	\$	0.23	\$	0.67
Cash dividends declared per common share	\$	0.20	\$	0.195

(a) On January 1, 2009, the Company adopted SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51,” the provisions of which, among others, requires that minority interests be renamed noncontrolling interests and that a company present a consolidated net income measure that includes the amount attributable to such noncontrolling interests for all periods presented.

(b) Does not total due to rounding.

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	March 31 2009	December 31 2008 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69,169	\$ 91,336
Trade accounts receivable, net	611,559	648,880
Other receivables, net	30,926	46,032
Inventories	308,233	309,530
Other current assets	99,047	104,430
Assets held-for-sale	2,284	5,280
Total current assets	1,121,218	1,205,488
Property, plant and equipment, net	1,406,395	1,482,833
Goodwill, net	616,480	631,490
Intangible assets, net	132,766	141,493
Other assets	108,514	101,666
Total assets	\$ 3,385,373	\$ 3,562,970
LIABILITIES		
Current liabilities:		
Short-term borrowings	\$ 107,709	\$ 117,854
Current maturities of long-term debt	2,988	3,212
Accounts payable	216,308	262,783
Accrued compensation	63,716	85,237
Income taxes payable	23,983	13,395
Dividends payable	16,056	15,637
Insurance liabilities	22,584	36,553
Advances on contracts	149,175	144,237
Other current liabilities	196,224	209,518
Total current liabilities	798,743	888,426
Long-term debt	885,078	891,817
Deferred income taxes	30,359	35,442
Insurance liabilities	62,233	60,663
Retirement plan liabilities	182,236	190,153
Other liabilities	45,284	46,497
Total liabilities	2,003,933	2,112,998
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Harsco Corporation stockholders' equity:		
Preferred stock, Series A junior participating cumulative preferred stock	—	—
Common stock	139,119	138,925
Additional paid-in capital	137,877	137,083
Accumulated other comprehensive loss	(279,015)	(208,299)
Retained earnings	2,081,708	2,079,170
Treasury stock	(734,696)	(733,203)
Total Harsco Corporation stockholders' equity	1,344,993	1,413,676
Noncontrolling interest	36,447	36,296
Total equity	1,381,440	1,449,972
Total liabilities and equity	\$ 3,385,373	\$ 3,562,970

- (a) On January 1, 2009, the Company adopted SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51,” the provisions of which, among others, requires that minority interests be renamed noncontrolling interests and that a company present such noncontrolling interests as equity for all periods presented.

See accompanying notes to unaudited condensed consolidated financial statements.

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HARSCO CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Three Months Ended March 31	
	2009	2008 (a)
Cash flows from operating activities:		
Net income	\$ 19,755	\$ 59,539
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	67,701	76,622
Amortization	6,707	7,670
Equity in income of unconsolidated entities, net	(87)	(405)
Other, net		