

OM GROUP INC
Form 10-Q
August 12, 2003

Table of Contents

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 June 30, 2003
Commission File Number 0-22572

OM GROUP, INC.

(exact name of registrant as specified in its charter)

Delaware
(state or other jurisdiction of
incorporation or organization)

52-1736882
(I.R.S., Employer
Identification Number)

Tower City
50 Public Square
Suite 3500
Cleveland, Ohio 44113-2204
(Address of principal executive offices)
(zip code)

(216) 781-0083
(Registrant's telephone number, including area code)

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 and 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 is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934)

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 30, 2003: Common Stock, \$.01 Par Value 28,354,804 shares.

TABLE OF CONTENTS

Part I Financial Information

Item 1 Financial Statements

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Item 4 Controls and Procedures

Part II Other Information

Item 4 Submission of Matters to a Vote of Security Holders

Item 6 Exhibits and Reports on Form 8-K

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EX-12 Computation-Ratio of Earnings:Fixed Charges

EX-31.1 302 Certification of CEO

EX-31.2 302 Certification of CFO

EX-32.1 906 Certification of CEO

EX-32.2 906 Certification of CFO

Table of Contents

**INDEX
OM GROUP, INC.**

Part I. Financial Information

- Item 1. Financial Statements (Unaudited)
- Condensed consolidated balance sheets June 30, 2003 and December 31, 2002
- Condensed statements of consolidated operations Three months ended June 30, 2003 and 2002; Six months ended June 30, 2003 and 2002
- Condensed statements of consolidated cash flows -Six months ended June 30, 2003 and 2002
- Notes to condensed consolidated financial statements June 30, 2003
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 3. Quantitative and Qualitative Disclosures about Market Risk
- Item 4. Controls and Procedures

Part II. Other Information

- Item 1. Legal Proceedings Not applicable
- Item 2. Changes in Securities and Use of Proceeds Not applicable
- Item 3. Defaults upon Senior Securities Not applicable
- Item 4. Submission of Matters to a Vote of Security Holders
- Item 5. Other information Not applicable
- Item 6. Exhibits and Reports on Form 8-K
- (a) Exhibits
- (12) Computation of Ratio of Earnings to Fixed Charges
- (31.1) Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Chief Executive Officer
- (31.2) Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Chief Financial Officer
- (32.1) Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Chief Executive Officer
- (32.2) Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Chief Financial Officer
- (b) Reports on Form 8-K
1. The Company furnished to the SEC a Current Report on Form 8-K under Item 12, filed under Item 9 pursuant to the SEC's interim guidance, dated April 29, 2003, regarding the Company's financial results for the quarter ended March 31, 2003.
2. The Company furnished to the SEC a Current Report on Form 8-K under Item 9, dated June 3, 2003, regarding a definitive agreement to sell its Precious Metals business, and a letter of intent to sell its PVC Heat Stabilizer product line.
- 3.

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The Company furnished to the SEC a Current Report on Form 8-K under Item 12, filed under Item 9 pursuant to the SEC's interim guidance, dated June 3, 2003, regarding Second Quarter 2003 financial expectations.

Signature

Table of Contents**Part I Financial Information****Item 1 Financial Statements**

OM GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Thousands of dollars, except share data)
(Unaudited)

	<u>June 30,</u>	<u>December</u>
	2003	31, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$19,518	\$11,757
Accounts receivable	110,120	95,829
Inventories	306,965	295,951
Other current assets	69,450	90,377
<hr/>		
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<i>Total Current Assets</i>	506,053	493,914
PROPERTY, PLANT AND EQUIPMENT		
Land	5,117	4,970
Buildings and improvements	175,797	176,110
Machinery and equipment	510,344	499,226
Furniture and fixtures	15,558	15,392
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	706,816	695,698
Less accumulated depreciation	223,375	196,920
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483,441 498,778
OTHER ASSETS

Goodwill and other intangible assets
190,073 188,597

Other assets
93,882 91,080

Assets of discontinued operations
1,089,860 1,066,767

TOTAL ASSETS
\$2,363,309 \$2,339,136

**LIABILITIES AND
STOCKHOLDERS EQUITY**

CURRENT LIABILITIES

Current portion of long-term debt
\$7,000 \$6,750

Accounts payable
63,317 94,186

Other accrued expenses
57,225 55,203

Total Current Liabilities
127,542 156,139

LONG -TERM LIABILITIES

Long-term debt
1,145,776 1,187,650

Deferred income taxes
58,024 64,136

Minority interests and other long-term
liabilities
65,879 64,483

Liabilities of discontinued operations
444,832 396,843

STOCKHOLDERS EQUITY

Preferred stock, \$0.01 par value:

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Authorized 2,000,000 shares; no
shares issued or outstanding

Common stock, \$0.01 par value:

Authorized 60,000,000 shares; issued
28,402,163 shares in 2003 and 2002
284 284

Capital in excess of par value
490,741 490,741

Retained deficit
(21,329) (17,943)

Treasury stock (47,359 shares in 2003
and 2002, at cost)
(2,255) (2,255)

Accumulated other comprehensive
income
56,305 2,008

Unearned compensation
(2,490) (2,950)

Total Stockholders' Equity
521,256 469,885

TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY
\$2,363,309 \$2,339,136

See notes to condensed Consolidated Financial Statements

Table of Contents

Part I Financial Information

Item 1 Financial Statements

OM GROUP, INC.
CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS
 (Thousands of dollars, except per share data)
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net sales	\$ 196,719	\$ 182,487	\$ 406,059	\$ 349,041
Cost of products sold				
161,775 130,836 335,635 250,150				

34,944 51,651 70,424 98,891				
Selling, general and administrative expenses				
20,597 18,288 40,338 38,083				
Restructuring charges				
3,799				

INCOME FROM OPERATIONS				
14,347 33,363 26,287 60,808				
OTHER INCOME (EXPENSE)				
Interest expense				
(10,679) (5,800) (20,890) (12,487)				
Foreign exchange gain				
3,196 6,894 734 6,595				
Investment income and other, net				
492 2,783 963 2,812				

(6,991) 3,877 (19,193) (3,080)

INCOME FROM CONTINUING OPERATIONS
BEFORE INCOME TAXES AND MINORITY
INTERESTS

7,356 37,240 7,094 57,728

Income taxes

1,542 8,328 1,542 16,834

Minority interests

(1,429) 25 (1,367) (21)

INCOME FROM CONTINUING OPERATIONS

7,243 28,887 6,919 40,915

INCOME (LOSS) FROM DISCONTINUED
OPERATIONS, NET OF INCOME TAXES

(2,868) (3,386) (10,308) 7,954

NET INCOME (LOSS)

\$4,375 \$25,501 \$(3,389) \$48,869

Net income (loss) per common share basic

Continuing operations
 \$0.26 \$1.02 \$0.24 \$1.48
 Discontinued operations
 (0.11) (0.12) (0.36) 0.28

Net income (loss)
 \$0.15 \$0.90 \$(0.12) \$1.76
 Net income (loss) per common share assuming
 dilution

Continuing operations
 \$0.26 \$1.01 \$0.24 \$1.45
 Discontinued operations
 (0.11) (0.12) (0.36) 0.29

Net income (loss)
 \$0.15 \$0.89 \$(0.12) \$1.74
 Weighted average shares outstanding (000)

Basic
 28,306 28,253 28,304 27,696
 Assuming dilution
 28,308 28,706 28,305 28,151
 Dividends paid per common share
 \$ 0.14 \$ 0.28

See notes to condensed Consolidated Financial Statements

Table of Contents**Part I Financial Information****Item 1 Financial Statements**

OM GROUP, INC.
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Thousands of dollars)
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
OPERATING ACTIVITIES		
Income from continuing operations		
\$6,919	\$40,915	
Items not affecting cash:		
Depreciation and amortization		
30,393	25,754	
Foreign exchange gain		
(734)	(6,595)	
Minority interests		
(1,367)	(21)	
Changes in operating assets and liabilities		
(32,491)	(66,712)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,720	(6,659)
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment, net		
(2,182)	(41,054)	
Investments in unconsolidated joint venture		
(994)		
NET CASH USED IN INVESTING ACTIVITIES	(2,182)	(42,048)
FINANCING ACTIVITIES		

Payments of long-term debt
 (41,624) (245,851)
 Dividend payments
 (7,915)
 Long-term borrowings
 9,994
 Proceeds from exercise of stock
 options
 2,716
 Proceeds from sale of common
 shares
 225,805

NET CASH USED IN
 FINANCING ACTIVITIES
 (41,624) (15,251)

Cash used in continuing operations
 (41,086) (63,958)
 Cash provided by discontinued
 operations (See Note B)
 48,296 61,045
 Effect of exchange rate changes on
 cash and cash equivalents
 551 977

Increase (decrease) in cash and cash
 equivalents
 7,761 (1,936)
 Cash and cash equivalents at
 beginning of period
 11,757 18,852

Cash and cash equivalents at end of
 period
 19,518 16,916



See notes to condensed Consolidated Financial Statements



Table of Contents

Part I Financial Information

Item 1 Financial Statements

OM GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2003

(Thousands of dollars, except as noted and per share amounts)

Note A

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair financial presentation have been included. Past operating results are not

necessarily indicative of the results which may occur in future periods, and the interim period results are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended

December 31, 2002. **Note B Divestitures of Precious Metals (Subsequent Event) and SCM Metals, Inc.** On June 3, 2003, the Company announced that it had entered into a definitive agreement with Umicore to sell its Precious Metals business (PMG business). This business is comprised of the Precious Metal Chemistry and Metal Management reportable segments, which were acquired by the Company from

Degussa in August 2001. The sale to Umicore was completed on July 31, 2003, on which date the Company received gross proceeds of 697 million, or \$814 million, before transaction costs, taxes and expenses. The PMG business has been classified as a discontinued operation, and the consolidated financial statements of prior periods have been restated, where applicable, to reflect this business as a discontinued operation. The transaction and related gain on sale will be recorded in the third quarter of 2003. The gross proceeds were used to repay the Company's outstanding indebtedness under its Senior credit facilities. The net proceeds from the sale are expected to be approximately \$730 million, after transaction costs and expenses and taxes. During June 2003, the Company

received a commitment for a new \$150 million revolving credit facility. The new facility, which closed on August 7, 2003, bears interest at an interest rate of LIBOR plus 2.00% to 3.00% or PRIME plus 0.25% to 1.25%, matures in August 2006 and includes covenants that are less stringent than those in the previous Senior facility. On April 1, 2003, the Company completed its previously announced sale of its copper powders business SCM Metal Products, Inc. for proceeds of \$65 million before transaction costs and expenses. The net proceeds, which are included in Cash provided by discontinued operations in the Condensed Statements of Consolidated Cash Flows, were used to repay a portion of the Company's outstanding indebtedness.

under its credit facilities.

There was no gain or loss recorded on that date, as the business was written-down to fair value in the fourth quarter of 2002. This business has been presented as a discontinued operation for all periods presented. Operating results of discontinued operations are summarized as follows (in millions):

Table of Contents

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net sales	\$ 941.9	\$ 1,079.1	\$ 2,081.6	\$ 2,101.3
Operating income	22.4	21.6	37.7	46.1
Interest expense allocated	14.0	12.5	29.1	23.4
Income taxes	2.9	2.0	6.8	2.0

The operating results summarized above include an allocation of consolidated interest expense, based upon the estimated net proceeds from the sales of the respective discontinued businesses that are required to be used to re-pay amounts under the Company's credit facilities.

The assets and liabilities of these businesses, which have been classified as Assets of Discontinued Operations and Liabilities of Discontinued Operations in the Consolidated Balance Sheet, consist of the following (in millions):

	June 30, 2003	December 31, 2002
Current assets	\$ 880.9	\$ 829.3
Property, plant and equipment	187.1	194.2
Other long-term assets	21.9	43.3
Total assets of discontinued operations	\$ 1,089.9	\$ 1,066.8
Current liabilities, including accounts payable and other accrued expenses	\$ 256.7	\$ 272.0
Long-term liabilities	188.1	124.8
Total liabilities of discontinued operations	\$ 444.8	\$ 396.8

Current assets include primarily accounts receivable and inventories.

Note C

Restructuring Charges

During the first quarter of 2003, the Company recorded restructuring charges related to continuing operations of \$3.8 million. These charges, which represent the continuation of the Company's restructuring plan that commenced in the fourth quarter of 2002, are recorded in a separate line in the Condensed Statement of Consolidated Operations. Restructuring liabilities for continuing operations at December 31, 2002, charges taken in the first quarter of 2003, and amounts utilized in 2003 to date are summarized as follows (in millions):

	Number of Employees	Workforce Reductions	Inventory and other asset write-downs	Facility Exit and Other	Total
Balance at 12/31/02	68	\$5.2	\$ 0	\$ 2.0	\$7.2
Charges in 2003	11	0.7	1.5	1.6	3.8
Utilized in 2003	(74)	(2.6)	(1.5)	(1.4)	(5.5)

Balance at 6/30/03
5 \$3.3 \$0 \$2.2 \$5.5

In connection with the first quarter 2003 restructuring activities, the Company also recorded charges of

Table of Contents

\$6.3 million related to discontinued operations, which are included in Income (Loss) from Discontinued Operations.

Note D Inventories

Inventories consist of the following:

	<u>June 30, 2003</u>	<u>December 31, 2002</u>
Raw materials and supplies	\$ 144,303	\$ 133,015
Finished goods		
126,123 119,975		
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270,426 252,990		
LIFO reserve		
36,539 42,961		
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Total inventories		
\$306,965 \$295,951		
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Note E Contingent Matters

The Company is a party to various legal proceedings incidental to its business and is subject to a variety of environmental and pollution control laws

and regulations in the jurisdictions in which it operates. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings involving environmental matters.

Although it is very difficult to quantify the potential impact of compliance with or liability under environmental protection laws, management believes that the ultimate aggregate cost to the Company of environmental remediation, as well as other legal proceedings arising out of operations in the normal course of business, will not result in a material adverse effect upon its financial condition or results of operations. **Note**

F
Computation of Net Income (Loss) Per Common Share The following table

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sets forth the computation of net income (loss) per common share and net income (loss) per common share assuming dilution (shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income (loss)	\$ 4,375	\$25,501	\$ (3,389)	\$48,869
Weighted average number of shares outstanding	28,306	28,253	28,304	27,696
Dilutive effect of stock-based compensation	2 453	1 455		
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Weighted average number of shares outstanding	28,308	28,706	28,305	28,151
assuming dilution				
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Net income (loss) per common share	\$0.15	\$0.90	\$(0.12)	\$1.76
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Net income (loss) per common share assuming
dilution
\$0.15 \$0.89 \$(0.12) \$1.74

Table of Contents

Note G Comprehensive Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income (loss)	\$4,375	\$25,501	\$(3,389)	\$48,869
Unrealized loss on available-for-sale securities (2,869) (901)				
Foreign currency translation 43,374 4,363 52,875 9,121				
Unrealized gain on cash flow hedges 578 1,233 332 4,346				
Additional minimum pension liability 1,090 1,090				
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Total comprehensive income	\$49,417	\$28,228	\$50,908	\$61,435
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Note H Stock Compensation Adoption of SFAS No. 148

In December 2002, SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, was issued. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based

Compensation, to provide alternative methods of transition when a company voluntarily changes to the fair value-based method of recognizing expense in results of operations for stock-based employee compensation, including stock options granted to employees. Prior to 2003, the Company accounted for stock-based employee compensation under APB No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Under APB 25, compensation expense has been recorded for restricted stock granted to certain executive officers, but no expense was recorded for stock options granted to employees, as all options had an intrinsic value of zero on the date of grant. During the second quarter of 2003, the Company voluntarily adopted, effective January 1, 2003, the fair value recognition

provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Under the prospective method of adoption selected by the Company under the provisions of SFAS No. 148, the recognition provisions will be applied to all employee awards granted, modified or settled after January 1, 2003. As such, net income for 2003 will include expense for stock options granted to employees in 2003; there have been no such grants during the six months ended June 30, 2003. If the Company had previously elected to adopt the fair value provisions of SFAS No. 123 and thereby recorded compensation expense related to employee stock options, pro forma results of operations would have been as follows:

Three Months Ended June 30,		Six Months Ended June 30,	
2003	2002	2003	2002

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Net income (loss)

As reported

\$4,375 \$25,501 \$(3,389) \$48,869

Pro forma

\$4,329 \$24,636 \$(3,507) \$47,280

Basic net income (loss) per share

As reported

\$0.15 \$0.90 \$(0.12) \$1.76

Pro forma

\$0.15 \$0.87 \$(0.12) \$1.71

Diluted net income (loss) per share

As reported

\$0.15 \$0.89 \$(0.12) \$1.74

Pro forma

\$0.15 \$0.86 \$(0.12) \$1.68

Table of Contents

Note I

Income taxes as a percentage of income from continuing operations before income taxes and minority interests for the six months ended June 30, 2003 were 21.7% compared to 29.2% in the same period in 2002. These effective rates are lower than the statutory rate in the United States due primarily to significant income earned each period in Malaysia, where the Company has a tax holiday, and the allocation of a portion of interest expense in the United States to discontinued operations, which effectively shifted a portion of the U.S. net operating loss without a corresponding tax benefit to discontinued operations. The lower rate in 2003 compared to 2002 is due primarily to higher earnings in the tax holiday country of

Income Taxes

Malaysia. **Note J Guarantor and Non-Guarantor Subsidiary Information** In

December 2001, the Company issued \$400 million in aggregate principal amount of 9.25% Senior Subordinated Notes due 2011 (the Notes). These Notes are guaranteed by the Company's wholly-owned domestic subsidiaries. The guarantees are full, unconditional and joint and several. The Company's foreign subsidiaries are not guarantors of these Notes. The Company, as presented below, represents OM Group, Inc. exclusive of its guarantor subsidiaries and its non-guarantor subsidiaries. Condensed consolidating financial information for the Company, the guarantor subsidiaries, and the non-guarantor subsidiaries is as follows:

Balance Sheet Data	June 30, 2003			
	Combined Company	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations
Assets				
Current assets:				
Cash	\$2,003	\$2,621	\$14,894	\$19,518
Accounts receivable	731,220	77,553	431,005	\$(1,129,658)
Inventories				110,120

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	30,070	276,895	306,965	
Other current assets	18,572	3,834	47,044	69,450

Total current assets	751,795	114,078	769,838	(1,129,658)	506,053
Property, plant and equipment, net	41,652	441,789	483,441		
Goodwill and other intangible assets	75,830	59,016	55,227	190,073	
Intercompany receivables	188,604	23,400	1,154,525	(1,366,529)	
Investment in subsidiaries	714,780	360,631	1,441,346	(2,516,757)	
Other assets	25,584	7,738	60,560	93,882	
Assets of discontinued operations	110,893	978,967	1,089,860		

Total assets	\$1,756,593	\$717,408	\$4,902,252	\$(5,012,944)	\$2,363,309
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Liabilities and stockholders equity

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Current liabilities:

Current portion of long-term debt				
\$7,000	\$7,000			
Accounts payable				
40,881	\$350,415	\$403,516	\$(731,495)	63,317
Other accrued expenses				
(3,782)	13,517	47,490	57,225	

Total current liabilities				
44,099	363,932	451,006	(731,495)	127,542
Long-term debt				
1,145,776		1,145,776		
Deferred income taxes				
35,297	22,727	58,024		
Other long-term liabilities				
137	65,742	65,879		
Intercompany payables				
407,729	1,341,600	(1,749,329)		
Liabilities of discontinued operations				
52,503	392,329	444,832		
Stockholders' equity				
531,284	(106,756)	2,628,848	(2,532,120)	521,256

Total liabilities and stockholders' equity				
\$1,756,593	\$717,408	\$4,902,252	\$(5,012,944)	\$2,363,309

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\$1,757,841 \$1,040,171 \$4,581,812 \$(5,040,688) \$2,339,136

Liabilities and stockholders equity

Current liabilities:

Current portion of long-term debt
 \$6,750 \$6,750
 Accounts payable
 65,917 \$382,699 \$373,228 \$(727,658) 94,186
 Other accrued expenses
 (7,681) 5,742 57,142 55,203

Total Current liabilities
 64,986 388,441 430,370 (727,658) 156,139
 Long-term debt
 1,187,650 1,187,650
 Deferred income taxes
 35,320 (131) 28,947 64,136
 Other long-term liabilities
 1,824 62,659 64,483
 Intercompany payables
 557,894 1,230,175 (1,788,069)
 Liabilities of discontinued operations
 73,242 323,601 396,843
 Shareholder s equity
 469,885 18,901 2,506,060 (2,524,961) 469,885

Total liabilities and stockholders' equity
\$1,757,841 \$1,040,171 \$4,581,812 \$(5,040,688) \$2,339,136

Income (loss) from continuing operations before income taxes and minority interests

(3,338) 3,553 7,141 7,356

Income taxes

1,542 1,542

Minority interests

(1,429) (1,429)

Income (loss) from continuing operations

(3,338) 3,553 7,028 7,243

Loss from discontinued operations

(14,000) (2,721) (13,853) (2,868)

Net income (loss)

\$(17,338) \$832 \$20,881 \$4,375

Table of Contents

					Three Months Ended June 30, 2002				
Income Statement Data					The	Combined	Combined		
					Company	Guarantor	Non-Guarantor	Eliminations	Total
					Subsidiaries	Subsidiaries			
Net sales					\$36,806	\$207,417	\$(61,736)	\$182,487	
Cost of products sold									
	25,288	167,284	(61,736)	130,836					
	11,518	40,133	51,651						
Selling, general and administrative expenses									
	8,966	9,322	18,288						
Income (loss) from operations									
	2,552	30,811	33,363						
Interest expense									
	\$(5,928)	(3,466)	(11,771)	15,365	(5,800)				
Foreign exchange gain (loss)									
	717	(543)	6,720	6,894					
Investment income and other, net									
	3,547	(94)	14,695	(15,365)	2,783				

Income (loss) from continuing operations before income

taxes and minority interests

(1,664) (1,551) 40,455 37,240

Income taxes

(2,419) (1,156) 11,903 8,328

Minority interests

25 25

Income (loss) from continuing operations

755 (395) 28,527 28,887

Loss from discontinued operations

(11,700) (2,304) 10,618 (3,386)

Net income (loss)

\$(10,945) \$(2,699) \$39,145 \$25,501

Table of Contents

					Six Months Ended June 30, 2003				
Income Statement Data					Combined The Company	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Total
Net sales					\$77,982	\$442,681	\$(114,604)	\$406,059	
Cost of products sold									
	55,927	394,312	(114,604)	335,635					
	22,055	48,369	70,424						
Selling, general and administrative expenses									
	24,788	15,550	40,338						
Restructuring charges									
	2,694	1,105	3,799						
Income (loss) from operations					(5,427)	31,714	26,287		
Interest expense					\$(18,149)	(5,386)	(37,041)	39,686	(20,890)
Foreign exchange gain (loss)					524	(13)	223	734	
Investment income and other, net					10,293	311	30,045	(39,686)	963

Income (loss) from continuing operations before income

taxes and minority interests

(7,332) (10,515) 24,941 7,094

Income taxes

7 1,535 1,542

Minority interests

(1,367) (1,367)

Income (loss) from continuing operations

(7,332) (10,522) 24,773 6,919

Loss from discontinued operations

(28,100) (5,774) 23,566 (10,308)

Net income (loss)

\$(35,432) \$(16,296) \$48,339 \$(3,389)

Table of Contents

					Six Months Ended June 30, 2002					
Income Statement Data					The Company	Combined Subsidiaries	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales					\$71,321	\$385,439	\$(107,719)			\$349,041
Cost of products sold										
	46,522	311,347	(107,719)	250,150						
	24,799	74,092	98,891							
Selling, general and administrative expenses										
	19,704	18,379	38,083							
Income (loss) from operations					5,095	55,713	60,808			
Interest expense					\$(12,058)	(7,162)	(26,632)	33,365	(12,487)	
Foreign exchange gain (loss)					513	(764)	6,846	6,595		
Investment income and other, net					8,164	204	27,809	(33,365)	2,812	
Income (loss) from continuing operations before income										

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taxes and minority interests
(3,381) (2,627) 63,736 57,728
Income taxes
(6,794) (1,896) 25,524 16,834
Minority interests
(21) (21)

Income (loss) from continuing operations
3,413) (731) 38,233 40,915
Loss from discontinued operations
(21,900) (3,695) 33,549 7,954

Net income (loss)
\$(18,487) \$(4,426) \$71,782 \$48,869

Table of Contents

Cash Flow Data	Six Months Ended June 30, 2003				
	The Company	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	\$42,960	\$ 1,964	\$(42,204)	\$	\$2,720
Investing activities:					
Expenditures for property, plant and equipment, net	(507)	(1,675)	(2,182)		
Net cash used in investing activities	(507)	(1,675)	(2,182)		
Financing activities:					
Payments of long-term debt	(41,624)	(41,624)			
Net cash used in financing activities	(41,624)	(41,624)			

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Cash provided by (used in) continuing operations	1,336	1,457	(43,879)	(41,086)
Cash (used in) provided by discontinued operations	(723)	49,019	48,296	
Effect of exchange rate changes on cash and cash equivalents	551	551		

Increase in cash and cash equivalents	1,336	734	5,691	7,761
Cash and cash equivalents at beginning of the period				