

ROGERS CORP  
Form 10-Q  
May 03, 2011

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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, 2011

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 1-4347

ROGERS CORPORATION  
(Exact name of Registrant as specified in its charter)

Massachusetts  
(State or other jurisdiction of  
incorporation or organization)

06-0513860  
(I. R. S. Employer Identification No.)

P.O. Box 188, One Technology Drive, Rogers,  
Connecticut  
(Address of principal executive offices)

06263-0188  
(Zip Code)

Registrant's telephone number, including area code: (860) 774-9605

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

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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 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

The number of shares outstanding of the registrant's common stock as of April 15, 2011 was 15,968,735.

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ROGERS CORPORATION  
FORM 10-Q

March 31, 2011

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## Part I – Financial Information

## Item 1. Financial Statements

ROGERS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2011	March 31, 2010
Net sales	\$136,059	\$83,936
Cost of sales	93,948	53,677
Gross margin	42,111	30,259
Selling and administrative expenses	24,499	20,974
Research and development expenses	6,021	3,543
Operating income	11,591	5,742
Equity income in unconsolidated joint ventures	1,428	2,218
Other income, net	1,351	795
Realized investment loss:		
Increase in fair value of investments	97	950
Less: Portion of gains in other comprehensive income	95	988
Net impairment gain (loss)	2	(38)
Interest income (expense), net	(1,579)	107
Income before income taxes	12,793	8,824
Income tax expense	3,359	1,970
Net income	\$9,434	\$6,854
Net income per share:		
Basic	\$0.59	\$0.43
Diluted	0.57	0.43
Shares used in computing:		
Basic	15,893,475	15,768,697
Diluted	16,528,710	15,896,518

ROGERS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Unaudited)  
(Dollars in thousands, except share amounts)

	March 31, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$66,135	\$80,135
Short-term investments	-	186
Accounts receivable, less allowance for doubtful accounts of \$1,758 and \$1,630	86,889	61,995
Accounts receivable from joint ventures	2,154	1,338
Accounts receivable, other	1,967	3,773
Taxes receivable	245	1,706
Inventories	64,860	47,574
Prepaid income taxes	2,660	1,938
Deferred income taxes	1,604	1,492
Asbestos-related insurance receivables	8,563	8,563
Assets held for sale	1,841	5,841
Other current assets	10,829	7,042
Total current assets	247,747	221,583
Property, plant and equipment, net of accumulated depreciation of \$221,098 and \$182,435	155,934	120,087
Investments in unconsolidated joint ventures	23,875	25,452
Deferred income taxes	15,696	17,120
Goodwill and other intangibles	182,603	35,984
Asbestos-related insurance receivables	20,733	20,733
Long-term marketable securities	33,575	33,592
Investments, other	5,000	5,000
Other long-term assets	7,880	5,323
Total assets	\$693,043	\$484,874
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$22,711	\$16,296
Accrued employee benefits and compensation	24,109	26,692
Accrued income taxes payable	3,018	1,528
Current portion of lease obligation	1,746	-
Asbestos-related liabilities	8,563	8,563
Other current liabilities	11,380	12,362
Total current liabilities	71,527	65,441
Long term debt	145,000	-
Long term lease obligation	9,096	-
Pension liability	31,980	31,980
Retiree health care and life insurance benefits	8,144	8,144
Asbestos-related liabilities	21,159	21,159

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Non-current income tax	17,908	15,339
Deferred income taxes	25,286	8,745
Other long-term liabilities	3,557	3,534
<b>Shareholders' Equity</b>		
Capital Stock - \$1 par value; 50,000,000 authorized shares; 15,955,395 and 15,841,341 shares issued and outstanding	15,955	15,841
Additional paid-in capital	37,454	33,194
Retained earnings	304,478	295,044
Accumulated other comprehensive income (loss)	1,499	(13,547 )
Total shareholders' equity	359,386	330,532
Total liabilities and shareholders' equity	\$693,043	\$484,874

The accompanying notes are an integral part of the condensed consolidated financial statements.

ROGERS CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)  
 (Dollars in thousands)

	Three Months Ended	
	March 31, 2011	March 31, 2010
<b>Operating Activities:</b>		
Net income (loss)	\$9,434	\$6,854
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	6,200	3,796
Stock-based compensation expense	858	2,588
Deferred income taxes	1,930	544
Equity in undistributed income of unconsolidated joint ventures, net	(1,428 )	(2,218 )
Dividends received from unconsolidated joint ventures	2,762	8,103
Pension and postretirement benefits	1,485	1,673
Gain from the sale of fixed assets	(1,900 )	-
Amortization of inventory fair value	1,805	-
Changes in operating assets and liabilities excluding effects of acquisition and disposition of businesses:		
Accounts receivable	(8,601 )	(7,046 )
Accounts receivable, joint ventures	(816 )	(737 )
Inventories	(5,615 )	(2,477 )
Pension contribution	-	(1,478 )
Other current assets	(2,968 )	(1,034 )
Accounts payable and other accrued expenses	(22,886 )	4,687
Other, net	(212 )	(665 )
Net cash provided by (used in) operating activities	(19,952 )	12,590
<b>Investing Activities:</b>		
Capital expenditures	(4,061 )	(1,314 )
Acquisition of business, net of cash received	(139,825 )	(25,908 )
Proceeds from the sale of fixed assets, net	5,900	-
Proceeds from short-term investments	300	600
Net cash used in investing activities	(137,686 )	(26,622 )
<b>Financing Activities:</b>		
Proceeds from long term borrowings	145,000	-
Payments of long term borrowings acquired through acquisition	(7,273 )	-
Proceeds from sale of capital stock, net	3,121	-
Proceeds from issuance of shares to employee stock purchase plan	396	380
Net cash provided by financing activities	141,244	380
Effect of exchange rate fluctuations on cash	2,394	(1,325 )
Net decrease in cash and cash equivalents	(14,000 )	(14,977 )
Cash and cash equivalents at beginning of year	80,135	57,738

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Cash and cash equivalents at end of quarter	\$66,135	\$42,761
Supplemental disclosure of noncash investing and financing activities		
Deferred purchase price for acquisition of business	\$-	\$2,910

The accompanying notes are an integral part of the condensed consolidated financial statements.



## ROGERS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In our opinion, the accompanying statements of financial position and related interim statements of operations and cash flows include all normal recurring adjustments necessary for their fair presentation in accordance with U.S. generally accepted accounting principles. All significant intercompany transactions have been eliminated.

We changed the presentation of our external segment reporting structure as of the first quarter of 2011. All prior periods have been recast accordingly for the new presentation. See Note 10 for further discussion regarding the new structure.

Interim results are not necessarily indicative of results for a full year. For further information regarding our accounting policies, refer to the audited consolidated financial statements and footnotes thereto included in our Form 10-K for the fiscal year ended December 31, 2010.

## Note 2 –Fair Value Measurements

The accounting guidance for fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis during the period, categorized by the level of inputs used in the valuation, include:

(Dollars in thousands)	Carrying amount as of			
	March 31, 2011	Level 1	Level 2	Level 3
Auction rate securities	\$ 33,575	\$ -	\$ -	\$ 33,575
Foreign currency option contracts	\$ 1,979	\$ -	\$ -	\$ -