

CASCADE CORP
Form 10-Q
June 06, 2011
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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 April 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 1-12557

CASCADE CORPORATION

(Exact name of registrant as specified in its charter)

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Oregon (State or other jurisdiction of incorporation or organization)	93-0136592 (I.R.S. Employer Identification No.)
2201 N.E. 201st Ave. Fairview, Oregon (Address of principal executive office)	97024-9718 (Zip Code)
Registrant's telephone number, including area code: (503) 669-6300	

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. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 May 19, 2011 was 11,056,982.

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Quarter Ended April 30, 2011

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Forward-Looking Statements

This Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 2), contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including any projections of revenue, gross profit, expenses, earnings or losses from operations or other financial items; any discussion of expectations regarding future profitability of operations in particular regions or product lines; any statements of plans, strategies, and objectives of management for future operations; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties, and assumptions that could cause material differences from expectations include, but are not limited to:

General business and economic conditions globally and in particular in the Americas, Europe, the Asia Pacific region and China;

Risks and complexities associated with international operations, including foreign currency fluctuations and international tax considerations;

Cost and availability of raw materials;

Competitive factors and the cyclical nature of the materials handling industry and lift truck orders;

Environmental matters;

Assumptions relating to pension and other postretirement costs; and

Impact of acquisitions.

We undertake no obligation to publicly revise or update forward-looking statements to reflect events or circumstances that arise after the date of this report. See Risk Factors under Item 1A in our Annual Report on Form 10-K for the year ended January 31, 2011, for additional information on risk factors with the potential to impact our financial results and business operations.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CASCADE CORPORATION****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited - in thousands, except per share amounts)**

	Three Months Ended April 30,	
	2011	2010
Net sales	\$ 136,177	\$ 94,392
Cost of goods sold	91,804	66,678
Gross profit	44,373	27,714
Selling and administrative expenses	20,618	18,224
Australia flood insurance proceeds, net of costs	(752)	
Operating income	24,507	9,490
Interest expense, net	251	533
Foreign currency loss, net	196	305
Income before provision for income taxes	24,060	8,652
Provision for income taxes	7,636	2,986
Net income	\$ 16,424	\$ 5,666
Basic earnings per share	\$ 1.50	\$ 0.52
Diluted earnings per share	\$ 1.46	\$ 0.51
Basic weighted average shares outstanding	10,924	10,831
Diluted weighted average shares outstanding	11,270	11,049

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

Table of Contents**CASCADE CORPORATION****CONSOLIDATED BALANCE SHEETS****(Unaudited - in thousands, except per share amounts)**

	April 30, 2011	January 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,861	\$ 25,037
Accounts receivable, less allowance for doubtful accounts of \$1,323 and \$1,196	89,286	66,497
Inventories	74,126	67,041
Deferred income taxes	4,506	5,001
Assets available for sale	9,313	8,610
Prepaid expenses and other	13,379	11,170
Total current assets	217,471	183,356
Property, plant and equipment, net	68,413	66,978
Goodwill	93,879	88,708
Deferred income taxes	17,482	16,606
Other assets	3,556	3,531
Total assets	\$ 400,801	\$ 359,179
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	\$ 2,966	\$ 548
Current portion of long-term debt	555	548
Accounts payable	28,739	23,905
Accrued payroll and payroll taxes	8,824	9,299
Accrued restructuring costs	498	569
Accrued incentive pay	1,274	2,868
Dividends payable	2,208	
Other accrued expenses	13,196	11,043
Total current liabilities	58,260	48,232
Long-term debt, net of current portion	46,590	41,789
Accrued environmental expenses	2,989	3,198
Deferred income taxes	4,768	4,452
Employee benefit obligations	8,058	7,864
Other liabilities	6,677	5,088
Total liabilities	127,342	110,623
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock, \$.50 par value, 40,000 authorized shares; 11,057 and 10,972 shares issued and outstanding	5,528	5,486
Additional paid-in capital	10,410	9,254
Retained earnings	212,410	198,194
Accumulated other comprehensive income	45,111	35,622
Total shareholders' equity	273,459	248,556

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Total liabilities and shareholders' equity	\$ 400,801	\$ 359,179
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The accompanying notes are an integral part of the consolidation financial statements.

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CASCADE CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited in thousands, except per share amounts)

	Common Stock		Additional	Retained	Accumulated	Total	Year-To-Date
	Shares	Amount	Paid-In	Earnings	Other	Shareholders	Comprehensive
			Capital		Comprehensive	Equity	Income
					Income		
Balance at January 31, 2011	10,972	\$ 5,486	\$ 9,254	\$ 198,194	\$ 35,622	\$ 248,556	
Net income				16,424		16,424	\$ 16,424
Dividends (\$0.20 per share)				(2,208)		(2,208)	
Common stock issued	85	42	557			599	
Share-based compensation			599			599	
Currency translation adjustment					9,489	9,489	9,489
Balance at April 30, 2011	11,057	\$ 5,528	\$ 10,410	\$ 212,410	\$ 45,111	\$ 273,459	\$ 25,913

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

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CASCADE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands)

	Three Months Ended April 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 16,424	\$ 5,666
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	2,356	2,533
Amortization	37	48
Share-based compensation	599	694
Deferred income taxes	(159)	292
Gain on disposition of assets, net	(17)	(9)
Changes in operating assets and liabilities:		
Accounts receivable	(19,642)	(9,475)
Inventories	(4,087)	1,919
Prepaid expenses and other	(1,699)	(2,068)
Accounts payable and accrued expenses	2,468	(308)
Income taxes payable and receivable	762	899
Other assets and liabilities	1,318	41
Net cash (used in) provided by operating activities	(1,640)	232