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Clearwater Paper Corp
Form 10-Q
May 02, 2018

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, 2018

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: 001-34146

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

Delaware 20-3594554
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

601 West Riverside, Suite 1100 99201
Spokane, Washington
(Address of principal executive offices) (Zip Code)
(509) 344-5900
(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 (section 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of common stock of the registrant outstanding as of April 27, 2018 was 16,461,119.

CLEARWATER PAPER CORPORATION
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Part I

ITEM 1.

Consolidated

Financial

Statements

Clearwater Paper Corporation

Consolidated Statements of Operations

Unaudited (Dollars in thousands - except per-share amounts)

	Three Months Ended	
	March 31,	
	2018	2017
Net sales	\$436,952	\$437,525
Costs and expenses:		
Cost of sales	(392,433)	(387,060)
Selling, general and administrative expenses	(32,980)	(29,955)
Total operating costs and expenses	(425,413)	(417,015)
Income from operations	11,539	20,510
Interest expense, net	(8,020)	(8,043)
Non-operating pension and other postretirement benefit (costs) income	(1,279)	48
Earnings before income taxes	2,240	12,515
Income tax benefit (provision)	360	(5,000)
Net earnings	\$2,600	\$7,515
Net earnings per common share:		
Basic	\$0.16	\$0.46
Diluted	0.16	0.45

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

Clearwater Paper Corporation
 Consolidated Statements of Comprehensive Income
 Unaudited (Dollars in thousands)

	Three Months Ended March 31,	
	2018	2017
Net earnings	\$2,600	\$7,515
Other comprehensive income:		
Defined benefit pension and other postretirement employee benefits:		
Amortization of actuarial loss included in net periodic cost, net of tax of \$617 and \$414	1,728	631
Amortization of prior service credit included in net periodic cost, net of tax of \$(110) and \$(151)	(309)	(230)
Other comprehensive income, net of tax	1,419	401
Comprehensive income	\$4,019	\$7,916

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

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Clearwater Paper Corporation
 Consolidated Balance Sheets
 Unaudited (Dollars in thousands – except per-share amounts)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,064	\$ 15,738
Receivables, net	137,622	142,065
Taxes receivable	18,819	20,282
Inventories	259,432	266,043
Other current assets	8,740	8,661
Total current assets	436,677	452,789
Property, plant and equipment, net	1,077,643	1,050,982
Goodwill	244,161	244,161
Intangible assets, net	30,592	32,542
Other assets, net	22,839	21,778
TOTAL ASSETS	\$ 1,811,912	\$ 1,802,252
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Borrowings under revolving credit facilities	\$ 168,500	\$ 155,000
Accounts payable and accrued liabilities	249,337	256,621
Current liability for pensions and other postretirement employee benefits	7,631	7,631
Total current liabilities	425,468	419,252
Long-term debt	570,716	570,524
Liability for pensions and other postretirement employee benefits	70,934	72,469
Other long-term obligations	42,189	43,275
Accrued taxes	2,807	2,770
Deferred tax liabilities	119,078	118,528
TOTAL LIABILITIES	1,231,192	1,226,818
Stockholders' equity:		
Preferred stock, par value \$0.0001 per share, 5,000,000 authorized shares, no shares issued	—	—
Common stock, par value \$0.0001 per share, 100,000,000 authorized shares-16,461,119 and 16,447,898 shares issued	2	2
Additional paid-in capital	2,428	1,161
Retained earnings	633,706	