

RTI INTERNATIONAL METALS INC

Form 10-Q

August 04, 2010

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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 JUNE 30, 2010

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)

52-2115953
(I.R.S. Employer Identification No.)

**Westpointe Corporate Center One, 5th Floor
1550 Coraopolis Heights Road
Pittsburgh, Pennsylvania**
(Address of principal executive offices)

15108-2973
(Zip Code)

Registrant's telephone number, including area code:
(412) 893-0026

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

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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 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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 July 30, 2010 was 30,080,908.

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.

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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)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 106,651	\$ 104,354	\$ 214,536	\$ 210,408
Cost and expenses:				
Cost of sales	89,702	90,859	170,064	180,621
Selling, general, and administrative expenses	16,418	14,595	32,057	31,142
Research, technical, and product development expenses	1,028	503	1,753	1,027
Asset and asset-related charges (income)	(2,590)		(3,111)	
Operating income (loss)	2,093	(1,603)	13,773	(2,382)
Other income	233	855	366	1,754
Interest income	133	427	231	1,068
Interest expense	(291)	(2,355)	(564)	(4,776)
Income (loss) before income taxes	2,168	(2,676)	13,806	(4,336)
Benefit from income taxes	(8,071)	(2,801)	(7,831)	(3,002)
Net Income (loss)	\$ 10,239	\$ 125	\$ 21,637	\$ (1,334)
Earnings (loss) per share:				
Basic	\$ 0.34	\$ 0.01	\$ 0.72	\$ (0.06)
Diluted	\$ 0.34	\$ 0.01	\$ 0.72	\$ (0.06)
Weighted-average shares outstanding:				
Basic	29,903,061	22,898,490	29,885,280	22,887,743
Diluted	30,100,762	22,971,124	30,117,232	22,887,743

The accompanying notes are an integral part of these 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)**

	June 30, 2010	December 31, 2009
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 104,327	\$ 56,216
Short-term investments	20,152	65,042
Receivables, less allowance for doubtful accounts of \$670 and \$646	62,624	60,924
Inventories, net	269,333	266,887
Deferred income taxes	21,324	21,237
Other current assets	21,845	21,410
Total current assets	499,605	491,716
Property, plant, and equipment, net	252,535	252,301
Goodwill	41,068	41,068
Other intangible assets, net	13,814	14,299
Deferred income taxes	54,975	53,814
Other noncurrent assets	1,196	1,537
Total assets	\$ 863,193	\$ 854,735
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 36,230	\$ 39,193
Accrued wages and other employee costs	14,003	9,796
Unearned revenues	15,434	21,832
Current liability for post-retirement benefits	2,476	2,476
Current liability for pension benefits	140	140
Other accrued liabilities	19,281	30,518
Total current liabilities	87,564	103,955
Long-term debt	71	81
Noncurrent liability for post-retirement benefits	35,084	34,530
Noncurrent liability for pension benefits	28,805	28,102
Deferred income taxes		244
Other noncurrent liabilities	7,476	8,617
Total liabilities	159,000	175,529

Commitments and Contingencies

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Shareholders' equity:

Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,804,117 and 30,724,351 shares issued; 30,079,436 and 30,010,998 shares outstanding	308	307
Additional paid-in capital	441,672	439,361
Treasury stock, at cost; 724,681 and 713,353 shares	(17,281)	(16,996)
Accumulated other comprehensive loss	(32,240)	(33,563)
Retained earnings	311,734	290,097
Total shareholders' equity	704,193	679,206
Total liabilities and shareholders' equity	\$ 863,193	\$ 854,735

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

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

	Six Months Ended June 30,	
	2010	2009
<u>OPERATING ACTIVITIES:</u>		
Net income (loss)	\$ 21,637	\$ (1,334)
Adjustment for non-cash items included in net income:		
Depreciation and amortization	10,978	10,762
Asset and asset-related charges (income)	(2,081)	
Deferred income taxes	(1,521)	(3,862)
Stock-based compensation	2,086	2,466
Excess tax benefits from stock-based compensation activity	(189)	(437)
Gain on sale of property, plant and equipment	(272)	
Other	432	41
Changes in assets and liabilities:		
Receivables	(2,224)	24,408
Inventories	(4,367)	(2,837)
Accounts payable	(3,997)	3,557
Income taxes payable	181	(683)
Unearned revenue	(1,824)	(807)
Other current assets and liabilities	(4,256)	(13,818)
Other assets and liabilities	1,704	1,524
Cash provided by operating activities	16,287	18,980
<u>INVESTING ACTIVITIES:</u>		
Proceeds from disposal of property, plant, and equipment	468	
Purchase of short-term investments	(111)	(40,000)
Sale of short-term investments	45,000	
Capital expenditures	(13,565)	(45,167)
Cash provided by (used in) investing activities	31,792	(85,167)
<u>FINANCING ACTIVITIES:</u>		
Proceeds from exercise of employee stock options	252	27
Excess tax benefits from stock-based compensation activity	189	437
Borrowings on long-term debt		1,181
Repayments on long-term debt	(10)	(686)
Purchase of common stock held in treasury	(286)	(88)
Cash provided by financing activities	145	871

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Effect of exchange rate changes on cash and cash equivalents	(113)	1,936
Increase (decrease) in cash and cash equivalents	48,111	(63,380)
Cash and cash equivalents at beginning of period	56,216	284,449
Cash and cash equivalents at end of period	\$ 104,327	\$ 221,069

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

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

	Common Stock		Additional		Retained Earnings	Accumulated Other Comprehensive Income (Loss) Net Unrealized Gain (Loss) From			Total
	Shares Outstanding	Amount	Paid-In Capital	Treasury Stock		Available For Sale Investments	Minimum Pension Liability	Foreign Currency Translation	
Balance at December 31, 2009	30,010,998	\$ 307	\$ 439,361	\$ (16,996)	\$ 290,097	\$ 42	\$ (39,932)	\$ 6,327	\$ 679,206
Net Income					21,637				21,637
Foreign currency translation								(74)	(74)
Unrecognized loss on investments						(15)			(15)
Benefit plan amortization									