

POLYONE CORP
Form 10-Q
July 27, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2016

¨ 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 1-16091

POLYONE CORPORATION
(Exact name of registrant as specified in its charter)

Ohio	34-1730488
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

33587 Walker Road, Avon Lake, Ohio 44012
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (440) 930-1000

Former name, former address and former fiscal year, if changed since last report: Not Applicable
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. ý 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). ý 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. (Check one):
Large accelerated filer ý 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 ý No
The number of the registrant's outstanding common shares, \$0.01 par value, as of June 30, 2016 was 84,069,701.

Part I — Financial Information

Item 1. Financial Statements

PolyOne Corporation

Condensed Consolidated Statements of Income (Unaudited)

(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Sales	\$861.5	\$887.1	\$1,708.5	\$1,760.2
Cost of sales	669.2	701.4	1,330.7	1,404.7
Gross margin	192.3	185.7	377.8	355.5
Selling and administrative expense	110.8	105.4	225.0	205.1
Operating income	81.5	80.3	152.8	150.4
Interest expense, net	(14.6)	(16.2)	(29.2)	(32.3)
Debt extinguishment costs	(0.4)	—	(0.4)	—
Other income (expense), net	0.1	(0.7)	0.4	(1.4)
Income before income taxes	66.6	63.4	123.6	116.7
Income tax (expense) benefit	(16.6)	3.6	(34.6)	(19.5)
Net income	50.0	67.0	89.0	97.2
Net (income) loss attributable to noncontrolling interests	—	(0.2)	0.1	(0.2)
Net income attributable to PolyOne common shareholders	\$50.0	\$66.8	\$89.1	\$97.0
Earnings per common share attributable to PolyOne common shareholders - Basic:	\$0.59	\$0.75	\$1.06	\$1.09
Earnings per common share attributable to PolyOne common shareholders - Diluted:	\$0.59	\$0.74	\$1.05	\$1.08
Weighted-average shares used to compute earnings per common share:				
Basic	84.1	88.9	84.4	89.1
Diluted	84.7	89.8	84.9	89.9
Cash dividends declared per share of common stock	\$0.12	\$0.10	\$0.24	\$0.20

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

PolyOne Corporation
 Consolidated Statements of Comprehensive Income (Unaudited)
 (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$50.0	\$67.0	\$89.0	\$97.2
Other comprehensive income				
Translation adjustments	(4.1)	3.3	(4.3)	(14.6)
Unrealized gain on available-for-sale securities	—	0.4	—	0.4
Total comprehensive income	45.9	70.7	84.7	83.0
Comprehensive (income) loss attributable to noncontrolling interests	—	(0.2)	0.1	(0.2)
Comprehensive income attributable to PolyOne common shareholders	\$45.9	\$70.5	\$84.8	\$82.8

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

PolyOne Corporation
Condensed Consolidated Balance Sheets
(In millions)

	(Unaudited) June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 161.4	\$ 279.8
Accounts receivable, net	431.3	347.0
Inventories, net	312.1	287.0
Other current assets	46.4	47.0
Total current assets	951.2	960.8
Property, net	581.7	583.5
Goodwill	636.0	597.7
Intangible assets, net	347.6	344.6
Other non-current assets	103.3	108.5
Total assets	\$ 2,619.8	\$ 2,595.1

Liabilities and Shareholders' Equity
Current liabilities: