

Rockwood Holdings, Inc.  
Form 10-Q  
May 10, 2007

**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 March 31, 2007

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-32609

**Rockwood Holdings, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**52-2277366**  
(I.R.S. Employer  
Identification No.)

**100 Overlook Center, Princeton, New Jersey 08540**

(Address of principal executive offices) (Zip Code)

**(609) 514-0300**

(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 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Edgar Filing: Rockwood Holdings, Inc. - Form 10-Q

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)     Yes     No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 1, 2007, there were 73,794,346 outstanding shares of common stock, par value \$0.01 per share, of the Registrant.

---

TABLE OF CONTENTS

FORM 10-Q

	<u>PART I- FINANCIAL INFORMATION</u>	3
<u>Item 1</u>	<u>Financial Statements (Unaudited)</u>	3
	<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2007 and 2006</u>	3
	<u>Condensed Consolidated Balance Sheets as of March 31, 2007 and December 31, 2006</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2007 and 2006</u>	5
	<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	40
<u>Item 4</u>	<u>Controls and Procedures</u>	40
	<u>PART II- OTHER INFORMATION</u>	41
<u>Item 1</u>	<u>Legal Proceedings</u>	41
<u>Item 1A</u>	<u>Risk Factors</u>	41
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	41
<u>Item 4</u>	<u>Submission of Matters to a Vote of Security Holders</u>	41
<u>Item 5</u>	<u>Other Information</u>	41
<u>Item 6</u>	<u>Exhibits</u>	41
	<u>Signatures</u>	42

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited).

## ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts;

shares in thousands)

(Unaudited)

	Three months ended	
	March 31,	
	2007	2006
Net sales	\$ 796.1	\$ 724.1
Cost of products sold	539.1	498.3
Gross profit	257.0	225.8
Selling, general and administrative expenses	154.8	140.6
Restructuring charges, net	4.5	1.2
Gain on sale of assets	(4.8 )	(0.5 )
Operating income	102.5	84.5
Other income (expenses):		
Interest expense	(54.7 )	(39.8 )
Interest income	5.1	1.4
Refinancing expenses	(0.9 )	
Foreign exchange gain (loss), net	0.4	(2.9 )
Other, net	(0.1 )	1.6
Net	(50.2 )	(39.7 )
Income from continuing operations before taxes and minority interest	52.3	44.8
Income tax provision	22.0	18.3
Income from continuing operations before minority interest	30.3	26.5
Minority interest in continuing operations	(1.1 )	
Net income from continuing operations	29.2	26.5
Income from discontinued operations, net of tax	0.5	16.5
Gain on sale of discontinued operations, net of tax	115.7	
Minority interest in discontinued operations	(0.1 )	(3.0 )
Net income	\$ 145.3	\$ 40.0
Basic earnings per share:		
Earnings from continuing operations	\$ 0.40	\$ 0.36
Earnings from discontinued operations, net of tax	1.57	0.18
Basic earnings per share	\$ 1.97	\$ 0.54
Diluted earnings per share:		
Earnings from continuing operations	\$ 0.39	\$ 0.35
Earnings from discontinued operations, net of tax	1.54	0.18
Diluted earnings per share	\$ 1.93	\$ 0.53
Weighted average number of basic shares outstanding	73,786	73,779
Weighted average number of diluted shares outstanding	75,392	74,966

See accompanying notes to condensed consolidated financial statements.



**ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions, except per share amounts;

shares in thousands)

(Unaudited)

	March 31, 2007	December 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 491.4	\$ 27.7
Accounts receivable, net	519.2	463.4
Inventories	453.0	445.4
Deferred income taxes	8.2	9.7
Prepaid expenses and other current assets	39.0	43.1
Assets of discontinued operations		490.6
Total current assets	1,510.8	1,479.9
Property, plant and equipment, net	1,379.7	1,374.9
Goodwill	1,721.8	1,717.7
Other intangible assets, net	629.0	539.6
Deferred debt issuance costs, net of accumulated amortization of \$28.0 and \$25.4, respectively	49.6	51.6
Other assets	60.0	59.1
Total assets	\$ 5,350.9	\$ 5,222.8
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 249.5	\$ 290.3
Income taxes payable	8.0	0.2
Accrued compensation	94.1	85.9