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MACDERMID INC
Form 10-K/A
April 13, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the fiscal year ended December 31, 2004

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 1-13889

MacDermid, Incorporated

(Exact name of registrant as specified in its charter)

Connecticut 06-0435750

(State or other jurisdiction of incorporation or organization) (I.R.S.
Employer Identification No.)

1401 Blake Street, Denver, Colorado 80202

(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (720) 479-3060

Securities registered pursuant to section 12(b) of the Act:

Title of each class: -----	Name of each exchange ----- on which registered: -----
Common Stock without Par Value	New York Stock Exchange
9.125% Senior Subordinated Notes due 2011	New York Stock Exchange

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes No

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes X No .

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The aggregate market value of voting common stock held by non-affiliates of the registrant at the close of business on June 30, 2004, was \$1,025,578,059 based upon the last sales price reported for such date on the New York Stock Exchange. The number of shares of the Registrant's Common Stock outstanding as of March 1, 2005, was 30,313,697 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's 2004 Annual Report to Shareholders are incorporated herein by reference into Parts I and II hereof and filed as Exhibit 13 to this Report. The definitive proxy statement to be filed and mailed to the Corporation's stockholders on or before 30 days prior to the Corporation's annual meeting scheduled for May 12, 2005, is incorporated herein by reference into Part III hereof.

Introductory Note

This Form 10-K/A is being filed solely for the purpose of making revisions to the following items previously included in our Form 10-K for the fiscal year ended December 31, 2004:

- Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources. The last table in this section, meant to summarize our ability to fund both our required obligations and our shareholder growth initiatives for 2005, contained a footing error when filed on March 16, 2005. This error was corrected in the printing of our annual report and has been corrected herein.

Our certifying officers have certified this filing via updated Section 302 and 906 certifications, attached hereto as exhibits 32.1, 32.2, and 99.1. Except as described above, we have not amended or modified the financial information or other disclosures contained in our Form 10-K as originally filed. This Form 10-K/A does not reflect events occurring after the filing of the original Form 10-K, nor does it modify or update the disclosures therein in any way other than as required to reflect the amendments described above and set forth below. The following represents only the information required by Item 7 of Form 10-K, and does not include Item 7A or any other item.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note: This item was formerly incorporated by reference to Exhibit 13 in our Form 10-K for the year ended December 31, 2004.

Management's Discussion and Analysis of
Financial Condition and Results of Operations
(in thousands of dollars, except shares and per share amounts)

Unless otherwise noted in this report, any description of us includes MacDermid, Inc. (MacDermid) as a consolidated entity, the Advanced Surface Finishing segment (ASF), the Printing Solutions segment (MPS), and our other corporate entities.

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CONSOLIDATED OVERVIEW

EXECUTIVE OVERVIEW

Our consolidated business consists of two business segments, Advanced Surface Finishing and Printing Solutions. The Advanced Surface Finishing (ASF) segment supplies chemicals used for finishing metals and non-metallic surfaces for automotive and other industrial applications, electro-plating metal surfaces, etching, and imaging to create electrical patterns on circuit boards for the electronics industry, and offshore lubricants and cleaners for the offshore oil and gas markets. The Printing Solutions (MPS) segment supplies an extensive line of offset printing blankets, photo-polymer plates and digital printers for use in the commercial printing and packaging industries for image transfer. In both of our business segments, we continue to invest significant resources in research and development and intellectual properties such as patents, trademarks, copyrights and trade secrets as our business depends on these activities for our financial stability and future growth.

Our products are sold in a competitive, global economy, which exposes us to certain currency, economic and regulatory risks and opportunities. Approximately 60% of our net sales and identifiable assets for the year ended and as of December 31, 2004, are denominated in currencies other than the U.S. dollar, predominantly the Euro, British Pound Sterling, and the Hong Kong dollar. We do not manage our foreign currency exposure in a manner that would eliminate the effects of changes in foreign exchange rates on our earnings, cash flows and fair values of assets and liabilities, and as such our financial performance could be positively or negatively impacted by changes in foreign exchange rates in any given reporting period. For the year ended December 31, 2004, net sales, net earnings and net assets and liabilities were positively impacted by the effect of foreign currency translation resulting primarily from the Euro and the British Pound Sterling strengthening against the U.S. dollar compared to the previous year, as discussed further below.

We focus on growing revenues and the generation of cash from operations in order to build shareholder value. Specifically, we plan to improve top line sales growth over the longer term by focusing on:

- utilizing our technical service and outstanding products to penetrate global markets for all products,
- supporting working capital initiatives focused on maximizing cash flows during a period of continued economic uncertainty in our primary markets,
- emphasizing efficiency improvements throughout the organization,
- adding new products through internal research and development, relying heavily on our internal knowledge base,
- strengthening the common identity of our products through a new branding initiative called "Yes We Can!" and
- acquiring strategically sound companies or products.

Our competitors include many large multi-national chemical firms based in Europe, Asia, and the U.S. New competitive products or pricing policies of our competitors can materially affect demand for and pricing of our products, which could have a significant impact on our financial results.

Our performance for the year ended December 31, 2004, reflects the results of our key opportunities, philosophies and risks, as outlined above. Specifically, we experienced a positive impact on our financial results due to higher sales of proprietary goods in the ASF segment and favorable foreign currency translation as discussed above. Our printing solutions business suffered the impacts of a soft sales market, resulting in an offsetting decrease in consolidated net sales. We also began realizing the benefits of cost-saving initiatives implemented in 2003.

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From a cash flow standpoint, we continue to maintain a high level of liquidity, with working capital of over \$250,000. We generate substantial amounts of cash from our normal operations, resulting in a total increase in cash of \$76,535 between December 31, 2003, and 2004.

The following summary of results further explains the results of our operations during the years ended December 30, 2004, 2003, and 2002, in addition to an analysis of our liquidity during 2004.

SUMMARY OF THE CONSOLIDATED RESULTS FOR THE YEARS ENDED DECEMBER 31, 2004, 2003, AND

	YEAR ENDED. DECEMBER 31,		2003 TO 2004	CURRENCY ADJUSTED	YEAR ENDED DECEMBER 31,
	2004	2003	%CHANGE FAVORABLE	%CHANGE* (UNFAVORABLE)	2002
Net sales	\$ 660,785	\$ 619,886	6.6%	2.0%	\$ 611,490
Cost of sales	347,544	329,271	(5.5%)	(0.7%)	337,012
	-----				-----
Gross profit	313,241	290,615	7.8%	3.3%	274,478
Gross profit percentage . .	47.4%	46.9%	**	**	44.9%
Operating expenses	207,831	191,465	(8.5%)	(3.9%)	190,345
	-----				-----
Operating profit	105,410	99,150	6.3%	2.2%	84,133
Interest income					
(expense), net	(29,615)	(30,178)	1.9%	1.8%	(33,883)
Other income (expense) . . .	1,942	4,314	**	**	(2,651)
	-----				-----
Earnings from continuing operations before income taxes and cumulative effect of accounting change	77,737	73,286	6.1%	1.0%	47,599
Income taxes	(24,513)	(23,466)	(4.5%)	0.3%	(16,122)
	-----				-----
Earnings from continuing operations before cumulative effect of accounting change	53,224	49,820	6.8%	1.6%	31,477
Discontinued operations, net of tax	-	5,592	**	**	(22,128)
Cumulative effect of accounting change	-	1,014	**	**	-
	-----				-----
Net earnings	\$ 53,224	\$ 56,426	(5.7%)	(9.7%)	\$ 9,349
	=====	=====			=====
Diluted earnings per share	\$ 1.72	\$ 1.80	(4.4%)	(8.5%)	\$ 0.29
	=====	=====			=====
Comprehensive income	\$ 62,641	\$ 74,587	(16.0%)	**	\$ 13,142
	=====	=====			=====

