

STEPAN CO
Form 10-Q
April 29, 2015

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 MARCH 31, 2015

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 1-4462

STEPAN COMPANY

(Exact name of registrant as specified in its charter)

Delaware 36-1823834
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification Number)
Edens and Winnetka Road, Northfield, Illinois 60093

(Address of principal executive offices)

Registrant's telephone number (847) 446-7500

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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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one): Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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.

Class	Outstanding at April 17, 2015
Common Stock, \$1 par value	22,281,254 Shares

Part I FINANCIAL INFORMATION

Item 1 - Financial Statements

STEPAN COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(In thousands, except per share amounts)	Three Months Ended March 31	
	2015	2014
Net Sales	\$460,451	\$477,442
Cost of Sales	384,009	414,418
Gross Profit	76,442	63,024
Operating Expenses:		
Selling	12,997	14,146
Administrative	19,339	14,431
Research, development and technical services	11,790	11,924
	44,126	40,501
Gain on sale of product line (Note 14)	2,862	—
Operating Income	35,178	22,523
Other Income (Expense):		
Interest, net	(4,054)	(2,957)
Loss from equity in joint ventures	(1,240)	(1,451)
Other, net (Note 13)	652	(26)
	(4,642)	(4,434)
Income Before Provision for Income Taxes	30,536	18,089
Provision for Income Taxes	9,250	5,081
Net Income	21,286	13,008
Net (Income) Loss Attributable to Noncontrolling Interests (Note 2)	(16)	10
Net Income Attributable to Stepan Company	\$21,270	\$13,018
Net Income Per Common Share Attributable to Stepan Company (Note 9):		
Basic	\$0.94	\$0.57
Diluted	\$0.93	\$0.57
Shares Used to Compute Net Income Per Common Share Attributable to Stepan Company (Note 9):		
Basic	22,718	22,773
Diluted	22,827	22,964
Dividends Declared Per Common Share	\$0.18	\$0.17

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

STEPAN COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited