

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-03-17** | Period of Report: **1994-01-31**
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FILER

PETROLITE CORP

CIK: **77943** | IRS No.: **430617572** | State of Incorporation: **DE** | Fiscal Year End: **1031**
Type: **10-Q** | Act: **34** | File No.: **033-24267** | Film No.: **94516407**
SIC: **2890** Miscellaneous chemical products

Mailing Address
369 MARSHALL AVENUE
ST LOUIS MO 63119

Business Address
369 MARSHALL AVENUE
ST LOUIS MO 63119
3149613500

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
-----For the Quarterly Period Ended January 31, 1994 Commission file number 0685
-----PETROLITE CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

43-0617572
-----(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

369 Marshall Avenue, St. Louis, Missouri

63119

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (314) 961-3500

Former name, former address and former fiscal year, if changed since last
report

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 X No

On February 1, 1994, there were 11,294,271 outstanding shares of capital stock, without par value.

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<TABLE>

PART 1. ITEM 1. FINANCIAL STATEMENTS
PETROLITE CORPORATION
CONSOLIDATED BALANCE SHEETS

<CAPTION>

	(Unaudited) Jan. 31, 1994 -----	Oct. 31, 1993 -----
	(Thousands of \$)	
<S>	<C>	<C>
ASSETS -----		
Current Assets		
Cash and cash equivalents	\$ 5,489	\$ 8,036
Securities	763	763
Accounts receivable, less estimated doubtful accounts of \$1,453,000 and \$1,285,000, respectively	75,304	71,978
Inventories-		
Raw materials, parts and supplies	28,047	26,731

Finished goods	34,965	34,435
Reserve for revaluation of inventories to LIFO cost	(18,718)	(17,017)
	-----	-----
	44,294	44,149
Contracts in process	958	575
Less progress billings	(866)	(578)
	-----	-----
Net inventories	44,386	44,146
Other current assets	2,444	6,492
	-----	-----
Total Current Assets	128,386	131,415
	-----	-----
Patents and other intangibles	19,948	18,755
Investment in Affiliated Companies	9,296	9,309
Other Assets	18,306	17,565
	-----	-----
	47,550	45,629
	-----	-----
Properties		
Buildings	66,792	66,754
Machinery and equipment	206,794	205,703
Construction in progress	7,831	8,498
Accumulated depreciation	(166,437)	(164,266)
	-----	-----
	114,980	116,689
Land	7,411	7,412
	-----	-----
	122,391	124,101
	-----	-----
Total Assets	\$ 298,327	\$ 301,145
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities		
Short-term borrowings	\$ 13,617	\$ 9,920
Accounts payable	32,942	42,183
Income taxes payable	10,597	9,383
Accrued vacation pay	4,070	4,070
Other current liabilities	7,135	7,799
	-----	-----
Total Current Liabilities	68,361	73,355
	-----	-----
Other Liabilities		
Long term debt	40,000	40,000
Retiree medical benefits	10,885	10,750
Other liabilities	2,332	2,341
	-----	-----
	53,217	53,091
	-----	-----
Deferred Income Taxes, net	9,525	11,562
	-----	-----
Total Liabilities	131,103	138,008
	-----	-----
Stockholders' Equity		
Capital stock, without par value-		
Authorized - 35,000,000 shares		
Issued - 12,201,597 and 12,196,497, respectively	8,840	8,694
Accumulated earnings retained for use in the business	185,390	181,101
Cumulative translation adjustment	(7,757)	(7,409)
Less treasury stock, at cost (907,326 shares)	(19,249)	(19,249)
	-----	-----
Total Stockholders' Equity	167,224	163,137
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 298,327	\$ 301,145
	=====	=====

</TABLE>

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<TABLE>

PETROLITE CORPORATION
CONSOLIDATED STATEMENTS OF CURRENT AND ACCUMULATED EARNINGS
FOR THREE MONTHS ENDED JANUARY 31

<CAPTION>

	(Unaudited)	
	1994	1993
	-----	-----
	(In thousands, except per share data)	
<S>	<C>	<C>
Net revenues	\$91,796	\$80,163
Cost of product sold and other direct costs	53,695	46,320
	-----	-----
Gross profit	38,101	33,843
	-----	-----
Expenses:		
Selling	20,809	18,205
Research	3,094	2,890
General and administrative	5,783	5,399
	-----	-----
	29,686	26,494
	-----	-----
Earnings from operations	8,415	7,349
Equity in earnings (loss) of affiliates	86	(123)
Other income (expense), net	(139)	86
	-----	-----
Earnings before income taxes and effect of changes in accounting principles	8,362	7,312
U.S. and foreign income taxes	2,948	2,486
	-----	-----
Net earnings before effect of changes in accounting principles	5,414	4,826
Effect of changes in accounting principles	2,037	(6,500)
	-----	-----
Net earnings (loss)	\$ 7,451	\$ (1,674)
	=====	=====
Earnings per share before effect of changes in accounting principles	\$.48	\$.43
Effect of changes in accounting principles	.18	(.58)
	-----	-----
Earnings (loss) per share	\$.66	\$ (.15)
	=====	=====
Average shares outstanding	11,293	11,281
	=====	=====
Dividends per share	\$.28	\$.28
	=====	=====

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<TABLE>

PETROLITE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED JANUARY 31

<CAPTION>

	(Unaudited)	
	1994	1993
	-----	-----
	(Thousands of \$)	
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net earnings (loss)	\$ 7,451	\$ (1,674)
Adjustments to reconcile net earnings to net cash provided by operations -		
Depreciation	5,036	3,813
Changes in Accounting Principles	(2,037)	6,500

Changes in assets and liabilities -		
Accounts receivable	(3,326)	1,279
Inventories	(240)	1,281
Other current assets	4,048	(1,577)
Accounts payable and accrued liabilities	(9,203)	(140)
Other	(784)	(1,412)
	-----	-----
Net cash provided by operating activities	945	8,070
	-----	-----
Cash flow from Investing Activities:		
Capital expenditures, net	(3,462)	(5,766)
Participation in Business Alliance	(675)	(675)
	-----	-----
Net cash used in investing activities	(4,137)	(6,441)
	-----	-----
Cash Flows from Financing Activities:		
Additional debt, (reduction of debt), net	3,661	(211)
Dividends paid	(3,162)	(3,159)
Other	146	0
	-----	-----
Net cash used in financing activities	645	(3,370)
	-----	-----
Decrease in Cash and Equivalents	(2,547)	(1,741)
Cash and Equivalents at Beginning of Period	8,036	8,812
	-----	-----
Cash and Equivalents at End of Period	\$ 5,489	\$ 7,071
	=====	=====

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PART 1. ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The registrant's financial position at January 31, 1994 reflected a strong current ratio of 1.9:1, a low debt to equity ratio of .3:1, and cash and securities of \$6.3 million.

Capital expenditures in fiscal 1994 are projected to be approximately \$23 million which is greater than fiscal 1993 capital expenditures of almost \$20 million. Larger projects for fiscal 1994 include a new semi-bulk distribution facility at the Bayport chemical manufacturing plant, replacement of the existing aircraft, and new laboratory and manufacturing office facilities for Eurochem operations in Kirkby, England. Capital expenditures during the first quarter were \$3.5 million.

First quarter revenues totaled \$93.6 million, compared with \$80.2 million the year before. Revenues for the Industrial, International and Tretolite divisions of the Chemicals Group showed strong improvement resulting in a double digit increase over the prior period. This increase was due in part to the prior year Welchem acquisition, a strong demand for cold flow improvers due to colder temperatures, and an increase in hydrogen sulfide abatement programs in both domestic and international markets. The Eurochem division increased its sales due primarily to higher demand for oil treatment programs in the Middle East while the Polymers division revenues decreased modestly. Petreco Division revenues were up sharply as equipment shipments increased.

Net earnings in the first quarter, before adoption of accounting changes in both the current and prior periods, increased 12% to \$5.4 million or \$.48 per share, from \$4.8 million, or \$.43 per share. The aforementioned accounting changes consisted of a one-time, non-cash tax credit of \$2.0 million, or \$.48 per share taken this quarter applicable to the adoption of FAS 109 and a non-recurring charge of \$6.5 million, or \$.58 per share, taken a year ago to cover medical and

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other post-retirement benefits associated with the adoption of FAS 106. Net earnings inclusive of the above accounting changes were \$7.5 million, or \$.66 per share this year as compared to a net loss of \$1.7 million or \$.15 per share last year.

For the Chemicals Group, the improvement in earnings was reflective of the improvement in revenues for the Industrial and International divisions. Margins in the Tretolite division, however, continued to be squeezed in the highly competitive domestic oilfield market, and the division posted a decline in earnings. The Polymers division posted improved earnings due to a more favorable product mix while both the Eurochem and Petreco divisions improved earnings were due to increased revenues.

PART II - OTHER INFORMATION

- Part II. Item 1. Legal Proceedings
None
- Part II. Item 2. Changes in Securities
None
- Part II. Item 3. Defaults upon senior securities
None
- Part 2, Item 4. Submission of Matters to a Vote of Security-Holders.
None
- Part 2, Item 5. Other information
None
- Part 2, Item 6. Exhibits and Reports on Form 8-K
None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PETROLITE CORPORATION

(Registrant)

s/JOHN M. CASPER

John M. Casper
Chief Financial Officer -
Authorized Officer and
Principal Financial Officer

DATE: March 17, 1994

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