

NEWMARKET CORP
Form 10-Q
August 04, 2011
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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, 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 1-32190

NEWMARKET CORPORATION

(Exact name of registrant as specified in its charter)

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VIRGINIA
(State or other jurisdiction of
incorporation or organization)

20-0812170
(I.R.S. Employer
Identification No.)

330 SOUTH FOURTH STREET

RICHMOND, VIRGINIA
(Address of principal executive offices)

23218-2189
(Zip Code)

Registrant's telephone number, including area code - (804) 788-5000

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 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
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

Number of shares of common stock, without par value, outstanding as of July 27, 2011: 13,834,513.

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NEWMARKET CORPORATION

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(In thousands, except per-share amounts)

(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Revenue:				
Net sales - product	\$ 575,665	\$ 466,986	\$ 1,080,890	\$ 859,251
Rental revenue	2,858	2,855	5,716	5,716
	578,523	469,841	1,086,606	864,967
Costs:				
Cost of goods sold - product	429,659	336,574	795,710	610,202
Cost of rental	1,068	1,066	2,136	2,156
	430,727	337,640	797,846	612,358
Gross profit	147,796	132,201	288,760	252,609
Selling, general, and administrative expenses	37,319	36,193	75,743	66,767
Research, development, and testing expenses	25,379	22,064	49,840	43,147
Operating profit	85,098	73,944	163,177	142,695
Interest and financing expenses	4,693	4,314	9,338	8,263
Other expense, net	3,987	9,210	4,054	11,521
Income before income tax expense	76,418	60,420	149,785	122,911
Income tax expense	24,159	20,564	47,937	40,917
Net income	\$ 52,259	\$ 39,856	\$ 101,848	\$ 81,994
Basic earnings per share	\$ 3.77	\$ 2.69	\$ 7.34	\$ 5.48
Diluted earnings per share	\$ 3.77	\$ 2.69	\$ 7.34	\$ 5.47
Shares used to compute basic earnings per share	13,852	14,796	13,871	14,957

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Shares used to compute diluted earnings per share	13,856	14,828	13,881	14,991
Cash dividends declared per common share	\$ 0.600	\$ 0.375	\$ 1.040	\$ 0.750

See accompanying Notes to the Consolidated Financial Statements.

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(In thousands, except share amounts)

(Unaudited)

	June 30 2011	December 31 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,888	\$ 49,192
Short-term investments	0	300
Trade and other accounts receivable, less allowance for doubtful accounts (\$824 in 2011 and \$733 in 2010)	313,818	257,748
Inventories:		
Finished goods	260,352	215,764
Raw materials	61,102	50,853
Stores, supplies and other	6,390	6,598
	327,844	273,215
Deferred income taxes	5,679	6,876
Prepaid expenses and other current assets	21,069	15,444
Total current assets	729,298	602,775
Property, plant and equipment, at cost	1,031,536	988,180
Less accumulated depreciation and amortization	676,834	654,204
Net property, plant and equipment	354,702	333,976
Prepaid pension cost	12,578	8,597
Deferred income taxes	17,188	21,974
Other assets and deferred charges	52,237	48,893
Intangibles (net of amortization) and goodwill	42,623	46,526
Total assets	\$ 1,208,626	\$ 1,062,741

LIABILITIES AND SHAREHOLDERS EQUITY

Current liabilities:		
Accounts payable	\$ 127,163	\$ 109,250
Accrued expenses	64,675	71,558
Dividends payable	7,108	5,304
Book overdraft	9,821	1,063
Long-term debt, current portion	5,109	4,369
Income taxes payable	29,446	14,843
Total current liabilities	243,322	206,387

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Long-term debt	260,100	217,544
Other noncurrent liabilities	142,516	147,170
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock (without par value) and paid-in capital; authorized shares - 80,000,000; Outstanding shares - 13,833,811 in 2011 and 14,034,884 in 2010	0	0
Accumulated other comprehensive loss	(63,144)	(73,820)
Retained earnings	625,832	565,460
	562,688	491,640
Total liabilities and shareholders' equity	\$ 1,208,626	\$ 1,062,741

See accompanying Notes to the Consolidated Financial Statements.

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NewMarket Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity

(in thousands, except share amounts)

(unaudited)

	Common Stock and Paid in Capital Shares	Amount	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders Equity
Balance at December 31, 2009	15,209,989	\$ 275	\$ (74,784)	\$ 532,694	\$ 458,185
Comprehensive income:					
Net income				177,125	