

U.S. SILICA HOLDINGS, INC.  
Form 10-Q  
August 01, 2013  
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**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, 2013

OR

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

Commission file number 001-35416

**U.S. Silica Holdings, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
Incorporation or Organization)

**26-3718801**  
(I.R.S. Employer  
Identification No.)

**8490 Progress Drive, Suite 300**  
**Frederick, Maryland 21701**  
(Address of Principal Executive Offices) (Zip Code)

**(301) 682-0600**  
(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 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

As of July 29, 2013, 53,177,362 shares of common stock, par value \$0.01 per share, of the registrant were outstanding.

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FORM 10-Q

For the Quarter Ended June 30, 2013

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**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****U.S. SILICA HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(unaudited; dollars in thousands)**

	<b>June 30, 2013 (unaudited)</b>	<b>December 31, 2012</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 47,068	\$ 61,022
Accounts receivable, net	61,784	59,564
Inventories, net	52,190	39,835
Prepaid expenses and other current assets	7,668	6,738
Deferred income tax, net	10,141	10,108
Income tax deposits	1,881	
<b>Total current assets</b>	<b>180,732</b>	<b>177,267</b>
Property, plant and mine development, net	429,364	414,218
Debt issuance costs, net	1,849	2,111
Goodwill	68,403	68,403
Trade names	10,436	10,436
Customer relationships, net	6,325	6,531
Other assets	8,369	7,844
<b>Total assets</b>	<b>\$ 705,478</b>	<b>\$ 686,810</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities:</b>		
Book overdraft	\$ 5,013	\$ 5,390
Accounts payable	30,711	37,333
Dividends payable	6,634	
Accrued liabilities	9,178	9,481
Accrued interest	148	2
Current portion of capital lease	364	
Current portion of long-term debt	2,434	2,433
Short-term debt	6,866	
Income tax payable		20,596
Current portion of deferred revenue	570	4,855
<b>Total current liabilities</b>	<b>61,918</b>	<b>80,090</b>
Long-term debt	251,774	252,992
Liability for pension and other post-retirement benefits	52,019	52,747
Deferred income tax, net	62,200	59,111
Other long-term obligations	10,531	10,176

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Total liabilities	438,442	455,116
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity:</b>		
Common stock	530	529
Preferred stock		
Additional paid-in capital	166,195	163,579
Retained earnings	113,566	82,731
Treasury stock, at cost		(970)
Accumulated other comprehensive loss	(13,255)	(14,175)
<b>Total stockholders' equity</b>	<b>267,036</b>	<b>231,694</b>
Total liabilities and stockholders' equity	\$ 705,478	\$ 686,810

*The accompanying notes are an integral part of these financial statements.*

**Table of Contents****U.S. SILICA HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited; dollars in thousands, except per share amounts)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Sales	\$ 129,828	\$ 104,599	\$ 252,139	\$ 207,190
Cost of goods sold (excluding depreciation, depletion and amortization)	80,297	58,920	154,709	115,841
Operating expenses				
Selling, general and administrative	10,099	9,718	22,503	19,622
Depreciation, depletion and amortization	8,890	5,974	17,168	11,952
	18,989	15,692	39,671	31,574
Operating income	30,542	29,987	57,759	59,775
Other (expense) income				
Interest expense	(3,535)	(3,428)	(7,111)	(7,225)
Other income, net, including interest income	63	179	185	333
	(3,472)	(3,249)	(6,926)	(6,892)
Income before income taxes	27,070	26,738	50,833	52,883
Income tax expense	(6,878)	(7,287)	(13,364)	(14,319)
Net income	\$ 20,192	\$ 19,451	\$ 37,469	\$ 38,564
Earnings per share:				
Basic	\$ 0.38	\$ 0.37	\$ 0.71	\$ 0.74
Diluted	\$ 0.38	\$ 0.36	\$ 0.70	\$ 0.73

*The accompanying notes are an integral part of these financial statements.*

**Table of Contents****U.S. SILICA HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(unaudited; dollars in thousands)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net income	\$ 20,192	\$ 19,451	\$ 37,469	\$ 38,564
Other comprehensive income:				
Unrealized gain on derivatives (net of tax of \$101 and \$25 for the three months ended June 30, 2013 and 2012, respectively, and \$152 and \$20 for the six months ended June 30, 2013 and 2012, respectively)	157	168	238	161
Pension and other post-retirement benefits liability adjustment (net of tax of \$217 and \$294 for the three months ended June 30, 2013 and 2012, respectively, and \$434 and \$294 for the six months ended June 30, 2013 and 2012, respectively)	341	461	682	461
	498	629	920	622
Comprehensive income	\$ 20,690	\$ 20,080	\$ 38,389	\$ 39,186

*The accompanying notes are an integral part of these financial statements.*

**Table of Contents****U.S. SILICA HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited; dollars in thousands)**

	<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Operating activities:</b>		
Net income	\$ 37,469	\$ 38,564
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation, depletion and amortization	17,168	11,952
Debt issuance amortization	262	247
Original issue discount amortization	84	84
Deferred income taxes	3,056	1,157
(Gain)/loss on disposal of property, plant and equipment	47	(439)
Deferred revenue	(4,285)	(3,541)
Equity-based compensation	1,383	1,147
Excess tax benefit from equity-based compensation	(185)	
Other	(209)	(1,954)
<b>Changes in assets and liabilities:</b>		